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: **Management efficiency on employees performance**

Completed: student of

073 «Management» (EP «Administrative Management»)

Song Yuran

Superviser ***Karyna Buryk***

assistant

Reviewer ***Inna Koblianska***

PHD, Associate Professor of the Department of

Economics, entrepreneurship and business

administration

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 y.

TASK

on qualification work for student

Song Yuran

1. Theme of Qualification work: **Management efficiency on employees performance**

Superviser *Karyna Buryk, assistant*

approved by the university from *№3816/oc from 18.11.24*

2. Deadline for student completed project (work) *March, 10 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 2019-2021

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

This paper explores strategies for improving employee efficiency within organizations, using Huawei Technologies Co., Ltd. as a case study. In the context of rapid technological advancements and a highly competitive market, enhancing employee performance is crucial for sustaining organizational success. This study examines Huawei's human resource management practices, including talent acquisition, training and development, and performance evaluation systems, to identify key factors contributing to employee efficiency.

5. Date of assignment: **December, 15 2023**

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	*December, 2023*	
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	*December, 2023*	
3	Preparation and presentation of draft of the first chapter of the thesis	*February 2024*	
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	*March 2024*	
5	Making the theoretical part of the thesis, summarizing the analytical part	*April 2024*	
6	Design options improve the research problem	*May 2024*	
7	Completion of the project part of the thesis, design chapters	*May 2024*	
8	Previous work and its defense review	*December, 01-02 2024*	
9	Checking the authenticity of the thesis	*February, 20-28 2025*	
10	Deadline for student completed the thesis	*March, 01 2025*	
11	Defense of the thesis	*March, 09 2025*	

Student Song Yuran ***Song Yuran***

(signature)

Superviser of science work ***Karyna Buryk***

(signature)

Authentication performed ***Nadiia Baranik***

(signature)

Checking the authenticity conducted.
Thesis allowed to defense ***Svitlana Lukash***

(signature)

ABSTRACT

Song Yuran. Management efficiency on employees performance.

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

This paper explores strategies for improving employee efficiency, using Huawei Technologies Co., Ltd. as a case study. In a rapidly evolving technological landscape and competitive market, enhancing employee performance is crucial for organizational success. The study analyzes Huawei's human resource practices, focusing on talent acquisition, training, and performance evaluation to identify factors contributing to employee efficiency.

Through qualitative and quantitative analysis, the research highlights how Huawei's focus on employee empowerment, continuous learning, and innovation fosters a high-performance culture. It also examines the impact of organizational structure and leadership styles on employee motivation and engagement. The findings suggest that a holistic approach, combining strategic human resource practices with a supportive work environment, enhances employee productivity.

This study provides valuable insights for organizations seeking to optimize workforce efficiency, emphasizing the alignment of employee development with business objectives. The implications for management are discussed, offering recommendations for effective strategies to boost employee efficiency across various contexts.

Keywords: *employee effectiveness, human resource management, organizational structure, leadership style, employee development, productivity.*

АНОТАЦІЯ

Сон Южань. Ефективність управління продуктивністю роботи працівників.

Магістерська робота зі спеціальності 073 «Менеджмент», ОП «Адміністративний менеджмент» СНАУ, Суми-2025 р.- Рукопис.

У роботі досліджуються стратегії підвищення ефективності співробітників на прикладі Huawei Technologies Co., Ltd. У технологічному середовищі та конкурентному ринку підвищення продуктивності співробітників є критично важливим для успіху організації. Дослідження аналізує практику управління персоналом Huawei, зокрема в аспектах пошуку талантів, навчання та оцінки ефективності, для визначення факторів, що впливають на результативність співробітників.

За допомогою якісного та кількісного аналізу дослідження показує, як фокус Huawei на розвитку співробітників, навчанні та інноваціях сприяє високій продуктивності. Вивчається вплив організаційної структури та стилів керівництва на мотивацію працівників. Результати свідчать, що цілісний підхід, який поєднує стратегії управління персоналом і сприятливе середовище, підвищує продуктивність. Дослідження дає корисні поради для організацій, що прагнуть оптимізувати ефективність, підкреслюючи важливість узгодження розвитку співробітників з бізнес-цілями.

Ключові слова: *ефективність, управління людськими ресурсами, організаційна структура, стиль лідерства, розвиток працівників, продуктивність.*

CONTENT

INTRODUCTION

In today's rapidly evolving technological landscape, organizations face significant challenges in maximizing employee efficiency, driven by factors such as increasing competition, technological advancements, and changing workforce dynamics. Huawei Technologies Co., Ltd., a global leader in information and communications technology, exemplifies these challenges as it navigates a complex environment characterized by constant innovation and market demands.

The primary objective of this thesis is to explore strategies and models aimed at enhancing employee efficiency within organizations, with a specific focus on Huawei. The study seeks to identify effective methods for improving workforce productivity and engagement, thereby contributing to the overall operational success of the company. By employing a scientific approach to employee efficiency, including the utilization of quantitative models and performance metrics, this research aspires to add to the body of knowledge in organizational management.

To achieve this objective, the thesis will address the following key goals:

1. Analyze the theoretical foundations of employee efficiency: This involves examining the concept of employee efficiency within the context of technology firms, identifying the unique challenges and opportunities faced by organizations like Huawei, and assessing the factors that influence workforce performance.

2. Investigate the decision-making processes related to employee management: This section will cover the principles and stages involved in decision-making

regarding human resources, the role of leadership in fostering a productive environment, and the internal and external factors that impact employee engagement.

3. Identify and evaluate methods for improving employee efficiency: Emphasis will be placed on utilizing scientific approaches, performance optimization models, and quantitative assessments to enhance workforce effectiveness and job satisfaction.

4. Conduct a case study analysis of Huawei Technologies: This includes a comprehensive examination of the current state of employee efficiency within the organization, identifying existing strengths, challenges, and areas for improvement.

5. Propose new strategies for enhancing employee efficiency: Based on the findings, the thesis will provide tailored recommendations for Huawei to improve employee productivity and engagement, leveraging best practices and innovative management techniques.

The object of this study is the employee management process within Huawei Technologies Co., Ltd., focusing on strategies to enhance workforce efficiency and overall organizational performance. The subject of the study revolves around the application of models and methods for improving employee efficiency in the technology sector.

The significance of this research lies in its potential application within Huawei and similar organizations. By implementing the proposed strategies, these companies can refine their employee management practices, ultimately improving productivity and sustaining long-term growth.

The information base for this research includes scientific literature from leading experts in organizational behavior, human resource management, and productivity, along with internal performance data and management reports from Huawei Technologies.

The Practical Significance of the Results. The findings of this research provide a solid basis for further studies on modern management practices, employee performance optimization, and organizational structure improvement in a competitive environment. The results offer actionable recommendations for enhancing business adaptability, promoting innovation, and improving operational efficiency.

Personal Achievements in Master's Degree. The conclusions presented in this Master's thesis reflect the author's independent research and recommendations. The study on optimizing management strategies and organizational structures is documented in six academic papers related to the field. These findings contribute to improving management efficiency and provide valuable insights for business leaders and professionals working to enhance employee performance.

The Structure and Scope of Work. This thesis includes 10 tables and 10 figures that illustrate key concepts, data analysis, and strategic recommendations. It is based on 85 references, including academic articles, books, and case studies, providing a strong theoretical and empirical foundation. The research methodology combines qualitative and quantitative approaches, integrating theoretical exploration with practical case studies to ensure applicability in both academic and business contexts.

CHAPTER 1

THEORETICAL FOUNDATIONS OF EMPLOYEE EFFICIENCY AND EQUITY INCENTIVES

Maslow's demand model states that needs are the foundation of behavioral motivation. Individuals develop motivation based on their needs, shaping their goals accordingly. Motivation drives achievement, and once present, individuals set goals to fulfill it. The ultimate aim of motivation is to encourage value creation. To enhance efficiency and value, motivators must satisfy various needs. Maslow's hierarchy shows that individuals progress from physiological and safety needs to social, esteem, and self-actualization needs. Meeting higher-level needs produces better motivational effects.

Building on Maslow’s theory, Herzberg introduced the two-factor theory, which includes hygiene factors and motivators. Hygiene factors, if below a critical threshold, create lasting negative effects, while motivators drive individuals to perform efficiently. Effective equity incentive mechanisms require fair performance assessment indicators to generate positive emotions and motivation. Unreasonable or too low indicators can diminish motivation and create hygiene factors.

Adam Smith's equity theory explains that employees value not just salaries but also fairness in compensation relative to others. Thus, equity in incentive plans is essential. Vroom’s expectancy theory further suggests that individuals weigh pros and cons, feeling motivated only when they clearly understand their ability to

complete a task. Together, Maslow's and Herzberg's theories provide a scientific foundation for equity incentives, linking motivation and performance to enhance employee engagement and a company's competitiveness.

Principal-agent theory is a key component of contract theory in institutional economics, focusing on the principal-agent relationship. This relationship is guided by contracts, where a legal entity grants decision-making powers to another entity, compensating it for services. The party providing compensation is the principal, while the other is the agent. The theory attributes this relationship to rapid social development, increased productivity, and expanding production scales. Another factor is the shift to specialized production, where principals lack expertise across all sectors, necessitating specialized agents to complete tasks efficiently.

Although principals and agents depend on each other, conflicts arise due to differing interests: principals focus on wealth growth, while agents seek to balance input and reward. This misalignment can harm the principal’s wealth, making it essential to address conflicts. Principal-agent theory is integral to equity incentive mechanisms, as equity-based remuneration helps align interests. Compensation, particularly equity incentives, mitigates conflicts and enhances enterprise value by motivating employees.

Supervising employees, especially in leadership roles, is often costly and ineffective, making efficient incentives crucial. Equity incentives align employee rewards with company performance, ensuring their earnings depend on the company’s success. This encourages long-term commitment, leading to better

decision-making and strengthening the company's financial and technological competitiveness.

Schultz's research concluded that since the mid-20th century, although agricultural production values in the United States have been rising, the driving factors have shifted from traditional resources such as land, labor, and capital to the widespread access to education and the overall enhancement of labor quality. According to Schultz, while abundant natural resources and labor can somewhat promote economic development, the fundamental requirement is to improve worker quality through education and increase the proportion of intellectual labor. In summary, human capital established through education can significantly drive economic development. He also noted that talent is a critical factor influencing a country's economic growth; the quality of a nation’s talent determines the speed of its economic expansion, while the amount of national capital and natural resources does not necessarily influence economic development. Schultz famously stated that the primary factor affecting national economic growth is the quality of the population's talent. He also analyzed the mismatch between national economic growth and the growth of national resources, arguing that compared to physical resources like natural capital, human capital represents another form of capital, primarily encompassing skills, experience, and knowledge capabilities. Furthermore, human capital is inherently part of an individual, which distinguishes it fundamentally from other resources.

As society and technology evolve, the creators of value change significantly across different eras. For instance, in the agrarian era, nations valued land resources,

and landowners acted as value distributors; in the industrial age, nations focused on capital, with capitalists becoming the main distributors of value as monetary resources emerged as the primary creators of value. Finally, in the modern internet age, most enterprises have begun to tap into human capital, positioning talent as contemporary value distributors, making human capital the principal creator of value.

In today's internet era, with continuous technological advancements, the management of company experience is becoming increasingly diverse and complex. Consequently, possessing specialized skills as human resources has become integral to a company's competitiveness, enabling it to create more surplus value. Thus, developing relevant talent incentive policies is essential for promoting sustainable corporate growth, among which utilizing equity incentives to reward high-quality talent represents the highest form of recognition for their abilities. Implementing equity incentive policies can maximally motivate managers to leverage their skills, allowing them to psychologically acknowledge their real participation in the company’s growth, thereby stimulating talent engagement to the greatest extent possible. This, in turn, ensures the sustainable development of the enterprise and enhances its competitive strength in the market. Furthermore, equity incentive policies can help prevent the long-term loss of essential talent, ensuring that the core human resources remain committed to the enterprise, thereby continually enhancing the company's talent competitiveness.

Coconete, D.E. (2003) suggests that technological innovation is a crucial factor in a company's core competitiveness. As technology advances and markets evolve, maintaining a competitive advantage relies on emphasizing creativity and

innovation. Additionally, the capacity for technological innovation is one of the primary criteria for evaluating high-tech enterprises in China, providing further guidance for analyzing the core competitiveness of such companies.

Jiancheng Guan et al. (2005) conducted empirical research on the relationship between product competitiveness and the integration of technology and organization, concluding that product competitiveness is significantly positively correlated with technological innovation in enterprises; only through technological innovation can product competitiveness be significantly improved.

Self-Jinfu (2001) defined core competitiveness as a unique ability formed by the effective integration of enterprise resources that supports the sustained competitive advantage of the company. Huang Jinfu (2001) understood core competitiveness as the main factors determining competitiveness, deeply rooted factors, and the core resources and capabilities that a company relies on for survival and development. In summary, the theoretical research on enterprise core competitiveness is quite mature. Although scholars may have differing views on the connotation, formation conditions, and components of core competitiveness, they consistently recognize that technological capability is the essential element constituting the core competitiveness of high-tech enterprises. This paper will focus on examining the impact of equity incentive implementation on the core competitiveness of high-tech enterprises, with a particular emphasis on company performance and innovation capacity.

This article believes that equity incentive refers to the company granting certain rights to operators in the form of equity, allowing them to participate in

decision-making, distribute residual profits and bear corresponding risks as owners, so as to achieve the purpose of long-term incentives. Its essence is to guide the incentives to converge with the goals of the enterprise owners, reduce agency costs and improve work enthusiasm.

The equity grantees include directors, managers and technical employees, and the equity incentive methods mainly include restricted stocks, stock options, stock appreciation rights and virtual stocks.

Restricted stocks and stock options are the two most widely used forms. The former means that the incentives have the right to buy stocks at a relatively low price, but there are certain restrictions on the exercise of the rights. Only when the exercise conditions are met can they have the right to sell stocks to obtain income;

The latter means that the incentives are granted a right, first of all, they can be agreed that they can buy stocks at a price lower than the market price on a certain day in the future, provided that they have achieved the pre-designed goals. Huawei currently uses the virtual stock incentive method. The main feature of this form is that the grantees only have dividend rights and stock price appreciation benefits, but no ownership and voting rights.

In view of this, this article believes that employee equity incentives should be equity incentives for employees other than senior executives, so as to improve employee enthusiasm and promote the long-term development of employees and enterprises.

Behavior value management Behavior value management is a management activity or method that aims to increase the economic value of behavior. Its object

is the behavior value of all employees of the enterprise. At the strategic level, it can be understood as the value management of the overall behavior of the enterprise, and at the specific level, it can be understood as the management of the effectiveness of the economic value of behavior. In addition, it regards people as the origin of value creation and behavior as the motivation for value creation. The focus is on behavior, aiming to improve the efficiency and effect of value creation by regulating and restraining people's behavior. In the specific implementation, it emphasizes grasping the motivation that affects the value of behavior and exploring the laws of human behavior; increasing value-added and high value-added behaviors and reducing non-value-added and ineffective behaviors; matching behavior appreciation with depreciation to maximize the net value of behavior.

