

RenDanHeYi: integrating employees and customers in corporate governance

Dr. Cherry Vu
Teal Unicorn

Abstract: *The article analyzes the RenDanHeYi management model initiated by the Haier Group in China, highlighting the philosophy of integrating employees (Ren) and customer needs (Dan) into a unified whole (HeYi). Through the transformation from a traditional management structure to an ecosystem of micro-enterprises, Haier has developed a flexible, transparent, and customer-centered organizational model. Under this model, each employee becomes an “entrepreneur within the enterprise,” empowered with autonomy and held directly accountable for performance outcomes. The RenDanHeYi model has not only enabled Haier to achieve remarkable results in innovation speed, product quality, and customer satisfaction but has also inspired many organizations worldwide to redesign governance systems toward greater empowerment, transparency, and adaptability in the digital era.*

Keywords: *RenDanHeYi model; corporate governance; Haier Group; micro-enterprises; employee empowerment; organizational innovation.*

1. Introduction: the changing context of management

Over the past few decades, the business world has experienced unprecedented transformations. Emerging technologies have continuously reshaped the ways in which goods and services are produced, distributed, and consumed. Globalization has blurred market boundaries, requiring firms to compete not only within national borders but also against rivals from around the world. At the same time, customers have become increasingly demanding, expecting personalized products, rapid service delivery, and seamless experiences. These

developments have created significant challenges for organizations of all sizes and across all industries.

In this context, a fundamental question has emerged: can traditional management models, characterized by rigid hierarchical structures, top-down command systems, and standardized procedures, still meet the demands of a rapidly changing environment? As the pace of external change increasingly outstrips organizations’ internal capacity to respond, bureaucratic structures often become liabilities rather than sources of advantage. Many once-dominant corporations have stagnated or even

Received:

October 06, 2026

Revised:

May 13, 2026

Accepted:

June 22, 2026

[https://doi.org/
10.59394/JSM.144](https://doi.org/10.59394/JSM.144)

collapsed because they failed to adapt to the new dynamics of the marketplace. Moreover, the contemporary business environment is increasingly characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), requiring organizations to develop greater agility, adaptability, and capacity for innovation.

Against this backdrop, a number of pioneering organizations have sought alternative management approaches in which employees are no longer viewed merely as executors of assigned tasks but as active creators of value who engage directly with customers. Among these organizations, Haier, a leading Chinese home appliance manufacturer, stands out as a remarkable case. From a near-bankrupt refrigerator factory, Haier has transformed itself into a global enterprise and, more importantly, has developed an innovative management model known as *RenDanHeYi*. Haier is widely regarded as one of the few large multinational corporations that has successfully transitioned from a traditional hierarchical structure to a decentralized ecosystem of micro-enterprises while maintaining strong growth and continuous innovation.

RenDanHeYi is more than a novel management concept; it challenges many of the assumptions underlying conventional management thinking. The model envisions an organization that can simultaneously achieve large-scale growth and entrepreneurial agility through a network of interconnected micro-enterprises, where every individual is directly linked to the value created for customers. Haier's experience, therefore, represents not only the transformation of a single company but also an important reference point for the future of management in the digital age. Based on an analysis of the philosophy, operational mechanisms, and practical outcomes of the

RenDanHeYi model, this article explores its theoretical and practical significance and draws lessons relevant to organizations seeking to enhance competitiveness and organizational adaptability in an era of rapid change.

2. Haier and the search for a new management model

Haier originated from a small refrigerator manufacturing plant in Qingdao, China, in the early 1980s. At that time, the factory was on the verge of bankruptcy: product quality was poor, employee motivation was low, and customer trust had nearly vanished. In this context, a young manager, Zhang Ruimin, was appointed to revive the struggling enterprise. One of the most widely cited stories from this period occurred when Zhang personally smashed more than 70 defective refrigerators with a hammer in front of factory workers - a symbolic act that embodied his conviction that quality is the foundation of a company's survival (Zhang, 2019).

