**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: **STRATEGY FOR ENHANCING COMPETITIVENESS OF INNOVATIVE ENTERPRISES IN THE "INTERNET+" ERA**

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

***XU YUNING***

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Master of Administrative management

**SUMY - 2025**

# SUMY NATIONAL AGRARIAN UNIVERSITY

**Faculty** Economics and Management
**Department** Public management and administration

**Education degree** *«Master»*
**Field of Study** *073 «Management» (EP «Administrative Management»)*

Approved:
Head of Department
«_____» _____ 20

# TASK

**on qualification work for student**

***Xu Yuning***

**1. Theme of Qualification work:** **STRATEGY FOR ENHANCING COMPETITIVENESS OF INNOVATIVE ENTERPRISES IN THE "INTERNET+" ERA**

*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):**

*They analyze the actual problems of strategy for enhancing the competitiveness of innovative enterprises in the "Internet+" era. Defined the basic concepts and theories of competitiveness of the enterprise. Analyzed the general characteristics of the enterprise's activities and data adjustment coefficient in the system of analysis of the competitiveness of Tencent Holdings LTD, and identified strategic risk based on the balanced scorecard of innovative enterprise. Justified the implementation of Tencent's strategic risk management system and researched Tencent's financial risk control measures for enhancing competitiveness. It developed a framework of operational risk control in the system for enhancing the competitiveness of innovative enterprises in the "Internet+" era*

**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 _____ ***Xu Yuning***
(signature)

Superviser of science work _____ ***Tetiana Kharchenko***
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Authentication performed _____ ***Nadiia Baranik***
(signature)

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

## SUMMARY

**Xu Yuning. Strategy for enhancing competitiveness of innovative enterprises in the "Internet+" era.**

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

Enterprise competitiveness, as conceptualized through Porter's Five Forces and the resource-based view, is fundamentally rooted in an organization's ability to leverage unique assets while mitigating external threats. Tencent's dominance in the digital ecosystem—exemplified by WeChat's 1.319 billion monthly active users and its gaming revenue of RMB 123.9 billion in 2022—demonstrates the power of network effects and proprietary technologies. However, the decline in QQ users (from 647.1 million in 2022 to 522.1 million in 2024) highlights the vulnerability of relying on homogeneous products in saturated markets. This duality underscores the necessity for enterprises to balance core competencies with agility in adapting to shifting consumer preferences and regulatory landscapes.

Digital transformation, particularly in fintech and cloud services, has emerged as a cornerstone of Tencent's competitive strategy. The company's financial technology and enterprise services segment grew to 30.74% of total revenue by 2021, driven by innovations such as WeChat Pay and Tencent Cloud. Yet, the overreliance on gaming revenue (31.12% in 2021) exposes systemic risks, especially under tightening regulations like China's 2021 restrictions on minors' gaming time. To mitigate such risks, enterprises must diversify revenue streams by expanding into high-growth sectors. Tencent's data assets, quantified through the Analytic Hierarchy Process (AHP) and fuzzy evaluation as contributing 7.22% to total assets (valued at RMB 114.13 billion), represent untapped potential for B2B monetization in healthcare and smart logistics. Standardizing data governance frameworks, such as adopting ISO 8000 standards for accuracy and security, could further enhance the commercial viability of these assets.

The Balanced Scorecard framework reveals critical vulnerabilities across Tencent's operational dimensions. Financially, the 11.3% year-on-year decline in operating cash flow (2021) and rising short-term debt (RMB 28 billion in 2022) signal liquidity strains. Customer-facing risks include intensifying competition from ByteDance's Douyin, which has eroded Tencent's advertising revenue through its dominance. Internally, cybersecurity threats—such as server instability affecting 597 million QQ users—and intellectual property disputes threaten operational continuity. Talent retention further complicates growth, with 27,000 new hires in 2021 straining management capacity, while R&D investment (9.24% of revenue) lags behind peers like NetEase (16%). Addressing these challenges requires institutionalizing a Strategic Risk Management Committee to oversee cross-departmental mitigation efforts, coupled with real-time analytics via tools like RTX for proactive monitoring.



**Keywords:** digital transformation, competencies, competitive strategy, risk.

# АНОТАЦІЯ

**Сю Їнін. Стратегія підвищення конкурентоспроможності інноваційних підприємств в епоху «Інтернет+».**

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

Конкурентоспроможність підприємства, як вона концептуалізується через п’ять сил Портера та ресурсно-орієнтовану точку зору, фундаментально ґрунтується на здатності організації використовувати унікальні активи, одночасно пом’якшуючи зовнішні загрози. Домінування Tencent у цифровій екосистемі — прикладом якого є 1,319 мільярда активних користувачів WeChat щомісяця та дохід від ігор у 123,9 мільярда юанів у 2022 році — демонструє силу мережевих ефектів і фірмових технологій. Однак зменшення кількості користувачів QQ (з 647,1 мільйона у 2022 році до 522,1 мільйона у 2024 році) підкреслює вразливість покладатися на однорідні продукти на насичених ринках. Ця подвійність підкреслює необхідність для підприємств балансувати між основними компетенціями та гнучкістю в адаптації до мінливих уподобань споживачів і нормативного ландшафту.

Цифрова трансформація, зокрема у сфері фінансових технологій і хмарних сервісів, стала наріжним каменем конкурентної стратегії Tencent. Сегмент фінансових технологій і корпоративних послуг компанії зріс до 30,74% від загального доходу до 2021 року завдяки таким інноваціям, як WeChat Pay і Tencent Cloud. Проте надмірна залежність від доходів від ігор (31,12% у 2021 році) створює системні ризики, особливо в умовах посилення правил, таких як обмеження Китаю на час гри для неповнолітніх у 2021 році. Щоб пом’якшити такі ризики, підприємства повинні диверсифікувати потоки доходів шляхом розширення діяльності в секторах, що швидко розвиваються. Активи даних Tencent, кількісно визначені за допомогою аналітичного ієрархічного процесу (AHP) і нечіткої оцінки, як внесок 7,22% у загальні активи (оцінені в 114,13 мільярдів юанів), представляють невикористаний потенціал для монетизації B2B у сфері охорони здоров’я та розумної логістики. Стандартизація структур управління даними, наприклад прийняття стандартів ISO 8000 щодо точності та безпеки, може ще більше підвищити комерційну життєздатність цих активів.

Збалансована система показників виявляє критичні вразливості в операційних аспектах Tencent. У фінансовому плані зниження операційних грошових потоків на 11,3% порівняно з минулим роком (2021 рік) і зростання короткострокового боргу (28 мільярдів юанів у 2022 році) свідчать про проблеми з ліквідністю. Ризики, пов’язані з клієнтами, включають загострення конкуренції з боку Douyin з ByteDance, яка через своє домінування знизила доходи Tencent від реклами. Внутрішні загрози кібербезпеці, такі як нестабільність сервера, що впливає на 597 мільйонів користувачів QQ, і суперечки щодо інтелектуальної власності загрожують безперервності роботи.

**Ключові слова:** цифрова трансформація, компетенції, конкурентна стратегія, ризик.

**CONTENT**

# INTRODUCTION

**Relevance of the topic**. Nowadays, companies are regarded as competitive entities, and this ability is used to obtain opportunities for survival and development in the fierce market competition environment. Corporate competitiveness also refers to whether the company can fully utilize and allocate its own resources to adapt to new changes in the internal and external environment of the company, and form a competitive advantage, so that it can continue to survive and expand in the new and changing market and make profits. The corporate resource theory regards the unique resources formed in the research and development process as a potential source of sustainable competitive advantage for the company, thereby increasing the company's profits. In different companies, the company's tangible resources, intangible resources and accumulated knowledge resources are different. The value, scarcity, non-replicability and low-price resources possessed by the company are all important reasons for the company to achieve sustainable competitive advantage. The company's competitiveness is these unique resources. Only by continuously forming and using these proprietary advantageous resources can the company maintain its competitive advantage.

In a fiercely competitive market environment, emerging companies intend to explore growth opportunities in a market environment that is already occupied by many companies. However, this move may intensify the competition for raw materials and market share, pose a potential risk to the profitability stability of existing companies, and even challenge their survival. The difficulties in market entry mainly come from factors such as economies of scale, product differentiation, capital requirements, switching costs, expansion of sales channels, government behavior and policy regulation, and cost disadvantages that are not affected by scale. These difficulties make it difficult for simple copying or imitation strategies to cross the threshold of market access. From a policy perspective, the government should take measures to reduce industry entry barriers, promote market competition, and stimulate corporate innovation vitality. At the same time, the government should also strengthen support

for emerging companies to help them gain a foothold in the market and enhance their competitiveness. In addition, the company should also strengthen cooperation with the government, industry organizations, suppliers and customers to promote the healthy development of the industry jointly. Existing companies should actively respond and prevent risks when facing the threat of competitive entry. On the one hand, it strengthens internal management, improves operating efficiency, reduces costs, and enhances profitability; on the other hand, it pays close attention to market dynamics, adjusts development strategies on time, and grasps industry development trends. At the same time, existing companies should also pay attention to the trends of potential entrants and formulate corresponding response measures to prevent market share from being encroached. In market competition, companies should give full play to their own advantages, actively respond to challenges, and seek cooperation and development. On this basis, new companies can enter the market smoothly and existing companies can develop steadily, thus jointly promoting economic prosperity.

**The purpose and objectives of the study**. The purpose of the study is to develop theoretical frameworks and practical recommendations for enhancing enterprise competitiveness through digitalization, financial optimization, and strategic risk management.

Specific objectives include:

- defining core concepts and theories of enterprise competitiveness, such as Porter's Five Forces, resource-based theory, and core competence theory;

- analyzing the external environment and internal mechanisms driving competitiveness in the digital age;

- evaluating the role of financial technologies (fintech) and digital transformation in shaping competitive strategies;

- assessing strategic risks and proposing mitigation measures using tools like the Balanced Scorecard;

- providing actionable insights for enterprises to strengthen their competitive positioning through innovation and risk control.

**The object of the study** is to explore the application of digital technologies,

financial strategies, and risk management frameworks to improve enterprise competitiveness.

**The subject of research** is the theoretical and practical aspects of enhancing competitiveness through digital transformation and fintech integration, organizational structure and resource allocation, strategic risk management in dynamic markets, financial performance optimization, and innovation.

**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. Comparative analysis – in the study of components of the enterprise management system, including the Analytical Hierarchy Process (AHP). Quantifying the relative importance of competitiveness factors. Fuzzy Comprehensive Evaluation, assessing the impact of data assets on intangible value. Balanced Scorecard, identifying strategic risks across financial, customer, internal process, and learning/growth dimensions. The case study analysis evaluates Tencent's organizational structure, financial performance, and risk management practices.

**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, Tencent's annual reports (2019–2024) and financial statements, government policies and industry analyses related to digitalization and fintech, expert opinions and surveys for risk assessment and fuzzy evaluation.

**Scientific novelty of the results is** a formation of operational risk control in the system for enhancing competitiveness.

**The practical significance of the results is** strategic risk identification based on the balanced scorecard of innovative enterprises.

**The structure and scope of work.** Qualification work consists of an introduction, three chapters, conclusions and suggestions, a list of references, which consists of 32 titles. The main text is placed on 66 pages of computer text, the work contains 12 tables, 5 figures.

# CHAPTER 1

## BASIC CONCEPTS AND THEORIES OF COMPETITIVENESS OF THE ENTERPRISE

The concept of company market competitiveness can be traced back to the 1770s, when research was mainly conducted on trade between countries and regions. As the market plays an increasingly important role in corporate competition, the role of corporate market competitiveness has gradually emerged and its advantages and importance have become increasingly obvious. In many cases, it often determines the survival of the company, which has attracted the attention and research of various schools. In the 1980s, schools such as Porter and Cortes conducted in-depth research on corporate competitiveness, and the theoretical system of corporate competitiveness has gradually taken shape. Nowadays, companies are regarded as competitive entities, and this ability is used to obtain opportunities for survival and development in the fierce market competition environment. Corporate competitiveness also refers to whether the company can fully utilize and allocate its own resources to adapt to new changes in the internal and external environment of the company, and form a competitive advantage, so that it can continue to survive and expand in the new and changing market and make profits.

M.A.Yokhna, G.O.Sokoliuk believed that incentive policies, management systems and other internal management systems of companies play a very important role in the enterprise competitiveness management system [1, p. 21]. Varga Irina, Litvin Aleksandra analyzed the advantages of company competitiveness and concluded that the company's competitiveness can enhance the stability of the company itself. Turyakira, Peter et al. constructed a structural equation model to analyze the impact of a company's sense of responsibility on corporate competitiveness. The results showed that the company's sense of social responsibility has a significant impact on the competitiveness of small and medium-sized companies [2, p. 180].

