

Problem of National Economy

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HUAWEI TECHNOLOGIES CO. ACTIVITY STRATEGY
СТРАТЕГІЯ ДІЯЛЬНОСТІ КОМПАНІЇ HUAWEI TECHNOLOGIES
CO
СТРАТЕГИЯ ДЕЯТЕЛЬНОСТИ КОМПАНИИ HUAWEI
TECHNOLOGIES CO

***Summary.** The article defines that today there are three levels of strategic management of the enterprise: corporate strategy, business strategy and functional strategy. Five goals of strategic management of the enterprise are defined which are the following: are essential and can provide exact analytical base for the purposes and realization of the enterprise; make full use of market opportunities, adaptation to the capabilities and resources of the enterprise; in accordance with the resources of the enterprise and the managerial ability of the entrepreneur to determine the allowable degree of risk; should be integrated into the organizational culture and value system of the entrepreneur.*

The basis for the implementation of the innovation strategy is the Chinese company "Huawei Technologies Co", is a leading global provider of solutions in the field of information and communication technologies (ICT).

The formation of innovative strategic development of the enterprise is determined by the following key aspects: development of an existing product on the world market and its presentation on the domestic market; entering a similar market in developing countries with a product range tailored to local needs; access to developed markets, offering business solutions aimed at reducing the costs of local operators; product development and improvement, using research centers and research, acquisition, creation of joint ventures; competition with world players in foreign markets.

The company's internationalization strategy is determined by the global competitive environment through cooperation with leading companies in the production of equipment for computer networks and telephony, creation of research centers, establishment of subsidiaries, use of direct exports with the establishment of commercial representation and joint ventures. The company is set to occupy a free niche in the market, acting as a kind of "profitable addition" to the strategy of large companies in the industry.

Key words: *strategy, innovation strategy, strategic management*

Анотація. *В статті визначено, що на сьогоднішній день існує три рівні стратегічного управління підприємством: корпоративна стратегія, бізнес-стратегія та функціональна стратегія. Визначено п'ять цілей стратегічного управління підприємством які полягають у наступному: є суттєвими і може забезпечити точну аналітичну базу для цілей і реалізації підприємства; повною мірою використовувати ринкові можливості адаптація до здібностей та ресурсів підприємства; відповідно до ресурсів підприємства та управлінської здатності підприємця визначати допустимий ступінь ризику; слід інтегрувати до організаційної культури та системи цінностей підприємця.*

База для впровадження інноваційної стратегії є китайська компанія «Huawei Technologies Co», є провідним світовим постачальником рішень в сфері інформаційно-комунікаційних технологій (ІКТ).

Формування інноваційного стратегічного розвитку підприємства визначають такі ключові аспекти: розробка існуючого продукту на світовому ринку та його представлення на внутрішньому ринку; вихід на подібний ринок у країнах, що розвиваються, з товарним асортиментом, пристосованим до місцевих потреб; вихід на розвинені ринки, пропонуючи бізнес-рішення, спрямовані на зменшення витрат місцевих операторів; розробка та вдосконалення продукції, використовуючи наукові центри та дослідження, придбання, створення спільних підприємств; конкурентна боротьба зі світовими гравцями на зовнішніх ринках.

Запропоновано стратегію інтернаціоналізації компанії яку визначає глобальне конкурентне середовище через співпрацю з провідними компаніями у виробництві обладнання для комп'ютерних мереж та телефонії, створення наукових центрів, створення дочірніх підприємств, застосування прямого експорту із створенням комерційного представництва та створення спільних підприємств. Компанія налаштована зайняти вільну нішу ринку, виступаючи свого роду «вигідним доповненням» в стратегії великих компаній галузі.

Ключові слова: *стратегія, інноваційна стратегія, стратегічне управління*

Анотація. *В статье определено, что на сегодняшний день существует три уровня стратегического управления предприятием: корпоративная стратегия, бизнес-стратегия и функциональная стратегия. Определены пять целей стратегического управления предприятием которые заключаются в следующем: являются существенными и могут обеспечить точную аналитическую базу для*

целей и реализации предприятия; в полной мере использовать рыночные возможности адаптация к способностям и ресурсов предприятия; в соответствии с ресурсами предприятия и управленческой способности предпринимателя определять допустимую степень риска; следует интегрировать в организационную культуру и системы ценностей предпринимателя.

