RESEARCH ON THE INFLUENCING FACTORS OF FINANCIAL PERFORMANCE OF XIAOMI'S DIVERSIFIED OPERATIONS

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ABSTRACT

This study focused on the influencing factors of the financial performance of Xiaomi's diversified operations. It constructed a structural model of influencing factors based on the risk dispersion theory and the synergy theory and validated the research hypotheses and the model. The study explores the impacts of four factors, including market competition, research and development investment, supply chain resilience, and capital allocation efficiency, on financial performance. A quantitative research method was adopted in this study, and data were collected through a questionnaire survey. A total of 400 questionnaires were distributed, with 322 valid responses received, yielding an effective response rate of 80.5%. The study finds that market competition, research and development investment, supply chain resilience, and capital allocation efficiency all have significant impacts on financial performance. Based on these findings, this study proposes strategic recommendations for enhancing the financial performance of Xiaomi's diversified operations: (1) actively respond to market competition; (2) increase research and development investment; (3) strengthen the construction of supply chain resilience; (4) optimize capital allocation.

Keywords: risk dispersion theory, synergy theory, Xiaomi corporation, diversified operations, financial performance

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Bai Zhuxin

DECLARATION

I, Bai Zhuxin, hereby certify that the work embodied in this independent study entitled *" Research on the Influencing Factors of Financial Performance of Xiaomi's Diversified Operations"* is result of original research and has not been submitted for a higher degree to any other university or institution.

Bai Zhuxin
June 9, 2025

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Chapter 1 Introduction

1.1 Background of the Study

As global market competition intensifies, enterprises are confronted with both challenges and opportunities. Xiaomi Corporation, a leading Chinese technology company, has achieved remarkable success in the smartphone sector since its inception. However, to cope with market changes, expand business boundaries, and achieve sustainable development, Xiaomi has gradually embarked on a path of diversified operations (Chen et al., 2020). This strategic transformation not only involves the expansion of product lines but also encompasses a multi-dimensional layout ranging from hardware manufacturing to software services and from the domestic market to international markets. Therefore, studying the influencing factors of Xiaomi's diversified operations on its financial performance holds significant practical and theoretical value.

In today's rapidly changing market environment, a diversified operations strategy has become a crucial means for enterprises to adapt to market fluctuations and diversify risks. Through diversified operations, Xiaomi has gradually expanded from its initial smartphone business into multiple fields, including smart hardware, smart home devices, and internet services (Manisha, 2018). This strategic transformation has not only brought new growth points to the company but also had a profound impact on its financial performance. Nevertheless, diversified operations are not without challenges; enterprises face numerous difficulties in resource allocation, market positioning, and operational management. A thorough analysis of the influencing factors of Xiaomi's diversified operations on its financial performance helps reveal the advantages and disadvantages of a diversification strategy in actual operations, providing references for enterprises to formulate reasonable business strategies.

Xiaomi's diversified operations strategy is not only reflected in the expansion of product lines but also the innovation of its business model (Zhou & Cao, 2020). By constructing an ecosystem model of "hardware + software + internet services," Xiaomi has transitioned from a single-product manufacturer to an ecosystem platform. This model has enhanced the company's competitiveness and generated new revenue streams. However, this complex business model also poses higher requirements for the company's financial management. Studying the influencing factors of Xiaomi's diversified operations on its financial performance enables the company to understand the relationship between a diversification strategy and financial performance, thereby optimizing resource allocation and improving overall corporate efficiency.

The relationship between enterprise diversified operations and financial performance has long been a research hotspot in the fields of management and finance (Yang et al., 2019). Existing research has primarily focused on traditional manufacturing or service industries, with relatively few studies on technology

companies, especially those with innovative business models like Xiaomi. As a representative of Chinese technology enterprises, Xiaomi's diversified operations practices provide a unique case for studying the relationship between corporate strategy and financial performance. By conducting an in-depth analysis of the influencing factors of Xiaomi's diversified operations on its financial performance, we can enrich and refine the theory of enterprise diversified operations, offering valuable insights for other technology companies.

Against the backdrop of global economic integration, Xiaomi's diversified operations strategy not only affects its financial performance but also exerts a certain effect on the entire industry and even the national economy. By studying the influencing factors of Xiaomi's diversified operations on its financial performance, we can better understand how enterprises can achieve sustainable development amidst fierce market competition, providing references for other companies in formulating diversification strategies. This research also assists government departments in formulating relevant policies to guide enterprises in rationally planning diversified operations and promoting high-quality economic development.

1.2 Questions of the Study

This study is based on the risk dispersion theory and the synergy theory to investigate the financial performance of diversified operations, aiming to systematically explore the influencing factors of Xiaomi's financial performance in diversified operations. It focuses on four dimensions—market competition, research and development investment, supply chain resilience, and capital allocation efficiency—to reveal the mechanisms through which each factor affects Xiaomi's financial performance in diversified operations.

1. Does market competition affect the financial performance of Xiaomi's diversified operations?

2. Does research and development investment affect the financial performance of Xiaomi's diversified operations?

3. Does supply chain resilience affect the financial performance of Xiaomi's diversified operations?

4. Does capital allocation efficiency affect the financial performance of Xiaomi's diversified operations?

1.3 Objectives of the Study

Although scholars have conducted extensive research on the risk dispersion theory, the synergy theory, and the financial performance of diversified operations, there has been relatively little analysis of the influencing factors of financial performance in diversified operations based on these theories. Taking Xiaomi as a case study, this study aims to comprehensively understand the core influencing factor framework of Xiaomi's financial performance in diversified operations from a systematic perspective of the risk dispersion theory and the synergy theory.

1. To explore the impact of market competition on the financial performance of Xiaomi's diversified operations.

2. To explore the impact of research and development investment on the financial performance of Xiaomi's diversified operations.

3. To explore the impact of supply chain resilience on the financial performance of Xiaomi's diversified operations.

4. To explore the impact of capital allocation efficiency on the financial performance of Xiaomi's diversified operations.

1.4 Scope of the Study

This study focused on the influencing factors of Xiaomi's financial performance in diversified operations, with a clear and targeted research scope. It centered on Xiaomi Corporation, delving deeply into the various impacts on its financial performance under the diversified operations strategy. From a business scope perspective, it covered multiple diversified business areas in which Xiaomi is involved, including smartphones, smart home devices, smart wearables, consumer goods, and fintech, comprehensively reviewing the contributions and impacts of different business segments on overall financial performance. In terms of research methodology, this study employs a literature review approach to synthesize prior research findings and theoretical foundations, utilizes questionnaire surveys to collect relevant empirical data, and applies advanced data analytics to uncover the intrinsic relationships between various factors and financial performance. The ultimate goal is to provide a scientific basis for Xiaomi to optimize its diversified operations strategy and improve its financial performance, while also offering valuable references for other technology companies engaging in diversified operations.

Data collection was carried out using the professional online questionnaire platform Wenjuanxing (Questionnaire Star), which offers simple operation and convenient data statistics, effectively enhancing the efficiency and quality of data

collection. The data collection period is from May 2025. During the data analysis phase, the study utilized the professional statistical analysis software SPSS, employing correlation analysis and multiple linear regression methods to thoroughly explore the mechanisms through which each influencing factor affects the financial performance of diversified operations.

1.5 Significance of the Study

1.5.1 Theoretical Significance

The academic community has not yet formed a unified and comprehensive theoretical framework regarding the relationship between enterprise diversified operations and financial performance. Although numerous studies have explored this topic, the association between the two varies in complexity and diversity across different industries and enterprise characteristics. As a leading enterprise in the technology industry, Xiaomi's diversified operations model is unique, covering multiple fields such as smartphones, smart home devices, and internet services. An in-depth study of the influencing factors of Xiaomi's financial performance in diversified operations can provide new cases and empirical evidence for this theoretical system, further revealing how diversified operations affect financial performance under different business combinations and market environments, thereby enriching and refining existing theories to enhance their universality and explanatory power.

There is a close intrinsic connection between enterprise strategic decision-making and financial performance. Diversified operations, as an important strategic choice for enterprises, have financial consequences that constitute a core aspect of the intersection between strategy and finance research. Xiaomi's diversified operations strategy is formulated after considering various factors such as technological innovation, market competition, and industry trends. Research on the influencing factors of Xiaomi's financial performance helps to thoroughly analyze the financial logic behind strategic decision-making and how financial performance feeds back to influence the adjustment and optimization of strategies. This not only expands the depth and breadth of research on the intersection between enterprise strategy and finance but also provides valuable explorations for constructing a more comprehensive and systematic analytical framework.

The technology industry is characterized by rapid technological advancements, fierce market competition, and a strong emphasis on innovation. Diversified operations of technology enterprises also exhibit features and patterns distinct from those of traditional enterprises. As a typical representative of technology enterprises, Xiaomi's diversified operations involve multiple high-tech fields, facing special challenges and opportunities such as technological integration and business model innovation. By

studying the influencing factors of Xiaomi's financial performance in diversified operations, we can summarize the general patterns and specific issues encountered by technology enterprises during diversified operations, offering new perspectives and ideas for theoretical research on technology enterprise diversified operations and promoting continuous development and innovation in this field.

1.5.2 Practical Significance

For Xiaomi, a deep understanding of the influencing factors of its financial performance in diversified operations enables management to recognize the contributions of each business to overall financial performance and the interaction mechanisms among different factors. The company can more scientifically evaluate the implementation effects of its current diversification strategy, identify potential issues and risks, and promptly adjust its business layout, optimize resource allocation, strengthen the competitiveness of core businesses, and cultivate new profit growth points.

Xiaomi holds high visibility and influence in the technology industry, and its diversified operations model and practical experiences are of significant reference value for peer enterprises. Other technology companies can learn from the study of the influencing factors of Xiaomi's financial performance in diversified operations to understand how to formulate reasonable diversification strategies, select appropriate business areas, and effectively manage diversified business portfolios to maximize financial performance under similar market environments and industry backgrounds. Other enterprises can also draw inspiration from Xiaomi's successes and failures, avoiding detours, reducing the risks and costs of diversified operations, and enhancing their market competitiveness and sustainable development capabilities.

When making investment decisions, investors need a comprehensive understanding of an enterprise's operational status and financial performance, as well as the various factors influencing its future development. The research findings on the influencing factors of Xiaomi's financial performance in diversified operations can provide investors with more in-depth and detailed information, helping them accurately assess Xiaomi's investment value and potential risks. Based on the research results, investors can analyze the development prospects and profitability of different business segments of Xiaomi, evaluate the sustainability and stability of the company's diversification strategy, and make more informed investment decisions. For potential investors, this research can also serve as a reference for determining whether to invest in Xiaomi, promoting the optimal allocation of resources in the capital market.

When formulating industrial policies, government departments need to consider enterprise operational behaviors and industry development trends to promote the optimization and upgrading of industrial structures and sustainable economic

development. As a representative enterprise in the technology industry, Xiaomi's diversified operations development model and financial performance have important demonstration and leading effects on the development of related industries. Through research on the influencing factors of Xiaomi's financial performance in diversified operations, government departments can better understand the policy needs and constraints faced by technology enterprises during diversified operations, thereby formulating more scientific and reasonable industrial policies to guide and encourage enterprises to engage in diversified operations activities conducive to technological innovation and industrial upgrading, driving the high-quality development of the entire technology industry.

