The Path of Organizational Innovation to Drive the Development of Supply Chain Finance: A Case Study of Haier Financial Factoring

Jia Li *

School of Finance, Shanxi Technology and Business University, Taiyuan, China

* Corresponding Author Email: lijia141123@icloud.com

Abstract. Against the backdrop of global supply chain restructuring and deep integration of industrial finance, traditional hierarchical organizational structures are no longer adequate to meet the high-frequency, fragmented, and risk-controlled business demands of supply chain finance. Supply chain finance plays a crucial role in alleviating financing constraints for SMEs and improving the efficiency of supply chain collaboration; however, traditional models generally suffer from problems such as information asymmetry, low approval efficiency, and insufficient industry-finance synergy. This paper takes Haier Financial Factoring as a case study, employing a single-case research method to analyze the operational mechanism of its supply chain finance model from the perspective of organizational innovation. The study finds that Haier Financial Factoring has constructed a de-hierarchical micro-organizational structure through the "person-order integration" model, chain-group collaboration mechanism, and digital platform construction, achieving deep integration of industrial scenarios and financial services. Simultaneously, through data penetration, dynamic incentives, and a full-process risk control system, it has effectively improved financing approval efficiency and risk control capabilities. The research indicates that organizational innovation is a key driver for the transformation and upgrading of supply chain finance, and offers valuable insights for industrial financial institutions to optimize industry-finance synergy mechanisms and enhance their ability to serve the real economy.

Keywords: Organizational innovation; supply chain finance; Industry-finance synergy; Haier Financial Factoring.

1. Introduction

In recent years, the global supply chain has been rapidly restructured, and the digital economy has flourished. Supply chain finance has become an important financial business model to empower the real economy. With the continuous upgrading of industries, the functional positioning of supply chain finance has undergone a fundamental change. It is no longer limited to the single financing business of accounts receivable but has evolved into a core industrial financial infrastructure that unblocks the capital circulation of the industrial chain, resists the risk of supply chain disruption, and consolidates the overall resilience of the industrial chain [1]. As the supporting entities of the industrial chain, small and medium-sized enterprises generally have shortcomings such as light assets and insufficient collateral and have long been trapped in the development dilemma of "difficult and expensive financing" [2]. Supply chain finance relies on the real transaction scenarios of core enterprises to complete credit transmission, which can effectively alleviate the information asymmetry between banks and enterprises, revitalize the upstream and downstream working capital, and is an important tool for stabilizing the cash flow of the industrial chain and benefiting small and micro enterprises.

Currently, most factoring institutions and supply chain finance service providers in China still use multi-level hierarchical organizational structures, which conflict with the " high-frequency, fragmented, and time-sensitive " business attributes of supply chain finance. The lengthy approval and decision-making chains fragment the collaboration between industry and finance, making it difficult to share cross-entity data such as orders, warehousing, logistics, and bills promptly. This not only lengthens the financing process but also increases the overall risk control costs, severely hindering the actual effectiveness of supply chain finance in alleviating the financial pressure on

micro and small enterprises and enhances the resilience of the industrial chain. Existing literature shows that current research focuses primarily on superficial dimensions such as digital technology, risk control models, and business model innovation, with less analysis of the underlying logic of supply chain finance transformation and upgrading from the perspective of the underlying organizational structure. There is still significant room for supplementary empirical research on organizational changes in core enterprise factoring institutions. As the underlying carrier of resource allocation, information flow, and risk management, organizational innovation has significant theoretical and practical research value in addressing the bottlenecks in industry-finance collaboration and reshaping the operational efficiency of supply chain finance.

As one of the earliest companies in China to promote organizational change, Haier Group's "RenDanHeYi" model is highly representative in terms of corporate management [3]. Haier Financial Factoring, a subsidiary, fully inherits the core of the group's organizational innovation, breaks out of the traditional hierarchical operation framework of factoring companies, and promotes systematic organizational change in four dimensions: structure, process, system, and model, and builds a " platform-based + micro- enterprise " supply chain finance system. Unlike most factoring institutions in the industry that simply add digital tools, Haier Financial Factoring takes organizational change as the underlying approach, connects core enterprises, upstream and downstream SMEs, cooperative banks, logistics, and credit agencies to build an industrial finance ecosystem. It has formed quantifiable and replicable practical results in terms of reducing approval time, expanding credit lines for SMEs, reducing non-performing loan rates, providing batch services to SMEs in the industrial chain, and improving overall capital turnover efficiency. It is a typical case study for organizational innovation driving the high-quality development of supply chain finance [4].