This action marked the beginning of Haier's long journey of continuous self-renewal. During the 1990s and early 2000s, as China became increasingly integrated into the global economy, Haier expanded into international markets. Its initial success was built on rigorous quality control and the development of a strong domestic brand. However, as the business environment grew more complex, Zhang Ruimin realized that discipline and standardized procedures alone were no longer sufficient. Traditional management structures were becoming increasingly slow and inflexible in the digital era (Appio, Frattini, & Petruzzelli, 2021). He therefore posed a fundamental question: How can every employee act as an entrepreneur and serve customers directly? This question ultimately led to the creation of the *RenDanHeYi* model, which integrates "Ren" (employees) and "Dan" (customer needs) into a unified system, "HeYi" (Zhang & Ritala, 2023).

Under this model, Haier dismantled its traditional hierarchical management structure and replaced it with thousands of autonomous micro-enterprises. These small units were granted decision-making authority and held directly accountable to customers. Employees became “entrepreneurs within the enterprise,” sharing in the value and profits they created rather than merely performing assigned tasks (Ritala et al., 2023). The organization thus shifted from a command-and-control system to a customer-driven entrepreneurial ecosystem.

This transformation was far from easy. Senior managers were required to relinquish traditional forms of authority, while employees had to develop the capacity for self-management, accountability, and continuous innovation. Nevertheless, Haier’s persistence enabled it to emerge as a global symbol of management innovation. When Haier acquired GE Appliances in 2016, both scholars and practitioners regarded the acquisition as evidence that the *RenDanHeYi* model could function effectively beyond China and adapt to Western business environments (Teece, 2018).

Haier has therefore done more than change the way a company is managed; it has introduced a management philosophy grounded in individual entrepreneurship and customer value creation. *RenDanHeYi* is not merely an organizational model but a new management paradigm that seeks to align employees, organizational objectives, and customer needs within a single value-creating system. As a result, the model has attracted increasing attention from both researchers and practitioners and has inspired organizations worldwide to explore more agile, decentralized, and customer-centric forms of governance in the digital age (Ritala et al., 2023; Appio et al., 2021).

3. The concept of RenDanHeYi and its operating mechanism

3.1. The concept of RenDanHeYi

In searching for a solution to the challenges of management in a rapidly changing environment, Zhang Ruimin and the Haier team developed a revolutionary management philosophy known as *RenDanHeYi* (人单合一), which has been described as “a management revolution originating from the East” (Zhang & Ritala, 2023). This concept has not only transformed Haier itself but has also exerted a significant influence on both management scholarship and business practice worldwide.

The three Chinese characters that form the term *RenDanHeYi* - Ren (人), Dan (单), and HeYi (合一) - carry profound meanings:

Ren (人) refers to people. In this philosophy, individuals are not regarded merely as resources to be managed but as creative agents possessing aspirations, capabilities, and social responsibilities.

Dan (单) refers to orders or customer demands, symbolizing customers' needs as the starting point for all organizational activities.

HeYi (合一) means integration or unity, referring to the alignment of employees and customers within a unified value system in which employees are directly accountable for the value they create.

This philosophy is operationalized through three well-known principles of Haier’s management system: (1) Zero distance from customers - eliminating the gap between employees and end users so that all actions are directed toward creating customer value (Appio et al., 2021); (2) Zero approval in process - removing unnecessary layers of approval and empowering those closest to customers to make decisions; (3) *RenDanHeYi* - enabling every individual to become an

“entrepreneur within the enterprise,” directly responsible for the outcomes and value delivered to end users (Ritala et al., 2023).

Rather than relying on top-down command-and-control mechanisms, *RenDanHeYi* emphasizes autonomy, self-organization, and internal entrepreneurship. Under this model, the organization is divided into thousands of micro-enterprises, each functioning as an independent unit with authority over its own finances, strategic decisions, and customer relationships. These micro-enterprises cooperate and compete simultaneously, much like independent firms operating in a marketplace (Zhang, 2019).