P.G.Pererva, T.V.Romanchik proposed that the ways to evaluate corporate competitiveness include: the company's internal environment, management system, main products and expected value [3, p. 475]. Research by Onyeaghala Obioma Hyginus, Gift J. Eke et al. shows that the level of production costs, the technical level of the workforce and the ability of technological innovation are significantly correlated with the competitiveness of small companies [4, p. 105]. Maizaitulaidawati Md Husin, Razali Haron studied the competitiveness of small and medium-sized enterprises and believed that the SWOT analysis method can be used to measure the competitiveness of small and medium-sized enterprises [5, p. 68]. Foreign scholar Day GS believed that the company's market competitiveness can be integrated from three aspects: products, services, and industrial chains [6, p. 76], and Barney J. can summarize human resources, material resources and organizational resources as corporate competitiveness [7, p. 109]. There are many different studies on the company's market competitiveness, and they can be summarized into three major schools: Porter's competitiveness model (market school), corporate resource school, and core competence theory.

The market school regards the company as an interest group. In order to gain an advantage in economic activities, the company will adopt price reduction or product differentiation to obtain more market resources, and the company's competitiveness depends on the amount of market resources it has. Its representatives are Michael Porter and Philip Kotler. Professor Michael Porter proposed: "In any industry, there are five major competitive forces, including the bargaining power of suppliers, the bargaining power of buyers, the threat of potential entrants, the threat of substitutes, and the competitiveness of competitors in the same industry." These five aspects are: the bargaining power of suppliers, the bargaining power of buyers, the threat of potential entrants, the ability to substitute, and the competitiveness of competitors in the industry.

These five forces work together on the profitability and level of an industry, and their joint effect is the profitability and level of a company. Philip Kotler's marketing is a comprehensive marketing concept: integrated marketing, relationship marketing,

internal marketing, and social marketing. Porter's competitive capability model is based on the theory of SCPC (structure-behavior-performance), and has been deeply studied. According to this model, Porter attributes a company's competitive advantage to its market power and assumes that this power is determined by the company's strength. The following is a detailed overview of Porter's Five Forces Model [7, p. 109]:

Bargaining power of suppliers. The bargaining power of suppliers, or the bargaining power of buyers, is an important factor in business strategy. The price and quality of the products provided by suppliers determine their bargaining power. If the factor inputs provided by suppliers account for a large proportion of the total cost of the buyer's products and will greatly affect the production process or quality of the buyer's products, this means that the supplier has stronger bargaining chips when negotiating with the buyer. If the products of the supplier company have their own characteristics, making it difficult for the buyer to replace them or the replacement cost is too high, this gives the supplier an advantage in the bargaining process and makes the supplier's position in the industrial chain more stable, further enhancing their bargaining power. The bargaining power of suppliers has an important impact on the profitability and product competitiveness of the buyer's company. Buyers should pay close attention to the supplier's market position, product characteristics and industrial layout to deal with potential bargaining risks. At the same time, buyers also need to continuously improve their competitiveness to cope with market changes and pressure from suppliers. In this process, strategic cooperation and mutual benefit between the two parties are crucial. It is crucial to jointly cope with market competition and achieve sustainable development for both parties by establishing a stable supply and demand relationship.

Bargaining power of buyers. In a market economy, the bargaining power of buyers has a significant impact on the profitability of companies in the industry. This bargaining power is mainly reflected in the reduction of prices and the improvement of product or service quality. When there are fewer buyers for a supplier and the purchase quantity of a single buyer accounts for a large proportion of the sales share, this means

that the buyer has a greater influence on the market. They can put pressure on suppliers through centralized procurement and other means to obtain more favorable prices and high-quality services. The supplier industry is mainly composed of many relatively small companies. In this case, buyers can take advantage of market competition and strive for more benefits in negotiations with suppliers. Because in the face of market competition, smaller suppliers are often more willing to compromise to maintain market share. This means that buyers have greater bargaining space among many suppliers. The bargaining power of buyers in the market has an important impact on the profitability of existing companies. For suppliers, understanding the source of buyers' bargaining power and taking corresponding measures to deal with it is the key to improving their own competitiveness. At the same time, the government and companies should also pay attention to the market competition pattern, maintain market order through policy guidance and industry norms, and ensure fair competition among various market participants [8, p. 66].

Threat of potential entrants. In a fiercely competitive market environment, emerging companies intend to explore growth opportunities in a market environment that is already occupied by many companies. However, this move may intensify the competition for raw materials and market share, pose a potential risk to the profitability stability of existing companies, and even challenge their survival. The difficulties in market entry mainly come from factors such as economies of scale, product differentiation, capital requirements, switching costs, expansion of sales channels, government behavior and policy regulation, and cost disadvantages that are not affected by scale. These difficulties make it difficult for simple copying or imitation strategies to cross the threshold of market access. From a policy perspective, the government should take measures to reduce industry entry barriers, promote market competition, and stimulate corporate innovation vitality. For example, optimize the policy environment, reduce the burden on companies, improve industry transparency, and encourage companies to carry out technological innovation and industrial upgrading. At the same time, the government should also strengthen support for emerging companies to help them gain a foothold in the market and enhance their

competitiveness. From the perspective of the company, in order to stand out in the fiercely competitive market, the following points must be met: First, improve product quality and meet consumer needs; second, give full play to the advantages of technological innovation and reduce production costs; third, expand sales channels and increase market share; fourth, establish a good company image and enhance brand awareness.

In addition, the company should also strengthen cooperation with the government, industry organizations, suppliers and customers to jointly promote the healthy development of the industry. When facing the threat of competitive entry, existing companies should actively respond and prevent risks. On the one hand, strengthen internal management, improve operating efficiency, reduce costs and enhance profitability; on the other hand, pay close attention to market dynamics, adjust development strategies in a timely manner, and grasp industry development trends. At the same time, existing companies should also pay attention to the trends of potential entrants and formulate corresponding response measures to prevent market share from being encroached. In market competition, companies should give full play to their own advantages, actively respond to challenges, and seek cooperation and development. The government should also play a guiding role. On this basis, new companies can enter the market smoothly and existing companies can develop steadily, thus jointly promoting economic prosperity [9, p. 89].

Threat of substitutes. If two companies in the same or different industries have products that are mutually substitutable, they may form a competitive relationship. Substitutes will affect the product prices and profitability of existing companies. Companies may be forced to improve product quality, reduce costs, etc. to ensure their own interests. The switching costs of buyers will also affect the degree of competition of substitutes.

The degree of competition of competitors in the same industry There are many companies of different sizes in the same industry. Competition between these companies is inevitable. When product differentiation is small, the price, quality, and

uniqueness of products between different companies will affect their degree of competition [10, p. 121].

The enterprise resource school is represented by the resource and sustainable competitive advantage proposed by Birger Wernerfelt and Jayne Barney, and the resource-based competition theory of Cecil Montgomery. The "corporate resource-based theory" was proposed, pointing out that a company is a collection of resources, each of which has various functions and can be divided into three types according to the needs of research: one is physical assets, such as factories, capital, etc. Second, intangible resources such as patents and trademarks; third, knowledge sources related to products and processes. The corporate resource theory regards the unique resources formed in the research and development process as a potential source of sustainable competitive advantage for the company, thereby increasing the company's profits. In different companies, the company's tangible resources, intangible resources and accumulated knowledge resources are different. The value, scarcity, non-replicability and low-price resources possessed by the company are all important reasons for the company to achieve sustainable competitive advantage. The company's competitiveness is these unique resources. Only by continuously forming and using these proprietary advantageous resources can the company maintain its competitive advantage [11, p. 110].

Represented by Prahalad and Gary Hamel's core competence of the company, Heni's competence-based competition theory, and Teece and Suan's dynamic competence theory. The competence school can be traced back to Selznick's company competence, who proposed that competence is a "special substance" that can make organizations perform better. C.K. Prahalad and Gary Hamel proposed the "core competence of the company" in the 1990s. They regarded competitiveness as a functional combination that companies can use to determine and form their own specialized skills. In recent years, in many major theoretical and empirical studies of corporate strategic management, "corporate competence theory" has become a common basis. It studies companies and markets from the perspective of internal development of companies, focusing on how individual companies gain competitive

advantages and how to maintain their competitive advantages. The core competitiveness of the core competitiveness theory refers to a company's unique ability in the industry that is difficult to copy and replicate, which allows users to obtain higher value than competitors, can enter a wide and diversified market, and thus become a long-term source of profit. This school of thought believes that a company's competitive advantage comes from its core competitiveness. If a company relies solely on one or several functional strategies, it will only bring temporary and transitory advantages. Only the pursuit of core capabilities can keep a company invincible forever [12, p. 68].

The strategic risks in the internal process dimension mainly include information technology security risks, intellectual property risks, and operator change risks. Information technology security is particularly important for Internet companies, so it is necessary for the software department, hardware department, network department and other relevant departments to cooperate to ensure information technology security. Among them, the protection of more important intellectual property rights requires the coordination and guarantee of legal personnel in the Corporate Development Group (CDG), Tencent Technology Committee and Technology Engineering Group. Analysis and decision-making on operator cooperation, strategic planning, project investment and corporate cooperation are all within the scope of the work of the Corporate Development Group. Therefore, the risk of enterprise operator change needs to be jointly responsible by this group and other departments. The strategic risks of Tencent's learning and growth dimension mainly include the risk of talent loss, the risk of insufficient management ability, and the risk of insufficient innovation ability. These strategic risks are closely related to corporate culture and employees, so the risk response work should be coordinated by the human resources department and management to coordinate specific business departments. For example, in the process of recruiting talents, Tencent should combine the specific needs of each business department, ensure the transparency of the recruitment process and the scientific recruitment methods, and comprehensively consider the personality characteristics, skills, expertise and departmental needs of employees to arrange personnel, ensure that

talents are suitable for the position and can maximize the value of the enterprise. At the same time, the company should also add corresponding skills training and cultural courses, so as to continuously improve the professional quality and work ability of employees, make the corporate culture more deeply rooted in the hearts of the people, and thus better control strategic risks [13, p. 201].

At present, there is still a shortage of professional talents in strategic risk management, and most companies do not have dedicated strategic risk management personnel. Therefore, the construction of a strategic risk management talent team is one of the important contents for the company to reduce the level of strategic risk and achieve strategic goals. Tencent should focus on cultivating strategic risk management talents and provide talent guarantee for strategic risk management. At the same time, the staff of Tencent's Strategic Risk Management Committee can adopt a rotation system, go deep into each functional department according to a certain period, understand the specific work tasks and risk situations of each department, and provide guidance for the specific response work of each department to strategic risks. Tencent can improve the company's employee training system, add courses, organize employees from various functional departments to participate in strategic risk management training, invite strategic risk management experts to give lectures regularly, and enhance the risk awareness and knowledge reserves of company managers and employees. Tencent's current deficiencies in finance and auditing can also be improved by hiring external professionals, which will help improve the strategic risk control and response levels in financial and other dimensions. Since Tencent faces many changing strategic risk factors and the strategic risk management special work has just started, the company is required to adjust the internal talent structure according to the specific management situation to ensure that the proportion of strategic risk management personnel to the total number of employees in the company reaches the required level, so as to provide talent guarantee for Tencent to improve its strategic risk management level and implement the strategic risk management system.

If you want to form a top-down, all-employee strategic risk management system within Tencent, managers are required to fully realize the importance of strategic risk management. First, they must establish clear and definite strategic goals for the company, and then further promote strategic risk management. Only in this way can the company achieve long-term development under the guidance and motivation of strategic goals, and avoid the company from being affected by short-term interests and achieve sustainable and healthy development.

Tencent managers should learn relevant knowledge of strategic risk management through multiple channels, establish strategic risk management concepts and awareness, and the Strategic Risk Management Committee is directly led by the board of directors, responsible for leading and deploying strategic risk management work and making decisions on specific matters of the company's strategic risks. In addition to improving the risk awareness of specific strategic risk managers, the risk awareness of management should be improved, and the emphasis on strategic risks should be increased, so that the company can more effectively prevent the occurrence of risks in advance and promote the scientific, standardized and institutionalized strategic risk management work [14, p.105].

This requires managers to undertake projects according to the company's own strength in business activities, conduct a comprehensive assessment of the risks of each project, and not blindly undertake projects that are confirmed to have high risks after assessment, nor blindly expand the company, to ensure that managers can implement effective management of each project undertaken by the company, thereby avoiding strategic risks caused by inadequate corporate management.

The strategic goals of an enterprise can also be reflected in its corporate culture, and the risk culture of an enterprise especially reflects the attitude of a company towards risks. In the current market environment, the strategic risks faced by Tencent will change with the influence of various factors, such as national policies, industry environment, corporate strategy and other internal and external factors, so the risk culture of the enterprise also needs to be updated in a timely manner. Corporate culture is an important content that must be paid attention to in the process of corporate

development, and a good risk culture plays an important role in guaranteeing the implementation of the corporate strategic risk management system. Risk culture assessment can help Tencent understand its value orientation on strategic risks, so that it can timely discover problems in strategic risk management and find out the weaknesses of the current corporate culture [15, p. 46].