People-oriented financial management differs from traditional material-oriented financial management, which focuses on "materials" as the foundation of value creation. In contrast, the people-oriented approach considers "people" as the primary driver of value and systematically applies this principle to financial management. It aims to regulate and guide economic activities by implementing systems and methods that reflect the concept of people-driven value creation. A key aspect of this approach is recognizing human capital property rights, integrating them into financial management so that financial activities are no longer solely centered on capital movement but on value-creating behaviors led by human capital owners. These behaviors, such as capital structuring, operations, recovery, and income distribution, directly influence changes in assets and equity, reinforcing the importance of employee-driven value creation.

Huawei has implemented incentive mechanisms such as the saturated stock allotment system and the Time Unit Plan (TUP). The saturated stock allotment system, an adaptation of virtual stock incentives, grants different shareholding levels based on employee performance. Once the allocation limit is reached, no further shares are granted, encouraging continuous professional growth. TUP, introduced in 2014, is a five-year profit-sharing plan where employees receive stock-based incentives without requiring investment. For example, an employee granted 10,000 TUP shares at RMB 1 per share in 2013 could receive partial dividends over four years and full stock appreciation in the fifth year. If the stock price rises to RMB 5, the appreciation income would be (5-1)×10,000, and the company would repurchase the shares.

Economists continue to debate the sources of value creation, with differing perspectives between labor and non-labor value theories.

The labor theory of value views value as undifferentiated human labor condensed in commodities, first proposed by William Petty (2013) [72] and later developed by Adam Smith (2013) [73], David Ricardo (2013) [74], and Marx (2011) in Capital [75]. Marx argued that labor creates value, emphasizing its role in production.

Non-labor value theories include Say's utility value theory, Malthus's supply and demand theory, and Senior's surplus value theory. However, none completely deny labor's role in value creation, recognizing it as essential.

The theory of human capital property rights originates from classical economics. Adam Smith (2013) considered human talent a key means of production

[73]. In the 1960s, Schultz and Becker expanded this idea, linking human capital—knowledge, skills, and health—to economic growth [1,2]. However, foreign scholars did not fully explore human capital property rights, a gap addressed by Chinese scholars. In 1996, Zhou Qiren and Zhang Weiying discussed enterprise ownership, asserting that human capital ownership belongs solely to its holder. Zhou highlighted that incomplete human capital property rights limit its economic potential [76]. Later, Qiu Zhaoxue (2016) emphasized that separating ownership from management creates contracts between human and material capital, potentially leading to moral hazard due to information asymmetry [58]. Identifying human capital property rights is crucial for designing new employee equity incentive systems, allowing employees to participate in corporate governance and share residual income.

Principal-agent theory addresses delegation, where conflicts arise due to differing interests and information asymmetry. In most modern companies, a few individuals own the business, while operators with minimal shares manage daily affairs. This separation of ownership and management creates opportunities for misuse of power, negatively impacting company development and harming owner interests.

Since the emergence of the principal-agent theory, how to reduce the agency cost of the enterprise, build a check and balance mechanism to regulate and constrain the behavior of agents, and prevent the abuse of agency power has become the core and research hotspot of corporate governance. Equity incentives for operators can make their goals consistent with the goals of the enterprise owners, which can reduce agency costs (Wan Lishuang, 2023; Song Yuchen and Li Lianwei, 2017) [77,78].

Incentives stimulate and guide organizational members' behavior to achieve collective and individual goals, with core elements being "effort," "goals," and "needs." Motivation theories focus on mobilizing enthusiasm, with Maslow's hierarchy of needs (1943) [79] and Herzberg's two-factor theory (2011) [80] being the most notable. Maslow categorized needs into five levels, where higher-level needs emerge once lower ones are satisfied. Herzberg distinguished hygiene factors, which ensure basic workplace satisfaction, from motivational factors that drive long-term engagement. To align owner and operator goals, enterprises should implement rationalized equity incentives, strengthening stakeholder cohesion and shifting the principal-agent relationship toward trustee-self-management to reduce agency costs.

Behavioral value management theory, introduced by Xu Guojun (2003) [68], asserts that behavior drives value creation. He posits that financial management should center on behavioral value to maximize corporate value. Xu (2013) further argued that value management is the essence of financial management [70].

Qiu Zhaoxue (2016) [58] systematically explored humanistic financial management theory, criticizing the material-centric approach in financial management. He argued that prioritizing material capital over people leads to dissatisfaction and inefficiency. To maximize shared value, he proposed a human-oriented financial model emphasizing value creation and integrating human capital property rights. By transforming the principal-agent relationship into a trustee-self-management model, Qiu designed a system where shared financial power aligns interests, motivating human capital owners to enhance productivity.

Financial power is reflected in configuring capital structure, controlling capital operations, and disposing of returns. Qiu developed a check-and-balance mechanism under a dual property rights structure to ensure the smooth implementation of shared financial power. The humanistic financial management method system includes general and specific management approaches for assets, behaviors, and rights, with a core focus on behavioral value management.

This article follows behavioral value management theory, emphasizing people and their value creation. Granting employees autonomy while confirming human capital property rights and profit-sharing can encourage high value-added behaviors and reduce ineffective ones. The humanistic financial management theory provides guidance for designing a new financial governance system.

CHAPTER 2

INTRODUCTION TO HUAWEI AND THE EVOLUTION OF THE EQUITY INCENTIVE SYSTEM

2.1 Organizational Structure and Business Model of Huawei

In 1987, Ren Zhengfei invited many friends to co-found Huawei in Shenzhen. In the early days, it was mainly engaged in switch agency sales business. Later, it began to independently develop and produce products. Its main business can be divided into operator network business, enterprise business and consumer business. It covers more than 170 countries and regions around the world. The 2024 annual report shows that as of December 31, 2024, the company has 207,000 employees, with sales revenue of 642.338 billion yuan that year, and has been among the world's top 500 companies for many consecutive years.

As a technology-based company, Huawei focuses on independent research and development. Since 2011, Huawei's annual R&D expense rate has exceeded 10%. In 2024, it invested 161.494 billion yuan, with an R&D expense rate of 25.1%; among the 207,000 employees, there are 114,000 R&D personnel, accounting for 55.4%. With high R&D investment, Huawei has accumulated a large number of patent technologies. As of December 31, 2024, Huawei's cumulative patent authorization volume reached 120,000, making it one of the world's largest patent

holders. 2. Huawei's corporate governance structure In the course of more than 30 years of development, Huawei's operating income and number of employees have grown rapidly, and at the same time Huawei's corporate governance structure has become increasingly perfect. Like ordinary companies, Huawei's highest authority is the shareholders' meeting, which is composed of two shareholders, Ren Zhengfei and Huawei Investment Holding Co., Ltd. Trade Union Committee (hereinafter referred to as the Trade Union). The Shareholder Employee Representative Council is an institution that performs the duties and powers of the Trade Union.

It is composed of no more than 115 shareholding employee representatives elected by shareholding employees who have the right to vote (Ren Zhengfei is also one of the shareholding employee representatives). Huawei's board of directors and board of supervisors are elected by one vote per member of the shareholding employee representative council, and the shareholding employee representative council reviews the board of directors, board of supervisors reports, annual profit distribution plans, etc., which gives shareholding employees with voting rights the power to participate in corporate governance. The board of directors is the company's highest responsible body, exercises the company's strategic and operational decision-making power, and is responsible for the company's strategy, operations management and customer satisfaction. The board of directors implements a rotating chairman system, with a term of office generally of six months. During his term of office, he is the company's top leader.

The 2024 annual report shows that the board of directors has a total of 17 members and held 11 on-site meetings. The Board of Supervisors is the company's

highest supervisory body, exercising supervisory power. It currently has 15 members, and its main responsibility is to conduct comprehensive supervision of senior executives' performance of duties, business conditions, financial conditions, and internal control systems.

In addition to the above-mentioned corporate bodies, Huawei has also established four committees based on different divisions of labor, and has also established different departments at the specific functional level. Figure 2.1 is a diagram of Huawei's corporate governance structure.

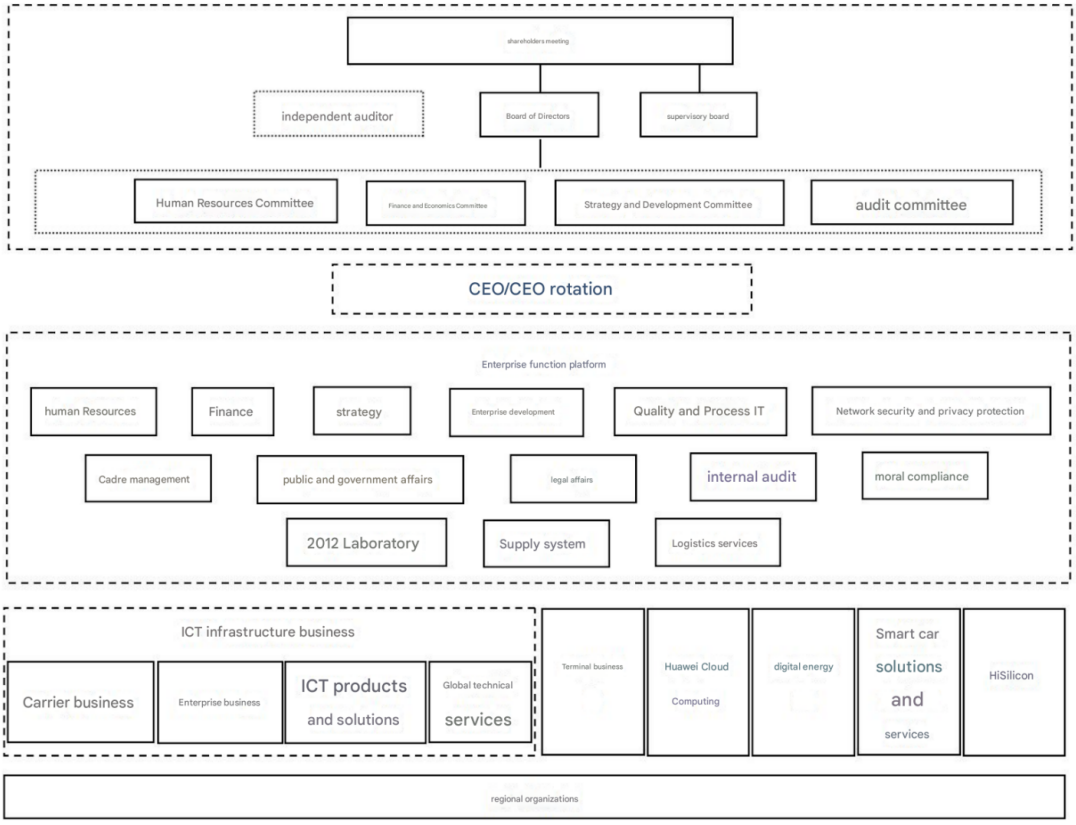


Figure 2.1 - Huawei's Corporate Governance Structure

Source: generated by the author

The diagram above illustrates the hierarchical governance structure of Huawei, highlighting the roles of key supervisory and executive bodies. This structure

ensures efficient decision-making and operational oversight, aligning with the company's strategic goals.

2.2 The evolution of Huawei's equity incentive system

The evolution of Huawei's employee equity incentive system can be roughly divided into three stages: the real stock allotment system from 1990 to 2000, the implementation of the virtual allotment system from 2001 to 2013, and the implementation of the virtual allotment system + TUP from 2014 to the present. Other adjustments were made in 1997 and 2008. 1. Real stock equity period: 1990-2000

In 1990, Huawei was established for three years. Expanding the market, expanding the scale, and independent research and development required a lot of funds. The three years of accumulation and external financing were not enough to meet the development needs for funds, and the development faced difficulties. For this reason, the company's founder planned to solve the financing problem through employee stock ownership. This method has many advantages such as large financing amount, simple procedures, and fast speed.

During this period, Huawei's management chose to implement real stock with equal rights and no virtual nature. This method continued until 2000.

The stock purchase price is 1 yuan per share, and a voluntary employee subscription system is implemented. There is no restriction on the subscription object and quantity. The company redeems the stock at the original price when

leaving the company. The company promises to use 15% of the after-tax profit for dividends, which is very attractive to employees. If employees face financial difficulties, they can use their annual bonuses to purchase or obtain loans in the name of the company. At this time, employees enjoy the right to dividends but not the right to appreciation. At this stage, Huawei successfully solved the financing problem through this method. Employees subscribing to company shares brought a lot of funds to the company to develop its business. This move also made the interests of the company and employees basically consistent, and encouraged employees to work hard to create more value.

As the scale of employee shareholding became larger and larger, Huawei carried out internal equity structure restructuring in 1997, and most of the shares held by employees were transferred to the name of the trade union. In the same year, Ren Zhengfei and more than 700 employees jointly established Huawei New Technology Co., Ltd. and held 5.046% of Huawei Technologies Co., Ltd. The Huawei New Technology Co., Ltd. Union and Huawei Technologies Co., Ltd. Union held 33.086% and 61.868% of Huawei Technologies Co., Ltd. shares respectively, completing the industrial and commercial registration of internal shares held and managed by the two unions, marking the legalization and standardization of Huawei's employee shareholding system. In 1999, Huawei's union was restructured again, with the head office union and subsidiary union holding 88.15% and 11.85% of the shares respectively. After several minor restructurings, the current structure was gradually formed. During the restructuring process, when shareholding employees entrust their shares to the union, they will sign an agreement and the

union will exercise voting rights on their behalf. The establishment of the shareholding committee makes the equity incentive system more standardized and legal, while concentrating power and solving some corporate governance problems caused by management chaos.

In 2001, the Internet economic bubble burst and the communications industry also suffered a huge blow. During the crisis, Huawei did not shrink its front like other large companies, but took the opportunity to enter the overseas market. To achieve this goal, a lot of funds are needed.

In July 2001, Huawei began a new employee equity incentive program reform and issued the "Interim Management Measures for Virtual Stock Option Plan of Huawei Technologies Co., Ltd."

This reform is aimed at senior executives and core personnel, not all employees. The company determines the number of shares that can be purchased based on employee level and performance. During this period, Huawei converted all original shares into virtual shares, and employees can apply for the company to repurchase virtual shares at the net asset price per share, but it needs to be done in four times. One of the characteristics of virtual shares compared to real shares is that they have different rights for the same shares.

At this time, the virtual shares held by employees have dividend rights and appreciation rights, but no ownership or voting rights. Employees can get value-added returns, combining the long-term interests of employees with the long-term development of the company to form a community of interests.

In 2003, when SARS broke out, Huawei also faced intellectual property litigation issues. The deterioration of the external environment, talent loss, sales difficulties, property rights disputes and other issues made the company's operation difficult. The middle and senior management voluntarily launched a 10% salary reduction campaign to tide over the difficulties.

That year, Huawei Investment Holding Co., Ltd. was established. In the following year, Huawei Investment Holding Co., Ltd. and Ren Zhengfei became shareholders of Huawei, and it has continued to this day. In order to retain core technical talents and stabilize the senior management team, Huawei issued additional virtual stocks to the middle and senior management. The quota of this allotment was large, but a three-year lock-up period and a four-year repayment constraint were set. In 2008, the financial crisis broke out, and Huawei's previous equity incentive policy also had drawbacks. In order to stabilize old employees and attract new employees, Huawei began to implement a saturated employee equity incentive plan. The biggest difference from previous plans is that this time, an upper limit on employee shareholding is set.

