MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY NATIONAL AGRARIAN UNIVERSITY
ECONOMICS AND MANAGEMENT FACULTY

Public Management and Administration Department

QUALIFICATION WORK

Education Degree - Master

on: **INTEGRATED MANAGEMENT SYSTEM ON ADVANCED MULTINATIONAL COMPANY**

Completed: student of
073 «Management» (EP «Administrative Management»)

Lu Yang

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SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty	Economics and Management
Department	Public management and administration
Education degree	*«Master»*
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Approved:

Head of Department

«_____» __________________ 20

TASK

on qualification work for student

Lu Yang

1. Theme of Qualification work: **Integrated management system on advanced multinational company**

Superviser _Tetiana Kharchenko, Doctor of Public Administration, Associate Professor____

approved by the university from ______________________________

2. Deadline for student completed project (work) *March, 25, 2025*

3. Background to the project (work):
educational methodical manuals, monographs, textbooks on the subject of research, scientific publications, economic and financial statements for the period of 2021-2023

4. Contents of settlement and explanatory notes (the list of issues to develop):

The study identifies key factors driving Tencent's global expansion, including domestic market saturation, a push for technological innovation, the entrepreneurial spirit of its leadership, and supportive government policies such as the "Belt and Road" initiative. Tencent's core strategies include differentiation, product diversification, market localization, and strategic investments through equity partnerships and acquisitions. These approaches have enabled Tencent to gain competitive advantages in diverse markets, particularly in gaming and digital services.

5. Date of assignment:

CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	November - December 2023	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	January - February 2024	done
3	Preparation and presentation of draft of the first chapter of the thesis	March - April 2024	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	May 2024	done
5	Making the theoretical part of the thesis, summarizing the analytical part	June 2024	done
6	Design options improve the research problem	July 2024	done
7	Completion of the project part of the thesis, design chapters	August – November 2024	done
8	Previous work and its defense review	December 2024 – January 2025	done
9	Checking the authenticity of the thesis	February 2025	done
10	Deadline for student completed the thesis	10 March 2025	done
11	Defense of the thesis	24 March 2025	done

Student ____________________ ***Lu Yang***
(signature)

Superviser of science work ____________________ ***Tetiana Kharchenko***
(signature)

Authentication performed ______________ ***Nadiia Baranik***
(signature)

Checking the authenticity conducted.
Thesis allowed to defense ______________ ***Svetlana Lukash***
(signature)

SUMMARY

Lu Yang. Integrated management system on advanced multinational company.

Master's thesis in the specialty 073 «Management», EP «Administrative Management» SNAU, Sumy-2025 - Manuscript.

From the literature review, we know that predecessors have done a lot of research on the micro-level of enterprise internationalization strategy, that is, the motivation for enterprise internationalization. Combining the international development process of my country's Internet enterprises, this paper analyzes that its motivation mainly comes from five aspects: the saturation of the domestic market, the pursuit of technology and innovation, the entrepreneurial spirit of adventure, and the vigorous development of mobile Internet technology. Transnational strategy is a combination of the above three strategies. It is an international strategy that can achieve global collaboration to improve efficiency while maintaining local independence and adaptability. This strategy requires the combination of assets, resources and capabilities to obtain core competitive advantages, tap into the location advantages of different countries or regions to obtain location benefits, and meet the local market needs and consumer preferences of each host country.

Through analysis, we can conclude that the positive effect of the implementation of the intensive strategy is not significant. The main purpose of Tencent's overseas investment and mergers and acquisitions is to accumulate foreign advanced technology and to form industrial strategic alliances with overseas companies in the industrial chain to achieve resource sharing and complementary advantages and functions. In terms of strategic selection characteristics, it takes its own advantageous business game as the entry point and invests in multiple industry fields. At the same time, it faces problems such as overseas government bans, competition from overseas Internet giants, and the need to enhance its self-developed innovation capabilities.

From the perspective of the growth rate of main business revenue, value-added services are in an advantageous position, while advertising services are less disadvantaged; from the perspective of gross profit growth rate, financial technology and enterprise services are in an advantageous position. From the perspective of industry growth rate and Tencent's share, the gaming industry is Tencent's advantage; the advertising industry is highly competitive, and potential competition cannot be ignored, and Tencent still has a lot of room for improvement. In the process of Tencent's implementation of diversification strategy and intensive strategy, the slowdown in the growth rate of main business revenue of each business division has affected the overall growth, the gross profit growth rate has fluctuated greatly, and each division has shown an unstable trend. Tencent's intensive operation can help the company develop new products and markets and increase channels for revenue growth, but the implementation of the intensive strategy will also increase corresponding costs, which will have a negative impact on gross profit.

Keywords: internationalization strategy, diversification strategy, intensive strategy.

АНОТАЦІЯ

Лу Ян. Інтегрована система управління передовою багатонаціональною компанією.

Магістерська робота за спеціальністю 073 "Менеджмент", ОП "Адміністративний менеджмент" СНАУ, Суми-2025 - Рукопис.

З огляду літератури ми знаємо, що науковці провели багато досліджень на мікрорівні стратегії інтернаціоналізації підприємства, тобто мотивації для інтернаціоналізації підприємства. Поєднуючи міжнародний процес розвитку Інтернет-підприємств країни, у цьому документі аналізується, що його мотивація в основному походить з п'яти аспектів: насиченість внутрішнього ринку, прагнення до технологій та інновацій, підприємницький дух пригод і бурхливий розвиток мобільних Інтернет-технологій. Транснаціональна стратегія є комбінацією трьох вищеназваних стратегій. Це міжнародна стратегія, яка може досягти глобальної співпраці для підвищення ефективності, зберігаючи місцеву незалежність і адаптивність. Ця стратегія вимагає поєднання активів, ресурсів і можливостей для отримання основних конкурентних переваг, використання переваг розташування різних країн або регіонів для отримання переваг розташування та задоволення потреб місцевого ринку та споживчих уподобань кожної приймаючої країни.

Завдяки аналізу можна зробити висновок, що позитивний ефект від впровадження інтенсивної стратегії не є значним. Основна мета закордонних інвестицій і злиттів і поглинань Tencent полягає в накопиченні іноземних передових технологій і формуванні промислових стратегічних альянсів із закордонними компаніями в промисловому ланцюжку для досягнення спільного використання ресурсів і додаткових переваг і функцій. З точки зору характеристик стратегічного вибору, вона бере свою власну вигідну бізнес-гру як точку входу та інвестує в різні галузі промисловості. У той же час вона стикається з такими проблемами, як заборони закордонних урядів, конкуренція з боку закордонних інтернет-гігантів і потреба посилити власні інноваційні можливості.

З точки зору темпів зростання основного доходу бізнесу, послуги з доданою вартістю перебувають у вигідному становищі, тоді як рекламні послуги – у меншому становищі; з точки зору темпів зростання валового прибутку фінансові технології та послуги підприємства перебувають у вигідному становищі. З точки зору темпів зростання галузі та частки Tencent, ігрова індустрія є перевагою Tencent і Tencent ще має багато можливостей для вдосконалення. У процесі впровадження Tencent стратегії диверсифікації та інтенсивної стратегії уповільнення темпів зростання основного доходу кожного бізнес-підрозділу вплинуло на загальне зростання, темпи зростання валового прибутку сильно коливалися, і кожен підрозділ демонстрував нестабільну тенденцію. Інтенсивна діяльність Tencent може допомогти компанії розробити нові продукти та ринки, а також розширити канали зростання доходу, але реалізація інтенсивної стратегії також збільшить відповідні витрати, що матиме негативний вплив на валовий прибуток.

Ключові слова: стратегія інтернаціоналізації, стратегія диверсифікації, інтенсивна стратегія.

CONTENT

INTRODUCTION

Relevance of the topic. the internationalization strategy of an enterprise refers to the strategic planning of an enterprise to extend from the domestic market to the foreign market to achieve optimal resource allocation after the domestic market has matured, promote the full flow of various production factors around the world, and continuously improve the competitiveness of its own products and services to maximize the interests of the enterprise. From a macro perspective, the internationalization strategy of an enterprise is manifested as the development strategy of the enterprise; from a micro perspective, the internationalization strategy of an enterprise involves internationalization motivation, market entry mode selection, business strategy selection and other links.

Corporate internationalization is a long, complex, and large-scale behavioral process. In order to survive and develop better, it is necessary to rely on corporate internationalization strategic management. In "Strategy and Structure: Historical Stages in the Development of Industrial Enterprises", Chandler divided corporate internationalization strategies into four types based on the two dimensions of local adaptability and global collaboration capabilities: globalization strategy, transnational strategy, international strategy, and multinational localization strategy.

The globalization strategy is based on the integration of global market resources. It is believed that consumer preferences in different countries are similar. The parent company headquarters determines the business strategy to provide standardized products or services to the global market. In countries with more favorable location conditions, the various links of the value chain are dispersed and configured, thereby obtaining economies of scale, reducing corporate production and operating costs, and obtaining high profits. Although the adoption of a globalization strategy is conducive to the implementation of a cost-leading strategy when companies enter the international market, it is easy to ignore the personalized and differentiated needs of consumers in the host country and fail to respond to changes in the local market in a timely manner, thus losing development opportunities. When facing high cost pressure and low local special requirements, companies are suitable for adopting a globalization strategy.

However, in markets that require products with local characteristics, or when local consumers have consumption preferences that are significantly different from other national markets, it is unreasonable to adopt this strategy. International strategy, also known as home-country-centric strategy, is a measure that takes the home country as the center, develops competitive products based on the strong demand, strong capital and scientific and technological research and development strength of the home market, and then transfers them to foreign markets according to the law of product life cycle to create value.

The purpose and objectives of the study is to analyze the integrated management system of Tencent Holdings Ltd., focusing on its internationalization strategies, challenges, and solutions, to provide actionable recommendations for enhancing global competitiveness.

According to the purpose, the main objectives of the study were identified:

- to examine the theoretical foundations of enterprise internationalization strategies and global competitive frameworks;

- to evaluate Tencent's international performance, including market positioning, revenue growth, and operational challenges;

- to assess Tencent's localization and diversification strategies in gaming, social networking, and digital services;

- to identify geopolitical risks, regulatory barriers, and innovation limitations in Tencent's global operations;

- to propose strategies for mitigating risks and enhancing sustainable competitiveness through innovation, partnerships, and adaptive management.

The object of the study is to improve the organizational and operational mechanisms of Tencent's international business activities.

The subject of research is the improvement of the integrated management system through which Tencent leverages technological capabilities, strategic investments, and market adaptations to sustain competitiveness in global markets.

Research methods: This study uses a multi-methodological research framework. Logical generalization and analysis in the study of literary sources on the topic of the study. Case study analysis for in-depth examination of Tencent's internationalization phases, strategies, and financial data. Qualitative and quantitative analysis for evaluation of Tencent's financial reports, market performance, and strategic investments. Balanced Scorecard framework for identification of strategic risks across financial, customer, and operational dimensions. Comparative analysis for benchmarking Tencent's strategies against global competitors and theoretical models.

The database includes scientific research achievements of scientists at home and abroad in problem areas, national statistical report data, world statistical report data, publication of official and scientific journals, report information of enterprise manufacturers, and information of international and Chinese science time conferences.

Scientific novelty of the results is an integrated analysis of Tencent's financial data, strategic investments, and market performance, supported by case study methodologies and theoretical frameworks.

The practical significance of the results is the formation of strategies for multinational corporations to balance global integration with local responsiveness. Recommendations on localization, talent acquisition, and compliance with international regulations can guide enterprises in mitigating risks and sustaining growth.

The structure and scope of work. Qualification work consists of an introduction, three chapters, conclusions and suggestions, a list of references, which consists of 38 titles. The main text is placed on 74 pages of computer text, the work contains 11 tables, 3 figures.

CHAPTER 1

THE THEORETICAL BASIS OF THE INTEGRATED MANAGEMENT SYSTEM

McDougall and Oviatt (1994) believed that the process of implementing an internationalization strategy is the process of increasing corporate profits [1, p. 389]. Chandler (1991) proposed that enterprises need to rely heavily on strategic planning to achieve internationalization and utilize both domestic and foreign markets [2, p.7]. Richard D. Robinson (1989) first proposed in the book "Introduction to Enterprise Internationalization" that the internationalization strategy of an enterprise is the behavioral choice of an enterprise to make product and business adjustments to foreign markets after it has matured in the domestic market in order to occupy a wider market and obtain more profits [3, p. 481].

In summary, the internationalization strategy of an enterprise refers to the strategic planning of an enterprise to extend from the domestic market to the foreign market to achieve optimal resource allocation after the domestic market has matured, promote the full flow of various production factors around the world, and continuously improve the competitiveness of its own products and services to maximize the interests of the enterprise. From a macro perspective, the internationalization strategy of an enterprise is manifested as the development strategy of the enterprise; from a micro perspective, the internationalization strategy of an enterprise involves internationalization motivation, market entry mode selection, business strategy selection and other links.

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International strategy, also known as home-country-centric strategy, is a measure that takes the home country as the center, develops competitive products based on the strong demand, strong capital and scientific and technological research and development strength of the home market, and then transfers them to foreign markets according to the law of product life cycle to create value. This strategy has the advantage of cost saving, but has poor adaptability to the market demand of the host country. The parent company that implements this strategy is generally responsible for product research and development and technological innovation, while setting up branches and subsidiaries in the host country to be responsible for product manufacturing and marketing. International strategy establishes the parent company's decision-making power over product and market strategies during the internationalization process. This strategy is suitable for companies with special competitive advantages worldwide and whose products and services can meet universal needs. However, if the local market requires the provision of products and services with a high level of localization, this strategy is not suitable [5, p. 99].

Multi-country localization strategy believes that the market conditions of each country are different. When companies are internationalizing, they provide localized products and services according to the actual local conditions based on the market differences and consumer preferences of each host country in order to obtain local economies of scale. This strategy adopts a highly decentralized approach, with the parent company formulating the company's overall strategy and business objectives, while overseas branches and subsidiaries have greater operational decision-making power under the guidance of unified business principles and objectives. The advantages of this strategy are strong local adaptability, and products and services can be adjusted according to market demand to meet the needs of the local market in the host country, and when the host country market changes, it can respond quickly; the disadvantage is that the implementation of this strategy increases the difficulty of coordination between different subsidiaries, making it difficult for the company to obtain economies of scale and thus has high cost pressure [6, p. 198].

Transnational strategy is a combination of the above three strategies. It is an international strategy that can achieve global collaboration to improve efficiency while maintaining local independence and adaptability. This strategy requires the combination of assets, resources and capabilities to obtain core competitive advantages, tap into the location advantages of different countries or regions to obtain location benefits, and meet the local market needs and consumer preferences of each host country. At present, this strategy is the most ideal corporate internationalization strategy choice. It can establish vertical and horizontal two-way connections between the parent company and subsidiaries, and between subsidiaries, and obtain technology diffusion effects through technology exchanges. However, in the specific implementation of the transnational strategy, it is inevitable to face the dilemma of standardized production for the global market and differentiated production for the local market. Therefore, when faced with the dual pressures of cost control and adapting to local market demands, only multinational companies with strong core competitiveness can successfully adopt a transnational strategy. In addition, some scholars have studied internationalization strategies from different perspectives. Porter (1980) divided corporate internationalization strategies into low-cost strategies, differentiation strategies, and target concentration strategies from the perspective of business level[56]. Low-cost strategy refers to the implementation of a low-price strategy for homogeneous products to gain competitive advantage. Differentiation strategy refers to the competitive strategy of pursuing product or service differentiation when costs are feasible. Target concentration strategy refers to focusing on a specific market segment to gain competitive advantage. Some scholars believe that cost leadership strategy and market differentiation strategy can be implemented simultaneously in different international markets. Chinese companies implement exploratory internationalization strategies for developed countries and exploitative internationalization strategies for developing countries [7, p. 159].