Tencent should establish an effective enterprise risk culture evaluation system based on its own actual situation and the current state of risk culture, and sort out the internal connection between risk culture and strategic risk. At the same time, Tencent should also learn from other excellent enterprises with rich risk culture connotations, absorb and draw lessons according to its own needs, create a good risk culture environment, and effectively combine and connect all links in the entire strategic risk management process. Tencent should take risk culture assessment as one of the breakthroughs to improve the level of strategic risk management, use risk culture assessment and interpretation to improve the prediction ability and control level of strategic risks, create a good risk culture atmosphere for internal staff of the enterprise, and effectively use the power of culture to strengthen the company's strategic risk management capabilities. At the same time, Tencent needs to continuously innovate risk culture according to changes in strategic goals, so that it can be highly matched with the strategic environment in which the enterprise is located. Therefore, Tencent should have a deep understanding of the requirements of its own strategic goals for corporate culture, and timely eliminate backward culture that does not meet the company's development requirements. Only in this way can it effectively avoid the risks brought about by failure to adapt to the company's development strategy [16, p. 23].

# CHAPTER 2

# CASE ANALYSIS OF ENHANCING COMPETITIVENESS OF TENCENT HOLDINGS LTD

## 2.1 General characteristics of the enterprise's activities

Tencent (00700.HK) was founded in 1998 and is headquartered in Shenzhen, China. The company's initial business was an online paging system and launched the "QQ" software. In 2003-2004, Tencent began to develop its game and advertising businesses and was listed on the Hong Kong Stock Exchange in 2004. In 2005, it entered the search and e-commerce fields. In 2006, Tencent promoted the first development change, adjusting the organizational structure from a functional type to a business system system (BUS) to better adapt to the needs of the company's development. "WeChat" was launched in 2011. In 2012, Tencent underwent the second change: replacing the business system system (BUS) with the business group system (BGs), integrating the old business lines into six business groups and one independent subsidiary. Each business group independently works around its own users, laying out the development of the "full wireless" + "e-commerce layout" + "investment field" map. In 2018, Tencent optimized and reorganized its original business groups, established a technical committee and a technical middle platform at the company level, and enhanced cooperation between business groups. Tencent's main business can be divided into five categories: communication and social, digital content, financial technology services, tools, and Tencent advertising. Compared with other Internet companies, Tencent's biggest advantage lies in traffic access, so communication and social have always been Tencent's core business. According to Tencent's first quarter report in 2023, Tencent QQ has 597 million monthly active users and WeChat has 1.319 billion monthly active users. The huge and highly sticky user traffic gives Tencent a strong control in the Internet field. On this basis, Tencent has also built an exclusive digital ecosystem, enabling it to empower its own products and invested

companies through a huge digital network, which is the basis for Tencent to conduct CVC. Tencent's digital ecosystem is shown in Figure 2.1:

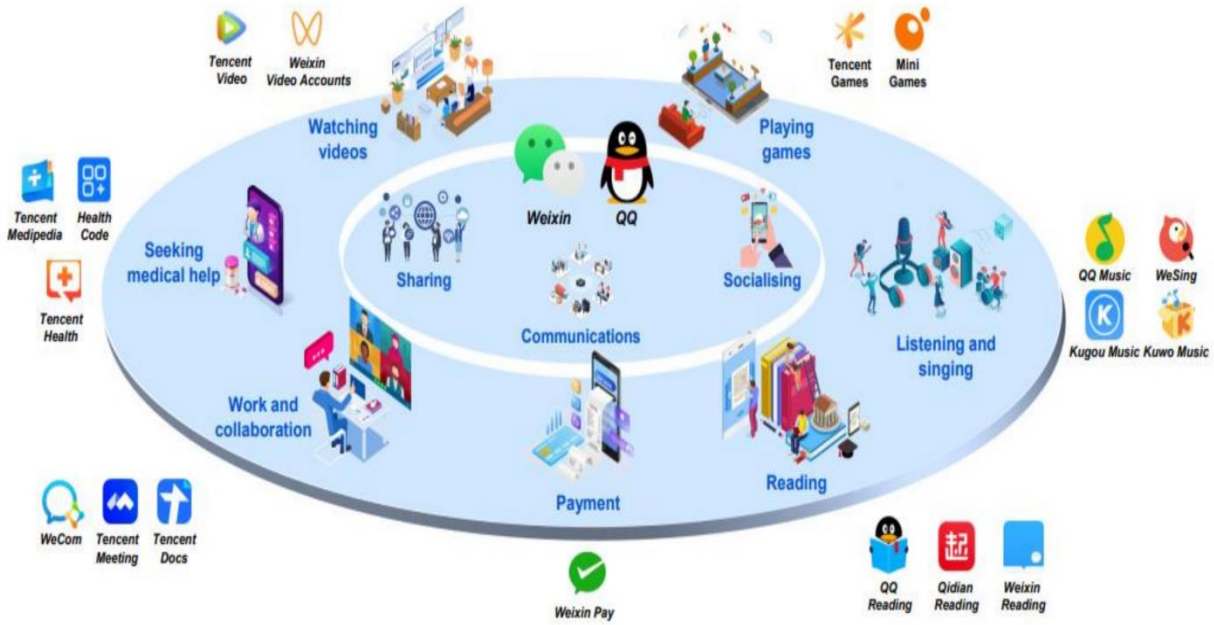


Figure 2.1 - Tencent Digital Ecosystem

Source: Tencent annual report, 2024

Tencent currently has six business groups, namely the Enterprise Development Business Group, Cloud and Smart Industry Business Group, Interactive Entertainment Business Group, Platform and Content Business Group, Technology Engineering Business Group and WeChat Business Group. Among them, the "Enterprise Development Business Group" is responsible for incubating new businesses and exploring new formats for the company. At the same time, as a professional support platform, it provides strategic planning, investment and mergers and acquisitions, investor relations and international communications, market public relations and other professional support for the company and various business groups. The internal organizational structure of Tencent's Enterprise Development Business Group is shown in Figure 2.2. The Tencent Group Investment Department (also known as "Tencent Strategic Investment") often mentioned on the Internet is actually the combined name of "Tencent Strategic Development Department" and "Tencent Investment".

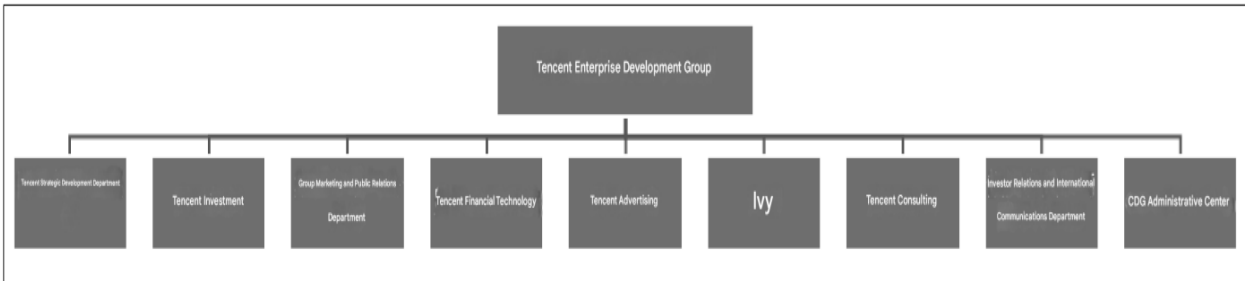


Figure 2.2 - Internal organizational structure of Tencent Enterprise Development Group

Source: Tencent annual report, 2024

Tencent Strategic Development Department

As the think tank of the CEO, the Tencent Strategic Development Department is responsible for promoting the company's strategic layout in cutting-edge businesses;

As the driver of the company's strategy, the Tencent Strategic Development Department needs to delve into businesses such as WeChat, games, and videos to solve problems and achieve breakthroughs. In addition, the Tencent Strategic Development Department also provides professional support for the healthy and Tencent Investment Department.

Founded in 2008, Tencent Investment is one of the investment departments and core strategic departments of Tencent Group. It is also a corporate venture capital platform established by Tencent in accordance with international practices, leading the group's investment-related businesses. Its main mission is to invest in high-quality companies in the industrial chain to better serve users on Tencent's open platform. It has long focused on investment and mergers and acquisitions in consumer Internet and industrial Internet-related fields around the world, and is committed to discovering entrepreneurs and companies that provide long-term value to users and helping them grow; actively exploring cutting-edge innovations and more possibilities for the future, and jointly creating long-term value

When Tencent was first established, it was mainly based on business groups. It was not until 2005 that it was gradually upgraded to a division system. It was not until 2018 that Tencent officially announced the reorganization of the company's

organizational structure and established a new structure system based on the original business groups.

Enterprise Development Business Group: As an Internet company, Tencent's business model focuses on "newness". The company's development requires new network businesses and the exploration of new industrial ecosystems. The establishment of business groups is to provide basic technical support for the company, including mobile payment, Internet finance, and the development and innovation of software applications, and to provide planning for the business strategies of other business groups of the company, including platform support for overseas restructuring and mergers and acquisitions, market promotion, marketing and public relations.

Interactive Entertainment Business Group: As a large Internet company, Tencent not only has QQ and WeChat social software, but also many of its game studios, such as Tianmei Studio, have developed large-scale mobile games such as Honor of Kings and entered the interactive network of e-sports development, forming a complete industrial chain from publicity planning to online marketing and promotion to mobile game client terminals. In 2019, Honor of Kings was featured in the Asian Games, allowing Chinese mobile games to go abroad and become well-known around the world. The style of e-sports players has won Tencent a good reputation and established a healthy and positive corporate image. It has also driven the development of live broadcasting industries such as Douyu and Huya. The linkage with e-sports has enabled Tencent's business to develop in an all-round way through multiple channels.

Technology Engineering Group: As an Internet company, Tencent's main business is the research and development and utilization of network technology. The Technology Engineering Group is dedicated to the interconnection, transmission and construction of network technology data. The technical support and network services it provides help customers to have more Internet experience. Technological innovation safeguards research and development. The establishment of network information engineering is inseparable from the maintenance and support of basic information systems.

WeChat Group: Under the impact of the epidemic in the past three years, WeChat has developed many functions such as WeChat video conferencing, allowing people to work remotely without leaving home. At the same time, WeChat Pay has become a large-scale mobile payment method comparable to Alipay. And WeChat itself has the function of transmitting information to the public.

Cloud and Smart Industry Business Group: In the era of big data, the combination of cloud computing and the Internet is an irresistible trend of the times. Computer data is often stored in the cloud. Smart interconnection and smart IoT are the best driving forces of the new era. With the help of the Cloud and Smart Industry Business Group, data on the Internet is more secure and more convenient. At the same time, it can open up data interconnection between upstream and downstream enterprises, and apply technology and data to medical care, education, transportation and other aspects, promote the digital upgrade of their industries, and promote new directions and new ecosystems for the integration of business formats.

Platform and Content Business Group: In Tencent, as a major booster of Internet technology, it is particularly important to establish a platform and content business group. QQ, WeChat, even Moments, QQ Browser, etc. are all network platforms for connecting enterprises and users. The platform and content business group can help Tencent's various businesses to interact and promote, including news and information. The platform can carry mobile games, videos, animation and film, live broadcasts, sports and other information content, creating a better environment for the diversified development of enterprises and bringing better user experience. It can be seen that as a large Internet company, Tencent's organizational structure is still centered around Internet business, with more technical business organization groups. However, in recent years, with the vigorous development of Internet financial business, Tencent's financial technology and enterprise service revenue has also increased significantly, and its proportion in total revenue has become increasingly important. Establishing a complete financial risk early warning system is more important for both traditional industrial enterprises and Tencent. However, the existing business unit organization

group does not have an organizational structure for preventing financial risks, which requires Tencent to pay enough attention.

As an Internet company, almost all of Tencent's business comes from the Internet, among which Internet value-added services, financial technology and enterprise services and Internet advertising are the main ones. It is these three main businesses that have brought unimaginable benefits to Tencent. Tencent's Internet value-added business, which is mainly based on the "user platform" model, has gradually developed and matured in 2010. The relevant strategy has also shifted from the initial "market development" to "platform opening". Its development is not limited to the domestic market. The overseas market has also received more attention from it, and it has begun to deploy overseas potential markets, playing a long game to catch big fish, so that its platform can go abroad and become known to the world.

From 2020 to 2022, the scale of Tencent's Internet value-added services has been gradually declining, while the proportion of online advertising has been gradually increasing. This shows that although Internet value-added services are still Tencent's largest mainstream business, it has also been expanding its financial technology business and online advertising in recent years, which is expected to become a new direction for development in the next step. In 2021, financial technology and enterprise services continued to grow, reflecting the increase in commercial payment amounts. The use of Tencent's services in the Internet services, public transportation and retail industries has driven the growth of enterprise service revenue. Since the focus of Tencent's financial technology business is to launch compliant and inclusive financial technology products while actively cooperating with government supervision. Therefore, with the rebound in consumption and the acceleration of payment digitization in the past two years, the transaction volume of payments has also increased year-on-year. At the same time, in multiple vertical fields such as retail, public services and groceries, with the increase in the number of daily active consumers and the continuous increase in payment frequency, Tencent's commercial handling fee rate can remain stable, and the year-on-year growth in customer asset holdings of financial services is also very stable.