2. Haier Financial Factoring's Innovative Organizational Model

Organizational innovation is a crucial practical path for optimizing internal governance and empowering the development of supply chain finance. As shown in Figure 1, Haier Financial Factoring's organizational innovation unfolds across four dimensions: structure, processes, systems, and models. These dimensions support each other, jointly driving the upgrade of its supply chain finance business.

Through innovative applications of core mechanisms such as architecture restructuring, micro-enterprise empowerment, and digital middle platform, combined with technologies such as big data and blockchain, it effectively improves organizational operational efficiency and risk management, providing a realistic basis and theoretical support for studying its impact on supply chain finance and working capital management for SMEs.

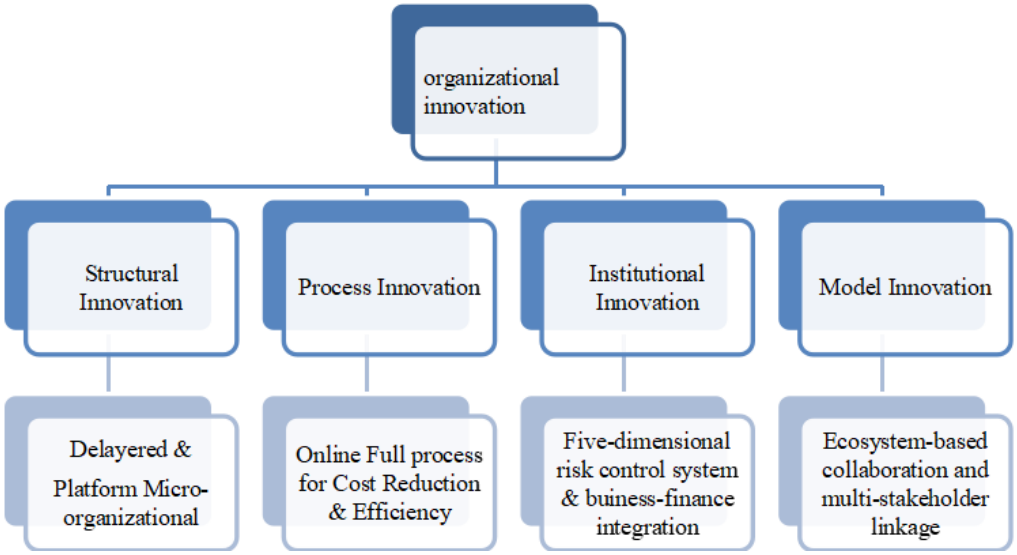


Fig. 1. Haier Financial Factoring Organization Innovation Four-Dimensional Structure

2.1. Structural innovation

Structural innovation focuses on the transformation of organizational structure, breaking down traditional hierarchical systems and reconstructing power and responsibility relationships to adapt to the needs of digital strategy. In Haier Financial Factoring practice, relying on the group's "RenDanHeYi" (employee-customer integration) concept, it promotes a "platform + micro-team" structure: the headquarters provides resource empowerment as a "risk control, capital, and compliance platform," while business lines are split into vertical industry micro-teams (such as the three major industry lines of consumer goods, medical devices, and technological innovation), achieving "de-hierarchization and micro-teamization," enabling the organization to respond more agilely to the financial needs of segmented scenarios in the industrial chain.

Structural innovation is essentially an iteration of organizational design paradigms. Rigby et al. pointed out in their research on "agile scaling" that modern enterprises must build a "dual-mode IT and organization" structure; that is, while maintaining the stability of core business, they must establish agile front-end teams that can cope with uncertainty, which is highly consistent with Haier's "platform + micro-enterprises" model [5]. Domestic scholars Chen and Zhu further proposed the theory of "symbiotic organizations in the digital age", emphasizing that organizational structure needs to shift from "control" to "empowerment and connection". Haier's practice just confirms the adaptability of this new organizational form to the supply chain finance scenario - by flattening the architecture, shortening the decision-making link, and improving the response efficiency to the financing needs of small and micro enterprises [6].

2.2. Process innovation

Process innovation refers to the restructuring and optimization of business processes, using technology as a tool and customer value as a guide to achieve efficiency improvement and cost reduction. Haier Financial Factoring's process innovation is reflected in "online end-to-end cost reduction and efficiency improvement": by connecting the entire process of "customer acquisition-approval-loan disbursement-post-loan" through a digital system, repetitive tasks (such as document review and data verification) are automated, while intelligent risk control models are embedded to assess risks in real time, ultimately achieving "faster financing, lower costs, and more stable services".

