

# Literature Review of Strategic Transformation

## —Based on the Literature Supported by the National Natural Science Fund and the National Social Science Fund of China

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### Abstract

Chinese enterprises have entered to the speed competition instead of the scale competition; the enterprises can match with the dynamic environment better through strategic transformation. In this paper, we selected 51 literatures about enterprise strategic transformation from the “national natural science fund” and “national social science fund”, and based on this 51 literatures, we analyze these literatures in terms of the concept, motivation, transformation process and the result of strategic transformation, analyze the current research situation and research deficiencies of the existing research, prospect the future research, in order to provide guidance to Chinese enterprises and scholars.

### Keywords

Strategic Transformation, Transformation Concept, Transformation Motivation, Transformation Process, Transformation Result

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## 1. Introduction

With the emergence of the wave of information technology, enterprises are faced with the ever-changing competitive environment and the sustainability of their competitive advantages is gradually challenged. In order to maintain competitive advantage in the dynamic environment, more and more enterprises choose strategic transformation.

The concept of strategic transformation was first proposed by practitioners, Western scholars have always been very concerned about the strategic transformation of enterprises. The first definition of strategic transformation is proposed by Ansoff [1], he defines it as the re-selection of enterprise's product and market, and the re-arrangement of their combination, and it also involves the adjustment of the organizational structure and corporate culture. Scholars who

studied strategic transformation earlier included Rumelt [2] and Snow, Hambrick [3]. They mainly focused on the concept and conditions of strategic transformation. Later on, some scholars started to study the connotation, driving forces, resistance, theoretical basis and the consequences of strategic transformation [4] [5] [6] [7]. In recent years, domestic scholars have also launched a large number of research on strategic transformation, focus on the motivation of the strategic transformation, the influence of executives cognition and transformation ability and organizational learning to strategic transformation decision-making [8] [9] [10].

Based on the findings of previous scholars, domestic and foreign scholars have paid great attention to strategic transformation, and conducted in-depth research on the motivation, processes and consequences of strategic transformation from different theoretical perspectives. However, at present, the definition of strategic transformation is still not uniform at home and abroad, and there is a lack of literature review on strategic transformation. Although the strategic transformation has been fully concerned by domestic scholars, what is the progress of the existing research in China? What are the main research contents and the research results? We lack a systematic understanding. In the new round of technological progress and application, the Chinese government has proposed the direction of “Made in China 2025” and “Internet+”. With the further implementation of these policies, new and more complicated requirements will be put forward for the strategic transformation of enterprises. Based on this, the purpose of this study is to systematically review the relevant research on strategic transformation in China, analyze and define the concept of strategic transformation, clarify the whole process of strategic transformation, and integrate and construct a relatively complete research framework, at the same time, analyze the deficiencies of current research and the future development direction, in order to provide reference for the research on China’s strategic transformation, and facilitate the Chinese enterprises that are facing the challenge of transformation in a dynamic environment.

## **2. Research Content**

The research on the strategic transformation can be divided into two schools [11]. The content school analyzes the motivation and consequence of the strategic transformation. The process school analyzes the role of enterprise management in the process of strategic transformation. By reading and systematically combing the selected literature, this paper analyzes the research content of strategic transformation from four parts: the concept of strategic transformation, the motivation, the process of transformation and the effect of transformation.

### **2.1. Concept**

Domestic and foreign research has not yet clearly defined the definition of strategic transformation. Of the 51 articles that we examined in the past ten years, 9 articles specifically talked about the definition of strategic transformation, which

can be roughly divided into two categories, one category is focus on the change of strategic content, the strategic transformation is to completely abandon the original strategic logic and framework, fundamentally re-develop the business strategy [12] [13] [14] [15] [16], and the other is more focused on the synergetic evolution of the organizational structure and management model resulting from the strategic transformation and the formation of a new business model [17] [18] [19] [20]. Specific as shown in **Table 1**.