In addition, Tencent's annual mobile and telecommunications value-added service revenue in 2022 reached nearly RMB 2.8 billion, with the main revenue coming from the use of social software to bundle SMS monthly packages, which further reflects Tencent's ability to improve and innovate its mobile service products, as well as expanding various businesses into telecommunications channels and integrating various communication technologies. In recent years, Tencent's online advertising revenue has also increased year by year. In 2022, the online advertising business revenue was nearly RMB 1.4 billion, including the vigorous promotion of existing products, hiring celebrities to endorse them, outsourcing advertising modules, and entrusting more experienced advertising companies to design them. It is also strengthening the integrated marketing of various products to improve the company's profitability.

Table 2.1 - Tencent's Main Business Income from 2019 to 2021, $

| Indicators | 2022 Amount | % | 2023 Amount | % | 2024 Amount | % |
|---|---|---|---|---|---|---|
| Value-added services | 199991 | 53% | 264212 | 55% | 291572 | 52% |
| Online advertising | 68377 | 18% | 82271 | 17% | 88666 | 16% |
| Fintech and business services | 91355 | 27% | 128086 | 27% | 172195 | 31% |
| Others | 7566 | 2% | 7495 | 1% | 7685 | 1% |
| Total revenue | 37289 | 100% | 482064 | 100% | 560118 | 100% |

Source: Tencent annual report

As can be seen from Table 2.1, Tencent's current profit model is still mainly based on Internet value-added services, taking into account advertising and e-commerce businesses. In 2022, Internet value-added services and online advertising revenues together brought Tencent more than RMB 3 billion in revenue, accounting for 67% of total revenue. However, it is worth noting that in 2022, Tencent's Internet value-added business revenue was RMB 287,565 million, a year-on-year decrease of 1% compared with 2021. On the one hand, due to the introduction of national policies to protect minors in the local mobile game market, the industry has made relevant adjustments, resulting in a decline in revenue for mobile games such as Honor of Kings. On the other hand, it is also due to the decline in revenue of various live broadcast

platforms. The decline in revenue requires operators to pay special attention to prevent the resulting profit risks. At the same time, it also shows that Tencent's financial risks are greatly affected by government policies and industry changes, and it is necessary to take special precautions against financial risks caused by changes in the operating environment.

Table 2.2 - Tencent's major wireless value-added service users, 2022-2024

| Indicators | Number of users in 2022 | Number of users in 2023 | Number of users in 2024 |
|---|---|---|---|
| WeChat monthly active users | 1164.8 | 1225.1 | 1268.2 |
| QQ monthly active users | 647.1 | 594.9 | 522.1 |
| Value-added service registrations | 180.1 | 219.5 | 236.3 |

Source: Tencent annual report

In 2011, Tencent, seeing the rapid development of QQ business, once again created WeChat, a communication tool. Since then, QQ and WeChat have completely changed the way people communicate with each other. As long as they use the Internet, they can quickly communicate with each other in different places, which greatly facilitates people's lives. Not only text communication, but also pictures, audio, etc. can be efficiently and quickly transmitted and communicated through QQ and WeChat. As long as there is a mobile phone and a network device, global interconnection can be achieved.

However, it can be seen that with the launch of WeChat, the number of QQ users has declined year by year. Considering that Tencent has launched WeChat and QQ, the two products are highly homogeneous and the two are obviously fighting each other. Part of the reason for the annual increase in the number of value-added service registrations may be that the original QQ users also registered WeChat at the same time, resulting in duplicate statistics. In particular, the user base of social platforms at home and abroad is huge, and the growth is close to saturation. The net growth of wireless value-added service users is difficult to reflect through financial statements, which is very easy to mislead investors. Therefore, in this process, we must also pay attention to prevent corresponding financial risks.

As can be seen from Figure 2.2, Tencent's game revenue has been increasing in recent years. As a large Internet company that can occupy the hearts of the majority of Internet users with QQ, Tencent has 17 years of accumulated experience and trial and error in game research and development, forming its unique online game development strategy that is difficult to imitate.

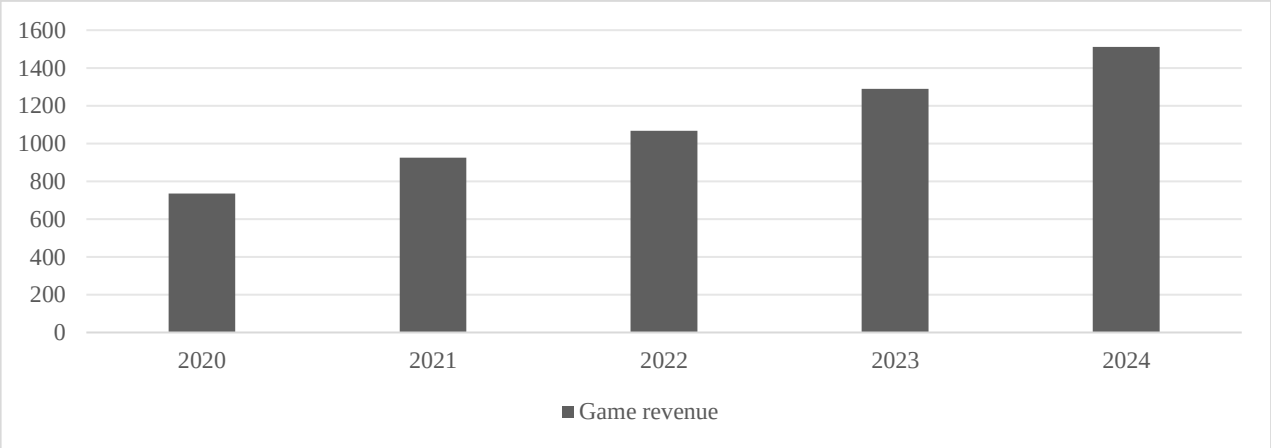


Figure 2.2 - Tencent's Game Revenue from 2020 to 2024

Source: Tencent annual report

At the same time, it can be seen from the financial statement data in recent years that online mobile games, as the mainstream of Internet value-added services, have also brought huge profits to Tencent. The web game "Seven Heroes Battle" launched by Tencent in 2010 brought nearly 500 million yuan in revenue to Tencent in just one year, and "Cross Fire" and "Dungeon Warriors" followed closely, attracting a large number of online game enthusiasts. With this, Tencent launched QQ games and implanted them into the QQ application, increasing user stickiness and allowing users to realize data interoperability of various games by registering only one account, which not only maximizes the acquisition of customer information, but also facilitates the user experience. After that, QQ Speed and QQ Dance have also been popular for more than ten years.

In 2016, as a large-scale MOBA mobile game, Honor of Kings officially met with the public. It has been greatly loved and paid attention to by men, women, young and old. It not only brought mobile games into the era of universal e-sports, but also brought huge profits to Tencent. The reason why online games are loved by the public

is not only that they bring a unique and stimulating experience, but also that they can get pleasure and relaxation in the process. The relevant game props, hero clothing skins, etc. need to be purchased through online virtual game coins. Sometimes they seem very cheap, but once the user base is large, the turnover they bring is also very considerable. Once many users have paid money for this, they hope to get a greater sense of achievement in it, but it is often accompanied by more financial investment, which invisibly attracts users to continue to consume.

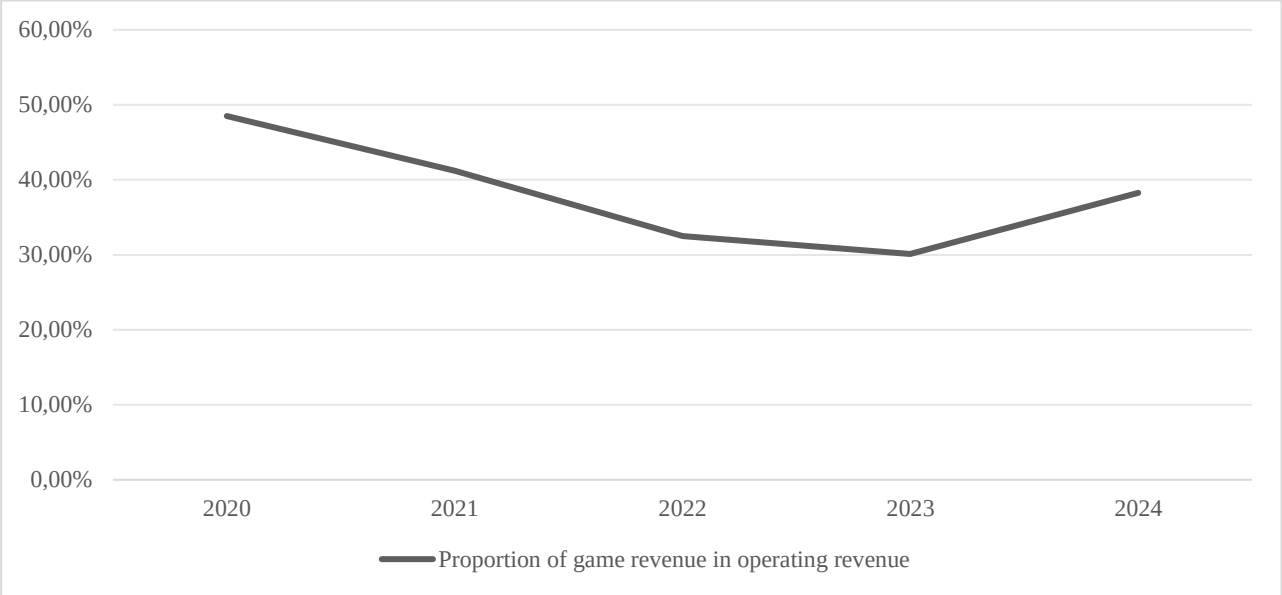


Figure 2.3 -The proportion of gaming revenue to operating revenue of Tencent from 2020 to 2024

Source: Tencent annual report

As can be seen from Figure 2.3, in the past five years, the proportion of game revenue in operating income has decreased, which may be related to the continuous introduction of relevant mobile game policies by the country this year, such as the anti-addiction system for minors and the regulation of the drop rate of online game props, etc. It can also be seen in the 2022 annual report that due to the introduction of minor protection measures, Tencent's game releases decreased in 2022, and the entire industry underwent a series of rectifications. The revenue of online games decreased by 4% year-on-year, about RMB 123.9 million.

## 2.2 Data asset adjustment coefficient in the system of analysis of the competitiveness of Tencent Holdings LTD

Determine the weight of the indicator system by using the analytic hierarchy process. To further determine the value of data assets, the following article uses the analytic hierarchy process to determine the weight of data assets in off-balance sheet intangible assets.

Establish a hierarchical indicator system.

Determine the hierarchical relationship between Tencent Holdings' data assets and off-balance sheet intangible assets, which is divided into three levels:

The first level is the overall target level O: data asset value

The second level is the criterion level: increase operating income (X1), reduce operating costs (X2), enhance corporate competitiveness (X3),

The third level is the solution level: data assets (N1), customer relationships (N2), management model (N3), brand influence (N4) The hierarchical structure diagram is shown in Figure 2.4.

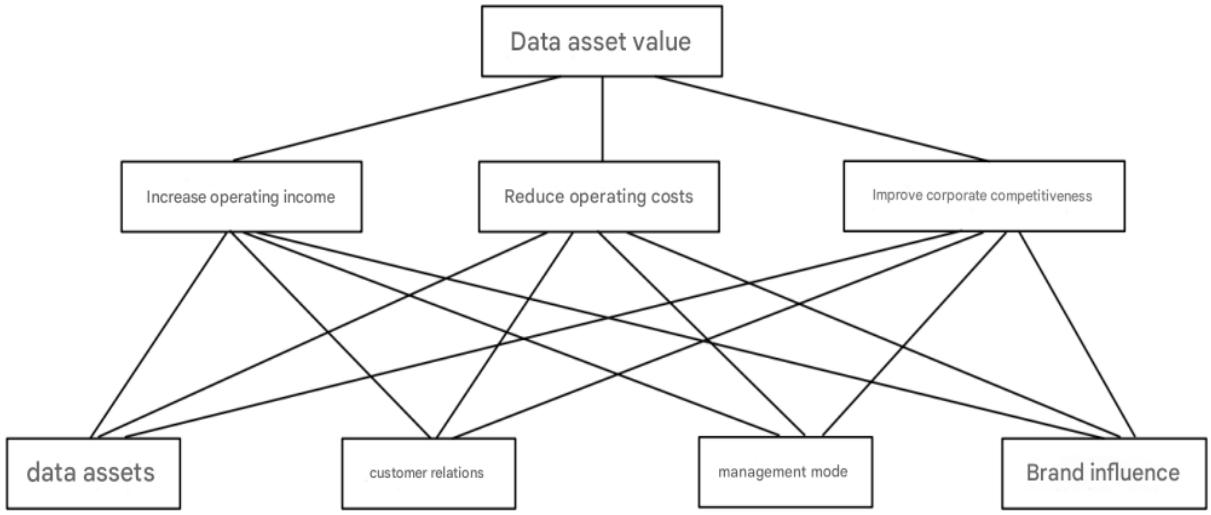


Figure 2.4 - Hierarchical structure diagram

Source: Construct a judgment matrix and conduct consistency test

Invite 10 evaluation professionals (8 asset evaluation teachers and 2 accounting practitioners with more than 10 years of work experience) to score the contribution of data assets to off-balance sheet intangible assets.

