THE STUDY OF THE RELATIONSHIP BETWEEN STRATEGIC FLEXIBILITY AND CORPORATE PERFORMANCE: THE MEDIATING ROLE OF ORGANIZATIONAL CULTURE

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Abstract: This study aims to explore the relationship between strategic flexibility and corporate performance, with a focus on analyzing the mediating role of organizational culture. The research involved a questionnaire survey of 406 employees from companies of various industries and sizes, employing descriptive statistics, correlation analysis, regression analysis, and mediation effect analysis for data processing. The results indicate that strategic flexibility significantly impacts corporate performance, with organizational culture playing a partial mediating role in this relationship. This study not only enriches strategic management theory but also provides empirical evidence and practical guidance for companies on how to enhance strategic flexibility and corporate performance through organizational culture.

Keywords: Strategic Flexibility, Corporate Performance, Organizational Culture, Mediating Role

Introduction

In the context of globalization and rapid technological development, the market environment faced by enterprises has become increasingly complex and unpredictable. The opening of global markets and advancements in information technology have significantly altered the way companies operate, necessitating continuous adjustments in their strategies to cope with changes in the external environment and the reallocation of internal resources. In such a scenario, strategic flexibility, as a dynamic capability, has become a crucial factor for companies to gain and maintain a competitive advantage. Strategic flexibility refers to the ability of an enterprise to swiftly and effectively adjust its strategic direction and resource allocation to respond to environmental changes and market demands (Teece, Pisano, & Shuen, 1997). This capability enables companies to identify and seize market opportunities, mitigate risks in a timely manner, and achieve sustainable development.

The importance of strategic flexibility lies not only in its ability to help companies tackle short-term challenges but also in enhancing their long-term competitiveness. The Dynamic Capabilities View

(DCV) posits that in rapidly changing environments, companies must possess the ability to identify, capture, and integrate new opportunities, continuously adjusting and optimizing resource allocation to maintain a competitive edge (Teece, Pisano, & Shuen, 1997). For example, Apple Inc. has successfully maintained a leading position in the rapidly changing tech market through continuous innovation and market responsiveness. This strategic flexibility enables companies to better adapt to market changes, thereby enhancing market share and financial performance.

Organizational culture, as a deep-rooted system of beliefs and values within an enterprise, profoundly influences employees' behaviors and attitudes (Schein, 1990). A strong organizational culture can enhance employees' work motivation and teamwork capabilities, thereby improving overall corporate performance (Denison, 1990). Organizational culture not only impacts daily operations but also plays a crucial role in the formulation and implementation of strategic decisions. For instance, Google's culture of innovation encourages employees to freely explore new technologies and new business ventures. This culture supports its ability to quickly adapt to market changes and drive innovation, ultimately boosting corporate performance.

Although the importance of strategic flexibility and organizational culture in enhancing corporate performance is widely recognized, there remains a significant gap in the existing literature regarding the interaction between the two. In particular, the mediating role of organizational culture in the process by which strategic flexibility impacts corporate performance has not been sufficiently explored. Most existing studies treat strategic flexibility and organizational culture as independent influencing factors, with limited attention to their synergistic effects.

Research Objective (s)

As globalization accelerates and technological innovation continues, the market environment faced by enterprises is becoming increasingly complex and unpredictable. Strategic flexibility, as a dynamic capability, enables enterprises to quickly adjust their strategies and operations to respond to rapid market changes and intensified competition. Organizational culture, on the other hand, is an invisible force within an enterprise that influences employees' behaviors and decision-making patterns, thus largely determining the effectiveness of strategy implementation and corporate performance.

Strategic flexibility refers to the ability of an enterprise to swiftly and effectively adjust its strategic direction and resource allocation to respond to environmental changes and market demands. Teece, Pisano, and Shuen (1997) proposed that dynamic capabilities are crucial for maintaining competitive advantage in rapidly changing environments, and strategic flexibility is a specific manifestation of these dynamic capabilities. By timely identifying and responding to changes in the external environment, enterprises can seize new opportunities, avoid potential risks, and thus achieve sustained competitive advantage.

Organizational culture is a deep-rooted system of beliefs and values within an enterprise that influences employees' behaviors and work attitudes (Schein, 1990). A strong organizational culture can enhance employees' work motivation and teamwork capabilities, thereby improving overall corporate performance (Denison, 1990). Organizational culture not only impacts daily operations but also plays a crucial role in the formulation and implementation of strategic decisions. The strength and consistency of corporate culture can facilitate the achievement of strategic goals, enhancing the enterprise's adaptability and innovation capabilities (Lee & Yu, 2004).

