

The Technology-Oriented Corporate Culture: A Case Study on Huawei's Business Performance

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Abstract. Huawei is a leader in the development of Chinese high-tech enterprises, and its corporate culture has also had a particular impact on its operating results. This paper first expounds on the relevant literature on corporate culture and operating results, then analyzes the development status and problems of corporate culture and operating results, uses the SWOT model to explore the relationship between the two, and finally puts forward corresponding countermeasures and suggestions. Huawei stands as a prominent leader in the Chinese high-tech sector, with its unique corporate culture exerting significant influence on its business performance. This paper conducts an in-depth exploration of the impact of Huawei's corporate culture on its operational success by examining various facets of both corporate culture and business outcomes. The analysis progresses to assess Huawei's current cultural and operational landscape, identifying key characteristics, strengths, and challenges. Through a SWOT analysis, this paper evaluates how Huawei's corporate culture—characterized by strict operational discipline, talent prioritization, and a balanced approach to management—both drives and restrains the company's performance. This analysis not only reveals the direct effects of Huawei's cultural practices on productivity and innovation but also highlights potential areas for improvement, particularly regarding management influence and employee stress levels. Furthermore, this study addresses the broader implications of Huawei's corporate culture in relation to global business standards and examines the political and economic factors that shape its strategic approach. Based on these findings, the paper concludes with targeted recommendations for refining Huawei's corporate culture, suggesting measures to strengthen internal cohesion, promote sustainable development, and enhance Huawei's competitive edge in an increasingly globalized market.

Keywords: Huawei; corporate culture; business performance.

1. Introduction

Huawei's corporate culture is centered around a strict, military-influenced "Iron Army" mentality, prioritizing talent development, balanced management, and a strong focus on R&D for business growth. Its operating performance has evolved from its entrepreneurial stage to rapid development, management reforms, and becoming a world-class enterprise. Despite its success, Huawei faces issues like excessive power concentration, employee stress, conflict between personal and team interests, and lack of openness. Additionally, it encounters political risks, innovation challenges, brand image problems, difficulties in recruitment and retention, and obstacles in global expansion.

The deeply ingrained national traditional culture serves as the basis for business culture. A great corporate culture should honor and carry on the nation's outstanding cultural traditions, infuse them with life, and integrate them with the social culture. The specific content of corporate culture must be continuously adjusted and improved, given a more modern cultural connotation, and a comprehensive innovation system for the enterprise must be built, all while keeping a close eye on the times and the demands of economic and social development. The State Council published the "Notice on Strengthening the Corporate Culture of Central Enterprises" in 2005 to promote policies. The purpose of the document is to encourage central businesses to sincerely adopt the scientific development concept of people-oriented, comprehensive, coordinated, and sustainable development. It also highlights the beneficial role that corporate culture plays in boosting core competitiveness, improving corporate management, and encouraging central business reform and development. The "Opinions on Implementing the Project of Inheriting and Developing China's Excellent Traditional Culture" released in February 2020 by the General Office of the State Council and the General Office of the

CPC Central Committee also contributed to the development of corporate culture in state-owned businesses.

The State Council and the Party Central Committee have placed a high value on encouraging the growth of businesses in recent years. General Secretary Xi Jinping has repeatedly issued significant directives, highlighting the abilities of small and medium-sized businesses, encouraging their growth, assisting those businesses and challenging industries in their ongoing recovery, and creating "specialized, refined, special, and innovative" small and medium-sized businesses. The executive meeting of the State Council has been used time and time again to boost support for market entities like businesses, particularly small and micro businesses. It is evident from the aforementioned support programs that the Chinese government has significantly influenced corporate culture and business performance. Huawei is a leading global provider of information and communication technology (ICT) solutions. It focuses on the ICT sector, adheres to steady operations, continuous innovation, and open cooperation, and builds end-to-end solution advantages in the fields of telecom operators, enterprises, terminals, and cloud computing. It offers competitive ICT solutions, products, and services for consumers, enterprise customers, and operator customers. It is dedicated to realizing the information society of the future and creating a better, fully connected world. In the first half of 2024, Huawei's sales revenue was 417.5 billion yuan, a 34.3% rise from the previous year. According to the data above, Huawei has had comparatively positive operational results in recent years, and its corporate culture has been crucial to the operation process.

