

The Impact of the Strategic Flexibility on Enterprises' Innovation Performance in Dynamic Environment

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Abstract: Enterprise innovation is facing new challenges in a dynamic and changing environment. Enterprises need to adjust their strategies in a timely manner and actively carry out product and technology innovation to maintain their competitive advantage. Strategic flexibility endows enterprises with the ability to actively integrate and acquire new resources and information, quickly respond to market changes, and solve problems with flexible strategies, which plays an important role in enterprise innovation performance. In this paper, strategic flexibility is divided into two dimensions: resource flexibility and capacity flexibility to explore their impact on innovation performance in a dynamic environment. Through research and conclusions, it is expected to deepen and expand the theory of strategic flexibility and enterprise innovation, and at the same time provide some valuable references for enterprise strategic and innovative practices.

1. Introduction

Under the background of economic globalization, the living environment of enterprises is becoming more and more complex and changeable, and the environmental factors such as customers, competitors, technology and policies are changing rapidly, which brings multiple challenges to the innovation activities of enterprises. Dynamic capability school believes that in order to seek innovation, enterprises need to improve their flexibility and environmental response ability, adjust development strategy and management mode in time to respond to the changes of market demand quickly and reduce the impact of environmental turbulence. In other words, the strategic flexibility of an enterprise is an important factor that determines the success or failure of its innovation activities.

The current academic research on strategic flexibility has achieved certain results. However, these studies rarely analyze the specific connotation of strategic flexibility and do not specifically discuss how the different dimensions of strategic flexibility affect the innovation performance of enterprises. There are still some gaps in this fields, which need to be further enriched. This paper starts from the theory of dynamic capabilities, analyzes the components of strategic flexibility from the two dimensions of resource flexibility and capability flexibility, and explores their impacts on the innovation performance of enterprises. Finally, we puts forward some reasonable opinions on how to improve enterprise innovation performance by building strategic flexibility.

2. Dynamic Environment of Enterprise Development

The survival and development of an enterprise are inseparable from the interaction with the dynamic environment. The dynamic environment is composed of a variety of changing elements. These elements are interconnected and affect each other, making the environment often in an unpredictable and highly volatile state. These dynamic environments can be broadly divided into macro environments and market environments.

The macro environment mainly refers to the requirements of national policies on enterprises and markets, which are mainly manifested in external factors such as politics, economy, and technology. The macro environment has a great influence on the innovation and development of enterprises, and

plays a role in guiding the general direction. Political factors mainly refer to the country's political power and related laws as well as regulations; economic factors refer to the current general trend of social and economic development, the country's economic system, economic structure, and industrial layout; technical factors refer to domestic and foreign Scientific and technological achievements, new technologies, new processes and new materials related to enterprise production. These factors indirectly affect the decision-making and development direction of the enterprise. If the enterprise wants to develop and grow, it must follow the general direction of the macro environment and the technology trend.

The dynamic of market environment is a key element of the competitive environment of an enterprise. It describes the degree to which the competitive power changes over time during the repeated game between the enterprise and the environment. Changes in the market environment can not only bring market opportunities to enterprises, but also pose some threats. Specifically, the dynamic environment intensifies the competition among enterprises, the demand of consumers is becoming more and more diversified, and the speed of product upgrading is accelerating. The strategic inertia of the enterprise itself will weaken the ability of the enterprise to deal with the external environment, make the enterprise unable to effectively coordinate and reallocate the internal resources, and also unable to effectively acquire new resources and technologies, which will have a negative impact on the development of the enterprise. Only by acquiring and maintaining a certain level of strategic flexibility to gather and allocate resources, can enterprises make full use of new business opportunities and create core competitiveness that is conducive to the organization's response to the dynamic environment. Therefore, the investigation of market environment is the premise for enterprises to carry out business activities. Enterprises should adapt to the development trend of dynamic environment in order to develop in a long term.

3. Strategic Flexibility: Definitions and Dimensions

Strategic flexibility is a special competitive ability based on the strategic uncertainty caused by the increasingly dynamic and complex environment [1]. The concept of strategic flexibility is used by scholars to describe the degree of flexibility of corporate decisions. It is defined as a company's proactive or reactive approach to respond quickly to market opportunities or threats in order to achieve the purpose of managing risk or uncertainty.

