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MASTER'S QUALIFICATION THESIS

on topic:

"Formation of the organizational and economic mechanism for managing the international activity of the enterprise"

Specialty	**073 "Management"**
Educationalprogram	**Management of International Activity**
Orientationofeducationalprogramme	**educational and professional**

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TASK
on implementation master's degree qualification thesis by graduate

_____Cui Shiguan_____

Specialty 073 "Management"
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Topic of master's degree qualification thesis «Increasing the investment attractiveness of the enterprise in terms of international activity »
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Deadline for submission of completed work to the department_____

Source data for the master's qualification thesis: legislative acts, educational and scientific literature, financial statements of the enterprise, statistical data, technological maps, resolutions, orders_____
List of questions, that subject to research:
1. Theoretical and methodological aspects of the organizational and economic mechanism for managing foreign economic activity;
2. Analysis of the organizational and economic mechanism for managing foreign economic activity of enterprise;
3. Prospects of development and recommendations for the managing international activity of enterprise.
List of graphic material (if necessary) tables, figures, diagrams_____

Date issues task « » ___ ___ 2025

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(signature)

ABSTRACT

The master's qualification thesis is devoted to the study of the formation of the organizational and economic mechanism for managing the international activity of an enterprise. The work consists of an introduction, three chapters, conclusions, references and appendices. The research focuses on the development and improvement of managerial tools and organizational structures that ensure the effective functioning of enterprises in the international economic environment under the conditions of globalization.

The relevance of the study is determined by the intensification of international economic relations, increased competition in global markets, and the need for enterprises to adapt their management systems to dynamic external conditions. Particular attention is paid to the role of the organizational and economic mechanism as a comprehensive system that integrates organizational, economic, regulatory and managerial components of international activity. The purpose of the thesis is to substantiate theoretical and methodological foundations, analyze the current state, and develop practical recommendations for improving the organizational and economic mechanism of managing the international activity of an enterprise.

The practical significance of the research lies in the possibility of applying the proposed approaches and recommendations in the activities of enterprises engaged in foreign economic operations. The results of the study demonstrate that improving the organizational and economic mechanism of international activity management contributes to increasing competitiveness, optimizing resource use, reducing risks, and ensuring sustainable development in the global market.

KEYWORDS: INTERNATIONAL ACTIVITY, ORGANIZATIONAL AND ECONOMIC MECHANISM, ENTERPRISE MANAGEMENT, FOREIGN ECONOMIC ACTIVITY, GLOBALIZATION, COMPETITIVENESS, INTERNATIONAL MARKETS, MANAGEMENT EFFICIENCY.

АНОТАЦІЯ

Магістерська кваліфікаційна робота присвячена дослідженню формування організаційно-економічного механізму управління міжнародною діяльністю підприємства. Робота складається з вступу, трьох розділів, висновків, списку літератури та додатків. Дослідження зосереджено на розробці та вдосконаленні управлінських інструментів та організаційних структур, що забезпечують ефективне функціонування підприємств у міжнародному економічному середовищі в умовах глобалізації.

Актуальність дослідження визначається інтенсифікацією міжнародних економічних відносин, посиленням конкуренції на світових ринках та необхідністю адаптації підприємств до динамічних зовнішніх умов. Особлива увага приділяється ролі організаційно-економічного механізму як комплексної системи, що інтегрує організаційні, економічні, регуляторні та управлінські компоненти міжнародної діяльності. Метою роботи є обґрунтування теоретичних і методологічних засад, аналіз сучасного стану та розробка практичних рекомендацій щодо вдосконалення організаційно-економічного механізму управління зовнішньоекономічною діяльністю підприємства.

Практичне значення дослідження полягає в можливості застосування запропонованих підходів і рекомендацій у діяльності підприємств, що здійснюють зовнішньоекономічну діяльність. Результати дослідження свідчать, що вдосконалення організаційно-економічного механізму управління міжнародною діяльністю сприяє підвищенню конкурентоспроможності, оптимізації використання ресурсів, зниженню ризиків та забезпеченню сталого розвитку на світовому ринку.

КЛЮЧОВІ СЛОВА: МІЖНАРОДНА ДІЯЛЬНІСТЬ, ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНИЙ МЕХАНІЗМ, УПРАВЛІННЯ ПІДПРИЄМСТВОМ, ЗОВНІШНЬОЕКОНОМІЧНА ДІЯЛЬНІСТЬ, ГЛОБАЛІЗАЦІЯ,

КОНКУРЕНТНОЗДАТНІСТЬ, МІЖНАРОДНІ РИНКИ, ЕФЕКТИВНІСТЬ УПРАВЛІННЯ.

CONTENT

INTRODUCTION

Today, when enterprises operate in the context of globalization and integration into the world economy, enterprises face numerous challenges in conducting foreign economic activities. Increasing competition, changes in legal regulations, fluctuations in exchange rates, and unpredictable political factors complicate the decision-making process for companies. The lack of an effective management mechanism can lead to economic losses, unfavorable market conditions, and a decrease in competitiveness.

In this environment, it is essential to develop a management structure that enables enterprises to adapt to the changing external landscape, make the most of their resources, and effectively analyze risks and opportunities. This includes the establishment of clear procedures, control mechanisms, and strategies capable of responding to the challenges of international business and promoting the stable development of companies in the global market.

The purpose of the master's thesis «Formation of the organizational and economic mechanism for managing the international activity of the enterprise» is to develop and substantiate the organizational and economic mechanism for managing the foreign economic activity of an enterprise, which will ensure effective adaptation to globalization conditions, resource optimization, and increased competitiveness in international markets.

According to the goal, the following tasks are outlined:

- investigate and define the concept of "organizational and economic mechanism" in the context of managing foreign economic activity of enterprises;
- characterize the role and significance of organizational and economic mechanisms in the modern global economy;
- study the main theoretical approaches to analyzing foreign economic activity, including classical and contemporary concepts;

- analyze the key processes that characterize organizational and economic mechanisms (for example, planning, management, control) in the context of foreign economic activity;
- formulate the key aspects that affect the efficiency of organizational and economic mechanisms in the foreign economic activity of enterprises.
- analyzing the theoretical foundations and existing literature on organizational and economic mechanisms for managing international activities;
- identifying and evaluating internal and external factors influencing the efficiency of such mechanisms in the context of globalization;
- conducting an in-depth case study to assess the practical application of these mechanisms in a leading enterprise, such as Huawei Technologies;
- developing recommendations for optimizing the formation and implementation of organizational and economic mechanisms in Chinese enterprises, particularly under current global challenges.

The object of research is the process of managing the international activities of enterprises.

The subject research of the study is a set of theoretical and practical mechanisms for the formation and functioning of processes that manage the international activities of enterprises.

Research methods. In the course of writing the master's thesis, the following research methods were used: functional and system analysis, historical and logical observation, information synthesis method, graphic representation methods, grouping, comparison, and generalization method.

CHAPTER 1. THEORETICAL AND METHODOLOGICAL ASPECTS OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM FOR MANAGING FOREIGN ECONOMIC ACTIVITY

1.1. General characteristics of organizational and economic mechanisms

The formation of organizational and economic mechanisms for managing international activity plays a pivotal role in addressing the challenges and opportunities arising in an increasingly globalized economy. These mechanisms serve as integrative systems that align internal processes with external market dynamics, enabling enterprises to enhance resource efficiency, adapt to diverse environments, and sustain competitiveness. This subsection outlines the essence of organizational and economic mechanisms, highlights their connection with related economic categories, and reviews the theoretical underpinnings proposed by leading scholars.

Organizational and economic mechanisms are composite frameworks that integrate structural, financial, and operational elements to support decision-making, optimize resource allocation, and facilitate strategic goals. Scholars define such mechanisms as strategic tools that not only streamline internal processes but also enhance adaptability to fluctuating external conditions. For instance, Mintzberg (1979) emphasizes the importance of structured organizational frameworks in ensuring consistent decision-making and operational coherence, while Barney (1991) underscores the role of economic mechanisms in fostering sustained competitive advantages through resource-based strategies. Wernerfelt (1984) adds that the development of core competencies—such as proprietary technology and organizational innovation—is vital for creating adaptable mechanisms that respond effectively to external challenges.

These mechanisms are characterized by their dual function:

1. Organizational mechanisms, which focus on the development of internal structures, workflows, and communication systems, ensuring operational efficiency and strategic alignment (Mintzberg, 1979).

2. Economic mechanisms, which prioritize financial optimization, risk mitigation, and revenue generation through systematic resource management and investment strategies (Barney, 1991).

By integrating these dimensions, enterprises can achieve a dynamic balance between operational stability and adaptability in complex international markets. Teece (1997) highlights that dynamic capabilities play a crucial role in facilitating the reconfiguration of these mechanisms, enabling organizations to respond effectively to rapid technological and market changes.

The concept of organizational and economic mechanisms is intrinsically linked to several economic categories, including resource-based strategy, market adaptability, and sustainable development. Barney (1991) highlights that the resource-based view (RBV) emphasizes the importance of leveraging unique internal resources to achieve sustained competitive advantages. Similarly, Wernerfelt (1984) argues that core competencies—such as proprietary technology and innovative supply chain practices—are key to building resilient mechanisms that adapt to external market demands.

In the context of global markets, these mechanisms also intersect with strategic management principles, such as Porter's (1985) competitive advantage framework, which identifies cost leadership and differentiation as key drivers of success. Recent studies further emphasize the integration of sustainability principles into organizational mechanisms. Russo and Fouts (1997) demonstrate that enterprises prioritizing environmental, social, and governance (ESG) factors achieve both profitability and alignment with global development goals. This integration ensures that organizational mechanisms are not only efficient but also ethically aligned with long-term societal objectives.