The maximum number of shares that employees of different levels and positions can hold is different, and the incentive targets are expanded to the middle and grassroots levels, which means that the equity of old employees holding a large number of shares may be diluted. Adjustments have also been made to the exercise method. The exercise period is also four years, but there are four ways to exercise: exchanging the difference in the stock price increase, buying stocks at the price when the shares are obtained, retaining and cashing them out later, and giving them up.

Since the implementation of the virtual equity system, the purchase price of stocks has been the net asset value per share.

After the China Banking Regulatory Commission issued the "Personal Loan Management Measures" and the "Interim Measures for the Management of Working Capital Loans" in 2012, employees could not obtain funds to purchase equity through bank loans and could only purchase them at their own expense. The implementation of the saturated allotment system not only gives more new employees the opportunity to hold shares, but also encourages old employees to continue to work hard, because only by reaching a higher level can they obtain more allotment shares. If their own allotment shares remain unchanged, they will be diluted by the new shares and their income will decrease. 3. Virtual Equity + Time Unit Plan: 2014 to Present Around 2013, Huawei had grown into a large-scale company with high profits. The large amount of dividends and benefits made some employees feel "lying flat". Since it is difficult to obtain virtual shares, it has resulted in a situation where old employees do not work but have huge stock income, while new employees work hard but have low income. To motivate new employees, Huawei has been implementing the Time Unit Plan, or TUP, since 2014. Employees can obtain it without investment, and the job level standard is slightly lower than that of virtual shares. Not only Chinese employees but also foreign employees can obtain it. Since it is to motivate employees to work hard and motivate strivers, one of the conditions for obtaining TUP is to sign the "Struggler Agreement". According to the information disclosed in the annual report, TUP is a profit sharing plan and more like an employee benefit. TUP has a five-year cycle. The specific exercise

method is that if 10,000 shares of TUP with a price of 1 yuan per share are granted in 2013, they cannot exercise the rights in the same year. From the second to the fourth year, they have the right to dividends of 10,000×1/3, 10,000×2/3, and 10,000×3/3 respectively. In the last year, that is, the fifth year, they have all the dividend rights and obtain stock appreciation income. If the stock price rises to 5 yuan, the added value is (5-1) × 10,000. At this time, the company will take back the TUP, and the employees' annual TUP can be added up. Incremental and deferral are one of its core. Table 2.1 is an example of TUP income.

Table 2.1 - Specific examples of TUP benefits

Year	Ways to benefit
2013 (current year)	Unable to exercise rights
2014 (second year)	10000×1/3 dividend rights
2015 (third year)	10000×2/3 dividend rights
2016 (fourth year)	10000×3/3 dividend rights
2017 (fifth year)	100% dividend rights + (5-1)×10000 appreciation rights, the company takes back TUP

Source: generated by the author

In summary, since Huawei implemented equity incentives in 1990, it has always placed talents in a prominent position, and the overall trend is that policies are constantly being improved and standardized. The scope of incentive targets is also expanding. As of December 31, 2024, a total of 142,315 employees participated in employee equity incentives, accounting for 68.75% of the total employees. In

addition, the implementation of TUP has gradually increased the labor returns of employees and reduced capital returns.

The reason is that TUP can be obtained without investment, and the shares of old employees with a large number of stocks are diluted, and the capital income decreases. This is also the overall trend. In 1990, the implementation of the employee stock ownership plan successfully raised a large amount of funds and achieved the financing purpose; in 1997, the shareholding form was standardized and entrusted to the union, which not only improved the chaotic management situation, but also standardized and legalized the employee shareholding; in 2001, real shares were gradually transformed into virtual shares. Because virtual shares enjoy the right to increase in value, they are conducive to long-term incentives; in 2003, facing internal and external difficulties and listing difficulties, Huawei allocated large amounts of shares to senior executives and core employees, and set a longer exercise period to stabilize the core team; in 2008, the saturated share allocation system expanded the incentive objects; in 2014, the implementation of virtual shares + TUP further expanded the scope, and the setting of a cycle every five years encouraged employees to continue to strive. The reforms of the employee incentive system have basically achieved the predetermined goals and complied with the adjustment of macroeconomic policies. Table 2-2 is a table of adjustments to Huawei's employee incentive policies. At present, Huawei employees only enjoy the right to dividends and the right to increase in value.

2.3 Longitudinal Data Analysis of the Effect of Huawei's Employee Equity Incentive System Implementation

First, in terms of the selection of evaluation indicators, although Huawei will publish annual reports, it is not a listed company, and the financial information published is not detailed. For example, items such as taxes payable, construction in progress, and fair value change gains and losses are not systematically published, which leads to the inability to select EVA (economic value added) for analysis in this paper; in addition, since the number of Huawei's common stocks is not public, it is impossible to obtain accurate data, and this paper cannot use the financial leverage coefficient to analyze the size of the company's financial risk.

Combined with the above analysis and past research experience, in terms of the selection of financial indicators, this paper selects gross profit margin, net profit margin, and return on total assets to analyze Huawei's profitability changes, selects inventory turnover rate, accounts receivable turnover rate, and total asset turnover rate to reflect changes in operating capacity, selects current ratio, quick ratio, and debt-to-asset ratio to reflect changes in debt repayment capacity, selects operating income growth rate and net profit growth rate to reflect changes in growth capacity, and conducts industry comparative analysis. In terms of the selection of non-financial indicators, this paper selects market share, R&D expenses, R&D expense rate, R&D expense growth rate, number of R&D personnel, proportion of R&D personnel, number of patent authorizations, and number of PCT patent applications for analysis. Secondly, in terms of specific data selection, this paper selects Huawei's

2011-2024 annual report data for analysis, mainly for the following reasons: First, in Huawei's official website, the 2011 annual report is the first annual report with audit opinions and detailed financial data. Before 2011, Huawei did not publish detailed financial data, and accurate data was difficult to obtain; secondly, Huawei implemented a saturated stock allotment system in 2008, but the essence is still virtual equity incentives. Data after 2011 can analyze the impact of the implementation of the saturated stock allotment system. After that, virtual shares + TUP were implemented in 2013. The difference between TUP and virtual shares is that there is a clear deadline, short incentive time, no capital contribution, etc. The data before and after the implementation of the policy can be used to analyze the advantages and disadvantages of this policy. Finally, the data from 2011 to 2024, a total of 13 years, can provide a basis for summarizing the company's development status.

It should be explained here that the subject of Huawei's annual report in 2012 was Huawei Technologies Co., Ltd., and after 2011, the reporting subject was changed to Huawei Investment Holding Co., Ltd. Although the reported data are different, the difference is not big. For example, the data on the 2012 operating income item was announced as 185.176 billion yuan in the 2012 annual report, and changed to 182.548 billion yuan in the 2011 annual report, with a difference of only 1.4%, which has limited impact on the data analysis of this article, so this article chooses to ignore this change. 1. Vertical analysis of the implementation effect based on financial data

Profitability reflects the company's ability to make profits within a certain period of time. Since Huawei is not a listed company, it is impossible to use indicators such as price-earnings ratio and earnings per share. This article chooses gross profit margin, return on total assets, and net profit margin to reflect Huawei's profitability changes. Table 2-2 shows the specific calculation method.

Table 2.2 - Profitability indicator calculation formula

Indicators	Calculation method
Gross profit margin	(Operating income - operating costs) / operating income × 100%
Net profit margin	(Net profit ÷ operating income) × 100%
Return on total assets	(Net profit ÷ total assets) × 100%

Source: generated by the author

Based on the data published in Huawei's annual reports from 2011 to 2024, this article has compiled the operating income, operating costs, net profit, net assets, and total assets information and further calculated the relevant data indicators on profitability. The specific data is shown in Table 2.3.

According to the specific data of gross profit margin, net profit margin and total asset return rate, this article draws the trend chart of changes respectively. As shown in Figure2-2, in the years counted in this article, Huawei's gross profit margin has been around 40%. It fluctuated from 2011 to 2014, rising first, then falling, and finally rising.

However, the gross profit margin in 2013 was still lower than that in 2012. After the implementation of the saturated stock allotment system, it did not have a significant impact on the gross profit margin. It was in a downward state from 2014 to 2020, with a large increase in 2023 and a decline of about 5% in 2024. In 2023, Huawei's gross profit margin reached a maximum of 48.3%, and the lowest in 2020

was 36.7%, a difference of 11.6%.

Table 2.3 - Huawei's profitability data from 2011 to 2024

Year	Gross profit margin	Net profit margin	Return on total assets
2011	39.60%	13.25%	13.04%
2012	44.00%	14.04%	14.32%
2013	37.50%	5.72%	6.01%
2014	39.80%	7.10%	7.00%
2015	41.00%	8.79%	8.60%
2016	44.20%	9.67%	9.00%
2017	41.70%	9.34%	9.92%
2018	40.30%	7.10%	8.35%
2019	39.50%	7.86%	9.39%
2020	38.60%	8.23%	8.91%
2021	37.60%	7.30%	7.30%
2022	36.70%	7.25%	7.37%
2023	48.30%	17.86%	11.57%
2024	43.90%	5.54%	3.34%

Data source: Calculated from Huawei's annual report

Through the operating income statistics from the customer perspective in the annual report, it can be seen that the proportion of consumer business revenue has dropped from 54.2% in 2020 to 38.2% in 2023, from 482.9 billion yuan to 243.4 billion yuan, nearly halved; the proportion of operator business has increased from 34.0% to 44.2%. Combined with the US chip sanctions on Huawei, the lack of chips has caused the production of Huawei's mobile phones, laptops and other electronic products to decline, resulting in a decrease in operating income. On the other hand, the shortage of chips has enabled Huawei to increase the proportion of high-end electronic product production, and gross profit has therefore increased. Huawei has been operating operator business for many years, and its profitability is stronger than that of enterprise business and terminal business. In 2024, the gross profit margin decreased by 4.4% year-on-year.

With the above analysis, Huawei's operator business remained basically unchanged, the proportion of terminal business decreased by 5.2%, and the enterprise business increased by 4.9%. The decline in terminal business sales revenue due to the interruption of chip supply is a trend. The enterprise business includes cloud computing, smart car solutions, etc. For Huawei to transform, cloud computing and smart car solutions are both in the starting and climbing stages, and the gross profit margin will be lower than that of terminal and operator businesses. In summary, the implementation of the saturated stock allotment system and the TUP system has limited impact on Huawei's gross profit margin.

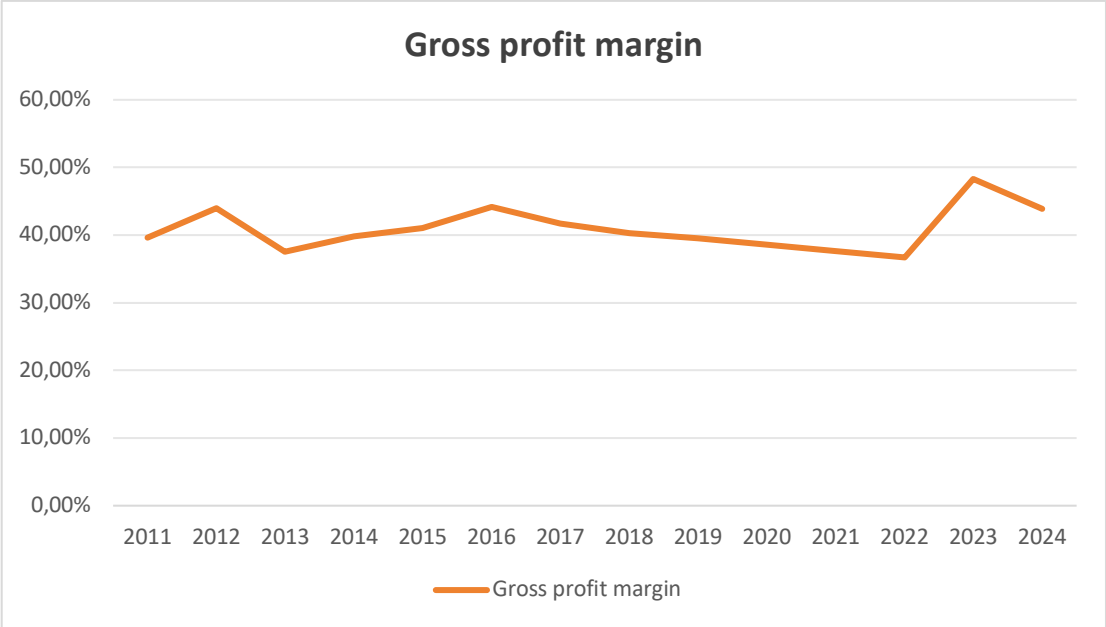


Figure 2.2 - Huawei's gross profit margin trend from 2011 to 2024

Data source: Calculated from Huawei's annual report

There are many similarities between the changes in net profit margin, return on total assets and gross profit margin. As shown in Figure 2.2, there was a significant decline in 2011, a sharp increase in 2023, and a significant decline in 2024. The net profit margin reached a maximum of 17.86% in 2023.

In 2011, Huawei's business was still in the expansion period. The accelerated expansion of low-profit businesses caused the company's net profit to drop sharply.

In addition, according to Huawei's annual report, the important reason for the fluctuations in net profit margin and return on total assets around 2012 was that the exchange rate changes affected exchange gains and losses. In 2023, Huawei sold its subsidiary Honor and its business, which led to a significant increase in the "other net income and expenditure" item in the company's financial statements, which in turn increased net profit, and the net profit margin and return on total assets increased accordingly.

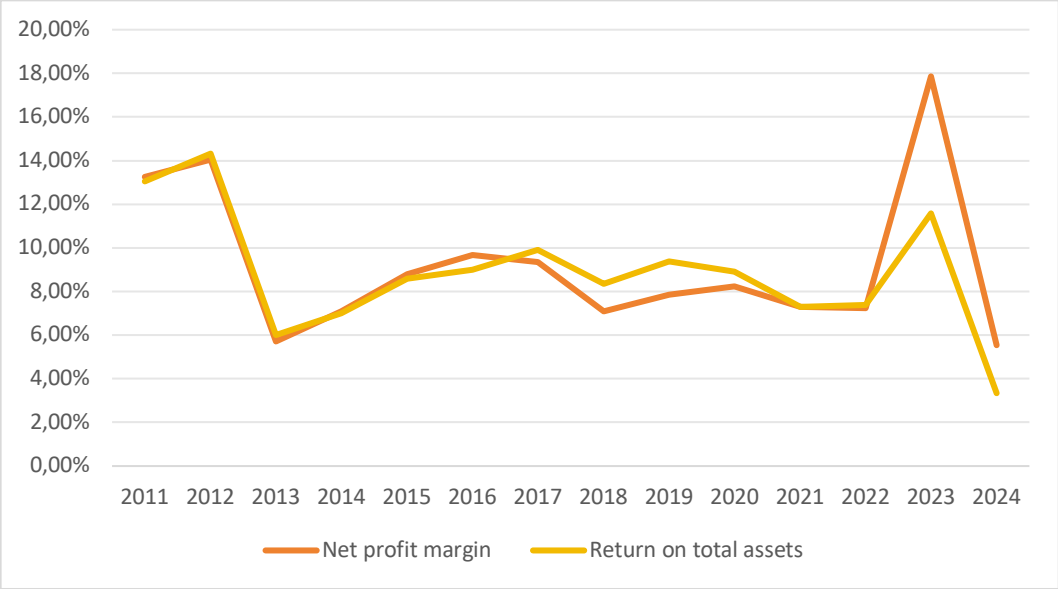


Figure 2.3 - Trend of Huawei’s net profit margin and return on total assets from 2011 to 2024

Data source: Calculated from Huawei's annual report

In 2024, in addition to the sharp decline in gross profit, the reduction in other net income and expenditure and the increase in R&D expenses caused a decline in net profit, and the net profit margin and return on total assets dropped significantly.

