

Huawei's Corporate Strategy Based on SWOT Analysis

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Abstract: Huawei is a Chinese multinational telecommunications and information technology conglomerate that was established in 1987 and has its headquarters in Shenzhen. HUAWEI initially focused on the production of cell phone switches, However, since that time, it has broadened its scope of operations to encompass the development of telecom networks, the provision of equipment to enterprises, as well as consulting and operational services. The corporation was expected to have employed around 194,000 workers by the end of 2019. There are currently roughly 170 nations throughout the world in which HUAWEI offers their products and services. The mission of the company is to ensure that every person and organization in the world is digitally connected in order to realize the full potential of the company's vision. The strengths, weaknesses, opportunities, and threats of Huawei's corporate strategy are examined in this article using a SWOT analysis. This article offers advice for Huawei's long-term growth as well as pertinent theoretical insights for the same class of private communication firms while undertaking strategic analysis and strategy optimization. This study concludes that Huawei's current successes are indissolubly related to the appropriate positioning of its corporate strategy.

Keywords: Huawei, SWOT Analysis, Corporate Strategy

1. Introduction

The growth of the global economy has significantly altered the commercial climate for companies. Businesses are aware that their competitive advantage is waning as the marketplace grows more challenging and complex. To achieve a competitive advantage in the complicated environment and secure the long-term, stable, and sustainable development of the business, companies simply need to utilize newer, more effective approaches to develop and implement corporate plans in response to environmental changes. China's private communication firms are in a vulnerable position in the face of numerous powerful multinational giants; thus, it is essential to precisely understand the market environment and make the best decisions and judgments. This paper uses SWOT analysis to focus on Huawei's corporate strategy by analyzing its strengths, weaknesses, opportunities, and threats. This paper provides recommendations for the long-term growth of Huawei, as well as pertinent theoretical insights for the same kind of private communication businesses to consider while engaging in strategic analysis and strategy optimization. These recommendations and insights can be found in this section of the paper. Due to the fact that it provides so much information about Huawei's strategic stance, this paper is also a great reference for other researchers who wish to investigate Huawei's strategic posture.

2. SWOT Analysis of HUAWEI

2.1. Strengths of HUAWEI

Technology. According to recent reports, HUAWEI invests more than 10% of its yearly revenue on research and development, of which around 30% is spent on research and innovation [1]. Continuous investigation into new disciplines and technology, as well as their tracking. At the moment, HUAWEI has established a number of research centers in India, the United States, Sweden, and Russia, as well as in Beijing, Shanghai, and Nanjing in China. Furthermore, 43% of its more than 80,000 employees are involved in research and development [2]. As of June 2008, HUAWEI had submitted more than 29,666 patent applications, making it the company with the most patent submissions in China for multiple years running. HUAWEI makes consistent investments in industry standards and patents in order to maintain its position at the forefront of emerging technologies. As "one of the few manufacturers in the world that can deliver next-generation switching systems," HUAWEI is another distinction the company holds.

Cost Advantage. The cost of personnel in research and development has also become an essential factor in competition. The wage of a research and development engineer in China is one-third to one-fourth of that in Europe. At the same time, the legal working hours in China are 1.5 times as long as those in Europe. Additionally, Chinese people are known for their diligence and frequently put in extra hours. And since human resource expenditures make up more than 80% of R&D expenses, Huawei invests one dollar in R&D, which is equivalent to the investment of ten dollars by European firms; to put it another way, Huawei's R&D expenses make up only one tenth of those of European companies[3].

International Business. One of the brand's primary strengths is the exceptional global presence it enjoys. The expansion of this company's operations into new countries over the course of several years has resulted in increased levels of revenue and market share, as well as an expanded customer base. HUAWEI is a Chinese corporation that has operations in approximately 170 countries and works with a sizable network of distributors, suppliers, and business partners all over the world[4].

Competitive Pricing. The brand also has price that is comparable to other options on the market. This is one of the primary reasons why the brand has been able to gain success and rapid expansion in such a short amount of time. The company has a sound strategy that places an emphasis not just on quality but also on more affordable costs [5].

