

Impact of Management Philosophy and Organization on China Technical Xiaomi Company

-- A Systematic Review Analysis

Jun Cui *, Zhongxin Gan, Zihao Ning

Solbridge International School of Business, Woosong University, 365100, South Korea

* Corresponding author: Jun Cui (Email: jcui228@student.solbridge.ac.kr)

Abstract: The management philosophy and organization of the XIAOMI firm is a statement or approach that affects how a manager leads their team, organization, and makes decisions. With the development of Mobile technology, digital technology, cloud computing and other new technologies, how to impact of management philosophy on XIAOMI Firm. Furthermore, through a series of research investigations and analyses, few people deeply analyze the relationship between the intelligent ecological chain, business ecology, and enterprise value enhancement. In the research on enterprise value enhancement and digital transform, few people have thoroughly analyzed the relationship between the intelligent ecological chain, business ecology, Mobile technology, and enterprise value. How to management accounting and management organization in XIAOMI firm, this is important questions for us. This paper aims to conduct an in-depth study of enterprise value creation in the development of an intelligent ecological chain. Meanwhile, by analyzing the process of developing Xiaomi's intelligent ecological chain and mobile digital technology, it is hoped that the relevant theoretical systems of the ecological chain of different Internet companies can be enterprises can be further improved, and the development of Internet enterprises can provide a viable theoretical foundation. The research of this paper mainly uses the method of qualitative analysis to conduct research and analysis, and concludes Impact of Management Philosophy on XIAOMI firm. otherwise, you will need to edit your abstract accordingly. In additional, through a series of research investigation and analysis, we can see that the upload their management ideas, to stimulate a company awareness upgrade. This study uses qualitative analysis methods to describe management philosophy.

Keywords: Digital Technology; Digitally Transform; Qualitative Analysis; Management Philosophy; Management Accounting and Management Organization.

1. Introduction

This paper introduces the process and management philosophy and management organization of XIAOMI corporate; As we all know that Xiaomi firm is an electronics and smart products manufacturing company that was started in April 2010. In the past several decades, Xiaomi firm is a listed firm the made an entrance in the 2018 Hong Kong Stock Exchange. This article mainly uses qualitative analysis methods to describe some factors that affect Xiaomi's management philosophy [8]. The XIAOMI corporation mainly manufactures smartphones and has a global market-share rated second in the distribution of smartphones. The China and emerging market for Xiaomi products spread to over a hundred countries. Moreover, Xiaomi's product development also uses six sigma management methods to manage product definition, measure, product analysis, product improvement, and product control[9]. Xiaomi's culture is centered on the consumer, which encourages its innovation in the development of new products for the benefit of its customer base (About Xiaomi, n.d.). Even though the XIAOMI firm was created much later than its competitors, such as Huawei, which was founded in 1987, the company has been able to establish a strong position in the market and enjoys high levels of customer loyalty. This has enabled the corporation to compete with big electronic manufacturing companies such as Microsoft and Apple, despite its relatively small market share in the western market [3].

Besides, for this study, it was of interest to investigate that

Xiaomi's management philosophy and its impact software, digital capabilities, and marketing on the company. The XIAOMI company employs the MIUI operating system in all its products, providing it with a competitive advantage in product differentiation over its competitors. Having more than 450 million active users every month thanks to the MIUI operating system is one factor that has helped the company achieve success. Xiaomi's smartphone operating system and IOT device research and development also use TQM quality management processes to control product quality. Moreover, the company's success has also been attributed to the enormous number of different products that it offers. The company received an annual inflow of US\$43.36 billion according to its 2020 report from the sale of its IoT products and smartphones [3]. Furthermore, apart from the manufacture of smartphones, the company also incorporates sensors and processors into items or appliances that enable it to connect and communicate through the internet. This has resulted in the creation of smart appliances such as fridges, smart bands, and scooters. Moreover, the contributions made here have wide applicability That the impact of some factors on company management and management organization. The research questions of this article are following:

RQ1. How does Xiaomi's management philosophy impact their success in the mobile technology industry?

RQ2. How does Xiaomi's management philosophy impact their organization of the Xiaomi's mobile technology industry?