In summary, profitability has changed significantly over the past decade due to the influence of the macro environment. Excluding the impact of macro factors, it was relatively stable from 2011 to 2019, with little change. The implementation of the saturated share allotment system and the TUP policy had limited impact.

Operational capacity reflects the efficiency of a company's asset management. This article selects inventory turnover rate, accounts receivable turnover rate, and total asset turnover rate to analyze Huawei's operational capacity. The higher the values of the three indicators, the stronger the company's operating capacity.

Table 2.3 - Operating capacity calculation formula

Indicators	Calculation method
Inventory turnover	Operating cost/average inventory balance
Accounts receivable turnover	Operating income/average accounts receivable balance
Total asset turnover	Operating income/average total assets

Source: generated by the author

Table 2.3 shows the relevant data indicators on operational capabilities calculated based on Huawei's annual report information from 2011 to 2024.

Based on the above detailed data, this article draws a trend chart reflecting the change of operating capacity indicators, as shown in Figure 2-4.

From 2011 to 2013, Huawei's inventory turnover rate, accounts receivable turnover rate, and total asset turnover rate all increased.

In 2013, the inventory turnover rate was 5.98 times, reaching the highest in the statistical years, and the accounts receivable turnover rate increased from 3.05 times to 4.16 times in 2013. The total asset turnover rate did not change much, but it was on an upward trend.

Table 2.4 - Huawei's profitability data from 2011 to 2024

Year	Inventory turnover	Accounts receivable turnover	Total asset turnover
2011	3.75	3.05	0.98
2012	3.89	3.65	1.05
2013	4.99	3.97	1.15
2014	5.44	4.19	1.09
2015	5.98	4.16	1.08
2016	4.5	3.89	1.06
2017	4.27	4.69	1.06
2018	4.6	5.18	1.27
2019	5	5.61	1.26
2020	5.25	7.31	1.22
2021	4.6	9.64	1.12
2022	3.37	11.12	1.03
2023	2.2	8.65	0.68
2024	2.03	8.06	0.63

Data source: Calculated from Huawei's annual report

Since the implementation of the saturated stock allotment system, Huawei's operating capacity has improved.

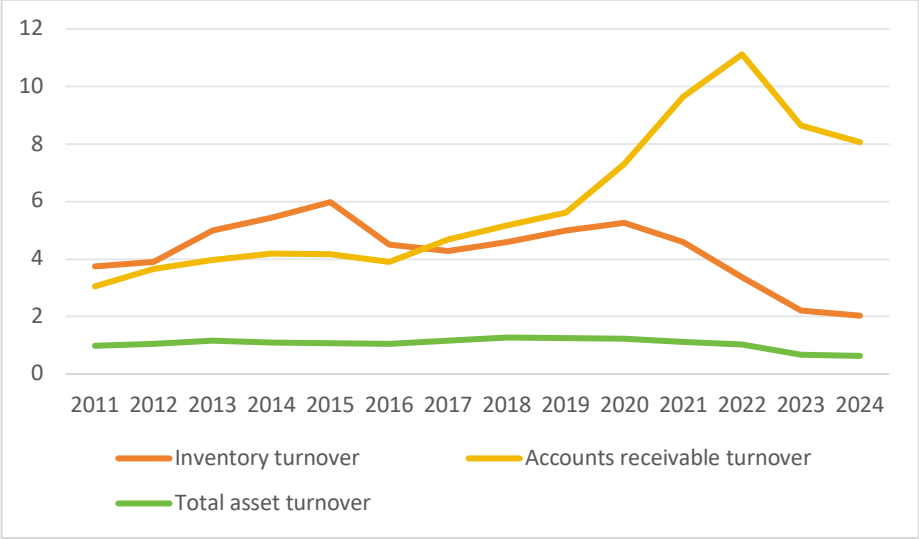


Figure 2.4 - Huawei's operational capacity change trend from 2011 to 2024

Data source: Calculated from Huawei's annual report

From 2014 to 2018, after the implementation of TUP, all three financial

indicators—inventory turnover, total asset turnover, and accounts receivable turnover—showed positive growth. However, the inventory turnover rate experienced two notable declines in 2014 and 2018. In 2014, Huawei was heavily investing in 4G projects, leading to a large accumulation of inventory and a decrease in turnover. In 2019, U.S. sanctions on Huawei caused a chip supply shortage, prompting Huawei to pre-order raw materials, which led to a 65% increase in raw materials compared to 2018. This resulted in slower inventory turnover, indicating a larger inventory with reduced flow speed. The total asset turnover rate also saw a significant drop in 2023 due to the chip shortage and a reduction in terminal business revenue. Regarding accounts receivable turnover, it grew steadily from 2014 to 2020, peaking at 11.12 times in 2020, reflecting improved fund recovery. However, it declined after 2023, which aligns with a decrease in operating income.

In summary, the implementation of the saturated stock allotment system and TUP has positively impacted Huawei's operating capacity. Debt-paying ability reflects the company's capacity to meet short-term and long-term debt obligations. Short-term debt-paying ability is measured by the current ratio and quick ratio, while long-term debt-paying ability is indicated by the debt-to-asset ratio.

Table 2.5 - Debt-paying capacity calculation formula

Indicators	Calculation formula
Current ratio	Current assets/current liabilities
Quick ratio	(Current assets-inventory)/current liabilities
Debt-to-asset ratio	Total liabilities/total assets × 100%

Source: generated by the author

After collecting data on current assets, current liabilities, inventory, total

assets, and total liabilities from Huawei's annual reports from 2011 to 2024, this article calculated specific indicators that can reflect debt repayment ability. Detailed data is shown in Table 2.6.

Table 2.6 Huawei's specific data on debt repayment capacity from 2011 to 2024

Year	Current ratio	Quick ratio	Debt-to-asset ratio (%)
2011	1.51	1.2	64.67
2012	1.67	1.37	61.23
2013	1.55	1.3	65.84
2014	1.6	1.34	66.41
2015	1.67	1.45	62.74
2016	1.44	1.18	67.72
2017	1.42	1.13	68.01
2018	1.49	1.18	68.41
2019	1.51	1.24	65.24
2020	1.48	1.21	64.99
2021	1.58	1.21	65.2
2022	1.76	1.34	62.32
2023	1.96	1.55	57.8
2024	1.8	1.42	58.9

Data source: Calculated based on Huawei's annual report data

Figure 2.5 reflects the trend of Huawei's debt repayment ability from 2011 to 2024. The current ratio and quick ratio reflect the company's short-term debt repayment ability. The larger the two indicators, the stronger the debt repayment ability. However, the larger the better, there is a certain reasonable range. Under normal circumstances, a current ratio of about 2 and a quick ratio of about 1 are more reasonable.

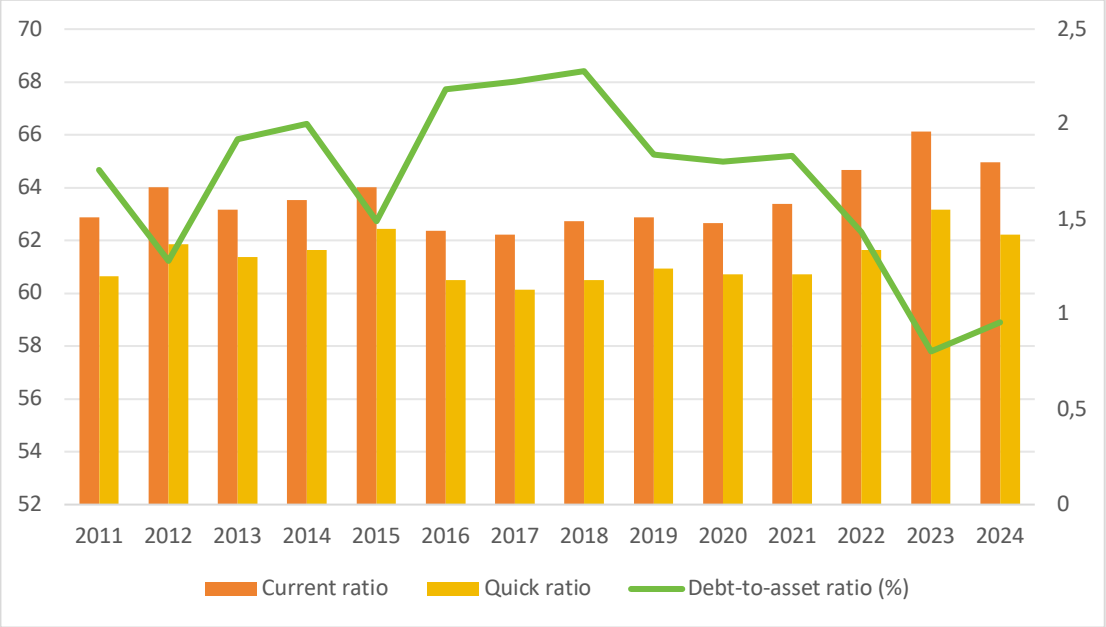


Figure 2.5 - Huawei's debt-paying ability trend from 2011 to 2024

Data source: Calculated from Huawei's annual report

From 2011 to 2013, Huawei's current ratio remained between 1.51 and 1.67, reflecting a stable financial position with relatively low risk due to its status as a high-tech enterprise. Similarly, the quick ratio was between 1.2 and 1.45, showing a slight upward trend with little fluctuation. However, Huawei's current liabilities increased by over 50%, from 82.771 billion yuan in 2011 to 124.223 billion yuan in 2013. From 2014 onwards, the current ratio increased from 1.44 to a peak of 1.96 in 2023 before declining slightly in 2024, remaining within a reasonable range. The quick ratio also rose, peaking at 1.55 in 2023. Overall, after implementing the saturated rights issue system, Huawei's short-term debt repayment ability remained stable despite the rapid growth in current liabilities, reflecting improved risk resistance.

The debt-to-asset ratio, indicating long-term debt repayment capacity, fluctuated between 61.23% and 66.41% from 2011 to 2013, with total assets growing

by 55.44% over four years. Despite rapid expansion, the debt-to-asset ratio remained stable. From 2014 to 2024, the ratio showed a downward trend, reaching a low of 57.80% in 2023, signaling improved long-term debt repayment capacity. The ratio increased from 2014 to 2016 due to the TUP system, but it dropped significantly in 2023 due to the sale of Huawei's Honor business and improved cash flow. Huawei's total assets grew substantially, from 309.773 billion yuan in 2014 to 1,063.804 billion yuan in 2024, with a compound annual growth rate of 16.67%. The debt-to-asset ratio continued to decline, aided by both operational growth and employees' investment in virtual shares. In conclusion, the saturated allotment system enhanced Huawei's long-term debt-paying ability, while TUP had a limited impact.

Table 2.7 - Growth capability index calculation formula

Indicators	Calculation formula
Operating income growth rate	Current period sales growth/previous period sales × 100%
Net profit growth rate	Current period net profit growth/previous period net profit × 100%

Source: generated by the author

Growth Capacity Analysis: Growth capacity refers to an enterprise's ability to obtain funds through financing or increased income to expand its operations. This article uses the operating income growth rate and net profit growth rate to assess Huawei's growth potential. By sorting out Huawei's annual report data from 2011 to 2024, this article calculated the specific data of operating income growth rate and net profit growth rate, see Table 2.8.

Figure 2.6 reflects the trend of Huawei's growth ability. From the perspective of operating income growth rate indicators, it has been positive growth from 2011

to 2013, with the highest in 2012 being 24.52% and the lowest in 2012 being 7.98%. Overall, the change is relatively stable.

Table 2.8 -Huawei's growth capability indicators from 2011 to 2024

Year	**Operating income growth rate**	**Net profit growth rate**
2011	19.12%	146.23%
2012	24.52%	31.91%
2013	11.71%	-54.53%
2014	7.98%	34.05%
2015	8.55%	34.43%
2016	20.57%	32.68%
2017	37.06%	32.46%
2018	32.04%	0.38%
2019	15.73%	28.08%
2020	19.48%	25.06%
2021	19.08%	5.58%
2022	3.79%	3.18%
2023	-28.56%	75.90%
2024	0.87%	-68.73%

Data source: calculated from the company's annual report data

From the perspective of net profit growth rate, the change range in the five years from 2011 to 2013 is relatively large, with the highest in 2011 being 146.23% and the lowest in 2011 being -54.53%. Combined with the analysis of the background of the times, the subprime mortgage crisis broke out in the United States in 2008 and then spread to the world. One of the impacts on multinational companies was the increase in exchange rate risks. In 2011, Huawei's net profit increased by 6.937 billion yuan due to the adjustment of exchange gains and losses. If this factor is excluded, the actual year-on-year growth of net profit in that year should be 26.5%. In 2011, Huawei's net profit growth rate was negative, which was also affected by exchange gains and losses. Due to the appreciation of the RMB, an exchange loss of

RMB 4.876 billion occurred that year. If this effect is excluded, the actual net profit growth rate is -36.6%. In the annual report, Huawei believes that the main reason for the decline in net profit is the expansion of layout and increase in investment.

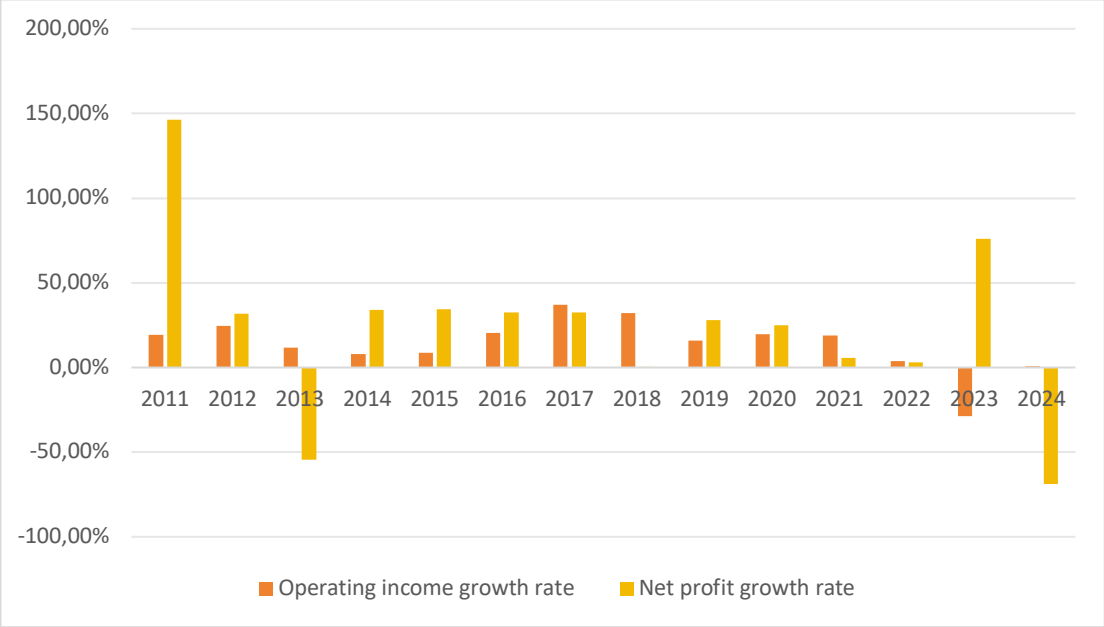


Figure 2-6 Huawei's growth capability change trend from 2011 to 2024

Data source: calculated from the company's annual report data

The implementation of new strategies, such as enterprise and consumer business models, requires significant capital investment, with a low-price strategy used for industry advantage. Huawei's net profit growth was stable in 2012 and 2013, both exceeding 30%, reflecting strong recovery after the saturated stock allotment system. Excluding macroeconomic factors, Huawei's net profit showed rapid growth from 2011 to 2013. Maintaining this growth was challenging amid the global economic downturn post-crisis, but the saturated stock allotment system improved growth ability.

