

# *A Review of Huawei's Strategic Based on SWOT Analysis*

Yuxin Cao<sup>1,a,\*</sup>

<sup>1</sup>*School of Accountancy, Harbin University of Commerce, Harbin, 150028, China*

*a. 18945692707cyx@gmail.com*

*\*corresponding author*

**Abstract:** In recent years, the rapid development of China's technology and information economy, the Internet, big data, cloud computing, artificial intelligence, blockchain and other technologies to accelerate innovation, creating a huge development space and development opportunities for communications equipment manufacturing and sales class enterprises. Under the trend of world economic globalization, the competition among enterprises is becoming increasingly fierce, which means that the traditional management concept can no longer meet the development needs of enterprises. Modern enterprises pay more attention to strategic thinking, and try to combine, extend and apply it with management in order to seek long-term development. Strategic management has also become the focus of scholars' research. This paper take Huawei Investment Holding Co., Ltd. as an example to analyze, the main study of the enterprise in the development process to adopt a variety of corporate strategies, and this paper will also use SWOT analysis of corporate strategies. The results find that Huawei has great advantages in interms of the four aspects of SWOT. This study brings reference significance and direction for the development of electronic technology enterprises.

**Keywords:** Huawei, strategy, SWOT, 5G

## 1. Introduction

In recent years, the economic level of all countries has declined as a result of the COVID-19, but our country's science and technology are still developing rapidly. Significant achievements have been made in the areas of the Internet, communications and big data. Huawei Technology Development Co., Ltd. is the world's leading information and communications network technology (ICT) solutions provider, which can provide competitive information security communications technology research and design solutions, products and services for carrier customers, enterprise target customers and consumers, and is committed to realizing the future of their own information science society, to build a better all join the world's leading marketing products and production technology. We are committed to realizing our future information science society and building a better world-leading marketing product production technology. Therefore, Huawei's international strategy and the difficulties it faces in its development can be studied. Therefore, by studying Huawei's international strategy and the difficulties it faces in its development, we can analyze the development strategy it has chosen.

By applying Huawei's countermeasures to enter the international market, the article can analyze Huawei's international development strategy based on the actual situation of Huawei's international development strategy. The actual situation of Huawei's international development strategy and the

causes of its difficulties are analyzed. And come up with relevant solutions and measures to make Huawei better to the international community [1].

## **2. Brief introduction of Huawei Investment Holdings Co.**

Founded in 1987, Huawei is a leading global provider of ICT (information and communications) infrastructure and smart terminals. The company's 207,000 employees are located in more than 170 countries and regions, serving more than 3 billion people worldwide [2]. Huawei Investment Holdings Co., Ltd. is committed to bringing the digital world to every person, every family and every organization, and building an intelligent world where everything is connected. We will make ubiquitous connectivity an equal right for everyone and a prerequisite and foundation for an intelligent world; provide the world with diverse computing power, make the cloud ubiquitous, and make intelligence omnipresent; redefine experience through AI, allowing consumers to obtain the ultimate personalized intelligent experience in all scenarios such as home, travel, office, audio and video entertainment, sports and health; all industries and organizations will become Agile, efficient and vibrant.

Brand Finance, the UK's leading brand valuation and consulting agency, has compiled and released its "Top 500 Global Brand Value in 2022" report. Huawei's net financial revenue in 2022 was RMB 1,018 million, an increase of RMB 525 million compared to 2021, mainly due to an increase in other net financial revenue. Total asset balance reached RMB1,063,804 million at the end of 2022, up 8.2% year-on-year [2].

Huawei Investment Holdings Co., Ltd, as the leading information and communication equipment company in China, can make such achievements today, relying not only on the national policy support, but more importantly, its own strategic control methods, such as human resource management strategy, marketing strategy, technology development strategy, etc.

Huawei Investment Holdings Co., Ltd. currently focuses its business projects on the development, production, sales and technical services of a series of related information products such as Devcloud development cloud, converged AI development production line and Hongmeng ecology. Meanwhile, Huawei Investment Holdings Ltd. has set up R&D centers for related technologies in EMEA, Asia Pacific, and the Americas. Through 5G network infrastructure construction, digitization, intelligence, and expansion of HMS ecosystem and converged products, Huawei Investment Holdings Co [3].

The paper are committed to exporting our cutting-edge technologies abroad. In order to understand the current strategy of Huawei Investment Holdings, apply SWOT model to analyze it.

## **3. The SWOT analysis of Huawei**

### **3.1. Advantage**

In terms of patents, Huawei is currently one of the largest patent-holding companies in the world, holding a total of 120,000 validly granted patents worldwide, and topping the list with 7,689 PCT international patent applications in 2022. In terms of talent, as of December 31, 2022, Huawei had a total of about 207,000 employees, with R&D employees accounting for about 55.4% of the total number of employees. In terms of enabling ecology, Huawei continues to open up platform capabilities such as Hongmeng, Kunpeng, Sunrise, and cloud services to optimize the developer experience and unleash ecological creativity with more than 9 million developers and 40,000 ecological partners. Huawei is improving product competitiveness through pressurized investment [4].

### **3.2. Disadvantages which come from International environment**

Due to international relations issues, the U.S. government has imposed strong sanctions on Huawei Investment Holdings Co. On the one hand, Huawei

For cell phones can no longer use the Android system; on the other hand, TSMC can no longer provide high-end chip manufacturing services to Huawei, Huawei cell phone business will be difficult to carry out [5].