According to the orientation of internationalization strategy, it can be divided into inward-looking corporate internationalization strategies and outward-looking corporate internationalization strategies. Gai Wenqi and Jiang Zhenwei (2008) believe that inward-looking internationalization strategy is a behavioral choice to achieve the internationalization of the domestic market by introducing foreign products, marketing channels, advanced technology, management experience and other production factors [8, p. 116]. ZHOU et al. (2007) proposed that the outward-oriented internationalization strategy refers to a management method for enterprises to penetrate foreign markets by establishing cooperative alliances with foreign companies and choosing the most appropriate market entry method [9, p. 91].

Enterprise international market entry method is the basis of the strategy of entering overseas markets. It refers to the specific business method adopted by enterprises to enter foreign target markets, that is, an institutional arrangement for enterprises to transfer products, technologies, management experience and other resource capabilities to overseas countries or regions in order to seek corporate interests. There are mainly three entry methods: trade entry method, contract entry method, and equity entry method.

Trade entry method is the most common method. According to whether the enterprise itself is responsible for the international trade process of exporting goods, it is divided into direct export or indirect export. The export entry method has the advantages of simple operation and low risk, but it is easily restricted by foreign trade barriers and non-trade barriers.

Contract entry method refers to the method in which enterprises authorize their own patented technologies or intangible assets such as brands and trademarks to foreign enterprises for use, thereby obtaining corresponding remuneration or fees. It is mainly divided into franchising, turnkey projects, management contracts, strategic alliances, etc. Franchising refers to the franchisor authorizing the franchisee to use the enterprise's trademarks, copyrights, technologies, etc., and assisting the franchisee in organization and management. Turnkey projects refer to enterprises building factories or other engineering projects in the host country, and transferring the project management rights to the host country's enterprises in accordance with the contract after the construction is completed and the equipment can operate normally and smoothly. Management contracts refer to enterprises in the host country assigning management personnel to specific enterprises to undertake business management tasks in accordance with the signed contract. In essence, it is an international management technology trade. Strategic alliances refer to strategic relationships between enterprises and partners that create high value through resource connections. The advantages of the contractual entry method are low risk, high flexibility, and conducive to sharing R&D costs; the disadvantages are low control over the business activities of foreign enterprises [10, p. 92].

Equity entry refers to the capital flow behavior of enterprises providing loans or purchasing equity in foreign companies that they own, including greenfield construction and cross-border mergers and acquisitions. According to the ownership and control rights, it can be divided into joint ventures and wholly-owned subsidiaries. The advantages of foreign direct investment entry are high control over the business activities of enterprises, avoiding trade barriers, and reducing the cost of goods transportation; the disadvantages are high business risks and high cost pressure.

According to the development process of my country's Internet technology, before 2012, it was mainly PC-side technology. After 2012, with the emergence and popularization of mobile smart phones, mobile Internet technology has flourished. Combined with the fact that the internationalization products of my country's Internet enterprises have changed from single tool applications to diversified products since 2016, the internationalization development process of my country's Internet enterprises can be divided into the internationalization exploration stage (2000-2011), the internationalization development stage (2012-2015), and the internationalization deep cultivation stage (2016-to-date) [11, p. 115].

In 1994, China officially connected to the international Internet. With the construction of China's public computer network Chinanet, China's Internet industry entered its embryonic stage. In the mid-to-late 1990s, the application of web browsers made the Internet go from the ivory tower to ordinary people's homes, and ordinary people could easily browse and find information online. During this period, China's Internet has developed rapidly, and a large number of Internet companies have emerged, such as Tencent, Baidu, Alibaba and other later Internet leading companies, as well as many portal websites such as Sina, NetEase, and Sohu.

Due to the nature of the Internet, the founders of Internet companies have set their sights on overseas markets at the beginning of the company's establishment, not just the Chinese market. Alibaba set the development goal of expanding overseas markets in the second year of its establishment. In order to promote international development, it actively prepared overseas websites, established a US R&D center, and established overseas offices. However, Alibaba did not successfully enter the international market, and more than 90% of its international talents were lost in one year. Baidu began its internationalization journey in 2006, established a Japanese site and launched Baidu Japan Search Engine, but suffered heavy losses and returned in defeat. Tencent established a foreign business department in 2005 and began to layout overseas markets, setting up bases in the United States, Italy, India, and Vietnam. In 2009, it invested US$300 million in Russian Internet company DST, but the results were minimal. At this stage, the internationalization of my country's Internet companies is still in the early stages of exploration. With an unstable domestic foundation, they are eager to enter foreign countries [12, p. 90].

In 2012, with the emergence and popularization of smart phones, China entered the era of mobile Internet. People's way of accessing the Internet gradually shifted from personal computers to mobile devices. Mobile terminals quickly replaced PC terminals as the largest traffic entrance. The mobile Internet industry also ushered in a booming development under this background. With the export of domestic smart phones, the corresponding smart phone application software has also ushered in the overseas outlet. Baidu used its series of mobile tool application software to go overseas to emerging markets first, mainly concentrated in Brazil, Vietnam, Indonesia and other countries. Cheetah Mobile entered the overseas market with tool applications such as Cheetah Clean Master, which met the rigid needs of Android phone users to clean up mobile phone memory and speed up operation for free. Eggplant Fast Transfer quickly entered emerging Internet markets such as India and Indonesia with its stable connection, no need for Internet access, free, fast, etc., to meet the transmission needs of local users pursuing cost-effectiveness. At this stage, tool products have concentrated on going overseas, mainly including mobile phone performance optimization and management software. Tool applications have low user acquisition costs and low barriers to overseas expansion. With the two characteristics of free and solving user rigid needs, they quickly became traffic entrances overseas.

In 2015, the country actively promoted the "Internet +" action, encouraging and supporting Internet companies with product competitive advantages to go abroad to expand overseas markets and serve global users. Under the background of favorable national policies, my country's mobile Internet companies ushered in a period of rapid development of collective overseas expansion, transitioning from single tool application products to diversified content products such as games, news information, and short video live broadcasts [13, p. 1634].

In 2016, photography and video tools developed rapidly and became the main force of the new generation of overseas tools, quickly penetrating into emerging markets such as Brazil, India, and Southeast Asia. For example, Meitu has gained more than 100 million users by promoting the selfie application software BeautyPlus and the virtual makeup application software BeautyCam overseas. At this stage, as the dividends of tool applications that occupy the vast majority of traffic entrances gradually fade, the market entry barriers in the vertical subdivisions of tool applications are higher and the competition is more intense. Early tool applications encountered development bottlenecks and began to transform into platforms or content. For example, Cheetah Mobile launched the live streaming app Live.me in 2016 for the US market and achieved success.

In 2016, news and information products began to go abroad to emerging markets such as India, Southeast Asia, and the Middle East. Currently, the news and information products that are exported are based on the big data recommendation model, mainly news aggregation platforms, providing personalized and diversified content for local users, meeting the needs of users in these emerging markets to obtain information on mobile terminals [14, p. 47].

In 2016, Chinese short videos and live streaming and other mobile applications began to enter the vertical social fields of overseas markets such as East Asia, Southeast Asia, and South Asia. For example, Kuaishou launched the overseas version of Kuaishou Kwai, and then successively launched SnackVideo and Zynn; ByteDance launched the international version of Tik Tok and the Indian version of the social product Helo; Alibaba launched the Indian version of the short video platform VMate. Through the above review of the international development process of my country's Internet companies, it can be seen that my country's Internet companies have shown the following three characteristics in the process of internationalization:

Different categories focus on different regions. The international development of my country's Internet companies will have different product focuses and market performance in different regions. At present, the international development of my country's Internet companies has covered the European and American markets, the Asia-Pacific market, the Latin American market, etc. In the European and American markets, content entertainment products such as short videos and game applications are more popular; in the Asia-Pacific market, game and tool applications perform well; in the emerging market of Latin America, all categories have application products going overseas [15, p. 42].

Vertical segmentation of overseas products. The international development of Chinese Internet companies has moved from the early extensive layout to fine and deep cultivation. In the field of mobile phone tools, photography, news information, editing, content and other tool applications are subdivided.

The transformation of tool export to cultural export. Short videos have also become an important position for Chinese Internet companies to go overseas. At present, Douyin and Kuaishou have successively launched short video platforms such as Tik Tok, Kwai, and Zynn overseas, in order to seize the global traffic entrance in the short video trend. In the short video track, Chinese companies' products cover almost all regions, seize the most important traffic entrance of mobile Internet in the 5G era, and create space for more imagination [16, p. 69].

From the literature review, we know that predecessors have done a lot of research on the micro-level of enterprise internationalization strategy, that is, the motivation for enterprise internationalization. Combining the international development process of my country's Internet enterprises, this paper analyzes that its motivation mainly comes from five aspects: the saturation of the domestic market, the pursuit of technology and innovation, the entrepreneurial spirit of adventure, and the vigorous development of mobile Internet technology.

With the increase in the number of Internet users in my country, the demographic dividend has gradually faded, the Internet penetration rate has increased, and the growth rate of Internet penetration has slowed down. The competition in my country's local Internet industry has gradually shown a "red ocean" situation. As of June 2020, the number of Internet users in my country has grown to 940 million, and the Internet penetration rate has broken through the 65% threshold. In 2012, China entered the mobile Internet era, and the mobile terminal became the largest traffic entrance, which promoted the vigorous development of my country's mobile Internet industry. The penetration rate of smartphones far exceeds the world average, and the domestic market is saturated. With the mature development of the global Internet environment, the vast developing countries with weak network environment and weak mobile phone performance will see a surge in the scale of potential users and a strong demand for Internet products. In the fierce domestic market competition environment, it is a good strategy for Internet companies to shift their focus to overseas to seek new traffic growth entrances [17].

On the one hand, the life cycle of Internet products is short and has the characteristics of rapid iteration. It is necessary to constantly break through the original technology and seek new technology to complete product iteration and update, meet user needs and enhance user loyalty. However, domestic market resources are limited, and Internet companies need to implement internationalization strategies to break through national boundaries and pursue a wider range of market resources to promote professional division of labor to complete product iteration and update. On the other hand, the implementation of internationalization strategies can enable Internet companies to export mature technologies and introduce advanced technologies, form a collision of technology and ideas, and drive the generation of innovation. This is particularly important for Internet companies that prioritize technology.

The personality traits, personal experience, and value pursuit of entrepreneurs will have a great impact on the business strategy of the company. Many founders of my country's Internet companies have had overseas experience or have been exposed to overseas Internet products. For example, Ma Huateng, the founder of Tencent, developed the Chinese version of OICQ because he saw ICQ invented by Israelis in his early years; Jack Ma, the founder of Alibaba, saw the Internet for the first time when he went to Seattle, USA as a translator in his early years, and founded the Internet company "China Yellow Pages" after returning to China; Robin Li, the founder of Baidu, graduated from the State University of New York at Buffalo. Their personal experiences have given them an adventurous spirit and their vision is no longer limited to the domestic market. The implementation of internationalization strategies has enabled companies to move towards internationalization [18, p. 655].

Relying on the advantage of a large domestic user base, my country's mobile Internet industry has developed rapidly, and the penetration rate of smart phones and the speed of mobile software application development are both ahead of the global average. From the perspective of the entire mobile Internet industry chain, from the upstream components and communication infrastructure, to the midstream mobile smart terminals, to the downstream mobile applications, and third-party services in subdivided industries, China's mobile Internet industry has formed a complete industry chain. In the global mobile Internet competition, China's talent competition advantage is particularly prominent. First, in terms of education, there are many universities in China, most of which offer majors such as computer science and software, with a large number of graduates and low salaries. Secondly, in the market, China's mobile Internet industry has gone through a process from scratch, from blue ocean to red ocean. During this period, many Internet talents have been through many battles and have accumulated rich market experience. Moreover, these people have qualities that Europeans, Americans and Indians do not have, such as willingness to endure hardships and fast product cycle iteration. Chinese companies have a "comparative advantage" in developing and operating an Internet product, whether compared with other emerging countries or the United States, that is, the cost of products of the same quality is relatively low.

National policies and systems also help the international development of my country's Internet companies. In March 2015, the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued the "Belt and Road" initiative, which is committed to building an all-round, multi-level and complex interconnected network in the Eurasian continent and nearby ocean areas, and has become a general environment for Chinese Internet companies to go global. In July 2015, the State Council's guiding opinions on actively promoting the "Internet Plus" action pointed out that it is encouraged for enterprises to go overseas in groups, support Internet companies with competitive advantages to take the lead in going global, develop global market applications, actively expand overseas users, and launch products and services suitable for different market cultures [19, p. 87].

CHAPTER 2

ESTIMATION OF THE INTEGRATED MANAGEMENT SYSTEM IN TENCENT'S STRATEGY

2.1 General characteristics of the integrated management system in Tencent's strategy

Based on the analysis of the internationalization development process and internationalization development motivation of my country's Internet enterprises in the previous article, combined with the development and operation characteristics of Internet enterprises, the internationalization strategy adopted by them is summarized.

Differentiation strategy refers to enterprises providing consumers with distinctive products and services that are different from competitors, forming something unique in the same industry, thereby gaining competitive advantages. From the perspective of competitive products in the same industry, when the core values are basically the same, differentiation is mainly reflected in the performance and quality of the products. Therefore, the goal of the differentiation strategy is to provide unique products and services to consumers on the premise of meeting consumer needs.

Facing existing products in the market, enterprises need to implement differentiation strategies to meet the different needs of consumers, continuously improve the competitiveness of their products in the market, and occupy a place in the fiercely competitive market. In order to improve the internationalization effect of enterprises, Tencent launched the WeChat out function in WeChat's international version WeChat at the end of 2015, allowing users to call fixed numbers through this product at a very low cost, only 0.90 cents per minute, less than 6 cents in RMB. Tencent said that this feature is only open to international users because it serves to increase the company's international competitiveness and differentiate itself from WhatsApp and Line. In addition, Tencent invested in Snapchat, a feature-based self-destructing messaging app, and Whisper, an anonymous social software, in the niche market, when the two major social media platforms Facebook and Twitter monopolized the US market, meeting the privacy needs of local users and gaining over 100 million users [20, p. 1047].

Market localization strategy refers to the fact that multinational companies regard the world as a heterogeneous market when engaging in production and business activities overseas. In order to understand the actual needs of local customers and adapt to the local economic, cultural, political and other environments, they basically refer to the conventions and practices of the host country in terms of product manufacturing, brand building, marketing methods, and technology development, thereby quickly occupying the market. When Tencent launched WeChat in Italy, in addition to using the local language Italian, it also cooperated with the most influential local fashion magazine to launch a fashion information column to attract users.

Product diversification strategy refers to the fact that companies launch products in multiple fields to occupy more markets and increase market share in order to avoid the risks brought by operating a single product. When Chizicheng entered the international market to promote fitness products, it chose to develop products with a split strategy instead of making a large and comprehensive single product. Chizicheng designed a series of small and beautiful fitness apps that specialize in training a certain part for users of different genders and ages in the European and American markets, such as Female Glute Workout at Home and Arm Max for Men. ByteDance also chose a product diversification strategy when it went international, launching Uoka Youka Life Camera in the Korean market, Tik Tok in the European and American markets, and Gogokid, an educational application in the Japanese market. Pinguo Technology launched a series of shooting software such as Camera 360, Best Selfie, Filter Master, Jigsaw, etc. to meet the needs of different overseas markets.