Looking at the existing research on strategic transformation, most studies also confuse strategic transformation with strategic change. Golembiewski divided organizational changes into three categories when studying organizational development:  $\alpha$  changes,  $\beta$  changes, and  $\gamma$  changes [21], where  $\alpha$  changes and  $\beta$  changes are similar, all referring to changes in the same conceptual area, but to different degrees, and the  $\gamma$  changes is a significant change that breaks or

**Table 1.** Conceptual classification of strategic transformation.

Focus on changes in the strategic content	focuses on the synergetic evolution of organizational structure and management mode caused by strategic transformation
Due to major changes in the environment or a major failure in operation and management, in order to seek for the survival and development in the future, enterprises completely abandon the original strategic logic and framework and fundamentally re-establish their business strategy.	In order to maintain long-term survival, enterprise organizations take a continuous and nonlinear transformation in the form of business strategy, which can lead to the coordinated evolution of structure and organization.
The essence of strategic transformation is to reconfigure, integrate and manage resources, change original resources and form new business models, so that the system is structured and hierarchical, from disorder to order, from lower order to higher level.	The strategic transformation of enterprises is also a multi-dimensional variable that includes both the changes of the product and the market scope as well as the adjustment of the organizational structure and management mode.
The essence of enterprise strategic transformation is the process that enterprises make fundamental changes in the strategic content or shape of enterprises in response to the change of complex dynamic environment and the competitive advantage of seeking survival and development in the future, combining their own resources and capabilities.	Strategic transformation mainly refers to a strategic action that aims to achieve the matching between the elements of strategic organization and change the original strategic elements or structure, so as to change the strategic positioning or strategic formulation process.
Under circumstances of major changes in the environment or the key turning point of management and operation, in order to seek their own survival and development, enterprises completely abandon the original strategic logic and framework, fundamentally re-establish the enterprise strategy and ensure the effective implementation of the strategy, make it can adapt to changes in the environment or overcome operational crisis, to achieve sustainable development.	Do not switch industry can also realize strategic transformation, in the sense that the upgrading in the original industries is the real transformation, the strategic transformation is the transformation of strategic thinking, framework, logic and mode, and it is not the transformation of the industry.
Strategic transformation is a way to change the key characteristics of an organization in order to cope with changes in internal and external environment and make use of new technologies and actions to transform the form and content of enterprise strategy.	

redefines the conceptual area. In general, strategic change refers to the great and revolutionary changes in the strategic content of the company layer, which belong to the changes of  $\alpha$  and  $\beta$  [22]. The transformation is evolved from a development mode to another mode of development, showing a different state in quality, when the external business environment changes dramatically, depending on the external and internal factors, the enterprise may choose different development directions and development paths so that the enterprises's business areas, development modes and strategic objectives may undergo qualitative changes, this belongs to  $\gamma$  change. Therefore, the strategic transformation will not only have an impact on the enterprise, but also have an impact on the value chain of enterprise [23], which is different from the strategic change. The strategic transformation of the enterprise is based on the optimization of the value chain. As the enterprise gradually promotes the strategic transformation, the value chain is constantly reconstructed in this context, laying the foundation for value-added service of the value chain in the strategic transformation. At present, a large number of enterprises in China are facing transformational challenges. For example, Mengniu transformed from a traditional dairy product enterprise into an O2O "Internet+" dairy product enterprise, after the time of poisoned milk, in order to ensure the quality of products, Mengniu directly introduces international partners in quality and technology, integrating and applying advanced global technology, R & D and management experience, and cooperate with Baidu to trace the origin of milk through QR code so that customers can clearly understand the production technology and management system of Mengniu and make strategic cooperation with DiDi to extend it from offline to online. The transformation of Mengniu makes Mengniu's strategic cooperation go deep into brands, channels, resources and even supply. This series of transformations are the best way for Mengniu.

This paper argues that the ambiguous definition of the concept of strategic transformation will only make the research more and more confusing and not conducive to the scholars to carry out in-depth research. Only by building on a unified standard can the future research on strategic transformation be more and more specialized, and the greater the reference to the business. Based on the above analysis, this paper defines the strategic transformation as changing the strategic logic and framework in order to maintain the competitive advantage in an increasingly complex and dynamic environment, causing the synergetic evolution of the organizational structure and management mode and promoting the optimization of the enterprise's value chain.

## **2.2. Key Drivers of Strategic Transformation**

As the environment becomes more complicated and dynamic, some enterprises choose the strategic transformation, and some enterprises are still indifferent, which requires us to discuss what is driving the strategic transformation of enterprises. Through the statistical analysis of the sample literature, we categorize

the key drivers of strategic transformation into three categories: external, internal, and subjective. Specific as shown in **Table 2**.