Theoretical perspectives on organizational and economic mechanisms vary across scholars and disciplines. Systems theory, as proposed by Bertalanffy (1968), provides a foundation for understanding these mechanisms as interconnected systems where each component influences the overall performance. Burns and Stalker (1961) extend

this perspective by emphasizing the need for contingency-based approaches, wherein mechanisms are tailored to the specific environmental conditions faced by enterprises.

Western scholars often prioritize market-driven strategies, focusing on innovation, agility, and consumer-centric approaches. For instance, Mintzberg (1979) advocates for decentralized organizational models that foster innovation and adaptability, while Gulati et al. (2012) highlight the value of network-based coordination in addressing market complexities. In contrast, researchers like Teece (2014) emphasize dynamic capabilities, which enable firms to adapt their mechanisms in response to evolving competitive landscapes.

The synthesis of these perspectives provides a holistic understanding of organizational and economic mechanisms, emphasizing the need for a balanced approach that integrates structural efficiency with market adaptability. As organizations continue to face global challenges, the integration of state-led initiatives with market-driven strategies offers a robust framework for enhancing competitiveness and long-term sustainability.

The theoretical understanding of organizational and economic mechanisms is enriched by various perspectives that highlight key aspects such as state policy, cultural context, and digital transformation. These perspectives are grounded in both classical and modern literature, which collectively offer a comprehensive framework for analyzing the formation and functionality of such mechanisms. Table 1 below summarizes these foundational aspects, providing a comparative overview of the key themes and their supporting literature.

As shown in Table 1.1, the integration of factors such as state policy, cultural influences, and sustainability considerations emphasizes the multifaceted nature of organizational and economic mechanisms. This synthesis of insights forms the basis for designing systems that are not only adaptive to external changes but also aligned with strategic goals.

Table 1.1

Literature Basis for Key Aspects of Organizational and Economic Mechanisms

Aspect	Author(s)	Literature Basis
State Policy and Institutional Influence	Various (e.g., IGCU, Peking University, 2020)	Policies such as 'Belt and Road Initiative' provide strategic frameworks that align mechanisms with state objectives, including economic development and geopolitical influence.
Cultural Context and Management Styles	Various (e.g., IGCU, Peking University, 2020)	Incorporation of Confucian principles like collectivism and hierarchical respect influences international management strategies.
Integration of Digital Transformation	SUFE Journal, 2024	Digital technologies, such as AI and big data analytics, optimize international competitiveness by predicting trends and managing resources.
Resource-Based Perspective	Fudan Development Institute, 2023	Focus on leveraging China's comparative advantages, including cost-effective manufacturing and abundant resources.
Dynamic Adaptability	CSSN (2020)	Emphasis on flexibility to respond to global regulatory, economic, and cultural changes.
Sustainability and Green Development	SSCP Journal, 2022	Increasing focus on reducing carbon footprints, adopting green technologies, and aligning with international environmental standards.
Bilateral and Multilateral Cooperation	IGCU, Peking University, 2020	Encourages joint ventures, alliances, and partnerships to access international markets and expertise.

1.2 Theoretical Approaches to Key Processes and Phenomena

Organizational and economic mechanisms are complex systems that integrate decision-making processes, resource allocation methods, and strategic tools to support enterprise objectives. These mechanisms can be analyzed across three primary

dimensions: structural, functional, and strategic. Each dimension contributes uniquely to the ability of an enterprise to navigate international environments while maintaining competitiveness and operational efficiency.

Structurally, organizational mechanisms define the frameworks that govern workflows, hierarchies, and decision-making processes. These include hierarchical models that centralize authority, matrix systems that integrate functional and geographic expertise, and decentralized networks that empower localized decision-making. Mintzberg (1979) emphasizes that hierarchical models suit large multinational enterprises where consistency and accountability are critical, while matrix structures, with their dual focus on functional and project needs, offer greater flexibility for enterprises operating in dynamic global environments. Gulati, Puranam, and Tushman (2012) further stress the importance of decentralized structures in fostering innovation and enabling rapid responses to regional market demands. Recent advancements in digital technology have reshaped structural mechanisms, allowing organizations to operate more fluidly across geographical boundaries. For instance, digital tools such as enterprise resource planning (ERP) systems and artificial intelligence (AI) platforms have enabled enterprises to enhance communication and coordination within matrix and decentralized models. Kotabe and Murray (2004) argue that global sourcing strategies, supported by such technologies, allow organizations to maintain structural flexibility while minimizing operational risks. The implementation of these structural innovations not only improves organizational efficiency but also facilitates better alignment with international market demands.

Functional mechanisms focus on optimizing specific operations that support enterprise goals, such as supply chain management, performance monitoring, and resource allocation. Supply chain mechanisms, in particular, have gained prominence as enterprises navigate increasingly complex global markets. Christopher (2016) highlights the importance of designing resilient and adaptable supply chain systems that mitigate risks and ensure continuity during disruptions. Blockchain technology has

emerged as a transformative tool in this domain, enabling real-time tracking of goods, enhancing transparency, and reducing inefficiencies (World Economic Forum, 2021). By integrating blockchain and other digital technologies, enterprises can build supply chains that are both agile and reliable, ensuring sustained competitiveness. In addition to supply chain management, functional mechanisms involve financial systems that support forecasting and budgeting processes. Kaplan and Norton's (1992) Balanced Scorecard methodology integrates financial and non-financial performance indicators, providing a comprehensive tool for monitoring organizational outcomes. Teece (1997) expands this view, emphasizing the importance of dynamic capabilities—such as the ability to reconfigure functional systems in response to market changes—in sustaining operational success.

Strategic mechanisms align enterprise activities with long-term objectives and external opportunities. These mechanisms enable firms to adapt to rapidly evolving global environments by integrating internal strengths with market opportunities. Prahalad and Hamel (1990) identify core competencies, such as innovation and knowledge management, as the foundation of strategic mechanisms that drive growth and differentiation. In international markets, these mechanisms are often tailored to address cultural and regulatory challenges. For example, Dunning (1993) highlights the importance of adapting strategies to local market conditions through partnerships, joint ventures, or mergers and acquisitions.

Sustainability has also become a cornerstone of strategic mechanisms. Russo and Fouts (1997) demonstrate that integrating environmental, social, and governance (ESG) principles into strategic frameworks enhances stakeholder trust and aligns organizations with global regulatory standards. Such integration not only ensures compliance but also positions enterprises as responsible global players, thereby strengthening their competitive positioning.

The development of organizational and economic mechanisms has evolved alongside global economic and technological trends. Historically, enterprises relied on

rigid, centralized structures to ensure operational stability. However, globalization and the digital revolution have necessitated more adaptive and decentralized approaches (Mintzberg, 2009). Kotler and Keller (2016) argue that the modern enterprise must leverage digital tools to optimize decision-making processes, improve market responsiveness, and enhance operational efficiency. For example, the use of AI-powered analytics enables firms to predict market trends and allocate resources effectively, while cloud computing facilitates collaboration across dispersed teams.Dynamic capabilities, as discussed by Teece (1997), play a critical role in this evolution. These capabilities allow enterprises to integrate, build, and reconfigure internal competencies to address rapidly changing market conditions. Grant (1996) further emphasizes the importance of knowledge-based strategies, which leverage organizational expertise to maintain competitiveness in global markets. This shift from stability-focused models to adaptability-driven mechanisms reflects the increasing complexity and interconnectedness of international business environments.

A recurring debate in the literature centers on the relative merits of centralized versus decentralized mechanisms. Centralized models are often praised for their ability to enhance resource efficiency, maintain uniformity, and reduce redundancies (Barney, 1991). These models are particularly effective in highly regulated industries, where consistent adherence to standards is critical. However, critics argue that centralization can stifle innovation and hinder responsiveness to local market dynamics. Decentralized mechanisms, on the other hand, empower regional teams to make decisions that align with local conditions, fostering greater innovation and agility (Gulati, Puranam, & Tushman, 2012). The integration of digital tools, such as blockchain and AI, has further blurred the lines between centralization and decentralization, enabling enterprises to adopt hybrid models that balance the benefits of both approaches (Seuring & Müller, 2008). For instance, AI systems can centralize data processing while providing localized insights that inform regional decision-making. Technological advancements have fundamentally reshaped organizational

mechanisms. Blockchain, for example, enhances transparency and trust in supply chain systems by providing secure, tamper-proof records of transactions (World Economic Forum, 2021). Similarly, AI-driven tools optimize resource allocation and improve forecasting accuracy, enabling enterprises to respond proactively to market changes. Kotabe and Murray (2004) argue that these technologies are critical for maintaining competitiveness in an increasingly interconnected global economy.

Sustainability considerations have also gained prominence in the design of organizational mechanisms. Enterprises are now embedding ESG principles into their frameworks to address regulatory requirements and meet stakeholder expectations. Russo and Fouts (1997) demonstrate that organizations prioritizing sustainability achieve better financial performance and stronger reputations, highlighting the growing importance of green initiatives in global markets.

1.3 Methodological Approaches to Problem Evaluation

The evaluation of organizational and economic mechanisms requires a combination of qualitative and quantitative methods that can effectively capture the multidimensional complexities of international business activities. These methods serve to assess the financial, operational, strategic, and sustainability aspects of mechanisms, ensuring their alignment with organizational goals and external market demands.

A robust evaluation framework relies on measurable indicators to provide actionable insights. Financial metrics such as return on investment (ROI), cost-benefit analysis, and capital turnover ratios are commonly used to determine the economic viability of mechanisms (Kaplan & Norton, 1992). These metrics offer clarity on whether the financial resources deployed are generating proportional benefits. Operational indicators, such as resource utilization efficiency and throughput rates, measure the optimization of workflows and the effective deployment of organizational assets (Kaplan & Norton, 1992). Russo and Fouts (1997) further argue that incorporating sustainability metrics ensures alignment with ethical business practices and global ESG trends.