Because of this, it has gained a substantial portion of the international smartphone market, which has contributed to a growth in income. The organization caters to customers of all socioeconomic backgrounds by offering a wide variety of goods at reasonable pricing [6].

Safe and Stable Network Operation. The protection of users' privacy and their safety online have always been the absolute top concerns for this brand. Since the company's founding, HUAWEI has maintained a firm faith in the transformative potential of openness and candor.

This has always been the primary focus of the organization, in addition to expanding its network infrastructure, which is software engineering capabilities and business continuity. HUAWEI has been collaborating with carrier clients for almost 30 years, during which time it has established more than 1,500 networks in close to 170 countries [7]. Even inside this enormous network, the company makes every effort to maintain a high level of data protection.

2.2. Weaknesses of HUAWEI

The Lack of Capital. In comparison to other worldwide powerhouse companies, HUAWEI has a significantly lower level of available funding. There are fewer money accessible for usage in the company at this time. When it comes to the planning of their business plans, businesses need to use

the utmost caution [8]. Because of limited resources, it will be unable to devote as much attention to marketing and promotion activities. If the company wants to have a significant presence in a wide variety of markets, it will need to invest a significant amount of resources into advertising or branding. As a consequence of this, the power of the brand has been significantly undermined.

History Impact. For historical reasons, suspicion of Chinese companies' ability to innovate has made it easier to question the products HUAWEI produces. Also, HUAWEI's low-price strategy lends itself to skepticism about the quality of its offerings.[9].

Controversy. Since its debut, the brand has been mired in several scandals. The rivalry between the United States and China, as well as the tight ties between the Chinese government and HUAWEI, are to blame for most of the unfavorable headlines surrounding espionage. A negative public perception of HUAWEI continues to be one of the company's biggest problems today. The loss of AT&T's backing in the United States led to the defection of many additional partners in that market[10]. As a result of Huawei's policy of maintaining a low profile, the business has been unable to attract large sums of equity capital from outside investors.

2.3. HUAWEI's Opportunities

Although it has been slow to adopt 5G, Huawei is quickly becoming an industry leader in smartphones. Huawei has been and has been successfully dabbling in 5G technology for several years. This has not only brought Huawei considerable economic benefits but has also driven the development of its internationalization strategy. Additionally, Huawei is the pioneer in releasing 5G mobile devices; the company's technology is more developed than that of competitors, and its high-end offerings are widely adopted.

2.4. Threats of HUAWEI

Competitors. Over the past several years, the market for smartphones has been subjected to a great deal of rivalry and has shown tremendous expansion. Apple, Samsung, and other IT companies are among its rivals. There is a great deal of competition for the company from a large number of foreign brands as well as Chinese brands due to the fact that the company has been acknowledged as a leading brand in the industry of smartphones. As a result, the presence of a large number of competitors in the smartphone business poses a significant risk to the organization. [11].

Regulatory Pressures. Global IT players are increasingly being projected as being in danger by a variety of regulatory and political pressures. This will severely restrict Huawei's ability to conduct business on a global scale. There is a danger not only to the market in the United States of America, but also to the markets in Japan and Canada. The international business of Huawei is being put in jeopardy by political pressures and trade disputes, which presents a significant obstacle to the company's expansion.

3. Conclusion

Huawei's growth is nonetheless hampered by a number of issues, including the talent shortage and the escalating domestic and international competition. Huawei's excellent technological R&D skills, sound organizational design, and the stability of the domestic political and economic environment all serve as positive indicators. In this scenario, Huawei needs to solve the difficulties that the company is facing while still maintaining and expanding upon its advantages. The first is to strengthen scientific and technological advances in order to lower costs and regulate prices. The second objective is to take advantage of market opportunities and compete both domestically and internationally by utilizing present domestic advantages. The third recommendation is to provide excellent customisation services, make an effort to cater to the specific needs of customers, and take market share. Future

studies can concentrate on Huawei's diversification, how well it has seized market possibilities, and its logical organizational structure.

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