Thus, the following are the research concepts presented in this paper: First, the pertinent literature on corporate culture and operating results will be explained. Next, the development status and issues of corporate culture and operating results will be examined. Finally, the relationship between the two will be examined using the SWOT model, and appropriate countermeasures and recommendations will be presented.

2. Literature Review

2.1 Corporate culture

Corporate culture refers to the fundamental principles of an organization that influence its growth through various means. The impact of corporate culture on corporate social responsibility, core competitiveness, corporate growth, and the use of various carriers to act on corporate aspects are all topics of current research. Clan-based company culture, flexible corporate culture, market-based corporate culture, and hierarchical corporate culture are the four forms of corporate culture that Xin Jie (2014) thoroughly examined using survey interviews and statistical analysis techniques. He thought there was a positive mechanism of action between these four forms of culture and corporate social responsibility, but it needed to be founded on the enterprise's senior management team's behavioral integration as a mediating variable. There will be some positive regulatory effects from transformational leadership and some negative regulatory effects from transactional leadership. According to Qi Ping et al. (2014), the only way to improve an organization's overall image is to improve its cultural connotation and create a positive internal corporate culture. This will allow the organization to assess itself in a changing social environment and take appropriate action, thereby extending its lifespan. Ma Li (2013) investigated the cases of corporate culture construction with Qu Qing. Following a thorough investigation, they discovered that the five categories of corporate culture—people, rules, activities, objects, and language—were not applied consistently in these circumstances.

The cultural creation of language, managerial staff, human resource management, behavioral norms, ceremonial activities, and storytelling were all areas of management that they neglected. The formation of corporate culture, the value of corporate mergers and acquisitions, and the effect of mergers and acquisitions on performance from the standpoint of organizational behavior and corporate culture were all examined by Wang Yan and Kan Shuo (2014) using empirical analysis. Jiang Haining and Gu Renxu (2013) used comparison to examine how corporate culture differs from

one another. Using the automotive industry as an example, they examined the distinctions between the corporate cultures of Japan, Europe, and the US and concluded that Japanese and European businesses had different corporate cultures. The main ideas of the United States and Europe are equality, individualism, and reason. Japan emphasizes the ideas of hierarchy, emotion, and collective. Chinese local businesses endure more rivalry than European, American, and Japanese multinational corporations and trail behind them in terms of corporate stability due to the disparities in their distinct corporate cultures. Due to intense rivalry, Chinese businesses can establish themselves in other markets more quickly.

2.2 Business performance

Since the concept of management effect was proposed by Robert Owen in the late 1970s, the academic community has conducted a series of research on management effect methods. In terms of the cognition of management effect, domestic and foreign scholars have made systematic cognition of management effect, such as the management by objectives method (Peter Drucker, 1954), the key performance indicator system (Peter Drucker, 1954), 360-degree evaluation (Intel Corporation, 1980s), EVA (Stenst, 1982), balanced scorecard (Robert Kaplan, 1991) and other assessment methods. At the same time, mathematical and statistical methods such as the hierarchical analysis method (Sati, 1970s), fuzzy comprehensive evaluation (Chad, 1965), and principal component analysis (K. Pearson, 1901) for determining weights are also widely used in the practice of performance management. Liu Yexiong (2014) pointed out that the management effect of an enterprise is to ensure that the management effect of the enterprise is consistent with the strategic goals and culture of the enterprise through systems or certain methods, and at the same time promote the realization of the strategic goals of the enterprise and the development of corporate culture. In terms of performance management tools, with the development of the times, there is a trend of gradual updating. The following entrepreneurs or scholars have conducted practical research on performance management tools and have also developed many new methods. In recent years, the use of corporate performance management tools has also tended to be diversified. Tian Wuxing and Wang Haifeng (2017) compared the key performance indicator system and the goal management method and applied the results of the study to the innovation of public sector performance management. Xu Qili (2018) found in the practice of Baidu that the comprehensive application of goal management and process management can solve the problem of enterprises focusing on goals and neglecting processes, and to a certain extent correct the deviation in the formulation and implementation of performance goals. Ma Caichen and Zhao Di (2020) found that big data provides technical possibilities for performance management, and realizes dynamic tracking of the entire process from performance management concepts, data collection, and target performance indicator setting to performance result evaluation. Li Wenbin et al. (2022) based on China's reform foundation, proposed that performance management should give full play to the incentive role, improve and clarify relevant incentive mechanisms, and give employees more autonomy and a sense of gain; at the same time, the use and management of the budget should be assessed and constrained from multiple aspects.