Strategic indicators are particularly significant for enterprises operating in global markets, as they evaluate adaptability, market responsiveness, and risk mitigation success. For example, the ability of a mechanism to adapt to external disruptions, such as geopolitical tensions or supply chain shocks, is critical for sustaining competitive advantages (Teece, 1997). Finally, sustainability indicators, such as carbon footprint reductions, adherence to environmental regulations, and progress toward ESG goals, reflect the ethical and environmental dimensions of mechanism performance (Russo & Fouts, 1997). These indicators align with international efforts to promote corporate responsibility and sustainable development (World Economic Forum, 2021).

Quantitative tools provide the analytical rigor needed to evaluate mechanisms with precision. Linear programming models are widely employed to optimize resource

allocation in production, logistics, and supply chain management. These models enable organizations to maximize efficiency while minimizing costs under resource constraints (Christopher, 2016). For instance, enterprises can use linear programming to allocate raw materials across production lines to meet fluctuating demand levels while reducing waste.

Monte Carlo simulations are another critical tool, offering insights into risk and uncertainty by simulating multiple scenarios. By assessing the probabilistic outcomes of different decisions, enterprises can make informed strategic choices and develop contingency plans. Furthermore, predictive analytics, powered by big data and machine learning, enables enterprises to forecast market trends, predict consumer behaviors, and anticipate supply chain disruptions (World Economic Forum, 2021; Fudan Development Institute, 2023). These advanced forecasting tools allow organizations to stay ahead of market changes by identifying emerging risks and opportunities early. For instance, machine learning algorithms can process vast datasets to reveal hidden patterns, enabling enterprises to optimize resource allocation and make proactive decisions. When combined with scenario planning, predictive analytics offers a powerful approach to mitigating risks while capitalizing on evolving market dynamics.

Management decision-making models further enhance the evaluation of organizational and economic mechanisms by providing structured frameworks for analyzing internal and external factors. SWOT analysis, which identifies strengths, weaknesses, opportunities, and threats, is widely applied to assess an enterprise's internal capabilities and external challenges. For instance, SWOT analysis can reveal how well a company’s internal mechanisms align with market opportunities while identifying potential vulnerabilities (Barney, 1991). Complementing this, PEST analysis examines political, economic, social, and technological factors influencing enterprise performance in global markets (Kotabe & Murray, 2004).

For example, applying PEST analysis to international activities provides valuable insights into how external factors shape decision-making. These factors might include

political influences, such as changing trade policies; economic shifts, like currency fluctuations or inflation; social changes, such as evolving consumer preferences; and technological advancements, like the adoption of 5G or artificial intelligence. The combination of SWOT and PEST analyses offers a comprehensive understanding of both internal and external influences on organizational mechanisms.

The Balanced Scorecard (Kaplan & Norton, 1992) is another essential tool for decision-making and evaluation. It integrates financial and non-financial performance metrics, enabling enterprises to align operational activities with strategic objectives. By balancing traditional financial measures with customer satisfaction, internal process efficiency, and innovation, the Balanced Scorecard provides a holistic evaluation of mechanism effectiveness.

Comparative analysis and case studies are invaluable for understanding the practical applications of organizational and economic mechanisms. Comparative analysis identifies best practices by evaluating successful enterprises across industries and regions. For example, Tesla's vertical integration strategy highlights the benefits of internalizing supply chains, while Apple's supplier diversification approach demonstrates the importance of reducing dependency on single vendors (Christopher, 2016).

Case studies, on the other hand, provide in-depth examinations of real-world challenges and the effectiveness of solutions. Yin (2018) advocates for the case study methodology as a means of bridging theoretical frameworks with empirical evidence. For instance, analyzing Huawei's international activities reveals how its mechanisms address geopolitical risks and supply chain disruptions, offering actionable lessons for other enterprises. Similarly, case studies of companies adopting blockchain technology can demonstrate its impact on supply chain transparency and efficiency (World Economic Forum, 2021).

The integration of qualitative and quantitative approaches ensures a robust evaluation framework. Qualitative methods, such as stakeholder interviews, focus

groups, and surveys, capture nuanced insights into the functionality and relevance of mechanisms. These methods are particularly useful for understanding organizational culture, employee engagement, and stakeholder perceptions. Quantitative methods, including financial modeling, statistical analysis, and algorithmic simulations, provide measurable assessments of efficiency and effectiveness.

For example, correlation-regression analysis can identify relationships between investment levels in supply chain resilience and operational outcomes, while trend forecasting models predict future performance based on historical data. Additionally, economic-mathematical modeling, such as optimization and inventory management models, can enhance decision-making by identifying the most efficient resource allocation strategies (Seuring & Müller, 2008).

Technological advancements have significantly enhanced the methodologies available for evaluating organizational mechanisms. Blockchain technology, for instance, provides tamper-proof records that enhance supply chain accountability and compliance with international standards. The World Economic Forum (2021) notes that blockchain's ability to create secure and transparent systems has transformed supply chain management, enabling enterprises to track goods in real-time and reduce fraud.

Similarly, artificial intelligence and big data analytics play a crucial role in improving predictive capabilities. AI-driven systems can analyze vast datasets to identify patterns, forecast market changes, and recommend optimal decision paths (Kotler & Keller, 2016). These technologies not only improve the accuracy of evaluations but also enable enterprises to respond proactively to emerging challenges.

CHAPTER 2. ANALYSIS OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM FOR MANAGING FOREIGN ECONOMIC ACTIVITY OF ENTERPRISE

2.1 General characteristics of enterprises (organizations) activity and analysis of its internal environment

Analysis of organizational mechanisms. Huawei's organizational structure plays a pivotal role in supporting its international operations by ensuring efficient resource allocation and effective coordination across its global network. The company employs a matrix-based structure, which integrates functional departments with regional teams to balance centralized strategy development and localized execution. A case study approach is applied to analyze Huawei's organizational mechanisms, drawing on internal reports and secondary data sources.

a) Matrix Organizational Structure.

Mintzberg's theory of organizational structures (Mintzberg, 1979) provides a foundational framework for understanding Huawei's matrix-based organizational structure. This theory emphasizes how organizations can combine different structural elements to balance efficiency and flexibility. Huawei exemplifies this approach by integrating functional specialization with geographic adaptability. This structure enables the company to simultaneously focus on global strategy and regional responsiveness, which is essential for its success in international markets. At the core of Huawei's matrix structure are its centralized functional departments, including R&D, marketing, and finance. These departments operate from the company's headquarters in Shenzhen, China, where strategic decisions and resource allocations are made. The centralization of these key functions ensures consistency in branding, technological standards, and overall corporate objectives. For example, Huawei's R&D division plays a critical role in maintaining its technological leadership by coordinating global research initiatives in cutting-edge areas such as 5G, artificial intelligence, and

semiconductors. Barney (1991) highlights the role of strategic resource allocation in achieving sustainable competitive advantages, which is evident in Huawei's prioritization of R&D investments. In 2023, Huawei allocated over 23% of its revenue—approximately RMB 164.7 billion—to R&D. This strategic focus enables the company to develop proprietary technologies that form the backbone of its global competitive strategy. By concentrating R&D efforts at the corporate level, Huawei ensures that its innovations can be leveraged across multiple regions while maintaining technological consistency.

Complementing the centralized functional departments are Huawei's semi-autonomous regional teams, which are responsible for adapting global strategies to local market conditions. As of 2023, Huawei operates in over 170 countries and regions, supported by regional headquarters in Europe, Asia-Pacific, and the Middle East. These regional hubs act as intermediaries between the global headquarters and local markets, bridging the gap between centralized strategies and regional realities. For instance, Huawei's regional teams in the Middle East have successfully adapted 5G technologies to meet local infrastructure needs, such as optimizing network solutions for high-temperature environments. This regional autonomy allows Huawei to address specific challenges, such as regulatory requirements, cultural differences, and customer preferences, without compromising its global objectives. The flexibility of these teams ensures that Huawei remains agile in responding to market changes while maintaining alignment with its overall strategy. The integration of Huawei's matrix structure with its strategic resource allocation is a key factor in its sustained success. By aligning centralized resources with regional operations, Huawei maximizes efficiency while maintaining adaptability. For example, Huawei's global R&D teams provide cutting-edge technologies, such as 5G network solutions, which are then tailored by regional teams to fit local market demands. This seamless integration ensures that the company can efficiently leverage its resources while maintaining the flexibility to address region-specific challenges. Barney (1991) emphasizes that the alignment of organizational

structure and resource allocation is critical for achieving sustainable competitive advantages. Huawei's matrix structure exemplifies this principle by ensuring that its functional and regional teams work cohesively. The company's targeted resource allocation ensures that regional teams have the financial and technological support needed to implement strategies effectively, while centralized departments maintain overall control and strategic direction.

A key strength of Huawei's matrix organizational structure is its ability to balance centralization and decentralization. Centralized functional departments ensure that global strategies remain consistent and efficient, while decentralized regional teams provide the flexibility needed to adapt to local market conditions. This balance is particularly important in the dynamic ICT industry, where rapid technological advancements and shifting regulatory landscapes require both strategic oversight and operational agility.

b) Cross-Regional Decision-Making Mechanisms

Huawei's cross-regional decision-making mechanisms further enhance the effectiveness of its matrix structure. Regional headquarters are granted significant autonomy to adapt strategies to local market conditions, enabling a faster and more tailored response to dynamic environments. For example, in response to the demand for affordable network infrastructure in Africa, Huawei developed cost-effective network equipment specifically tailored to the region's economic and infrastructural challenges.