After the TUP plan in 2014, Huawei's operating income growth was rapid for three consecutive years, averaging over 30%, and remained above 15% until 2019.

Post-2019, U.S. sanctions slowed growth, with negative growth in 2023 due to chip supply cuts and a decline in consumer business. Net profit growth was robust from 2014-2018, with 2016 experiencing a slight dip due to increased consumer business investment. From 2019-2024, net profit growth fluctuated, primarily due to U.S. sanctions. The 2023 sale of Honor business boosted net profit, while 2024 saw a sharp decline due to decreased consumer business and increased enterprise business.

Impact of Huawei's Equity Incentive on Corporate Performance: Huawei's equity incentive system evolved from 2011 to 2024, impacting performance by reducing agency costs, retaining talent, and boosting work enthusiasm. According to principal-agent theory, ownership separation and agency conflicts lead to misaligned interests between managers and employees. Equity incentives align these interests with company goals, enhancing responsibility and performance (Holmstrom & Milgrom, 1994) [81]; Wan Lishuang, 2023 [77].

Equity incentives also change employees' roles, granting them voting rights that enable oversight of executives and reduce short-sighted decision-making (Li Lianwei et al., 2023) [65]. Huawei distributes annual dividends to shareholding employees, strengthening their financial stake in the company. In 2024, despite U.S. sanctions, Huawei allocated 71.955 billion yuan in dividends, averaging over 500,000 yuan per person. This reinforces "interest binding," aligning employee gains with company performance. Additionally, Huawei's governance structure grants shareholding employees indirect management influence. The company's shareholder meeting comprises the trade union and Ren Zhengfei, while the employee representative meeting elects the board of directors and supervisors. This framework

ensures employee participation in corporate oversight, further reducing agency costs and enhancing performance.

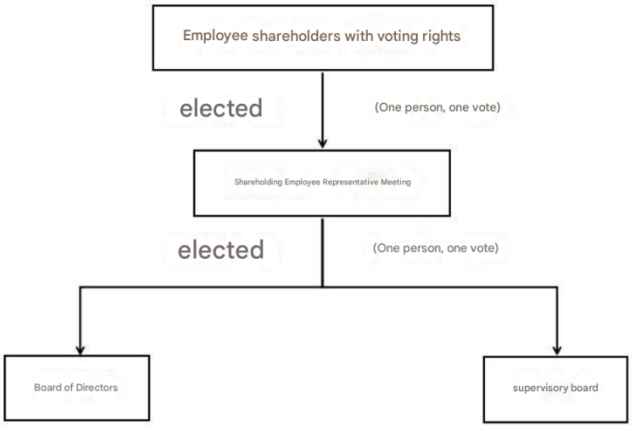


Figure 2.7- Employees with voting rights participating in company decision-making

Data source: calculated from the company's annual report data

For modern enterprises in the knowledge and economic era, the essence of competition is the competition for talents. More and more enterprises disclose employee development as an independent chapter in ESG reports. The reason is that the importance of people has exceeded material resources in some industries, especially in high-tech enterprises.

Compared with wages and labor remuneration, equity incentives can better achieve the purpose of attracting and retaining talents. On the one hand, equity incentives can bring more benefits to employees. According to different corporate policies, employees can obtain corresponding stock appreciation and dividend distribution benefits. This part of the benefits is independent of wages and labor remuneration, fully reflecting the principle of more work, more pay, and can be attractive enough to employees. In addition, according to Maslow's hierarchy of

needs theory, equity incentives enable employees to become company owners and participate in company affairs decision-making, which helps employees achieve their self-realization goals and is more attractive to talents. On the other hand, equity incentives are usually long-term incentives, setting long-term performance goals for the incentivized, increasing the cost of employees leaving the company, and making it easier to retain talents.

Huawei has considered employees a key factor since 2003. Initially, in 2003, shares were allocated to middle-level managers to retain technical staff. In 2008, the saturated share allocation system gave new employees more opportunities, and the 2014 TUP system expanded incentives to foreign employees. These actions helped retain talent and motivate employees, improving corporate performance. Research supports this, with studies showing that equity incentives reduce turnover and improve performance by increasing human capital investment [82][84][85].

In conclusion, equity incentives have a significant impact on corporate performance, as shown in Figure 2.8.

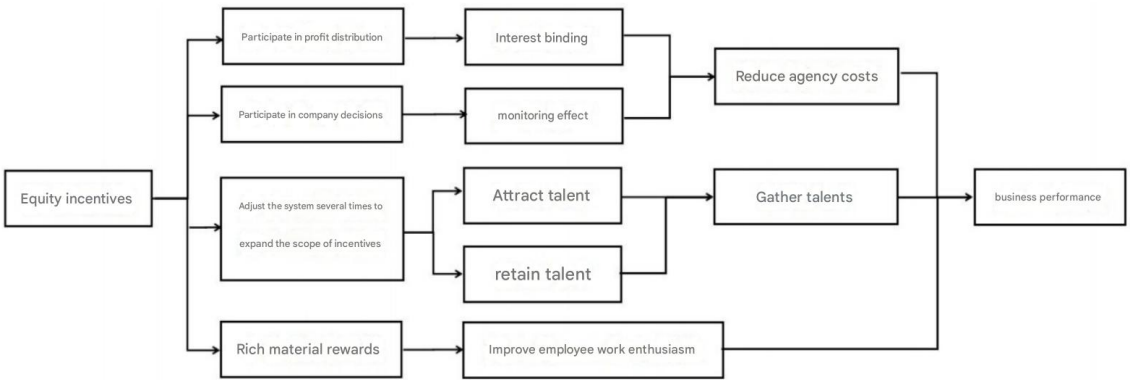


Figure 2.8 -The impact of Huawei’s equity incentives on corporate performance

Data source: calculated from the company's annual report data

Equity incentives encourage employees by linking their benefits to company profits. Motivated employees are more productive, leading to better corporate performance. Huawei's employee income includes both labor and capital income, with TUP counted as employee expenses. Despite U.S. sanctions, Huawei's per capita employee expenses in 2023 reached 854,700 yuan. Additionally, Huawei's 2023 dividend distribution allowed 142,300 employees to receive an average of 505,600 yuan each. These financial rewards increase employee motivation and enhance work performance.

CHAPTER 3

EVALUATION AND IMPROVEMENT SUGGESTIONS OF HUAWEI'S EMPLOYEE EQUITY INCENTIVE SYSTEM

3.1 Evaluation of Huawei's Employee Equity Incentive System

In the previous case analysis, this article sorted out the changes in Huawei's employee equity incentive system, the causes behind the changes, and the characteristics of each stage. Then, based on the annual report, the National Intellectual Property Administration, and the Guotai An database data, Huawei's financial data and non-financial data were analyzed, and compared with other companies in the same industry, in order to obtain the impact of the implementation of the saturated stock allotment system and the TUP system. In this section, this article will summarize the experience of Huawei's employee equity incentive system and analyze the existing problems in combination with the employee situation, providing a basis for the improvement countermeasures proposed later.

In the sorting out of the changes in Huawei's equity incentive system in Chapter 3, the author noticed that the saturated stock allotment system and TUP both have the intention of expanding the incentive objects. For this reason, this article collects data on the number of employees, the number of employee shareholders, and the proportion of employee shareholders to the total number of employees in Huawei's annual report. Detailed data is shown in Table 3.1.

Table 3.1 Huawei's employee situation from 2011 to 2024

Year	Number of employees	Number of employees holding shares	Percentage
2011	95000	61457	64.84%
2012	110870	65179	58.79%
2013	140909	65596	46.55%
2014	155556	74253	47.73%
2015	155556	84187	50.81%
2016	168889	82471	48.83%
2017	175556	79563	46.19%
2018	177778	81144	46.20%
2019	177778	80818	45.10%
2020	188000	96768	49.00%
2021	195918	104572	54.12%
2022	196629	121269	61.42%
2023	195055	131507	67.44%
2024	207000	142315	68.75%

Data source: Huawei Annual Report

Figure 3.1 can more directly reflect the trend of the number of Huawei employees holding shares. The number of company shareholders increased significantly from 2011 to 2013. The number of new shareholders in 2012 and 2013 was about 10,000. However, because the total number of employees increased more rapidly, the proportion of employees holding shares to the total number of employees was declining. 2014-2017 was the first few years of the implementation of the saturated stock allotment system + TUP system. The original intention of the TUP system was to motivate employees to continue to struggle and suppress the "once and for all" mentality. During this period, the number of employee shareholders fluctuated. In 2015 and 2017, the number of shareholders decreased, and the proportion of employees holding shares also decreased. In 2017, the lowest was 45.1%. Huawei's move is intended to increase the TUP incentive.

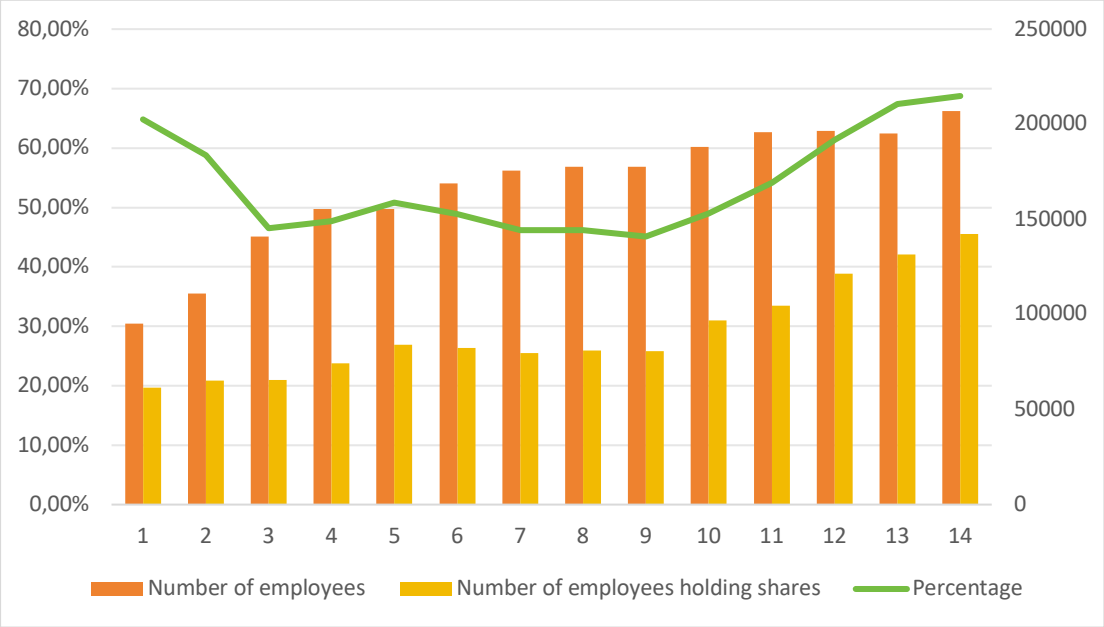


Figure 3.1 Changes in Huawei's shareholding employees from 2011 to 2024

Data source: Huawei Annual Report

The number of Huawei's shareholding employees continued to grow rapidly from 2018 to 2024. Because the total number of employees did not change much, the proportion of shareholding employees rose rapidly, reaching a maximum of 68.75% in 2024. 2018 is the year when the first TUP cycle ends, and all commitments need to be fulfilled, including dividends and premiums. In Huawei's annual report, the cost data related to the time unit plan were announced from 2013 to 2023. The highest was 17.155 billion yuan in 2017, and then it declined year by year. No relevant data was announced in 2024. This shows that Huawei once again puts virtual equity incentives in an important position.

From the perspective of Huawei's motivation for implementing employee incentives, both virtual equity incentives and TUP can be seen as ways to motivate employees. In the specific implementation process, the number of incentive personnel and scope are constantly expanding, which is also an important

manifestation of the company's respect for employees and people-oriented. Although the growth rate of the number of employees holding shares from 2011 to 2013 was not as fast as the growth rate of the total number of employees, the number of shareholders increased significantly; in 2014, Huawei used the TUP system with fewer constraints to motivate more employees, and the virtual equity incentives implemented together with it slowed down relatively; after the first TUP cycle ended in 2018, virtual equity incentives were widely used again, and the number of employees holding shares and the proportion of employees holding shares increased rapidly. As of December 31, 2024, the proportion of employees holding shares has been close to 70%, which shows that Huawei's employee incentive scope is constantly expanding.

In addition, Huawei's practice of constantly adjusting its employee equity incentive policy according to changes in the situation is also worth learning from. Since its establishment, Huawei's employee equity incentive system has undergone many adjustments. In 1990, it implemented real equity incentives, in 2001 it implemented virtual equity incentives, and since 2014 it has implemented virtual equity + TUP equity incentives. There have been many changes between 2001 and 2013. Things are constantly developing. It is precisely because Huawei has continuously made adjustments based on the development of the enterprise, its own business goals, and changes in the external environment that it has achieved success after success.

Based on the above analysis, this article believes that continuously expanding the scope of equity incentives is an important manifestation of respecting employees

and valuing human capital, and reflects a certain degree of humanistic spirit. However, it is only achieved by some people, because not all employees enjoy equity incentives. Some employees are just workers and have no right to share the company's surplus value. This also provides ideas for this article to propose improvement suggestions.

3.2. Problems with Huawei's employee equity incentive system

The original intention of the saturated stock allocation system was to stabilize old employees and appease grassroots employees during the financial crisis. The stock allocation ceiling was set according to different levels, and the focus of incentives was on middle and grassroots employees, expanding the scope of incentives. However, there are also hidden concerns behind this system, that is, more clear stock allocation job level standards will bring huge psychological pressure to employees. Because the essence of the saturated stock allocation system is still "determining people by material capital", using material capital to drive human capital, employees determine the upper limit of the stocks they can hold according to their job level, and employees cannot independently determine the conditions required to reach a certain job level, the performance assessment targets, and the upper limit of each job level. Employees can only make passive choices, which has a strong material-based characteristic.

Employee work enthusiasm can decrease when passive acceptance leads to work and psychological pressure. Some may improve efficiency under pressure,

while others struggle and make mistakes. This can result in lower enthusiasm, as seen in Huawei's market performance decline after the saturated stock allotment system was implemented. The increase in stock allotment conditions brought mental pressure and employee dissatisfaction.