2. Overview of Corporate Management Analysis in XIAOMI Organization

2.1. Introduction to XIAO MI Firm's Organization

Furthermore, China's smart phone market was rapidly changing throughout the early years of Xiaomi's inception, with old phone models being phased out and smartphones taking their place. Because of this transformation [6], the phone manufacturing business received a significant boost. Xiaomi developed a reputation for delivering high-quality devices at cheaper rates, which resulted in the company's rapid expansion [16]. However, the opportunity created by the shift in the market also resulted in the creation and expansion of other local businesses, increasing the level of competition in the phone industry. Xiaomi's sales volume in China had also declined because of the increased competition. Because of this, Xiaomi corporate was compelled to expand its operations internationally by selling its products straight after assembly or exporting its products directly to other countries.

Furthermore, according to Xiaomi corporate's market entry strategy, the company chose to begin operations in countries in the eastern hemisphere before expanding to the western hemisphere. The entry was spearheaded by Singapore, which was the first country to partner with Xiaomi, followed by Malaysia and India [2]. During the month of October 2014, the business reported significant success in selling its Xiaomi Mi3 smartphones in the Indian market, with 600,000 units sold. The company's success, on the other hand, was not without its challenges. As a young company, Xiaomi had not established the quality of their products in the market when phone firms were adding distinctive features to their products to distinguish them from the competition[6]. Xiaomi was also confronted with issues related to the lack of patents for its goods. When compared to older and more experienced firms like ZTE, which had 63707 patents according to the State Intellectual Property Office, Xiaomi only possessed 7153 patents, indicating a significant deficiency in research and development [5].

Additionally, Xiaomi's limited patent portfolio made it exposed to lawsuits alleging patent infringement (Hill, 2015). After a lawsuit was brought against Xiaomi by Ericsson India, the company was barred from selling its goods in the country in late 2014. According to Ericsson, the case was launched on accusations of copyright infringement, in which they claimed that Xiaomi had misappropriated their patent in the production of their devices. Ericsson filed a lawsuit against Xiaomi for using a Standard Essential Patent (SEP) in the manufacture of its mobile phones. The case had a significant negative influence on the company's reputation in the Indian market, resulting in a decrease in sales. It put the company in a precarious situation because the Indian market was similarly unfamiliar with Xiaomi's goods and instead placed its trust in more established companies such as Apple, Microsoft, Google, and Huawei [10].

In addition, Xiaomi corporate was also confronted with difficulties in terms of after-sales support and the overall quality of their devices. More than 6,000 complaints were filed against malfunctioning smartphones that did not match the expectations of the buyers. Since the company's founding, Xiaomi has relied solely on its MIUI operating system to distinguish itself from the competition as a source of distinction. The R&D process of MIUI operating system also

follows the TQM quality management process and digital technologies[16]. However and several other components that were used in the manufacturing of Xiaomi's products were purchased from third-party suppliers and were not developed by the company. In contrast to Huawei, which had its own CPU brand known as Kirin, Xiaomi firm had to purchase its CPUs from Qualcomm or MTK to use them in their products. Because of this, it became more difficult for Xiaomi to respond to customers' complaints, which had a significant negative impact on the company's credibility and customers' satisfaction[7].

In comparison to other multinational businesses, Xiaomi had limited producing capacity for its products, which resulted in the company being unable to meet client demand. MI fans were forced to wait a significant amount of time before the business could launch and sell their cellphones, which were also in limited supply at first. In addition, the corporation made just a small investment in the promotion of its products[2]. As a result, the advertising was only broadcast during a product launch, resulting in less exposure to the market and lower brand awareness. Xiaomi has a limited offline presence and has made little investment in its brick-and-mortar stores because of the company's focus on the online store (Bosankic, 2016). This challenge arose due to the product pricing dilemma that the company encountered when trying to run both online and offline stores. Xiaomi discovered that when placing prices for their products in both online and offline stores, the offline product prices [16].