3. Analysis: How corporate culture affects company performance

The ultimate focus of corporate managers is mostly on operating results, so not long after the definition and basic theory of corporate culture were born, scholars began to think about how corporate culture affects operating results. Based on this, this section sorts out and reviews the research literature on the impact of corporate culture on operating results from two methods: theoretical analysis and empirical research.

The researchers listed below mostly employ theoretical analysis techniques to investigate the relationship between company culture and operating outcomes. Among these, international academics like William Ouchi (1983) only provided theoretical examples to examine the local organizational culture of businesses with comparable backgrounds, pointing out that the distinctive

culture has a greater influence on operational outcomes. He divided the institutional model into three categories: culture-dominant, market-dominant, and regulation-dominant. He also included transaction costs in his classification. The findings of the study demonstrate that creating and embracing one's own company culture can boost operating results. John Kotter and James Heskett (1997) found that companies with a clearer corporate culture tend to have better operating results than those with a less clear corporate culture or none at all. This is because a strong corporate culture can control employee behavior, improve the company's long-term stability, and support corporate management and business operations over time. The primary area of study for domestic academics like Zhang Yirong is economics. Based on the state and functioning of Chinese corporate culture today, her research attempts to investigate how corporate culture might enhance corporate operating outcomes. According to her, corporate culture serves as both a motivating factor and a spiritual restraint and when the two are united, they can enhance an organization's operational outcomes. According to Zhao Tiecheng, management is an art form that is mostly performed by humans. The foundation of the art of management is corporate culture. A corporation with a strong corporate culture can endure forever, just as good management can enhance business outcomes. To put it another way, a strong corporate culture serves as the cornerstone for ongoing improvements in business outcomes, and people are the key to managerial artistry.

Numerous academics have used empirical research to examine the connection between the two. Kotter and Heskett (1992) were among the first foreign researchers to investigate the internal relationship between company culture and operating outcomes using empirical research methodologies. Over four years, they examined the operational outcomes and corporate cultures of 72 US corporations across 22 different industries. The findings indicate that businesses that place a high value on creating a corporate culture do noticeably better than those that don't. Empirical data indicates that throughout an organization's 11-year operation, the revenue of companies that prioritize corporate culture has increased by 682%, the stock price by 901%, the net income by 756%, and the number of employees by 282%. In contrast, the corresponding figures for companies that do not prioritize corporate culture are only 166%, 74%, 1%, and 36%. This study is an excellent example of how corporate culture affects operational outcomes. Its key characteristics are as follows: first, it takes into account how changes in the corporate environment affect culture; second, it takes into account how long the company has been in business; and third, the research findings demonstrate that businesses with distinctive corporate cultures and that place a high value on building a corporate culture have better operating outcomes, demonstrating the importance of corporate culture in business operations and its effect on performance. In 1993, Ronald H. Heck and George A. Marcoulides separated corporate culture into three categories: organizational ideals, social culture, and personal convictions. They created a study model using structural equation modeling and examined 392 sample groups to investigate the connection between corporate culture and business performance. The findings indicated a positive correlation between the two.

1. The present state of Huawei's commercial performance and corporate culture

Huawei, a leading global communications equipment manufacturer, has developed a corporate culture based on military discipline, emphasizing strict execution, talent management, and balanced development. The company's "Iron Army" mentality promotes high productivity and confidentiality, while its talent management system fosters collaboration and rewards based on performance. Huawei's business model balances customer-centric macro strategies with efficient internal processes, and its strong focus on R&D drives innovation across multiple sectors. The company's sustainable development efforts prioritize digital inclusion, network security, and environmental sustainability. Despite its successes, Huawei's corporate culture faces challenges such as excessive management power, employee stress, internal conflicts, and a lack of openness to external viewpoints.

2. Problems with Huawei's corporate culture and operating results

Huawei's operating performance has evolved through several stages, from its entrepreneurial beginnings to becoming a world-class enterprise. Early growth was fueled by partnerships with local postal departments, and during the rapid development stage, the company expanded by targeting

smaller cities. By 2002, Huawei had successfully entered global markets and adapted its performance management system. However, as the company grew, it encountered several challenges, including political risks, innovation dilemmas in emerging technologies, a damaged brand image due to political conflicts, difficulties in recruiting and retaining top talent, and obstacles related to global business expansion. These issues underscore the complexities Huawei faces as it continues to expand and navigate the global market.