The TUP system, introduced in 2014, faces sustainability issues. Despite increasing participation, TUP is not equity, only a right to cash payment. When the company performs well, it's attractive, but when facing difficulties, it loses appeal. Its five-year cycle and lack of equity limits its long-term effectiveness. TUP is more of a short-term incentive, with no long-term alignment between employee and company interests. Additionally, since employees don't pay for it, TUP can be a financial burden on the company, particularly in times of cash flow challenges.

This article highlights the financial pressures TUP creates for Huawei, with detailed employee expense data from 2011 to 2024 shown in Table 3.2.

Since TUP does not require capital to purchase and is not permanently held, it is more like a bonus, and Huawei includes it in employee expenses for accounting. From 2011 to 2013, Huawei's per capita employee expenses basically remained at around 300,000 yuan, with an annual growth rate of less than 10%, and a slow growth rate.

Table 3.2 Huawei's employee expense data from 2011 to 2024

Year	Employee expenses (RMB 10,000	Employee expenses per capita (RMB	Employee expenses per capita growth rate

		10,000)	
2011	2481600	26.12	/
2012	3066400	27.66	5.88%
2013	3936700	27.94	1.01%
2014	4738300	30.46	9.03%
2015	5245000	33.72	10.69%
2016	7180800	42.52	26.10%
2017	10083400	57.44	35.09%
2018	12187200	68.55	19.35%
2019	14028500	78.91	15.11%
2020	14658400	77.97	-1.19%
2021	16832900	85.92	10.19%
2022	16606100	84.45	-1.70%
2023	16453800	84.35	-0.12%
2024	17693100	85.47	1.33%

Data source: Huawei Annual Report

In 2013, the highest per capita employee expenses were 337,200 yuan/year. From 2014 to 2017, Huawei's per capita employee expenses increased fastest. In 2017, the per capita employee expenses reached 789,100 yuan. At the same time, TUP expenses in 2017 also reached the highest, which undoubtedly brought huge payment pressure to Huawei.

Figure 3-2 directly reflects the trend of Huawei's employee expenses. In summary, this section evaluates Huawei's employee equity incentive system, summarizes the experience in it in combination with data analysis, and analyzes its shortcomings. The experience is that the scope of employee incentives should be continuously expanded and equity incentive policies should be adjusted in a timely manner. The shortcomings are that they lack human nature. The saturated stock allotment system brings psychological pressure to employees. TUP is only an incentive method, not equity, and it will also bring payment pressure to the company.

Figure 3.2 -Trend of Huawei's employee expenses from 2011 to 2024

Data source: Huawei Annual Report

It started from scratch and gradually became a multinational company with 207,000 employees and sales revenue of more than 642.3 billion yuan (2024 annual report data). The timely adjustment of the employee equity incentive system has played a vital role. However, according to the above analysis of this article, it is found that there are still areas that need to be improved. This section will put forward suggestions for improvement.

The objective of improvement here is the main purpose of this article. At the employee level, by improving the equity incentive system, we can truly reflect human nature, promote the transformation of the traditional entrustment-agent relationship to the trustee-self-management relationship, stimulate employees' work enthusiasm, create more value, and increase corporate benefits. It will bring greater material satisfaction and motivation to employees. According to the incentive theory, employees will be more proactive in improving themselves, and participating in the

company's financial governance and having more rights to choose independently will reduce employees' mental stress, thereby promoting the long-term development of employees. At the enterprise level, based on a more humanistic employee equity incentive system, the interests of employees and enterprises tend to be consistent, and employees pay more attention to long-term interests, which promotes the long-term development of enterprises.

First, reflect the humanistic characteristics and always put employees in the first place. The labor value theory, human capital theory, behavioral value management theory, and humanistic financial management theory have all confirmed the role of "people" in enterprise development. People and their behaviors are the origin of value creation, and workers are the foundation of value creation. Employees should be given more autonomy. Secondly, unify power, responsibility and interests, clarify the division of power and responsibility, and use rewards and punishments together. The most fundamental matching of power and responsibility is reflected in the fact that since employees are the owners of the company, they share the residual benefits when the business is good, and they also need to bear the losses when losses occur. For example, in specific work links, employees can be given the power to make independent decisions within a certain range, and it is clear that employees should be responsible for their own behavior and the economic consequences. Finally, combine short-term incentives with long-term incentives. If only short-term incentives are given to employees, it is easy to cause short-sighted problems, focusing only on the present and not considering the long-term; only long-term incentives are implemented for employees, which is difficult to attract new

employees who have just joined the company or employees with current financial constraints, and it is difficult to solve the current needs.

Suggestions for the phased improvement of Huawei's employee equity incentive system According to the principal-agent theory, due to the inconsistency of interests between the principal and the agent, the agent may damage the interests of the principal because of the pursuit of its own maximum interests, which is specifically manifested in low enthusiasm and passive sabotage at the employee level. Solving the agency problem, improving employee enthusiasm, and allowing employees to create more value are the main research purposes of this paper. To achieve this purpose, this paper proposes suggestions for improving the equity incentive system. However, this improvement suggestion needs to be implemented in stages.

In terms of current corporate practices, equity incentives for employees can solve the agency problem to a certain extent. Combining existing research results with the data analysis in the previous chapter, this paper believes that Huawei can further expand the scope of virtual equity incentives to all employees to improve their work enthusiasm. However, this measure does not fundamentally solve the problem that restricts employees' enthusiasm for value creation from the source of value creation, and the agency relationship still exists. In order to solve this problem, this paper believes that the human capital property rights of employees can be confirmed, so that employees can become the owners of the company's human capital, and promote the transformation of the agency relationship to the trustee-self-management relationship in the future. Because this solution is still in the

exploratory stage, this paper believes that the human capital property rights of some employees can be confirmed first, and the objects can be expanded to all employees after good results are achieved.

The first step is to expand the scope of incentives to all employees. The previous analysis shows that Huawei's incentive scope has been expanding, with more than 140,000 employees, or 68.75% of the total, receiving equity incentives as of 2024. This article recommends that Huawei further broaden this scope and gradually replace TUP with virtual equity incentives. The incentives should be extended to all formal employees, allowing them to choose whether to participate in equity incentives. Expanding the shareholding base will boost team cohesion, reduce confrontational behavior, and promote shared benefits and risks. A one-year consideration period can be set for new employees to ensure they are a good fit before participating.

Regarding the exercise conditions, employees should set their own performance evaluation standards. Only those who achieve their goals can exercise their rights, with standards adjusted for positions, capabilities, and market conditions. This shift from passive acceptance to active goal-setting can reduce the psychological pressure from the stock allotment system. However, it's essential to address the potential "free-rider" issue by refining performance goals. Individual tasks should be clearly defined where possible, while group tasks should be evaluated as a team. The development of digital technologies supports this refinement.

Employees' share allocations should reflect their job level, performance goals,

and contributions to ensure fairness. More work should lead to more pay, and vice versa, to boost efficiency. For new employees facing significant life pressures, combining year-end bonuses with equity incentives may offer better short-term motivation. For example, they could convert equity into cash after achieving preset goals to alleviate immediate financial strain.

The second step is to confirm the human capital property rights of core employees. The first step of expanding incentives is not perfect, as Huawei's saturated stock allotment system remains a form of virtual equity. Employees only have dividend and value-added rights, without voting rights, ownership, or participation in financial governance. This maintains a principal-agent relationship, limiting the value creation behavior of employees. While this step enhances employees' autonomy and work enthusiasm, it is still insufficient in aligning employees' interests with those of the company owners.

To address this, the article recommends introducing behavioral value management and humanistic financial management theories to confirm the human capital property rights of core employees. By doing so, core employees can transition from being "determined by things" to becoming true stakeholders in the company. This will align their interests with those of the company's material capital owners, transforming the traditional principal-agent relationship into a trustee-self-management model. This shift will improve the core employees' sense of identity, belonging, and investment in the company, thereby addressing principal-agent problems like moral hazard and adverse selection.

In practice, this involves focusing on three aspects: capital investment, capital

operation, and income distribution. To confirm human capital property rights, the scope of eligible employees must first be defined. Stricter criteria should be set, requiring employees to have at least ten years of formal employment with Huawei. Additionally, job level or skill restrictions should be in place. Long-term employees are likely to align with the company's culture and have a deeper understanding of its operations. Technicians and managers with higher job levels have a greater impact on the company's development and should participate more in decision-making and governance.

Core employees' opinions should also be considered, as risks and benefits are shared. The size of the equity allocation should be based on the employee's past, current, and future contributions. For technicians, factors like technological breakthroughs, workload, and future potential are key, while for managers, team performance and future management capabilities are crucial. Existing employee assessment plans can be used as a reference for detailed evaluation.After the human capital property rights are recognized, the core employees will have the company property rights, and should have the right to participate in the company's financial governance together with the owners of physical capital, and should have the right to make decisions in the company's power bodies such as shareholders' meetings. The participation of core employees in the company's financial governance also has the following advantages: first, they are direct participants in the company's production activities, have a better understanding of the problems encountered in production, and can make more reasonable judgments in project feasibility analysis and decision-making; in addition, giving them the right to participate in the

company's financial governance can further stimulate their enthusiasm, actively supervise others, and reduce the operating costs of the entire organization.

In addition, the capital operation link is the link of value creation. Taking employees as the foundation of value creation, confirming the human capital property rights of employees will help fundamentally solve the problem of restricting employees' enthusiasm for value creation from the source of value creation. They will consciously increase high value-added behaviors and reduce ineffective behaviors, so that they can be given more autonomy in business management. This article believes that employees can make and arrange production plans on their own, because this can not only reduce the psychological pressure caused by the superiors' production plans, but also make plans that are more suitable for themselves according to their own abilities. Everyone can exert their own potential and will definitely improve production efficiency.

Like the owners of physical capital, the owners of human capital should have the right to participate in the distribution of the company's residual profits, and the amount of distributed profits obtained is determined by the share of human capital property rights determined above. However, while enjoying the above benefits, the owners who have obtained the confirmation of human capital property rights should also bear the corresponding risks. If the business conditions of the enterprise are good, they will share the residual profits of the enterprise with the owners of physical capital; if the business conditions are not good and losses occur, they will share the risk of losses with the owners of physical capital; if the enterprise goes bankrupt, they will share the bankruptcy liability with the owners of physical capital.

After the human capital property rights of some core employees have been identified and good results have been achieved, this attempt will be promoted. After consultation with all formal employees, the human capital property rights of employees who are willing to accept it will be confirmed. This can completely transform the traditional "principal-agent relationship" into a "trustee-self-management relationship", and make the interests of the owners of physical capital and human capital more consistent.

Unlike the previous article, which focused on the scope of human capital property rights, this stage addresses the proportion of property rights different employees can confirm. This article argues that the amount of human capital property rights should vary based on employee level. Senior managers should receive a larger share, middle-level managers and core technical personnel a general share, and grassroots employees a smaller share.

Allowing all employees to participate in corporate financial governance is essential to reflect human nature and stimulate work enthusiasm. The importance of employee participation in governance has been discussed previously. The power each employee holds in financial governance should be defined. Employees with more human capital property rights should have greater decision-making influence. However, it should not be based solely on shareholding ratio as in traditional joint-stock companies, as this would grant grassroots employees too little influence. Instead, the "same shares, different rights" approach can be used to increase voting rights for grassroots employees, thereby narrowing the power gap with senior executives and core employees.

In summary, by confirming the property rights of all employees, human capital owners can share in the company's residual profits, participate in financial governance, and share risks with material capital owners. The amount of profit distribution depends on the added value created by employees' contributions. Employees will be motivated to work harder to create value, as their efforts will lead to residual income, fulfilling their economic needs. As long as these needs exist, employees will remain motivated, ensuring the company's healthy operation and long-term development.

In addition, since employees can decide whether to participate in equity incentives, set performance assessment goals, and formulate production plans, this fundamentally reduces the psychological pressure brought by work and is more conducive to the physical and mental health of employees.

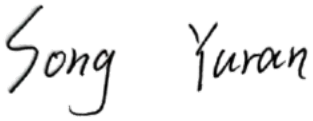
CONCLUSION

This paper is guided by the labor value theory, human capital property rights theory, agency and incentive theory, behavioral value management and humanistic financial management theory. It sorts out the existing literature from four perspectives: human capital and corporate performance, equity incentives, employee participation in corporate financial governance, and integration of humanistic thinking into the financial field. It summarizes the implementation effect of Huawei's employee equity incentive system through a combination of horizontal and vertical comparison methods. The preliminary conclusions include:

The saturated stock allotment system has a positive impact on Huawei's operating ability, debt repayment ability, growth ability, R&D investment and R&D output, but has limited impact on profitability and market performance; after the implementation of the TUP system, Huawei's operating ability, short-term debt repayment ability, growth ability, market performance, R&D investment, R&D output have a positive impact, but have limited impact on profitability and long-term debt repayment ability. This shows that Huawei's employee equity incentive system has achieved good results, but there are also areas that need to be improved.

After further analysis, this paper believes that the experience that can be summarized is: both the saturated stock allotment system and TUP are expanding the scope of employee incentives; timely adjustment of the equity incentive system to deal with the problems faced by the company. The main problems are: no system reflects the humanistic characteristics, the saturated stock system determines the

upper limit of stock allocation according to the job level, which brings psychological pressure to employees, TUP is only an incentive, and it will be automatically withdrawn after five years, and employees have no equity. The existence of the above problems has not made employees and the company's long-term goals consistent, and the enthusiasm of employees needs to be further improved; in addition, TUP does not require employees to invest in purchases, and cash is paid to employees when it expires, which brings huge cash payment pressure to the company. In response to the above conclusions and problems, this paper proposes suggestions for improving Huawei's employee equity incentive system in stages to truly reflect the humanistic characteristics, that is, the first step is to expand the scope of incentives to all employees based on the current situation, the second step is to start the confirmation of human capital property rights of core employees, and the third step is to extend the confirmation of human capital property rights to all employees, so as to reduce the psychological pressure of employees, reduce the physical damage caused by work, improve the enthusiasm of employees, increase output, and promote the long-term development of the enterprise.



REFERENCES

1. Becker, G. Human Capital [M]. Chen Gengxuan (Trans.). Beijing: Mechanical Industry Press, 2016.

2. Schultz, T. Human Capital Investment: The Role of Education and Research [M]. Jiang Bin, Zhang Heng (Trans.). Beijing: Commercial Press, 1990.

3. Dong Xiangyu, Zhao Shouguo, Wang Zhongmin. From Demographic Dividend to Human Capital Dividend: A Consideration Based on New Economic Production Methods. Journal of Yunnan University of Finance and Economics, 2020, (2): 3–11.

4. Oliver, M. M. Population Aging and Economic Growth in the United States and Japan [D]. Dissertations and Theses-Gradworks, The University of Texas at San Antonio, 2015.

5. Wei Danxia, Zhao Yixuan, Zhao Shuming. Future Development Trends of Human Resource Management in Chinese Enterprises from the Perspective of Human Capital. Journal of Management, 2023, (02): 171–179.

6. Jiang Jianwu, Zhao Shuming. A New Framework for the Relationship Between Strategic Human Resource Management and Organizational Performance: Theoretical Integration Perspective. Journal of Management, 2007, (6): 779–814.