1.6 Definition of Key Terms

Financial performance of diversified operations: Refers to the financial achievements and benefits that an enterprise attains through engaging in diversified operations activities.

Market competition: Denotes the process in which market entities (enterprises, individual operators, etc.) compete and vie with each other in the market environment to maximize their interests, focusing on aspects such as product or service prices, quality, brand, and market share.

Research and development investment refers to the innovative investment behavior of enterprises to achieve product technology upgrading (such as optimization of mobile phone performance), enhancement of market competitiveness (sales growth), deepening of user value (increased activity), and stabilization of business structure (risk resistance capacity) through systematic investment in R&D resources.

Supply chain resilience: Refers to the ability of a supply chain to quickly recover, adapt, and maintain the normal functioning of its core functions when faced with various internal and external disruptions and uncertainties (such as natural disasters, political conflicts, pandemic outbreaks, and raw material shortages).

Capital allocation efficiency: Indicates the ability of an enterprise to rationally allocate limited funds to different projects, business departments, or assets to achieve the maximum utilization of funds and the maximization of corporate value.

Chapter 2 Literature Review

2.1 Introduction

This chapter reviews the major literature related to Risk Dispersion Theory, Synergy Theory, and the financial performance of diversified operations, providing a theoretical basis for the variable relationships and research hypotheses in this study. The literature review covers key factors influencing the financial performance of diversified operations, including market competition, research and development investment, supply chain resilience, and capital allocation efficiency. By systematically reviewing existing literature, this chapter offers theoretical support for each variable in the research model, helps clarify the relationships between these variables, and provides a basis for subsequent hypothesis testing.

2.2 Literature Review

2.2.1 Risk Dispersion Theory

Risk Dispersion Theory is a crucial concept in economics that emphasizes the importance of companies diversifying their investments or business activities across multiple fields or projects to reduce overall risk (Han et al., 2022). This theory is particularly vital in formulating corporate strategies, especially when considering diversification strategies.

Benmahi and Avci (2022) posited that by engaging in diversified operations and investing in business units with varying risk profiles, companies can create an investment portfolio that hedges risks, reduces overall corporate risk, and stabilizes overall returns. Compared to related diversification, unrelated diversification involves higher industry differentiation and offers better risk dispersion effects. For companies to achieve the risk-reducing effects of diversified operations, the invested business units must be at least partially uncorrelated. When selecting different business units for investment, companies must also consider the investment proportion of each unit to ensure that risks are effectively controlled while maximizing returns, forming an effective combination of business units. However, the premise that unrelated diversification can disperse risks is that the invested projects are successful (Malakooti et al., 2021). If they fail, in addition to bearing the investment costs, companies may also damage their core competitiveness. Operators should exercise caution when investing in unrelated industries and avoid increasing exit costs due to investment failures that could affect the company's financial performance.

2.2.2 Synergy Theory

Synergy Theory refers to the coordinated operation of various business segments or departments within a company to achieve greater results and improve overall operational efficiency. This theory is a crucial management concept that focuses on the effective utilization of resources (Li et al., 2021). During the implementation of a diversified operations strategy, companies can actively apply Synergy Theory. For example, a company can apply a particular technology or management method across multiple business areas or enter other industries with a leading brand in one field. Hanin et al. (2023) argued that by effectively integrating different business units, companies can achieve complementary effects, resulting in a 1+1>2 outcome.

Effective integration of financial resources such as bonds and funds from different business units can reduce capital usage and achieve financial synergy. Effective cooperation and reasonable coordination between various product production lines can enhance production efficiency, thereby reducing production and operational costs and achieving production and operational synergy. Collaborative synergy refers to the ability of business units to enhance product value through cooperation and complementarity, enabling companies to raise product prices and expand profit margins (Jiaqiang et al., 2019). Pursuing synergy effects is one of the primary motivations for companies to engage in diversified operations, allowing them to achieve synergy in product production, capital operations, and management. Compared to unrelated diversification projects, related diversification projects are more similar to a company's core business, requiring fewer resources for investment, having lower entry barriers, and sharing similar technologies and production equipment with the core business, facilitating resource sharing and cost-sharing.

2.2.3 Financial Performance of Diversified Operations

2.2.3.1 Diversified Operations

Diversified operations are an innovative development approach often used by companies as a key method to expand their business scope. In the course of operations, diversified operations involve cross-product and cross-industry expansion, enabling companies to transcend the limitations of traditional single-product production and offer a combination of two or more diversified products or services. This diversified business approach not only allows companies to leverage their capital advantages in the market and integrate resources more effectively but also enables them to meet consumers' increasingly diverse needs more comprehensively and meticulously. Through diversified operations, companies can enter new product markets or launch new businesses, effectively dispersing operational risks, achieving steady revenue growth, and further enhancing their competitive advantages (Zhang et al., 2020). This business strategy aligns with market development trends and provides companies with

broader development opportunities and spaces.

Diversified operations typically fall into three categories (Chiou et al., 2012). First, related diversified operations involve companies expanding into new areas closely related to their existing products, technologies, or markets. The core of this diversification lies in creating synergy effects through the sharing of resources, technologies, or market knowledge. For example, an automobile manufacturing company may venture into automobile parts manufacturing or after-sales service sectors to strengthen its industrial chain integration. Second, unrelated diversified operations refer to companies extending their business into new areas unrelated to their current operations (Weng et al., 2024). The purpose of this diversification is to disperse risks across industries and seek new growth points. For instance, a food production company may enter the real estate or financial services sectors to diversify its business portfolio. Third, vertically diversified operations involve companies expanding upstream or downstream along their supply chain or distribution channels to enhance control over key links and reduce costs (Lancaster & Torres, 2019). For example, an electronics manufacturer may acquire its parts suppliers or open its retail stores to achieve comprehensive supply chain management. Throughout its operational history, Xiaomi has employed all three forms of diversification in a phased manner. This comprehensive diversification strategy has enabled Xiaomi to seek growth opportunities in multiple areas while effectively dispersing risks and controlling costs. This approach has not only enhanced Xiaomi's market competitiveness but also laid a solid foundation for its long-term development.

2.2.3.2 Financial Performance

Performance serves as an assessment of the quality of task completion by an organization, team, or individual under specific resource, condition, and environmental constraints, reflecting the degree of goal achievement and efficiency. In essence, performance represents a concentrated reflection of achievements and benefits, particularly in a corporate context, where it primarily evaluates the comparison between resource input and commodity output. Financial performance, in particular, is a direct manifestation of the contribution of a company's strategic implementation and execution to its final business results, showcasing itself through four major capabilities: profitability, operational capability, solvency, and development capability (Rai et al., 2018). Financial performance is a crucial indicator for measuring a company's comprehensive performance, covering not only the effectiveness of cost control but also the efficiency of asset utilization and management, the optimization of capital sources, and the realization of shareholder equity returns. These indicators comprehensively reveal a company's achievements in financial management and operations, providing the public, stakeholders, and the company itself with in-depth financial information to understand the company's actual development situation (Harisa et al., 2019).

Financial performance evaluation involves analyzing and assessing a company's or institution's financial condition and business performance. Evaluating a company's financial performance can reveal the strengths and weaknesses of its financial situation (Manisha, 2018). By thoroughly evaluating a company's financial performance, valuable references can be provided for corporate managers to make decisions and exercise control, offering scientific and reliable support for corporate operations and management. Additionally, this evaluation provides essential information for the company's investors, bondholders, and other stakeholders, enabling them to gain a more comprehensive understanding of the company's financial condition and business performance, thereby making wiser investment decisions.

The Economic Value Added (EVA) method is an assessment tool for financial performance that focuses on establishing a performance indicator system based on economic value added. This method aims to guide companies to focus on value creation and conduct performance management accordingly. Specifically, EVA is defined as the net income remaining after a company's post-tax operating profit is deducted from the cost of capital. This indicator and its changes are crucial for assessing an operator's efficiency in capital utilization and the company's value creation capability (Chen et al., 2020). If an operator's decisions or management behaviors adversely affect the company's value to some extent, the application of the EVA method allows for a more comprehensive assessment of the company's financial performance.

The DuPont analysis method is another assessment tool for financial performance, which analyzes a company's return on equity (ROE) as its core. This method primarily delves into a company's solvency, profitability, and operational capability by examining the correlations between financial indicators. However, the DuPont analysis method has limitations, as it does not fully consider the critical role of intangible assets in a company's growth. Consequently, the assessment results of the DuPont analysis method may have certain limitations and may not fully reflect a company's long-term value and development potential. Therefore, when using the DuPont analysis method, its analysis results should be approached with caution, and comprehensive and objective performance evaluations should be conducted in conjunction with other assessment methods (Goel, 2017).

Factor analysis is also an assessment tool for financial performance. Factor analysis refers to a statistical technique for extracting common factors from a group of variables. This method was initially introduced by British psychologist C.E. Spearman, who discovered significant correlations among students' performance in different subjects—that is, students who excel in one subject often perform well in others. Based on this observation, he hypothesized the existence of certain underlying, common factors, namely some universal intellectual factors, that influence students' academic performance (Halir, 2020). When conducting factor analysis, a factor model must first be established. Then, the selected indicator variables are decomposed into a linear combination model of multiple factors to conduct a comprehensive analysis of the

assessed objects.

2.2.3.3 Financial Performance of Diversified Operations

Early research findings on the financial performance of diversified operations present a complex picture. Michel and Shaked (1984) argued that diversified operations could positively impact companies by dispersing risks. When companies are involved in different industries, the profits from other industries can serve as a buffer when one industry faces adverse conditions, thereby stabilizing overall financial performance. However, Martins and Lucato (2018) found that companies engaging in diversified operations often experience a discount phenomenon, meaning that diversified operations do not enhance a company's market value but instead lead to a decline in financial performance. This may be because diversified operations reduce the efficiency of internal resource allocation and increase management costs. As research progresses, scholars have gradually recognized that the relationship between diversified operations and financial performance is not a simple linear relationship but is influenced by a combination of multiple factors.

Some studies focus on the factor of industry correlation. Lampel and Giachetti (2013) classified diversified operations into related and unrelated diversification. His research found that companies engaging in related diversified operations generally exhibit better financial performance than those engaging in unrelated diversified operations. This is because related diversification enables companies to achieve synergy effects in technology, market, and management, share resources and capabilities, reduce transaction costs, and thereby improve operational efficiency and profitability. Xiaomi, with its smartphone business as the core, has gradually expanded into smart home devices, wearables, and other areas related to smartphones. Through technology sharing and brand synergy, Xiaomi has achieved coordinated development across its businesses and enhanced its overall financial performance. However, some scholars point out that an excessive emphasis on industry correlation may limit a company's innovation space and cause it to miss out on potentially promising but seemingly unrelated business opportunities.