Furthermore, some technical companies such as Xiaomi were beginning to adopt the online store strategy, which meant that an increase in competition for Xiaomi [12]. Xiaomi firm had to continue utilizing its online store strategy while formulating solutions for its brick and motor stores despite the rising competition. As such, this challenge further contributed to the company's poor after-sales services, which were in addition to the minimum customer care services that the company could provide [11]. Due to cultural differences and language barriers, the company was unable to properly respond to consumer complaints and issues, which did not reflect well on the company's reputation with its customers and clients[10].

2.2. Introduction to the Managerial Philosophy

Additionally, Xiaomi firm made the difficult but ultimately essential decision to expand its operations internationally. The corporation had to consider the culture of their partners as well as the market in the country where they would be doing business. Because of this, Xiaomi firm needed to change its management philosophy in order to effectively serve all of its stakeholders. It would be necessary to take Xiaomi's vision and objectives into consideration during this transition [13]. In other words, The firm's management philosophy was meant to aid in the achievement of high levels of customer satisfaction. Company cohesiveness and direction in its activities would be achieved via the use of management philosophy. The management philosophy of the Xiaomi Corporation is based on the providing of high-quality products to consumers at the lowest feasible price, regardless of the product's quality, Xiaomi Corporation improve its revenue and product quality[10].

Indeed, It was necessary to have a thorough grasp of the company's business model, which encompassed hardware, software, the Internet of Things, and other areas of the company's operations. The manager would first need to

comprehend the intricacy of the business model as well as the level of pressure it would place on their team during the execution process[12]. Xiaomi co-founder and CEO Lei Jun recently claimed that the company's ultimate objective was to "produce outstanding yet affordable items," a strategy that has proved effective in the Chinese market (Gang Zheng, 2016). The company's concept was highly reliant on the knowledge of its employees, which made them a valuable resource for the company. The behavioral management theory may be used to describe other aspects of Xiaomi's management style as well.

Finally, Behavioral management theory of XIAOMI Firm, Management believes that by managing the behaviour of workers, they may influence their productivity and passion for their jobs, according to behavior management theory (Hawthorne and Demand 2013). Managers can improve the cohesiveness and collaboration in their organizations by fostering a collaborative atmosphere among their employees. A further division of the concept is Behavioral Science and Human Relations[17].

a) Behaviour Science

The theory of this study attempts to explain why some societal elements, such as competition, self-actualization, and social needs, are more motivating to employees than other aspects (Hawthorne and Demand 2013). It is possible to see how this idea is being applied in the management philosophy of Xiaomi Corporation. The company's management believes that innovation and cooperation are essential components of its long-term success. The company offers frequent training and exposure for its staff through seminars and training workshops in order to foster a more inventive team formation environment. Xiaomi thinks that by reducing the power disparity between members of a team, cooperation becomes more cohesive[11]. The firm does this by increasing openness in the offices and creating a flat work environment to inspire employees' involvement and relationships. Working in a clean and aesthetic environment is something that Xiaomi aims to provide for its employees. As part of its efforts to promote an open culture, senior management conducts an all-hands meeting during which it speaks directly to all of the employees in attendance at the office[16].

The views contained in this theory are shared by the managers of Xiaomi as well since they place a great value on off-work behaviours. Employees can engage in a variety of sports and field activities organized by the company. Using friendly contests in sports such as badminton, swimming, and basketball, workers may demonstrate their expertise in activities outside of the workplace while also strengthening their connections and cohesiveness inside the business. This resulted in the invention of the MI Idol, which allowed for the acknowledgement of the skills of their employees, therefore increasing employee loyalty and self-confidence. As their self-confidence grows, employees become more driven in their jobs, which results in increased productivity and satisfaction.

b) Human Relations

Furthermore, according to human relations theory, the manager understands the significance and relevance of ensuring the satisfaction of his or her staff (Hawthorne and Demand 2013). The idea places emphasis on the notion that managers cannot achieve employee satisfaction just through the provision of financial incentives and that they must also provide other contributing components. Besides, Xiaomi's corporate culture is heavily influenced by the opinions of its

customers. As a result, the management embraced the Just-for-Fans culture, recognizing the importance of its fans as a source of long-term business sustainability (About Xiaomi, no date b). The company believes that by utilizing the MI brand fans, they would be able to better align the interests of their staff in the quest for excellence for their goods. It has established a fan base client market, which is referred to as the MI fans, who have a significant impact on the company and are extremely enthusiastic about its growth [3].