Overseas R&D strategy refers to integrating market technology resources on a global scale, dispersing R&D risks, meeting the needs of different host countries, and improving the international competitiveness of enterprises. Tencent Games cooperated with Pokémon Company to establish a studio in Los Angeles, USA, to attract overseas game talents to develop new games that are different from traditional domestic commercial mobile game products. Alibaba and Nanyang Technological University of Singapore have jointly established their first overseas R&D center, which focuses on developing AI applications in multiple fields such as smart home, urban transportation and healthcare. Alibaba has established a laboratory in California, USA, and has also set up new information centers in Europe, the Middle East, Australia, Japan, India and Indonesia to promote its business development in the field of cloud technology. Baidu has established a research and development center in Sunnyvale, California, USA, focusing on the field of artificial intelligence [21, p. 139].

The investment and M&A strategy refers to the company's equity investment or controlling acquisition in the host country market. Equity investment does not require a large amount of capital, and only requires a small amount of capital investment to enter the subdivided industry field; controlling acquisition can directly use the existing technology, human resources, business and other resources of the acquired company, and can quickly enter the local market in a short time without spending time and energy on developing customer bases and building marketing channels. In 2016, Cheetah Mobile acquired the well-known and mature overseas news software "News Express" and promoted it to more than 200 countries. Tencent focuses on investing in and acquiring games and social fields, of which nearly 40 game companies have been invested and acquired. Another Internet giant, Alibaba, focuses its investment and acquisitions on the e-commerce sector, the most famous of which is the acquisition of Lazada, the largest e-commerce company in Southeast Asia.

Overseas government intervention, high political risks in the international market The governments of the United States, India and other countries have banned and restricted Chinese applications for various reasons and excuses, including the overseas version of Tik Tok, the international version of WeChat, Alipay, Tencent QQ, Eggplant Quick Transfer, CamScanner, etc. The US government not only issued an executive order to ban Chinese software applications, but also interfered with the investment and acquisition business behavior of Chinese Internet companies in the United States. Ant Financial reached an acquisition agreement with the US financial payment company MoneyGram. The US government did not approve it on the grounds of security risks of mobile accounts and consumer data, which eventually caused Ant Financial to lose 30 million US dollars. Therefore, the biggest risk facing the internationalization strategy of my country's Internet companies is the risk of instability caused by international relations.

When developing and designing Internet products entering overseas markets, the content, functions and interactive design of the products should be adjusted according to the differences in the culture and government policies of the host country market; due to the more concentrated software distribution and distribution channels in foreign markets, the bargaining power of Chinese Internet companies in terms of commission sharing is weaker; developed countries have perfect market regulations, and users are more willing to become paid members, while the market in developing countries is imperfect and users have a weak awareness of payment, so Internet companies should implement membership economy and in-app payment models in a differentiated manner.

Data information security, many lawsuits on violations and infringements Cheetah Mobile, which once established itself in the overseas market through tool software, has violated Google regulations many times and was removed from the shelves for rectification. In 2014, Cheetah Clean Master violated the regulations of using system notifications to push ads, maliciously misleading users to uninstall Chrome browser, and violated many regulations of Google Play and was removed from the shelves for one month. In 2015, Cheetah Mobile was punished by Google Play for suspected pornographic promotion. In 2018, many applications such as Cheetah Battery Doctor and Cheetah Clean Master were found to have advertising fraud and were removed from Google Play. In 2020, Google terminated its advertising cooperation with Cheetah Mobile on the grounds of "out-of-APP advertising" and removed 45 software applications from Cheetah Mobile. As of April 2018, Chinese Internet companies have been sued in 22 cases in the United States for intellectual property issues, including 18 cases involving Alibaba and 3 cases involving Tencent.

Although China's Internet economy has risen, current Internet companies are in urgent need of transformation and upgrading to break through the previous "imitation innovation". When developing internationalization, current Internet companies face the dual disadvantages of basic standards being controlled by others and serious lack of core technology innovation capabilities. Currently, only 2% of the more than 7,000 international standards related to the Internet are dominated by my country. At present, my country's Internet companies have serious lack of innovation capabilities in mobile chips, the Internet of Things, artificial intelligence, big data, AR/VR, blockchain, etc. Therefore, when implementing internationalization strategies, my country's Internet companies face more severe challenges than traditional companies, and need to have global connection capabilities, continuous innovation investment, and iterative updates of corporate organizations.

In terms of company size, Tencent was listed on the Hong Kong Stock Exchange in 2004 with a stock price of HK$3.7. As of March 2021, the stock price was HK$679, with a market value of HK$6.51 trillion (equivalent to RMB 5.43 trillion). It is one of the world's top 500 companies and the company with the largest market value in my country's Internet industry. According to corporate management theory, the complexity and number of problems encountered by a company in its operations are proportional to the size of the company. Therefore, choosing Tencent as the case study object can better ensure the comprehensiveness and representativeness of the research issues.

Use Baidu search, 360 search, and Sogou search to query relevant information and research reports on Tencent, including China's overseas industry research report, 36Kr overseas industry research report, China's Internet enterprise overseas white paper, China's APP overseas market status and competition landscape special research report, and China's Internet development report.

Visit the official website of Tencent (www.tencent.com) to obtain the development history of Tencent and a list of related products.

Visit the official website of the Hong Kong Stock Exchange (www.hkex.com.hk) to obtain the listed company report and investment institution report of Tencent.

Obtain relevant analytical information about Tencent from the WeChat public account. In summary, the use of a variety of data sources such as online search engines, official websites, and listed company reports ensures the reliability and validity of this case study.

Shenzhen Tencent Computer Systems Co., Ltd. (hereinafter referred to as Tencent) is a technology and cultural company based on the Internet platform, providing diversified digital content, online and offline services to hundreds of millions of users every day. Tencent was originally founded in 1998 by Ma Huateng, Zhang

Zhidong, Zeng Liqing, Chen Yidan, and Xu Chenye. It was publicly listed on the main board of the Hong Kong Stock Exchange in 2004 with the stock code 00700 and is one of the constituent stocks of the Hong Kong Hang Seng Index. Since its establishment more than 20 years ago, Tencent has always adhered to the "user-oriented" business philosophy and strived to develop together with the Internet industry. Today, Tencent has become one of China's largest Internet companies with the largest number of patents, the largest number of users, and the highest market value, and has become one of the world's top technology companies. With the emergence and rise of mobile smartphones, Tencent's overseas game investment focus has shifted from PC to mobile, and its investment business areas have continued to expand. Based on this, Tencent's international development process can be divided into the initial trial stage (2005-2010), the leap forward stage (2011-2016), and the deep integration stage (2016-present).

Tencent is one of the earliest Internet companies in my country to start internationalization. In 2005, it established an internationalization division to specialize in overseas affairs. In 2005, Tencent made an overseas investment and acquisition of the Korean online game company GoPets, successfully taking the first step towards internationalization. In 2008, Tencent explored the Indian market and started cooperation with India's Global Network. In 2009, Tencent spent $300 million to invest in DST, the largest Internet company in the Russian market, to enter the Russian and Central European markets. In the same year, Tencent also invested in Riot Game, a US game company, to obtain the exclusive agency rights of "League of Legends" in China. In 2010, Tencent invested in Sanookg, a Thai portal. During this phase, Tencent first started with investing in foreign games and portals and gradually carried out internationalization, and the game field invested was concentrated in PC online games.

Tencent not only invests in products in the field of social communications, but also expands its investment categories to all aspects of daily life, such as investing in Philippine financial technology software Voyager, Indian e-commerce platform Udaan, and Swedish music platform Spotify. At the same time, Tencent continues to deepen its presence in the game field, investing not only in traditional game giants, but also in start-up game companies and niche studios, such as Japan's Platinum Games and Swedish studio Sharkmob. At this stage, Tencent implemented a localization strategy to invest in local products or companies with competitive advantages and development potential. At the same time, its investment vision in the overseas game field turned to stand-alone and console games, and began to pursue new gameplay and innovation in games.

The gaming business accounts for the largest proportion of overseas business, as shown in Figure 2.1, among which overseas games contribute the most to overseas revenue.

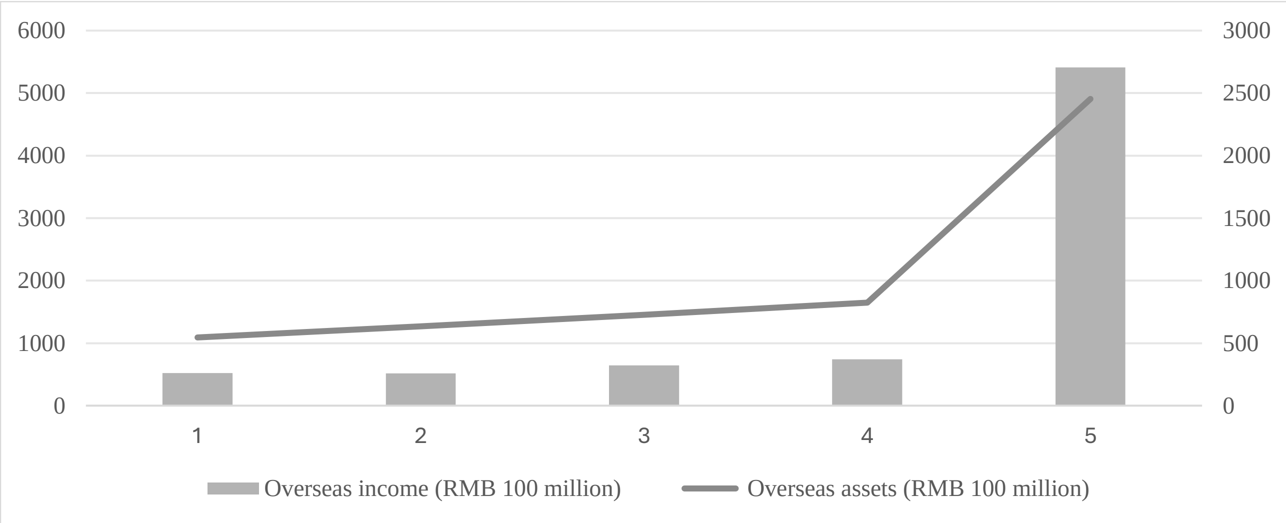

Figure 2.1 - Overseas Income and Overseas Assets of Tencent from 2020 to 2024

Source: annual report

Tencent's overseas assets and overseas revenues have been increasing year by year. Overseas assets reached a peak of 541.311 billion yuan in 2020, a 9-fold increase from 2016; similarly, overseas revenue reached a maximum of 245.346 billion yuan in 2020, and overseas revenue increased by 34 times in five years. Tencent has strong investment capital. Tencent has invested in more than 1,200 companies with a market value of more than US$280 billion, of which more than 40 companies have been invested in overseas companies. Tencent not only invests in the industrial chain, launches National Reading, and integrates China Music Group to build China's digital content industry chain. Tencent also develops multi-field investments, investing in companies with Internet value-added services, such as 58.com, Zhihu, Bilibili, Kuaishou, Pinduoduo, Meituan, Dianping, Yiche, Didi Chuxing, etc. Tencent's overseas investments have spanned more than a dozen countries and regions in Asia, Europe, and America. For example, it has invested in Supercell, the world's leading mobile game developer, and Paradox, a Swedish-listed PC game developer, to increase its upstream expansion in the global game market and get closer to hundreds of millions of gamers around the world. In addition, Tencent has also invested in Practo, an Indian medical company, and HERE Maps, a global leading positioning technology company. Tencent owns QQ and WeChat, the communication and social software with the largest user traffic in the world. QQ has nearly 600 million monthly active accounts, and WeChat has more than 1 billion monthly active accounts. Overseas products such as QQ International, WeChat International, WeTV International, and VOOV Meeting International enable Tencent to not only have nationwide and even global user traffic, but also have more user traffic that can feed back to products, and continuously optimize and iterate products to gradually form a positive cycle. In order to adapt to the different cultures, lifestyles, and player needs of different countries, Tencent has set up branches and R&D institutions specifically for players in Southeast Asia, South Korea, and the United States.

2.2 Analysis of Tencent's internationalization strategy

Tencent's internationalization is mainly based on overseas investment. Compared with Alibaba's holding investment, Tencent is more of a free-range equity investment. It achieves its globalization goals by investing in games, betting on multiple tracks, and focusing on supporting and deploying investment models in multiple countries. It can be seen that Tencent's internationalization strategy is based on a multi-country localization strategy, and the specific implementation of the strategy is implemented in the following two aspects:

Continuous core competitiveness, which is a key condition for enterprises to have international competitive advantages. Enterprises must constantly seek innovation to maintain their core competitiveness.

Organizing an excellent management team and management model is a prerequisite for enterprises to implement internationalization strategies. Enterprises should have a clear organizational structure and sufficient high-quality talents.

Tencent has innovatively adopted multiple international market entry methods, mainly including equity investment, controlling mergers and acquisitions, strategic cooperation, etc.

Equity investment. Equity investment is relatively equal. Unlike controlling mergers and acquisitions, it does not require a large amount of capital. It only requires a small amount of capital investment to enter the subdivided industry field. This entry method can not only improve its own industrial chain layout, but also obtain the data resources or platform advantages needed for its own development. Tencent's overseas investment is mainly concentrated after 2012. The investment areas have expanded from games to social networking, from e-commerce to tool software, from consumer life to financial services.

Its industrial chain layout has covered all aspects of daily life, improving and consolidating the dominant position of its main business games in China, and also promoting its innovation. The investment region has begun to move from Japan and South Korea, which are relatively close to it, to European and American countries.

Controlling mergers and acquisitions. Overseas holding M&A can directly utilize the existing technology, human resources, business and other resources of the acquired company, and can quickly enter the local market in a short period of time without spending time and energy on developing customer bases and building marketing channels. This is very suitable for Internet companies with strong capital, and can avoid the various difficulties and obstacles encountered in establishing new companies in the host country. Tencent has acquired more than a dozen companies through holding, most of which are concentrated in the game field. It can effectively obtain advanced game development technology and distribution channels and expand overseas markets.

Strategic cooperation. Strategic cooperation does not emphasize controlling rights. It aims to carry out targeted cooperation in related products or businesses to achieve complementary advantages and achieve win-win results. It does not require a large amount of capital investment, nor does it need to consider the problems brought about by management and control rights. It is a very cost-effective strategic choice for enterprises. Tencent's strategic cooperation partners are mostly companies with strong complementarity in business products, such as cooperating with Blizzard, a world-leading game developer and publisher, to improve its shortcomings in games; and cooperating with Warner Music Group to meet the needs of domestic users for overseas music.

Tencent's internationalization through overseas investment and mergers and acquisitions is mainly based on the following two factors: first, accumulating advanced foreign technology and developing distribution channels; second, expanding overseas markets. In 2005, Tencent acquired the Korean online game developer Gopets Co., Ltd., successfully taking the first step towards internationalization. According to statistics collected from various public information, from 2005 to 2013, Tencent focused its overseas investment and mergers and acquisitions on the development of PC online games, investing in and acquiring 14 game companies. With the advent of the mobile wave and the popularity of smart phones, Tencent shifted its investment focus from PC online games to mobile games in 2013. From the perspective of the countries Tencent chose for overseas investment and mergers and acquisitions, it first started with South Korea, which has a mature game industry and is geographically close to Chinese players and is most familiar with it, and then entered the United States and Europe, where there are many traditional game giants. Tencent's overseas investment and mergers and acquisitions in these countries are mainly to accumulate development technology and introduce game IP and gameplay, and to reserve "ammunition" for the joint development of game works. For example, Tencent successfully launched Brain Power Master in 2015 by borrowing the gameplay of QuizUp developed by its overseas investment company Plain Vanilla, and further launched the WeChat mini-program version, relying on the WeChat user traffic advantage to make this game social. In addition, PUBG MOBILE, which is widely known at home and abroad and is one of the most profitable games in the world, also has its game IP from PlayerUnknown's Battlegrounds developed by Bluehole, a Korean game company invested by Tencent. Introducing game IP not only affects the game product itself, but also serves Tencent's film, animation and peripheral businesses and other related interactive entertainment sectors. Although Tencent's domestic games have performed well in the domestic market by relying on social platforms such as WeChat and QQ and the huge Chinese market, it cannot replicate the strategy of binding social relationships in the overseas market. Therefore, facing the overseas market that is very different from the domestic market, Tencent needs to open up the PC and mobile game market through overseas investment and mergers and acquisitions.