Company size is also an important factor influencing the financial performance of diversified operations. Large companies typically possess more abundant resources, stronger management capabilities, and broader market channels, giving them a competitive edge in diversified operations. Bharadwaj (2000) found that large companies engaging in diversified operations can better integrate resources, achieve economies of scale and scope, and thereby improve financial performance. However, for small companies, diversified operations may face issues such as resource dispersion and insufficient management capabilities, leading to a decline in financial performance. For example, some small technology companies that blindly diversify before stabilizing their core businesses often find themselves in difficulties due to resource

dispersion.

Changes in the market environment have a significant impact on the financial performance of diversified operations. During periods of rapid market growth and abundant opportunities, companies are more likely to succeed in their diversified operations because expanding market demand provides space for the development of new businesses. Ni et al. (2018) found that in emerging markets, due to imperfect markets and unstable institutional environments, companies can acquire resources and advantages through diversified operations that are not available in external markets, thereby improving financial performance. Conversely, in mature markets characterized by saturation and fierce competition, diversified operations face greater challenges, and companies need to be more cautious in selecting diversification areas and strategies to avoid excessive competition and resource waste.

2.2.4 Market Competition

As a key feature of market economies, market competition has long been a focus of academic research. From a conceptual perspective, different scholars have provided definitions from various viewpoints. Ahn (2010) defined market competition as a process of mutual confrontation and competition among numerous market entities to acquire limited resources across multiple dimensions such as product price, quality, and service.

Market competition has a profound impact on corporate strategic decision-making. In terms of product strategy, fierce market competition prompts companies to innovate and improve their products. Gottinger (2020) pointed out that to stand out in the competition, companies adopt differentiation strategies by offering unique products or services to meet consumers' special needs and gain a competitive advantage. For example, Apple Inc. has differentiated itself in the smartphone market from other competitors by relying on its unique design, advanced technology, and superior user experience, attracting a large number of loyal users. In terms of pricing strategy, market competition requires companies to be more cautious in setting prices. In perfectly competitive markets, companies are price takers. In monopolistic competition or oligopolistic markets, companies adjust their prices based on competitors' pricing strategies and their cost structures. Park (2019) argued that companies can adopt penetration pricing strategies to quickly attract a large number of consumers and increase market share by entering the market with low prices. Alternatively, they can use skimming pricing strategies to set high prices at the initial product launch to obtain high profits and gradually lower prices as market competition intensifies.

Numerous studies have shown a complex relationship between market competition and corporate performance. On the one hand, moderate market competition can incentivize companies to improve efficiency, reduce costs, innovate

products and services, and thereby enhance corporate performance. Lenzi (2017) believed that competitive pressure prompts companies to increase their research and development investment and drive technological innovation, which is a key factor for companies to obtain long-term competitive advantages and improve performance. On the other hand, excessive market competition can also hurt corporate performance. When market competition becomes too intense, companies may engage in price wars, leading to compressed profit margins and even losses. Peress's (2008) research found that in highly competitive markets, companies may reduce their research and development investment to cut costs and survive, which, in the long run, weakens their innovation capabilities and competitiveness and is not conducive to improving corporate performance.

There is a close relationship between market competition and corporate diversified operations. Some scholars argue that market competition is an important driver for companies to engage in diversified operations. When companies face fierce competition and low profit levels in their original markets, they choose to enter other related or unrelated markets to conduct diversified operations in search of new profit growth points and to reduce operational risks. However, other scholars point out that market competition does not always prompt companies to engage in diversified operations (Escrihuela-Villar & Guillén, 2014). In highly competitive markets, companies that can concentrate their resources and capabilities on their core businesses and gain a competitive advantage through improving the competitiveness of their core businesses may not need to engage in diversified operations. Market competition also affects the effectiveness of corporate diversified operations. In moderately competitive markets, companies' diversified operations are more likely to achieve synergy effects and improve resource utilization efficiency, thereby enhancing corporate performance. In markets with excessive or insufficient competition, companies' diversified operations may face more challenges and risks and are less likely to achieve the expected results.

2.2.5 Research and Development Investment

Research and development investment serves as the core driving force for corporate innovation activities, with numerous scholars dedicated to exploring its intrinsic relationship with innovation output. Kobilov (2020) pioneered in regarding research and development investment as a key input factor in the knowledge production function, finding a significant positive correlation between research and development investment and innovation output indicators such as the number of corporate patents and new product sales. Subsequently, a large number of empirical studies have validated this conclusion across different industries and regions.

Abegunde and Oniyide (2020) pointed out that research and development investment not only directly influence innovation output but also indirectly promotes

innovation by enhancing a firm's technological absorption capacity. The technical knowledge and research and development experience that companies gain through research and development investment allow them to better absorb external technological information and speed up the innovation process. However, some studies have presented different perspectives. Some scholars have found that the relationship between research and development investment and innovation output is not a simple linear one but rather exhibits an inverted U-shape or an S-shape (Shmorgun, 2020). This suggests that within a certain range, an increase in research and development investment promotes innovation output, but when research and development investment exceed a certain threshold, innovation output may no longer increase or even decline due to issues such as increased management coordination difficulties and resource dispersion.

Understanding the factors influencing corporate research and development investment is crucial for formulating effective research and development policies and corporate strategies. In terms of internal factors, firm size is an important determinant. Generally, large firms possess more abundant resources, stronger risk tolerance, and broader market channels, making them more likely to engage in large-scale research and development investment. Firms with sound profitability have more funds available for research and development activities and are more motivated to maintain and enhance their market positions through innovation. Corporate governance structures and management characteristics also affect research and development investment (Kalnyi, 2019). Government policies play a significant guiding role in research and development investment. Through tax incentives, financial subsidies, research and development grants, and other policy tools, governments can reduce firms' research and development costs and incentivize them to increase research and development investment. The degree of market competition is another important factor influencing research and development investment. In a highly competitive market environment, firms tend to increase research and development investment to launch more competitive products and services in order to maintain their competitive advantages.

To improve the effectiveness of research and development investment, scholars have conducted extensive research on the efficiency evaluation of research and development investment (Lin, 2019). Data envelopment analysis (DEA) and stochastic frontier analysis (SFA) are two commonly used evaluation methods. The DEA method determines the efficient frontier by comparing the input-output efficiency of different firms and calculates the efficiency values of each firm relative to the efficient frontier. The SFA method, on the other hand, takes into account random error factors and estimates a firm's technical efficiency by constructing a production function model. Using these methods, scholars have evaluated and analyzed the research and development investment efficiency of firms in different industries and regions.

2.2.6 Supply Chain Resilience

Wang (2017) were among the first to propose that supply chain resilience refers to the ability of a supply chain to recover to its original state or an even better state when faced with disruptions, emphasizing the critical characteristic of recovery. Subsequently, numerous scholars have enriched its connotation from different perspectives. Mazzawi (2020) argued that supply chain resilience not only includes recovery capacity but also encompasses the abilities to prevent and predict disruptions before they occur, as well as to adapt and transform after disruptions, enabling the supply chain to operate continuously in a dynamically changing environment. Kainuma (2016) pointed out that supply chain resilience is the comprehensive capacity of a supply chain network to resist, absorb, adapt to, and recover from unexpected events, reflecting the robustness and flexibility of the supply chain. As research progresses, the connotation of supply chain resilience continues to expand. It is no longer limited to responding to emergencies but also involves resisting and adapting to long-term uncertainties and market fluctuations, becoming a key element for ensuring the continuous, stable, and efficient operation of supply chains (Nilakantan, 2019).

Numerous factors influence the construction and enhancement of supply chain resilience. From an internal perspective, supply chain strategy is an important influencing factor. Firms adopting an agile supply chain strategy can respond more quickly to market changes and disruptions, minimizing losses caused by disruptions by adjusting production and distribution plans. Although a lean supply chain strategy can improve efficiency and reduce costs, it may lack sufficient buffers and flexibility when facing disruptions (Mazzawi, 2020). A firm's level of informatization is also crucial. The application of advanced information technologies such as the Internet of Things, big data, and artificial intelligence enables real-time information sharing and accurate prediction within the supply chain, helping firms identify potential risks in advance and take corresponding measures, thereby enhancing supply chain resilience. A firm's risk management capacity, organizational culture, and employee quality also affect supply chain resilience. An organizational culture that emphasizes risk awareness, encourages innovation, and collaboration can stimulate employees' enthusiasm and creativity, improving a firm's ability to cope with risks (Pettit, 2018).

Supplier relationships are a key factor influencing supply chain resilience. Establishing long-term and stable cooperative relationships with suppliers and strengthening information sharing and collaboration can improve the reliability and flexibility of the supply chain. When facing disruptions, suppliers can provide timely support and resources to help firms resume production. A diversified supplier strategy can reduce dependence on a single supplier and mitigate the risk of supply disruptions. The capacity and reliability of logistics service providers also affect supply chain resilience. An efficient logistics distribution network and professional logistics services can ensure the timely transportation of products and raw materials, reducing transportation delays and damages. External macro factors such as the policy

environment, natural disasters, and socio-political events also have a significant impact on supply chain resilience. Relevant government policies may influence firms' production and operation decisions, while natural disasters and socio-political events can lead to supply chain disruptions and logistics obstructions (Calvo et al., 2020).

Accurately measuring supply chain resilience is a prerequisite for evaluating supply chain performance and formulating improvement strategies. One common method is based on an indicator system. By constructing a series of indicators reflecting supply chain resilience, such as recovery time, recovery cost, frequency of supply disruptions, and ability to respond to demand fluctuations, a comprehensive evaluation of supply chain resilience can be conducted. These indicators can reflect a supply chain's performance when facing disruptions from different dimensions, but the selection and weight determination of indicators involve a certain degree of subjectivity (Mazzawi, 2020). Another method is simulation-based. By establishing a supply chain model and simulating different disruption scenarios, the response and recovery of the supply chain can be analyzed to measure supply chain resilience. This method can more realistically reflect the dynamic changes in the supply chain, but model construction and validation require a large amount of data and professional knowledge.

To enhance supply chain resilience, scholars have proposed various strategies. During the supply chain design phase, adopting a modular design can improve the flexibility and reconfigurability of the supply chain. Modular supply chain components can be quickly replaced and reorganized when disruptions occur, minimizing the impact on the entire supply chain. Reasonably locating supply chain nodes and establishing multiple production bases and warehousing centers can reduce geographical risks (Klibi et al., 2018). During the supply chain operation phase, strengthening supply chain collaboration is key to enhancing resilience. By establishing close cooperative relationships with suppliers, logistics service providers, and other partners to achieve information sharing, risk sharing, and benefit sharing, the overall response capacity of the supply chain can be improved. Firms should formulate detailed emergency plans, clarify response measures and responsibility assignments in the event of disruptions, and regularly conduct drills and updates (Elsaleiby, 2019).

2.2.7 Capital Allocation Efficiency

Capital allocation efficiency is a key issue in the field of economics, focusing on how funds are allocated among different entities, projects, or industries to maximize resource utilization and optimize economic output. From a theoretical perspective, Adam Smith's "invisible hand" theory laid the foundation for capital allocation efficiency (Bhandari & Javakhadze, 2017). This theory posits that in a free and competitive market environment, individuals make decisions based on their self-interest, and funds will naturally flow into areas with higher efficiency and greater returns, thereby achieving the effective allocation of social resources (Xie & Zhu,

2022). However, markets are not always perfect, and market failures such as information asymmetry and externalities prevent funds from automatically reaching an optimal allocation state. Neoclassical economics further developed the theory of capital allocation efficiency, emphasizing that under ideal conditions such as perfect competition and complete information, funds can be optimally allocated through the price mechanism, achieving marginal revenue equal to marginal cost and reaching Pareto optimality (Bhandari & Bhuyan, 2022). Subsequently, new institutional economics, starting from an institutional perspective, argued that reasonable institutional arrangements can reduce transaction costs and improve capital allocation efficiency. For example, a well-established property rights system and legal system can protect the rights and interests of fund owners and promote the rational flow of funds.