#### 1) External drivers

The external drivers view thinks that the driving force behind the strategic transformation is mainly the changes in the external business environment and the global economic integration. By virtue of their abundant capital and advanced technology, transnational enterprises can effectively integrate all kinds of advantageous resources in the world, and makes a great competition for the enterprises in the developing countries. At the same time, with the rapid pace of technology and innovation, while constantly outdated technically backward people, but also for the pioneer of new technology provides a broad space for development, it makes the external environment of the enterprise appear complex, dynamic, changeable, uncertainty and chaos. Because enterprise behavior is largely determined by the external environment, in order to maintain a sustainable competitive advantage in a dynamically changing environment, an enterprise will continually adapt itself to better match the environment, and this timely adaptation is essentially a strategic transformation. In the sample literature selected in this paper, Li Ye, Guo Jihui [24] put forward that with the economic globalization and the new economic tide rising and spreading, in order to adapt to the revolutionary changes of the world economic growth environment, all countries are accelerating the economic restructuring and the strategic transformation of the economy, in order to obtain the best competitive position in the new round of international competition. Wang Hongbao [25] studied the strategic transformation of small and medium sized manufacturing enterprises in the cluster and pointed out that in addition to the global financial crisis in the United States and the export enterprises that directly affect China, there are such problems as the drastic appreciation of the Renminbi and the rising costs of labor and environmental protection Many small and medium-sized manufacturing enterprises in the cluster are facing difficult and painful transformation pressures. From the experience of manufacturing transformation in some developed countries, the enterprises in the cluster mainly shift from the traditional factor-driven to the innovation-based factor-driven. Liu Weihua and Qu Siyuan [26] studied the influencing factors of the strategic transformation of foreign

**Table 2.** Key drivers of strategic transformation.

		external drivers
		business resources and capabilities
The key driving factors	Internal drivers	performance
		enterprise lifecycle
		executive cognition
	Subjective drivers	new CEO
		entrepreneurship

trade logistics enterprises, and concluded that under the influence of the financial crisis, the volume of China's import and export trade has obviously dropped. In particular, foreign trade-type logistics enterprises are seeking strategic transformation. Tang Jianxiong, Wang Guoshun and Zhou Yong [14] also point out that the external environment not only determines the strategic transformation of enterprises, but also determines the choices of the contents and modes of enterprises and strategic transformation. When the external environment is stable, the enterprises tend to choose a gradual approach to change, once the external environment changes dramatically, it will often choose a radical revolutionary transformation [27], which in turn can affect, alter or create an external environment.

## 2) Internal drivers

The internal drivers mainly analyzes the driving force of the enterprise's strategic transformation from the internal change of the enterprise. Through combing and summarizing the sample literature, this paper divides it into three types: the enterprise's resources and ability, the performance factor and the Enterprise life cycle.

First, business resources and capabilities. Starting from the view of resource base, as a collection of resources, resources are the guarantee of the formulation and implementation of enterprise strategy, and the evolution of enterprise organizational resources Ability has promoted a series of progressive strategic transformation behaviors of enterprises [27], the quality of enterprise resources determines whether enterprises can support enterprises to make strategic transformation [14]. Jia Xiaoxia and Zhang Rui [28] discussed the relationship between redundant resources and the strategic transformation of enterprises, and pointed out that because of the high transaction cost and not easy to be separated, the general redundant resources are not completely embedded in the enterprise process, Low transaction costs, so it can more sensitive response to the external environment, when it accumulates to a certain extent, its high adaptability and high flexibility can provide full support for the strategic transformation of enterprises. From the perspective of risk control, the strategy of resisting, avoiding and transforming strategic risk of small and medium-sized manufacturing enterprises is discussed, which not only depends on the accumulation of resources but also depends on the flexibility of resources, facing transition risks and active support for transition strategies are achieved through active resource accumulation and objective resource changes [23]. However, just having resources is not enough. It must effectively integrate resources through the capabilities of enterprises and allocate resources to maximize the effectiveness of resources so as to ensure the smooth progress of strategic transformation. With the dynamic changes of the environment, Teece [29] proposed the theory of firm dynamic capabilities, and then more and more studies on the theory of firm dynamic capabilities. Deng Shaojun, Jiao Hao, Feng Zhen [15] put forward that companies with dynamic capabilities can better seize opportunities and perceive threats, thus driving enterprises to make strategic transformation.

