

ANALYSIS OF THE DEVELOPMENT STRATEGY OF UNIGROUP GROUP*

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Abstract

As a university-run enterprise founded by Tsinghua University 30 years ago, Unigroup Group has now become the largest comprehensive integrated circuit enterprise in China and the world's third-largest mobile phone chip enterprise. This paper analyzes Unigroup from the perspective of corporate strategy, believes that Unigroup adopts the overall related diversification strategy, combines the relevant financial indicators to analyze the strategy, and then puts forward the risk management technology and method, which is not suitable for qualitative analysis, but should take more quantitative analysis method of risk management research conclusion.

Keywords: semiconductor; Unigroup group; strategy; quantitative analysis method

Introduction

Semiconductor is the cornerstone of electronic products and is known as "industrial food". As the world enters the information age, the importance of semiconductor technology becomes increasingly more prominent, and almost all electronic consumer China is the world's largest chip market, according to the data released by the China Semiconductor Industry Association. China's integrated circuits sold 756.23 billion yuan in 2019, but China's semiconductor industry is relatively weak. In May 2015, the State Council issued the Made in China 2025 to upgrade the integrated circuit industry to the national strategic level. On November 29, 2016, The State Council issued the National Strategic Development Plan for Emerging Industries during the 13th Five-Year Plan, taking the design, storage, sealing and display of key chips as an important field for the next development of the semiconductor industry.

Unigroup Group is a high-tech enterprise under Tsinghua University. Since its establishment in 1988, it has formed a high-tech industrial ecological chain dominated by integrated circuit, from "core" to "cloud", and has a certain influence in the global information industry. Unigroup, the leader in the semiconductor industry, broke bankrupt in July 2021 due to its failure to pay off its due debts. For this reason, it is widely believed to originate from - Zhao Weiguo, the leader of Unigroup Group. The author believes that although the individual leader has a great impact on the development of the company, the development strategy still plays a decisive role in the development of the company. Therefore, this paper chooses to analyze the development of Unigroup Group from the level of the corporate strategy.

China is the world's largest semiconductor chip market, but domestic enterprises are more dependent on developed countries in semiconductor research and development. In order to reduce the dependence on developed countries, many places of China have issued documents to promote the development of semiconductors. In terms of chip business, Unigroup Country Micro and other Unigroup Group are all leaders in the chip segment field: DDR4 interface products fill the gap in the fourth-generation interface DRAM products in China; and the

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PGT180H chip of Unigroup Tongchuang is the highest level of FPGA chips with independent intellectual property rights in China. Whether Unigroup Group can find an effective way to get rid of the enterprise crisis has a certain impact on China's semiconductor research and development in China.

Research Objective

The study principally investigates the development strategy of the Unigroup group.

Literature Review

The senior management team shoulders the important task of formulating and implementing enterprise strategy and holds the final voice of R & D decision-making (Li & Hu, 2021). Existing behavioral management studies believe that managers' personality, cognition and other characteristics will significantly affect their R & D investment, and the overall characteristics of the senior management team can more accurately explain the enterprise's strategic decision-making than the CEO's personal characteristics (Wang, 2011).

Gu and Lei (2017) started with the housekeeper theory and analyzed R & D innovation activities with the panel data of non-financial family enterprises. The results show that family business executives have a close personal relationship with controlling shareholders and pay more attention to the long-term interests of the enterprise.

Harvard professor Kaplan proposed the idea of SFO strategic central organization in the millennium (Qiu & Wang, 2021). As an efficient form of organizational management, SFO adopts a balanced scoring mode, conducted in accordance with the implementation principles. In the concept of the Strategic Central Organization (SFO) proposed by Professor Kaplan and Dr. Norton, the company's strategic objectives are divided into four points on the basis of the company's strategic management requirements. In SFO, the planning objectives are established from different perspectives: financial perspective, customer perspective, internal process perspective, and learning and growth perspective (Wang, 2018).