Scholars have proposed various methods for measuring capital allocation efficiency, among which data envelopment analysis (DEA) is a commonly used non-parametric technical efficiency analysis method. The DEA method determines the efficient frontier by comparing the input-output efficiency of different decision-making units (DMUs) and calculates the efficiency values of each DMU relative to the efficient frontier, thereby measuring capital allocation efficiency (Bhandari & Javakhadze, 2017). This method does not require pre-specifying the form of the production function and can handle complex situations with multiple inputs and multiple outputs, making it widely applied in capital allocation efficiency research. Stochastic frontier analysis (SFA) is another important parametric method that takes into account random error factors and estimates a firm's technical efficiency by constructing a production function model, thereby measuring capital allocation efficiency (Zhao et al., 2021). Compared with the DEA method, the SFA method can distinguish between technical inefficiency and random errors but requires pre-specifying a specific functional form, which may introduce certain model specification biases.

At the micro level, firms are the main entities for capital allocation, and their capital allocation efficiency is influenced by various factors. Firm size is an important factor affecting capital allocation efficiency. Generally, large firms have more abundant resources, stronger risk tolerance, and broader market channels, enabling them to achieve economies of scale and scope, thereby improving capital allocation efficiency (Geng & Cui, 2020). A firm's innovation capacity, financial condition, and the degree of market competition also affect capital allocation efficiency. Firms with strong innovation capacity can develop new products and services and open up new markets, thereby increasing the return on investment and improving capital allocation efficiency (Zhang et al., 2021). Firms with sound financial conditions have more funds available for investment and development and are also more likely to obtain external financing support, which is conducive to improving capital allocation efficiency (Wang et al., 2023). At the macro level, capital allocation efficiency is influenced by factors such as the economic system, policy environment, and the development of financial markets.

2.3 Introduction to Xiaomi Corporation

Xiaomi Technology Co., Ltd. was officially founded in April 2010 by Lei Jun along with Lin Bin, Zhou Guangping, Liu De, and three others. Established against the backdrop of the booming Chinese technology industry, the company aimed to disrupt the traditional technology industry landscape through an innovative business model, taking smartphones as its entry point to embark on its journey in the consumer electronics sector. Headquartered in Beijing, China, Xiaomi has gradually established branches and research and development centers around the world.

Xiaomi focuses on smartphones, smart hardware, and the Internet of Things (IoT) platform as its core business pillars. Its smartphone business attracts consumers with its high cost-performance ratio, excellent performance, and innovative design. It offers a diverse product line, including the Xiaomi Digital Series, MIX Series, and Redmi Series, to meet the needs of different user groups. Its smart hardware business builds a vast ecosystem around smartphones, covering a wide range of categories such as smart TVs, smart speakers, and smart home appliances. The IoT platform serves as a connecting link, enabling the interconnection and interoperability of various smart devices and creating intelligent living scenarios for users. It is one of the world's leading consumer-grade smart IoT platforms.

Xiaomi's corporate culture is centered around "sincerity and passion." Sincerity is reflected in its attitude towards users, partners, and employees, adhering to the principle of providing sincere products and services, establishing sincere cooperative relationships, and creating a sincere internal atmosphere. Passion demonstrates Xiaomi people's enthusiasm for technology, innovation, and life. Employees are passionate about their work, pursue excellence, and continuously explore and innovate. In the Chinese market, Xiaomi is an important player in the smartphone sector, maintaining a leading market share for a long time and competing fiercely with brands such as Huawei, OPPO, and vivo. It also holds a leading position in the smart hardware and IoT markets. Internationally, Xiaomi has achieved remarkable results. It has been the smartphone brand with the largest market share in India for several consecutive years, and its market share in Southeast Asia and Europe continues to expand. Its smart hardware and IoT products are gradually going global, setting an example for Chinese technology companies and driving the development of the global smartphone and smart hardware industries.

2.4 Conceptual Framework

Combining the risk dispersion theory and the synergy theory, this study proposes an influencing factor model for the financial performance of Xiaomi's diversified operations based on an analysis of relevant research findings on diversified operations and financial performance. The model divides the influencing factors of financial

performance into four dimensions: market competition, research and development investment, supply chain resilience, and capital allocation efficiency. The model is shown in Figure 2.1.

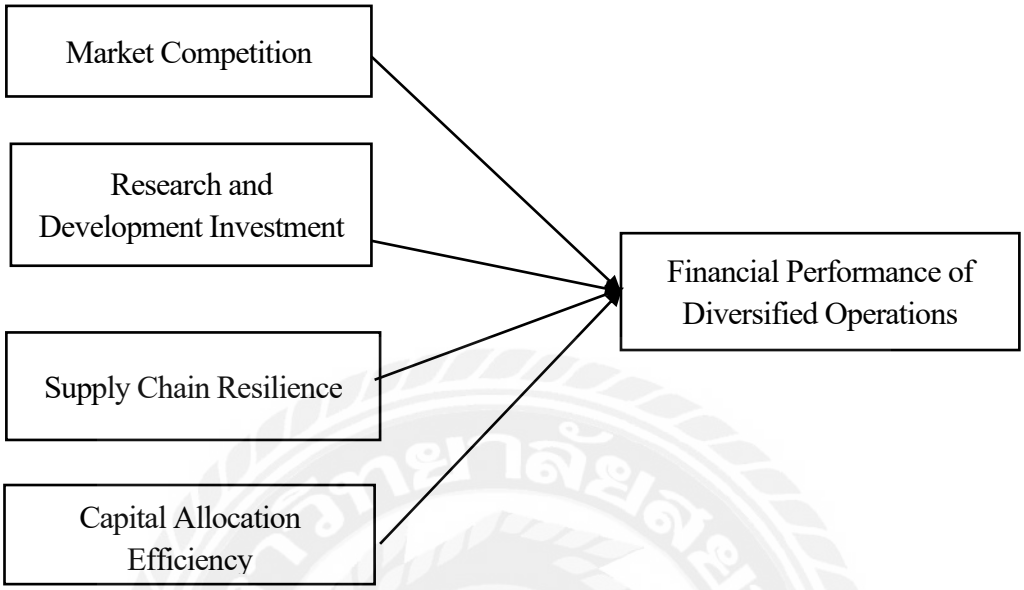

Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study employed a quantitative research method to conduct an in-depth exploration of the influencing factors of Xiaomi's financial performance in diversified operations. Based on a questionnaire survey, the research focused on examining the association mechanisms between market competition, research and development investment, supply chain resilience, capital allocation efficiency, and Xiaomi's financial performance in diversified operations. A structured questionnaire using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) was adopted for data collection. The scale design drew on previous research to ensure the coverage of the core dimensions of each variable.

Descriptive statistical analysis was used to present the demographic characteristics of the sample and the data distribution patterns of core variables by calculating mean and standard deviation. Pearson correlation coefficients were employed for correlation analysis to test the strength of associations between variables. Multiple regression analysis was conducted by constructing regression models to quantitatively assess the specific impacts of market competition, research and development investment, supply chain resilience, and capital allocation efficiency on financial performance of diversified operations. To ensure the scientific rigor of the research method, SPSS software was used to test the reliability and validity of the questionnaire before data analysis, ensuring the reliability and validity of the measurement tools. The research design emphasized objectively revealing the driving factors for improving Xiaomi's financial performance in diversified operations through systematic verification.

3.2 Population and Sample

The population of this study consisted of all employees of Xiaomi. A sample of 400 employees was selected for this research. The determination of the sample size was based on a comprehensive consideration of statistical precision, resource constraints, and practical feasibility. From a statistical perspective, with a 95% confidence level and a 5% margin of error, combined with pre-survey data and sample size references from similar studies in the technology industry, a sample size of 400 can effectively balance statistical power and resource investment, ensuring that the research results have sufficient explanatory power (Krejcie & Morgan, 1970). From the perspective of resource constraints, sample collection required coordinating data collection across multiple departments and hierarchical levels. A sample size of 400 enabled controllable management of the entire process from data cleaning to analysis and modeling within the limited human, time, and financial resources.

To ensure sample representativeness, this study adopted a random sampling method. A total of 400 employees were randomly selected from all employees as the research sample. Throughout the sampling process, each employee had an equal chance of being selected, thus ensuring the randomness and objectivity of the sample. This random sampling method can, to a certain extent, reduce the influence of human factors on sample selection, enabling the sample better to reflect the characteristics and distribution of the population and thereby enhancing the reliability of the research results.

3.3 Hypothesis

This study aims to verify the specific impacts of market competition, research and development investment, supply chain resilience, and capital allocation efficiency on the financial performance of Xiaomi's diversified operations, providing theoretical support and practical guidance for improving Xiaomi's financial performance in diversified operations. Therefore, this study proposes the following hypotheses:

H1: Market competition has a significant impact on the financial performance of Xiaomi's diversified operations.

H2: Research and development investment has a significant impact on the financial performance of Xiaomi's diversified operations.

H3: Supply chain resilience has a significant impact on the financial performance of Xiaomi's diversified operations.

H4: Capital allocation efficiency has a significant impact on the financial performance of Xiaomi's diversified operations.

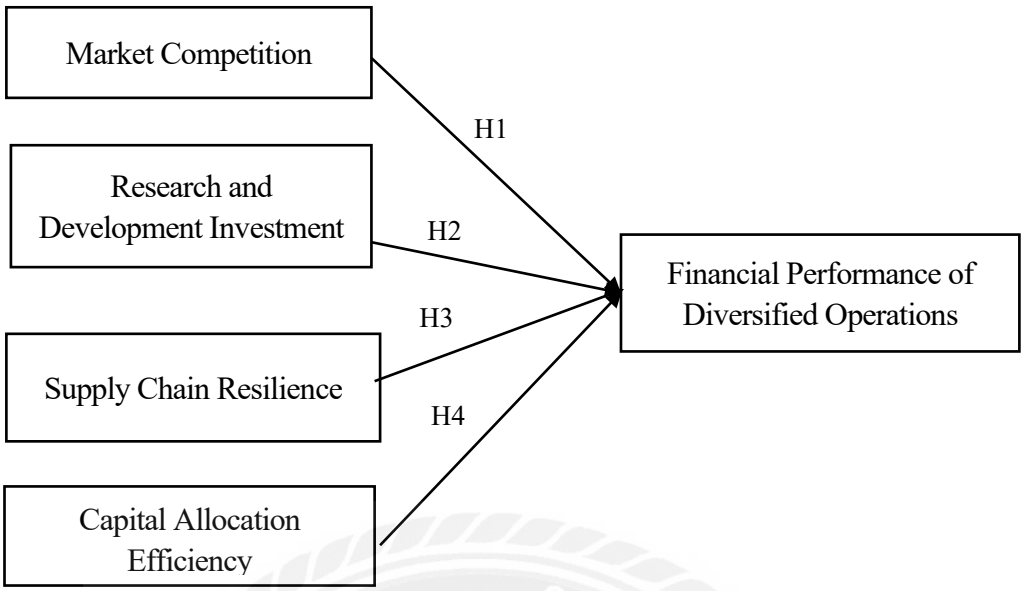

Figure 3.1 Hypotheses

3.4 Research Instrument

This study uses a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) to measure the independent variables (market competition, research and development investment, supply chain resilience, capital allocation efficiency) and the dependent variable (Xiaomi's financial performance in diversified operations). Each variable is comprehensively assessed through 5 items. The item design is based on literature reviews and enterprise interviews to ensure content validity and operability.