Vial emphasized in the updated digital transformation theoretical framework that process reengineering in the digital age is not just the application of technology, but also a "fundamental restructuring of the value creation logic". Haier reconstructed the linear process of traditional factoring business through digital technology, upgrading "manual-led, segmented operation" to "system-driven, end-to-end closed loop" [7]. In addition, Nambisan et al.'s research on the digital innovation ecosystem also explained the driving force of process innovation [8]. When artificial intelligence and big data become core elements of business, processes must be redesigned around "data flow" to achieve optimal resource allocation (such as Haier reducing communication costs and improving risk control accuracy through online processing).

2.3. Institutional innovation

Institutional innovation refers to the reform of the rule system and management mechanism. It ensures the implementation of innovation through standardization and normalization, while balancing risk and efficiency. Haier Financial Factoring's institutional innovation is reflected in two aspects: First, it has established a "five-dimensional risk control organization system" to achieve unified risk management across the entire chain; second, it has standardized the entire business process and improved the level of operational standardization through systems such as "special task forces, business-finance integration, and automated approval."

From the perspective of institutional theory, George et al. pointed out in their research on digital economy governance that in the face of a highly dynamic market environment, corporate systems must have the dual characteristics of "algorithmization" and "flexibility". Haier's institutional design includes not only "hard rules" but also "soft mechanisms", which are essentially about reducing

transaction costs and avoiding systemic risks through institutional mechanisms [9]. Domestic scholars such as Wei Jiang have also pointed out that institutional innovation of technology companies needs to "dynamically adapt" to business scenarios. Haier's use of institutional mechanisms to solidify risk control and operation standards in response to the characteristics of "multiple entities and long chains" in supply chain finance is a practical response to this theory [10].

2.4. Model innovation

Business model innovation is the reconstruction of business logic and value creation methods, extending from a single business to an ecological and diversified one. Haier Financial Factoring's business model innovation is manifested in: transforming from the traditional "accounts receivable factoring" to an "ecological supply chain finance model, " linking multiple entities such as banks, core enterprises, logistics, and credit reporting to build an industry alliance, connecting the "funding end and the industry end," and expanding diversified businesses such as re-factoring and asset transfer, realizing an upgrade from "single financing service" to "full-chain financial ecosystem service."

Foss & Saebi's latest review of business model innovation shows that the core of business model innovation in the context of digitalization lies in "ecological orchestration capability", that is, how enterprises can integrate resources from multiple parties through a platform [11]. Haier's practice is to reconstruct the value network through "ecological alliance": core enterprises provide industrial credit endorsement, banks provide funds, and logistics and credit agencies supplement data dimensions, ultimately forming an ecological closed loop of "win-win for all parties".

3. The Evolution of Supply Chain Finance Development Path – Based on Haier Financial Factoring

As industrial digital transformation continues to accelerate, supply chain finance has gradually shifted from conventional financing practices toward a more integrated, digitalized, and ecosystem-oriented model. Drawing on the industrial resources of Haier Group, Haier Financial Factoring provides a representative example of how organizational innovation can facilitate this transition. As illustrated in Figure 2, its business has evolved from offering individual financing services to developing a comprehensive financial ecosystem. The major stages of this development are outlined below.

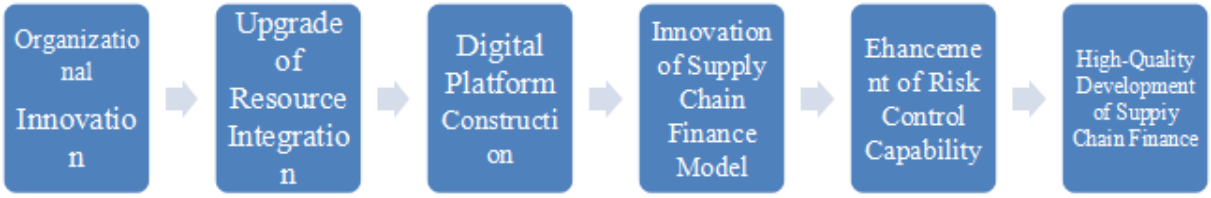


Fig 2. Development Path of Haier Financial Factoring Supply Chain Finance

3.1. Organizational innovation

Supported by Haier Group's industrial ecosystem, Haier Financial Factoring redesigned both its organizational structure and management framework to establish a collaborative operating system that combines industrial scenarios with financial services. Compared with conventional factoring institutions, which generally require three to seven approval levels and seven to fifteen working days to complete routine transactions, Haier streamlined its internal decision-making process to only two levels. As a result, the average approval time for standard business was reduced from approximately five working days to less than four hours.