Huawei's operations in the Middle East provide a compelling example of how localized decision-making mechanisms can drive operational efficiency and customer satisfaction. In the region, Huawei has successfully utilized a decentralized approach, empowering local teams to lead the deployment of 5G infrastructure projects. This strategy has enabled the company to adapt swiftly to the specific requirements and challenges of the Middle Eastern market, illustrating the effectiveness of its organizational mechanisms. By delegating authority to local teams, Huawei significantly reduced decision-making bottlenecks that often arise in large multinational

organizations. Local teams, equipped with an in-depth understanding of regional market conditions, cultural nuances, and regulatory requirements, were able to streamline project execution. For instance, during the rollout of 5G networks in the Gulf Cooperation Council (GCC) countries, Huawei's local teams collaborated directly with telecom operators and government bodies to address technical and logistical challenges. This proactive engagement expedited project timelines, allowing Huawei to deliver its 5G infrastructure ahead of schedule. Localized decision-making also contributed to improved customer satisfaction. By placing decision-making power in the hands of local teams, Huawei was able to respond more effectively to customer needs and preferences. For example, in markets like Saudi Arabia and the United Arab Emirates, telecom operators required tailored solutions to meet their unique operational and infrastructural demands. Huawei's local teams customized their 5G offerings, ensuring seamless integration with existing networks and addressing specific concerns, such as energy efficiency and urban network density. This customer-centric approach strengthened Huawei's relationships with key stakeholders and reinforced its reputation as a reliable partner. Despite granting significant autonomy to local teams, Huawei maintained centralized oversight through its global headquarters. This balance ensured that localized operations aligned with the company's broader strategic objectives. Centralized functions, such as R&D and global marketing, provided the technological and branding support needed to maintain consistency across markets. For instance, while local teams led the operational aspects of 5G deployment, the technical blueprints and core technologies were developed by Huawei's central R&D divisions. This integration of local autonomy with centralized resources exemplifies the effectiveness of Huawei's matrix organizational structure, as described by Mintzberg (1979).

Huawei's matrix-based organizational structure, guided by Mintzberg's framework, effectively balances functional specialization with geographic adaptability. The integration of strategic resource allocation, as highlighted by Barney (1991), further

strengthens Huawei's competitive positioning. While challenges in cross-departmental coordination persist, Huawei's emphasis on localized decision-making and centralized oversight ensures its organizational mechanisms remain robust in managing international activities.

Analysis of economic mechanisms. Huawei's economic mechanisms are focused on strategic investments, supply chain resilience, and resource allocation efficiency. These mechanisms underpin its ability to maintain competitiveness and innovation in the dynamic international market. A detailed analysis of Huawei's R&D investments, supply chain management, and economic challenges provides insights into the strengths and vulnerabilities of its economic strategies.

a) R&D Investments

Innovation is the cornerstone of Huawei's economic mechanisms, underpinned by its substantial investments in research and development (R&D). These investments reflect the company's strategic commitment to maintaining technological leadership and adapting to the rapidly evolving global ICT landscape. By consistently allocating over 20% of its annual revenue to R&D, Huawei ensures its continued relevance in competitive markets dominated by rapid technological advancements. Huawei's R&D efforts are strategically focused on advancing critical areas such as 5G, artificial intelligence (AI), and semiconductor development. As a global leader in 5G technology, Huawei leverages its R&D capabilities to develop innovative solutions that set industry standards. Beyond telecommunications, the company's focus on AI-powered applications has enabled breakthroughs in sectors such as autonomous driving, cloud computing, and green energy technologies. Similarly, Huawei's investments in semiconductor research address one of its most pressing challenges: reducing reliance on external suppliers and developing proprietary chip technologies. In 2023, Huawei allocated RMB 164.7 billion to R&D, representing 23.4% of its total revenue—a significant increase from previous years. This growth underscores Huawei's unwavering commitment to innovation despite external challenges such as geopolitical

restrictions and supply chain disruptions. The trend also highlights Huawei's adaptive strategy to prioritize technological self-reliance amidst an increasingly restrictive international trade environment. For instance, the company's continuous investments in chip research through its HiSilicon division demonstrate its long-term vision for achieving technological independence.

The Resource-Based View (Barney, 1991) underscores the strategic importance of developing unique resources to achieve and sustain competitive advantages. Huawei's substantial R&D investments align with this theory by fostering the creation of proprietary technologies that differentiate the company from competitors. These technologies not only enhance Huawei's product offerings but also fortify its market position in key regions such as Asia-Pacific, Europe, and the Middle East. Proprietary advancements in 5G network solutions and AI-based applications have allowed Huawei to build a strong portfolio of intellectual property, further strengthening its competitive edge.

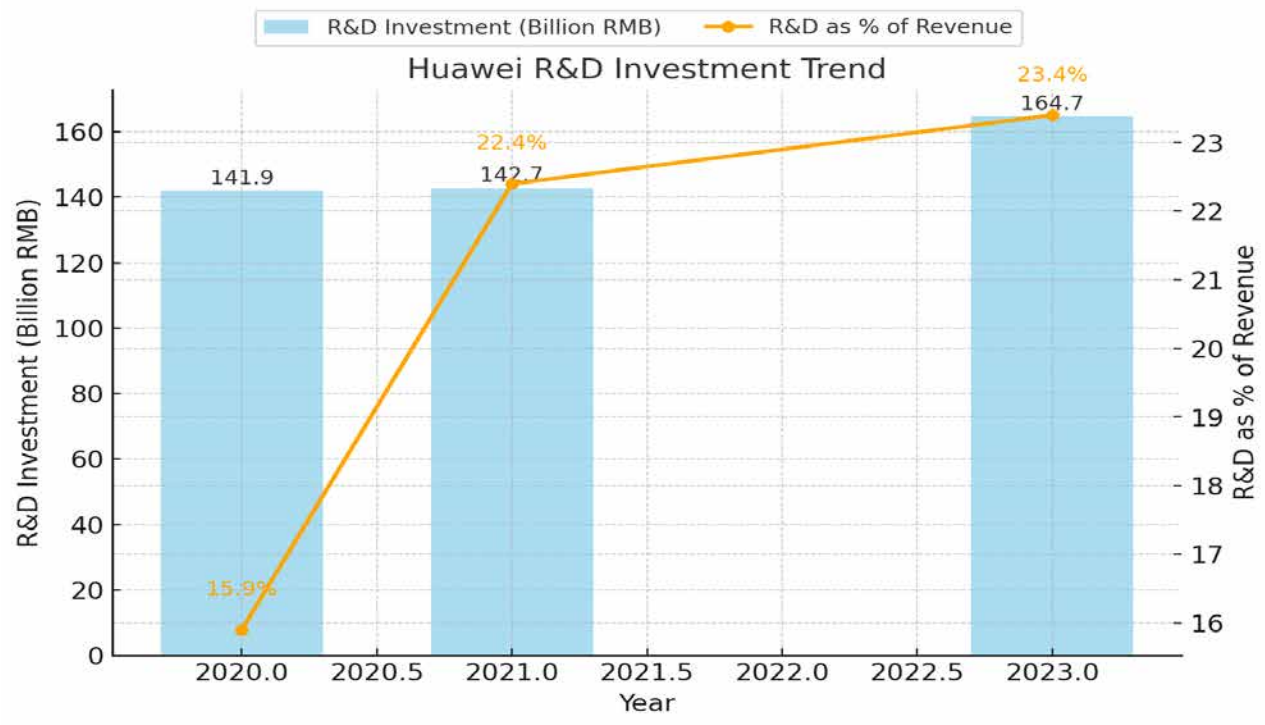
The chart below provides a detailed overview of Huawei's research and development (R&D) investment trends from 2020 to 2023, clearly demonstrating the company's strong and consistent commitment to innovation despite a challenging global business environment.

The bar chart illustrates a steady year-on-year increase in absolute R&D expenditures. Huawei's investment in R&D rose significantly over the analyzed period, culminating in a record level of RMB 164.7 billion in 2023. This upward trend reflects the company's strategic priority to strengthen its technological capabilities, support long-term competitiveness, and accelerate the development of core technologies.

The line graph complements this analysis by showing the growing share of R&D spending in relation to total revenue. From 2020 to 2023, the R&D-to-revenue ratio consistently increased, reaching a peak of 23.4% in 2023. This indicates that Huawei has not only increased its R&D budget in absolute terms but has also allocated a larger proportion of its financial resources to innovation activities.

Overall, the chart highlights Huawei's deliberate focus on R&D as a key driver of resilience and sustainable growth, emphasizing the central role of innovation in the company's long-term strategic development.

These figures underscore Huawei's strategic emphasis on long-term innovation, ensuring its capacity to navigate international market complexities.



Pic.2.1 Huawei R&D Investment and Revenue Proportion Trends (2020-2023)

b) Supply Chain Management

Huawei has adopted a diversified supply chain strategy as a core component of its economic mechanisms, aiming to reduce reliance on single suppliers and mitigate risks associated with geopolitical disruptions. This strategic approach enhances the company's resilience, ensuring continuity in production and delivery even under challenging external conditions. A closer examination of Huawei's supply chain management reveals its proactive measures, alignment with theoretical frameworks,

and implications for international competitiveness. Huawei has adopted a diversified supply chain strategy as a core component of its economic mechanisms, aiming to reduce reliance on single suppliers and mitigate risks associated with geopolitical disruptions. This strategic approach enhances the company's resilience, ensuring continuity in production and delivery even under challenging external conditions. A closer examination of Huawei's supply chain management reveals its proactive measures, alignment with theoretical frameworks, and implications for international competitiveness. In response to the sanctions, Huawei made substantial investments in domestic semiconductor production capabilities, exemplified by the development of its HiSilicon division. HiSilicon has achieved notable progress in designing and producing advanced chip technologies, reducing Huawei's dependence on foreign suppliers for high-end semiconductors. These efforts align with the Resource-Based View (Barney, 1991), which emphasizes the strategic importance of developing unique resources to sustain a competitive advantage. By building its semiconductor production capabilities, Huawei not only mitigates supply chain vulnerabilities but also enhances its autonomy in critical technology sectors. Huawei's strategy also involves increasing in-house R&D efforts to innovate in supply chain processes and develop proprietary technologies. This approach is complemented by fostering long-term partnerships with local and regional suppliers. For example, Huawei has collaborated with domestic manufacturers to establish a more localized and resilient supply chain in China. This dual approach of internal innovation and external collaboration ensures a balance between technological independence and operational scalability.