The market competition factor is designed around the aspects of the intensity of competition, market competition in smart hardware, market competition in internet services, and overall business cost-benefit. The research and development investment factor are designed around the roles of research and development investment in improving mobile phone performance, increasing sales, enhancing user activity, and promoting stable business development. The supply chain resilience factor is designed around the capabilities of coping with raw material shortages, supply chain flexibility, long-term cooperation with suppliers, coping with emergencies, and digital management. The capital allocation efficiency factor is designed around the aspects of reasonable capital allocation, investment selection, and rational distribution of funds. The financial performance in diversified operations factor is designed around the aspects of increased profitability, synergistic business development, improved return on assets, and cost reduction. Demographic variables include gender, age, education level, and work experience. The questionnaire consists of a total of 29 items and is divided into two main parts:

The first part contains 4 questions, mainly focusing on the personal basic information of the respondents, including gender, age, educational background, and income level.

The second part contains 25 questions, mainly focusing on the influencing factors of Xiaomi's financial performance in diversified operations. Corresponding items are set from the perspectives of market competition, research and development investment, supply chain resilience, capital allocation efficiency, and financial performance in diversified operations. The specific content is shown in Table 3.1.

Table 3.1 Measurement Items

Influencing factor	Measurement Item	NO.
Market Competition	The fierce market competition has an extremely significant impact on the profits of Xiaomi's smartphone business.	1
	The competitive landscape in the smart hardware sector has a significant impact on Xiaomi's sales revenue growth in its corresponding business.	2
	The competition in the internet services market has a marked influence on user acquisition and retention for Xiaomi.	3
	The competition-driven product innovation by Xiaomi has a substantial impact on the overall business cost-benefit.	4
	The pricing strategies of competitors have a great impact on the pricing and market share of Xiaomi's various businesses.	5
Research and Development Investment	The R&D investment in smartphones provides great assistance in enhancing the performance and profit of Xiaomi's smartphones.	6
	The R&D investment in smart hardware has a strong role in expanding the sales revenue and market share of Xiaomi's business in this area.	7
	The R&D investment in internet services has a positive impact on user activity and advertising revenue for Xiaomi.	8
	The R&D investment in cutting-edge technologies offers strong guarantees for the long-term diversified development of Xiaomi.	9
	The R&D investment efficiency has a relatively large impact on the overall financial performance of Xiaomi's diversified operations.	10
Supply Chain Resilience	Xiaomi's supply chain's ability to cope with raw material shortages and ensure supply has a significant effect on the stability of sales revenue.	11
	The supply chain's flexibility in adjusting production to reduce inventory costs has a positive impact on Xiaomi's profits.	12
	Obtaining favorable conditions through long-term cooperation with suppliers provides obvious help in cost control for Xiaomi.	13
	The supply chain's ability to resume supply in response to	14

	emergencies has an important impact on market share and brand image for Xiaomi.	
	The supply chain's digital management, which improves efficiency and reduces costs, makes a great contribution to the overall financial performance of Xiaomi.	15
Capital Allocation Efficiency	The rational allocation of funds to various businesses has a significant effect on the overall revenue growth of Xiaomi.	16
	Prioritizing investment in businesses with high profit potential provides great assistance in boosting Xiaomi's profits.	17
	The reasonable allocation of funds among R&D, marketing, and production has a positive impact on Xiaomi's operating costs.	18
	The ability of fund allocation to respond to market changes has a great impact on Xiaomi's market share and sales revenue.	19
	High fund allocation efficiency, which avoids idle and wasted funds, makes a great contribution to the overall financial performance of Xiaomi.	20
Financial Performance of Diversified Operations	The overall growth in net profit after diversified operations indicates an improvement in Xiaomi's profitability.	21
	The synergy among various businesses enhances the degree of revenue diversification and strengthens Xiaomi's financial stability.	22
	Diversified operations lead to an increase in Xiaomi's return on assets, improving asset utilization efficiency.	23
	Cost control and resource sharing in diversified operations reduce Xiaomi's total costs.	24
	Diversified operations expand the market and user base, driving the long-term financial performance improvement of Xiaomi.	25

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Questionnaire Reliability Analysis

Table 3.2 Variable Reliability Test

Variables	Cronbach's Alpha	N of Items
Market Competition	0.842	5
Research and Development Investment	0.834	5
Supply Chain Resilience	0.845	5
Capital Allocation Efficiency	0.852	5
Financial Performance of Diversified Operations	0.841	5
Total	0.847	25

Reliability refers to the degree of consistency of measurement results. It reflects the stability of measurement tools at different time points or with different samples, that is, whether the same measurement object can obtain consistent results under similar conditions. For this purpose, the study used Cronbach's Alpha coefficient, which is widely used in questionnaire analysis, to assess the internal consistency of the questionnaire as a whole and its various sub-items. Cronbach's Alpha is a reliable reliability test method that can evaluate the degree of intercorrelation among a set of items. Generally, it is considered that when the Cronbach's Alpha coefficient is higher than 0.7, the reliability of the measurement tool is satisfactory; if the coefficient approaches or exceeds 0.8, it indicates that the questionnaire has very good internal consistency.

The overall Cronbach's Alpha coefficient of the questionnaire is 0.847, and the Cronbach's Alpha coefficients of each dimension are all greater than 0.8, indicating that the scale is highly reliable.

3.5.2 Questionnaire Validity Analysis

Table 3.3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.857
Bartlett's Test of Sphericity	Approx. Chi-Square	4312
	df	332
	Sig.	0.000

The information collected in the questionnaire must be accurate and reliable. In this study, the reliability assessment met the requirements, and the validity of the questionnaire was evaluated. To verify the possibility of validity, KMO (Kaiser-Meyer-Olkin) measurement results are typically used in conjunction with Bartlett's test of sphericity. If the recorded KMO measurement coefficient is greater than 0.8, it indicates that the questionnaire in question is suitable for data analysis. If the KMO value falls between 0.6 and 0.8, the overall findings of the questionnaire study are generally satisfactory.

The KMO value of the research scale is 0.857, and the result of Bartlett's sphericity test shows $p < 0.001$, which fully rejects the null hypothesis of Bartlett's sphericity test and meets the conditions for factor analysis.

3.6 Data Collection

This study adopted a quantitative method. Employees of Xiaomi were selected as the research objects, and the data collection period is from May 2025. The distribution and collection of questionnaires were mainly carried out through the online platform

Questionnaire Star to ensure that the sample covered different genders, ages, education levels, and work experiences. A sample size of 400 was selected, and a total of 400 questionnaires were distributed. During the questionnaire recovery process, the research team conducted strict checks to eliminate invalid questionnaires, including those that were incomplete or had inconsistent answers. A total of 322 valid questionnaires were obtained, with an effective rate of 80.5%.

3.7 Data Analysis

3.7.1 Descriptive Statistics

Descriptive statistical analysis, as a fundamental part of this study, mainly focused on an in-depth analysis of personal background variables. In the context of the research on the influencing factors of Xiaomi's financial performance in diversified operations, personal background variables cover various demographic data of Xiaomi's employees, including gender, age, educational background, and income level. Through descriptive statistical analysis of these diverse variables, we can accurately grasp the distribution characteristics of the demographic data of Xiaomi's employees. This detailed distribution laid a solid data foundation for subsequent in-depth research on the influencing factors of Xiaomi's financial performance in diversified operations.

3.7.2 Factor Analysis

This study used professional statistical analysis software SPSS to conduct exploratory factor analysis on the survey data. The core purpose of this analysis method is to extract common factors from numerous variables and then determine the common dimensions of the influencing factors of Xiaomi's financial performance in diversified operations. In the research, the collected data were preprocessed to ensure its completeness and accuracy, and then SPSS software was used for factor analysis operations to identify representative common factors. These common factors were not isolated but were interrelated and influence each other, reflecting the influencing factors of Xiaomi's financial performance in diversified operations from different perspectives.

3.7.3 Multiple Regression

In this study, the multiple regression method brings a new perspective and rich connotations to the research. This study selected multiple independent variables closely related to Xiaomi's financial performance in diversified operations and used financial performance indicators as the dependent variable to construct a regression

model using the multiple regression method. Through this model, the study can deeply analyze the specific impact degrees and directions of each independent variable on the dependent variable. The multiple regression method improves the accuracy and practicality of the research, and the conclusions drawn are more scientific and reliable.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Demographic Characteristics of Participants

Table 4.1 Descriptive Statistical Analysis of Participants

Variable	Option	Number	Percentage
Gender	Male	196	60.9
	Female	126	39.1
Age	Under 26 Years Old	59	18.3
	26-35 Years Old	142	44.1
	36-45 Years Old	72	22.4
	Over 45 Years Old	49	15.2
Educational Background	Junior College and Below	31	9.6
	Undergraduate	96	29.8
	Master's Degree	162	50.3
	Doctor	33	10.2
Income Level	Below 3000 Yuan	51	15.8
	3001-8000 Yuan	193	59.9
	8001-10000 Yuan	61	18.9
	Above 10000 Yuan	17	5.3
Total		322	100.0

In the study on the influencing factors of the financial performance of Xiaomi's diversified operations, analyzing the collected data on gender, age, educational background, and income level helps to gain a deep understanding of the characteristics of the survey participants. This provides fundamental background information for exploring the influencing factors of financial performance.

(1) Gender Distribution

Among the survey participants, there were 196 males, accounting for 60.9%, and 126 females, accounting for 39.1%. The relatively higher proportion of males may reflect that there are more male practitioners in the business areas related to Xiaomi's diversified operations. This gender disparity may be related to different genders' interests and preferences in the technology industry, as well as career choice tendencies. It could also be influenced by the nature of Xiaomi's business and job requirements. For example, certain positions in technology research and development and marketing expansion may be more appealing to males. Although the proportion of females is relatively lower, they may play unique roles in the company's operations, customer service, design, and other positions, making an indispensable contribution to the financial performance of Xiaomi's diversified operations.

(2) Age Structure

The age distribution exhibits distinct hierarchical characteristics. The age group of 26 - 35 years old has the largest number of participants, with 142 individuals, accounting for 44.1%, and serves as the main force in the survey. People in this age group are usually in the ascending phase of their careers, possessing strong learning abilities, innovative spirits, and ambition. They can quickly adapt to the business changes and technological updates brought about by Xiaomi's diversified operations and play crucial roles in key aspects such as product research and development and market promotion.