Strategic flexibility requires companies to make strategic adjustments and responses to customer needs in a timely manner, and continuously adjust their resource allocation as well as strategic decisions [2]. This does not refer to the flexibility of the relevant personnel or departments of the enterprise, but to the "strategy" itself. This adaptation is carried out without changing the original strategy. Therefore, strategic flexibility indicates that the corporate strategy can be better and more smoothly implemented, that is, the company can adapt to a dynamic and complex environment more smoothly and at a lower cost to realize its growth.

Existing research divides strategic flexibility into resource flexibility and capability flexibility based on dynamic capability theory. Resource flexibility refers to the ability of an enterprise to effectively convert its own resources. It is mainly reflected in the cost, time, and difficulty of conversion when the company's resources are converted from one use to another [3]. Capability flexibility refers to the ability of an enterprise to discover new resources and allocate various existing resources of the enterprise in order to exert greater value in the face of environmental changes. In essence, capacity flexibility is embodied in the recognition and grasp of opportunities, as well as the time and cost of enterprises' response to environmental changes. Compared with resource flexibility, capability flexibility has higher requirements on the overall vision and capabilities of the enterprise. It requires enterprises to make overall control and planning of the resources they have in the process of continuously acquiring new resources, so as to maximize the value of resources. Resource flexibility provides the foundation for capability flexibility, and the two complement each other, providing a powerful guarantee for enterprises to effectively use resources and obtain competitive advantages in fierce market competition.

4. The Impact of Strategic Flexibility on Enterprises' Innovation Performance

Scholars have studied the relationship between strategic flexibility and enterprise innovation performance based on different theoretical perspectives and most of the existing studies have confirmed that strategic flexibility has a positive effect on the improvement of enterprise innovation performance, and emphasized that the use of strategic flexibility can better allocate resources and create higher customer value, thereby improving the market competitiveness and performance of enterprises. This paper will specifically discuss the effect of resource flexibility and capability flexibility on the innovation performance of enterprises from the perspective of dynamic capabilities.

4.1 The Impact of Resource Flexibility on Enterprise Innovation Capability

From the perspective of resources, the resources owned by an enterprise are regarded as the key factors that affect the innovation activities of an enterprise [4]. The flexibility of resources directly determines the innovation efficiency of an enterprise. First of all, the improvement of the flexibility of enterprise resources expands the effective use of resources and the use of resources, weakens the specificity of resources, and enables companies to adjust more freely between different product lines, thereby reducing the negative effects of resource rigidity to their innovative activities. Especially for technological innovation with high uncertainty, resource flexibility plays a buffer role in it, enabling enterprises to better respond to environmental changes, more willing and able to carry out innovation with high uncertainty.

Secondly, the improvement of resource flexibility shortens the transfer time of resources and reduces the transfer cost, enabling enterprises to obtain resources required for production in a short time and putting these resources into the research and production of new products. This enables companies to quickly enter new markets and improve their innovation performance. Therefore, under certain conditions, the higher the flexibility of the enterprise's resources, the higher the efficiency of resource utilization. At the same time, the stronger the company's ability to deal with environmental uncertainty, the higher the innovation performance of the enterprise.

4.2 The Impact of Capability Flexibility on Enterprise Innovation Performance

First of all, companies with capability flexibility can clearly define the scope of use of existing resources, further explore the potential uses and scope of existing resources, and improve the efficiency of the use of existing resources, which has an important supporting role in enterprise innovation [5]. At the same time, under certain conditions, the higher the capability flexibility of enterprises, the stronger the ability to develop and use new resources, which could promote enterprises to introduce a large number of new resources and carry out independent R&D and innovation activities by giving full play to the potential value of these new resource combinations.

Secondly, capacity flexibility emphasizes the rapid response of enterprises to environmental changes and the timely identification of opportunities. It can help enterprises to detect environmental changes in a timely manner, identify and grasp new opportunities and actively create favorable changes in a dynamic environment, so as to improve the probability of success of enterprise innovation activities. Capability flexibility can not only bring new resource combinations and resource uses for enterprises, but also enable enterprises to pay more attention to the process of analysis, assessment and adaptation to environmental changes, so as to respond to environmental changes more effectively [6]. Therefore, under certain conditions, the higher the flexibility of the enterprise's ability, the stronger the enterprise's ability to adapt to and use the changes in the environment, the stronger the ability to reasonably dispatch and allocate resources and explore new resources, and the higher the innovation performance of the enterprise.