2.2. Analysis of organizational mechanisms

Using the PESTEL framework, this section evaluates Huawei's external environment and its implications for the company's organizational and economic mechanisms.

Political Environment. The political environment plays a critical role in shaping Huawei's international activities. As a global leader in the ICT sector, Huawei operates in a highly complex geopolitical landscape, characterized by both challenges and opportunities. This section explores the company's navigation of geopolitical restrictions and its strategic expansion into emerging markets.

Huawei has faced significant political challenges, particularly in the United States and other Western markets, due to national security concerns. These concerns have led to severe restrictions, limiting Huawei's access to critical technologies and high-value markets. The most notable case occurred in 2019, when the U.S. government added Huawei to its Entity List, effectively barring American companies from supplying essential components and technologies, including advanced semiconductors and software systems. This restriction had an immediate and profound impact on Huawei's operations, especially in its smartphone business, which relied heavily on U.S.-based suppliers for high-end chips and operating systems. The geopolitical tensions not only restricted Huawei's access to critical resources but also influenced its brand perception in Western markets. According to Huawei's 2023 Annual Report, U.S. sanctions contributed to a significant decline in smartphone sales, compelling the company to shift its focus to other business areas, such as cloud computing and enterprise solutions. This strategic pivot underscores Huawei's adaptability in responding to external political pressures, though the restrictions remain a significant barrier to its full participation in some of the world's most lucrative markets.

While geopolitical challenges have hindered Huawei's access to some markets, they have also motivated the company to explore opportunities in emerging regions, such as Africa and Southeast Asia. These regions, driven by rapid digitalization and infrastructure development, present significant growth opportunities for Huawei. For instance, the company has been instrumental in providing affordable and scalable ICT solutions to African nations, supporting initiatives like the expansion of broadband internet and the deployment of 5G networks. In Southeast Asia, Huawei's strategic

investments have solidified its leadership position. Data from Huawei's 2023 Annual Report shows that the company's sales in Southeast Asia increased by 18% year-on-year, a testament to its growing influence in the region. By leveraging its expertise in 5G and cloud computing, Huawei has successfully catered to the needs of rapidly digitalizing economies, where demand for reliable and cost-effective ICT solutions continues to rise. Additionally, the company's focus on collaborating with local governments and enterprises in these regions has strengthened its market position and enhanced its ability to navigate regulatory complexities.

Economic Environment. The economic environment significantly influences Huawei's international operations, shaping both its challenges and opportunities in global markets. Using the PESTEL framework (Johnson et al., 2008), this section evaluates the external economic factors impacting Huawei's strategies, including global economic conditions and cost efficiency measures.

Huawei operates in a dynamic global economic environment characterized by inflationary pressures and exchange rate fluctuations, which pose challenges to its cost management. These economic variables increase the cost of imported components, disrupt pricing strategies, and reduce profit margins in certain regions. However, despite these macroeconomic challenges, Huawei benefits from the rising demand for digital infrastructure in emerging markets, which offsets some of these pressures.

Emerging markets, such as those in Africa, Southeast Asia, and Latin America, have experienced rapid digital transformation, driving the demand for ICT solutions, broadband infrastructure, and 5G networks. According to Huawei's 2023 Annual Report, revenue from emerging markets accounted for 52% of the company's total sales, marking a 10% year-on-year increase. This growth highlights Huawei's strategic success in targeting high-growth regions and adapting its products and services to meet the specific needs of these markets.

The PESTEL framework (Johnson et al., 2008) underscores the importance of assessing economic dynamics, such as inflation and market demand, to identify growth

opportunities and adapt business strategies. Huawei's ability to capitalize on emerging market opportunities exemplifies the application of this framework in aligning its economic mechanisms with external conditions.

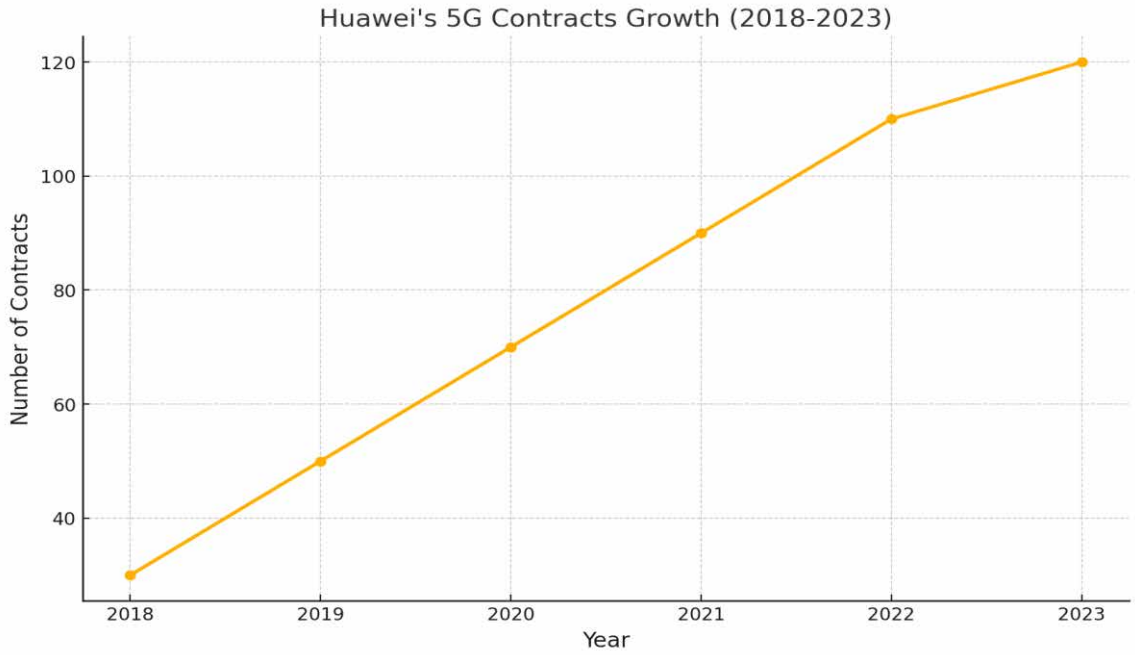
To mitigate the financial impact of global economic fluctuations, Huawei has implemented cost efficiency measures that enhance its operational resilience. One notable strategy is the establishment of localized production facilities in key regions, such as Africa. By setting up manufacturing centers closer to target markets, Huawei reduces logistics and transportation costs, shortens delivery times, and improves its ability to respond to regional demand fluctuations. For example, Huawei's localized production facility in Africa not only supports the continent's growing need for digital connectivity but also aligns with the company's commitment to sustainable development. Local production minimizes the carbon footprint associated with long-distance shipping and promotes economic growth by creating jobs and fostering partnerships with local suppliers. These efforts reflect Huawei's strategic adaptation to economic pressures while enhancing its competitive position in emerging markets.

According to the PESTEL framework (Johnson et al., 2008), cost efficiency measures are essential for managing external economic risks while sustaining profitability. By leveraging localized production and optimizing operational efficiency, Huawei mitigates the impact of inflation and exchange rate volatility, ensuring its long-term financial stability.

Technological Environment. The technological environment plays a pivotal role in shaping Huawei’s strategies and performance in the global ICT industry. As a leader in innovation, Huawei benefits from its significant investments in R&D and its robust patent portfolio. However, the company also faces challenges arising from geopolitical restrictions on access to critical technologies. This section evaluates Huawei’s position as a technological leader and the challenges it confronts.

Huawei’s leadership in 5G technology is a cornerstone of its global competitiveness. As a pioneer in the ICT industry, Huawei has established itself as a

key player in 5G infrastructure development, holding a significant share of the global market. The company's achievements are supported by its robust intellectual property portfolio, which includes over 140,000 patents worldwide, demonstrating its commitment to innovation and technological advancement. By 2023, Huawei had secured more than 120 commercial 5G contracts globally, highlighting its strong presence in this critical sector. The company's success in 5G is further illustrated by the continuous growth in its contracts, as shown in the line graph below, which tracks Huawei's 5G contract growth from 2018 to 2023. The steady upward trajectory reflects the increasing adoption of Huawei's 5G solutions across various markets, underscoring its role as a key enabler of digital transformation. The graph showcases Huawei's consistent expansion in 5G contracts, growing from 30 contracts in 2018 to over 120 by 2023. This growth demonstrates Huawei's ability to leverage its technological expertise and innovative capabilities to capture global market opportunities, even amid challenging geopolitical conditions. By maintaining its leadership in 5G, Huawei continues to solidify its position as a preferred partner for governments and enterprises seeking reliable digital infrastructure solutions.



Pic. 2.2 Huawei's 5G Contracts Growth 2018-2023

Despite its achievements, Huawei faces significant challenges that threaten its technological leadership. Chief among these is the impact of U.S. export restrictions, which limit Huawei's access to advanced semiconductors and other critical components. These restrictions, implemented as part of broader geopolitical tensions, have particularly constrained Huawei's ability to compete in the consumer electronics market, where high-end semiconductors are essential for producing competitive smartphones and other devices.

The lack of access to cutting-edge semiconductors has forced Huawei to rely on alternative sourcing strategies, including increased investments in domestic semiconductor development through its HiSilicon division. While these efforts demonstrate Huawei's resilience and long-term commitment to achieving technological independence, the immediate effects of the restrictions are evident in the company's reduced market share in consumer electronics.

