

# Research on the Internationalization Strategy of Chinese Private Enterprises: Taking Huawei as an Example

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**Abstract:** In the context of global technological revolution and rapid development of global economic integration, the private enterprises in our country face more challenges. In the new era, China's economy has shifted from high-speed growth to high-quality development; this puts forward higher requirements for the development of private enterprises in China. Facing new challenges and requirements, it is an important way to improve the international competitiveness of China's private enterprises to do a good job in the internationalization strategy. Therefore, this paper analyzes the current situation and development motivation of the internationalization of private enterprises in China, and finds the problems in the development of the emerging stage. Taking the internationalization of Huawei Group as a case, this paper analyzes the survival of the fittest in the development of Huawei Group's internationalization, and deeply analyzes the successful experience and lessons of Huawei Group's internationalization strategy. Combined with the national conditions of our country, this paper puts forward the enlightenment for the internationalization development of private enterprises in our country.

**Keywords:** Private Enterprise; Internationalization; Strategy; Huawei; Enlightenment

## 1. Introduction

With the rapid development of global economic integration and information technology, many Chinese enterprises have turned to the outside world, especially private enterprises. After more than 40 years of reform and opening-up, Chinese private enterprises have significantly improved in many aspects such as strategic development, enterprise management, product innovation, personnel

training and marketing, have a certain ability and the prerequisite for global orientation. With their growth and development, many private enterprises are eager to participate in international competition and make "created in China" become "Made in China" through their own efforts and attempts. Therefore, with the efforts of private enterprises, the economic development of private enterprises accounts for a large proportion in the economy of our country, and has become an indispensable force to promote the development of our country. However, if Chinese private enterprises want to survive and develop in the world, they still need to strengthen their ability to integrate with the world.

After more than 20 years of international development, Huawei has become a benchmark for Chinese enterprises, especially private enterprises. Huawei has made remarkable achievements in internationalization, especially in the field of communication technology. With the passing of time, Huawei has become more and more influential on a global scale, becoming the leader of China's communications industry, and becoming the world's leading ICT (information and communication) infrastructure and intelligent terminal provider, realizing the role model of Chinese technology enterprises [1]. Such success is also worth our thinking and exploration, and has important reference significance for the current Chinese enterprises, especially private enterprises, to go out and participate in international competition.

## 2. Literature Review

### 2.1 Research on the Internationalization Development of Chinese Private Enterprises

Li Hui analyzed the motivation and main problems of the internationalization development of private enterprises in China, and gave countermeasures and suggestions [2].

Chen Feiya analyzed the theories related to the internationalization of private enterprises in China, the problems existing in the internationalization process, and put forward countermeasures for improvement [3]. Xia Yuan xiao analyzed why and how China's private enterprises develop under the background of China's "One Belt, One Road" policy, and proposed countermeasures for the international development of private enterprises by taking a number of enterprises as cases [4]. Guan Jiaqing analyzed the internationalization path of private enterprises from two aspects: regional economic sustainable development and enterprise sustainable development [5]. Driffield Nigel, Du Jun & Song Meng explained the reasons for the international development of private enterprises in China through the advantages of productive forces, proprietary knowledge and technological capabilities unique to Chinese enterprises [6]. As can be seen from the above literature, the current research on the internationalization of Chinese private enterprises is mainly carried out by analyzing the causes and problems of the internationalization development of private enterprises, and directly giving suggestions and countermeasures to the existing problems of enterprises.

## **2.2 Research on the Internationalization Development Strategy of Huawei Group**

Wang Yao analyzed the status quo of Huawei's transnational business development and the reasons for its success, and put forward some suggestions for the transnational business of Chinese enterprises [7]. Dai Qi & Quan Ming analyzed the international business environment with PEST analysis method and the internal environment of Huawei's international business with SWOT analysis method, and finally put forward suggestions for the international business of private enterprises [8]. Li Hanyang analyzed the development background, process and achievements of Huawei Group, proposed solutions to existing problems in the development, and gave enlightenment to the internationalization of enterprises [1]. Du Haoyue, Li Ling & Guo Lifu took the problems existing in the international operation of Chinese multinational corporations as a breakthrough point, and put