Although the importance of strategic flexibility and organizational culture in enhancing corporate performance is widely recognized, there remains a significant gap in the existing literature regarding the interaction between the two. In particular, the mediating role of organizational culture in the process by which strategic flexibility impacts corporate performance has not been sufficiently explored. By analyzing existing research, it can be found that some scholars have begun to notice this issue, but systematic empirical research is still lacking.

Literature Review

Resource-Based View (RBV) Theory

According to the Resource-Based View (RBV) theory, a firm's competitive advantage stems from its unique resources and capabilities, which must be rare, inimitable, and non-substitutable (Barney, 1991). RBV theory emphasizes that a firm's internal resources and capabilities form the basis for strategic implementation. Only through effective resource allocation and capability development can a firm achieve success in competition. Strategic flexibility, as a dynamic capability, helps firms effectively utilize these resources to gain a competitive advantage.

Dynamic Capabilities View (DCV)

The Dynamic Capabilities View (DCV) posits that firms must continuously adapt to environmental changes and reconfigure resources to maintain their competitiveness (Teece, Pisano, & Shuen, 1997). DCV emphasizes that in rapidly changing environments, firms must possess the ability to identify, capture, and integrate new opportunities. By dynamically adjusting resources and capabilities, firms can achieve sustained competitive advantage.

Institutional Theory

Institutional theory emphasizes that a firm's strategic decisions and actions are influenced by the social institutions and cultural environment in which it operates (Scott, 1995). This theory suggests that a firm's strategic behavior is not only the result of rational economic decisions but is also shaped by social norms, values, and institutional contexts. Firms need to consider the impact of institutional environments in their strategy formulation and implementation to ensure effectiveness and legitimacy.

Corporate Performance and Organizational Culture

Lee and Yu (2004) pointed out a significant relationship between corporate culture and organizational performance, where the strength and consistency of the culture can predict a firm's performance. Gordon and DiTomaso (1992) found that a strong corporate culture can enhance employee efficiency and financial performance. Sørensen (2002) further indicated that the strength and consistency of corporate culture are crucial for the stability of corporate performance. Additionally, Denison (1990) and Schein (1990) suggested that organizational culture not only boosts employee motivation and teamwork capabilities but also creates an environment conducive to innovation and adaptation, thus improving overall corporate performance.

Related Research

Recent research increasingly focuses on the impact of strategic flexibility and organizational culture on corporate performance. Cao, Gedajlovic, and Zhang (2009), through an empirical study of Chinese firms, found that strategic flexibility significantly enhances market performance and financial performance. Kotter and Heskett (1992), in their long-term study of American firms, discovered that strong corporate culture promotes long-term performance and sustainable development. Hartnell, Ou, and Kinicki (2011) conducted a meta-analysis showing that different types of organizational culture (e.g., innovative culture, cohesive culture, and market culture) have varying impacts on corporate performance. Their study indicated that innovative and market cultures have a significant positive impact on market performance and financial performance, while cohesive culture is more beneficial for enhancing employee satisfaction and organizational commitment.

Additionally, Zahra and George (2002) suggested that firms need to cultivate an open and flexible organizational culture to support the implementation of strategic flexibility, thereby improving corporate performance. Their research indicated that organizational culture plays an important mediating role between strategic flexibility and corporate performance.

Methodology

Data Collection

The data for this study were obtained through a questionnaire survey of 406 employees from companies of different industries and sizes. The questionnaire used a five-point Likert scale, where "strongly disagree" was 1 point and "strongly agree" was 5 points. The questionnaire was divided into four sections, measuring basic information, strategic flexibility, firm performance, and organizational culture.

Data Analysis Methods

This study used SPSS 25.0 for statistical analysis of the collected data, including frequency analysis, descriptive analysis, reliability analysis, validity analysis, correlation analysis, and regression analysis.

Frequency analysis was used to understand the basic characteristics of the sample, including gender, age, education level, industry, years of work experience, department, and position level.

Descriptive analysis was used to study the overall situation of quantitative data through information such as mean, standard deviation, skewness, and kurtosis.

Reliability analysis used Cronbach's alpha coefficient to measure the internal consistency of the questionnaire. Generally, a Cronbach's alpha value above 0.7 indicates good internal consistency, and the higher the value, the better the consistency. In the study, reliability analysis was used not only for the overall scale but also for each subscale to ensure the reliability of each subscale.

Validity analysis used KMO and Bartlett's test of sphericity to verify the suitability of the factors. A KMO value greater than 0.6 indicates that the data are suitable for factor analysis, and a significant Bartlett's test of sphericity ($p<0.05$) indicates that the correlations among the variables are strong and suitable for factor analysis. Validity analysis mainly examined the construct validity and content validity of the scale.