Due to the huge investment amount in the semiconductor industry, the extremely high technical threshold, it is a real cutting-edge competition. The development of the industry needs a more scientific, reasonable and comprehensive strategic guidance. Due to the industry particularity of Unigroup Group, especially in the context of the current excessive expansion of Unigroup Group, it is a relatively safe choice to introduce strategic center organizations to timely respond to the industry challenges and the challenges of the external business environment. However, the author is not limited to this possibility, but proposes the feasible plan of strategic selection from other perspectives as possible.

Research Methodology

This study uses a quantitative research approach to investigate the phenomenon. Quantitative research involves collecting and analyzing numerical data to expose the big picture (Liu, 2019). It can be used to gather an insights into a problem for research. Quantitative research is the opposite of qualitative research, which involves collecting and analyzing non-numerical data. There are two main research methods in this paper:

(1) Literature search method. On the basis of combing the relevant research literature of scholars at home and abroad, understand the relationship between management characteristics and development strategy.

(2) Empirical research method. Apply scientific and rigorous statistical measurement methods and combine charts to analyze the financial indicators under the enterprise diversification strategy.

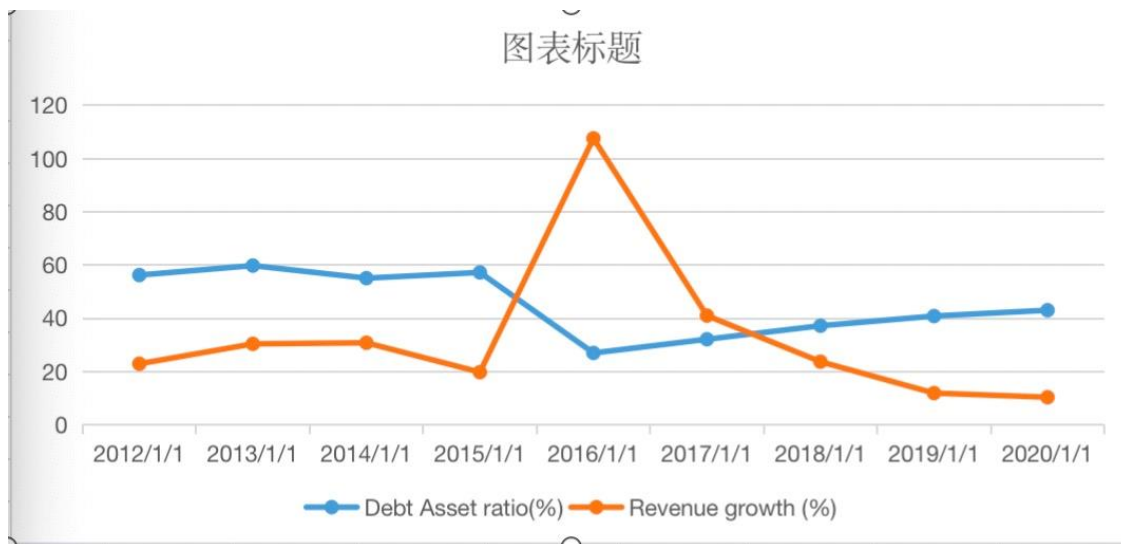
Findings

This paper selects the following indicators from 2012 to Unigroup Group in 2020: indicators to measure debt repayment: asset-debt ratio (Debt Asset ratio), profitability: net profit growth rate (Net profit growth rate) and total income growth rate (Revenue growth), and enterprise scale growth: total assets growth rate (Total Assets Growth Rate). These financial indicators that reflect Unigroup's strategy are collated to form the following tables and charts:

Date	2020/1 2/31	2019/1 2/31	2018/1 2/31	2017/1 2/31	2016/1 2/31	2015/1 2/31	2014/1 2/31	2013/1 2/31	2012/1 2/31
Debt Asset ratio	43.04	40.84	37.21	32.14	26.99	57.22	55.07	59.79	56.23
revenue growth	10.36	11.92	23.71	41.01	107.56	19.78	30.81	30.4	22.93
Total assets growth	6.34	12.55	14	14.91	490.39	34.56	44.94	19.69	26.33
Net profit growth	2.78	8.08	8.97	92.08	435.52	20.93	24.64	39.59	68.05

Data comes from the Oriental Fortune Network





See it from the chart. The prominent feature reflecting the relevant diversification strategic indicators of Unigroup Group is that in 2016, its net profit growth rate, total assets growth rate and total operating revenue growth rate both increased significantly, due to the increase of assets, but also led to the reduction of the asset-liability ratio in 2016. The reason is that Unigroup has completed the acquisition of 51% controlling equity of Xinhua III, and Xinhua III and its wholly-owned subsidiaries have been included in the scope of the consolidated statements since May 1, 2016, which has a great impact on the company's profits. The indicators after 2016, under the case of large operating income base, reflect profitability: net profit growth rate and operating revenue growth rate did not show a trend of sharp decline, but the growth rate after 2016 is slightly lower than that before 2016, and the overall profitability after merger and acquisition is still considerable.

There are many technologies and methods for enterprises to conduct risk management at the strategic level, both qualitative analysis and quantitative analysis, qualitative analysis often has a strong subjective nature, quantitative analysis is more objective, but the requirements for data are high, and it is difficult to operate.

This paper uses more brainstorming method and Delphi method (Delphi Method) for a brief presentation. Brainstorm method, also known as free thinking method, can be divided into direct brainstorming method (usually referred to as "brainstorming method") and questioning brainstorming method (also called "anti-brainstorming method"). The former is a method for the expert group to make decisions, stimulate creativity as much as possible, and produce as many ideas as possible, while the latter is a method to question the ideas and plans put forward one by one, and analyze their practical feasibility. Main limitation is the possibility that personal views may submit to the leadership perspective. The basic feature of Delphi Method (IT) is that experts express their views individually and anonymously, while having the opportunity to understand the views of other experts as the process progressed. The problems such as the opinions of authorities affect the opinions of others. Both quantitative analyses will have the disadvantages of authorities or leaders influencing the opinions of others.

In view of the reason for the bankruptcy reorganization of Unigroup Group is that the merger and acquisition occupy large funds, resulting in the inability to pay off the debts due to the banks, this paper mainly selects the sensitivity analysis method most suitable for the current

situation of Unigroup Group for a brief overview. Sensitivity analysis can find the main variable factors with the most impact and sensitive investment, further analyze, predict or estimate the degree of impact, find out the root cause of uncertainty, and take corresponding effective measures.

Combined with the acquisition of unigroup group, the development history of merger and acquisitions, it can be seen that the leader of Unigroup group on its development strategy is more significant, because the qualitative analysis of risk management method is more obvious limitations is the opinions of leaders, authority to influence the opinions of others, so unigroup group in risk management should take quantitative analysis rather than qualitative analysis method.

Conclusion and contributions

A Canadian scholar, Michael Mintsberg (Mint z berg H.) In 1989, it was proposed that planning was incorrect to view enterprise strategy as the product of rational planning, and that many successful enterprise strategies arise without prior planning. Therefore, although the author believes that Unigroup Group should adopt quantitative analysis method rather than qualitative analysis method in risk management, Unigroup Group also needs to timely transform and adjust relevant strategies according to the changes in the internal and external environment of the enterprise.

This paper takes Unigroup Group as a case, and sorts out the leading industrial chain, industrial migration, industry pattern and existing problems in the semiconductor industry. Guide the strategic planning of enterprises from the perspective of enterprise development, promote enterprises to strengthen strategic management and value maintenance, avoid risks, and achieve long-term development. Secondly, starting from practice, the development situation and dilemma of the semiconductor industry are feedback to the academic circle, which is also significant to promoting academic research and guidance on the development of enterprises.

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