Unlike traditional management models, *RenDanHeYi* seeks to dissolve the conventional boundaries between leaders and employees. Leaders are no longer viewed primarily as decision-makers issuing commands but as architects of organizational mechanisms that enable employees to innovate and create value. Employees, in turn, no longer wait for instructions from superiors; instead, they are accountable directly to the market, where

customers ultimately determine the value of their contributions (Teece, 2018).

Haier has implemented this philosophy through several key mechanisms: (1) Micro-enterprise model - restructuring the organization into autonomous business units; (2) Real-time data feedback - leveraging the Internet of Things (IoT) and customer data to continuously improve products and services; (3) End-to-end accountability – ensuring that every employee, from engineers to sales personnel, is responsible for final performance outcomes; (4) Adaptive culture - fostering innovation and organizational flexibility in response to changing market conditions.

Through *RenDanHeYi*, Haier has evolved into an open ecosystem that connects tens of thousands of employees, partners, and consumers within a continuous value-creation network. The model represents more than a management system; it embodies a new vision for the future of organizations—one in which employees and customers are integrated into a shared process of value co-creation (Zhang & Ritala, 2023).

Table 1. Benefits and challenges of the *RenDanHeYi* model

Benefits	Challenges
Rapid identification of and response to changing market demands	Risk of hasty decision-making when reliable data are unavailable
Higher customer satisfaction through products and services that better reflect user needs	Requires robust customer feedback systems and strong data capabilities
Increased employee motivation through a clearer link between individual contributions and organizational value creation	Requires an organizational culture that encourages experimentation, accepts failure, and promotes accountability
Reduced bureaucracy and the elimination of unnecessary procedures	Requires balancing organizational flexibility with regulatory compliance, quality control, and operational safety

Source: Compiled by the author (2026).

Drawing from the philosophy and practical implementation of the *RenDanHeYi* model at Haier, several important lessons can be identified for contemporary organizations, particularly in the context of digital transformation and globalization:

(1) *Build small cross-functional teams.*

Organizations should establish autonomous teams composed of members with diverse expertise who are directly accountable for end-to-end outcomes. This approach helps shorten the distance between ideas and execution while fostering creativity and entrepreneurial spirit within the organization.

(2) *Integrate customer feedback into the internal value chain.*

Customer feedback should be directly incorporated into product design, production, and continuous improvement processes. This enables organizations to maintain “zero distance” from customers and respond more effectively to changing needs (Appio et al., 2021).

(3) *Simplify approval mechanisms and encourage rapid action.*

Organizations should reduce unnecessary bureaucratic procedures and emphasize responsiveness, experimentation, and learning. Decision-making authority should be delegated to those closest to customers in order to maximize value creation and innovation (Zhang & Ritala, 2023).

(4) *Foster a sense of responsibility and customer-oriented value creation.*

Leaders should inspire employees to recognize that their work directly contributes to the value customers receive. Such awareness strengthens intrinsic motivation and long-term commitment to organizational goals (Teece, 2018).

(5) *Balance flexibility and control.*

Organizations need to maintain sufficient

flexibility to adapt quickly to changing environments while ensuring quality control and system-wide consistency. Achieving this balance enables firms to innovate effectively while sustaining long-term development (Ritala et al., 2023).

3.2. *The operating mechanism of RenDanHeYi*

What distinguishes *RenDanHeYi* is not merely its underlying philosophy but its ability to translate that philosophy into a concrete management system. Rather than stopping at the slogan of being “customer-centric,” Haier fundamentally restructured its organization to ensure that every employee is directly connected to and accountable for customer value creation (Zhang & Ritala, 2023). The system operates through three core pillars: (1) Micro-enterprises, (2) An internal contracting market, and (3) Transparent value-sharing mechanisms (Hamel & Zanini, 2020). Together, these pillars create a self-organizing system in which people, data, and market signals are directly interconnected, enabling Haier to sustain continuous innovation and respond rapidly to global market changes.