The second-largest group is the 36 - 45 age range, with 72 participants, accounting for 22.4%. This group often has rich industry experience and extensive networks. They hold advantages in corporate strategic planning, team management, and solving complex business problems, which help stabilize the company's business development and have a positive impact on the long-term financial performance of diversified operations.

The age group under 26 years old has 59 participants, accounting for 18.3%. They are full of vitality and creativity and can bring new ideas and perspectives to the company. Especially in innovative business areas such as Internet services and emerging smart hardware, they may demonstrate unique value.

The age group over 45 years old has 49 participants, accounting for 15.2%. With their years of accumulated in-depth professional knowledge and industry insights, they provide valuable guidance and decision-making support for the company, ensuring the steady implementation of the diversified operations strategy.

(3) Educational Background

In terms of educational background, the largest number of participants have a master's degree, with 162 individuals, accounting for 50.3%. This indicates that Xiaomi's diversified operations-related businesses are highly attractive to highly educated talents. Highly educated individuals usually possess solid professional knowledge, strong research abilities, and innovative thinking, providing powerful intellectual support for the company's technology research and development, product innovation, and business expansion. This, in turn, helps enhance the company's competitiveness in the diversified market and has a positive impact on financial performance.

Participants with a bachelor's degree number 96, accounting for 29.8%. They are an important force in the company's business operations and play a fundamental yet crucial role in various positions. They can combine theoretical knowledge with

practical applications to promote the smooth progress of the company's various businesses.

There are 31 participants with a junior college degree or below, accounting for 9.6%. Although their proportion is relatively small, they may have unique advantages in some operationally intensive and skill-focused positions, providing necessary supplements for the company's diversified operations.

Participants with a doctoral degree number 33, accounting for 10.2%. These high-end talents often play a leading role in cutting-edge technology research and strategic planning formulation, providing forward-looking guidance and support for the company's long-term development and diversified operations.

(4) Income Level

The income level distribution shows that the largest number of participants, 193 individuals, fall into the income range of 3001 - 8000 yuan, accounting for 59.9%. This income level is basically in line with the industry average in the business areas related to Xiaomi's diversified operations, reflecting that the overall income situation of the company's employees is relatively stable.

There are 61 participants with incomes between 8001 - 10000 yuan, accounting for 18.9%. These employees may work in core business positions or key technical fields of the company. They receive relatively higher incomes due to their professional skills and outstanding contributions, and their performance has an important impact on the financial results of the company's diversified operations.

There are 51 participants with incomes below 3000 yuan, accounting for 15.8%. They may be newly recruited employees or those in basic positions. As they accumulate work experience and improve their skills, their incomes are expected to increase, enabling them to create greater value for the company.

There are 17 participants with incomes above 10000 yuan, accounting for 5.3%. These high-income individuals are often the company's middle and senior management, core technical experts, or business backbone. They play key roles in the company's strategic decision-making, business expansion, and team management, having a decisive impact on the financial performance of Xiaomi's diversified operations.

Through the analysis of the above data, the survey participants exhibit diverse characteristics in terms of gender, age, educational background, and income level. These characteristics have complex internal connections with the financial performance of Xiaomi's diversified operations. A deep understanding of these connections helps more accurately identify the key factors influencing financial performance and provides useful references for Xiaomi to optimize human resource

management, formulate reasonable compensation strategies, and enhance the financial performance of its diversified operations, as shown in Table 4.1.

4.1.2 Correlation Analysis

Table 4.2 Correlation between Variables

	Market Competition	Research and Development Investment	Supply Chain Resilience	Capital Allocation Efficiency	Financial Performance of Diversified Operations
Market Competition	1				
Research and Development Investment	.635**	1			
Supply Chain Resilience	.647**	.644**	1		
Capital Allocation Efficiency	.636**	.665**	.665**	1	
Financial Performance of Diversified Operations	.646**	.677**	.659**	.664**	1

NOTE：*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).

Through the analysis of relevant data, it is evident that there are close connections between market competition, research and development investment, supply chain resilience, capital allocation efficiency, and the financial performance of Xiaomi's diversified operations, all showing significant positive correlations. Among them, research and development investment has the highest correlation coefficient (0.677) with the financial performance of Xiaomi's diversified operations, becoming a key driving force for its improvement. Sufficient research and development investment enables Xiaomi to make continuous breakthroughs in technological innovation, develop more competitive products, meet the increasingly diverse needs of consumers, thereby expanding market share and enhancing profitability.

Capital allocation efficiency has a correlation coefficient of 0.664 with the financial performance of diversified operations, ranking second. This indicates that reasonable capital arrangement is crucial for improving the company's financial situation. Efficient capital allocation ensures that resources flow to the most promising projects and business areas, improving the efficiency of capital use and providing solid financial support for the company's stable development.

Although market competition and supply chain resilience have correlation coefficients with the financial performance of diversified operations that are relatively lower than those of research and development investment and capital allocation efficiency, they still reach 0.646 and 0.659, respectively, indicating a moderate positive correlation. Intense market competition prompts Xiaomi to maintain keen market insights, continuously optimize its products and services, and improve operational efficiency to stand out in the competition. Supply chain resilience is an important cornerstone for ensuring the company's stable operations. A strong supply chain can quickly adjust and respond when facing sudden situations such as raw material supply disruptions and logistics delays, ensuring the continuity of production and sales and reducing operational risks.

Therefore, to comprehensively enhance the financial performance of its diversified operations, Xiaomi should not rely solely on a single factor. Instead, it should focus on strengthening supply chain resilience, continuously increasing research and development investment, optimizing capital allocation, and actively responding to market competition to achieve coordinated progress among various elements and achieve steady growth in financial performance in a complex and changing market environment.

4.1.3 Multiple Regression Analysis

Table 4.3 Multiple Regression Analysis

Item	B	Beta	t	Sig.	VIF	F	Durbin-Watson
C	2.443	-	8.80	0.000		54.32 ***	1.556
Market Competition	0.455	0.452	3.87	0.000	1.11		
Research and Development Investment	0.576	0.571	3.75	0.000	1.16		
Supply Chain Resilience	0.324	0.331	6.50	0.000	1.17		
Capital Allocation Efficiency	0.533	0.537	6.76	0.000	1.13		
R Square	0.655						
Adjusted R Square	0.674						

NOTE：*P<0.05, **P<0.01, ***P<0.001

The overall performance of the regression model shows a high degree of significance. The F-statistic value is 54.32, indicating that the independent variables selected in the model (market competition, research and development investment, supply chain resilience, and capital allocation efficiency) have a significant impact on

the financial performance of diversified operations. The Durbin-Watson statistic is 1.556, close to the ideal value of 2, suggesting that there is no obvious autocorrelation problem among the model residuals, ensuring the accuracy and reliability of the model estimation results. The model can explain 67.4% of the variation in financial performance, meaning that the factors covered in the model can largely describe and reflect the fluctuations in financial performance, providing a solid basis for a deep understanding of the influencing mechanism of financial performance. The Variance Inflation Factor (VIF) values of all variables are less than 5, indicating that there is no serious multicollinearity among them. Each variable can independently play an explanatory role in financial performance, avoiding estimation biases caused by high correlations among variables.

Analyzing the impact of each variable on the financial performance of diversified operations, the results show that market competition, research and development investment, supply chain resilience, and capital allocation efficiency all have a significant positive impact on the financial performance of diversified operations. This provides multiple directions for Xiaomi to improve its financial performance. Research and development investment and capital allocation efficiency have particularly prominent impacts. The Beta value of research and development investment is 0.571, and that of capital allocation efficiency is 0.537, indicating that among these factors, increasing research and development investment and optimizing capital allocation can more effectively drive the improvement of financial performance. Increasing research and development investment can prompt Xiaomi to achieve technological innovation breakthroughs, develop more competitive products and services, thereby opening up markets and increasing revenues. Optimizing capital allocation ensures the rational use of resources, improves the efficiency of capital use, reduces operating costs, and enhances the company's profitability.

In comparison, market competition (Beta = 0.452) and supply chain resilience (Beta = 0.331) have relatively smaller impacts on the financial performance of diversified operations, but they should not be overlooked. Actively responding to market competition can prompt the company to improve its capabilities and adapt to market changes. Strengthening supply chain resilience can ensure the stability of the company's operations and reduce losses caused by supply chain disruptions. Therefore, Xiaomi should comprehensively consider these factors and formulate targeted strategies to achieve coordinated optimization among various elements and comprehensively enhance its financial performance.

Therefore, according to the results of the data analysis, market competition has a significant impact on the financial performance of Xiaomi's diversified operations, which supports Hypothesis 1. Research and development investment has a significant impact on the financial performance of Xiaomi's diversified operations, which supports Hypothesis 2. Supply chain resilience has a significant impact on the financial performance of Xiaomi's diversified operations, which supports Hypothesis

3. Capital allocation efficiency has a significant impact on the financial performance of Xiaomi's diversified operations, which supports Hypothesis 4.

4.2 Discussion

4.2.1 Market Competition Has a Significant Impact on the Financial Performance of Xiaomi's Diversified Operations

This study verifies Hypothesis H1 through regression analysis and other statistical methods. The results show a significant correlation between market competition and the financial performance of Xiaomi's diversified operations, indicating that market competition indeed has a substantial impact on Xiaomi's financial performance. As a key and dynamic factor in the company's external environment, the intensity and trends of market competition directly or indirectly affect Xiaomi's diversified business layout and operational strategies, which are then reflected in financial performance indicators.

Intense market competition prompts Xiaomi to optimize its products and services. In the diversified operations model, Xiaomi is involved in multiple fields and faces challenges from competitors in different industries. To stand out in the competition, Xiaomi needs to increase its investment in product research and development, quality improvement, and customer service to meet the increasingly diverse and high-standard needs of consumers. In the fiercely competitive smartphone market, Xiaomi continuously launches innovative and cost-effective products, attracting a large number of consumers and driving the growth of sales revenue in its smartphone business, which has a positive impact on overall financial performance.

Market competition also drives Xiaomi to adjust its diversified strategy promptly according to market changes. When market competition in a certain field becomes too intense or the market tends to be saturated, Xiaomi may reduce its resource investment in that field and turn to explore new potential market areas. This strategic adjustment helps Xiaomi optimize resource allocation and avoid over-consuming resources in inefficient or loss-making businesses, thereby improving overall financial performance. When the traditional home appliance market becomes highly competitive, Xiaomi shifts its focus to the smart home field. By integrating resources and technological innovation, it builds a smart home ecosystem and opens up new profit growth points.

However, the impact of market competition on the financial performance of Xiaomi's diversified operations also has certain limitations. Excessive market competition may lead to adverse competitive behaviors such as price wars, compressing the company's profit margins. In this case, Xiaomi needs to further strengthen brand building and adopt differentiated competition strategies. By enhancing brand awareness and reputation and establishing a unique brand image,

consumers are willing to pay higher prices for Xiaomi's products and services, thereby offsetting the negative impact of price wars and ensuring the stable growth of financial performance.