Tencent achieves resource sharing and complementary advantages and functions through strategic alliances with overseas companies. In 2012, Tencent established a long-term strategic partnership with Activision Blizzard, a leading global entertainment software developer and publisher, and obtained the exclusive agency rights for Call of Duty Online in China, making up for its shortcomings in shooting games. In 2014, Tencent signed a strategic cooperation agreement with Warner Music Group to distribute Warner Music's global music library on its multiple music software platforms (QQ Music, Kugou Music, Kuwo Music, and Kuaishou), meeting the needs of domestic users for overseas music and enhancing the stickiness of music software users.

Tencent's overseas investment and mergers and acquisitions use games as a starting point to promote the whole. In recent years, the revenue growth of the game industry has declined significantly, mainly due to the disappearance of potential user dividends, the saturation of the domestic game industry market, the suspension of game license issuance, changes in the regulatory environment, and homogeneous competition. Therefore, as the competition in the domestic game industry becomes increasingly fierce and policy supervision becomes increasingly strict, Tencent, as a giant in the domestic game industry, has to explore overseas markets to improve the layout of the game industry and connect the upstream and downstream of the industrial chain to complete the pan-entertainment layout from upstream to downstream.

Tencent implements a localization strategy, establishes a horse racing mechanism, and places long bets. Tencent's investment areas span five continents, and its investment areas not only focus on the game industry, but also involve multiple industries such as e-commerce, travel, social networking, and financial services.

Tencent has invested in nearly 40 game companies overseas, including not only world-renowned online game developers and publishers such as Bluehole, Ubisoft, Riot Games, and Supercell, but also some start-up game studios, such as Japan's Platinum Games and Sweden's Sharkmob. In the Southeast Asian market, it invested in Singapore's Sea, known as the "Little Tencent of Southeast Asia", Indonesia's shared travel service provider Gojek, and the Philippines' financial technology Voyager, and acquired Thailand's portal Sanook and Malaysia's streaming platform Ifix. In the Indian market, it invested in 16 Internet companies, including food delivery platform software Swiggy, taxi software Ola, medical platform Practo, news aggregation Newsdog, B2B platform Udaan, insurance intermediary platform PolicyBazaar, and e-commerce platform Flipkart. In the European and American markets, it has invested in Swedish music platform Spotify, Canadian messaging app developer Kik Interactive, American ride-hailing app Uber, anonymous social software Whisper, self-destructing messaging app Snapchat, electric car manufacturer Tesla, and German pure electric aircraft manufacturer LiLium.

Although Tencent's internationalization strategy is based on its own game business advantages and has built a complete industrial chain system through localization strategy investment in games, e-commerce, social networking, travel and other industries on five continents, it still inevitably faces some problems.

In the process of implementing its internationalization strategy, Tencent has been banned by overseas governments for various reasons and excuses. For example, in June 2020, the Indian government banned 59 Chinese applications on the pretext of undermining national sovereignty and national security, including 6 applications under Tencent's WeChat and QQ series applications. On September 2, the Indian government once again banned 118 Chinese mobile applications including WeChat for Business, WeChat Reading, PlayerUnknown's Battlegrounds, and Arena of Valor on the grounds of national security. In August 2020, the US government also banned WeChat from trading with its parent company Tencent on the pretext of endangering national security. On January 5, 2021, the US government once again banned Chinese applications, including QQ Wallet, Tencent QQ, WeChat Pay and many other software.

Although Tencent adopted a localization strategy when promoting WeChat internationally, it still faces fierce competition from the first-mover advantage of social giants in overseas markets. In the Southeast Asian market, WeChat has to compete with two major social giants, WhatsApp in the United States and Line in Japan. In the European and American markets, WeChat not only has to compete with WhatsApp, but also with local social applications such as Facebook, Messenger, and Instagram.

Most of Tencent's well-known games at home and abroad come from foreign IPs or gameplay, rather than self-developed. For example, the most well-known "PUBG MOBILE" is one of the most profitable games in the world. Its game IP comes from "PlayerUnknown's Battlegrounds" developed by Bluehole, a Korean game company invested by Tencent. "Brain Master" launched by Tencent in 2015 also borrows the gameplay of "QuizUp" developed by its overseas investment company Plain Vanilla.

2.3 Strategic risk identification based on the balanced scorecard

The strategic risk management of enterprises also needs to follow the traditional risk management theory, and needs to carry out specific processes such as risk identification, assessment and response. If we want to build a strategic risk management system suitable for Tencent, we must start from the actual situation of the enterprise and use the four dimensions of the balanced scorecard as the starting point. First, we need to identify its strategic risks and find out the various risk factors that the enterprise may face as comprehensively as possible, and then use them as the basis and basis for subsequent research [22].

The annual financial statement data of Tencent from 2017 to 2021 show that the company's inventory is showing a continuous upward trend, but at the same time, the company's inventory turnover rate is showing a downward trend year by year. Most of Tencent's operations rely on virtual digital assets, and its inventory is mainly daily consumables. In addition, the company's accounts receivable has also increased year by year in the past five years. Although the turnover rate has shown an increasing trend year by year, it has declined significantly in 2021. If the bad debts of accounts receivable increase and the recovery rate decreases, Tencent may also face a large amount of accounts receivable impairment. The growth of inventory and accounts receivable may weaken the company's ability to realize assets, which will reduce Tencent's risk resistance and affect the realization of the company's development strategy goals.

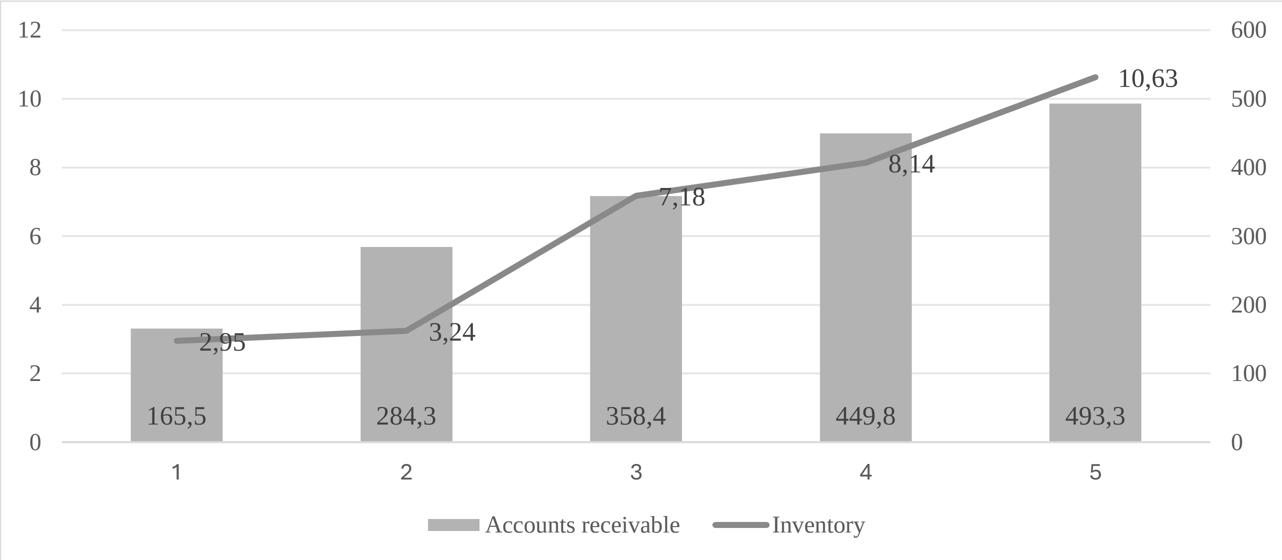

Figure 2.2 - Tencent's accounts receivable and inventory balance from 2020 to 2024

Source: annual report

As shown in Figure 2.3, the cash flow generated by Tencent's operating activities in the past five years has shown a trend of first rising and then falling. It has shown a steady growth trend from 2017 to 2020, but decreased by 11.3% year-on-year in 2021, mainly due to the large decrease in pre-tax net profit and unstable profitability. Only when an enterprise has sufficient cash flow as a guarantee can it smoothly carry out external financing and investment activities, and Tencent mainly relies on daily operating activities to obtain cash flow[47]. Therefore, in order to lay a favorable foundation for subsequent financing and investment activities, Tencent first needs to scientifically manage operating cash flow. Therefore, the company's current reduction in operating cash flow is likely to lead to certain uncertainties in the acquisition of funds needed for the company's development, which will eventually make it difficult for Tencent to carry out a series of expansion and development actions, thereby affecting the smooth implementation of the sustainable social value innovation strategy proposed in Tencent's fourth strategic upgrade.

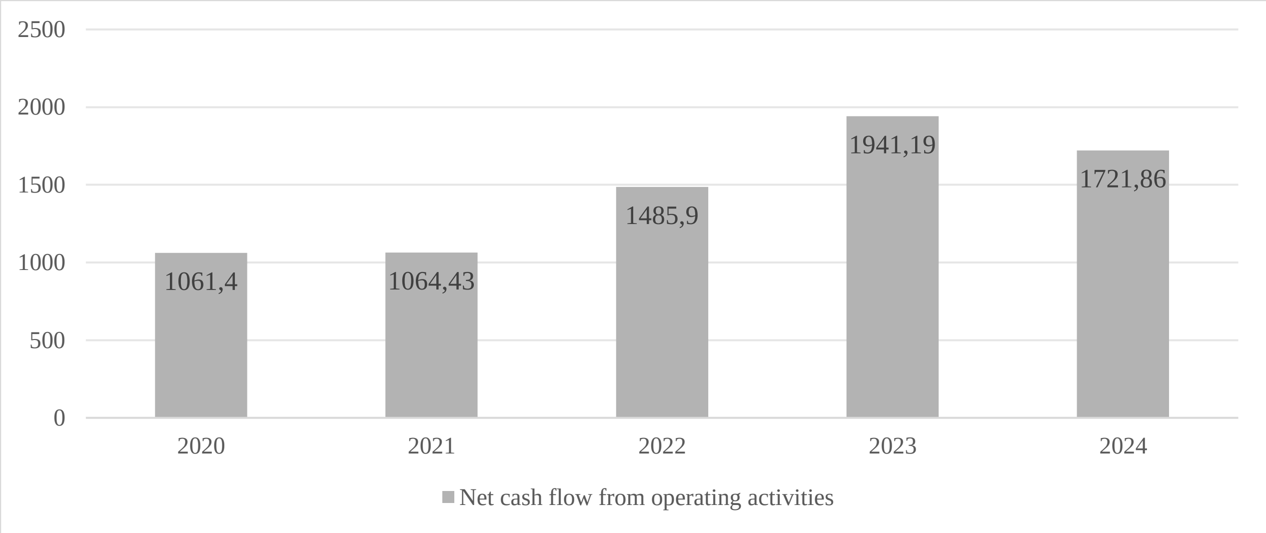

Figure 2.3 - Tencent’s net operating cash flow from 2020 to 2024

Source: annual report

Tencent has always relied on the gaming business for most of its revenue. In the past five years, Tencent has been transforming its revenue structure. As shown in Figure 4.3, the proportion of gaming business revenue in total revenue has decreased from 41.17% in 2017 to 31.12% in 2021; social network revenue has slightly decreased in stability, maintaining at around 20%; online advertising revenue has the lowest proportion, about 16%; and in 2018, the proportion of Tencent's financial technology and enterprise service revenue increased significantly, and then steadily increased to 30.74%. Although Tencent has gradually improved its unbalanced revenue structure in the past five years, it is undeniable that gaming revenue still accounts for a large part of the company's total revenue. Although Tencent currently has a market share of 34% in the domestic gaming market, with the rise of many Internet companies in the industry, the number of companies engaged in game research and development like Tencent has gradually increased. For example, NetEase, Bilibili, Sohu, etc. have posed a considerable threat to Tencent and may have a significant impact on the company's business and development. In addition, value-added services in games, as a business that has a significant impact on Tencent in the market, have always brought economic benefits to the company and greatly enhanced Tencent's brand awareness and influence.

However, with the transformation of Tencent's business, it has gradually shifted its business focus to financial technology, and its influence on the company has gradually weakened [23]. Tencent's financial technology sector mainly provides consumers with mobile payment and financial services related businesses, and it mainly relies on collecting commercial fees and financial services to obtain income. At present, Tencent's financial technology business includes payment platform, wealth management, securities platform, corporate finance, and people's livelihood services. While the financial technology business brings income to Tencent, this business sector also faces financial regulatory risks. Tencent has not yet completed the complete adjustment of its revenue structure. Its past revenue structure was greatly affected by market demand and industry development. In addition, in recent years, the country has formulated more complete regulations and systems for the game market, such as anti-addiction regulations for minors and game time limits, which will reduce a part of the market audience, making it difficult to continue to rely on games to obtain high profits. At the same time, Tencent's current revenue structure is difficult to meet its strategic requirements for diversified development.

Tencent is in major competition with similar portal websites in my country. First, the Internet industry is characterized by the difficulty in grasping user needs and the rapid replacement of virtual products. Consumers pay special attention to the product experience and innovation when purchasing and using virtual products. Therefore, if Tencent wants to maintain its high competitiveness in the market competition, it needs to have a deep understanding of user needs and continuously innovate and develop products and services. Tencent’s main competitors include NetEase, ByteDance, Sohu, Bilibili, etc. These competitors seize market share by constantly innovating and enhancing brand awareness. NetEase’s game business market awareness and technical resources are almost the same as Tencent’s. In fact, because Tencent has always adopted the strategy of “imitation + secondary innovation”, NetEase has more advantages than Tencent in game innovation. At the same time, games and social networking are the main growth points of Tencent's revenue, and they both rely on the length of time users stay. The more time users spend playing games, the more likely they are to buy game value-added services. The company's advertising revenue will also change with the length of time users stay. However, with the emergence of

ByteDance's Douyin software, which integrates entertainment and social networking, Tencent's "monopoly" on user stay time has been broken. Users spend more time watching short videos, and the accompanying phenomenon is that Tencent's advertising revenue has declined, while ByteDance's advertising revenue has soared. Tencent also mentioned in its prospectus that its competitors may have more financial and other resources than the company, and can more quickly meet the changing consumer needs, provide higher services at lower prices, and cooperate with new Internet technologies, which may lead to a decrease in the company's market share, a decrease in the number of users and platform traffic, making it difficult to achieve corporate strategic goals.