The PESTEL framework (Johnson et al., 2008) emphasizes the importance of evaluating external technological factors in shaping organizational strategy. For Huawei, these challenges necessitate a dual focus: sustaining leadership in areas like 5G while accelerating efforts to develop proprietary technologies that reduce dependency on external suppliers. By aligning its innovation strategy with external technological dynamics, Huawei seeks to mitigate risks and maintain its competitive edge.

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Social Environment. The social environment plays a critical role in shaping the demand for Huawei's ICT solutions. As digital transformation accelerates globally, shifts in consumer behavior and workplace dynamics have created significant opportunities for Huawei to expand its services. This section explores the impact of these shifting demands and highlights how Huawei's solutions have evolved to meet the growing needs of e-learning, telecommuting, and cloud computing.

Global digitalization trends have transformed how individuals and organizations interact with technology. The rapid adoption of e-learning, telecommuting, and other remote solutions has led to an unprecedented demand for reliable and scalable ICT infrastructure. As educational institutions and businesses increasingly rely on digital platforms, Huawei has positioned itself as a key provider of technologies that enable seamless connectivity, collaboration, and data storage. For example, the COVID-19 pandemic acted as a catalyst for this shift, driving a surge in the use of digital platforms worldwide. Huawei responded by enhancing its portfolio of cloud computing solutions to meet the needs of educational institutions transitioning to remote learning and businesses adapting to telecommuting. By offering scalable and cost-effective ICT services, Huawei has supported organizations in maintaining continuity and efficiency during periods of disruption.

Huawei's strategic focus on cloud computing exemplifies its adaptability to changing social and technological trends. From 2020 to 2023, Huawei's cloud computing revenue grew at an average annual rate of 30%, reflecting the increasing reliance on cloud-based solutions across various sectors. This growth was driven by Huawei's ability to provide tailored cloud services that cater to the unique needs of different industries.

For instance, Huawei's cloud solutions have supported the healthcare sector by enabling secure data storage and real-time collaboration among medical professionals. Similarly, in the education sector, Huawei's cloud platforms have facilitated the delivery of online courses to students across diverse geographical regions. These examples highlight Huawei's role in driving digital inclusion and supporting organizations through periods of rapid transformation.

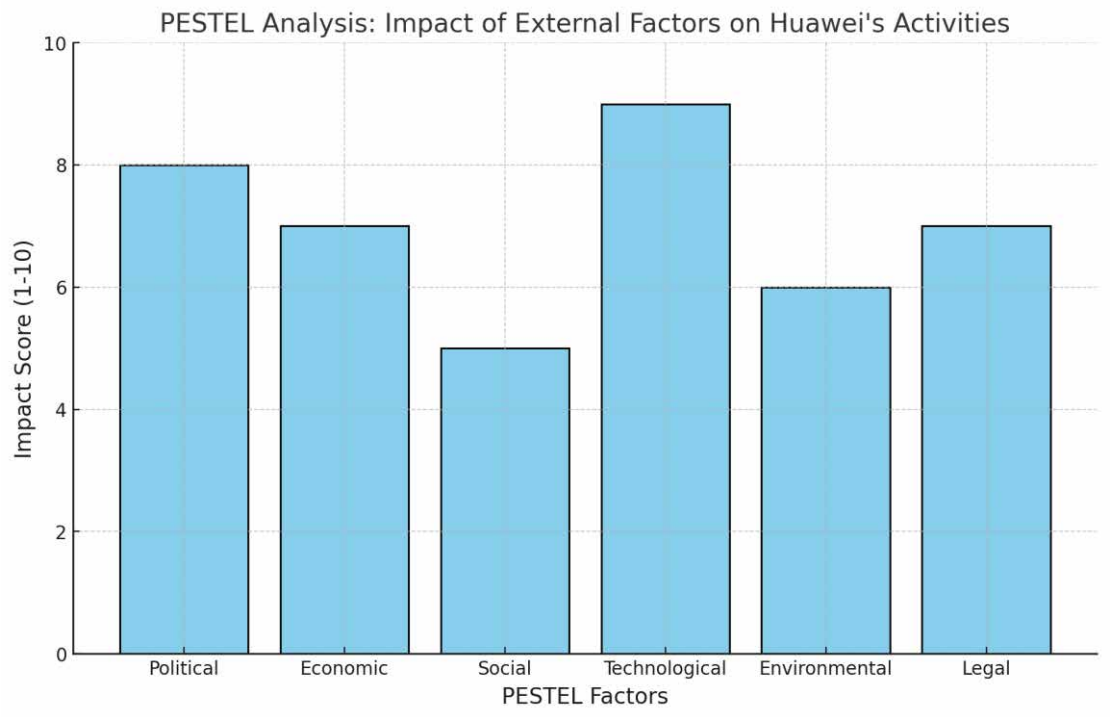
Environmental and Legal Factors. Environmental and legal factors significantly influence Huawei's global operations, shaping its strategies for sustainability and regulatory compliance. As global markets increasingly prioritize sustainability and data security, Huawei has adapted its practices to align with these expectations. This section explores the company's sustainability initiatives and its approach to navigating complex regulatory landscapes.

Huawei's commitment to sustainability is central to its corporate strategy, reflecting a proactive approach to addressing environmental challenges. The company has prioritized the development and promotion of renewable energy solutions, integrating sustainability into its product offerings and operational practices. Huawei aims to reduce carbon emissions across its supply chain, contributing to global efforts to combat climate change. One notable example of Huawei's environmental impact is its energy management solutions, which helped reduce 7 million tons of CO2 emissions for its clients in 2022. These solutions are designed to optimize energy efficiency in sectors such as telecommunications and data centers, where energy consumption is particularly high. By deploying innovative technologies such as AI-powered energy monitoring

systems and solar-powered base stations, Huawei not only minimizes its own carbon footprint but also supports its clients in achieving their sustainability goals. Additionally, Huawei's focus on green energy aligns with global initiatives, such as the United Nations' Sustainable Development Goals (SDGs). By investing in renewable energy projects and promoting environmentally friendly practices across its operations, Huawei demonstrates its commitment to long-term environmental stewardship.

Operating in diverse international markets requires Huawei to comply with stringent regulatory frameworks, particularly in regions like the European Union (EU), where data protection and privacy are highly prioritized. The General Data Protection Regulation (GDPR), one of the world's most comprehensive data protection laws, mandates strict compliance requirements for companies operating in the EU. Huawei has responded to these legal challenges by enhancing its data management systems to ensure full compliance with GDPR standards. This includes implementing advanced encryption technologies, developing transparent data handling policies, and conducting regular audits to assess compliance. By aligning its operations with GDPR requirements, Huawei not only meets legal obligations but also builds trust with its stakeholders by demonstrating a commitment to data security and privacy. The complexity of navigating regulatory landscapes extends beyond the EU. In regions such as North America and Asia, Huawei must adapt to varying standards and requirements, necessitating a flexible and robust compliance framework. The company's ability to manage these challenges underscores its operational resilience and adaptability.

The bar chart below visualizes the impact of PESTEL factors on Huawei's activities, with scores representing the significance of each factor on a scale from 1 to 10.



Pic. 2.3 Impact of external factors on Huawei's activities

2.3 Analysis of economic mechanisms

This section evaluates Huawei's current state in international operations and identifies the critical challenges affecting its global competitiveness. By analyzing its achievements and highlighting existing problems, this assessment provides a comprehensive understanding of Huawei's position in the ICT industry.

Current State Assessment. Huawei's organizational and economic mechanisms have enabled it to establish a leading global presence. Operating in over 170 countries and regions, Huawei serves more than 3 billion people, making it a dominant player in the ICT sector. Its success in 5G infrastructure demonstrates its ability to integrate advanced R&D, regional operations, and global strategies. These achievements underscore the efficacy of Huawei's matrix organizational structure, which combines centralized R&D efforts with localized implementation in diverse markets.

From an economic perspective, Huawei's financial performance reflects the robustness of its resource allocation mechanisms. In 2023, the company reported a

profit of $12 billion, doubling its year-on-year growth despite external challenges. This financial success is attributed to Huawei's strategic investments in high-growth areas, such as cloud computing and enterprise solutions, showcasing its adaptability to shifting market dynamics. The alignment of its economic mechanisms with emerging market opportunities has been a key driver of this success, as reflected in its increasing revenue share from these regions.

Definition of Existing Problems. a) Political Risks Political risks significantly undermine the efficiency of Huawei's organizational and economic mechanisms. Trade sanctions and market access restrictions in key markets, including the U.S. and Australia, disrupt its supply chain and hinder its ability to deploy its global strategies effectively. For instance, the U.S. Entity List restrictions have constrained Huawei's access to advanced semiconductors, weakening its competitive position in high-value consumer and enterprise markets. This demonstrates a critical vulnerability in the company's external engagement mechanisms, which need to be redesigned to mitigate geopolitical risks.

b) Supply Chain Vulnerabilities. Huawei's dependency on external suppliers for critical components, such as semiconductors, exposes gaps in its economic mechanisms. The reliance on external sources for high-end chips has been exacerbated by U.S. export restrictions, which disrupt production timelines and limit its capacity to meet market demand. While Huawei has invested in domestic semiconductor development through HiSilicon, the current state of these efforts reflects the need for a more robust internal resource allocation mechanism to achieve long-term self-reliance. Strengthening supply chain resilience through diversification and increased vertical integration is essential for addressing this challenge.

c) Brand Perception Brand perception issues, especially in Western markets, pose a significant challenge to the effectiveness of Huawei's organizational mechanisms for international engagement. Negative narratives around data privacy and national security have diminished consumer trust and limited Huawei's ability to leverage its

brand as a strategic asset. This highlights the need for targeted branding strategies and public relations initiatives that align with global market expectations and enhance Huawei's reputation. Rebuilding consumer and enterprise trust is critical for optimizing the company's organizational mechanisms for managing its international activities.