Correlation analysis used Pearson correlation coefficients to measure the relationships between variables to determine the relationships among strategic flexibility, organizational culture, and firm performance. Correlation analysis can reveal the strength of the relationships between variables and provide a basis for subsequent regression analysis.

Regression analysis used a linear regression model to examine the impact of independent variables on dependent variables, controlling for other variables' interference to assess the impact of strategic flexibility and organizational culture on firm performance. Regression analysis can reveal the direct impact of each independent variable on the dependent variable and test the mediating role of organizational culture through hierarchical regression.

Research Hypotheses

This study proposed the following hypotheses:

H1: Strategic flexibility has a significant positive impact on firm performance.

H2: Organizational culture mediates the relationship between strategic flexibility and firm performance.

H3: Organizational culture has a significant positive impact on firm performance.

Research Results

Frequency Analysis

Sample Characteristics

Table 1 shows the basic characteristics of the sample, including gender, age, education level, company industry, years of work experience, department, and position level.

The frequency analysis results showed that the male proportion was slightly higher than the female, accounting for 52.22% and 47.78%, respectively. In terms of age distribution, the 36-45 age group was the largest, accounting for 33.25%, followed by the 26-35 age group, accounting for 25.12%.

Table 1: Basic Characteristics of the Sample

Variable	Frequency	Percentage (%)
Gender		
Male	212	52.22
Female	194	47.78
Age		
18-25 years old	63	15.52
26-35 years old	102	25.12
36-45 years old	135	33.25
46-55 years old	72	17.73
Above 56 years old	34	8.37
Education Level		
High school or below	44	10.84
Associate degree	125	30.79
Bachelor's degree	166	40.89
Master's degree	51	12.56
Doctorate or above	20	4.93
Company Industry		
Manufacturing	72	17.73
Service	103	25.37
Finance	93	22.91
Technology/IT	138	33.99
Years of Work		
Less than 1 year	132	32.51
1-5 years	189	46.55
6-10 years	65	16.01
11-20 years	15	3.69
More than 20 years	5	1.23
Department		
Finance	41	10.1
Marketing	145	35.71
Human Resources	118	29.06
R&D	33	8.13
Operations	57	14.04
Others	12	2.96
Position Level		
Entry-level	290	71.43
Middle management	77	18.97
Senior management	32	7.88
Executive	7	1.72
Impact of Company Culture		
Positive impact	148	36.45
Neutral impact	186	45.81
Negative impact	72	17.73

Regarding education level, bachelor's degree holders were the most, accounting for 40.89%, followed by associate degree holders, accounting for 30.79%. In terms of industry distribution, the technology/IT industry had the highest proportion, reaching 33.99%, followed by finance and services. In terms of years of work experience, those with 1-5 years of work experience accounted for the most, accounting for 46.55%, followed by those with less than 1 year of work experience, accounting for 32.51%. Regarding department distribution, marketing personnel accounted for the most, accounting for 35.71%, followed by human resources, accounting for 29.06%. In terms of position level, entry-level employees accounted for the majority, reaching 71.43%, with middle management and senior management accounting for 18.97% and 7.88%, respectively. Regarding the company's impact on employees' behavior and thinking patterns, most people believed there was a neutral impact, accounting for 45.81%, followed by a positive impact, accounting for 36.45%, and a negative impact, accounting for 17.73%.

Descriptive Analysis

Descriptive analysis was used to study the overall situation of quantitative data through information such as mean, standard deviation, skewness, and kurtosis. The table shows that all kurtosis absolute values are less than 3, indicating that the current data distribution is approximately normal. The skewness values are all near 0, indicating that the current data distribution is approximately normal.

Reliability Analysis

Cronbach's alpha coefficient is an indicator of questionnaire reliability, widely used in empirical data analysis. Generally, a Cronbach's alpha value below 0.7 indicates poor internal consistency of the scale and requires redesign; a value above 0.7 indicates good internal consistency; and a value above 0.9 indicates excellent internal consistency. Additionally, this study used corrected item-total correlation (CITC) to measure the reliability of individual items. In the study, an item should be deleted if the following two conditions are met: (1) the item's CITC is less than 0.4; (2) deleting the item increases the Cronbach's alpha coefficient of the scale.

The reliability analysis results are as follows:

Uniqueness of Strategic Resources: Cronbach's alpha value is 0.794

Dynamic Capabilities: Cronbach's alpha value is 0.827

Adaptability to Institutional Environment: Cronbach's alpha value is 0.811

Heterogeneity of Strategic Flexibility: Cronbach's alpha value is 0.833

Competitiveness: Cronbach's alpha value is 0.858

Financial Performance: Cronbach's alpha value is 0.807

Market Adaptability: Cronbach's alpha value is 0.834

Employee Performance and Satisfaction: Cronbach's alpha value is 0.828

Strategic Adaptability: Cronbach's alpha value is 0.879

Institutional Adaptability: Cronbach's alpha value is 0.896

All variables' Cronbach's alpha values are greater than 0.7, and all items' CITC values and deleted items' Cronbach's alpha values meet the research requirements, indicating high stability of the variables in the questionnaire, and the reliability is generally acceptable.