Compared with other contemporary management approaches, *RenDanHeYi* exhibits both similarities and significant innovations. While the Agile model emphasizes flexibility and rapid responsiveness through self-managed teams, *RenDanHeYi* goes further by assigning ownership of value creation and market responsibility directly to each organizational unit. Likewise, Holacracy promotes decentralized and non-hierarchical structures, yet often struggles to establish strong connections between organizational activities and market outcomes. *RenDanHeYi* addresses this limitation through its internal contracting mechanism. In contrast to Lean Management, which focuses primarily on process optimization and waste reduction,

RenDanHeYi broadens its scope to redesign organizational relationships based on market principles. Moreover, when viewed through the lens of dynamic capabilities, *RenDanHeYi* can be interpreted as an institutionalized mechanism that enables firms to continuously reconfigure resources and adapt to changing environments.

At the center of this operating system is the micro-enterprise (ME). Instead of organizing work through conventional functional departments, Haier is structured into thousands of autonomous micro-enterprises, each with its own strategy, financial responsibility, and human resources. Every ME is accountable for the entire value-creation process, from idea generation and product design to final delivery. This structure enables employees to become “entrepreneurs within the enterprise,” empowered to make decisions and rewarded according to the value they create (Appio et al., 2021). Success brings financial rewards and growth opportunities, whereas failure entails direct accountability to customers. Through this radical empowerment, Haier has combined the scale advantages of a large corporation with the agility and responsiveness of a startup.

Alongside the micro-enterprise structure, Haier has established an internal market, an innovative mechanism that brings the principles of competition and customer choice into the organization itself. Within this system, micro-enterprises cooperate and compete in ways similar to independent businesses operating in an open marketplace. For example, a design-oriented ME may provide services to a manufacturing-oriented ME; however, if the client unit is dissatisfied with the service, it may select an alternative provider, including one outside the Haier ecosystem. As a result, organizational relationships are governed by market principles such as choice, competition, accountability, and value exchange (Wu, 2020).

This mechanism effectively integrates market logic with organizational governance and moves beyond traditional decentralization models that continue to rely heavily on administrative control.

A third critical component of *RenDanHeYi* is its transparent value-sharing mechanism, which helps sustain employee motivation and long-term commitment. Unlike many traditional corporations, where profits are concentrated among senior executives and shareholders, Haier follows the principle of “value sharing according to contribution.” Employees receive compensation through three levels: (1) A base salary that provides economic security, (2) Performance-related income linked to the results of their micro-enterprise, and (3) Long-term value-sharing arrangements similar to equity participation for innovation projects (Zhang Ruimin, 2019; Teece, 2018). This system not only creates incentives but also establishes a direct connection between individual contributions and market outcomes, a feature rarely implemented as comprehensively in other management models.

These organizational innovations have fundamentally transformed the role of leadership. Under *RenDanHeYi*, leaders are no longer commanders or controllers; instead, they serve as architects of the organizational ecosystem. Their primary responsibility is to design incentive systems, ensure transparency, and create conditions that allow autonomous teams to flourish (Zhang, 2019). While this role shares similarities with leadership concepts in Agile and Holacracy, it goes further by incorporating responsibility for designing internal markets and value-distribution mechanisms. Consequently, Haier has achieved a remarkable degree of organizational agility despite its large scale, as decisions are made at the point of value creation rather than being delayed by hierarchical approval processes.

To highlight the academic significance of *RenDanHeYi*, the following table compares this model with several widely adopted contemporary management approaches. The comparison demonstrates that *RenDanHeYi*

not only incorporates principles of decentralization and organizational flexibility but also advances them by institutionalizing internal market mechanisms and transparent value-sharing systems.