3.2. Resource integration

Organizational innovation also strengthened the company's ability to integrate supply chain resources. By making full use of Haier's position as the core enterprise, Haier Financial Factoring

established close connections with upstream suppliers and downstream distributors. Public data show that, by 2025, the platform had served more than 100,000 SMEs, including approximately 62,000 manufacturing suppliers and 38,000 offline distributors. Supported by Haier's strong commercial credit, cumulative financing exceeding RMB 60 billion had been provided, while the average credit limit available to each SME increased from below RMB 800,000 under traditional financing arrangements to approximately RMB 2.3 million.

3.3. Construction of Digital Platform

To strengthen digital operations, Haier Financial Factoring developed an integrated supply chain finance platform based on the Internet of Things, big data, and cloud computing technologies. The platform is connected with COSMOPlat, Haier's Industrial Internet platform, allowing transaction information, warehousing records, logistics data, and invoice information to be processed within a unified system. More than 1.2 million transaction records are collected automatically every day, and over three billion valid industry data entries have been accumulated. Since the platform was introduced, the proportion of business handled online has increased from less than 15% to 98.7%, while the use of paper documentation has fallen by 92%.

3.4. Innovation in Supply Chain Finance Models

The digital platform has also enabled continuous improvement in Haier Financial Factoring's business model. Rather than relying primarily on traditional accounts receivable factoring, the company has gradually expanded into a wider range of financing products. The share of accounts receivable factoring declined from 92% in the early stage of development to 45%, whereas order financing, prepayment financing, and equipment financing together now account for 55% of total business. During this period, the company provided more than RMB 19 billion in order financing and RMB 15.6 billion in prepayment financing.

Meanwhile, innovative businesses such as re-factoring and asset transfer accumulated assets worth RMB 22.8 billion and established partnerships with more than 20 commercial banks, further promoting diversified financing services.

3.5. Enhanced Risk Control Capabilities

Haier Financial Factoring utilizes big data analytics, intelligent risk control models, and dynamic monitoring systems to build a comprehensive risk management system covering the entire process from pre-loan to post-loan.

On the one hand, by analyzing enterprise operating data and transaction data in real time, the company develops accurate customer credit profiles; on the other hand, by dynamically monitoring order fulfillment, logistics status, and fund flows, risk warning and risk disposal capabilities are improved. The average response time after a risk warning was reduced to 24 hours, and the non-performing loan ratio for all categories of factoring business has been consistently controlled below 0.7%, far lower than the domestic commercial factoring industry's average non-performing loan level of 1.8% to 2.5%.

3.6. High-quality Development

Haier Financial Factoring has gradually formed a supply chain finance development system based on the industrial ecosystem, supported by digital technology, and linked by financial services. At the overall operational level, driven by organizational innovation, over the past five years, the company added more than 8,000 SMEs to its financing system each year, with an average annual growth rate of over 22% in supply chain lending. The average capital turnover days for upstream and downstream partners in the industrial chain have been shortened from 118 days before financing to 67 days, and the efficiency of working capital utilization has improved by 43%.

4. Implications of Haier Financial Factoring Organizational Innovation for SMEs

4.1. Relying on the Core Enterprise Ecosystem

Instead of relying solely on their own credit history, SMEs are advised to engage more in supply chain ecosystems created by the most prominent companies. The stability of business relations with the core companies and the verification of the authenticity and traceability of the receivables, orders, and logistics documents may enhance their credibility in the industrial chain. As the business processes start to be incorporated into the credit assessment and risk management mechanisms of core companies, supply chain finance is able to offer unsecured, credit-based financing which increases the scope of formal financing options and reduces financial restrictions.

4.2. Accelerate Digital Transformation

The concept of digital transformation needs to be treated as a strategic objective of SMEs aiming at improved access to supply chain finance. The standardization of electronic contract administration, transaction records, financial reports, inventory details, and other operational information can facilitate greater transparency and reliability in the data. Information asymmetry is decreased when enterprises link with digital financing services and make use of online due diligence, smart approval and electronic signature services, which enhance the efficiency of financing.