7. Li Meng, Zhang Youlin, Zhang Guoping. An Empirical Study on the Regional Distribution Differences of Human Capital in China. Education and Economics, 2017, (1): 12–17.

8. Yao Xianguo, Zhang Haifeng. Education, Human Capital, and Regional Economic Disparities. Economic Research, 2008, (5): 47–57.

9. Daou, A., Karuranga, E., & Su, Z. Towards a Better Understanding of Intellectual Capital in Mexican SMEs. Journal of Intellectual Capital, 2014, 22: 316–332.

10. Suo Jian, Li Xianjun. Empirical Study on Human Capital and Corporate Performance in SMEs: A Case Study of Small and Medium-Sized Listed Companies. Economic Issues Exploration, 2015, (09): 185–190.

11. Zhu Qingxiang, Gao Yang. The Impact of Human Capital on Corporate Performance Under the Mediation of Dual Innovation. Journal of Hebei University (Philosophy and Social Sciences Edition), 2023, (01): 68–81.

12. Hu Qiao, Jia Imeng. Research on the Impact of Human Capital on Corporate Performance: The Mediating Role of Compensation. Technology Economics, 2020, (10): 93–97 + 117.

13. Shan Chunxia, Zhong Weizhou, Zhang Linxin. An Empirical Study on the Impact of Technological Innovation on Corporate Performance in SMEs Listed on the GEM: The Moderating Role of Corporate Growth and Employee Education Level. Economic Issues, 2017, (10): 66–73.

14. Asiaei, K., Jusoh, R. A Multidimensional View of Intellectual Capital: The Impact on Organizational Performance. Management Decision, 2015, (3): 668–697.

15. Shen Yanan, Chen Jinpeng. Human Capital Heterogeneity and Innovation Performance in High-Tech Enterprises: A Nonlinear Test Based on Innovation

Behavior. Journal of Shanxi University of Finance and Economics, 2023, (04): 112–126.

16. Qing Tao. Human Capital Investment and Enterprise Innovation: Evidence from Micro Data of Chinese Enterprises. Population and Economics, 2023, (03): 108–127.

17. Wang Dingxiang, Qu Jinjin, Li Lingli. Digital Finance, Human Capital, and Enterprise Innovation. Contemporary Financial Research, 2023, (10): 24–41.

18. Scott, R. Over-investment of Free Cash Flow. Review of Accounting Studies, 2006, (2-3): 158–187.

19. Chourou, L., Abaoub, E., & Saadi, S. The Economic Determinants of CEO Stock Option Compensation. Journal of Multinational Financial Management, 2008, (1): 61–77.

20. Zhang Qifeng, Feng Qi, Chen Shimin, Dai Jiajun. Motivation and Consequences of Revising Equity Incentive Plans: A Case Study of Shenzhou Taiyue. Accounting Research, 2018, (08): 49–56.

21. Wei Chunyan. Research on the Influencing Factors of Equity Incentives in Growth-Enterprise Board Companies. Accounting Research, 2019, (07): 51–58.

22. Zhang Wenfeng, Gu Fangjie, Liu Lei. The Effect of Executive Compensation Incentives on Corporate Performance in State-owned Enterprises. Finance and Economics Research, 2023, (10): 122–129.

23. Lü Changjiang, Zhang Haiping. The Impact of Equity Incentive Plans on Corporate Investment Behavior. Management World, 2011, (11): 118–126 + 188.

24. Zhou Jianan, Chen Xiaodong. The Impact of Executive Equity Incentive Motivation Differences on Corporate Performance. Finance Theory and Practice, 2014, (02): 84–90.

25. Chen Wenqiang, Wang Chengfang. The Adaptation of Equity Incentive Methods to Corporate Life Cycle. Accounting Research, 2023, (06): 76–90.

26. Chen Wenzhe, Shi Ning, Liang Qi, et al. The Dilemma of Selecting Equity Incentive Models: A Game Analysis Between Shareholders and Incentive Targets. Nankai Management Review, 2024, (01): 189–203.

27. Li Miao, Hu Wenxiu, Zhang Jianfeng. The Impact of Executive Personal Characteristics on the Choice of Equity Incentive Model. Operations and Management, 2019, (11): 169–177.

28. Banker, R. D., Chang, H., & Pizzini, M. J. The Balanced Scorecard: Judgmental Effects of Performance Measures Linked to Strategy. Accounting Review, 2004, (1): 1–23.

29. Chen Wenqiang, Zhou Rongzhen. The Impact of the GEM Registration System Reform on Equity Incentive Contract Design. Financial and Accounting Monthly, 2023, (02): 58–64.

30. Li Bingxiang, Hui Xiang. Factors Affecting the Effectiveness of Equity Incentives in Listed Companies: An Analysis Based on the Mediating Utility of Plan Elements. Business Research, 2018, (02): 30–41.

31. Jensen, M. C., & Meckling, W. H. Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. Journal of Financial Economics, 1976, (4): 305–360.

32. Liu Zongqi, Zhang Yiwen. Equity Incentive Targets and Corporate Innovation: A Case Study Based on Yutong Bus. Business Accounting, 2019, (21): 27–32.

33. Chang, X., Fu, K., Low, A., et al. Non-Executive Employee Stock Options and Corporate Innovation. Journal of Financial Economics, 2015, (1): 168–188.

34. Hao Xiangchao, Liang Qi. Non-Executive Equity Incentives and Corporate Innovation: A Perspective Based on Equity Theory. Financial Research, 2024, (03): 171–188.

35. Aboody, D., & Kasznik, R. Executive Stock-Based Compensation and Firms' Cash Payout: The Role of Shareholders' Tax-Related Payout Preferences. Review of Accounting Studies, 2008, (13): 216–251.

36. Liu, S. The Impact of Equity Incentive Plans on Analysts' Earnings Forecasts and Stock Recommendations for Chinese Listed Firms: An Empirical Study. Journal of International Accounting, Auditing and Taxation, 2017, (29): 1–13.

37. Ye Songwen, Wei Dezhen. Equity Incentives and R&D Investment: A Comparison of Stock Options and Restricted Stocks. Accounting Friends, 2018, (22): 37–43.

38. Zhang Jinsong, Zhang Hanxiao. The Impact of Equity Incentives on Financial Performance in Growth-Oriented Enterprises: Based on a Contractual Structure Perspective. Finance and Accounting Communication, 2020, (04): 45–50.

39. Dong Yulei. The Application of Composite Equity Incentive Models. Finance and Accounting Communication, 2018, (14): 76–80.

40. Xu Jingchang, Zhang Zhang, Zhang Dongxu. Executive's Risk Attitude and the Choice of Equity Incentive Methods. Economic Theory and Economic Management, 2017, (12): 73–87.

41. Qu Enyi, Zhu Fangming. Equity Incentives, Agency Costs, and Company Performance: Based on Mediation Effects of Two Types of Agency Costs. Huxiang Forum, 2017, (03): 84–91.

42. Ni Yan, Hu Yan. The Impact of Equity Incentive Intensity on Corporate Performance: A Case Study of A-Share Listed Companies. Jianghan Forum, 2023, (04): 17–27.

43. Cao Hengshan. The Impact of Equity Incentive Term and Form on Performance of Listed Growth-Oriented Retail Companies. Business Economics Research, 2024, (22): 27–30.

44. Hu Jingtao, Su Hanning, Wang Xiuling. Does Employee Equity Incentive Have a Supplementary Effect on Improving Corporate Operating Performance?. Accounting Research, 2020, (04): 119–129.

45. Fang, H. Y., Nofsinger, J. R., & Quan, J. The Effects of Employee Stock Option Plans on Operating Performance in Chinese Firms. Journal of Banking and Finance, 2015, (05): 141–159.

46. Blasi, J., Freeman, R., & Kruse, D. Do Broad-Based Employee Ownership, Profit Sharing, and Stock Options Help the Best Firms Do Even Better?. British Journal of Industrial Relations, 2016, (1): 55–82.

47. Liu Baohua, Wang Lei. Performance-Based Equity Incentives, Exercise Restrictions, and Corporate Innovation. Nankai Management Review, 2018, (01): 17–27 + 38.

48. Lerner, J., & Wulf, J. Innovation and Incentives: Evidence from Corporate R&D. Social Science Electronic Publishing, 2007, (4): 634–644.

49. Tian Xuan, Meng Qingyang. Can Equity Incentive Plans Promote Corporate Innovation?. Nankai Management Review, 2018, (03): 176–190.

50. Lin, C., Ping, L., Frank, M., et al. Managerial Incentives, CEO Characteristics, and Corporate Innovation in China's Private Sector. Journal of Comparative Economics, 2011, (2): 176–190.

51. Guo Lei, Xiao Shufang, Li Xuejing, et al. Non-Executive Employee Equity Incentives and Innovation Output: Empirical Evidence from Listed High-Tech Enterprises in China. Accounting Research, 2019, (07): 59–67.

52. Cheng Longyun, Yue Chunmiao. Empirical Analysis of Executive Equity Incentive Performance in Listed Companies. Economic and Management Research, 2008, (06): 17–22.

53. Kadan, O., & Yang, J. Executive Stock Options and Earnings Management: A Theoretical and Empirical Analysis. Quarterly Journal of Finance, 2016, (18): 224–245.

54. Yin Meiqun, Sheng Lei, Li Wenbo. Executive Incentives, Innovation Investment, and Company Performance: An Empirical Study in Various Industries from an Endogeneity Perspective. Nankai Management Review, 2018, (01): 109–117.

55. Minhat, Abdullah. Executive Compensation in Government-Linked Companies: Evidence from Malaysia. Applied Economics, 2014, (16): 1861–1872.

56. Yang Shue, Jin Fan. On Corporate Financial Governance Issues. Accounting Research, 2002, (12): 51–55.

57. Shen Shuhai, Li Lianqing. On the Relationship and Coordination Between Corporate Financial Governance and Financial Management. Accounting Research, 2006, (10): 50–55 + 96.

58. Qiu Zhaoxue. Human-Centered Financial Management [M]. Shanghai: Lixin Accounting Press, 2016.

59. Wang Chunhui, Yao Guanxin, Liu Mu. Research on the Performance Evaluation System of University Financial Governance: A Balanced Scorecard Perspective. Accounting Friends, 2024, (03): 128–134.

60. Luo Qianyi. Financial Governance Models and Institutional Innovation in Large Central State-Owned Enterprise Groups. Accounting Research, 2012, (04): 50–57 + 95.

61. Freeman, R. E. Strategic Management: A Stakeholder Approach [M]. Boston: Pitman, 1984.

62. Chen Honghui. Stakeholder Interests: Theory and Empirical Research [M]. Beijing: Economic Publishing House, 2004.

63. Zhou Xiaojun, Chen Qinghua. Can Social Capital Affect the Financial Governance Efficiency of Listed Companies?—An Empirical Study Based on Core Stakeholders. Auditing and Economic Research, 2014, (03): 68–76.

64. He Yong, Liu Dongrong. Ultimate Ownership, Equity Structure, and Financial Performance Differences: An Empirical Study Based on Stakeholders. Auditing and Economic Research, 2011, (3): 84–91.

65. Li Lianwei, Lü Zhuo, Guo Yuanyuan. Equity Incentives and Listed Company Governance Efficiency: A Human Capital Perspective. System Engineering, 2023, (06): 109–123.

66. Yan Dawu, Xu Guojun. The Framework of Human Resources Accounting—Centered on Laborer Rights Accounting. Accounting Research, 1996, (11): 20–25.

67. Xu Guojun, Ma Guanglin, Fan Peiyin. The Dual Property Rights Mechanism and Accounting Innovation: Laborer Rights Accounting. Sichuan Accounting, 2002, (08): 27–28.

68. Xu Guojun. Three-Dimensional Accounting Research [M]. Beijing: China Financial and Economic Press, 2003.

69. Ma Guanglin, Xu Guojun. On the Dual and Three-Source Capital Structure. Journal of China Ocean University (Social Science Edition), 2006, (04): 26–29.

70. Xu Guojun, et al. Behavioral Value Management Research [M]. Dalian: Northeast Financial University Press, 2013.

71. Qiu Zhaoxue. Human-Centered Financial Management: Promoting Value Growth Logic and Practical Path. Accounting Friends, 2023, (03): 2–9.

72. William P. The Theory of Taxation [M]. Qiu Xia, Yuan Lei (Trans.). Beijing: Huaxia Publishing House, 2013.

73. Adam Smith. An Inquiry into the Nature and Causes of the Wealth of Nations [M]. Guo Dali, Wang Yanan (Trans.). Beijing: Commercial Press, 2013.

74. David Ricardo. Principles of Political Economy and Taxation [M]. Zhou Jie (Trans.). Beijing: Huaxia Publishing House, 2013.

75. Marx, K. Capital, Volume 1-3 [M]. Guo Dali, Wang Yanan (Trans.). Shanghai: Shanghai Sanlian Bookstore, 2011.

76. Zhou Qiren. Enterprises in the Market: Special Contracts Between Human and Non-Human Capital. Economic Research, 1996, (6): 71–80.

77. Wan Lishuang. Empirical Research on the Relationship Between Equity Incentives, Agency Costs, and Corporate Performance in Listed Companies. Forecasting, 2023, (02): 76–82.

78. Song Yuchen, Li Lianwei. Measuring the Impact of Equity Incentives on Corporate Governance Efficiency in Listed Companies. Journal of Shanxi University of Finance and Economics, 2017, (03): 85–96.

79. Maslow, A. H. A Theory of Human Motivation. Psychological Review, 1943, (4): 30–37.

80. Herzberg, F., Mausner, B., & Snyderman, B. Herzberg's Two-Factor Theory [M]. Zhang Zhan (Trans.). Beijing: China Renmin University Press, 2011.

81. Holmstrom, B., & Milgrom, P. The Firm as an Incentive System. The American Economic Review, 1994, (84): 972–991.

82. Xiao Shufang, Fu Wei. Can Equity Incentives Retain Talent?—A Perspective Based on Reannouncement. Journal of Beijing Institute of Technology (Social Science Edition), 2016, (1): 73–81.

83. Hanson, R. C., & Song, M. H. Managerial Ownership, Board Structure, and the Division of Gains in Divestitures. Journal of Corporate Finance, 2000, (1): 55–70.

84. Gelade, G. A., & Ivery, M. The Impact of Human Resource Management and Work Climate on Organizational Performance. Personnel Psychology, 2003, (56): 383–404.

85. Deng Xuefen, Huang Gongxun, Zhang Xueying, et al. Empirical Research on the Relationship Between Human Capital and Corporate Performance: A Case Study of High-Tech Enterprises. Macroeconomic Research, 2012, (1): 73–79.