Tencent has been developing at a relatively fast pace since its establishment, and its operating income has also grown rapidly, from 237.76 billion yuan in 2017 to 560.12 billion yuan in 2021. However, due to the slowdown in industry development, Tencent's year-on-year growth rate of operating income has shown a downward trend in the past five years. According to the data of the mobile user analysis system in June 2022, the number of Internet users in my country currently reaches 1.36 billion, a year-on-year increase of 4.6%. The average monthly usage time of users is 218.1 hours, an increase of 13.5 hours over the same period last year. At the same time, the average number of applications used by Internet users per month has dropped to 23.7. However, although the number of users continues to grow, the growth rate has slowed down year by year. It can be seen that the user stickiness of Internet applications is relatively high and concentrated, showing a trend of more focused user behavior. The growth rate of Internet users in my country has been declining since 2007, falling to about 5%. In 2020, due to the impact of the COVID-19 pandemic, the growth rate of Internet users exceeded 10%, and in 2021 it fell to below 5%3. As an Internet platform company, Tencent mainly relies on the huge consumer group of Internet users. Therefore, with the slowdown in the growth rate of Internet users, the growth rate of Tencent's sales revenue is likely to show a gradual slowdown in the future, and it will be clearly revealed in the financial report. Investors are likely to be affected by the relevant financial data and make bad judgments, which will affect the company's stock price, hinder the development strategy implemented by Tencent, and thus affect the realization of strategic goals.

Risk of reputation damage Tencent has not only established a strong brand influence and high brand awareness in my country, but has also gradually emerged in overseas markets such as the United States, Japan, and South Korea. Tencent's applications have a very wide audience both at home and abroad. Therefore, any bad business practices of the company will have a serious negative impact on the company's brand and reputation, and thus affect the company's operating income and profits. However, the evaluation of most products or services provided by Tencent users is highly subjective and easily influenced by online public opinion. As a result, the company's brand reputation is very sensitive to negative online information. Once unfavorable comments about the company's products and services appear on the Internet, it is likely to cause serious damage to the company's reputation and brand image. Ultimately, Tencent's brand image will not be enough to attract new users, and it may even be unable to retain its current market share. It can be seen from this that if Tencent cannot positively deal with negative online information and cause a crisis of user trust, it will affect its strategic goal of improving user experience.

Return on investment is the ratio of profit to total investment, which can be used to determine whether the investment assets bring corresponding returns to the enterprise. Tencent implements a diversified strategy of external investment, mainly using non-controlling methods to obtain the equity of the invested enterprises, increasing the growth of the income and profit of the invested enterprises through WeChat, QQ and other community platforms, and making profits by obtaining dividends from the invested enterprises. In the new economic era, the main leveraging force for the growth of corporate profits is financial capital. Analyzing whether the investment areas of financial capital have received corresponding returns can determine the rationality of Tencent's strategic investment. By analyzing the amount and income of Tencent's various investments, it can be judged whether its resource allocation and profit quality in the diversification strategy are consistent. This section analyzes the return on investment based on the analysis of the amount of Tencent's investment assets. Tencent's various investment assets are shown in Table 2.1.

Table 2.1 - Tencent investment assets, 2020-2024

Indicators	2020	2021	2022	2023	2024
Investments in associated companies	79669	136755	219215	213614	297609
Financial assets at fair value through profit or loss	-	-	97877	135936	172537
Financial assets at fair value through other comprehensive income	-	-	43519	81721	213091
Available-for-sale financial assets	83806	127218	-	-	-

Source: Tencent Annual Report

Since the new accounting standards have changed the classification of financial assets, starting from 2018, the available-for-sale financial assets account has been adjusted and reported in two types of financial assets measured at fair value according to the business model and cash flow realization method. As shown in Table 4-5, Tencent's investment in associates is the largest among its investment assets, reaching 297.6 billion yuan in 2020, nearly 4 times the amount of 79.7 billion yuan in 2016. The second largest is financial assets measured at fair value through profit and loss, and the investment amount has almost doubled in the past three years. Financial assets measured at fair value through profit and loss have also achieved rapid growth, reaching 172.5 billion yuan. The scale and amount of Tencent's investment assets are huge and growing rapidly, far exceeding other companies in the same industry. As Tencent's investment scale continues to expand, acquisitions, investments in associated companies and joint ventures are carried out on a large scale, and the proportion of Tencent's investment assets has gradually increased. The proportion of Tencent's investment assets and investment return rate are shown in Table 2.2.

Table 2.2 - Tencent investment assets proportion and return on investment, 2020-2024

Indicators	2020	2021	2022	2023	2024
Investment asset ratio	41.45%	49.69%	50.89%	46.08%	51.81%
Return on investment	31.47%	32.01%	25.59%	24.89%	26.06%

Source: Tencent Annual Report

From Table 2.2, we can see that in the past five years, the proportion of Tencent's investment assets has been higher than 40%, with an average of 48%, and more than 50% in 2018 and 2020. The main goal of Tencent's investment is to strengthen its leading position in core businesses, especially in social and digital content, O2O and smart retail, and to support its diversification strategy. Among many investments, Tencent generally adopts the method of shareholding dividends to make profits, and does not pursue control over them. As an Internet technology company, Tencent's asset structure is relatively stable, and the scale of investment assets is large, which is in line with the important characteristics of the asset structure of the Internet industry. At the same time, it can be shown that Tencent is an enterprise that attaches equal importance to operation and investment, which is in line with Tencent's diversified strategic choice.

Since Tencent's financial statements do not separately list the profitability of each investment asset, the return on investment in this section is calculated and analyzed according to the return on total investment assets. Through the analysis of the return on investment, it can be concluded whether the resource allocation of Tencent's diversified investment strategy is reasonable.

Tencent's total profit has increased year by year, but the return on investment has shown an unstable trend from 2016 to 2020. This is because Tencent has continued to invest in various fields in recent years, and it is impossible to conduct detailed research on a certain field and accurately analyze the growth and investment value of various investment businesses. In 2018, Tencent's return on investment fell sharply because the return on investment in the game industry was low due to policy control that year, which greatly reduced the company's profit that year. Therefore, it is necessary to strictly control the invested projects and reduce the interference of policy factors on the return on investment. Because the value of previous investments has gradually been reflected and the impact of policies has been gradually digested, and the epidemic prevention and control work has brought opportunities for the growth of Tencent games, Tencent's total profit has also increased rapidly and maintained a certain growth rate, so the return on investment has risen slowly in 2020. Tencent continues to make strategic investments. It needs to pay close attention to the performance of investments and seek opportunities to realize existing investments when the market timing is right to obtain high-quality profit levels. In summary, Tencent's resource allocation is relatively reasonable. However, there are also some problems, and it is necessary to strengthen the examination of the return rate of the invested enterprises. Internet enterprises, especially new economic enterprises such as Tencent, should first consider risk management, rather than blindly pursue scale, to prevent the risk of investment mistakes leading to a broken capital chain. This is what Tencent needs to focus on in the process of implementing its diversification strategy.

Return on net assets is the ratio of net profit to net assets. It is an important indicator to measure the quality of corporate profits and represents the degree to which shareholders' equity is returned. Return on net assets is consistent with the intensive strategy in the corporate development strategy. The effective implementation of the intensive strategy will enhance Tencent's competitive advantage over existing companies in the industry, thereby increasing revenue and profit levels. An increase in corporate net profit will lead to an increase in return on net assets, and enhance the profitability of profit quality. Tencent's return on net assets is shown in Table 2.3

Table 2.3 - Return on equity statement of Tencent, 2020-2024

Indicators	2020	2021	2022	2023	2024
Net profit	41447	71510	78719	93310	159847
Net assets	174624	256074	323510	432706	703984
Return on net assets	23.73%	27.93%	24.33%	21.56%	22.71%

Source: Tencent Annual Report

From Table 2.3, we can see that Tencent's return on equity is in a relatively stable state. Although it has declined in 2018 and 2019, the average value for five years is around 24%, which shows the company's superior profitability. This shows that Tencent has a strong ability to make profits through its own assets. The decline in return on equity in 2018 and 2019 was mainly due to the reduction in personal computer client game revenue caused by the state's control over game licenses and the increase in various expenses caused by the increasing content costs, financial technology service-related costs, channel costs, and sales and marketing expenses, which slowed the growth rate of net profit. In addition, the annual increase in net assets is also an important reason for the decline in Tencent's return on equity.

The growth rate of main business income is the growth rate of the main business income of the enterprise in the current year compared with the previous year. The growth rate of main business income is to judge the development status of the enterprise and predict the future development space. It is proportional to the growth rate of profitability and is an important indicator for predicting the growth of the company. Through the analysis of the growth rate of main business income of each business division, the growth potential, advantages and disadvantages of each business division of Tencent can be identified. The effective implementation of the intensive strategy can help Tencent improve its product and market competitiveness and drive the growth rate of main business income. By comparing the growth rates of each division's income, we can judge the division with good profitability growth, increase the resource investment in this division in the future implementation of the strategy, and improve the overall profitability of Tencent. The growth rate of operating income of each division of Tencent is shown in Table 2.4.

Table 2.4 - The growth rate of operating income of various branches of Tencent, 2020-2024

Indicators	2020	2021	2022	2023	2024
Value-added services	33.64%	42.83%	14.72%	13.22%	32.11%
Online advertising	54.40%	49.94%	43.62%	17.73%	20.32%
Fintech and enterprise services	263.06%	152.58%	79.91%	29.99%	26.37%
Tencent	47.71%	56.48%	31.52%	20.66%	27.77%

Source: Tencent Annual Report

It can be seen from Table 2.4 that Tencent's value-added service revenue growth rate is the highest, further indicating that value-added services are its advantage. The growth rate of online advertising revenue is the lowest, which is at a disadvantage. The growth rate of main business revenue of each division generally shows a downward trend. The obvious decline in 2018 and 2019 is mainly because the game revenue in value-added services has always been one of the main sources of Tencent's operating income, but due to the control of relevant national policies, the approval of game versions and the control of game consumption by minors have been suspended for a long time, and Tencent's game revenue growth is not ideal. In 2020, Tencent actively adjusted the game sector, increased game content and experience, and gradually digested the slowdown caused by the above impact. At the same time, the need to stay at home for epidemic prevention and control has brought certain opportunities for the growth of game business revenue. The growth rate of operating income of the value-added service division has been greatly improved, becoming the largest contribution division to the company's revenue growth rate. The value-added service business has entered a mature stage, and the customer market is close to saturation. Its operating income growth rate is generally lower than that of other business divisions.

The revenue growth rate of the online advertising division has gradually slowed down from the high-speed growth stage. In 2020, it became the division with the lowest contribution to the overall operating income growth rate. This is because the advertising market has gradually matured and the market competition is fierce. It is difficult to maintain a high growth rate. At the same time, in the analysis of Tencent's Porter Five Forces Model, it can be seen that Tencent faces fierce competition in the advertising industry and the bargaining power of advertising business buyers is strong. This is also the reason why the growth rate of Tencent's online advertising business revenue has gradually slowed down. Financial technology and enterprise service revenue was included in other revenues in 2018 and before, and was not listed separately, so we analyzed it based on the data of other business divisions. The growth rate of financial technology and enterprise service revenue has gradually slowed down after experiencing rapid growth. This is because in recent years, it has been a transition from the growth stage to the mature stage. During the growth stage, the revenue grew rapidly, and then the growth rate slowed down and gradually entered the mature stage, which played a certain role in driving the overall operating income growth rate.

Gross profit growth rate refers to the growth rate of the company's current gross profit compared with the previous period's gross profit. By finding out the business divisions with advantages or disadvantages through the high or low values, the implementation of the strategy can be effectively analyzed. Under diversified operations, the sales expenses and administrative expenses of each division are reported together and cannot be accurately distinguished from each division. Therefore, when analyzing the profitability of each division, the gross profit indicator is used for analysis. If the gross profit growth rate is positive, it means that the performance has increased. If the gross profit growth rate is negative, it means that the gross profit of the current period is not as good as the previous period, and the performance has declined. It can effectively evaluate the company's operating efficiency. The gross profit growth rates of Tencent's divisions are shown in Table 2.5.

Table 2.5 - The gross profit growth rate of each division of Tencent, 2020-2024

Indicators	2020	2021	2022	2023	2024
Value-added services	34.34%	31.92%	10.90%	3.14%	34.96%
Online advertising	35.73%	28.33%	40.08%	61.09%	26.09%
Fintech and enterprise services	497.60%	246.29%	96.55%	47.75%	31.71%
Tencent	38.00%	38.37%	21.55%	17.88%	32.23%

Source: Tencent Annual Report

It can be seen from Table 2.5 that the gross profit growth rate of each division of Tencent fluctuates greatly overall. By comparing with the growth rate of operating income of each division, it is analyzed that these two indicators are positively correlated, which to a certain extent can explain that the resource allocation of the enterprise is relatively reasonable. Overall, financial technology and enterprise services are in a strong growth trend, which is an advantage. Value-added services are the most original and basic business for Tencent. The life cycle of this business has entered the mature stage. It is reasonable that the growth rate of gross profit margin is lower than that of other business divisions in the rapid growth stage.

The decline in gross profit growth rate in 2018 and 2019 is due to the fact that the state's control over related businesses has led to continued cost increases, and the revenue has not received the due income return. The substantial growth in the gross profit growth rate of online advertising in 2018 and 2019 was due to the decline in content costs of variety shows and sports events, and the increase in gross profit led to an increase in gross profit growth rate. In 2020, due to the integration of advertising platforms and increased investment in algorithms and analysis services, the substantial increase in costs led to a decline in gross profit growth rate.

The gross profit growth rate of financial technology and enterprise services has gradually slowed down after rapid growth, and in 2020 it is basically at the same level as the company's overall gross profit growth rate. Tencent's business division actively cooperates with regulatory requirements and continues to increase its investment in technology. If the initial investment can achieve the expected return, the gross profit growth rate of this business division still has a lot of room for improvement. From the perspective of Tencent's overall gross profit growth rate, excluding the impact of game policies, the gross profit growth rate is basically at a stable level. In 2018 and 2019, due to the state's control over game policies, there was a downward trend in the gross profit growth rate, but as Tencent digested the impact of relevant policies, the gross profit growth rate in 2020 returned to more than 30%. This shows that Tencent is greatly affected by national policies, but the internal strategy is effectively implemented, and the gross profit growth rate can be guaranteed by optimizing resource allocation.

The industry market growth rate is the growth rate of the industry's business revenue in the current year compared with the previous year, reflecting the industry's development speed and can be used to predict the industry's growth. The industry market growth rate is proportional to the industry growth rate. The higher the growth rate, the faster the industry growth rate. On the other hand, the faster the industry growth rate will increase the attractiveness to potential competitors and aggravate the situation faced by companies in the industry. Tencent's revenue is mainly composed of game revenue and Internet advertising revenue. This section focuses on comparing the market growth rates of the game industry and the Internet advertising industry to judge the industry's growth and the entry threat of potential entrants, and analyzes Tencent's competitiveness based on Tencent's game and advertising market share, so as to facilitate the prediction of future profit quality. The market growth rates of the game and Internet advertising industries are shown in Table 2.6

Table 2.6 - Market growth rates for the gaming and Internet advertising industries, 2020-2024

	2020	2021	2022	2023	2024
Game industry	17.67%	22.98%	5.32%	7.67%	20.71%
Tencent game market share	42.79%	48.07%	48.50%	49.68%	56.01%
Internet advertising industry	29.68%	30.03%	24.17%	18.22%	13.85%
Tencent advertising market share	10.56%	13.59%	15.72%	15.66%	16.55%

Source: State Administration for Market Regulation and Tencent Annual Report

From Table 2.6, we can see that the market growth rate of the game industry remained at a high level in 2016 and 2017, but it declined significantly in 2018 and 2019, mainly because the state issued a series of policies to regulate and restrict the game industry, suspend the approval of game licenses, and regulate the time period, duration and consumption amount of minors' games, which caused the market growth rate of the game industry to be greatly impacted in the past two years. With the resumption of game approval licenses and the digestion of restrictive policies by the game industry, and accompanied by the stay-at-home policy, the market growth rate of the game industry ushered in a new growth point in 2020, reaching 20.71%, but it still did not exceed the growth rate of 22.98% in 2017, and with the lifting of the stay-at-home policy, the bonus of game growth will gradually fade, and the market growth rate of the game industry will face huge challenges in the future, and the entry threat of potential entrants is not great. Through the analysis of Tencent's game market share, it can be seen that the proportion of Tencent's game revenue in the total revenue of the entire game industry has increased year by year, and in 2020 it exceeded half of the total industry revenue, indicating that Tencent's game competitiveness is becoming stronger and stronger, and its leading advantage in the game industry will have a positive impact on its profit quality.