4.2.2 Research and Development Investment Has a Significant Impact on the Financial Performance of Xiaomi's Diversified Operations

Hypothesis H2 is strongly supported by empirical evidence. Research and development investment shows a significant positive correlation with the financial performance of Xiaomi's diversified operations, indicating that research and development investment plays a crucial role in Xiaomi's diversified development process and is a key factor in driving the improvement of the company's financial performance. An increase in research and development investment can bring technological innovation and product upgrades to Xiaomi, enhancing its competitiveness in various business areas and thus promoting the improvement of financial performance.

In the diversified operations model, Xiaomi needs to continuously carry out technological innovation and product upgrades in multiple fields to meet the needs of different markets and consumers. Continuous research and development investment provides technological support for Xiaomi, enabling it to launch innovative and leading products and services in multiple business segments such as smartphones, smart hardware, and Internet services. Xiaomi's research and development investment in fast-charging technology and photography technology in the smartphone field has made its products highly competitive in the market, attracting a large number of consumers to purchase. This directly drives the growth of sales revenue and profits in the smartphone business and has a positive impact on overall financial performance.

Research and development investment also helps Xiaomi explore new markets and business areas. Through technological innovation, Xiaomi can discover new market opportunities and business growth points and enter areas that it has not been involved in before. Xiaomi's research and development investment in artificial intelligence and Internet of Things technologies has laid the foundation for its entry into the smart home market. Relying on its advanced technology and a complete smart home ecosystem, Xiaomi has quickly gained a foothold in the smart home market, expanded its business scope, increased revenue sources, and further improved its financial performance.

However, research and development investment also faces certain risks, such as research and development failures and rapid technological updates. If research and development investment cannot be timely converted into actual products and economic benefits, it may put financial pressure on Xiaomi. To cope with these risks, Xiaomi needs to strengthen research and development project management and improve

research and development efficiency and quality. Xiaomi should establish a flexible research and development mechanism and adjust the research and development direction promptly to ensure that research and development investment is in line with market demand and technological development trends, minimizing research and development risks and ensuring stable financial performance.

4.2.3 Supply Chain Resilience Has a Significant Impact on the Financial Performance of Xiaomi's Diversified Operations

Through the analysis and testing of relevant data, Hypothesis H3 holds. Supply chain resilience has a significant impact on the financial performance of Xiaomi's diversified operations. Supply chain resilience reflects Xiaomi's ability to respond to and recover from risks such as supply chain disruptions and fluctuations. A strong supply chain resilience can ensure the stable operations of Xiaomi's diversified businesses and thus have a positive impact on financial performance.

In diversified operations, Xiaomi needs to purchase various raw materials and components from multiple suppliers. Companies with strong supply chain resilience can establish long-term and stable cooperative relationships with suppliers, ensuring a stable supply of raw materials. Even in the face of uncontrollable factors such as natural disasters and political unrest that cause supply chain disruptions, Xiaomi can quickly adjust its supply chain strategy, find alternative suppliers, or take other emergency measures to ensure the continuity of production. In the context of the global chip shortage, Xiaomi, relying on its strong supply chain resilience, has minimized the impact of the chip shortage on smartphone production by cooperating with multiple chip suppliers and pre-stocking chips. This ensures the timely delivery and market supply of products, maintaining the stability of sales revenue and profits, and providing positive support for financial performance.

Supply chain resilience also helps Xiaomi optimize inventory management and cost control. By establishing a flexible supply chain system, Xiaomi can adjust inventory levels in real-time according to market demand forecasts and sales data, avoiding inventory backlogs or shortages. Reasonable inventory management can reduce inventory costs, improve capital turnover efficiency, and reduce financial losses caused by inventory problems. Companies with strong supply chain resilience can negotiate more favorable purchase prices and payment terms with suppliers, reducing purchase costs and further improving the company's profitability, having a positive impact on financial performance.

However, improving supply chain resilience also faces some challenges, such as increased supply chain complexity and greater difficulty in supplier management. To cope with these challenges, Xiaomi needs to strengthen supply chain informatization construction and achieve information sharing and collaborative operations among all

links of the supply chain. By establishing a supply chain risk early warning mechanism, potential supply chain risks can be detected and addressed promptly. Xiaomi should also strengthen the evaluation and management of suppliers, select suppliers with good reputation and stable supply capabilities, and establish strategic partnerships to improve the resilience and competitiveness of the supply chain.

4.2.4 Capital Allocation Efficiency Has a Significant Impact on the Financial Performance of Xiaomi's Diversified Operations

The empirical research results show that Hypothesis H4 is valid. Capital allocation efficiency has a significant impact on the financial performance of Xiaomi's diversified operations. In the diversified operations model, Xiaomi needs to allocate funds to various business areas. The level of capital allocation efficiency directly determines whether the company can achieve optimal resource allocation and thus affects financial performance.

Efficient capital allocation ensures that Xiaomi prioritizes the investment of limited funds in core businesses and potential business areas. In diversified operations, Xiaomi needs to clarify the importance and development stage of each business and concentrate funds on supporting technological innovation, market expansion, and brand building in core businesses to consolidate and enhance the competitiveness of core businesses. When the smartphone business is the core business, Xiaomi increases its capital investment in smartphone research and development, production, and marketing, continuously launching high-quality and high-performance smartphone products, improving market share and profitability, and making significant contributions to the company's overall financial performance.

Capital allocation efficiency also affects the coordinated development and resource integration among Xiaomi's various businesses. Through reasonable capital arrangements, Xiaomi can promote resource sharing and complementary advantages among different businesses and achieve synergistic effects. Xiaomi can use the capital advantages of its Internet service business to support the development of its smart hardware business. By providing value-added services for smart hardware through Internet services, it can increase the added value and user stickiness of smart hardware. The development of the smart hardware business can also provide more user bases and data support for the Internet service business, promoting the innovation and expansion of the Internet service business. This business synergy and resource integration can improve the company's overall operational efficiency and reduce costs, thereby enhancing financial performance.

To improve capital allocation efficiency, Xiaomi needs to establish a scientific capital budget management system and decision-making mechanism. Xiaomi should strengthen the prediction and analysis of market trends and business development and

formulate reasonable capital budgets according to strategic goals and business needs. Xiaomi should also strengthen the monitoring and evaluation of the capital use process and adjust the capital allocation plan promptly to ensure the maximization of capital use efficiency. Xiaomi should optimize its capital structure, reasonably arrange debt financing and equity financing, reduce capital costs, improve capital use efficiency and financial stability, and provide strong guarantees for the continuous improvement of the financial performance of Xiaomi's diversified operations.

Table 4.4 Hypothesis Test Results

NO.	Hypothesis	Result
H1	Market competition has a significant impact on the financial performance of Xiaomi's diversified operations.	Supported
H2	Research and development investment has a significant impact on the financial performance of Xiaomi's diversified operations.	Supported
H3	Supply chain resilience has a significant impact on the financial performance of Xiaomi's diversified operations.	Supported
H4	Capital allocation efficiency has a significant impact on the financial performance of Xiaomi's diversified operations.	Supported

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study focused on the influencing factors of the financial performance of Xiaomi's diversified operations. Through rigorous theoretical analysis and empirical testing, a series of significant conclusions are drawn.

From the perspective of the external market environment, market competition has a notable impact on the financial performance of Xiaomi's diversified operations. On one hand, market competition forces Xiaomi to optimize its products and services. It increases investment in research and development (research and development), quality enhancement, and customer service to meet the increasingly diverse and high-standard demands of consumers. On the other hand, market competition prompts Xiaomi to adjust its diversification strategy according to market changes. When market competition in a certain area intensifies or becomes saturated, Xiaomi promptly reduces resource allocation and shifts to exploring more promising new market segments, achieving optimal resource allocation and ensuring stable financial performance. However, excessive competition-induced malpractices such as price wars can compress profit margins. Xiaomi needs to respond by strengthening brand building and adopting differentiated competition strategies to maintain steady growth in financial performance.

In terms of internal resource allocation, research and development investment serves as a key driving force for enhancing the financial performance of Xiaomi's diversified operations. Continuous research and development investment provides a solid foundation for technological innovation and product upgrades across multiple business sectors, including smartphones, smart hardware, and internet services. It enables Xiaomi to launch innovative and leading-edge products and services. Moreover, research and development investment facilitates Xiaomi's expansion into new markets and business areas. Its investment in artificial intelligence and Internet of Things technologies lays the groundwork for entering the smart home market, broadening its business scope, and diversifying revenue streams. Nevertheless, research and development investment is exposed to risks such as research and development failures and rapid technological obsolescence. Xiaomi needs to strengthen research and development project management and establish flexible research and development mechanisms to ensure that research and development investment aligns with market demands and technological trends.

Supply chain resilience also significantly influences the financial performance of Xiaomi's diversified operations. A robust supply chain resilience ensures a stable supply of raw materials for Xiaomi's diversified operations. Even in the face of supply chain disruptions caused by natural disasters, political unrest, and other force majeure events, Xiaomi can swiftly adjust its strategies. By collaborating with multiple

suppliers and pre-stocking critical materials, Xiaomi guarantees production continuity, maintains on-time product delivery and market supply, and stabilizes sales revenue and profits. However, enhancing supply chain resilience faces challenges such as increased supply chain complexity and greater difficulty in supplier management. Xiaomi needs to strengthen supply chain informatization, establish risk early warning mechanisms, and reinforce supplier evaluation and management to sustain improvements in financial performance.

Capital allocation efficiency also plays a crucial role in the financial performance of Xiaomi's diversified operations. Efficient capital allocation ensures that Xiaomi prioritizes the allocation of limited funds to core and promising business areas, consolidating and enhancing the competitiveness of its core businesses. To improve capital allocation efficiency, Xiaomi needs to establish a scientific capital budgeting management system and decision-making mechanism, strengthen market forecasting and business analysis, optimize its capital structure, arrange financing methods reasonably, reduce capital costs, and enhance capital utilization efficiency and financial stability.

In conclusion, market competition, research and development investment, supply chain resilience, and capital allocation efficiency all have a significant impact on the financial performance of Xiaomi's diversified operations. In its future diversified operations, Xiaomi should fully consider these factors, formulate scientific and rational strategies and decisions, and achieve the coordinated optimization of these factors to continuously improve its financial performance and enhance its market competitiveness and sustainable development capabilities.

5.2 Recommendation

(1) Actively Respond to Market Competition

Xiaomi should establish a professional market research team to monitor market dynamics. This team should regularly collect and analyze data on competitors' product information, pricing strategies, marketing approaches, and market share changes. By analyzing the features of new smartphones launched by competitors in terms of functionality, design, and price, Xiaomi can promptly understand market trends and changes in consumer demand, thereby adjusting its product research and development direction and market positioning to ensure that its products remain competitive and secure a favorable position in the fierce market competition.

Xiaomi should create unique differentiation advantages in products, services, and branding. In terms of products, in addition to focusing on performance and cost-effectiveness, Xiaomi can incorporate more innovative design elements to meet the personalized needs of different consumer groups. In terms of services, Xiaomi

needs to provide more attentive and efficient after-sales services, such as extending warranty periods and establishing a rapid-response customer service mechanism. In brand building, Xiaomi should reinforce its image as a tech-savvy and innovative brand. It can enhance brand awareness and reputation by hosting technology events and collaborating with well-known brands, prompting consumers to choose Xiaomi products over numerous competitors.