Indeed, Xiaomi has been able to increase its market reach thanks to the support of its fan community and the efforts of its skilled staff. The company has more than 17 million registered fans. Xiaomi firm has utilized the usage of the MI fans community as a source of future workers in order to achieve a more engaged workforce (Narayanan, 2020). The majority of the company's workers are current or former members of the MI fan community (Narayanan, 2020). One of the ways in which the company has been able to improve the cohesion of its workers has been using the fan community. The company can guide its workers and motivate them to be more productive as a result of their "Just for fans" culture.

2.3. Introduction to Impact of the Philosophy on the Management Accounting

In short, The XIAOMI company's management philosophy significantly influenced the management accounting at Xiaomi. The research and development process of Xiaomi also follows the TQM quality management process. Providing high-quality items to consumers at the lowest feasible rates is their primary motivation for doing company [6]. Indeed, To meet this commitment, the company had to make a number of technological advancements and demonstrate a commitment to continuous innovation[7]. However, the most crucial aspect of the management style is Xiaomi's public vow that the company's net profit margin will not exceed 5%. As a result of this guarantee, the company committed to refund to its consumers any earnings that surpassed the 5% threshold. The action was intended to illustrate the company's commitment to its management philosophy while also demonstrating its integrity. The net profit of the company, on the other hand, fell short by 2% of the previous year's net profit of RMB 11,532,300,000. Consequently, the company was able to maintain its pricing strategy of offering low costs for its products [2].

Furthermore, the XIAOMI firm's selling prices of the gadgets saw a considerable boost as a result of this. For example, the sale of smartphones saw a 7.3 % increase in income, resulting in annual revenue of RMB113.8 billion by the conclusion of that fiscal year. This, on the other hand, was also in line with the company's overall objective and mission. An increase in costs was allocated to product development rather than a price reduction, allowing for a smoother transition to more favorable average sale price models[11]. A significant amount of funding must be invested in research and development in order for the firm to manufacture high-quality items. So, the expense of research and development increased by 29.7 % between 2018 (which had RMB 5.6 billion in revenue) and 2019 (which had RMB 7.5 billion in revenue).

Furthermore, the funds were intended to be utilized for the remuneration of the XIAOMI company's development personnel as well as for the compensation of those responsible for the expansion of the company's initiatives. In addition, the company's income tax costs grew significantly because of the

higher earnings realized by the company. In addition to lower deferred tax assets, the company was developing rapidly, which resulted in increased tax costs in the future and the current year's results. As a way of paying its administrative employees, the firm opted for a one-off share-based compensation plan[14].

Consequently, the organization was able to reduce administrative costs by 74.3 %, a significant reduction from the original RMB12.1 billion spent on pay for administrators to only RMB3.1 billion because of these efforts. The different expenditures associated with the higher profit were ascribed to the increasing amount of innovation occurring inside the organization [11]. To be able to meet the needs of its consumers, Xiaomi needed to expand the volume of its sales. Because of this, the company spent the majority of its income on research and development rather than on operations, without endangering its management philosophy[5].

2.4. Introduction to Impact of the Philosophy on Organization

1. Lean manufacturing

Since its founding, Xiaomi firm has seen several triumphs and setbacks. One of the most significant challenges that the company faced was providing enough items to market to the public. Xiaomi had fewer production facilities than its competitors, because it was a young business. This meant that the company was unable to satisfy client demand, even though its fan base was increasing. As a result, in order to meet the demands of the new management philosophy, which required that the company create high-quality items at competitive costs, the corporation chose to outsource the manufacturing of critical components. As a result, the company was able to decrease waste throughout the production phase, which would otherwise result in delays due to the company's limited number of manufacturing facilities.

2. Enhanced value chain

The management philosophy had an impact on the company's overall value chain as well. Taiwanese companies were responsible for the delivery of highly sensitive and critical components such as the CPO and screen [12]. As a result, the locations of the production facilities in China and India were chosen since the wages of the workforce in these nations were lower than in other countries (Xiaomi Value Chain Analysis, 2018). Additionally, outbound logistics has changed due to the transition from the sole distribution of items to consumers through online shops to the establishment of retail locations that the company directly handles. As they are sometimes called, the MI shops improve the customer experience by letting customers interact directly with the company's personnel and products before making a purchase[3].