forward suggestions for the international operation of Chinese multinational corporations by analyzing the successful experience of Huawei's international operation and internationalization strategy [9]. Fu Lina, Zhang Jun & Fu Hangtian analyzed the internationalization status of private enterprises in China, and then proposed enlightenment for the internationalization of private enterprises in China by taking the success of Huawei Group as a case [10]. As can be seen from the above literature, the current research on the internationalization development of Huawei is mainly to elaborate the current development status, process and existing problems of the enterprise, or to summarize the experience and lessons of Huawei's internationalization development and take this as a direct inspiration for the internationalization of private enterprises.

## **3. Analysis of Internationalization Development of Chinese Private Enterprises**

### **3.1 Status Quo of Internationalization Development of Chinese Private Enterprises**

During the past 40 years of reform and opening up, many companies and enterprise groups have formed a modern business system with personnel who know how to operate and manage and are familiar with international practices. Some companies have become large companies and enterprise groups with well-known brands, independent intellectual property rights, excellent key businesses, strong core competitiveness and international business capabilities. It can be seen that most of China's private enterprises have begun to go out, and private enterprises' export trade and foreign investment have still achieved steady progress and steady improvement.

Relevant data show that China's enterprises from 2012 to August 2022, the amount of import and export is generally showing a growth trend, with only small fluctuations, it can be seen that China's enterprises have maintained a steady growth and sustainable development momentum in internationalization. Among them, the international development of private enterprises has always followed the overall development of Chinese enterprises and constantly expanded its position in the development of Chinese enterprises' import

and export, maintaining the momentum of sustainable development, and since 2019, it has surpassed foreign-funded enterprises in the proportion of Chinese enterprises' import and export, becoming the main force of China's foreign trade.

In the face of the epidemic situation in the past three years, private enterprises have not only surpassed foreign-funded enterprises to become the main force of China's foreign trade, but also can maintain a steady upward trend, and in 2021, the import and export volume reached 2.96 billion US dollars, accounting for 48.9% of China's enterprises, providing nearly half of China's foreign trade. It can be seen that the private enterprise has occupied the main position in the management road of China's enterprise internationalization.

### **3.2 The Impetus for the Internationalization Development of Chinese Private Enterprises**

#### **3.2.1 Driven by economic globalization**

Nowadays, the world economy is becoming more and more integrated, the business is increasingly showing the trend of cross-border development, the global economy has more and more profound impact on each other, and the economic development of various countries has been integrated into the trend of world economic integration and development, therefore, Chinese enterprises are also required to go out. Since the development process of global regional economic integration can promote the rapid growth and development of national economy, Chinese private enterprises should be good at establishing new coping strategies under complex economic situations when dealing with new economic development situations, so as to better develop global regional economic integration. At the same time, adjust the economic development strategy, cope with the challenges brought by the global economic turmoil, and go wider and wider on the road of internationalization.

#### **3.2.2 Private enterprises are facing great domestic competitive pressure**

In the domestic market environment of perfect competition, compared with state-owned enterprises, private enterprises have no internal resources, no funds, and no talents, and it is difficult to win the internal competition of state-owned enterprises. At the same time, in the face of saturated demand for some products in the domestic market, and the

supply is continuous, product profits gradually decline. Due to the huge dual competitive pressure, private enterprises find it difficult to continue to develop in the country. Therefore, in order to be able to develop in the long run, private enterprises have to seek overseas markets to obtain more profits and continue to operate. However, in the early days, China's import and export rights were only approved and not opened, so private enterprises without their own import and export rights could not get a booth at the Canton Fair, which was a great difficulty for many private enterprises to expand overseas markets at that time. With the gradual improvement of China's international status, and after China's accession to the WTO, China's private enterprises in the open market environment, the use of overseas middleman sales channels to export products to various countries and regions in the world, then began the internationalization of private enterprises.