Table 2. Comparison of the *RenDanHeYi* model and contemporary management approaches

Criteria	RenDanHeYi (Haier)	Agile	Holacracy	Lean management
Core philosophy	Direct integration of employees, customers, and value creation (zero distance to customers)	Flexibility and rapid response to change	Self-management through distributed authority and role-based governance	Elimination of waste and continuous process optimization
Organizational structure	Ecosystem of autonomous micro-enterprises (MEs)	Small, cross-functional, and self-organizing teams	Circle-based structure without fixed hierarchical levels	Streamlined hierarchical structure
Operating mechanism	Internal contracting market combining cooperation and competition	Iterative development, sprints, and continuous feedback	Formalized governance rules and distributed decision-making	Standardized processes and continuous improvement (Kaizen)
Degree of decentralization	Very high; MEs possess autonomy over strategy, finance, and personnel	High within team boundaries	Very high; limited reliance on traditional managerial authority	Moderate; management hierarchy remains in place
Market orientation	Directly, each ME is accountable for customer value creation	Indirect; primarily through products and projects	Limited; primarily focused on internal governance	Indirect; achieved through operational efficiency
Motivational mechanism	Value-sharing based on contribution and market performance	Team-based goals and short-term achievements	Autonomy and role accountability	Performance improvement and efficiency gains
Leadership role	Ecosystem architect and designer of governance mechanisms	Coach and facilitator	Coordinator and governance facilitator	Process manager and continuous improvement leader

Innovation capability	Very high; innovation emerges continuously from individual MEs	High, particularly in product and service development	Moderate to high, though scalability may be challenging	Moderate; emphasizes incremental rather than radical innovation
Scalability	Very high; demonstrated in large-scale corporations such as Haier	Moderate; difficult to scale across very large organizations	Low to moderate; implementation on complexity increases with size	High, particularly in large-scale manufacturing environments
Key limitations	Complex implementation requiring a strong organizational culture and mature governance capabilities	Difficult to implement consistently across entire large organizations	Limited linkage to market performance and customer value	Reduced flexibility in highly volatile environments

Source: Compiled by the author (2026).

4. Achievements, impact and lessons for other organizations

4.1. Achievements and impact

Haier's greatest achievement after more than four decades of commitment to the *RenDanHeYi* philosophy is its demonstration that a large corporation can operate with the agility and entrepreneurial spirit of a startup. From a struggling refrigerator factory on the verge of bankruptcy, Haier has grown into one of the world's leading home appliance manufacturers, generating annual revenues exceeding USD 30 billion and operating in more than 160 countries (Appio et al., 2021). Haier's success is reflected not only in its growth and global expansion but also in its ability to build an organizational model that combines innovation, flexibility, and customer centricity—an achievement rarely attained by multinational corporations.

One of the most significant milestones in Haier's development was its 2016 acquisition of GE Appliances (GEA) in the United States. The transaction attracted worldwide attention

not only for its USD 5.4 billion value but also for demonstrating that the *RenDanHeYi* model could be successfully implemented in a Western context, where traditional hierarchical management systems had long been dominant (Zhang & Ritala, 2023). Following the acquisition, GEA gradually adopted elements of the micro-enterprise model, encouraging employee autonomy, innovation, and direct accountability to customers. Within a few years, the company experienced substantial improvements in productivity, business performance, and employee satisfaction (Hamel & Zanini, 2020).

Beyond financial performance, *RenDanHeYi* has significantly enhanced Haier's innovation capabilities. Rather than relying on lengthy product development cycles, micro-enterprises can rapidly experiment, obtain direct customer feedback, and continuously refine products in real time. This capability has enabled Haier to introduce a wide range of smart products integrated with Internet of Things (IoT) technologies, such as

washing machines that automatically adjust water usage and detergent consumption, and refrigerators connected to online purchasing platforms. The direct feedback loop between employees and customers has played a critical role in maintaining Haier's leadership position in the global home appliance industry (Fisher et al., 2021).

The influence of *RenDanHeYi* extends well beyond business performance and has attracted considerable attention from scholars and management practitioners worldwide. Prominent management thinker Hamel, co-author of *Humanocracy* (2020), has identified Haier as a leading example of a post-bureaucratic organization in which authority is distributed, and innovation emerges from all levels of the organization. Likewise, *Corporate Rebels* and researchers associated with MIT Sloan Management Review have highlighted Haier as compelling evidence that hierarchy can be significantly reduced and employee empowerment successfully implemented, even in organizations employing tens of thousands of people (Birkinshaw, 2023). As a result, *RenDanHeYi* has become a major subject of research in the fields of organizational agility, adaptive management, and contemporary governance models.