CHAPTER 3

SUGGESTIONS FOR THE IMPROVEMENT OF THE INTERNATIONALIZATION STRATEGY OF MULTINATIONAL COMPANY

3.1. Risk planning system in the internationalization strategy of multinational company

Based on the international development overview of my country's Internet enterprises and the analysis of the strategic choices of Internet enterprises in the previous chapters, we have obtained the common problems encountered in the implementation of the internationalization strategy of my country's Internet enterprises. On this basis, based on the successful practices of Tencent in its internationalization strategy, countermeasures and suggestions for the development of China's Internet enterprises' internationalization strategy are proposed, so as to promote the vigorous development of my country's Internet enterprises and enhance my country's international competitiveness and rule-making voice in the Internet industry [24, p. 114].

Most of my country's Internet enterprises, which have grown up under the special Internet protection policy and Chinese cultural background, have not had direct competition and confrontation with international Internet giants such as Microsoft, Google, Facebook, and Amazon. With the population dividend of more than hundreds of millions of Internet users in my country and the rapid development of mobile Internet and broadband technology, my country's Internet enterprises have ushered in a historical highlight this year, but behind the rapid development, there are many problems such as low operating efficiency, insufficient product level, insufficient strategic formulation level, and insufficient internationalization control ability of my country's Internet enterprises due to laissez-faire piracy, lack of attention to intellectual property protection, and business corruption. This means that the road to going overseas for my country's Internet companies is doomed to be not smooth sailing. It is urgent to take advantage of their strengths and avoid weaknesses, and take a series of measures and means to build the core competitiveness of enterprises [25, p. 150].

Pay attention to the assessment and prevention of political risks in the international market. Under the current international situation, while my country's Internet companies go global, they must pay attention to the assessment and prevention of political risks brought about by international investment and operations. At present, the competition between my country and the United States has reached the highest level in history, and the competition between China and the United States is becoming increasingly fierce and open. The competition and conflict of national interests have gradually expanded from the excessive international trade deficit and the field of science and technology to the cultural field and the consumption field.

Affected by the US strategy of returning to the Asia-Pacific region and international geopolitics. Some countries have a strong sense of hostility towards Chinese companies, especially Internet companies that integrate consumption, technology, and culture. The political risks of the internationalization of my country's Internet companies are increasing. For example, the Indian Ministry of Electronics and Information Technology has issued bans many times, announcing the ban on the use of 118 Chinese apps, including WeChat Work, TikTok, WeChat, CamCard, Sina News, Baidu, Youku, Taobao, DingTalk, and Alipay, and 59 of them have been permanently banned. Other Western countries are also ready to join the ban on Chinese Internet companies in the future, which undoubtedly adds great political risks to my country's Internet companies going overseas.

The ways for my country's Internet companies to go global mainly include setting up overseas branches and foreign direct investment. Faced with the current uncertainty of the international market, the increasingly stringent overseas laws on overseas investment, and the increase in political risks, the establishment of overseas branches and foreign direct investment have undoubtedly increased the market and political risks of my country's Internet companies' international operations. Therefore, in the process of going overseas, my country's Internet companies should carefully conduct all-round risk assessment of overseas target markets according to the advice of my country's diplomatic department, and establish a comprehensive risk prevention mechanism. Gradually get rid of the simple foreign direct investment model or the establishment of overseas branches and choose the indirect investment model with greater room for maneuver. Try to adopt the way of cooperating with local enterprises, indirectly holding or setting up a separate enterprise abroad and then investing in indirect investment methods to reduce the market risks caused by geopolitics.

Most of the countries and regions along the "Belt and Road" have a large population, a low degree of population aging, and a low level of Internet development. For example, Kazakhstan and Kyrgyzstan in Central Asia, and Arabic-speaking countries in the Middle East and North Africa, these regions and countries have great demographic dividends and huge market growth potential, and these countries lack local Internet companies with strong competitive advantages [26, p. 75].

With the implementation of my country's "Belt and Road" initiative for eight years, my country has made large infrastructure construction and industrial investment in these regions. It has brought many jobs to the local people and improved the living standards and transportation convenience of the people in the countries and regions along the route. Therefore, Chinese enterprises have a good reputation and influence in the regions and countries along the route. Internet products are different from industrial products such as clothes, cars, toys, and mobile phones. There are almost no tariff barriers and they have great competitive advantages. my country's Internet enterprises can cooperate with first-mover enterprises that have been overseas for a long time, such as Huawei, ZTE, Lenovo and other manufacturers. Establish brand cooperation and product joint ventures, and lower the threshold for overseas business expansion through cross-border operations.

Enhance the competitiveness of Internet enterprises themselves. The development of Internet enterprise products requires the mutual cooperation of multiple interlocking links in the industrial chain. For example, the development of Internet game products requires market research, demand analysis, game planning, project development, product internal testing, product external testing, and distribution. Among them, the project development stage involves internal production links such as art, design, narrative editing, and lens directing, as well as external contracting links such as sound effects, lighting, and computer graphics. On the one hand, we should connect the upstream, midstream and downstream of the industrial chain, make use of the complementarity between enterprises in the industrial chain, build industrial alliances, achieve multi-angle and full-range cooperation and interest bundling, improve the cooperative stability of Internet enterprises in international operations, and achieve the synergy of Internet industrial alliances through knowledge sharing, knowledge spillover and other mechanisms, and reduce the impact of external uncertainties on the international operations of enterprises [27, p. 32].

On the other hand, we should actively cultivate the ability of my country's Internet enterprises to go overseas. The internationalization of Internet enterprises is a long-term process. Only when the domestic market develops to a certain stage and the business scale and market share reach a large part, can we form a strong ability to resist the impact of international market risks and uncertainties. Therefore, the product business of Internet enterprises should not be overly and blindly diversified. They should focus on core product business and take the road of internationalization of innovative, professional, characteristic and high-quality product development.

The motivation for the internationalization of an enterprise and its international interface model are often selected by the enterprise based on its own operating conditions and external factors, without specific standards. However, enterprises in the same industry often form clusters with different characteristics when they internationalize, and the final result of their internationalization will be reflected in the degree of internationalization and stability. For a game company, because of the network externalities of the game itself, obtaining the most global users becomes its most fundamental purpose. In general, the higher the degree of internationalization of a game company and the more stable the degree of internationalization, the larger the user base and the more outstanding its profitability.

The international interface model it chooses in the process of internationalization has more research value. Therefore, this paper measures the degree of internationalization of a game company to conduct a reverse study of its model. In measuring the degree of internationalization, data is relatively easy to obtain, and the most widely used is the transnationalization index released by the United Nations Conference on Trade and Development. Therefore, this paper studies the internationalization model of enterprises through the transnationalization index of each game company [28, p. 20].

The transnational index (TNI), also known as the "transnationalization index", refers to the degree of internationalization of a company's overseas business activities as a proportion of its total business activities, that is, an indicator to measure the degree of transnationalization of enterprises.

The United Nations Commission on Trade and Development (UNCTAD) ranks the world's 100 largest transnational companies (Transnational Corporations, TNCs) by total foreign assets and transnationalization index every year.

The selection of samples needs to consider their typicality and representativeness. The main purpose of this study is to compare the similarities and differences in the development of internationalization strategies of the game industry in developing and developed countries, so as to summarize the relevant laws, and enterprises are the main body of the internationalization strategy. Therefore, the internationalization index calculation and analysis of representative enterprises with large market scale in their home countries are selected to further provide inspiration for the internationalization of Chinese game companies.

In the selection of countries, its region, domestic market scale and development level should be considered. Among these factors, the domestic market scale should be considered. From "Statistics of the number of gamers in each region and the market size of each country", we can see that there are 26 countries with the largest market size in the world, of which three have a market size of more than 10 billion US dollars, namely the United States, Japan, and China; and 12 have a market size of more than 1.2 billion US dollars. Considering the development and maturity of the game industry in each country, this article selects the United States, Japan, and China as the main country samples [29, p. 140].

The competition in the game industry presents a relatively obvious monopolistic competition trend. According to Newzoo statistics, the revenue of the top 35 companies in the industry reached 114 billion US dollars, accounting for 82% of the global game scale. Tencent, which ranks first in revenue, had a game revenue of about 38 times that of the 35th Youzu Network in 2018. The median value of the table is 1.343 billion US dollars, the average value is about 3.258 billion US dollars, and its standard deviation is 4236.8, which shows that the revenue data has a large dispersion, a huge gap between the head and the tail, and a relatively obvious monopoly trend in the game industry.

Because the amount of data required is large and there are no relevant statistics in major databases, it can only be found in the annual reports of various companies, so data statistics and compilation are difficult. In addition, the disclosure rules and time of annual reports of various countries and regions are different, so that some data are not in the company's disclosure sequence and can only be sorted and corrected by themselves. Collection of overseas revenue data. Overseas revenue data is disclosed more comprehensively in listed game companies in various countries, and it is easier to collect and compile data.

Therefore, when collecting in these countries or regions, the classified assets are calculated by cumulative addition, and the overseas assets of each company's overseas subsidiaries, overseas marketable financial assets, overseas subsidiary goodwill, foreign long-term government bonds, and cash of foreign subsidiaries are added together to obtain overseas assets. This statistic cannot fully cover all overseas assets of the company, so it is less than the actual overseas assets of listed companies. In terms of collecting employee data, the total number of employees of listed companies is generally disclosed in their annual reports, but the number of overseas employees is selectively disclosed, so additional references to CSR documents, official human resources documents, and major consulting websites are required. The time panel of this article is selected as 2011-2019, but due to the reorganization of some listed companies in the sample and the fact that some countries and regions have not released their 2019 annual reports, the actual disclosure of annual reports by each listed company shall prevail.

3.2 Directions of an adequate evaluation of the internationalization strategy

Raise the localization of overseas business to the height of corporate development strategy. The localization of overseas business should be incorporated into the international development strategy of my country's Internet enterprises. my country's Internet enterprises currently have the characteristics of passive overseas expansion, and unclear strategic goals restrict the ability of Internet enterprises to make full use of domestic and foreign resources. Raising the localization of overseas business to the strategic level of the enterprise can make all staff of Internet companies realize the importance of localization of overseas business, rather than copying the domestic business. This can fully improve the work enthusiasm of employees of Internet companies and actively meet the needs of foreign markets [30, p. 42].

Make full use of the influence of Chinese civilization and expand the overseas influence of enterprises. Chinese Internet companies can first choose Southeast Asian countries with a large number of Chinese people, such as Singapore, Vietnam, Myanmar, Cambodia and other countries when "going out". Many people in these countries are from the southeast coastal areas of Guangdong, Zhejiang and Fujian in my country, and have a close relationship with the culture, customs and blood relationship of the Chinese nation. Moreover, in history, they have been deeply influenced by Chinese civilization and belong to the Han cultural circle. In the process of going overseas, Internet companies can use "Han style" design as a starting point, integrate the universal concepts such as etiquette, benevolence, wisdom and trust advocated by Confucian culture, absorb the cultural characteristics of local areas, cultivate overseas Chinese and Han fans user circles, and enhance the competitiveness of overseas products.

Use the method of cultivating local agents to reduce the resistance to internationalization. Chinese Internet companies can set up shell companies in overseas countries, and then use direct investment or mergers and acquisitions of local companies in the target market to carry out international business. This international local development strategy of "borrowing a boat to go to sea" can break the local government's regulatory policies on foreign companies, reduce geopolitical and international political risks, and obtain huge overseas market revenue while reducing international resistance. Among them, Tencent Enterprise is a representative successful company. In Southeast Asian countries, Tencent invested in Sea, a Singaporean company known as the "Little Tencent of Southeast Asia", and controlled Gojek, a shared travel service provider in Indonesia, and Voyager, a financial technology company in the Philippines. In the Indian market, it invested in Internet companies such as taxi software Ola, medical platform Practo, B2B platform Udaan, news aggregation Newsdog, and e-commerce platform Flipkart. In the European and American markets, it invested in German pure electric aircraft manufacturer LiLium, Swedish music platform Spotify, Snapchat, an instant-destruction software, and Tesla, an electric car manufacturer [31, p. 145].

First, the internationalization model based on self-development, which is mainly represented by NetEase. Game companies that choose this model often have a large domestic market share and a strong independent research and development foundation. In the domestic market, they have a number of representative self-developed games and domestic users with high stickiness. On the one hand, they continue to develop new games and related technologies, and on the other hand, they continue to cooperate with excellent foreign game developers to distribute their games domestically, expand their market share through agents, and quickly transform advanced technologies into their core competitiveness. After years of accumulation, they enter the international market with both export and investment. NetEase is the second largest game manufacturer in China. In the early stages of its development, it relied on self-developed games, such as "Westward Journey" and "Fantasy Westward Journey". Later, it cooperated with Activision Blizzard to obtain the agency rights of "World of Warcraft", and then gradually obtained the agency rights of many high-quality games from Activision Blizzard, which brought huge profits to the company. In recent years, with the enhancement of its own R&D capabilities and the expansion of its scale, a large number of mobile games such as Onmyoji and Identity V have begun to be exported overseas, and since 2015, it has accelerated its investment and layout in the overseas game industry.

Second, the internationalization model based on overseas investment, which is mainly represented by Tencent. Game companies that choose this model are often huge in scale, have the largest market share and user groups in China, and have a monopoly in the domestic market. In the process of internationalization, they obtain the agency rights of high-quality overseas games through investment, and even reversely acquire the game developers and publishers. Because of their sufficient capital, they are more inclined to use more aggressive mergers and acquisitions to complete their global layout, so that the game operation costs are internalized, and they do not value immediate interests. They will focus on the overall implementation of the internationalization strategy, make up for the shortcomings of the enterprise and future development [32, p. 553].

Tencent is the largest game manufacturer in China, but its independent R&D capabilities are not outstanding. The three major products that bring huge profits to the company, Dungeon Fighter, Cross Fire and League of Legends, are all its agency games. Riot Games, the developer of League of Legends, was acquired by it as early as 2012. In addition, in 2016, Tencent acquired Supercell, the world's top mobile game development company, for US$8.6 billion, and in 2018 acquired Grinding Gear Games, the developer of "Path of Exile" represented by it. Tencent used overseas investment and acquisitions to quickly improve its international resource allocation and formed a dual-end development and distribution team for PC and mobile games. Third, the internationalization model with channels as the core, represented by IGG. Companies that choose this type of internationalization model are often small and medium-sized enterprises. They face huge competitive pressure in China and do not have absolutely advantageous cash flow products, but they have certain independent research and development capabilities and their product quality is guaranteed. Due to capital limitations, these companies are very cautious and conservative about international investment, and prefer to export games overseas through high-quality channel dealers, participate in the international market through exports and localized operations, and the international market is their main target market and source of income. IGG chose Facebook as its high-quality channel provider. Through effective promotion of the Facebook community, its own excellent game quality and localized game strategy, it quickly entered the North American and Southeast Asian markets, and then gradually entered the European and South American markets, becoming a world-renowned mobile game developer and operator. Through the stable internationalization index, it can be seen that its international market revenue is relatively stable and its internationalization strategy is relatively mature.