5. Strategies to Improve Enterprise Innovation Performance Based on Strategic Flexibility

Enterprises should maintain a sensitive sense of dynamic environment, establish a professional market analysis team, grasp the trend of environmental changes. Make full use of strategic

flexibility to enhance the ability to identify and analyze environmental changes, and create leading advantages.

5.1 Improving the Resource Flexibility of Enterprises

Improving resource flexibility is an important way to improve the innovation ability of enterprises. The success of enterprise innovation requires the effective allocation of various resources, including tangible resources and intangible resources. That is to say, enterprises need flexible resource reserves, such as appropriate cash level or other convertible resources, to meet the various resource needs of innovation. This requires enterprises to balance resource input and output in order to improve production efficiency and added value. For physical assets, equipment capable of handling multiple products or parts has greater resource flexibility. While proprietary equipment is highly specialized, appropriate reduction of proprietary equipment can improve the resource flexibility of the enterprise. At the same time, High-quality talents are the key tangible resources to improve the flexibility and resilience of enterprises. Enterprises should strengthen training and guidance for employees and increase the ratio of comprehensive employees and knowledge-based employees. At the same time, provide a competitive salary level and establish a flexible salary mechanism to avoid brain drain.

From the perspective of intangible assets, its flexibility is stronger. In the era of knowledge economy, the most competitive resources for enterprises are those intangible resources that can respond to changes in market demand in a timely manner, including enterprise knowledge, patents, reputation and so on. Compared with tangible resources, intangible resources can be adjusted in a larger range, faster and at a lower cost. Enterprises should focus on increasing the utilization rate of intangible assets, exploring the potential market value and functions of intangible assets to reducing resource conversion time and costs.

5.2 Improving the Capability Flexibility of Enterprises

On the basis of improving resource flexibility, enterprises should also pay attention to the cultivation of ability flexibility. First of all, enterprises should improve the ability to recognize environmental changes, and equip professionals to analyze the uncertain factors of the company's living environment. Form a reasonable forecasting mechanism and timely judge the trend of the dynamic environment, thus creating conditions for the long-term development of the enterprise.

In addition, enterprises should enhance the ability to identify opportunities, expand new fields and carry out innovative activities in a timely manner according to environmental changes, which can help companies to diversify industry risks and make the potential of resource flexibility better. At the same time, enterprises should optimize their resource allocation and reorganization capabilities, focusing on improving resource utilization efficiency and allocation efficiency to achieve the goal of reducing costs and risks as well as improving innovation performance.

5.3 Building a Flexible Organic Organization Structure

To establish a flexible organizational structure, enterprises can integrate, cancel or reorganize relevant departments and processes according to their own characteristics. Streamline links that are unnecessary or take up a lot of resources, so that organizational members and task teams have independent decision-making power in the face of emergencies, which can stimulate their ability to handle crises and innovate. At the same time, a mobile department can be set up to promptly feedback subordinate orders and actions to minimize or eliminate cumbersome work links and regulations. In this way, a dynamic and flexible organic structure can be established, which improves the overall operating efficiency of the enterprise and facilitates the rapid response of the enterprise in a changing environment.

In addition, enterprises can take the following measures: transition from centralized to decentralized, build a flat organizational structure, and try to shift from linear functions to network. These methods can increase the flexibility of the organizational structure and improve its resilience. Special attention should be paid when adjusting the organizational structure that managers play a vital role in organizational change. When the internal and external environment of the enterprise

changes, as a leader of the enterprise, it is necessary to ensure the rationality and effectiveness of the design and construction of the organization under the premise of observing the power and responsibility. Managers should dare to change the organizational structure and optimize business processes, which is more conducive to enhancing the flexibility of the organization, improving the rapid response of the entire enterprise to changes, and providing a good organizational environment for technological innovation.

6. Conclusion

Strategic flexibility determines whether an enterprise can adapt to the needs of a dynamic environment and competition in its growth process. Moderate strategic flexibility can enhance the adaptability of the enterprise and reduce the risks brought by unpredictability. Moderate strategic flexibility means that companies can more sensitively detect the opportunities that environmental changes may bring, and allocate resources faster than competitors to develop new products to respond to the market, which can enhance the company's ability to adapt and reduce unexpected risks. Therefore, enterprises should give full play to the positive role of strategic flexibility in competition to improve innovation performance.

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