Another profound outcome of the *RenDanHeYi* system is enhanced employee engagement and autonomy. By directly linking rewards to the value created for customers, employees gain a stronger sense of purpose and ownership over their work. Rather than working solely for compensation, they increasingly act as entrepreneurs who assume responsibility, pursue innovation, and seek opportunities for growth within the Haier ecosystem (Zhang, 2019). This shift in mindset has fostered a culture of continuous

innovation, providing a sustainable source of organizational vitality in an increasingly volatile and uncertain environment.

The influence of *RenDanHeYi* is now extending beyond China. Numerous corporations in Europe, North America, Japan, and emerging entrepreneurial ecosystems have begun studying and experimenting with elements of the model. Organizations increasingly recognize that survival and competitiveness in uncertain environments require structures that place people at the center of innovation and customers at the center of value creation. In this sense, *RenDanHeYi* is more than Haier's management model; it represents a broader vision for the future of organizations—one in which enterprises can simultaneously achieve scale and agility by genuinely placing employees and customers at the heart of their governance systems.

4.2. Lessons for other organizations

The *RenDanHeYi* model developed by Haier is not merely a phenomenon specific to the Chinese context; it offers valuable managerial lessons with global relevance. In an era of rapid change, where innovation, speed, and alignment between employees and customers have become critical sources of competitive advantage, this philosophy encourages organizations to rethink how they operate and to empower their people. For Vietnamese enterprises, particularly amid digital transformation and economic restructuring, the application of *RenDanHeYi* principles should be approached selectively and adapted to local institutional conditions, organizational culture, and managerial capabilities.

First, transparency and decentralization must become organizational structures rather

than management slogans. Many Vietnamese enterprises, particularly small and medium-sized enterprises (SMEs) and family-owned businesses, continue to rely on highly centralized decision-making systems in which authority is concentrated in the hands of owners or a small group of senior executives. Such arrangements often limit responsiveness to market changes and constrain operational innovation. Haier's experience suggests that organizations should gradually redesign their structures toward controlled decentralization by granting greater autonomy to business units while implementing transparent performance evaluation mechanisms. In the Vietnamese context, pilot implementation may begin in market-oriented functions such as sales, marketing, or product development before being expanded across the organization.

Second, leadership should evolve from a controlling role to an enabling role. In many Vietnamese organizations, leadership styles remain largely command-oriented and administrative, leaving little room for experimentation and innovation. *RenDanHeYi* demonstrates that leaders should focus on designing incentive systems, ensuring transparency, and providing necessary resources rather than intervening directly in day-to-day operations. Nevertheless, the delegation of authority should be implemented gradually and accompanied by efforts to strengthen managerial capabilities and internal control systems in order to minimize governance risks.

Third, empowerment must be accompanied by accountability and market-based performance measurement. A common challenge in many organizations is the presence of symbolic empowerment, in which

employees are assigned responsibilities without genuine decision-making authority or clear reward and accountability mechanisms. Haier's experience illustrates that empowerment becomes meaningful only when performance is measured according to the value created for customers. Consequently, Vietnamese enterprises should develop performance measurement systems directly linked to market outcomes, such as revenue growth, customer satisfaction, and innovation performance, rather than relying solely on internal administrative indicators. This approach is particularly relevant in highly competitive sectors such as e-commerce, digital services, and export-oriented manufacturing.

Fourth, organizations should adapt rather than mechanically replicate the model. *RenDanHeYi* succeeded because it was aligned with China's institutional environment and organizational culture, which combine collective discipline with a strong reform-oriented mindset. Vietnamese enterprises operate under different conditions, including a predominance of SMEs, varying levels of managerial capability, and organizational cultures influenced by interpersonal relationships. Therefore, implementation should focus on adapting the model's core principles—such as reducing hierarchical layers, increasing business unit autonomy, and improving transparency in value distribution—rather than attempting to replicate the entire micro-enterprise system from the outset.