In summary, the internationalization strategy of game companies is centered on the company's own operations. The motivations for internationalization are different, and the company's own situations are different, which leads to different choices of overseas markets with different psychological distances when internationalizing, and different internationalization interfaces are adopted. According to their characteristics, the internationalization models of Chinese companies can be divided into the following three types: internationalization models based on their own research and development, internationalization models based on overseas investment, and internationalization models based on channels [33, p. 104].

The Chinese government attaches great importance to the development of the game industry and has given full support in many policies. However, due to China's national conditions, unique national traditional culture, and economic and political constraints, there are still deficiencies in the implementation of relevant policies, including the lack of a clear and effective game rating system, the lack of foresight and systematic support policies, the imperfect legal system for intellectual property protection, and the lack of high-end game design and planning talents.

The game rating system is a system in which the rating committee classifies games from different countries and regions into different levels according to the corresponding standards of their own country and provides them to suitable game user groups. It is generally classified according to age, and some are also classified according to content. On the one hand, the game rating system can make the game management system more systematic and convenient; on the other hand, it provides a reference for the laws and regulations on game management. After years of development and testing, the game rating system has become relatively mature.

The three representative rating systems in the world are the ESRB system of the United States, the CERO rating system of Japan, and the PEGI rating system of the European Union, which provide more scientific materials for China's rating standards. In fact, as early as 2004, China launched the "China Green Game Evaluation and Recommendation System", but it was not implemented due to the development of the industry and historical conditions at that time. After years of development, China's intellectual property awareness and spiritual culture construction have made great progress, and the laws and regulations on the protection of minors and the supporting auxiliary systems have been relatively complete [34, p. 31].

These conditions have laid the foundation for the formulation and implementation of the classification system. Relevant departments should, on the basis of studying and judging international classification experience, fully combine China's national conditions, especially the core values of socialism, the traditional culture of the Chinese nation and public order and good customs to set the standards for the classification system; they should also combine the existing management agencies and policies and regulations, and the existing laws and systems for the protection of minors, to establish a game classification system with Chinese characteristics, so as to provide better protection for the standardized development of the game industry.

Implementation of supportive policies On November 28, 2018, the National Bureau of Statistics listed digital creative content as a "strategic emerging industry classification", which includes digital content services such as games and animation. Common policy benefits for the sub-industries included in the Strategic Emerging Industries Catalogue mainly include financial and tax support, such as high-tech enterprise certification common to game companies, encouragement and reward policies related to cultural industries, etc. At a higher level, the industries included in the Strategic Emerging Industries Catalogue have corresponding arrangements in terms of corporate financing, industrial fund support, and even priority listing. The Chinese government listed the game industry as a supported industry as early as the 12th Five-Year Plan period and the 13th Five-Year Plan period. In January 2017, the National Development and Reform Commission of China included games in the "Guidelines for Key Products and Services of Strategic Emerging Industries". The importance attached to the game industry has risen to a high level.

However, the introduction of specific support policies is often based on local governments. On the one hand, due to the imbalance of local development, many creative small and medium-sized game developers do not receive specific support; on the other hand, the introduction of policies is often not systematic and forward-looking, and is mostly based on currency and taxation, which does not play a positive role in the independent research and development capabilities of enterprises and the promotion of new technologies. Therefore, the supportive policies should be more specific and detailed. We should deeply study the current situation of China's game industry, grasp the main problems and contradictions, coordinate with diversified means, focus on supporting small and medium-sized game enterprises with potential and creativity; coordinate the relationship between enterprises, enterprises and governments, enterprises and associations, simplify the approval process and preparation documents for game versions, speed up the legislation of games, strengthen intellectual property protection, and create a good atmosphere for industrial growth.

The development cost of games is very high, but the marginal cost is almost zero. Once intellectual property rights are infringed, there will often be more serious consequences. The links involving intellectual property protection of games are more complicated and more difficult to identify. Although games are computer software, their unique artistry makes their protection even more difficult.

Although China protects games as ordinary computer software, it also has its own characteristics. In China's judicial practice, online games are generally divided into the following three elements: art, music and text works, computer software works and film works. However, this division has both advantages and disadvantages. Although it simplifies the protection measures, it often leads to the situation of taking things out of context. As an emerging protected object, games should be protected by a more complete intellectual property protection system and new forms of protection should be confirmed. Introducing the principle of expert appraisal. Some older judges have not actually operated games. In the appraisal process, they mainly rely on pictures and subjective cognition, and do not understand the rules and connotations of the game. Therefore, introducing the principle of expert appraisal can not only improve efficiency but also ensure fairness and accuracy [35, p. 45].

Talents are a vital resource for the development of enterprises. As early as 2006, China launched the national information technology scarce talent training project, aiming to promote the construction of the national information technology scarce talent training system. After years of rapid development, the quality of Chinese game talents has been greatly improved, basically meeting the basic needs of game companies, but with the application of new technologies, talent training is still insufficient. The training mechanism of Chinese game talents consists of three parts, namely colleges and universities, enterprises and training institutions, among which colleges and universities are the main body, training institutions are supplementary, and enterprise training is sublimation.

College training still focuses on the theoretical part, and there is a big gap with foreign countries in practice, while training institutions often have mixed quality and cannot fully guarantee talent training. Although corporate training provides employees with abundant practical opportunities, the company's own educational experience is insufficient and often cannot teach students in accordance with their aptitude. In order to meet the employment needs of game companies, first of all, the country should actively conduct research and formulate a reasonable and stable professional certification system, including design, planning, operation and other aspects, to achieve scientific certification standards that combine theory with practice. Secondly, the country should increase support for game design majors in colleges and universities, actively introduce advanced foreign game design concepts and teaching levels, and improve the education level of colleges and universities in combination with China's national conditions. In addition, the review of game training institutions should be strengthened, unified standards and support policies should be formulated, and the punishment of institutions that do not meet the requirements and disrupt the market order should be increased.

The self-regulatory associations of the Chinese game industry include the Game Software Branch of the China Software Industry Association and the Game Working Committee of the China Audio and Video Association. The two associations have made outstanding contributions to promoting the development of the Chinese game industry, formulating relevant industry standards and guiding business operations, but there are still shortcomings that need to be further improved.

In recent years, the negative externalities of the game industry have been criticized by the society, especially the insufficient protection of minors. The pornographic and violent content in games has also been condemned by the society. These negative events have not only brought obstacles to the development of the game industry, but also threatened the healthy growth environment of minors. Therefore, it is urgent for the game industry association to continue to strengthen self-discipline and purify the industry atmosphere. By strengthening self-discipline, it can not only reduce the social problems caused by the game industry, but also lay a good foundation for the game classification system. The foundation of the game classification system is the self-discipline of the game industry. It does not give up its own professional ethics for commercial interests, fully respects the guardians of minors' right to know the game content, strictly follows the relevant national laws and regulations, and follows public order and good customs, purifies the game environment for minors, and prevents domestic and foreign violent and pornographic games from poisoning minors.

Therefore, the industry association should regularly strengthen the study and training of socialist core values, put the "China Game Industry Self-Discipline Convention" at the top of professional ethics, assume corresponding social responsibilities, and purify the entire network environment. Secondly, establish a more perfect self-discipline normative system, with morality as the bottom line and law as the criterion, and should take into account the development of traditional culture and new technologies, keep pace with the times, and bring forth new ideas [36].

While assuming their own relevant responsibilities, industry associations should continuously strengthen their service functions, strengthen market research, use scientific statistical methods to analyze and judge the development trends of the global game industry, especially the real-time dynamics of the application of new technologies in the game industry, and grasp the forefront of games. Combined with sociology and psychology, continuously improve the relevant theories of the game industry, strengthen the internal talent training of the industry from the aspects of design, planning, operation, etc., improve the training mechanism, and cultivate high-end game talents with innovative consciousness and broad perspectives.

In the process of rapid development of China's game industry, social problems caused by games have occurred frequently. This requires industry associations to strengthen the regulation of the game industry, combine China's national conditions, and formulate industry standards with Chinese characteristics. In particular, in terms of game content design and publishing standards, research should be strengthened, and international experience should be learned to achieve relaxation. It should not be too strict to cause a chilling effect, nor too loose to cause adverse social problems. It should be based on public order and good customs to formulate reasonable, compliant, and reasonable industry standards.

Enterprises are the main body of game operations. They must not only ensure their own profit levels and the implementation of various corporate strategies, but also operate in compliance and assume corresponding social responsibilities; game companies belong to the technology industry, and their core competitiveness is ultimately independent research and development capabilities and the ability to apply new technologies; in the process of implementing internationalization strategies, international interfaces should be carefully selected. Carefully select international interfaces International interfaces are often a key step for game companies to go international. In addition to digital trade with lower risks, namely game exports, foreign investment is often their main way. The political, legal, cultural and other environments overseas are very different from those in China, which often leads to unexpected complexity of investment problems, especially large investments involving technology, which will be interfered with by the host government. In the process of overseas investment, enterprises should conduct in-depth investigations, hire professional institutions to assist, have a deep understanding of the host country's environment, and make relevant preparations for risk control. Internationalization strategies should be systematic and holistic and cannot be carried out in a disorderly manner. Invest in strict accordance with relevant laws, negotiate with the investee in a friendly manner, and respect the other party's culture, religion and ethnic characteristics [37, p. 23].

Reduce negative externalities of enterprises In recent years, Chinese game companies have continuously strengthened their awareness of social responsibility and actively fulfilled their social responsibilities, but the overall situation is still not optimistic. The negative externalities of the game industry have continued to increase with the development of the industry. Inducing young people to indulge in games, negligence in consumer rights protection, and spreading bad information, suspected gambling and other illegal and irregular phenomena frequently occur. Adhering to the priority of social benefits is the premise for the healthy and orderly development of the game industry. The coordinated development of social benefits and economic benefits has gradually become a consensus in the development of the industry. However, there are still many companies that lack the attention to social benefits. While they have achieved rapid development, they lack the awareness of actively giving back to society. Therefore, the problem of negative externalities is an important problem that current game companies need to solve urgently. Senior managers of game companies should strengthen their awareness of compliance operations, abide by relevant national laws and regulations, abide by the self-discipline conventions of industry associations, and not harm social interests for economic interests. Game companies should face up to their own problems, reduce existing negative externalities with a positive attitude, take social responsibilities, purify the game environment, and adhere to green games.

The core competitiveness of game companies lies in independent research and development capabilities and IP reserves. Independent research and development capabilities mainly refer to the innovation capabilities of game manufacturing, game development capabilities including game engine development, server-related technologies, and game architecture; IP reserves are game design source materials and the number of game intellectual property rights. The former involves the quality of the game; the latter involves the quantity of the game. Both are the guarantee for game companies to maintain a high profitability in the market, and are also the source of high user stickiness and good industry reputation. To enhance independent research and development capabilities and increase IP reserves, enterprises must first ensure the investment of research and development funds, and should not reduce research and development funds due to increased market sales costs; secondly, they should actively cooperate with international mature game developers and publishers to obtain advanced game engine technology and related game design experience through technology transfer and investment; finally, they should continuously cultivate high-end game talents and form a mature and effective talent training system and learning system. In this way, internal and external integration will continuously improve their independent research and development capabilities and IP reserves [30, p. 42].

The role of new technology application in the game industry has been continuously highlighted. Although it has caused a certain impact on the traditional game structure, it has also brought new profit growth points and users. In this context, game companies, especially large game companies, should accelerate their layout in the field of new technologies. On the one hand, they should actively respond to the impact brought by Internet giants using new technology advantages to enter the game industry; on the other hand, they should increase the research and development efforts of new technologies in the game field, formulate systematic investment plans, and quickly seize the opportunity of new technology application in games through cooperation or acquisition of new technology research and development institutions or enterprises [38, p. 84].

Raise the information security protection of product services to the level of corporate development strategy. The security of information services and the protection of consumer privacy rights should be incorporated into the international development strategy of Chinese Internet companies. At present, due to the lack of awareness of domestic netizens about the right to privacy protection and the relatively relaxed policy of the Chinese government on information security, most Chinese Internet companies do not pay enough attention to the information security of products and user privacy. The lack of attention to information security restricts the improvement of the information security capabilities of Internet companies. Raising the security of information services and the protection of consumer privacy rights to the level of corporate strategy can make all staff of Internet companies aware of the importance of information security and privacy protection, fundamentally reduce the slack mentality, and form a good atmosphere of protecting privacy and paying attention to information security throughout the company.

3.3 Developing a framework of analysis of internationalization strategy of multinational company

The products and services provided by Internet companies (such as games, online videos, social software, etc.) are often considered to be commodities with ideological output because they have both consumption and cultural roles. Therefore, the Internet industry is usually regarded as one of the industries that are subject to national cultural control and even national security. This is a problem that Chinese

Internet companies must face on their way to going overseas.

Strictly abide by the laws and regulations related to information security in the place where the business is located. On the one hand, make full use of the company's international talents, deeply understand the laws and regulations of the place where the business is located, and know what is going on. Actively deal with local governments and judicial organs, and participate in the process of formulating local information protection laws and regulations. On the other hand, in cooperation with local judicial institutions, combined with the company's own information security protection measures and system construction, take the initiative to undertake the publicity activities of information security-related laws. Let local governments and citizens understand the protection policies and systems of my country's Internet companies, and form a clean and refreshing political and business relationship and a good public opinion atmosphere [31, p. 143].

Refer to the common practices of multinational companies to dispel the concerns of local governments. In the international operations of multinational companies, although some measures and systems are not required by local governments and judicial organs, multinational companies will still insist on implementing them to establish their own trustworthy corporate image and brand value. For example, my country's Huawei has improved its information security capabilities through information protection measures and security mechanisms such as product source code verification by neutral institutions, establishment of national security certification centers in the country where it is located, joint product development, and local deployment of data centers. These beneficial trial measures have greatly improved the company's information protection transparency, offset some of the adverse effects of discrimination against Chinese companies, and have achieved remarkable results in the telecommunications markets of developed European countries such as the United Kingdom, Germany, Sweden, and Italy.

Talent is the first resource. The fundamental driving force for the international development of my country's Internet companies is innovation, and the essence of innovation is the output of talents. International talents are the top priority for the international development of my country's Internet companies. The success or failure of their strategic implementation and tactical development lies in whether they can find the right international talents. International talents are familiar with international rules and are familiar with the politics, economy and culture of countries around the world. They are key resources for enterprises to open up overseas markets and implement localization strategies.

It is necessary to cultivate international talents of the enterprise itself. On the one hand, Internet companies need to cultivate international talents from four aspects: international vision, localization strategy, communication and coordination management. Internet companies should attach importance to the particularity and scarcity of international talents, establish overseas personnel departments, formulate reward and punishment mechanisms for the cultivation of international talents, and support talents with relevant foundations and characteristics to achieve global vision, localized strategy, bold market development, and comprehensive and diversified international talents through overseas study, work exchange, rotation and shift, and outbound work [35, p. 46].

Tencent needs to have sufficient net cash flow to provide financial security in the process of implementing its diversification strategy. Without financial guarantee, the enterprise will not be able to allocate resources, and the formulated strategy will not be implemented. Cash security is an important aspect to measure whether profits are truly realized. To evaluate the effectiveness of strategic implementation, it is necessary to analyze whether the profits obtained by the enterprise have received corresponding cash inflows. If the profit in the report is based on the increase in accounts receivable, the enterprise cannot obtain stable cash inflows, and it cannot maintain normal production and operation, let alone product development and diversified investment. These two indicators are both positive indicators. The larger the value, the stronger the cash security of the enterprise, the more sufficient the cash flow, and the better the effect of strategic implementation.