#### **3.2.3 Seek low-cost resources abroad**

Although China has a large territory and abundant resources, due to the large population, the amount of available resources allocated is relatively small, and some resources are relatively scarce in the country, so domestic resources are extremely scarce for enterprises. Most of China's private enterprises have a large demand for resources, and domestic resources are far from meeting the economic development needs of enterprises. Enterprises need to seek better and cheaper resources through overseas investment, so as to reduce production costs. Due to the development of China's economy, the wage level of the Chinese people's labor force is also increasing. Therefore, in order to reduce labor costs and improve earnings, private enterprises have to find other developing countries with lower labor costs and higher labor efficiency, so as to obtain higher profits and maintain sustainable development of enterprises.

#### **3.2.4 Reasonable avoidance of trade barriers**

The products produced by Chinese private enterprises are of high quality and low price, and have obvious competitive advantages in the international market. Therefore, due to the trade protection policies of some countries, the international trade has identified the products of Chinese private enterprises as dumping products and has to pay very high tariffs, which has affected the economic development of private enterprises and brought great

pressure to the economic development of private enterprises. Faced with this difficult trade situation, many Chinese private enterprises began to establish production bases in target countries, expand abroad, and produce locally to avoid trade barriers and frictional losses, while making layout for the internationalization strategy of enterprises.

### **3.3 The Main Problems Existing in the International Development of Chinese Private Enterprises**

#### **3.3.1 The choice of internationalization strategy is not clear**

In the international expansion of Chinese private enterprises, some enterprises do not have a clear internationalization strategy and often make opportunistic investment decisions. The result is that companies fail to make the expected profits from poor investment decisions, putting enormous economic pressure on companies. From the perspective of international development strategy, many companies aim only to gain honor and reputation through internationalization. There is no clear plan and design for how to internationalize, when to internationalize, and whether internationalization is sustainable. Following the trend of internationalization, we hope to get a share of the mainstream market, which leads to the failure of internationalization. At this stage, although many enterprises have made some strategies in corporate strategy, they have not really reached the level of internationalization, and effectively combined with modern strategic theories and national conditions to achieve internationalization. Therefore, Chinese private enterprises want to take the road of internationalization well, but also need more enterprises to find the internationalization of enterprises, according to the strategic requirements of the step, stage and gradually promote.

#### **3.3.2 The enterprise lacks the core competitiveness**

Core competitiveness is the ability of enterprises to obtain long-term competitive advantages, and is an important pillar of sustainable development. Different from competitiveness, competitiveness can refer to research and development, production, brand image and other specific capabilities, while core competitiveness is an essential

competitive advantage for an enterprise to succeed and maintain competitive advantages, and is the source of vitality for enterprise development. Many private enterprises in our country lack a clear understanding of the core competitiveness, and often choose the core competitiveness from the enterprise strategy, and only take a core product as the core competitiveness of the enterprise. The development of the international market and product research and development have not made corresponding strategic planning, so that in the international development of enterprises, once the absence of the original advantages, it is easy to lead to the lack of core competitiveness, resulting in a severe external environment of enterprises.

#### **3.3.3 The transnational management system of enterprises is not perfect**

After Chinese private enterprises decided to develop internationally, the domestic enterprise management and operation system could not cope with the transnational activities of enterprises, and there was a lag situation. On the one hand, local governments are too strict on the foreign investment system and foreign exchange management system of private enterprises that have just entered the international market, which causes enterprises to spend more unnecessary manpower and material resources. On the other hand, in terms of personnel management, due to the influence of the traditional management system, enterprises can not make reasonable management arrangements for how the expatriates adapt to the local environment and how to let the expatriates adapt to the employment of enterprises. Therefore, the imperfect enterprise management system has severely restricted the international development of private enterprises and affected the success or failure of the internationalization of private enterprises.

#### **3.3.4 The enterprise lacks international talents**

Talent problem has always been a big problem that affects Chinese enterprises to go to the world. Although China's reform and development has been more than 40 years, and China's accession to the WTO has been more than 20 years, the internationalization level of China's private enterprises is still not high, the most important problem is that the reserve of strategic international talents is not enough, and the management of many enterprises

generally lack talents with professional knowledge and skills in international trade, investment, finance and other aspects. Without the management of international talents, enterprises cannot develop a global vision and often have to rely on existing institutions and talents abroad. This not only affects the correct and timely decision-making of China's private enterprises, but also may be prone to being cheated. Due to the lack of international operation and management talents, the internationalization success rate of Chinese private enterprises is low, and the internationalization speed of Chinese private enterprises is forced to be slow.