4. Discussion: SWOT analysis model of Huawei's corporate culture and business performance

4.1 Advantages

The following are the main advantages of Huawei's corporate culture and operating results:

(1) When it comes to corporate culture construction, Huawei uses and develops a company management system in line with international standards, strengthens internal management, is dedicated to institutional innovation, maximizes the company's image, works to expand the market, and creates a corporate culture that is distinctively Huawei.

(2) Give human resource management a high priority and encourage Huawei culture to keep evolving. Huawei has long maintained that while resources will eventually run out, culture will never run out. Every industrial product is the culmination of human knowledge. With no natural resources to fall back on, Huawei can only exploit people's imaginations to unearth vast coal mines, forests, and oil fields.

(3) Encourage and develop an inclusive, peaceful, and cooperative Huawei team as well as the company's spirit. "Collective struggle, unity, and cooperation" is the corporate motto of Huawei. A key component of Huawei's corporate culture is creating a team that is inclusive, harmonic, cooperative, and capable of coordinating interpersonal interactions. Huawei needs its employees to be good at working with others and have a sense of teamwork to create a cohesive and effective team. In collaboration, they should learn to appreciate others, interact with others, and both lead and be led by others. Teams should share information and support one another. Employee collaboration will increase as a result, and partners will receive higher-quality services.

4.2 Disadvantages

The disadvantages of Huawei's corporate culture and operating results mainly include:

(1) Strong leadership personality

This is a prevalent issue in private businesses, particularly in China. The leader's significant personal influence has both benefits and drawbacks for Huawei. Errors are likely to occur when one person has the most authority. Even while Huawei is always improving, a string of victories may quickly breed conceit and a loss of focus on prior accomplishments, which is very detrimental to a business.

(2) Financial resources that are not very strong

Huawei's financial resources are still far lower than those of the multinational telecommunications equipment titans. Since Huawei is not a publicly traded corporation, it is unable to obtain capital or reveal information to the public, which has contributed to its relative opacity and made it more difficult for it to enter foreign markets.

(3) Influenced by history

Huawei's products are more likely to be questioned because of previous skepticism regarding the innovative potential of Chinese enterprises. However, customers are also more likely to question the dependability of Huawei's products due to its low prices. The company's image cannot be improved by a low-key public relations approach and inadequate publicity efforts.

4.3 Opportunities

(1) Promotion and use of 5G technology: 5G is anticipated to have enormous market potential as a new generation of communication technology. In the 5G space, Huawei has a strong market layout and technical accumulation. Global 5G networks are being built and promoted gradually, which will present Huawei with new growth prospects.

(2) Domestic market expansion: Huawei will have more space to grow in sectors including big data, cloud computing, and smart cities as the government places a higher priority on digitization and digital transformation. Additionally, Huawei has prospects for additional expansion due to the domestic market's ongoing growth in demand for high-end smart devices.

(3) International cooperation and expansion: Despite pressure from other governments, Huawei continues to actively look for possibilities to collaborate with other nations and regions, particularly those participating in the Belt and Road Initiative. Huawei can expand into new foreign markets by enhancing technology exchanges and communications infrastructure with these nations.

4.4 Challenges

(1) Global political and legal risks: As previously indicated, Huawei is constantly challenged by the unpredictability of the global political landscape. The EU's evaluation of 5G providers and the US technology restriction might both limit Huawei's ability to conduct business and grow its market share.

(2) Intense market competition: Huawei must contend with established, powerful firms like Ericsson and Nokia in the communications equipment sector as well as global behemoths like Apple and Samsung in the smartphone sector. In terms of market penetration, brand, and technology, these rivals are very competitive.

(3) quick technology iteration: Businesses must constantly spend on research and development to stay abreast of the most recent technological trends due to the quick development of information technology, particularly communication technology. For Huawei, this presents both a chance and a challenge as it must constantly modify and improve its technological path and product strategy.