The accounts receivable turnover rate is the ratio of the main business income of the enterprise to the average balance of accounts receivable in a certain period of time, which is used to measure the efficiency of the enterprise's management of accounts receivable. The higher the accounts receivable turnover rate, the higher the profit quality of the enterprise. The accounts receivable turnover rate is analyzed in combination with the intensive strategy. The investment in product research and development is increased, and high-quality products will increase the competitiveness of the enterprise and improve the accounts receivable turnover rate. This indicator can reflect the bargaining power of the buyer in the Porter Five Forces Model analysis. The higher the index, the weaker the bargaining power of the buyer, and the goods need to be obtained by prepayment or cash sales; the lower the index, the stronger the bargaining power of the buyer, and the payment can be made by credit sales. At the same time, this indicator can also reflect the competition status of existing enterprises in the industry. The more intense the competition, the more enterprises will increase sales by preferential credit sales in order to improve their competitive advantages and expand their market share, which will lead to an increase in accounts receivable turnover rate [33, p. 103].

Through the analysis and comparison of the accounts receivable turnover rate of each business division, it can be concluded that the bargaining power and competitiveness of each business division of Tencent in the industry. The accounts receivable turnover rate of each business division of Tencent is shown in Table 3.1.

Table 3.1 - Accounts receivable rate of various business divisions of Tencent Company, 2020-2024

Indicators	2020	2021	2022	2023	2024
Value-added services	116.17	71.22	32.71	38.02	47.35
Online advertising	5.76	5.01	4.86	5.8	6.35
Fintech and enterprise services	-	-	-	9.93	8.09
Tencent	17.65	17.81	13.9	11.69	11.93

Source: Tencent Annual Report

Tencent's accounts receivable mainly come from financial technology and cloud users, online advertising customers and agents, and content production-related customers. Table 3.1 shows that the turnover rate of value-added service accounts receivable is the highest among all business divisions, indicating that it has the strongest competitiveness and has pricing advantages for customers. However, its accounts receivable turnover rate has a downward trend, mainly due to fierce market competition and increasing downward pressure on the domestic and foreign market economic environment. The credit period of value-added service customers is usually within 90 days, so customers have correspondingly extended the payment period when the mechanism allows. The low turnover rate of online advertising accounts receivable has a negative impact on the company's accounts receivable turnover rate. Tencent's competitiveness is relatively weak among its business divisions. It has strong competitors such as Alibaba and ByteDance. Tencent has weak bargaining power in the face of buyers in this field. In order to obtain a larger market share, it adopts a credit sales policy and neglects the management of accounts receivable, resulting in Tencent's accounts receivable turnover rate indicators.

In terms of financial technology and enterprise services, as an emerging business of Tencent, it has been reported separately since 2019, and its competitiveness needs to be strengthened. Alibaba Alipay and Alibaba Cloud have always been in a leading position, which makes Tencent's bargaining power unable to improve significantly, and its accounts receivable turnover rate is lower than the overall level of the company, and its profitability cannot be guaranteed. Tencent's accounts receivable turnover rate has generally shown a downward trend in the past five years. In order to expand the market and win customers, companies often adopt the method of selling on credit to attract people's attention and expand product sales. With the implementation of the diversification strategy, Tencent's business scope has expanded, and it cannot be guaranteed that all businesses are in an absolutely dominant position. Tencent is increasing its capital investment in related businesses, hoping to gain competitive advantages in related fields in future competition, thereby increasing its bargaining and collection capabilities and improving the company's cash security. By analyzing the accounts receivable turnover rate of Tencent and the comparison companies, it can be judged whether Tencent's operating income is recovered and its cash security, and it can also explain to a certain extent the bargaining power of Tencent in the industry relative to buyers. By comparing the accounts receivable turnover rates of enterprises , it can be seen that Tencent's accounts receivable turnover rate is lower than that of Alibaba and Tencent, indicating that its accounts receivable management is poor and there is a lot of room for improvement. The low accounts receivable turnover rate indicates that the profit quality is poor and the receivable income is not collected in time. The accounts receivable policy and the length of the collection period will have an impact on the profit quality. Tencent's credit sales policy is relatively loose, and the payment period is divided into 60 days or 90 days depending on the business; Alibaba will receive the payment first due to the characteristics of the industry, which will have a positive impact on the cash security of profit quality.

The net profit cash ratio is the ratio of the net cash flow generated by operating activities to the net profit, which evaluates whether the net profit has received corresponding cash inflows during the implementation of the enterprise strategy. When analyzing this indicator, it is only meaningful to analyze this ratio when the enterprise is operating normally, can create profits, and has positive net cash flow. The larger the net profit cash ratio, the more sufficient the cash flow of the enterprise is, the higher the profit quality is, and the more ideal the implementation effect of the development strategy is, provided that the net profit of the enterprise can be guaranteed. The net profit cash ratio of Tencent is shown in Table 3.2.

Table 3.2 - Tencent net profit cash ratio, 2020-2024

Indicators	2020	2021	2022	2023	2024
Net cash flow from operating activities of the enterprise	65518	106140	106443	148590	194119
Net profit	58154	82023	92481	114601	149404
Net profit cash ratio, %	112.6	129.4	115.10	129.66	129.93

Source: Tencent Annual Report

It can be seen from Table 3.2 that the net cash flow generated by Tencent's operating activities is greater than zero and higher than the net profit, indicating that the company's business has a certain cash protection. Tencent's net profit cash ratio declined in 2018. On the one hand, due to the need to expand its business, Tencent's receivables from customers or agents for services provided or goods sold in the daily business process increased, resulting in a relative decrease in cash flow. At the same time, the increase in net profit led to a decrease in the net profit cash ratio. On the other hand, the increase in the cost of each business affected the increase in net profit. This indicator began to rise in 2019, mainly because Tencent strengthened its control over cash flow from operating activities, accelerated capital repatriation, and increased corporate working capital. Tencent implements a diversified strategy, and various operating divisions will have an unbalanced resource allocation, so that the division with less resource allocation cannot obtain an absolute advantage in market competition. In order to optimize the industrial structure, diversify capital investment, and gain competitive advantages in fierce competition, Tencent must establish sufficient cash reserves, and there is still room for improvement in its net profit cash ratio.

In the process of business operation and investment, it is necessary to ensure that the implementation of the strategy can bring long-term benefits to the enterprise. The stability of the enterprise's profits can be guaranteed by allocating corresponding resources through the different financial characteristics of each business division. Profit stability refers to whether the company's profits can maintain stable growth. The more lasting the stability, the more guaranteed the company's profits and the higher the profit quality. For investors, only companies that obtain lasting profits have long-term investment value. This article selects the cash flow to debt ratio and the non-recurring profit and loss ratio to analyze Tencent's profit stability. Among them, the non-recurring profit and loss ratio is a reverse indicator. The lower the indicator, the stronger the enterprise's profit stability; the cash flow to debt ratio is a positive indicator. The higher the indicator, the stronger the enterprise's profit stability.

The non-recurring profit and loss ratio refers to the ratio of the enterprise's non-recurring profit and loss to the total profit of the current year. The sporadic nature of non-recurring profit and loss makes this part of the income unstable and cannot promote the realization of the enterprise's long-term value. This indicator can usually explain the authenticity of the enterprise's performance and the continuity of its profits. When non-recurring gains and losses account for a large proportion of its current gains and losses, the stability and quality of its earnings are low; otherwise, they are high. This indicator is compared with the diversification strategy implemented by Tencent. Tencent invests in various fields, and the income and disposal of investment assets will have an impact on the non-recurring profit and loss ratio. The non-recurring profit and loss ratio of Tencent is shown in Table 3.3.

Table 3.3 - Tencent company surplus cash security multiple, 2020-2024

Indicators	2020	2021	2022	2023	2024
Non-recurring profit and loss	3549	20140	16714	19689	57513
Total profit	51640	88215	94466	109400	180022
Non-recurring profit and loss ratio	6.87%	22.85%	17.69%	18.00%	31.95%

Source: Tencent Annual Report

It can be seen from Table 3.3 that Tencent's non-recurring profit and loss ratio has large fluctuations. Tencent's non-operating profit and loss mainly come from the disposal and deemed disposal of held investments, goodwill impairment provisions and other related businesses. Tencent's non-recurring profit and loss are high and fluctuate greatly, which is due to Tencent's diversified investment strategy. Tencent implements a diversified strategy and invests in major fields such as the Internet, medical health, games, artificial intelligence, entertainment and film and television. Its disposal or fair value changes will have an impact on non-recurring profit and loss. The large fluctuations in non-recurring profit and loss should attract the attention of Tencent, and Tencent needs to strengthen the control of investment. By analyzing and comparing the non-recurring profit and loss ratios of enterprises, the stability level of Tencent's income compared with its peers can be judged. By comparing the non-recurring profit and loss ratios of enterprises, it can be seen that Tencent's non-recurring profit and loss ratio is lower than Baidu's overall, but higher than Alibaba's, and the profit stability is inversely proportional to it. A high non-recurring profit and loss ratio indicates poor profit stability. Tencent's profit stability and profit quality are lower than Alibaba's. It should increase the proportion of main business income and conduct professional management and control of investment.

The cash flow to liabilities ratio refers to the ratio of net cash flow from annual operating activities to current liabilities at the end of the year. Cash current liabilities can reflect that during the implementation of intensive strategies, enterprises will increase costs when developing products and markets. The reduction in net profit will lead to insufficient cash flow. If the funds are obtained through borrowing, the reduction in cash flow will affect the repayment of liabilities, thereby affecting the stability of profits, and the company's strategy will not be able to continue to be effectively implemented. Tencent's cash flow to liabilities ratio is shown in Table 3.4.

Table 3.4 - Tencent cash flow debt ratio, 2020-2024

Indicators	2020	2021	2022	2023	2024
Net cash flow from operating activities	65518	106140	106443	148590	194119
Current liabilities at the end of the year	101197	151740	202435	240156	269079
Cash flow to debt ratio	64.745	69.95%	52.58%	61.87%	72.14%

Source: Tencent Annual Report

It can be seen from Table 3.4 that Tencent's cash flow to debt ratio is relatively stable, but it is less than 1, indicating that the company's operating cash cannot meet the short-term debt repayment needs and needs to be solved with the company's own funds or through financing. The signs of recovery in 2019 and 2020 are due to the increase in cash flow caused by Tencent's increased revenue, which to a certain extent alleviates the risk of Tencent's repayment of short-term debt. Tencent's low cash flow to debt ratio will have a negative impact on the stability of its profit quality.

The R&D expense ratio refers to the ratio of R&D expense to total sales revenue, which reflects the company's real R&D strength. The larger the ratio, the more the company invests, the stronger the core competitiveness of the enterprise, the more obvious the advantages of the enterprise, the higher the gold content of the product, and the improvement of the bargaining power of the enterprise, and the greater the stability and sustainability of the profit. Tencent's R&D expenses and ratio are shown in Table 3.5.

Table 3.5 - Tencent research and development expenses accounted, 2020-2024

Indicators	2020	2021	2022	2023	2024
R&D expenses	11845	17456	22936	30387	38972
Operating income	151938	237760	312694	377289	482064
R&D expenses as a percentage	7.80%	7.34%	7.33%	8.05%	8.08%

Source: Tencent Annual Report

It can be seen from Table 3.5 that Tencent's R&D expenditure is increasing, and the proportion of R&D expenses is increasing year by year. Tencent focuses on independent R&D investment. In recent years, it has built a number of advanced technology laboratories such as artificial intelligence and 5G. The number of R&D personnel has increased rapidly, the R&D team has continued to grow, and the number of R&D projects has increased rapidly. Tencent's R&D expenses have almost grown in sync with its revenue, but the proportion of R&D expenses has grown slowly. It cannot be ignored that in recent years, Tencent's revenue growth rate has slowed down, the growth rate of R&D expenses has decreased, and the growth rate of R&D expenses has not brought a higher growth rate of operating income. In order to improve its competitiveness in the industry, Tencent should continue to increase its R&D investment, strengthen its leading position in cutting-edge technology, take the path of sustainable development, strengthen its own advantages, and enhance its competitiveness.

In summary, Tencent's non-recurring profit and loss rate indicator is not satisfactory, indicating that Tencent still has room for improvement in terms of profit stability. In terms of strategic formulation, it should focus on core businesses, improve competitive advantages, and maintain its leading position. The cash flow to debt ratio is not high but has an upward trend. Therefore, judging from these two indicators, Tencent's overall profit stability is mediocre, and it needs to strengthen the management of investment evaluation, cash flow and debt level.

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CONCLUSIONS

In this study, we analysed and improved the integrated management system on advanced multinational company, and obtained the following conclusions:

The internationalization development of my country's Internet enterprises has gone through three stages: internationalization exploration stage, internationalization development stage, and internationalization deep cultivation stage. The internationalization motivation of my country's Internet enterprises mainly comes from five aspects: the saturation of the domestic market, the pursuit of technology and innovation, the entrepreneurial spirit of adventure, and the vigorous development of mobile Internet technology.

The internationalization strategy choices of my country's Internet enterprises mainly include differentiation strategy, market localization strategy, product diversification strategy, overseas R&D strategy, investment and merger strategy, etc.

The main problems faced by my country's Internet enterprises' internationalization strategy include overseas government intervention, high political risks in the international market, local differentiated operations, great resistance to international business development, data and information security, many lawsuits for violations and infringements, technical standards being controlled by others, and insufficient innovation capabilities.

Tencent's international operations have gone through three stages: initial trial stage, big leap forward, and deep integration.

The motivation for Tencent's internationalization lies in opening up new markets to increase corporate profits and its company's products have competitive advantages. Tencent's internationalization strategy is based on the multi-country localization strategy, and its specific market entry strategy is equity investment, controlling mergers and acquisitions, and strategic cooperation. The main purpose of Tencent's overseas investment and mergers and acquisitions is to accumulate foreign advanced technology and to form industrial strategic alliances with overseas companies in the industrial chain to achieve resource sharing and complementary advantages and functions. In terms of strategic selection characteristics, it takes its own advantageous business game as the entry point and invests in multiple industry fields. At the same time, it faces problems such as overseas government bans, competition from overseas Internet giants, and the need to enhance its self-developed innovation capabilities.

From the perspective of the growth rate of main business revenue, value-added services are in an advantageous position, while advertising services are less disadvantaged; from the perspective of gross profit growth rate, financial technology and enterprise services are in an advantageous position. From the perspective of industry growth rate and Tencent's share, the gaming industry is Tencent's advantage; the advertising industry is highly competitive, and potential competition cannot be ignored, and Tencent still has a lot of room for improvement. In the process of Tencent's implementation of diversification strategy and intensive strategy, the slowdown in the growth rate of main business revenue of each business division has affected the overall growth, the gross profit growth rate has fluctuated greatly, and each division has shown an unstable trend.

Tencent's intensive operation can help the company develop new products and markets and increase channels for revenue growth, but the implementation of the intensive strategy will also increase corresponding costs, which will have a negative impact on gross profit. Through analysis, we can conclude that the positive effect of the implementation of the intensive strategy is not significant. Because Tencent is overly focused on scale expansion, it has dispersed the company's limited resources, thereby damaging the company's overall profit quality. Therefore, Tencent's profitability still has a lot of room for improvement in terms of growth.

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