The current assessment highlights areas where Huawei's organizational and economic mechanisms require improvement to effectively manage its international activities. Political risks necessitate the development of more adaptive external engagement frameworks, while supply chain vulnerabilities underline the importance of strengthening resource allocation mechanisms. Addressing brand perception issues will require the integration of strategic communication initiatives into Huawei's organizational mechanisms to rebuild trust and enhance market positioning.

These findings emphasize the need for Huawei to refine its organizational and economic mechanisms by:

-Enhancing flexibility in organizational structure to adapt to geopolitical constraints.

-Investing in vertical integration and local partnerships to mitigate supply chain risks.

-Aligning branding efforts with international expectations to rebuild consumer trust and competitiveness.

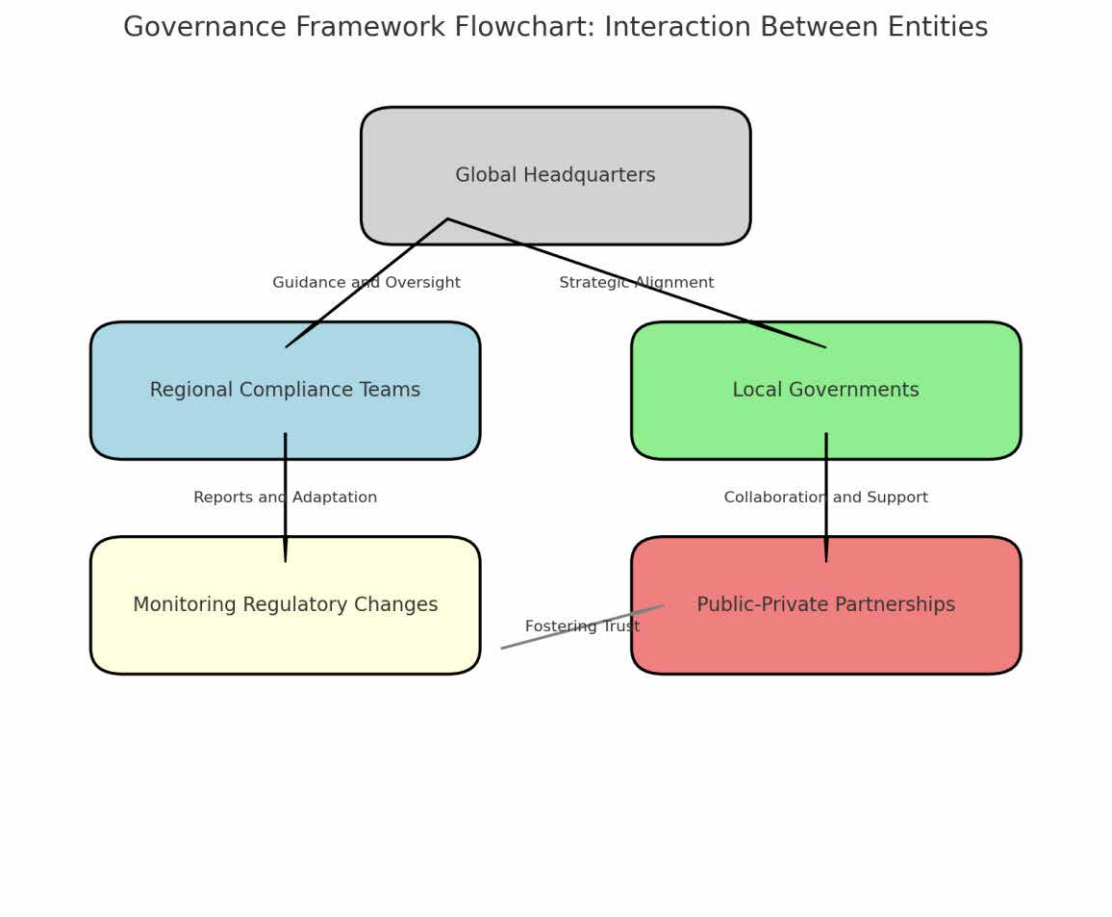
CHAPTER 3: PROSPECTS OF DEVELOPMENT AND RECOMMENDATIONS FOR THE MANAGING INTERNATIONAL ACTIVITY OF ENTERPRISE

3.1 Directions and possible ways of improvement management for defined problems solution

Addressing Political Risks. Huawei faces substantial political challenges, particularly due to trade sanctions and restricted market access in key regions such as the United States and Australia. These geopolitical barriers not only limit Huawei's ability to operate freely in lucrative markets but also hinder its access to critical technologies. To navigate these complexities, Huawei must adopt adaptive governance frameworks that enable flexibility and resilience in its international operations. One effective approach would be the establishment of regional legal and compliance teams in critical markets. These teams would closely monitor and respond to regulatory changes, acting as intermediaries between Huawei's global headquarters and regional operations. This structure would ensure timely and precise responses to political developments, reducing the potential for operational disruptions.

In addition, Huawei should diversify its alliances by strengthening collaborations with local governments and non-U.S. suppliers. Such diversification would mitigate dependency on politically sensitive markets, aligning with the strategic principle of reducing risks through resource flexibility, as outlined in *Exploring Corporate Strategy* (Johnson et al., 2008). By forging alliances in less restrictive regions, Huawei can safeguard its supply chain and maintain business continuity even in the face of geopolitical tensions. Furthermore, public-private partnerships offer an opportunity to enhance Huawei's reputation and build trust in emerging markets. Collaborating with local governments on infrastructure projects not only positions Huawei as a reliable partner but also fosters goodwill, which can be instrumental in mitigating political resistance. These measures collectively demonstrate the importance of adaptive

governance in addressing external risks and ensuring Huawei’s sustained international competitiveness.



Pic. 3.1 Governance framework flowchart: interaction between entities

Here is the flowchart illustrating the governance framework, showing interactions between Huawei's global headquarters, regional compliance teams, local governments, and public-private partnerships. It emphasizes the flow of guidance, adaptation, collaboration, and trust-building among these entities.

Enhancing Supply Chain Resilience. Enhancing Huawei's supply chain resilience is critical for addressing vulnerabilities arising from geopolitical tensions and operational risks. As the company continues to operate in a highly dynamic international market, prioritizing diversification and technological independence within its supply chain has become essential.

One of the most significant steps toward achieving this resilience is investment in domestic semiconductor development. By allocating greater resources to HiSilicon, its semiconductor division, Huawei can reduce its reliance on external suppliers for high-end chips. These components are crucial for the production of advanced devices and infrastructure solutions. Increasing domestic production capacity not only ensures supply chain stability but also mitigates the risks associated with export restrictions from key supplier nations. Furthermore, this strategic focus on R&D aligns with Huawei's long-term goal of achieving technological self-reliance. By producing its own cutting-edge semiconductors, Huawei can secure a competitive advantage in the ICT sector while reducing vulnerabilities to geopolitical disruptions.

In addition to technological independence, diversifying the supplier network is essential for risk mitigation. Expanding supplier partnerships across Asia, Europe, and Africa will decrease Huawei's dependence on specific regions or suppliers, creating a more balanced and flexible supply chain. This approach ensures that disruptions in one region, such as trade restrictions or natural disasters, do not severely impact the company's operations. For example, sourcing components from multiple continents provides a buffer against geopolitical conflicts, such as those experienced with U.S. sanctions. This diversification strategy is also beneficial for fostering stronger relationships with local suppliers and governments, further integrating Huawei into global markets while reducing potential risks.

Furthermore, the implementation of blockchain technology offers a transformative approach to improving supply chain transparency and efficiency. Blockchain allows for the real-time tracking of goods across the supply chain, ensuring better data integrity, security, and trust among stakeholders. This technology reduces the likelihood of errors, fraud, and delays, which are common pain points in traditional supply chain management systems. By integrating blockchain, Huawei can create a more agile and transparent supply chain, where suppliers and distributors have access to accurate, real-time data. Additionally, blockchain's ability to enhance traceability can help Huawei

meet increasingly stringent regulatory requirements in various markets, further strengthening its position as a trusted global player.

Improving Brand Perception. Huawei's challenges with brand perception in Western markets necessitate a comprehensive and targeted strategy to rebuild trust and strengthen its global reputation. Concerns about data security and alleged government influence have significantly hindered the company's ability to expand and compete in these markets. To address these challenges, Huawei must adopt a multi-pronged approach emphasizing public relations, data transparency, and collaborative branding initiatives. These efforts should be guided by academic insights, such as Fombrun and Shanley's (1990) findings on the relationship between corporate performance and reputation, and validated by industry reports from organizations like the World Economic Forum.

One key strategy for improving brand perception is the launch of public relations campaigns that emphasize Huawei's contributions to global digital inclusion and sustainability. These campaigns should spotlight Huawei's technological innovations that bridge connectivity gaps in underserved regions and its active role in reducing environmental impact. For instance, Huawei's initiatives to cut CO2 emissions through energy-efficient technologies and green energy solutions can serve as powerful narratives to reshape public opinion. By drawing on Fombrun and Shanley's (1990) work, which highlights the importance of aligning corporate achievements with societal values, Huawei can craft campaigns that create stronger emotional connections with stakeholders.

Real-world examples of these impacts—such as Huawei's role in deploying affordable 5G networks in developing nations or its use of AI-powered solutions to enhance energy efficiency—should take center stage in such campaigns. These efforts

would position Huawei as a responsible corporate citizen committed to solving global challenges, which is essential for regaining public trust.

Improved data transparency is another critical element in rebuilding Huawei's reputation. To counter lingering skepticism regarding data security and alleged government ties, Huawei must actively communicate its adherence to international privacy standards, such as the General Data Protection Regulation (GDPR). Making detailed documentation of its data handling procedures publicly accessible would reassure consumers and regulators alike of Huawei's commitment to cybersecurity best practices.