Construct a hierarchical single ranking matrix A. After collecting and analyzing the questionnaire results, compare the contribution of the three factors of increasing operating income, reducing operating costs, and improving corporate competitiveness to the combined intangible assets, construct a judgment matrix and conduct consistency test.

Table 2.3 - Values of the judgment matrix of the three factors at the criterion level

| Indicators | increase operating income | reduce operating costs | enhance corporate competitiveness |
|---|---|---|---|
| Increase operating income | 1 | 1/2 | 3 |
| Reduce operating costs | 2 | 1 | 1/4 |
| Improve corporate competitiveness | 1/3 | 4 | 1 |

Source: author's calculations

Using programming software to calculate, the maximum eigenvalue $\lambda_{max}$=2.098, CI=0.0022, this matrix is a third-order matrix, RI=0.58, and the calculation shows that CR=0.0038<0.1. Through consistency test, the weight is: W=(1.5828 0.5314 0.3196).

Establish a hierarchical single-order matrix $X_1$

Table 2.4 - Values of the judgment matrix of the four factors that increase operating income

| Indicators | Data assets | Customer relationships | Management model | Brand influence |
|---|---|---|---|---|
| Data assets | 1 | 1/4 | 2 | 1/3 |
| Customer relationships | 4 | 1 | 8 | 2 |
| Management model | 1/2 | 1/8 | 1 | 1/5 |
| Brand influence | 3 | 1/2 | 5 | 1 |

Source: author's calculations

Repeat the previous steps, λmax=3.0155, CI=0.0052, this matrix is a fourth-order matrix, RI=0.89, calculation shows CR=0.0058<0.1, can pass the consistency test, and get the weight: W1 =(0.1577 0.5095 0.0681 0.3848)

Establish a hierarchical single-order matrix X2.

Table 2.5 - Values of the judgment matrix of the four factors that reduce operating costs

| Indicators | Data assets | Customer relationships | Management model | Data cost |
|---|---|---|---|---|
| Data assets | 1 | 4 | 2 | 3 |
| Customer relationships | 1/4 | 1 | 3 | 1/6 |
| Management model | 1/2 | 1/3 | 1 | 2 |
| Brand influence | 1/3 | 6 | 1/2 | 1 |

Source: author's calculations

Similarly, $\lambda_{max}$=3.222, CI=0.074, this matrix is a fourth-order matrix, RI=0.89, and the calculation results show that CR=0.083<0.1, which can pass the consistency test. The weight obtained by normalization is: W2 = (0.4672 0.1351 0.2354 0.1623)

(3) Establish a hierarchical single-order matrix $X_3$.

Table 2.6 - Values of the judgment matrix of the four factors that enhance enterprise competitiveness

| Indicators | Data assets | Customer relationships | Management model | Data cost |
|---|---|---|---|---|
| Data assets | 1 | 1/2 | 4 | 1/3 |
| Customer relationships | 2 | 1 | 1/8 | 1/3 |
| Management model | 1/4 | 8 | 1 | 1/2 |
| Brand influence | 3 | 3 | 2 | 1 |

Source: author's calculations

Similarly, $\lambda_{max}$=3.2316, CI=0.0571, this matrix is a 4th order matrix, RI=0.89, and the calculation results show that CR=0.0641<0.1. Through consistency test, normalization can be performed to obtain the weight: W3 = (0.1009 0.2051 0.2510 0.4430) Finally, the hierarchical total ranking calculation is performed to determine the weight coefficients of each influencing factor of the data asset value, and the total ranking is tested for consistency. The data asset value correction coefficient is calculated.

Table 2.7 - Combination of Intangible Asset Value Correction Coefficients

| First-level indicators | Weight | Second-level indicators | Weight |
|---|---|---|---|
| Indicators affecting the value of off-balance sheet intangible assets | | | |
| Increase operating income | 1.5489 | Data assets | 0.1577 |
| | | Customer relationships | 0.5095 |
| | | Management model | 0.0681 |
| | | Brand influence | 0.3848 |
| Reduce operating costs | 0.5221 | Data assets | 0.4672 |
| | | Customer relationships | 0.1351 |
| | | Management model | 0.2354 |
| | | Brand influence | 0.1623 |
| Improve corporate competitiveness | 0.3136 | Data assets | 0.1009 |
| | | Customer relationships | 0.2051 |
| | | Management model | 0.251 |
| | | Brand influence | 0.443 |

Source: author's calculations

Calculation of correction coefficient by fuzzy comprehensive evaluation method.

The experts are consistent with the above. This paper sets four evaluation levels from excellent to poor, and the score interval rules are: 0-25 points for poor, 26-50 points for poor, 51-75 points for good, and 76-100 points for excellent. This interval division method more directly reflects the evaluation results of experts. According to the experts' scores, a data asset index table is constructed, see Table2.10:

Table 2.8 - Summary of weights of Internet enterprise data asset value indicators

| Primary indicator | Secondary indicator | Weak | Weaker | Strong | Stronger |
|---|---|---|---|---|---|
| Data capacity | Data density | 4 | 2 | 3 | 1 |
| | Data scale | 2 | 5 | 1 | 2 |
| | Accuracy | 2 | 3 | 4 | 1 |
| | Completeness | 3 | 2 | 2 | 3 |
| Data quality | Security | 1 | 3 | 2 | 4 |
| | Data cost | 2 | 2 | 3 | 3 |
| | Scarcity | 2 | 1 | 3 | 4 |
| | Timeliness | 1 | 1 | 4 | 4 |
| Data application | Diversity | 2 | 3 | 4 | 1 |
| | Versatility | 3 | 1 | 4 | 2 |
| Data risk | Legal restrictions | 3 | 2 | 1 | 4 |
| | Moral constraints | 4 | 1 | 3 | 2 |

Source: author's calculations

We can see that the proportions of the four evaluation levels are 24.68%, 24.54%, 36.20%, and 35.58%, respectively, and the proportion of good and above is 71.78%, which shows that experts believe that the influencing factors of the four dimensions have a high impact on the value of Tencent Holdings' data assets. Finally, the fuzzy matrix and the score interval are matched to calculate the value adjustment coefficient K of the data assets.

Based on the above conclusions, it can be determined that the value adjustment coefficient of Tencent Holdings' data assets is 72.83%. In summary, the final calculation of the value of all data assets held by Tencent Holdings is= 1141.31(100 million yuan)

After using the difference method in the multi-period excess return method to calculate the initial value of data assets, the hierarchical analysis method and fuzzy evaluation method are used to construct the judgment matrix, and the adjustment coefficient is obtained after normalization. The revised data assets of Tencent Holdings are 1141.31 billion yuan. In the 2022 financial report, the total assets of Tencent Holdings are 1580 billion yuan. Through simple calculation, the company's data assets account for 7.22%. This result uses actual cases to prove that the valuation of data assets is higher than some ordinary assets in the financial statements of Tencent Holdings Group, which fully proves that data assets, as an emerging and very meaningful intangible asset, should attract the company's high attention and conduct standardized data asset management.

### 2.3 Strategic risk identification based on the balanced scorecard of innovative enterprise

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. Suppose we want to build a strategic risk management system suitable for Tencent. In that case, 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 the 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.

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.

The cash flow generated by Tencent's operating activities has shown a trend of first rising and then falling in the past five years. 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 a company 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 required 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.

Tencent has always relied on the game business to obtain revenue. In the past five years, Tencent has been transforming its revenue structure. As shown in Figure 4.3, the proportion of game business revenue in total revenue decreased from 41.17% in 2017 to 31.12% in 2021; social network revenue was stable and slightly decreased, maintaining at around 20%; online advertising revenue accounted for 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 game 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 game market, with the rise of many Internet companies in the industry, the number of companies that conduct game research and development like Tencent is gradually increasing, such as NetEase, Bilibili, Sohu, etc., which have posed a considerable threat to Tencent and may have a greater 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 [48]. 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. 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 Douyin, a software under ByteDance that 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. Therefore, if Tencent cannot positively deal with negative online information and cause a user trust crisis, it will have a serious adverse impact on its strategic goal of improving user experience.

Most of Tencent's businesses are related to information networks. Whether it is games, social networking or mobile payments, they all require an absolutely secure network environment. In the Internet era, the information data of consumers and enterprises are subject to greater security risks. More than 30% of Tencent's operating income comes from games. The operation of games requires stable and powerful systems and servers. The collapse of systems and servers will not only reduce user satisfaction, but also affect the visitor traffic during the period, causing great economic losses and reputation losses to the company. The financial technology services, which are almost equal to the game revenue, mainly include payment platforms, securities platforms, financial platforms, etc. There is great uncertainty in the security of user information and payment processes. Once security problems or losses occur during user use, the company will face additional lawsuits and bear corresponding responsibilities. In 2020, Tencent proposed for the first time in its financial report the relevant strategies formulated for the financial technology sector. Its main tasks include actively cooperating with national financial supervision, launching inclusive financial technology products, and Tencent pays more attention to the risk management of this sector than rapidly expanding its scale. In addition, once the internal information system of an enterprise is attacked by viruses or hackers, it will lead to the leakage of corporate secrets and threaten the company's continued competitiveness. Threats to information technology security will damage the company's reputation in the industry and market, reduce user trust, and be unfavorable to the implementation of relevant strategies such as increasing the company's influence.

As an Internet platform company, Tencent's main financial technology business and value-added services require constantly updated Internet technology and technological innovation. Tencent emphasized in its prospectus that "intellectual property is the key to the success of the Group". Although Tencent, as a leading company in the Internet industry, has a good control over its own information security and protects the intellectual property security of the company through methods such as applying for patents, copyrights, trademarks and confidentiality regulations, the intellectual property rights are still threatened by theft due to the continuous improvement and progress of relevant laws and regulations[49]. In addition, there are still great difficulties in regulating the theft of intellectual property rights, and the cost of related law enforcement is relatively expensive. After years of development and growth, Tencent's national reputation and influence are at a high level. In addition to the problem that other companies may counterfeit or obtain the company's intellectual property rights by improper means, Tencent may also suffer complaints from third parties for content that Tencent used without authorization in the past. Whether it is infringement or infringement, it will affect the company's continued healthy operation and is not conducive to the implementation of the company's innovative development strategy.

Tencent's related network value-added services need to rely on the network platforms operated by mobile phones and other telecommunications operators. It has established relatively stable cooperative relationships with telecommunications operators such as China Mobile and China Unicom, and obtains most of its revenue from them. Tencent needs to make accurate records of the network services provided and the related fees collected through these telecommunications operators.

When the relationship between Tencent and the relevant network operators is terminated, suspended or the terms are changed, it will be detrimental to the company and will affect Tencent's business operations, causing Tencent to lose some customers and face huge economic losses.

In addition, once the operation and development of the operator is adversely affected, or the operator fails to make complete and accurate records of Tencent's

related business and revenue, it will also affect Tencent's operations, thereby hindering the implementation of corporate strategy.

In the strategic plan formulated by Tencent, Tencent will attach importance to innovation and development for a considerable period of time in the future. The growth of innovation demand has led to a large demand for talent in Tencent, and it needs to recruit more innovative talents with strong professional capabilities. The Internet industry has high requirements for talents. They must have solid professional knowledge, open thinking and comprehensive development capabilities. Such comprehensive development talents require a lot of time and resources to cultivate, resulting in a relatively scarce talent required by the Internet industry. In addition, the Internet industry is active and highly mobile, which makes job hopping a common phenomenon in the industry. According to a workplace report survey, Internet industry practitioners change jobs once every 18 months on average. Compared with practitioners in other industries, Internet industry workers have a broader vision and flexible thinking, are more likely to accept the instability of life, and are willing to bear the risks brought by job hopping, which makes corporate personnel prone to change and uncertainty4. Competition in the Internet industry is essentially a competition for talent. R&D personnel are responsible for the company's product and service innovation and development strategies, while management is responsible for the realization of the company's overall strategic goals in terms of operations and business. Tencent cannot achieve its strategic goals without the support of talent. Therefore, Tencent's ability to retain existing talent and attract more talent is also one of the important factors affecting the company's strategic goals. Only when Tencent's talent team building can meet the needs of the company's business growth and scale expansion can the company's strategic goals be effectively implemented.

Since its establishment in 1998, Tencent has rapidly developed into a leading company in the Internet industry. In order to achieve the strategic goals set by Tencent, it must be led by excellent managers. As Tencent's development scale continues to expand, the company's business volume and employee size are growing. In the third quarter of 2021, Tencent's employee size exceeded 100,000, and the number of

employees in the company increased by nearly 27,000 in just one year5. It can be seen that as the company grows, more and more content needs to be managed. Especially in terms of the company's sustainable social value innovation strategy, Tencent has newly established a sustainable social value business department. For the newly established business department, it requires more overall planning by managers, which requires a lot of management energy, financial and human resources. If Tencent maintains its current management capabilities, it will not be able to meet its strategic needs for continuous expansion. The mismatch between management capabilities and business scale will not only fail to help the company's development, but may also make it difficult for its various business activities to operate normally, and even have a huge negative impact, thus hindering the company's various expansion strategies. In addition, due to the possible inconsistency between the interests of the company's shareholders and management, the management level may be inconsistent or even contradictory with the management goals of the governance level in order to pursue its own interests, which will lead to the inability to maximize the company's value and the difficulty in implementing and landing the formulated strategic goals.