The company employs the hunger marketing approach in order to generate rapid sales by releasing only limited quantities of items on their online shop for a brief period of time. Due to increased rivalry in the market, the company has also begun to pay greater attention to its after-sales services. Currently, the company provides service to its customers, with devices obtaining services in as little as four hours on some occasions. It is primarily via altering the emphasis of investment that the value chain has been impacted by the impact management concept.

3. Discussion and Findings

The results highlight that little is known about XIAOMI firm's management philosophy and management organization transformation, likewise, The XIAOMI firm has always placed a high priority on cost-reducing as part of its overall vision, failing to see that the quality of their product was not only determined by its functionality [10]. As a result, to increase client satisfaction, the firm had to provide service in addition to its products. The inclusion of brick-and-mortar stores into the company's online store strategy, as well as the company's investments in after-sales services, are some examples of how management philosophy has had an influence on the business[5]. The firm also gives greater thought to the brick-and-mortar strategy, and they are attempting to merge the concept into their current online sales approach. The strong management philosophy of supplying high-quality items to consumers forms and directs the company's decision-making process and provides it with a sense of purpose. When comparing the findings to those of prior research, it must be pointed out that management philosophy and management organization of XIAOMI's impact factors.

4. Conclusion

In this research, A positive working environment for employees is created by the leader's encouragement of the XIAOMI's creation of beliefs and values, all of which are focused on generating enthusiasm for the business. XIAOMI'S Organizational management philosophy can also aid managers in making critical decisions that will benefit the organization[8]. This can be observed in the various descriptions and management decisions made by the Xiaomi Corporation, all of which were influenced by the company's overarching management philosophy. Since the XIAOMI organization's inception in 2010, it has faced several challenges that it has overcome. Meanwhile, Some of the problems encountered were a restricted patent profile, rivalry from other businesses, a late entry into the market, poor service and product quality, cultural barriers, and a limited number of offline shops [7].

Indeed, it was necessary for the company to modify its management philosophy to change the way it conducted its operations. Xiaomi corporate's R&D process also uses the TQM quality process management process, including quality control, digital technologies, software quality R&D culture, quality collaboration, continuous improvement of quality, customer attention, etc. The TQM quality process can help Xiaomi corporate improve its own R & D product quality. The management team eventually arrived at the perfect strategy, which was to provide high-quality products at the lowest possible price to maximize earnings. Apart from that, the firm placed an additional stipulation on itself, stating that any profits that surpassed the 5 % margin would be refunded to the customer [5]. As a result, the company was able to align its commercial objectives with two key goals: managing corporate money to ensure that the budget was spent properly and investing significantly in research and development to ensure that quality was continually enhanced. Therefore, the vast bulk of the company's profits were diverted to research and development, administration, and taxation rather than distribution to shareholders. As a result, The decision to invest funds in these areas was made feasible because of the management philosophy adopted by the company.

In conclusion, the management philosophy of the XIAOMI organization has also had a significant influence on the company's value chain and lean manufacturing. Meanwhile, it has shifted managers' priorities in terms of what they believe to be more important when it comes to delivering quality to the client because of altering their perception of quality. At one point in time, managers placed greater emphasis on lowering costs to make the product cheaper for the client. However, because of the management philosophy, the business begins to place greater emphasis on its after-sale services, which had previously been overlooked[15]. The value of the concept may be gauged by the number of difficulties that have been resolved because of adhering to its principles. To sum up, This study also uses qualitative analysis methods to analysis management philosophy of XIAOMI company. All in all, The XIAOMI firm is able to recognize its own limitations as well as what it has to accomplish in order to meet its obligations. Because of this cause, organizations must be knowledgeable about how to create an effective management philosophy for their operations[12]. Regarding the limit of Xiaomi's continuous changes and changes in organizational management, it may be argued that this paper is based on Xiaomi's organizational management and management philosophy based on previous corporate experience as well.

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ORCID

Cui Jun  <https://orcid.org/0009-0002-9693-9145>.

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