Xiaomi should not rely solely on traditional online sales channels but actively expand its offline market. On one hand, Xiaomi needs to intensify the construction and layout of physical stores. It should open more Xiaomi Homes and authorized stores in core business districts of first-tier cities and important commercial areas of second- and third-tier cities, allowing consumers to experience products firsthand. On the other hand, Xiaomi should deepen its cooperation with major e-commerce platforms. In addition to regular sales activities, it can jointly launch exclusive customized products or limited-time promotional offers to attract more consumers. Xiaomi can also explore overseas market channels and develop targeted market entry strategies based on the market characteristics and consumer demands of different countries and regions to expand its global market share.

Xiaomi should establish a comprehensive market competition early warning system by setting a series of key indicators to monitor market competition trends in real-time. When certain indicators exceed the preset safety range, the early warning system should promptly issue alerts to remind the company's management to take corresponding countermeasures.

(2) Increase research and development Investment

Xiaomi should formulate a clear long-term research and development investment plan based on its strategic objectives and market development trends. The plan should cover the proportion and timing of research and development investment in different business areas and technological directions. Xiaomi needs to adjust the focus of research and development investment at various stages reasonably according to the stage of technological development and changes in market demand to ensure that research and development work progresses in an orderly manner and provides continuous financial support for the company's technological innovation and product upgrades.

Xiaomi should focus on attracting and cultivating high-quality research and development talents to build a highly innovative research and development team. On one hand, Xiaomi needs to attract excellent scientific research talents from home and abroad by offering competitive salaries, good career development prospects, and an innovative work environment. On the other hand, Xiaomi should strengthen internal talent cultivation, establish a comprehensive training system and incentive mechanism, and encourage research and development personnel to learn and improve their skills.

Xiaomi should actively engage in industry-university-research cooperation with universities and research institutions to leverage external scientific research resources and enhance its research and development capabilities and innovation level. By establishing joint laboratories and collaborating on research projects with universities and research institutions, Xiaomi can jointly tackle technological challenges and accelerate the transformation and application of research findings.

Xiaomi should establish a scientific and reasonable research and development achievement evaluation system to comprehensively and objectively evaluate the outcomes of research and development projects. Evaluation indicators can include technological innovation, market application prospects, and economic benefits. Based on the evaluation results, Xiaomi should provide generous rewards, such as bonuses, equity, and promotion opportunities, to outstanding research and development teams and individuals to stimulate their innovation motivation and work enthusiasm. For failed research and development projects, Xiaomi should conduct in-depth analysis, summarize lessons learned, avoid repeating the same mistakes in subsequent research and development efforts, and continuously improve research and development efficiency and quality.

(3) Strengthen Supply Chain Resilience Construction

Xiaomi should establish strict supplier evaluation and selection criteria, comprehensively assessing suppliers based on product quality, supply capacity, price level, and reputation, and select high-quality and reliable suppliers to establish long-term cooperative relationships. Xiaomi should regularly evaluate and grade suppliers. It should offer more cooperation opportunities and preferential policies to excellent suppliers and provide guidance or replace those that fail to meet standards.

Xiaomi should not overly rely on a single supplier but establish a diversified supply chain system to reduce supply chain risks. On one hand, for key raw materials and components, Xiaomi should identify multiple suppliers to ensure that alternative products can be obtained promptly if one supplier encounters problems. On the other hand, Xiaomi should expand the geographical scope of its supply chain by cooperating not only with domestic suppliers but also with high-quality foreign suppliers to diversify geographical risks.

Xiaomi should increase investment in supply chain informatization and establish a unified supply chain management platform to achieve information sharing and collaborative operations across all supply chain links. Through this platform, Xiaomi can monitor suppliers' production progress, inventory levels, and logistics information in real-time and adjust production plans and procurement strategies accordingly. Suppliers can also understand Xiaomi's demand forecasts and order information through the platform to make production and supply preparations in advance, improving the responsiveness and flexibility of the supply chain.

Xiaomi should develop a comprehensive supply chain emergency plan to cope with potential supply chain disruptions and other emergencies. The emergency plan should clarify the responsibilities of each department in emergencies and the response procedures, including the emergency command structure, information reporting mechanism, and emergency response measures. Xiaomi should regularly organize emergency drills to test and improve the feasibility and effectiveness of the emergency plan.

(4) Optimize Capital Allocation

Xiaomi should establish a scientific and reasonable capital budgeting system to predict and plan the capital requirements of various businesses in detail based on the company's strategic plan and business development objectives. Budget preparation should fully consider factors such as market changes and business development stages to ensure the accuracy and rationality of the budget. Xiaomi should strengthen the monitoring and management of budget execution, regularly analyze and evaluate budget execution, promptly identify and address issues during budget execution, and take appropriate adjustment measures.

Xiaomi should adjust the structure of capital allocation reasonably according to the development prospects and profitability of different businesses. For core businesses and business areas with high growth potential, Xiaomi should increase capital investment to support technological innovation, market expansion, and scale growth. For example, it should increase capital investment in the research and development, production, and marketing of its smartphone business to enhance its market competitiveness. For non-core businesses or those with weak profitability, Xiaomi should appropriately control capital investment and even consider business divestiture or restructuring to optimize its business structure and improve capital utilization efficiency.

Xiaomi should attach great importance to capital risk management and establish a sound capital risk early warning mechanism. By monitoring and analyzing indicators such as capital liquidity, solvency, and profitability, Xiaomi should promptly identify potential capital risks. It should arrange the use of funds reasonably in terms of maturity to avoid situations such as short-term funds being tied up for a long time or long-term funds being used for short-term purposes, ensuring the liquidity and safety of funds.

Xiaomi should actively expand financing channels to reduce reliance on a single financing method. In addition to traditional bank loans and equity financing, Xiaomi can explore options such as bond issuance and supply chain finance. It should strengthen cooperation with financial institutions, establish good credit relationships, and improve its financing capabilities and creditworthiness.

5.3 Further Study

Xiaomi's current diversified business layout covers a wide range of areas, including smartphones, smart hardware, and internet services. Future research can further delve into the specific generation mechanisms of the synergistic effects among these different businesses. Researchers can select different business combinations of Xiaomi as case studies to analyze in detail their synergistic approaches in terms of technological research and development, market promotion, and customer resource sharing.

Market competition is a dynamic process, with new competitors constantly emerging and the market landscape changing. Most existing research analyzes the impact of market competition on Xiaomi's financial performance based on the market competition situation at a specific time. Future research can conduct long-term dynamic tracking of market competition changes. Scholars can establish a long-term data monitoring system to collect Xiaomi's financial indicators such as market share, sales revenue, and profit margin, as well as competitors' relevant data at different stages of market competition. By comparing and analyzing data from different stages, they can reveal the dynamic relationship between market competition changes and Xiaomi's financial performance, providing more targeted suggestions for Xiaomi to formulate long-term strategies that adapt to market changes.

Xiaomi operates in multiple countries and regions worldwide, and the market environments in different regions vary significantly in terms of cultural backgrounds, consumption habits, and policies and regulations. Future research can focus on the differences in the effectiveness of Xiaomi's diversified operations under different regional market environments. Researchers can select representative regional markets, such as the European and American markets and emerging Asian markets, to compare and analyze Xiaomi's business layout, product strategies, marketing approaches, and financial performance in these regions.

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Appendix

Dear Sir/Madam,

Thank you for your participation in this questionnaire survey. The survey will be conducted anonymously, and your relevant information will be kept confidential. Thank you again for your cooperation.

Part Ⅰ:

Please fill in the following basic information:
1. Your Gender
A Male
B Female
2. Your Age
A Under 26 Years Old
B 26-35 Years Old
C 36-45 Years Old
D Over 45 Years Old
3. Your Educational Background
A Junior College and Below
B Undergraduate
C Master's Degree
D Doctor
4. Your Income Level
A Below 3000 Yuan
B 3001-8000 Yuan
C 8001-10000 Yuan
D Above 10000 Yuan

Part Ⅱ:

Please judge to what extent you agree with the following statement; choose the most appropriate option, and mark the corresponding number " √. " The questionnaire used a Likert scale, ranging from 1 to 5 in which one indicates strongly disagree, two indicates relatively disagree, three indicates neutral, four indicates relatively agree , and five indicates strongly agree

Measuring Item	Strongly Disagree	Relatively Disagree	Neutral	Relatively Agree	Strongly Agree
Market Competition					
The fierce market competition has an					

extremely significant impact on the profits of Xiaomi's smartphone business.					
The competitive landscape in the smart hardware sector has a significant impact on Xiaomi's sales revenue growth in its corresponding business.					
The competition in the internet services market has a marked influence on user acquisition and retention for Xiaomi.					
The competition-driven product innovation by Xiaomi has a substantial impact on the overall business cost-benefit.					
The pricing strategies of competitors have a great impact on the pricing and market share of Xiaomi's various businesses.					
Research and Development Investment					
The R&D investment in smartphones provides great assistance in enhancing the performance and profit of Xiaomi's smartphones.					
The R&D investment in smart hardware has a strong role in expanding the sales revenue and market share of Xiaomi's business in this area.					
The R&D investment in internet services has a positive impact on user activity and advertising revenue for Xiaomi.					
The R&D investment in					

cutting-edge technologies offers strong guarantees for the long-term diversified development of Xiaomi.					
The R&D investment efficiency has a relatively large impact on the overall financial performance of Xiaomi's diversified operations.					
Supply Chain Resilience					
Xiaomi's supply chain's ability to cope with raw material shortages and ensure supply has a significant effect on the stability of sales revenue.					
The supply chain's flexibility in adjusting production to reduce inventory costs has a positive impact on Xiaomi's profits.					
Obtaining favorable conditions through long-term cooperation with suppliers provides obvious help in cost control for Xiaomi.					
The supply chain's ability to resume supply in response to emergencies has an important impact on market share and brand image for Xiaomi.					
The supply chain's digital management, which improves efficiency and reduces costs, makes a great contribution to the overall financial performance of Xiaomi.					
Capital Allocation Efficiency					

The rational allocation of funds to various businesses has a significant effect on the overall revenue growth of Xiaomi.					
Prioritizing investment in businesses with high profit potential provides great assistance in boosting Xiaomi's profits.					
The reasonable allocation of funds among R&D, marketing, and production has a positive impact on Xiaomi's operating costs.					
The ability of fund allocation to respond to market changes has a great impact on Xiaomi's market share and sales revenue.					
High fund allocation efficiency, which avoids idle and wasted funds, makes a great contribution to the overall financial performance of Xiaomi.					
Financial Performance of Diversified Operations					
The overall growth in net profit after diversified operations indicates an improvement in Xiaomi's profitability.					
The synergy among various businesses enhances the degree of revenue diversification and strengthens Xiaomi's financial stability.					
Diversified operations lead to an increase in Xiaomi's return on assets, improving asset utilization efficiency.					
Cost control and resource					

sharing in diversified operations reduce Xiaomi's total costs.					
Diversified operations expand the market and user base, driving the long-term financial performance improvement of Xiaomi.					