The Internet industry in which Tencent is located is developing rapidly and the competition is very fierce. Therefore, if Tencent wants to maintain its existing market share or open up new markets, it is inseparable from the innovation and upgrading of the company's products and services. Only continuous innovation can meet the ever-changing needs of users. Since the transmission of market information requires a certain process, there may be a corresponding time error for enterprises to obtain market demand information. At the same time, due to the asymmetry of information transmission, Tencent is difficult to obtain all effective market information, and it is difficult to better control consumer demand, and it is difficult to better innovate products and services.

From the perspective of organizational structure, Tencent has undergone four upgrades and adjustments since its establishment. So far, Tencent has been divided into the Platform and Content Business Group (specifically including: QQ, QQ Space, Weishi; App Store, QQ Browser; Tencent News, Tencent Video, Tencent Sports;

Tencent Film, Tencent Animation), Cloud and Smart Industry Business Group (specifically including: Smart Retail Strategic Cooperation Department, Tencent Cloud, Laboratory Group Team, etc.), Enterprise Development Business Group, Interactive Entertainment Business Group, Technology Engineering Business Group, WeChat Business Group, Tencent Technology Committee, and integrated new advertising and marketing service lines. It can be seen that Tencent divides its business more meticulously, and each business group carries out innovation and development of its own business department.

Although this can lead to more targeted innovation and creation, the lack of concentration of innovation focus and dispersion in various business departments may lead to a lack of communication between the various business departments and difficulty in forming synergy. In addition, the lack of participation of professionals with market demand may make it difficult to meet the actual needs of customers during the innovation process. From the perspective of R&D investment, although Tencent's R&D investment has shown an increasing trend year by year in the past five years, from 17.456 billion to 51.88 billion, accounting for about 9.24% of operating income, it does not have much advantage compared with other companies in the same industry. For example, NetEase's R&D investment accounts for as much as 16% of operating income. From the perspective of product R&D, Tencent can only develop limited new products, and more of them are updated on the basis of existing products.

This also leads to Tencent's innovation ability being constrained by the direction of corporate development. The above three reasons may lead to insufficient continuous innovation of Tencent's products, making it difficult to meet the increasingly fierce market competition environment, and will also make the company face various risks in the process of developing new products and updating services. If the new products developed by the company cannot meet user needs, it will be difficult to have sufficient influence in the market, which will make it difficult to have sufficient market acceptance and thus unable to form economies of scale, and ultimately make it difficult for the sales revenue of new products to make up for the huge fixed costs.

# CHAPTER 3

# IMPROVING THE STRATEGY FOR ENHANCING COMPETITIVENESS OF INNOVATIVE ENTERPRISES IN THE “INTERNET+” ERA

## 3.1 Implementation guarantee of Tencent's strategic risk management system

Tencent's strategic risk management work cannot rely solely on the Strategic Risk Management Committee. It must attract the attention and support of the company's senior leaders, and at the same time establish a top-down, all-staff support and guarantee mechanism.

Therefore, Tencent must continuously strengthen its internal organizational leadership, improve the risk awareness of management and employees, and promote the company's staff at all levels to participate in the daily work of strategic risk management. Among them, the Strategic Risk Management Committee should play a leading and guiding role in the company, and through various publicity and education activities within the company, convey the connotation, significance and specific work content of strategic risk management downward, improve the company's overall attention to strategic risk management, and gradually let all employees participate in the management of strategic risks, and jointly promote the achievement of Tencent's strategic goals [17, p. 111].

At the same time, the Strategic Risk Management Committee should also lead the entire company to form an assessment mechanism for the effectiveness of strategic risk management, and establish an objective, comprehensive, scientific and systematic strategic risk management model. The Risk Management Committee is the primary responsible department. It should not only scientifically design various systems and processes for strategic risk management, but also systematically and standardizedly implement specific measures for strategic risk response, so that they match the corresponding strategic risk management assessment mechanism and ensure that various response measures for strategic risks can be effectively implemented.

In order to ensure that the constructed strategic risk management system can operate efficiently within Tencent, the company needs to equip the system with a complete information transmission system, requiring Tencent to continue to develop and build new information systems on the basis of making full use of existing communication channels to ensure that various risk information and organizational deployment can be efficiently circulated within the company. The information communication platforms currently used by Tencent are RTX (Tencent Communicator) and BBS, two enterprise instant messaging products. Subordinate employees of various functional departments of Tencent will raise the problems they encounter in the public forum through the above two communication channels, and other members who have some understanding of the problem and experts in various fields of the company will respond as soon as possible. RTX is one of Tencent's important internal information systems, with multiple functions such as information collection, data analysis, and resource integration. Through the previous research, we can understand that Tencent's strategic risks come from within the company, peer companies and even the industry. Therefore, in order to ensure the implementation of the strategic risk management system, it is necessary to make the company's operations, finances, resources and other management information circulate efficiently.

In addition to making full use of the existing RTX and BBS channels, Tencent can also explain and publicize the relevant content of strategic risk management at company conferences, department meetings and daily meetings, so as to achieve uploading and dissemination. At the same time, it can also use the influence of Tencent's internal publication "Tengyun" to publish the relevant content of strategic risk on paper media. In addition, the company can also use regular team-building activities as a platform for disseminating the content of strategic risk management, such as conducting various related competitions to encourage employees to learn about strategic risk-related content in the form of rewards. Only by fully exploring and utilizing a variety of communication channels and ensuring the efficient transmission of information can the effective implementation of the strategic risk management system be guaranteed. Improve the detailed construction of the system The functional

departments of Tencent should not only clarify the overall goals of their strategic risk management, but also build relevant specific systems for strategic risk management to lay a good foundation for the subsequent response to strategic risks. By refining the specific work of strategic risk management in each department, a top-down risk management responsibility system will be formed in the company. At the same time, the strategic risk management work that Tencent has implemented should be standardized to ensure that it is consistent with the requirements of the company's strategic risk management goals. As for the current strategic risk management related content of Tencent, it has not yet established an independent and complete system, and its specific content lacks relevance and internal logic. In particular, some of the company's early risk systems have been difficult to adapt to the company's constantly updated strategic goal requirements, and the system construction must be continuously improved. Therefore, Tencent should systematically revise and improve the strategic risk management system and form a top-down strategic risk system norm. In the process of refining the system construction, it is particularly important to improve the audit system and use the internal supervision function of the audit to ensure the implementation and execution of strategic risk management work [18, p. 56]. Tencent should evaluate the completed audit situation and find out the existing problems. By improving the audit level, it can reduce or avoid strategic risks in the audit aspect, and at the same time ensure the effective implementation of the system through effective internal supervision. It is necessary to gradually transform "post-event supervision" into pre-event and in-event supervision, and in the process of auditing, we should not only focus on the company's financial data, but also pay attention to the key non-financial indicators related to strategic goals, promote the supervision and audit work to the whole process, discover problems in time and deal with them in time, and realize the whole process of strategic risk management.

Tencent's possible strategic risks in finance include: cash flow risk, liquidity risk and income structure risk. The strategic risk response work at the financial level should be led by the finance and audit departments, and should be completed in cooperation with other departments. Among them, the income structure risk requires the Finance

Department to coordinate with Tencent's Corporate Development Group (CDG), Technology Engineering Group (TEG) and other relevant departments. CDG is similar to the planning department in the organizational structure of other companies. It mainly provides the company with overall strategic planning, investment cooperation, market public relations and other professional support [19, p. 93]. TEG and other departments are responsible for ensuring that the quality of existing products meets the standards, and constantly innovate and develop new products to support the strategic policies formulated by Tencent's Corporate Development Group. Only by cooperating with multiple parties can the strategic risks at the financial level be effectively managed. The strategic risks in the customer dimension mainly include market competition risks, industry development slowdown risks, reputation damage risks, etc. The strategic risks in the customer dimension mainly come from the customer's experience of Tencent's products or services, which are easily affected by network information and usage effects. Therefore, the strategic risks in the customer dimension need to be based on Tencent's marketing headquarters, planning department, quality control department, public relations department and other departments as the entry point, and coordinate with other departments for joint management. Tencent's marketing department is responsible for timely collection and summary of changes in market demand information and conveying it to each business unit. Then, in response to the changing direction of market demand, each business unit should innovate and develop products and services that consumers need. In addition, the sales department should use various forms of marketing methods to attract new and retain existing users to avoid user loss. When facing negative online public opinion, the public relations department needs to play the role of a communication bridge, communicate with the media and the public in a timely manner, and minimize the adverse effects of these negative online public opinions on the company. The quality control department needs to do a good job of supervision and quality control before product development enters the market, and actively deal with after-sales problems of the products. The response to strategic risks has never been the responsibility of a single department. Only when the departments divide the work and cooperate in the response to strategic risks can they occupy a stable

market share in the increasingly fierce market competition environment and maintain a steady growth in sales revenue and the number of users [20, p. 89].

In the 1970s, American scholar Saaty T.L. first proposed the analytic hierarchy process (AHP), which is an analytical method that combines qualitative and quantitative analysis. Its basic principle is: according to the nature of the problem to be solved and the overall goal to be achieved, the problem is decomposed into different components, and then the components are regrouped and combined according to different levels according to the correlation, influence and affiliation between the components, and a new multi-level analytical structure model is constructed, so that the problem is reduced to the determination of the relative importance weight of the indicator layer relative to the target layer. The basic idea of the analytic hierarchy process is to divide complex things into several ordered levels, establish an internal independent hierarchical structure that describes the functions or characteristics of the system, and then make a quantitative expression of the relative importance of each level based on the judgment of a certain objective thing [21, p. 73].

The maximum eigenvalue of this matrix and its corresponding eigenvector, under the premise of passing the consistency test, determine the weight of the relative importance order of each element in each level; through the analysis of each level, the analysis of the entire problem, that is, the total ranking weight, is derived. The advantage of the analytic hierarchy process (AHP) is that it treats the research object as a whole system, decomposes it, compares and judges it, and makes a comprehensive decision; it quantifies the impact of each element in each level on the result. By establishing a judgment matrix, the qualitative indicators are quantified and compared, making the comparison results clearer, more objective and true. The qualitative and quantitative methods can be organically combined to be comprehensively quantified. By reasonably building the criterion layer and the indicator layer, complex problems can be simplified.

The calculation is simple, the results are simple and clear, and it is easy for decision makers to analyze and make decisions. When studying the competitiveness of enterprises, the use of the analytic hierarchy process in weight comparison and

indicator establishment is more objective and scientific. With the widespread application of computer technology, the accuracy of the calculation results of the analytic hierarchy process has been further improved. The specific steps of the analytic hierarchy process (AHP) are as follows: A. Construct a hierarchical structure model According to the research objective of this article, namely the competitiveness evaluation of Jiangxi Lingkong Technology Co., Ltd., the various influencing factors involved in the research problem are decomposed into three levels: target layer, criterion layer, and indicator layer, thereby constructing a hierarchical structure model for the competitiveness evaluation of Jiangxi Lingkong Technology Co., Ltd. B. Constructing a judgment (paired comparison) matrix [22, p. 72]

After stratification, all factors in the same layer are compared pairwise, and the importance level is assessed using a proportional scale, and the judgment value is selected for assignment, and finally the judgment matrix is constructed with the assessment results.

$$a_{ij} = \frac{1}{a_{ji}} \quad (3.1)$$

In the formula:

$a_{ij}$——Comparison results of the relative importance of factors i and j

$a_{ji}$——Comparison results of the relative importance of factors j and i

Table 3.1 - Proportional scale table

| Factor i is more important than factor j | Quantization value |
|---|---|
| Equally important | 1 |
| Slightly important | 3 |
| More important | 5 |
| Strongly important | 7 |
| Extremely important | 9 |
| Middle value between two adjacent judgments | 2，4，6，8 |

Source: [15]

C. Hierarchical single sorting and its verification

a) The first step is to determine the product of the factors in each row of matrix A (denoted as $M_i$). Step 2, calculate the n of the product for each row

The sum of the second roots (denoted as $\overline{W}$ 」 &). Step three, standardize the nth root of each row product, i.e. the nth power of each row product

Divide the roots by the sum of the product's n-th roots to obtain a standardized eigenvector (denoted as $W_i$). Finally, calculate the matrix

Large eigenvalue λmax

Table 3.2 - Judgment matrix form

| A | $C_1$ | $C_2$ | $C_3$ | … | $C_n$ |
|---|---|---|---|---|---|
| $C_1$ | 1 | $a_{12}$ | $a_{13}$ | … | $a_{1n}$ |
| $C_2$ | $a_{21}$ | 1 | $a_{23}$ | … | $a_{2n}$ |
| $C_3$ | $a_{31}$ | $a_{32}$ | 1 | … | $a_{3n}$ |
| … | … | … | … | … | … |
| $C_n$ | $a_{n1}$ | $a_{n2}$ | $a_{n3}$ | … | 1 |

Source: [13]

Product per line:

$$M_i = \prod_{j=1}^{n} a_{ij} \ (i = 1,2, \dots n) \tag{3.2}$$

Root of product n:

$$\overline{W_i} = \sqrt[n]{M_i} (i = 1,2, \dots n) \tag{3.3}$$

Standardized feature vector:

$$W_i = \frac{\overline{W_i}}{\sum_{j=1}^{n} \overline{W_j}} (i = 1,2, \dots n) \tag{3.4}$$

Determine the maximum eigenvalue of the matrix:

$$\lambda_{max} = \frac{1}{n} \sum_{j=1}^{n} \frac{\sum_{j=1}^{n} a_{ij} W_j}{W_i} \tag{3.5}$$

In the formula:

λmax - the maximum eigenvalue of the matrix; n:Matrix order

$a_{ij}$:The relative importance discrimination result of element i and j

$W_i$:Standardized feature vector

b) By using the consistency index formula

$$CI = \frac{\lambda_{max} - n}{n - 1} \quad (3.6)$$

In the formula:

CI: Consistency Indicator

λmax：Maximum Eigenvalue of Matrix

n：Matrix order

CI=0, There is complete consistency; CI is close to 0, with satisfactory consistency; The larger the CI, the more severe the inconsistency.

$$RI = \frac{CI_1 + CI_2 + \cdots + CI_n}{n} \quad (3.7)$$

In the formula:

RI: Standard value of consistency index

CI：Consistency Indicator

n: Matrix order

The standard value RI of the random consistency index is related to the order of the judgment matrix. Generally speaking, the larger the order of the matrix,

So the greater the possibility of consistent random deviation.

c) Search for the consistency index table RI, as shown in Table 3.3.