Moreover, Huawei could strengthen its credibility by commissioning independent audit reports and securing certifications from globally recognized cybersecurity organizations. These steps would help dispel misconceptions about Huawei's operations and mitigate fears related to privacy breaches. Industry reports, such as those from the World Economic Forum, can further validate Huawei's initiatives by showcasing the company's role in fostering public-private collaborations on data security. For example, Huawei's participation in global cybersecurity forums could serve as a platform for demonstrating its compliance with international standards and its proactive engagement in building trust.

Collaborative branding offers a powerful avenue to enhance Huawei's image by aligning the company with globally respected organizations. Partnering with reputable international entities for co-branded initiatives in education, healthcare, or renewable energy would not only highlight Huawei's technological leadership but also underscore its ethical commitments. For instance, Huawei could collaborate with non-profits to provide digital education tools to underprivileged communities, demonstrating its commitment to social impact.

Such partnerships would enable Huawei to demonstrate shared values with trusted organizations, fostering goodwill and reducing skepticism. Reports from institutions like the World Economic Forum could further bolster Huawei's role in addressing global challenges through innovative public-private partnerships. These collaborations would allow Huawei to showcase its capabilities while associating its brand with impactful, socially beneficial initiatives.

Rebuilding Huawei's brand in Western markets requires deliberate and sustained efforts to restore trust and enhance its reputation. Public relations campaigns focused on Huawei's contributions to sustainability and digital inclusion, enhanced transparency regarding data security practices, and collaborative branding with reputable partners are all vital elements of this strategy. By incorporating academic insights, such as Fombrun and Shanley's (1990) framework on corporate reputation management, and leveraging industry reports from trusted organizations like the World Economic Forum, Huawei can validate its efforts and regain its competitive standing.

Through these initiatives, Huawei can reposition itself as not only a leader in ICT innovation but also as a responsible and ethical global partner. These steps will be instrumental in overcoming existing skepticism and ensuring Huawei's long-term growth and success in Western markets.

3.2 Decision of improvement research subject in company management system

To improve its management system and address the challenges it faces in international activities, Huawei must make strategic adjustments to its organizational structure, economic mechanisms, and communication channels. These improvements will enable the company to enhance flexibility, optimize resource allocation, and strengthen coordination across its global operations.

One of the critical changes Huawei should consider is revising its organizational structure to enhance adaptability to regional market dynamics. A hybrid management model that combines centralized oversight with regional autonomy can achieve this goal. Establishing regional hubs with decision-making authority allows local teams to address market-specific challenges and opportunities more effectively. These hubs can adapt corporate strategies to align with local regulatory requirements, consumer preferences, and competitive landscapes. At the same time, centralizing global R&D efforts ensures technological consistency across all regions. By maintaining centralized control over innovation while allowing regional hubs to tailor technologies to local needs, Huawei can effectively balance global coherence with local responsiveness. This approach would enhance operational flexibility and position Huawei to respond more swiftly to market changes.

In addition to structural adjustments, enhancing Huawei's economic mechanisms is vital for sustaining growth in the face of global competition. The company should allocate resources strategically to high-growth areas such as cloud computing and sustainable technologies, which represent significant opportunities for future expansion. Establishing a dedicated R&D fund specifically focused on semiconductors and renewable energy solutions would enable Huawei to drive innovation in these critical sectors. This investment would not only support Huawei's goal of achieving technological independence but also align with global trends toward green technology and digital transformation. Furthermore, redirecting resources from saturated markets to emerging regions with high demand for digital infrastructure would optimize

Huawei's growth potential. These regions, characterized by rapid urbanization and increasing digital adoption, offer a fertile ground for Huawei to expand its market share and solidify its leadership in ICT solutions.

Lastly, strengthening communication channels is essential for aligning Huawei's regional and global teams. The development of AI-driven internal communication platforms would facilitate real-time collaboration and information sharing, bridging the gap between headquarters and regional offices. Predictive analytics integrated into these platforms could provide insights into market trends and enable data-driven decision-making. By leveraging these tools, Huawei can improve strategic alignment across its operations, enhance coordination between teams, and anticipate changes in the market more effectively.

Revising Huawei's organizational structure, enhancing its economic mechanisms, and strengthening communication channels are critical steps for improving its management system. These measures will enable Huawei to respond more effectively to global market dynamics, optimize its resources, and maintain its competitive edge in the ICT industry. By adopting a hybrid management model, investing in high-growth sectors, and leveraging advanced communication technologies, Huawei can build a more agile and efficient organization capable of addressing the challenges of international expansion.

3.3 Justification of implementation proposed measures expediency with solution problems

Political Risks Mitigation. The establishment of regional compliance teams is highly feasible as it aligns with Huawei's existing matrix organizational structure, which combines centralized oversight with localized flexibility. These teams would act as intermediaries, ensuring compliance with regional regulations while maintaining alignment with global strategic objectives. Furthermore, leveraging public-private partnerships in emerging markets allows Huawei to capitalize on its expertise in ICT infrastructure while building trust with local governments. This approach is both practical and impactful, enabling Huawei to navigate complex geopolitical environments effectively. Political risk mitigation is a short-term priority due to the immediate threat that geopolitical barriers pose to Huawei's market access and supply chain stability. Delaying action in this area could exacerbate revenue losses and disrupt operations in critical markets. By implementing these measures, Huawei can enhance its market access and reduce geopolitical vulnerabilities. Improved relationships with local governments will ensure operational continuity and create a more stable business environment in key regions.

Supply Chain Enhancement

Investments in domestic semiconductor R&D are both feasible and aligned with Huawei's long-term innovation strategy. These efforts support the company's goal of achieving technological independence while addressing vulnerabilities caused by dependency on external suppliers. Additionally, diversifying suppliers across Asia, Europe, and Africa is an actionable step that complements Huawei's existing global supply chain infrastructure. This measure can be initiated immediately to address pressing issues, such as supply disruptions resulting from geopolitical conflicts. Supply chain enhancement is a mid-term priority as it requires significant investment and coordination. However, certain measures, like supplier diversification, can deliver immediate benefits by mitigating urgent risks. The expected impact of these actions

includes increased resilience to external shocks, reduced production delays, and improved operational efficiency. These outcomes will enable Huawei to maintain stability in its supply chain while supporting long-term growth.

-Brand Perception Improvement Transparency in data security practices is feasible through Huawei's existing compliance frameworks, and international public relations campaigns can leverage the company's established marketing resources. These campaigns would highlight Huawei's contributions to sustainability and global digital inclusion, reshaping its image in Western markets. Although rebuilding brand trust is a long-term priority, it is crucial for restoring Huawei's competitiveness in markets where negative perceptions have limited its growth. Implementing these measures will improve consumer confidence, enhance Huawei's market reputation, and expand opportunities in previously inaccessible regions. By demonstrating its commitment to transparency and corporate responsibility, Huawei can reposition itself as a trusted global technology leader.

The proposed measures for mitigating political risks, enhancing supply chain resilience, and improving brand perception are justified in terms of feasibility, priority, and impact. By addressing these challenges strategically, Huawei can strengthen its organizational and economic mechanisms, ensuring sustainable growth and competitiveness in the global market. These efforts will enable Huawei to overcome immediate obstacles while laying the foundation for long-term success.

CONCLUSIONS

The findings of this research highlight the importance of developing robust organizational and economic mechanisms to effectively manage the international activities of enterprises. The analysis of Huawei Technologies serves as a practical example of how these mechanisms can be optimized to address challenges in globalization, technological advancement, and geopolitical pressures. This study has synthesized theoretical insights, empirical analyses, and actionable recommendations to propose a framework for enhancing enterprise competitiveness in global markets.

The research concludes that the organizational and economic mechanisms of enterprises must balance flexibility with efficiency, particularly in volatile international environments. Theoretical exploration established the dual role of organizational mechanisms in fostering internal coordination and external adaptability, supported by economic mechanisms that optimize resource allocation and financial stability. Case studies and analytical assessments further illustrated how Huawei has leveraged its matrix structure and substantial R&D investments to sustain competitive advantages. However, challenges such as supply chain vulnerabilities, brand perception issues in Western markets, and geopolitical risks were identified as critical areas requiring intervention.

To address these challenges, the following key proposals are recommended:

1. **Enhancing Political Risk Management** Huawei must strengthen its governance framework by creating regional legal and compliance teams to navigate complex regulatory environments effectively. Diversifying partnerships with non-U.S. suppliers and forming public-private alliances in emerging markets will mitigate dependency risks and foster trust with local governments.

2. **Strengthening Supply Chain Resilience** By investing in domestic semiconductor production through HiSilicon and expanding partnerships across Asia, Europe, and Africa, Huawei can reduce reliance on specific regions and suppliers. Adopting blockchain technology will further enhance supply chain transparency and

efficiency, addressing vulnerabilities associated with geopolitical disruptions.

3. **Rebuilding Brand Perception** Targeted public relations campaigns emphasizing Huawei's contributions to global sustainability and digital inclusion will help counter negative narratives in Western markets. Enhanced data transparency through adherence to international standards like GDPR, alongside independent cybersecurity audits, will rebuild consumer trust. Collaborative branding with reputable global organizations will further reinforce Huawei's image as a responsible corporate citizen.

These proposals align with the theoretical and analytical findings of this study, demonstrating their feasibility and potential impact. The proposed measures are practical and scalable, ensuring both immediate benefits and long-term strategic advantages. By implementing these recommendations, Huawei can enhance its organizational and economic mechanisms, fostering sustainable growth and securing its position as a global leader in the ICT industry.

The insights and proposals presented in this thesis contribute to both academic knowledge and practical management strategies, offering a framework that can be adapted by other enterprises operating in complex international environments. This research underscores the critical role of adaptability, innovation, and strategic alignment in navigating the challenges of globalization while leveraging its opportunities.

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