Validity Analysis

Validity analysis showed that the KMO value was 0.899, greater than 0.6, meeting the prerequisite for factor analysis. Bartlett's test of sphericity results showed significance ($p<0.05$), indicating that the data were suitable for factor analysis. Factor analysis extracted 10 factors, with eigenvalues greater than 1, and the cumulative variance explained after rotation was 71.845%.

Correlation Analysis

Correlation analysis results showed that the uniqueness of strategic resources, dynamic capabilities, adaptability to the institutional environment, heterogeneity of strategic flexibility, and competitiveness were all significantly positively correlated with various indicators of firm performance. Among them, strategic flexibility had the most significant impact on firm performance.

Regression Analysis

Regression analysis results showed that the uniqueness of strategic resources, dynamic capabilities, adaptability to the institutional environment, heterogeneity of strategic flexibility, and competitiveness had significant positive impacts on various aspects of firm performance (including financial performance, market adaptability, employee performance, and satisfaction). Additionally,

Discussion

Theoretical Contributions

The results of this study indicate that strategic flexibility significantly affects corporate performance, with organizational culture playing a partial mediating role in this process. Specifically, companies with higher strategic flexibility can actively shape and adjust their organizational culture, promoting employee innovation and cooperation, thereby enhancing corporate performance. This finding not only supports the theoretical assumptions of the Resource-Based View and Dynamic Capabilities View but also enriches the application of Institutional Theory in explaining the impact of dynamic internal culture on the effectiveness of strategic implementation.

By revealing the mediating role of organizational culture between strategic flexibility and corporate performance, this study not only strengthens the theoretical framework but also injects new vitality into strategic management theory. The study proposes an integrated perspective, suggesting that organizational culture is not merely a "soft" element but a critical force significantly influencing the effectiveness of strategy implementation. This theoretical contribution breaks the boundaries of traditional management research, promoting a deeper understanding of the complex functions of organizational culture and providing a theoretical basis for exploring the interactions between culture and other organizational variables.

Practical Implications

The findings of this study provide specific insights and recommendations for corporate management practices. They emphasize the important role of corporate leaders in cultivating an organizational culture that supports strategic flexibility. By identifying and nurturing cultural traits that promote innovation, adaptability, and quick responses to market changes, managers can more effectively implement strategic adjustments, thereby enhancing overall corporate performance. Additionally, the study's results offer a reference for policymakers, who can design policies and educational programs to support the enhancement of corporate culture and strategic flexibility, thereby promoting economic innovation and competitiveness. These practical implications highlight the direct relevance and applicability of this study in addressing real business challenges and promoting sustainable corporate development.

Conclusions

This study empirically reveals the interrelationships among strategic flexibility, organizational culture, and corporate performance, particularly the mediating role of organizational culture. The findings provide new perspectives and models for strategic management theory and offer practical guidance for companies on how to enhance strategic flexibility and corporate performance through organizational culture. Future research could further explore the impact of different cultural dimensions (such as power distance and uncertainty avoidance) on strategic flexibility and corporate performance to gain a more comprehensive understanding of the complex functions of organizational culture.

Theoretical Contributions

By revealing the mediating role of organizational culture between strategic flexibility and corporate performance, this study enriches the existing strategic management theoretical framework and provides a theoretical basis for further exploring the role of corporate culture in dynamic capabilities. The results indicate that organizational culture can significantly influence a firm's ability to adjust strategies, thereby enhancing corporate performance.

Practical Implications

The findings of this study have important implications for corporate management practices. First, companies should place a high value on building organizational culture, fostering a culture of innovation, collaboration, and adaptability to support the implementation of strategic flexibility. Second, corporate managers should regularly assess and adjust organizational culture to ensure its high alignment with corporate strategic goals. Additionally, policymakers can encourage companies to strengthen organizational culture through supportive policies, thereby enhancing their market competitiveness.

Research Limitations

Despite the important findings of this study, there are some limitations. First, the research sample is limited to employees of domestic companies; future research could expand the sample scope to include companies from different countries and regions for comparative analysis. Second, the study uses cross-sectional data, which cannot reflect the long-term dynamic relationships among variables; future research could adopt a longitudinal research design to further explore the relationships among strategic flexibility, organizational culture, and corporate performance.

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