Table 3.3 - Standard values of average random consistency index RI

| Matrix order | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| RI | 0 | 0 | 0.58 | 0.9 | 1.12 | 1.24 | 1.32 | 1.42 | 1.45 | 1.49 | 1.52 | 1.54 |

$$\mathrm{CR} = \frac{\mathrm{CI}}{\mathrm{RI}} \quad (3.8)$$

In the formula:

CR:Consistency ratio

CI:Consistency indicators

RI:Consistency indicator standard value

Consistency judgment: When the consistency ratio CR<0.1, the judgment matrix is correct and has satisfactory consistency, which is verified

Through. The closer the CR is to 0, the higher the consistency of the matrix; If CR>0.1 or is negative, then it needs to be reset

Adjust the values of the new matrix until it is determined that the matrix has satisfactory consistency.

D. Hierarchical sorting and its verification.

The overall hierarchical sorting is to calculate the relative weights of all elements in each layer to the highest layer. To ensure the overall consistency of the indicator system. It is necessary to calculate the overall hierarchical ranking and conduct consistency checks. If it passes the inspection, make a decision based on the final result; otherwise, it will be re evaluated. Construct a new comparison matrix until the overall consistency of the matrix is determined.

### 3.2 Tencent's financial risk control measures for enhancing competitiveness

Tencent's business divisions tend to focus on Internet business, ignoring the important role of finance in corporate management. Whether it is basic research and development or external connection with network users, financial risk management needs to be well managed. Therefore, it is reasonable to set up a separate financial risk management department. By setting up a separate financial risk management department and equipping a professional risk management team to establish and improve the enterprise management system, it is conducive to controlling the overall risk of the enterprise. Tencent currently has a corresponding financial system, but it is recommended that it can establish a separate risk management department in the financial system [23, p. 90].

Traditional financial regulation seeks to maintain the soundness of the financial system as a whole and ensure the solvency of financial institutions through instruments such as capital and liquidity requirements [24, p. 22]. Consumer protection goals also fall under the ambit of traditional financial regulation through regulation of conduct [25, p. 148]. The involvement of big tech companies in providing financial services leads to complex policy challenges. While the same regulatory principles should apply

to big techs for activities under the scope of traditional financial regulation, big techs activity in finance also lead to new policy trade-offs.

There are two reasons that make public policy considerations complex for the case of big techs in finance [26, p. 102]. First, by the nature of their business models, big techs' activity in finance may require competition policy and data privacy regulations in addition to financial regulation. Second, any policy measures employed should consider the ultimate welfare goals, rather than solely focusing on the stated policy objectives. For big techs, the relationship between common policy tools and the resulting welfare outcomes is especially complex. For example, traditional financial regulation may encroach on the objectives of competition policy and data privacy regulation, and vice-versa [27, p. 61].

Ultimately, this leads to new and complex public policy trade-offs between (i) financial stability and market integrity, (ii) efficiency and competition, and (iii) data privacy and consumer protection. We represent these trade-offs in Figure 3.1 using a policy triangle.

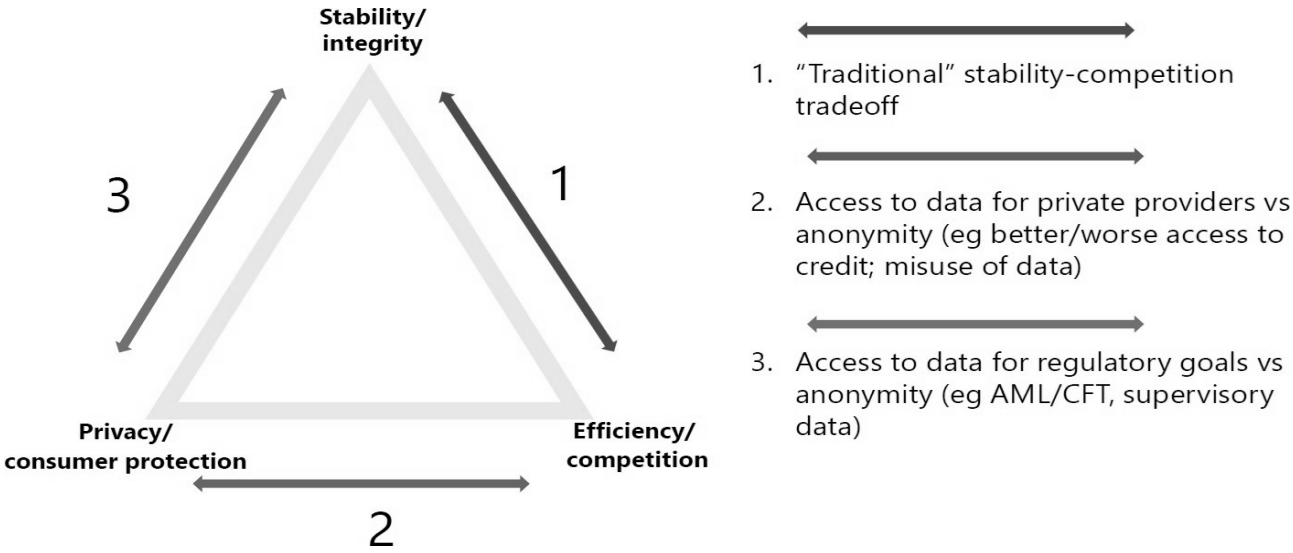


Figure 3.1 - Policy trade-offs from digital transformation

Source: formed by author

Activity-based regulation constrains an activity on a standalone basis. It aims at directly strengthening the resilience of a systematically important activity. On the other hand, entity-based regulation concerns itself with several different activities in an

entity's balance sheet, constraining a combination of activities. This helps to strengthen the resilience of activities indirectly, by reducing the probability and impact of entities' failure.

Table 3.4 – Policy regulation for improving innovative enterprises

| AB regulation | EB regulation |
|---|---|
| • Insurance scheme calibrated to a specific activity (eg collateralised lending)<br>• CCP/bilateral margin requirements calibrated at the instrument level<br>• LTV and DTI requirements<br>• Operational standards for providers of a specific service (eg payments)<br>• Retention requirements for securitisation originators<br>• Gates triggered by market-wide developments | • Bank minimum capital and liquidity requirements, large exposure limits, CCoB, Pillar 2 add-ons<br>• G-SIB buffer<br>• Countercyclical Capital Buffer (CCyB)<br>• Insurance scheme calibrated to entities' riskiness<br>• Liquidity requirements for investment funds (eg WLA, WAM)<br>• Gates and swing pricing at entity level<br>• CCP default fund requirements that consider the mix of cleared derivatives<br>• Living will requirements |

Source: formed by author

This would ensure that big techs would face the same financial stability regulations as other financial institutions performing the same activity. This would ensure that big techs and traditional financial institutions operate in a level-playing field, especially in cases where big techs can quickly dominate the market. While activity-based regulation of big techs may be necessary, in most cases, it will not be sufficient. This is because big techs provide a wide range of services and generate substantial network externalities. Importantly, they also collect and use data from non-financial businesses and use it to provide financial services. In this case, financial stability regulations alone may not meet the desired public policy objectives.

Different jurisdictions have taken different approaches to regulating big techs. Some have considered adjustments to existing rules that affect big tech activities. These typically include regulations to enhance data sharing, or regulations to ensure operational resilience of firms that rely on big techs. Other jurisdictions have

introduced rules specifically tailored for big techs. These include competition policies that prevent market dominance or abuse of market power [28, p. 87].

China, the European Union (EU) and the US have been some of the most active jurisdictions looking at big tech regulation. The policy areas that these jurisdictions have focused on include: (i) competition; (ii) data protection and data-sharing; (iii) conduct of business; (iv) operational resilience; and (v) financial stability. Depending on the context and the extent of big tech activity, different jurisdictions have prioritised different areas. In China, where the participation of big techs in the payments and financial services market, regulation aims to address issue of financial stability. In the US, the focus has been more on competition policy than financial stability, as big techs have a smaller footprint in the financial services market compared to China. In the EU, regulators have developed a framework focusing on operational resilience and data protection.

Although Tencent, as the leader of Internet companies, has certain profitability and the ability to deal with financial risks, it is still necessary to manage financial risks in view of the high risk characteristics of the Internet industry itself. The establishment of a separate risk management department can better reflect Tencent's emphasis on financial risks. Through professional financial risk control personnel to control the financial risks of each link, it can better balance the relationship between strategy and risk, avoid paying too much attention to strategy and neglecting risks, thereby falling into financial difficulties and hindering the development of the company [29, p. 145].

Improve the risk warning mechanism. After establishing a reasonable risk management department, it is necessary to improve the financial risk warning mechanism. In addition to evaluating the internal financial indicators of the enterprise, external financial risk factors can also be incorporated into the system. As an Internet enterprise, Tencent's update speed, growth speed and final decline speed may be faster than those of ordinary industrial enterprises. It is more critical to be able to discover and deal with changes in the external environment in a timely manner. Big data can quickly integrate various information inside and outside the enterprise, including analyzing the user experience and problem feedback of application software, as well

as customer stickiness and other issues, making the enterprise more sensitive to market changes and more accurately controlling the impact of financial risks on the enterprise. In order to more effectively evaluate and control financial risks, it is recommended that Tencent can use big data and cloud computing to integrate internal and external data, try to establish a more complete risk warning system, quantify financial risks, and control financial risks to the lowest level.

Appropriately Reducing Short-term Debt. Through the analysis in Chapter 3, it can be seen that Tencent's current ratio and quick ratio are both decreasing, and its short-term debt repayment capacity is showing a downward trend, and is lower than the industry average. This is related to the current market changes and Tencent's increase in short-term borrowing. Although short-term debt can quickly provide a large amount of funding for production and operation, due to the relatively short repayment period, if the utilization rate of short-term loans cannot be improved, it is easy to cause a short-term debt crisis and affect the company's reputation. Therefore, despite the current policy influence and industry changes, there are some problems in the research and development of new products. It is still necessary to avoid excessive short-term liabilities, and at the same time, it is necessary to increase the retention of quick assets that can be quickly realized, such as cash and trading financial assets, and guard against the financial risks caused by untimely short-term repayment [30, p. 97].

Improving Long-term Debt Repayment Capacity. Tencent's debt-to-asset ratio and property ratio have both increased in recent years. This is partly due to the slowdown in the growth rate of long-term assets, and partly due to the increase in the amount of long-term loans. Considering that the current financing of Internet companies is still mainly traditional equity financing and debt financing, both of which belong to external financing, especially debt financing, which not only has a relatively high financing cost, but also has a relatively large financial risk. At the same time, Internet companies have the special characteristics of light assets, and it is relatively difficult to use debt financing and will increase the company's asset-liability ratio, which can easily put the company into financial difficulties. Since its establishment to its listing, Tencent has gradually matured and stabilized. It is recommended that it can

shift the focus of financing from external financing to internal financing, use the retention of operating results, increase R&D innovation, actively explore new markets, continue to expand the market scale, and enter multiple fields, which can make future operations more stable and financial risks lower.

Focus on Internet value-added services and turn to other network businesses. At present, Tencent's main business income is still centered on Internet value-added services, and for Internet value-added services, it mainly focuses on the development of online games and social networks. However, there are also many hidden dangers and problems. Therefore, the main business focus cannot be placed entirely on Internet value-added services. It can be seen that Tencent's Internet financial business and online advertising business have grown rapidly in recent years. It is recommended that Tencent can continue to maintain a high payment rate of mobile users in the future, transfer part of the Internet value-added business to the financial service end, and combine its own network services with basic telecommunications value-added services to bring greater revenue to its development.