База для внедрения инновационной стратегии является китайская компания «Huawei Technologies Co», является ведущим мировым поставщиком решений в сфере информационно-коммуникационных технологий (ИКТ).

Формирование инновационного стратегического развития предприятия определяют такие ключевые аспекты: разработка существующего продукта на мировом рынке и его представления на внутреннем рынке; выход на подобный рынок в развивающихся странах, с товарным ассортиментом, приспособленным к местным потребностям; выход на развитые рынки, предлагая бизнес-решения, направленные на уменьшение расходов местных операторов; разработка и совершенствование продукции, используя научные центры и исследования, приобретение, создание совместных предприятий; конкурентная борьба с мировыми игроками на внешних рынках.

Предложена стратегия интернационализации компании которая определяет глобальную конкурентную среду через сотрудничество с ведущими компаниями в производстве оборудования для компьютерных сетей и телефони, создание научных центров, создание дочерних предприятий, применение прямого экспорта с созданием коммерческого представительства и создание совместных предприятий. Компания настроена занять свободную нишу рынка, выступая своего рода «выгодным дополнением» в стратегии крупных компаний отрасли.

Ключевые слова: стратегия, инновационная стратегия, стратегическое управление.

Statement of the problem. In modern conditions of economic activity any enterprise should have the accurately developed plan of the activity, its availability contributes to the growth of profitability and efficiency. For him lack of enterprise is difficult to respond to rapid external changes environment and make the right management decisions, insufficient awareness of the importance of planning can be a sign of poor management enterprise. The system of strategic management of the enterprise is effectively constructed ensures its financial stability, competitiveness and efficiency functioning in the market. To make the right and far-sighted managerial decisions the manager must be familiar with objective information about the costs and revenues of the enterprise, the deviation of the actual indicators.

The dynamic development of the market environment puts forward increased requirements for strategic management systems management, the tasks facing the management, and their tools effective solution. Today, the interest of industrial leaders is growing enterprises of different levels to an updated management concept that can promptly assess market trends, predict their impact on business and help build a strategy to achieve goals. Demand for this approach is actively growing, which contributes to the emergence of new final needs consumers and partners, intensification of competition for raw materials and resources, development of new technologies, increasing the importance of intellectual labor.

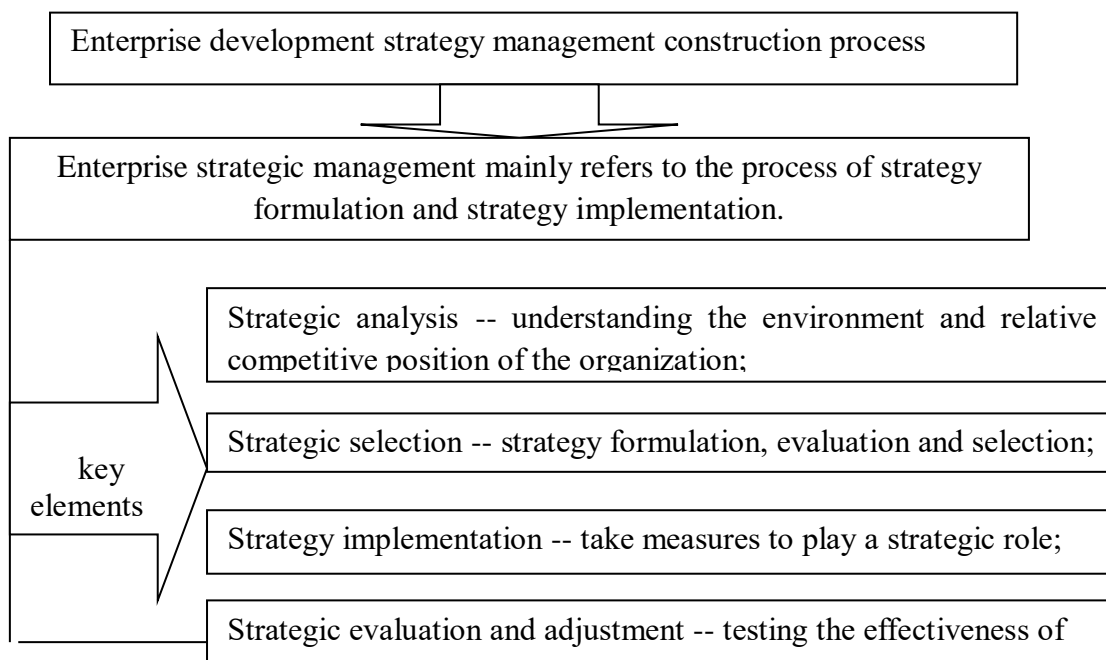
Analysis of recent researches and publications. A lot of works by foreign and domestic scientists are devoted to the study of the problem of strategic management of the enterprise, in particular: Khomenko O. I. Bourgeois L. J. Irene M. Duhaime, J. L. Stimpert, Cheng M. M. Humphreys, A. Kerry, Collis D. J., Johnson G. K. Scholes, R. Whittington, Tayler W.