#### **4. Analysis on the Internationalization Development of Huawei Group**

##### **4.1 Introduction of Huawei Group**

Founded in 1987, Huawei is the world's leading provider of ICT (information and communication) infrastructure and intelligent devices. In 2022, Huawei has about 195,000 employees, and its business covers more than 170 countries and regions, serving more than 3 billion people around the world (the data source is quoted from Huawei's official website). Huawei is a private enterprise in our country, and no government or other organizations have stakes in it. However, among private enterprises, Huawei has its unique advantages in organization and management. In the process of enterprise internationalization, Huawei has increased its brand influence through various channels. Relying on its own advanced technology products, the enterprise products as their own brand logo, export to foreign countries, so gradually establish an international brand.

##### **4.2 The International Development Strategy of Huawei Group**

###### **4.2.1 Marketing strategy**

For private enterprises, marketing strategy is the key to international development. If enterprises want to open up the market in the host country, they need to choose the marketing strategy that can be suitable in the host country to open up the market and increase the market share of their products. The global marketing strategy implemented by Huawei has set up 22 regional branches and more than 100 branches overseas, and has

established 12 research institutions in the United States, India, Russia and other countries, adopting an international global synchronous research and development system, making it technologically synchronized with the world. It has also established stable, long-term partnerships with many of the world's leading telecom operators and has achieved steady growth in fixed networks, IP networks and telecom value-added services, constantly increasing its market share. Although Huawei is currently subject to huge restrictions in the development of the US market, in the face of competition, the subsidiaries of Huawei have a strong impact on Huawei's profits, sales and cost control, and the profits are still relatively considerable.

###### **4.2.2 Product development strategy**

For the internationalization of private enterprises, product is an important carrier of internationalization strategy. The quality, cost and sales volume of the products produced by private enterprises have a close impact on the internationalization of enterprises. The main reason why Huawei has been suppressed by the United States is that Huawei's product research and development strength is very strong, which brings huge pressure to the development of the industry, but Huawei has never been defeated, and it is also because Huawei has always maintained an open attitude towards the innovation of product research and development, and has learned from and learned from others' excellent technologies and achievements from the very beginning. To develop new products through their own efforts. At present, more than half of Huawei's employees are engaged in research and development, and more than 10% of sales are invested in research and development every year, and 10% of R&D investment is used for pre-research, and continuous research and tracking of new technologies and new fields.

###### **4.2.3 Enterprise management strategy**

For the internationalization of private enterprises, enterprise management is an important internal element of internationalization strategy. If an enterprise wants to develop steadily and upward, it first needs to have a good enterprise environment. In this regard, Huawei hired an internationally renowned consulting company to reform its human resource management system, reform

Huawei's internal employee participation, change business processes, design financial systems, design production processes and quality management systems, and carry out major organizational adjustments, so as to establish an internationally advanced enterprise management system that is "process-oriented and time-oriented". Created a better company. This enables Huawei to realize the internationalization of enterprise management according to the needs of international development.

#### 4.2.4 Talent training strategy

For the internationalization of private enterprises, international talents are an important guarantee for the international development of enterprises. Huawei Group has always paid great attention to the introduction of international talents, not only introducing a large number of technical, management and financial talents in our country, but also Huawei has set up numerous overseas branches, research institutes, joint ventures, etc., and has also absorbed a large number of local talents, for whom Huawei Group gives the employees the greatest respect in accordance with their local holidays and customs. Within the company, regardless of nationality or race, everyone is committed to the international development of the company. In addition, Huawei Group also attaches great importance to staff training. After introducing talents, it does not only consume the existing abilities of talents, but often provides training opportunities, so that talents can learn more abilities with The Times while exerting their abilities, which also plays an important role in the internationalization process of enterprises.