### 3.3 Formation of operational risk control in the system for enhancing competitiveness of innovative enterprise in the “Internet+” era

For Tencent, research and development is an indispensable part of the company's daily activities. Tencent's R&D investment is relatively high, but the proportion of newly added intangible assets in R&D expenditures has shown a downward trend, which shows that the success rate of R&D needs to be strengthened. At present, Tencent mainly focuses on independent research and development. Independent research and development is to use self-created technology to innovate and transform existing products. It is often that enterprises design and research products that better meet user requirements based on current market demand and user feedback. Its essence is to carry out product research and development. This transformation often causes huge changes in the performance and internal structure of the product, thereby creating new products or new technologies that are updated and replaced. A good Internet

company should be one that can independently design, develop and build its brand. Therefore, it is recommended that Tencent establish an effective mechanism for independent research and development, so that the company's products can not only be reflected in the drawings, but also be actually produced and recognized by the market. This can reduce the possibility of research and development failure to a certain extent, and can also reasonably quantify the research and development expenditure, and minimize the company's research and development risks and financial risks. As a large Internet company, Tencent's research and development mechanism is mainly network and games. Establishing an effective research and development mechanism in this link can ensure the smooth progress of its network development. At the same time, it is recommended that Tencent focus on innovation in the research and development process, keep up with the dynamic changes in consumer demand preferences, and do product planning and research and development research in advance, which can also effectively improve the success rate of research and development and reduce financial risks [31, p. 73].

As a rising star, WeChat has a rapid development momentum and once surpassed QQ to become the well-deserved No. 1 social software. However, its functions are highly overlapping with QQ, and its basic chat functions are almost the same. WeChat Moments is also very similar to QQ Space, and various App accounts can be registered using both WeChat and QQ. The users of the two also overlap greatly. Tencent needs to invest in the maintenance and function development of these two softwares, which will undoubtedly increase its production costs and is not conducive to the control of financial risks. Considering the substantial loss of QQ users year by year, Tencent can retain QQ and stop developing new functions for QQ. The saved funds can be invested in the development of WeChat functions, which can not only obtain greater profits, but also promote the reuse of overlapping products, improve overall benefits and reduce financial risks.

If you want to create good applications and products, you need to grasp the key technologies and core competitiveness of the products, and these rely on talents. Therefore, it is important for Tencent to grasp the introduction and training selection

mechanism of talents and introduce and retain excellent talents in the enterprise. Only with better talents can the developed products be more competitive, and can they bring better profits and create value for the enterprise. Only with the guarantee of stable profits can there be stable cash flow, reduce the operating risks and financial risks of the enterprise, and ensure the survival and development of the enterprise.

In recent years, Tencent's total asset turnover rate and current asset turnover rate have declined. Although the decline is not large, it still needs to be paid enough attention. The reduction in turnover rate means that Tencent's efficiency in asset utilization has declined. Therefore, it is necessary to improve the efficiency of asset utilization in future operations. Since Tencent is a typical Internet company, it has fewer large assets such as office machinery and equipment factories, and the proportion of intangible assets such as game copyrights and product patents is relatively high, so it is necessary to reasonably use these assets to generate income. At the same time, among current assets, cash and bank deposits account for a high proportion. It can be seen that Tencent has huge cash resources in its hands. It is recommended that it can properly operate reasonably to maximize the benefits of current assets. From the financial report, we can know that Tencent has always attached great importance to the research and development of new products and market expansion. It is recommended that the company can continue to increase the expenditure of cash for the purchase of copyrights and the development of online advertising. In addition, with the rapid rise of Internet finance, it can also purchase related financial products [32, p. 58].

Accounts receivable are crucial to Tencent, but in recent years, the turnover rate of Tencent's accounts receivable has been declining, indicating that the turnover days of accounts receivable have increased and the risk of bad debts is relatively high. Therefore, Tencent should formulate strict policies for accounts receivable to limit the flow of accounts receivable and manage them reasonably. Although accounts receivable are an asset of the enterprise, it is difficult to bring actual benefits to the enterprise before they are recovered. Therefore, it is recommended that Tencent reasonably allocate cash and accounts receivable, and should not blindly use accounts receivable to increase the revenue of online advertising. At the same time, improve the

credit evaluation system. The generation of accounts receivable is also based on the good reputation of customers. Therefore, the credit evaluation system should be subdivided, and the approval system for credit sales should be strictly controlled to improve the credit standards and credit conditions. Before selling on credit, it is necessary to fully investigate the credit and reputation of the customer to understand their financial situation and debt repayment ability. In addition, the information of credit customers should be reviewed once a year to establish a credit risk level. For customers with high risk levels, a policy of reducing credit sales or collecting accounts can be adopted. It is recommended that Tencent should also strengthen the analysis of accounts receivable, make adjustments to changes based on previously formulated policies, and have the financial department conduct professional analysis. For a reasonable credit system, a maintenance mechanism and organization can be established to ensure that it can be completed well.

For Tencent, whether it is cash flow from operating activities or cash flow from investment activities, the amount is huge, but after calculating the cash flow to debt ratio and operating cash ratio, it is found that its ability to use cash to repay debts and its ability to obtain cash are constantly declining. Therefore, it is recommended that Tencent strengthen its cash management system and control cash flow risks. Cash is divided into income and expenditure. Only by doing a good job of cash management of income and expenditure at the same time can the orderly and reasonable cash flow be ensured. A separate cash management division can be set up in the finance department, or a separate cash management post can be set up, and a job responsibility system can be implemented to strictly record the inflow and outflow of cash, so that every cash receipt and expenditure can be traced. Fraud incidents such as sitting on the money are strictly prohibited. At the same time, a reasonable cash coordination plan should be established, and the company's long-term and short-term goals should be based on actual cash flow. At the same time, try to avoid a single source of cash inflow, reasonably use the funds invested by shareholders, broaden the channels for fundraising, reduce excessive reliance on external financing, speed up the company's

speed and process of fund raising, control the cash flow of investment activities, and avoid the break of the capital chain [28, p. 87].

Due to the country's attention to Internet companies, the country will issue corresponding policies for Internet companies at any time. These policies will affect the operation and profitability of Internet companies, and will indirectly affect Tencent's financial risks.

But the impact of government policies is a "double-edged sword": on the one hand, as an emerging star, new Internet technologies and models are increasingly valued by society and the country, and the country has also issued many policies to support Internet companies and promote the healthy development of the Internet industry; on the other hand, we can also see that in the process of its development, many problems have also arisen, even the "gray area" of the law, including the leakage of personal privacy, network technology security, and youth protection. The government's regulatory policies not only maintain the orderly development of the industry, but also invisibly constrain the behavior of Internet companies. Therefore, it is recommended that Tencent, while carrying out innovation and entrepreneurship, should also abide by national laws and regulations, fully consider the behavior and possibility of government supervision, and actively prepare to prevent the risks brought to operations and finances by government supervision. For the game module, in 2019, the state issued relevant regulations on clarifying the probability of dropping props in online games, requiring that the probability of dropping each game prop must be determined, which has hit many mobile games that develop network engineering to adjust the probability of props dropping hard. At the same time, this year, the state has issued policies to regulate online games and guard against moral risks. Many mobile games have been forced to be removed from the shelves for rectification. While these impacted the local game market, they also affected Tencent's game revenue. Therefore, Tencent should pay special attention to changes in game industry regulation, formulate countermeasures in advance, reasonably develop games, determine the game market positioning, pay attention to user experience, and maintain the user retention rate of

terminal games. In this way, the impact of policy changes on game revenue can be reduced and the company's ability to resist financial risks can be enhanced.

As a member of the Internet industry, Tencent's operations are also affected by industry changes, including the impact of competitors. Especially under the impact of the epidemic, new Internet companies continue to emerge, and they will seize part of Tencent's profitable market. Therefore, it is recommended that Tencent should combine its own development situation, improve product differentiation, strengthen market access barriers, increase user stickiness, and produce and create more epoch-making network products. At the same time, it is necessary to control the development prospects of the industry, reduce the impact of industry changes on revenue and profits, and improve the ability to cope with financial risks.

# CONCLUSIONS

In this study, we analysed and improved the artificial intelligence in the improvement of administrative management of the enterprise, and obtained the following conclusions:

In the context of rapid technological advancement and globalization, enhancing enterprise competitiveness necessitates a holistic integration of digital transformation, strategic risk management, and financial optimization. This study, through a theoretical exploration and empirical analysis of Tencent Holdings, underscores the critical interplay between internal resource allocation, external market dynamics, and adaptive governance frameworks. The findings reveal that competitiveness is not a static attribute but a dynamic capability shaped by continuous innovation, data-driven decision-making, and resilience to external disruptions. Below, the conclusions and actionable recommendations are synthesized into a cohesive narrative to guide enterprises in navigating contemporary challenges.

Enterprise competitiveness, as conceptualized through Porter's Five Forces and the resource-based view, is fundamentally rooted in an organization's ability to leverage unique assets while mitigating external threats. Tencent's dominance in the digital ecosystem—exemplified by WeChat's 1.319 billion monthly active users and its gaming revenue of RMB 123.9 billion in 2022—demonstrates the power of network effects and proprietary technologies. However, the decline in QQ users (from 647.1 million in 2022 to 522.1 million in 2024) highlights the vulnerability of relying on homogeneous products in saturated markets. This duality underscores the necessity for enterprises to balance core competencies with agility in adapting to shifting consumer preferences and regulatory landscapes.

Digital transformation, particularly in fintech and cloud services, has emerged as a cornerstone of Tencent's competitive strategy. The company's financial technology and enterprise services segment grew to 30.74% of total revenue by 2021, driven by innovations such as WeChat Pay and Tencent Cloud. Yet, the overreliance on gaming revenue (31.12% in 2021) exposes systemic risks, especially under

tightening regulations like China's 2021 restrictions on minors' gaming time. To mitigate such risks, enterprises must diversify revenue streams by expanding into high-growth sectors. For instance, Tencent's data assets, quantified through the Analytic Hierarchy Process (AHP) and fuzzy evaluation as contributing 7.22% to total assets (valued at RMB 114.13 billion), represent untapped potential for B2B monetization in healthcare and smart logistics. Standardizing data governance frameworks, such as adopting ISO 8000 standards for accuracy and security, could further enhance the commercial viability of these assets.

The Balanced Scorecard framework reveals critical vulnerabilities across Tencent's operational dimensions. Financially, the 11.3% year-on-year decline in operating cash flow (2021) and rising short-term debt (RMB 28 billion in 2022) signal liquidity strains. Customer-facing risks include intensifying competition from ByteDance's Douyin, which has eroded Tencent's advertising revenue through its dominance. Internally, cybersecurity threats—such as server instability affecting 597 million QQ users—and intellectual property disputes threaten operational continuity. Talent retention further complicates growth, with 27,000 new hires in 2021 straining management capacity, while R&D investment (9.24% of revenue) lags behind peers like NetEase (16%). Addressing these challenges requires institutionalizing a Strategic Risk Management Committee to oversee cross-departmental mitigation efforts, coupled with real-time analytics via tools like RTX for proactive monitoring.

Financial risk control demands structural reforms. Tencent's declining current ratio (from 1.5 to 1.2 between 2019–2021) and inventory turnover rates necessitate a centralized risk department to streamline liquidity management and credit oversight. Diversifying financing mechanisms—such as reinvesting 30% of profits into R&D—could reduce dependency on volatile short-term loans. Operationally, optimizing asset utilization is critical; the total asset turnover rate's decline (from 0.8 to 0.6 between 2019–2021) reflects inefficiencies that could be alleviated by reallocating cash reserves (RMB 76 billion in 2022) to high-return projects like AI-driven advertising. Additionally, consolidating redundant products—for instance, merging QQ's legacy

functions into WeChat—could save RMB 5–7 billion annually in maintenance costs, freeing resources for disruptive innovations such as metaverse technologies.

Sustainable competitiveness hinges on fostering a culture of innovation and adaptability. Tencent's rapid scaling—evidenced by its 100,000+ workforce in 2021—requires rotational programs to cultivate cross-functional expertise among risk managers and R&D teams. Embedding risk-awareness into corporate culture through annual workshops on cybersecurity and compliance can enhance organizational resilience. Leadership incentives aligned with long-term goals, such as tying executive bonuses to ESG metrics, further ensure strategic coherence.

External challenges, including regulatory shifts and industry trends, demand proactive adaptation. Compliance with China's 2022 Data Security Law, for example, necessitates transparent data usage protocols to avoid penalties. Simultaneously, countering ByteDance's dominance requires integrating short-video features into WeChat's ecosystem. Globally, leveraging Tencent's digital platforms—such as PUBG Mobile's 1 billion downloads—to penetrate emerging markets in Southeast Asia and Africa could offset domestic saturation.

Enterprises must adopt a dual strategy of defensive consolidation and offensive innovation. Defensively, strengthening risk frameworks and financial buffers safeguards against volatility. Offensively, investing in disruptive technologies like blockchain and AI positions firms to redefine industry standards. For Tencent, this entails balancing its legacy strengths in social networking and gaming with bold forays into fintech and global markets. Ultimately, the path to sustained competitiveness lies in harmonizing technological prowess with strategic foresight, ensuring resilience in an era defined by digital disruption and geopolitical flux.

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# APPENDIXES