Formulation purposes of article (problem) to study the theoretical aspects of strategic management of the enterprise, the formation of innovative strategic development of Huawei Technologies Co to propose a strategy for internationalization of the company to create a stable competitive environment.

The main material. Enterprise management strategy is a general term for all kinds of enterprise strategies, which is a theoretical system about how enterprises develop. Enterprise strategic management is a dynamic management process that determines and selects effective strategies to achieve enterprise goals on the basis of analyzing the internal and external environment of the enterprise, and then puts the strategies into practice, controls and evaluates them. There are three levels of enterprise strategic management: corporate strategy, business strategy and functional strategy.

The five objectives of enterprise strategic management are as follows: first, it is substantial and can provide an accurate analytical framework for the enterprise's goals and realization; Second, make full use of market opportunities; The third is to adapt to the enterprise's ability and resources; Fourth, according to the resources of the enterprise and the management ability of the entrepreneur to determine the acceptable risk degree; Fifthly, it should be integrated with organizational culture and entrepreneur's value system. Information sources and information collection are the key points in the process of SMEs' strategic planning. At present, most enterprises in the strategic planning stage cannot achieve a good combination with the above goals.

In order to achieve continuous growth of the enterprise must form its own development strategy. The strategy of the enterprise is a process of formation of the general promising direction of enterprise development based on the definition of qualitatively new goals, coordination of internal capabilities of the enterprise with the conditions of the external environment and the development of a set of measures to ensure their achievement [1; 5; 6].



Pic. 1. Enterprise development strategy management construction process

Principles of strategy development:

1. Focus on long-term global goals of the enterprise as economic system and economic interests of its owners;
2. Variety of possible directions of development, which is due to the dynamics of the external environment of the enterprise;
3. Continuity of strategy development, constant adaptation to changes in the internal and external environment;
4. Complexity of strategy development, coherence of strategic decisions on separate directions of activity of the enterprise, types of resources, functions, etc.

The company was founded in 1987 in Shenzhen by Reng Zhenfei, a former officer and deputy chief of the engineering corps of the Chinese People's Liberation Army. Its registered capital was only 20,000 yuan.

Huawei's name consists of two parts, "Hua" and "Wei," which can be translated as "great action" or "Chinese achievement." According to some sources, the name was coined by Wren himself and it is nothing but a beautiful

combination of sounds.

The purpose of the company was to develop Chinese telecommunications technology in order to displace from China imported companies, whose share was 100%. In the 1980s, this was the goal of the entire Chinese government. Over time, Huawei has expanded its range of activities, supplementing it with the production of consumer electronics, as well as the provision of service and consulting services.