### **3.3. Opportunities**

#### **3.3.1. Supply Chain Opportunities**

Huawei Investment Holdings Co., Ltd. adopts the method of joint management of planning and order system, procurement and certification system, and there is more room for growth in the supply chain [6].

As 5G technology is not yet widespread in China, Huawei Investment Holdings Co., Ltd. not only has first-class domestic and international research and development capabilities in the field of telecommunications, but also has already made a comprehensive layout of 5G technology. Therefore, Huawei Investment Holdings Co., Ltd. is well positioned to take advantage of the opportunity of 5G penetration to seize the first opportunity in the development of related new technologies and products [7].

### **3.4. Threats**

The advent of the 5G era brings another opportunity for rapid development in the smartphone industry and provides a potential opportunity for reshuffling within the industry. There are more and more emerging technology companies in China, and Huawei Investment Holdings Co., Ltd. has more technological advantages than its peers.

Huawei Investment Holdings Co., Ltd. has greater competition with some foreign technology companies. Affected by the trade conflict between China and the United States, some foreign countries oppose the use of Huawei cell phones [7].

## **4. Discussion**

If Huawei wants to stand firm in the international market and become a large international enterprise, it must maintain its existing competitiveness and continuously improve its comprehensive strength, which can be maintained from the following points to maintain international competitiveness [8]. First, constantly improve research and technology, innovation to promote the international number one level. To have a certain degree of sensitivity to customers and the ever-changing market, according to these positioning their final products, a company ultimately landed also in the product, which also requires companies to have the ability to constantly innovate products. Ren Zhengfei has proposed the product strategy of "always only half a step ahead of the competition", and it is only by integrating these that Huawei can sustain its development in the long run and eventually stand at the top of the international market. Huawei should focus on technology research and development, product innovation, and agile development to provide more effective and better quality services according to different customer needs, quickly meet customer demands, innovate production lines and process reengineering, improve its own operational efficiency, and strive to occupy a leading position in the high-end smartphone market at home and abroad! Second, improve brand awareness. For the domestic market, Huawei's popularity is unquestionable. In the international market, Huawei already has its own excellent technology, but it does not necessarily have a great advantage over some

multinational giants, such as Apple, etc. When appropriate, it also needs to occupy part of the market share through the price strategy. Huawei should respond to changes in the international market, constantly adjust their own measures strategy, improve their brand value, and constantly push the new, using the existing differentiation strategy to establish the brand's own image, only in this way can better enhance their brand awareness. Third, optimize the allocation of human resources. A high technology output of the enterprise, its human resource allocation structure is particularly important in which plays a great role, Huawei also needs international talents to join, which can make Huawei company managers diversify their thinking and play a role in the better development of the enterprise [9-10].

## 5. Conclusion

With the development of society and network communication technology, the competition among enterprises is getting stronger and stronger, so it is necessary to develop a perfect and proper competitive strategy system to promote the development of the company, for this reason, the article analyzes the domestic and international markets held by Huawei, which is one of the giants of smart phones, and has developed well, and is in the middle level in the domestic market and the development momentum is getting stronger and stronger[11]. However, in the international market, due to the limitations of other international companies, it still needs to continue to develop its core technology and actively explore the international market. Within Huawei, the analysis of its competitive strategy provides reasonable suggestions: it must improve the quality of its products and consumer image, and expand multiple cooperation channels to avoid the current interdependence of Chinese industry; it should recruit the best elite talents in the society at large to inject fresh blood into the company, who will develop new technologies and bring innovation to the products; it should also make use of holidays to hold more promotional activities to meet the psychology of consumers. . In short, although Huawei can dominate the third largest mobile market in the world, problems related to its international competitive strategy still exist. Huawei should also continue to reflect, improve, and create their own miracle.

## References

- [1] *Huawei Investment Holdings Limited Annual Report (2022)*
- [2] Ji Yuqing, *Research and analysis on the implementation of Huawei's corporate development strategy (2022)*, *China Academic Journal Electronic Publishing House*, NO.969: 11
- [3] TaoHaisen Jiyuanhang Fangjuncheng Siruina Yusiuyan, *Research on International Competition Strategy of Enterprises--- Take Huawei as an example(2022)*, *China Academic Journal Electronic Publishing House*, NO.1133: 76
- [4] DONG Xiaoying, HU Yanni, YAN Mengling. *From catching up to leading - Huawei's strategic upgrade and Analysis of transformation path [J]. Tsinghua Management Review*, 2019(11):76-83.
- [5] Zhuang Xuemin. *Strategic Transformation Analysis Based on Huawei [J]. Research Management*, 2017, 38(02): 144-152.
- [6] Zhao Xinran, Quan Ye. *Huawei's financial strategy is based on value management practices Type [J]. Finance & Accounting*, 2017(04): 38-40
- [7] Zhang Yushuang . *Analysis of external environment of Huawei Technologies Co., Ltd. [ J]. China Market*, 2019 (35): 82 - 83.
- [8] LU Hejian, LI Yang . *Grassroots public culture based on SWOT-PEST analysis Research on Development Strategy of Service Socialization Management [ J]. Library and Information Knowledge*, 2016 (4):119-128.
- [9] ZHANG Hui. *SWOT analysis and countermeasures for cross-border e-commerce development [ J]. Shandong Gong Journal of Business Schools*, 2015, 29 (3): 88 - 93.
- [10] HU Hao . *Research on Huawei's Corporate Culture [ D]. Haikou: Hainan University Science*, 2014.