Fifth, customers must become the genuine center of organizational decision-making. In the era of digital transformation, customer data has become a strategic organizational asset. However, many enterprises have yet to

fully utilize such data in their decision-making processes. One of the key lessons from *RenDanHeYi* is the importance of establishing mechanisms that allow customer feedback to flow directly into operational units, thereby reducing the distance between the market and the organization. This can be achieved through digital platforms, customer relationship management (CRM) systems, and online feedback channels, enabling organizations to enhance adaptability and deliver more personalized products and services.

In summary, *RenDanHeYi* is more than a management model; it represents a philosophy of organizational development centered on people and markets. For Vietnamese enterprises, the greatest value of the model lies not in replicating its organizational structure but in embracing its underlying logic: shifting from control-based management to empowerment and accountability; from closed organizations to open ecosystems; and from internal optimization to customer value maximization. As Vietnam's economy increasingly relies on innovation and productivity-driven growth, the selective adoption of *RenDanHeYi* principles may offer an important pathway for enterprises seeking to strengthen their competitiveness and adapt to a more dynamic global environment.

5. Policy implications for Vietnam

The lessons derived from the *RenDanHeYi* model suggest that enhancing enterprise competitiveness depends not only on the availability of resources but also on the design of appropriate institutional frameworks and governance mechanisms. In Vietnam, where the private sector has been identified as a key driver of economic growth, the application of

RenDanHeYi principles should be supported by coherent policies at both the macro and micro levels.

First, improving the legal framework to promote decentralization and organizational autonomy. Although Vietnam's current legal framework provides a foundation for business autonomy, barriers related to administrative procedures, business conditions, and regulatory oversight remain. Further reforms should therefore focus on reducing unnecessary administrative intervention, shifting from ex-ante controls to ex-post supervision, and creating flexible regulatory environments that allow enterprises to experiment with innovative organizational models, including autonomous business units and market-oriented internal structures. Such reforms are particularly important for technology-based and innovation-driven enterprises.

Second, developing an open and connected business ecosystem. A core principle of *RenDanHeYi* is the transformation of organizations from closed systems into open ecosystems. For Vietnam, this requires strengthening collaboration among enterprises, research institutes, universities, and government agencies through policies that encourage cooperation, data sharing, and innovation partnerships. At the same time, national and sectoral digital platforms should be expanded to facilitate connections between businesses, customers, partners, and international markets, thereby creating favorable conditions for continuous innovation and value creation.

Third, reforming labor and compensation policies to better align rewards with

performance and value creation. The transparent value-sharing mechanism embedded in *RenDanHeYi* highlights the importance of linking compensation to market outcomes. In the Vietnamese context, labor and remuneration policies should continue to evolve toward greater flexibility, encouraging enterprises to adopt performance-based, project-based, and value-based compensation systems. In addition, legal and financial mechanisms should be developed to support long-term incentive schemes, such as employee stock ownership plans (ESOPs) and innovation-related reward programs, thereby enhancing motivation, commitment, and talent retention.

Fourth, strengthening human capital development to support autonomy and innovation. Organizational empowerment is only effective when employees possess the capabilities to exercise greater responsibility. Human resource development policies should therefore move beyond knowledge transmission toward the cultivation of broader competencies, including innovation capacity, digital skills, managerial capabilities, and entrepreneurial mindsets. Greater emphasis should be placed on practical training, collaboration between educational institutions and businesses, and lifelong learning initiatives to prepare a workforce capable of operating in flexible, decentralized organizational models.

Fifth, accelerating digital transformation to underpin agile and transparent governance. Digital transformation plays a critical role in advancing the principles of *RenDanHeYi*, particularly regarding transparency, information sharing, and direct customer engagement. Accordingly, Vietnam should

continue investing in digital infrastructure, open data systems, and digital governance platforms. Policies should also support the adoption of advanced technologies such as big data analytics, artificial intelligence (AI), and digital management systems. Particular attention should be given to supporting small and medium-sized enterprises in their digital transformation journeys to prevent widening disparities among firms.