Pic. 2. Logo

In the competitive struggle, Huawei Technologies Co Ltd follows the following strategies:

- 1) development of an existing product on the global market and its presentation on the home market;
- 2) entering a similar market in developing countries with a product portfolio tailored to local needs;
- 3) entering developed markets by offering business solutions aimed at reducing the costs of local operators;
- 4) development and refinement of products, using scientific centers and research, acquisitions, creation of joint ventures;
- 5) competitive struggle with global players in foreign markets.

The current strategy of Huawei Technologies Co Ltd in the global market is to change the direction of the company from a product orientation to providing services that meet the latest world technological standards. Five-year

development plan of the company for 2015-2020 years included the following basic provisions:

- 1) telecommunications companies remain key consumers;
- 2) over the next years, the company aims to triple its revenue;
- 3) Huawei Technologies Co Ltd will achieve the set goals by creating production lines covering various IT areas, developing information technologies, unifying communication networks, expanding corporate wireless technologies;
- 4) the company seeks to expand the infrastructure of key markets, the production of more technologically complex solutions, product diversification to enhance its competitiveness [3].

The main purpose of strategic analysis is to evaluate the key factors that affect the current and future development of enterprises and to determine the specific influencing factors in the steps of strategic selection.

Let's highlight the following forms of organization of work of the company "Huawei Technologies Co Ltd":

- 1) Cooperation with leading companies in the production of equipment for computer networks and telephony. In the US market, Huawei Technologies Co Ltd creates a joint venture Com-Huawei with the American company 3Com Corporation, which produces equipment for computer networks and telephony. Thus, the company penetrates the American market through its existing distribution network.

- 2) Creation of scientific centers. To achieve the world level of technological development and implementation of modern management systems, Huawei Technologies Co Ltd opens its research centers in Silicon Valley (USA), Stockholm (Sweden). Using world experience, research and development and developed infrastructure, Huawei Technologies Co Ltd reaches a new level of production development.

- 3) Creation of subsidiaries. Today, the global structure of the corporation "Huawei Technologies Co Ltd" includes 15 regional offices and 110

thousand employees around the world. The company has created 20 of them in China, Hong Kong, Singapore, USA, Europe, etc.

4) The dominant form of organization of work of the company "Huawei Technologies Co Ltd" is direct export with the creation of a commercial representative office. This form is convenient when studying the country, its legislation, market situation. A representative office is not a legal entity, therefore, the range of responsibilities and actions permitted by law is sufficiently limited, but this allows to reduce the risks of presence on the market of foreign countries. As a rule, the representative office of Huawei Technologies Co Ltd is engaged in finding and attracting new customers, as well as maintaining feedback with old customers. The representative office on behalf of the company takes part in exhibitions held in foreign countries, which is the main and most effective way to attract new customers and demonstrate products.

5) Creation of joint ventures. In recent years, the creation of joint ventures has become increasingly common when Huawei Technologies Co Ltd operates in foreign markets. Many Chinese companies, which today have the opportunity to act independently, prefer a cooperative strategy, especially at the initial stage of their activities in foreign countries. The reasons for this are, first of all, the desire to reduce the risks of entering a new market and the desire to accelerate the process of market penetration.

Insights from this study and perspectives for further research in this direction. The analysis of the activities of Huawei Technologies Co Ltd showed that the company is a leader in the global communications market. Today, Huawei Technologies Co Ltd holds the third place in the wireless network market and the second place in the fixed-line and switch market. Huawei is setting up R&D centers overseas. So, as of the beginning of 2019, 16 research centers have been created in countries such as Germany, Sweden, USA, France, Italy, Russia, India and China. The company provides its services in more than 140 countries, serves 45 of the world's 50 largest telecom operators.

Analysis of the strategy for the development of innovative production of Huawei Technologies Co Ltd showed that the strategy of internationalization of the company is determined by the global competitive environment. By creating strategic alliances, joint ventures, joint research centers, etc., Huawei Technologies Co Ltd develops innovative technologies and improves its products. The company seeks to occupy a free market niche, acting as a kind of "profitable addition" to the strategy of large companies in the industry, and participates in the creation of communication infrastructure abroad.

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