## 5. Enlightenment to the Internationalization Development of Chinese Private Enterprises

### 5.1 Cultivate Enterprise Internationalization Strategic Awareness

With the development trend of global integration, the global connection is increasing, human beings live in the scope of global development, more and more aware of the importance of global development, and countries are also connected politically and economically through trade. Companies that want to grow steadily over the long term must become international. Business leaders and managers need to have an international and

global vision in order to lead their companies to be truly international. Internationalization is not simply selling products or opening companies abroad, but requires an international strategic vision in management, culture, systems, human resources, research and development and marketing. Therefore, the internationalization of the company not only needs to cultivate the international consciousness of the company's management personnel, but also needs to cultivate the strategic awareness of the internationalization of the enterprise. Only by planning the internationalization strategy of enterprises can enterprises grasp the direction in the internationalization road and walk out of their own internationalization characteristics.

### 5.2 Build the Core Competitiveness of the Enterprises

In the process of internationalization, Chinese private enterprises should define their development orientation according to internal and external factors, take innovation as the direction of their development, establish independent brands and build their core competitiveness. In the development process of Chinese private enterprises, innovation is not only the driving force and source of enterprise progress, but also an important guarantee for private enterprises to enter the international market.

The most fundamental reason for Huawei's success in internationalization is that it adheres to independent innovation, takes innovation and development as the core competitiveness of the enterprise, and always adheres to innovation and development under the continuous stimulation of competition pressure in the international market. It does not deviate from its own strategic development, does not rush to success, and develops radically. In the international market, an enterprise product can form its own independent brand, and can combine its own strategic planning, continuous product innovation, and build the core competitiveness of the enterprise, which can not only make the competitiveness of the enterprise continue to improve, but also promote the implementation of the international development strategy of the enterprise.

### 5.3 Improve the Enterprise Management System based on the Internal and External

### of Enterprises

Before enterprises decide to explore the international market, they should do a good job of market research at home and abroad in advance, deeply understand and master the laws of enterprise management at home and abroad, and find out the system suitable for transnational operation and management of enterprises. On the one hand, environmental factors should be taken into account, including political, economic and cultural factors. On the other hand, it is necessary to deeply understand the relevant policies and systems of transnational operation of enterprises. In addition, it is also necessary to study and position the actual situation of the company, understand and be familiar with the company's development stage, talent construction, strategic planning and international goals. By fully understanding and mastering the internal and external factors of the enterprise, we can continuously improve the management system of the enterprise, and form a set of management system that follows the management system set by the enterprise itself and can adapt to the development of foreign business. When necessary, enterprises can also consult internationally renowned consulting companies to continuously improve the enterprise management system, so as to promote the long-term and sustainable development of enterprises in foreign countries.

### 5.4 We Will Strengthen the Training of International Personnel

Training international talents is an important trend in the era of globalization. With the acceleration of globalization, global talent flow and global talent competition are important features of talent training in the era of globalization. Enterprises need to speed up the training of talents and actively introduce international talents, to cultivate talents with international vision in enterprise management, product marketing, laws and regulations and other aspects, but also to improve the theoretical level of leaders, and form a rational use of talents and retain talents institutional environment. In addition, the development model of higher education should also make new breakthroughs, so that talents can enter

the social work with an international understanding of the mind, a broad international vision and the ability to communicate internationally. Constantly improve the situation of the lack of international talents in our country.

### 6. Conclusions

Under more than 40 years of reform and opening-up, the private enterprise in our country is developing rapidly, and it already occupies a very important position in the social economic development and national economy. So in the face of new international economic environment, it is inevitable for the private enterprise in our country to gradually internationalization. Therefore, based on the actual situation of China and the case of Huawei's internationalization, this paper analyzes the survival of the fittest in the process of Huawei's internationalization, deeply summarizes the success of Huawei's internationalization strategy, and puts forward some suggestions on the internationalization development of China's private enterprises. If China's private enterprises want to adapt to the development of internationalization, they must clarify their own advantages and existing problems, take cultivating the core competitiveness of enterprises as the center, make important strategic deployment on the specific market strategy, and fully solve the problems existing in the internationalization.

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