Sixth, fostering a business culture based on integrity, transparency, and accountability. One of the fundamental conditions for the effective operation of the *RenDanHeYi* model is an organizational environment built on trust and responsibility. At the policy level, this requires strengthening anti-corruption mechanisms in both the public and private sectors, enhancing transparency, and reinforcing accountability. Furthermore, promoting good corporate governance practices is essential to creating the institutional foundations necessary for modern management models grounded in empowerment, autonomy, and value creation.

Overall, the application of *RenDanHeYi* in Vietnam must be considered within the country's specific institutional and developmental context. Public policies should aim to create a flexible, transparent, and innovation-oriented business environment in which enterprises have sufficient space to experiment with new management approaches and benefit from a supportive, coherent institutional ecosystem. Such conditions are crucial to enabling Vietnamese enterprises to transition from a growth model primarily based on low costs to one driven by innovation, productivity, and high-value-added activities.

6. Conclusion

RenDanHeYi is more than a successful management model developed by Haier; it represents a new way of thinking about how organizations can be governed and sustained in the twenty-first century. The philosophy demonstrates that when individuals are empowered and directly connected to customer value creation, organizations can simultaneously achieve large-scale growth and maintain the agility of a living ecosystem. Haier's experience illustrates that reducing bureaucratic layers, establishing transparent governance mechanisms, and fostering internal entrepreneurship can significantly enhance an organization's capacity to adapt to increasingly dynamic and competitive markets.

At the same time, the *RenDanHeYi* model should not be viewed as a blueprint that can be replicated mechanically across different organizational and institutional contexts. Its effectiveness depends on a range of factors, including leadership commitment, organizational culture, employee capabilities, and the broader business environment. Therefore, organizations seeking to learn from Haier should focus less on reproducing its structural arrangements and more on understanding its underlying principles: integrating employees and customers into a unified value-creation process, balancing autonomy with accountability, and combining organizational flexibility with effective coordination and control.

For Vietnamese enterprises, Haier's experience offers valuable insights into digital transformation and management innovation. As Vietnam moves toward a more innovation-driven and knowledge-based economy,

organizations will need to develop governance systems that empower employees, encourage experimentation, and strengthen customer-centric decision-making. In this regard, the most enduring lesson of *RenDanHeYi* lies in its vision of an organization in which every individual is a creator of value and sustainable success is achieved through the continuous alignment of employee initiative, customer needs, and organizational purpose.

References:

- Appio, F. P., Frattini, F., Petruzzelli, A. M., & Neirotti, P. (2021). *Digital transformation and innovation management: A synthesis of existing research and an agenda for future studies*. *Journal of Product Innovation Management*, 38(1), 4-20. Retrieved from <https://doi.org/10.1111/jpim.12562>
- Frynas, J. G., Mol, M. J., & Mellahi, K. (2018). *Management innovation made in China: Haier's Rendanheyi*. *California Management Review*, 61(1), 71-93.
- Hamel, G., & Zanini, M. (2020). *Humanocracy: Creating organizations as amazing as the people inside them*. Harvard Business Review Press.
- Ritala, P., Zhang, R., & Hou, J. (2023). *The evolution of the Rendanheyi model: From internal entrepreneurship to ecosystem orchestration*. *California Management Review*, 65(3), 27-49.
- Teece, D. J. (2018). *Business models and dynamic capabilities*. *Long Range Planning*, 51(1), 40-49. Retrieved from <https://doi.org/10.1016/j.lrp.2017.06.007>
- Zhang, R. (2019). *The power of one: How Haier achieves zero distance to customers*. China Machine Press.
- Zhang, R., & Ritala, P. (2023). *Management transformation and the future of adaptive organizations: Insights from Haier's Rendanheyi model*. *California Management Review*, 65(3), 5-26.