

# DEVELOPMENT OF FINANCIAL STRATEGY FOR HUAWEI

**Chen Wenqi**

*Belarussian State University, Minsk;*

*chenwenqi45@gmail.com;*

*supervisor – K. V. Shestakova, PhD, Associate Prof.*

Currently, an increasing number of companies understand the need for effective financial management based on forecasting changes in environmental factors, the dynamics of the industry in general and the enterprise itself in particular. Financial strategy acts as a tool for effective financial management that allows companies to develop, move towards achieving goals and adapt to changes at the micro and macro levels. In this regard, the formation of a financial strategy that meets the interests of the company is of particular relevance. The main goal of the company should be the formation of an effective financial strategy that will increase the efficiency of economic activities. The lack of a well-grounded financial strategy leads to the fact that many reform projects are reduced only to the reorganization of the enterprise and a change in the terms of repayment of obligations, which in most cases does not lead to an increase in the efficiency of activities. Without significant changes in the areas of asset, capital, cost management, some companies, after a short-term success, again find themselves on the verge of bankruptcy. A rational financial strategy will allow the company to avoid many typical mistakes at the reform stage. This should be facilitated by good methodological support, which, among other things, will save time for creating a financial strategy.

**Keywords:** financial indicator; Huawei; development of financial strategy; China; method and tool.

The financial activity of a company in all its forms cannot be reduced only to meeting financial needs, determined by the need to manage certain types of current assets, to replace non-current assets that are retired or their current growth due to changes in the volume of economic activity. At the present stage, an increasing number of companies are realizing the need for conscious long-term management of financial activities on the basis of scientific methodology for predicting its directions and forms, adaptation to the general goals of the company's development and the changing conditions of the external financial environment. The financial strategy is an effective tool for the long-term management of the financial activities of a company, subordinate to the implementation of the goals of its overall development in the face of significant changes in macroeconomic indicators, the system of state regulation of market processes, the conjuncture of the financial market and the associated uncertainty.

Ensuring sustainable development and solving the problems of economic stabilization of companies' activities are directly related to finance. Financial management is one of the types of functional management and closely interacts with general strategic management. With the increasing importance of

solving problems requiring the provision of the company with the necessary financial resources and their effective management, the importance of financial strategy as an effective tool for strategic management of the company's financial processes is growing.

The dynamics of economic processes, the aggravation of market competition reduce the effectiveness of the developed strategic plans that do not contain rational tools for quick adaptation to changes in the internal and external environment of the company. In such conditions, the performance of any company is largely determined by its financial strategy, which, covering all the main areas of its activities related to the formation of the required number of financial resources and the coordination of financial flows and their use, plays an important role. in the development of favorable conditions for the growth of its market value. It should be noted that financial strategy is a relatively new concept in the science and practice of management. At the same time, it should be emphasized that in the English literature on financial management (in particular, American, and European) the concept of «financial strategy» is practically absent, scientists operate with such terms as «financial planning» [1], «long-term investment decision» [2], «capital structure management» [3]. In strategic management, this term is viewed exclusively as a variety of functional strategies.

**Comparative analysis of methods of financial strategies: advantages and disadvantages**

Method	Advantages	Disadvantages
Method of strategic financial planning	Allows the company to create a plan of action for the future	There is a possibility of a sharp change in internal factors due to external
Financial forecasting method	Allows you to reduce the risks of uncertainty and provides the necessary basic data	Due to various conditions (economic, social and others), the most significant factors (external and internal) may be lost
Modeling method	The financial model of the company is being developed	The impossibility of assessing the financial stability of the company
Method of scenarios	Draws the attention of the company to the uncertainty that characterizes any market situation	Considering only a few possible outcomes for a project

Huawei is a Chinese multinational company headquartered in Shenzhen that is the main contender for leadership in the smartphone market. The company was founded in 1988 by a former officer and is a major global manufacturer of telecommunications equipment. The main activity of the company is the creation of telecommunication networks, the provision of operational and consulting services, the production of equipment in the country and abroad.

Thanks to innovative customer-focused solutions and a developed partner network, they have achieved high results in the development of telecommunication networks, terminal solutions and cloud computing systems. Huawei's 180,000 employees worldwide strive to create the best possible value for operators, businesses and end users by providing competitive solutions and services. One third of the world's population uses innovative products, solutions and services of the Huawei company in more than 170 countries of the world.

Huawei's activities include a focus on intelligent computing and device innovation, investing in technology products, technology, fundamental research and engineering enhancements, and promoting all successful work formats. The company strives to support customers in their digital transformation, “laying the foundation” for a new intelligent world. The corporation annually invests more than 10% of its annual income in R&D, and in 2020 this amount has reached more than 100 billion yuan. Long-term research and development investments have made Huawei one of the world's largest patent holders. As of December 31, 2020, the total number of granted patents reached 87,805, of which 11,152 were the main patents granted in the United States. It is also worth emphasizing that approximately 45% of the total workforce – more than 80 thousand people – in the company are employed in the system of innovative developments.

#### References

1. *Ansoff, I. Corporate Strategy* / I. Ansoff. – New York, 2013. – 322 p.
2. *Calandro, J. Jr., Flynn, R. On financial strategy* / J. Jr. Calandro, R. Flynn // *Business Strategy Series*. – Vol. 8. - No 6. – 2017. – P. 12–28.
3. *Chandler, A. D. Strategy and Structure* / A. D. Chandler. – Cambridge: The MIT Press, 2013. – 214 p.