Table 1 SWOT analysis model of Huawei's corporate culture and operating results

Advantages	Disadvantages
(1) Committed to institutional innovation and optimizing the company's image (2) Attach great importance to human resource management (3) Cultivate and build the entrepreneurial spirit and an inclusive, harmonious, and cooperative Huawei team	(1) The leader has a strong personal style (2) Relatively weak financial resources (3) Influenced by history
opportunity (1) Promotion and application of 5G technology (2) Expansion of the domestic market (3) International cooperation and expansion	challenge (1) International political and legal risks (2) Fierce market competition (3) Rapid technology iteration

5. Suggestions & Conclusion

We propose the following remedies and recommendations for Huawei's corporate culture and business performance in light of the research findings presented in this article:

Firstly, guided by the company's strategy, achieve value creation through the synergy of corporate culture and operating results. Therefore, Huawei should develop a corporate culture and business strategy that aligns with the development of the enterprise based on its corporate characteristics, optimize the capital structure, make full use of resources, reduce operating risks, improve economic

benefits, and ultimately achieve the goal of maximizing value. Business strategies must be adjusted based on changes in the external market environment and the adaptability of their development capabilities, effectively integrating internal and external resources of the enterprise and improving the operational capabilities of the enterprise.

For enterprises that are developing on the international path, to gain a firm foothold in overseas markets, they need to be market-driven, grasp customer needs, and achieve value creation through the synergy of corporate culture and operating results.

Secondly, adhere to the "customer-centric" concept to achieve customer value creation. Customer demand is the source of value creation for enterprises. In today's diversified market demands, only firmly grasping customer needs, thinking from the perspective of customers, considering the interests of customers, and using professional technology and capabilities to proactively provide solutions to customers are the keys to gaining competitive advantages and expanding the market share. Customer resources are the core assets for enterprises to obtain technological improvements and innovations. We must do a good job of maintaining customer relationships, conquering customers with high-quality products and services, and improving customer satisfaction and loyalty to the brand. Based on ensuring existing customers, we must maximize the role of customer promotion and publicity, reduce product marketing costs, increase product profits, and realize the value creation of the enterprise itself in the process of creating value for customers.

Thirdly, pay attention to building a talent team and improving the talent incentive mechanism. Businesses rely on a vast pool of exceptional talent of all types to ensure sustained success. Product sales and the development of new technologies are given particular consideration in the growth of high-tech businesses. Technology research and development necessitates a research and development team with strong scientific research capabilities, just as sales demands a sales team with strong marketing capabilities. These all require professional knowledge, rich experience, and innovative capabilities to establish high entry barriers for enterprises. Therefore, according to the needs of overseas market development, a talent introduction plan that is consistent with the needs of international development is established, talents are recruited from all over the world, the construction of the enterprise talent team is strengthened, and a complete job training and capacity building system is established. The distribution of benefits is inclined towards strivers, attracting, uniting, motivating, and retaining a large number of talents, making them the core force for the development of enterprises.

Fourthly, focus on R&D investment and rationally deploy global R&D institutions. Technological patents with separate intellectual property rights are the main source of competitiveness for high-tech businesses, and technological barriers are a crucial secret weapon for them to establish a strong presence in the market. High-tech businesses in my nation must continue to invest more in R&D, work closely with scientific research institutions worldwide, logically set up R&D facilities, speed up the localization of key equipment manufacturing, concentrate on R&D and promotion of high-value products, satisfy the demands of various market customers, expand market share, and solidify core competitiveness if they hope to maintain core competitiveness both domestically and internationally. Employing local high-end technical experts, utilizing global technical resources and high-tech talents to the fullest, improving the quality of new products and the efficiency of research and development, developing specific technical products based on the demand characteristics of the target market, meeting the needs of customers in different locations, and fostering local high-tech talents and global research and development institutions to achieve value synergy in the output of new products are all ways to be at the forefront of global science and technology.

In a word, Huawei's corporate culture is shaped by a strict, military-influenced "Iron Army" mentality, emphasizing execution and confidentiality, with harsh consequences for failure. The company values its employees as key to sustainable growth, offering a talent management system focused on collaboration, differentiation, and competitive compensation. Huawei also promotes a balanced approach, with customer-oriented macro business models and efficient micro-operations, while heavily investing in R&D to drive innovation. Its sustainable development plan prioritizes digital inclusion, network security, and environmental sustainability. Operating in stages, Huawei

evolved from its entrepreneurial beginnings to a world-class enterprise, expanding globally despite challenges like political risks, innovation dilemmas, brand image issues, and difficulties in recruitment and retention. However, its corporate culture faces issues such as excessive power concentration, employee stress, conflicts between team and personal interests, and a lack of openness and diversity. Additionally, its global expansion is hampered by trade conditions, cultural differences, and legal complexities.

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