APPLICATIONS

Міністерство освіти і науки України
Полтавський державний аграрний університет
Департамент агропромислового розвитку Полтавської ОВА
Інститут модернізації змісту освіти МОН України
ННЦ «Інститут аграрної економіки» НААН України
Українська асоціація з розвитку менеджменту та бізнес-освіти
Національний університет біоресурсів і природокористування України
Сумський національний аграрний університет
Харківський національний економічний університет імені Семена Кузнеця
Дніпровський державний аграрно-економічний університет
Glendale Community College of Maricopa Community College System, Arizona (США)
IAE School of Management Universite de Bourgogne (Франція)
International centre for enterprise and sustainable development (Гана)
The University of Occupational Safety Management in Katowice (Польща)
Academy of Management and Administration in Opole (Польща)
University of Opole (Польща)
University of Economics in Bratislava (Словаччина)
Scientific Center of Innovative Research (Естонія)
Information Systems Management Institute (Латвія)
Євразійський національний університет ім. Л. Н. Гумільова (Казахстан)

МАТЕРІАЛИ

II Міжнародної науково-практичної конференції

«Стратегічний менеджмент агропродовольчої сфери в умовах глобалізації економіки: безпека, інновації, лідерство»

27 вересня 2024 року

Полтава 2024

Міністерство освіти і науки України
Полтавський державний аграрний університет
Департамент агропромислового розвитку Полтавської ОВА
Інститут модернізації змісту освіти МОН України
ННЦ «Інститут аграрної економіки» НААН України
Українська асоціація з розвитку менеджменту та бізнес-освіти
Національний університет біоресурсів і природокористування України
Сумський національний аграрний університет
Харківський національний економічний університет імені Семена Кузнеця
Дніпровський державний аграрно-економічний університет
Glendale Community College of Maricopa Community College System, Arizona (США)
IAE School of Management Universite de Bourgogne (Франція)
International centre for enterprise and sustainable development (Гана)
The University of Occupational Safety Management in Katowice (Польща)
Academy of Management and Administration in Opole (Польща)
University of Opole (Польща)
University of Economics in Bratislava (Словаччина)
Scientific Center of Innovative Research (Естонія)
Information Systems Management Institute (Латвія)
Євразійський національний університет ім. Л. Н. Гумільова (Казахстан)

МАТЕРІАЛИ

ІІ Міжнародної науково-практичної конференції «Стратегічний менеджмент агропродовольчої сфери в умовах глобалізації економіки: безпека, інновації, лідерство»

27 вересня 2024 року

Полтава 2024

УДК 005. 21 : 338. 43 : 005. 591. 6 /. 934 : 316. 46

Стратегічний менеджмент агропродовольчої сфери в умовах глобалізації економіки: безпека, інновації, лідерство: матеріали II Міжнародної науково-практичної конференції, 27 вересня 2024 р. Полтава : ПДАУ, 2024. Том 1. 353 с.

У матеріалах конференції розглядаються безпекові та інноваційні особливості стратегічного менеджменту агропродовольчої сфери в умовах актуалізації лідерства в глобальній економіці; практичні рекомендації щодо адаптації, протидії ризикам та підвищення ефективності розвитку суб'єктів господарювання.

Збірник розрахований на науково-педагогічних працівників, аспірантів, здобувачів закладів вищої освіти, фахівців-практиків.

Матеріали друкуються мовою оригіналів.

За виклад, зміст і достовірність матеріалів відповідають автори.

ЗМІСТ

СЕКЦІЯ 1. LEADERSHIP-ДИЗАЙН СТРАТЕГІЧНОГО МЕНЕДЖМЕНТУ В АГРОПРОДОВОЛЬЧІЙ СФЕРІ В УМОВАХ КРИЗ І БІФУРКАЦІЙ

provided but also cultivates a motivated workforce that is better prepared to navigate the complexities of a changing educational landscape.

In conclusion, Spark Education exemplifies how modern management principles and methods can be effectively developed and implemented in a competitive environment. By focusing on adaptability, innovation, digital transformation, customer-centric approaches, and continuous professional development, Spark Education positions itself for sustained success in the dynamic world of education. This case study highlights the importance of proactive management strategies in fostering organizational resilience and effectiveness amidst ongoing change.

References:

1. Zhang, L., & Wang, Y. (2020). The role of adaptability in educational management: Insights from Spark Education. Journal of Educational Management, 12(3), 45-58.

2. Liu, H., & Chen, R. (2021). Innovation in teaching methods: A case study of Spark Education. International Journal of Educational Research, 105, 102-110.

3. Li, J., & Zhao, X. (2019). Digital transformation in education: The case of Spark Education. Journal of Business Research, 98, 200-210.

4. Wu, D., & Zhang, T. (2022). Customer-centric strategies in education: Evidence from Spark Education. Journal of Marketing in Education, 44(1), 15-27.

5. Chen, L., & Li, Y. (2022). Professional development in educational institutions: A study of Spark Education. International Journal of Human Resource Management, 33(5), 700-715.

Song Yuran, student
Buryk Karyna, assistant
Sumy National Agrarian University
Sumy, Ukraine

IMPROVING EMPLOYEE EFFICIENCY IN ORGANIZATIONS: A CASE STUDY OF HUAWEI TECHNOLOGIES CO., LTD.

In today's competitive business landscape, enhancing employee efficiency is crucial for organizations striving for success. Huawei Technologies Co., Ltd., a leading global information and

communications technology (ICT) solutions provider, exemplifies effective strategies to improve workforce efficiency. This paper explores the key initiatives Huawei has implemented to enhance employee productivity, focusing on talent development, performance management, technology integration, and organizational culture. By analyzing relevant literature, we aim to highlight the best practices that contribute to Huawei's organizational effectiveness.

One of the primary strategies Huawei employs to improve employee efficiency is its robust talent development program [1]. The company invests heavily in employee training and education, offering various programs to enhance skills and knowledge. Huawei's global university initiative, which provides employees with access to advanced training in ICT and management, enables continuous learning and professional growth. By equipping employees with the necessary skills, Huawei ensures that its workforce remains competitive and capable of adapting to industry changes.

Performance management is another critical component of Huawei's approach to improving efficiency [2]. The company has established a comprehensive performance evaluation system that aligns individual goals with organizational objectives. This system not only assesses employee performance but also identifies areas for improvement and development. By fostering a culture of accountability and providing constructive feedback, Huawei motivates employees to enhance their productivity and contribute to the company's success.

Technology integration is crucial for enhancing employee efficiency at Huawei[3]. The company employs advanced technologies like artificial intelligence (AI) and big data analytics to streamline operations and improve decision-making. These tools provide employees with real-time data and insights, enabling faster, more informed decisions. This improved information flow increases both individual productivity and overall organizational performance.

Moreover, Huawei emphasizes the importance of a supportive organizational culture in driving employee efficiency [4]. The company promotes a collaborative work environment that encourages teamwork and open communication. By fostering an inclusive culture where employees feel valued and supported, Huawei enhances employee morale and engagement. This positive workplace

atmosphere leads to increased motivation and productivity, ultimately benefiting the organization as a whole.

Additionally, Huawei implements flexible work arrangements to further enhance employee efficiency [5]. The company recognizes the importance of work-life balance and offers options such as remote work and flexible hours. By accommodating employees' needs and preferences, Huawei fosters a sense of autonomy and responsibility, which in turn enhances job satisfaction and productivity. This flexibility enables employees to work in ways that suit them best, leading to improved performance and outcomes.

In conclusion, Huawei Technologies Co., Ltd. demonstrates that improving employee efficiency involves a multifaceted approach encompassing talent development, performance management, technology integration, organizational culture, and flexible work arrangements. By implementing these strategies, Huawei not only enhances its workforce's productivity but also positions itself as a leader in the ICT industry. This case study highlights the importance of proactive measures in fostering employee efficiency and organizational effectiveness in today's competitive business environment.

References:

1. Zhang, L., & Xu, Y. (2020). Talent development strategies in the ICT industry: A case study of Huawei. Journal of Human Resource Management, 8(1), 20-30.

2. Liu, H., & Chen, R. (2019). Performance management practices in multinational companies: Evidence from Huawei. International Journal of Business and Management, 14(4), 100-110.

3. Wang, J., & Zhang, T. (2021). The role of technology in enhancing employee productivity: Insights from Huawei. Journal of Business Research, 124, 350-358.

4. Li, Y., & Zhou, X. (2018). Organizational culture and employee engagement: A study of Huawei. Journal of Organizational Behavior, 39(2), 245-262.

5. Chen, L., & Li, J. (2022). Flexible work arrangements and employee performance: The case of Huawei. International Journal of Human Resource Management, 33(5), 895-911.

СУМСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ
ФАКУЛЬТЕТ ЕКОНОМІКИ І МЕНЕДЖМЕНТУ
КАФЕДРА ОБЛІКУ І ОПОДАТКУВАННЯ

МАТЕРІАЛИ

ІІІ МІЖНАРОДНОЇ НАУКОВО-ПРАКТИЧНОЇ КОНФЕРЕНЦІЇ

«СТРАТЕГІЧНІ ПРІОРИТЕТИ РОЗВИТКУ БУХГАЛТЕРСЬКОГО ОБЛІКУ, АУДИТУ ТА ОПОДАТКУВАННЯ В УМОВАХ ГЛОБАЛІЗАЦІЇ»

19 листопада 2024 р.

м. Суми

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
СУМСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ
ІНСТИТУТ ОБЛІКУ І ФІНАНСІВ НАЦІОНАЛЬНОЇ АКАДЕМІЇ АГРАРНИХ НАУК УКРАЇНИ
ФЕДЕРАЦІЯ АУДИТОРІВ, БУХГАЛТЕРІВ І ФІНАНСИСТІВ АПК УКРАЇНИ
КОРОЛІВСЬКИЙ АГРАРНИЙ УНІВЕРСИТЕТ (ВЕЛИКОБРИТАНІЯ)
КРАКІВСЬКИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ (ПОЛЬЩА)
ВРОЦЛАВСЬКИЙ ПРИРОДНИЧИЙ УНІВЕРСИТЕТ (ПОЛЬЩА)
ДНІПРОВСЬКИЙ ДЕРЖАВНИЙ АГРАРНО-ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ
ЛЬВІВСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ ІМЕНІ ІВАНА ФРАНКА
МИКОЛАЇВСЬКИЙ НАЦІОНАЛЬНИЙ АГРАРНИЙ УНІВЕРСИТЕТ
ОДЕСЬКИЙ ДЕРЖАВНИЙ АГРАРНИЙ УНІВЕРСИТЕТ
ПОЛТАВСЬКИЙ УНІВЕРСИТЕТ ЕКОНОМІКИ І ТОРГІВЛІ
ХАРКІВСЬКИЙ ДЕРЖАВНИЙ БІОТЕХНОЛОГІЧНИЙ УНІВЕРСИТЕТ
КАФЕДРА ОБЛІКУ І ОПОДАТКУВАННЯ СНАУ

«СТРАТЕГІЧНІ ПРІОРИТЕТИ РОЗВИТКУ БУХГАЛТЕРСЬКОГО ОБЛІКУ, АУДИТУ ТА ОПОДАТКУВАННЯ В УМОВАХ ГЛОБАЛІЗАЦІЇ»

МАТЕРІАЛИ

ІІІ МІЖНАРОДНОЇ НАУКОВО-ПРАКТИЧНОЇ КОНФЕРЕНЦІЇ

19 листопада 2024 р.
СНАУ, м. Суми,
Україна

SONG YURAN
student, specialty 073 "Management"
Sumy National Agrarian University
Research supervisor:
Karyna BURYK
assistant
Sumy National Agrarian University

EFFECTIVENESS OF ENTERPRISE OBJECTIVE MANAGEMENT AND MODERN EVALUATION METHODS: A CASE STUDY OF HUAWEI TECHNOLOGIES CO., LTD

In a rapidly evolving global marketplace, effective objective management has become essential for enterprises seeking to maintain a competitive edge. Huawei Technologies Co., Ltd., a global leader in telecommunications and consumer electronics, serves as an exemplary case in adopting and refining modern objective management practices. This paper explores the effectiveness of Huawei's approach to enterprise objective management, with a focus on advanced evaluation methods, alignment of goals with strategic vision, and adaptability to the dynamic competitive environment. By examining Huawei's implementation of innovative practices, this study sheds light on how modern objective management methods can significantly contribute to organizational growth and resilience.

Research has demonstrated that a clear, measurable, and strategically aligned objective management framework is critical for high-performance organizations [1, p.214]. Huawei employs a robust objective management system that integrates goal setting with performance metrics, ensuring that each department's objectives align with the company's overarching strategic goals. Huawei's approach emphasizes flexibility, enabling the company to adjust objectives in response to changing market conditions. This adaptive framework allows Huawei to optimize resource allocation, improve operational efficiency, and drive continuous innovation, even amidst external disruptions. In modern enterprises, the effectiveness of objective management is closely tied to data-driven evaluation methods. Huawei has incorporated advanced analytics and artificial intelligence to monitor progress toward its objectives in real-time [2, p.101]. For example, the company utilizes big data analytics to evaluate departmental performance, providing managers with actionable insights to enhance decision-making processes. This data-centric approach not only facilitates objective tracking but also ensures a more responsive and precise evaluation process, aligning departmental outcomes with Huawei's mission of innovation and customer satisfaction.

Moreover, Huawei has adopted Key Performance Indicators (KPIs) and Objectives and Key Results (OKRs) as core components of its objective management framework, enhancing the transparency and accountability of its goal-setting practices [3]. By using KPIs to measure specific, quantifiable outcomes and OKRs to encourage ambitious, cross-functional collaboration, Huawei fosters a performance-

driven culture that promotes both individual and collective achievement. These methodologies enable Huawei to stay agile, adjust objectives as needed, and cultivate a workforce that is engaged and aligned with the company's long-term vision.

Employee involvement is another crucial factor in ensuring the effectiveness of objective management. Research shows that when employees participate in the objective-setting process, organizational commitment and productivity tend to increase [4, p. 54]. Huawei actively engages its employees in setting personal and team objectives, which enhances their sense of ownership and motivation. Regular feedback sessions and performance reviews provide employees with opportunities to refine their goals and align them with organizational priorities, ensuring that Huawei's workforce remains focused and motivated in achieving high standards of excellence.

Leadership also plays a pivotal role in fostering a successful objective management culture. Huawei's leadership team emphasizes clarity, communication, and consistency in guiding the objective management process [5, p. 92]. Leaders at Huawei serve as role models, aligning their goals with those of the company and encouraging employees to pursue objectives that reflect the company's values. This commitment from the top levels of management reinforces a culture of accountability and innovation, which has proven instrumental in Huawei's ability to maintain its position as a global industry leader.

In conclusion, Huawei's approach to enterprise objective management underscores the value of modern evaluation methods and adaptive goal-setting practices in fostering a high-performance culture. Through data-driven evaluations, employee engagement, and leadership alignment, Huawei has optimized its objective management framework to drive organizational efficiency and strategic growth. The company's success highlights the importance of a dynamic, participative, and technologically enabled approach to enterprise objective management in today's competitive business landscape.

References

1. Li, Y., & Zhang, X. (2021). Strategic alignment in enterprise objective management: Insights from leading technology companies. *Journal of Management Studies*, 49(4), 213-228.

2. Wang, J., & Sun, H. (2022). Data-driven evaluation methods in modern enterprises: Applications and outcomes. *International Journal of Business Analytics*, 18(3), 98-112.

3. Chen, R., & Zhou, Q. (2020). KPIs and OKRs in objective management: Enhancing performance in technology firms. *Performance Management Review*, 22(5), 54-69.

4. Liu, S., & Tang, L. (2023). The impact of employee involvement on goal achievement: Case studies from Chinese enterprises. *Human Resource Management Journal*, 42(2), 142-156.

5. Xu, Z., & Feng, T. (2021). Leadership and its influence on objective management practices: Evidence from Huawei. *Journal of Organizational Leadership*, 37(1), 85-97.