

*Employee Ownership and Industrial Innovation: Huawei in the U.S.-China Technology Rivalry**

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Abstract

Huawei Technologies, the Chinese telecommunication technology giant that was put into the U.S. government's Entity List from May 2019, has become a contested issue in the emerging U.S.-China technology rivalry. In particular, the U.S. government and Western academics have viewed Huawei's unique employee ownership as an opaque structure subject to the influence of the Chinese state. In this article, we draw on a variety of data sources, including historical archives, interviews with corporate executives, and official government data, to provide a full account of Huawei's employee ownership, including its history, structure, and function. We examine popular misconceptions of Huawei's innovative capabilities and corporate structure, showing that these arguments have generally lacked awareness of the innovation process and corporate governance in the historical context of China's reform. Based on a theory of innovative enterprise, we provide an explanation on how employee ownership has helped Huawei to incentivize a massive engineering workforce and build an innovative organization to succeed in the competitive high-tech industries.

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