4.3. Standardized Operations and Credit Governance

Good credit management practices are important to ensure success in SMEs. The financial accounting processes and the management of documents must be made uniform so that they do not have anomalies like wrong documentation or fraud. Simultaneously, the proper handling of accounts receivable may lead to better liquidity, improve the quality of assets or provide increased operational stability. The gradual enhancement of corporate creditworthiness will also contribute to the reduction of perceived lending risks of financial institutions, which will facilitate the acquisition of loans by companies at lower rates and with improved financial services.

4.4. Strengthening Supply Chain Collaboration

There are more advantages of long-term involvement in supply chain collaboration than short-term financing approaches in benefiting SMEs. The process of developing a solid partnership with major businesses, banks, and logistics companies allows companies to build a trustworthy history of transactions and develop corporate credit in the long run. This kind of long-term partnership can be used to provide ongoing access to finance, increased credit facilities and reduced financing charges. Moreover, increased cooperation between supply chain members leads to sharing resources, risks, and collective value creation, which provides greater backing to more sustainable business growth.

5. Conclusion

The present study treats Haier Financial Factoring as an example of an organization whose innovations may help to promote the growth of supply chain finance. About structure, procedures, institutional norms, and modes of operation, it is argued that organizational innovation constitutes a basic factor in bringing about better integration of the financial and industrial sectors. Conventional hierarchical arrangements suffer from slow decision - making and from the fragmentation of information flows, which may limit their usefulness in meeting today's varied and rapidly changing needs in supply chain finance. By contrast, Haier's "RenDanHeYi" management idea encourages not only flat organization but also digital integration and full coverage of risk - management practices. Such organizational transformations appear to accelerate approvals, to expand access for SMEs to financing, and to keep credit risk within manageable bounds. The case therefore illustrates an

effective approach for strengthening industry-finance integration and provides useful practical experience for commercial factoring institutions seeking organizational transformation.

Concerning these findings, certain limitations need to be noted. Because only one case is studied here, the conclusions do not necessarily apply universally to all supply chain finance institutions. It is also not clear what exact quantitative role is played by each dimension of organizational innovation in this context. A more systematic comparison—of several institutions with differing models—might help to evaluate, numerically, the influence of such innovation upon efficiency, upon operations, and upon risks of failure. That approach would yield firmer empirical results and help to push forward both the study of organization and that of supply chain finance.

References

[1] Luo Y H, & Ling J Y. Supply Chain Finance and Corporate Resilience: A Perspective Based on Risk Perception and Resource Allocation. State Council Development Research Center, 2025.

[2] Gu J. Mechanisms and practices of supply chain finance in alleviating financing difficulties for SMEs. Modern Business, 2026, (05): 72-76.

[3] Wang F H. Based on the "RenDanHeYi" management innovation, promote the exploration of Chinese management theory - An interview with Mr. Zhang Ruimin of Haier Group. Journal of Management, 2018, 15(6): 814-817.

[4] Zhu M M. Research on Enterprise Working Capital Management under the Financial Shared Service Model—Taking Haier Smart Home as an Example. Ivypub, 2025, 14(4): 36-49.

[5] Rigby D K, Elk S, & Berez S. Doing Agile Right: Transformation Without Chaos. Boston: Harvard Business Review Press, 2022.

[6] Chen C H, & Zhu L. A new paradigm of organizational management in the digital age. Management World, 2023, 39(5): 188-206.

[7] Vial G. Understanding digital transformation: A review and a research agenda. The Journal of Strategic Information Systems, 2022, 31(2): 101-128.

[8] Nambisan S, Wright M, & Feldman M. The digital transformation of innovation and entrepreneurship: Progress, challenges and key themes. Research Policy, 2023, 52(8): 104-115.

[9] George G, Merrill R K, & Schillebeeckx S J D. Digital sustainability and entrepreneurship: How digital innovations are helping tackle climate change and sustainable development. Entrepreneurship Theory and Practice, 2021, 45(5): 999-1027.

[10] Wei J, Liu Y, & Ying Y. Enterprise Innovation in the Digital Age: Theoretical Evolution and Research Prospects. Management World, 2022, 38(10): 5-22.

[11] Foss N J, & Saebi T. Business model innovation: The role of leadership and organizational design. Long Range Planning, 2022, 55(4): 102186.