Second, the performance factor. There is a linear relationship between the change of corporate strategy and the past performance of enterprises [30]. The reason why enterprises are reluctant to implement strategic transformation under the circumstance of dramatic changes in the environment is that enterprises are over-satisfied with the past performance and are overconfident with the current strategy [31]. Tang Jianxiong and Wang Guoshun [32] proposed that the poor performance of enterprises is closely related to the strategic transformation of enterprises. Guo Yongfeng [17] also pointed out that enterprises with poor performance will prompt enterprises to consider strategic transformation, but enterprises with good performance will be opposite. Enterprises are difficult to realize the need for transformation.

Third, the enterprise lifecycle. The life cycle exists in the development of anything in the world, and businesses are no exception. MasonHaire first proposed in 1959 to use the "life cycle" perspective in biology to look at the business, the development of enterprises is also in line with the growth curve in biology. In 1889, Adizes divided the process of business growth into ten stages in his book "Enterprise Life Cycle". On the basis of this, Adizes proposed a revised model of business life cycle, which is divided into gestation period, primary stage, development period, mature stage and recession period. Li ye [33] points out that in different stages of life cycle, the management style, value orientation and strategic direction of enterprise will change, and then change its operation mode, management control mode and organization structure. Therefore, at different stages, enterprises should have different strategies to adapt to them. Tang Jianxiong [14] put forward that every time a company's growth stage is transformed, it will inevitably make demands for the transformation of its strategy.

### 3) Subjective drivers

The strategic transformation is essentially an option and judgment. Therefore, such choices and judgments are bound to be subjectively influenced by the senior executives of the enterprises. In our sample of the sample literature, the driving force behind the strategic transformation of senior executives is mainly divided into three types, one is executive recognition, one is the new CEO, the other is entrepreneurship.

First, the driving force of executive cognition to strategic transformation. The starting point of executive perception as the driving force is that the internal conditions of enterprises and changes in the external environment do not have a direct impact on business strategy, but the top managers need to understand the situation of the enterprise and the needs of transformation [14], because only senior executives realize the possibility and necessity of the strategic transformation of the enterprise, the enterprise will make strategic transformation.

Second, the driving force of new CEO to strategic transformation. In general, the new CEO will introduce a series of new policies to declare its sovereignty and implement some big moves to attract the attention of the board of directors. Wiersema, Bantel [34] pointed out that the replacement of top management will enhance the willingness of strategic transformation. Greiner [35] find that when

corporate performance declines, the board dismisses the CEO, and the new CEO is likely to take the initiative to implement the strategic transformation. In the literature we examined, Liu Xin [36] separately from the perspective of strategic environment matching view, cognitive psychology differences and manager defense, build a new CEO strategic transformation motivation theory model. From the strategic environment matching theory, corporate strategy is to dynamically match the internal and external environment and constantly adjust the resource allocation model, as the incumbent CEO due to asset specificity and political rights conflicts and other reasons, will stick to the existing business practices and strategies for a long time, and the new CEO is to meet the board of directors' strategic transformation of the enterprise from the cognitive psychology perspective, from the cognitive path and psychological Promised two dimensions to analyze the motivation of the new CEO for strategic transformation, Compared with the former CEO, the new CEO's cognitive path is less dependent on the enterprise's development mode, and will make a completely different judgment from the previous one about the allocation of enterprise resources, the original strategy and the internal and external environment. The newly appointed CEO need not be responsible for the previous strategic decisions of the enterprise or have the obligation to insist on a certain strategic orientation, thus increasing the possibility of the strategic transformation of the enterprise. The manager defense theory holds that the new CEO will use his own control over the enterprise to establish a defense mechanism in order to maintain the position security so as to ensure its own utility maximization. One of the effective ways to build a manager defense is strategic transformation.

Third, the driving force of entrepreneurship on strategic transformation. Mintzberg and Westley [37] pointed out that organizational change can be led by one person or by a team from the management of high, middle or operational layers, but due to the complexity and importance of strategic transformation, the strategic transformation is generally top-down, in general, CEO-led core executives play an important role in the strategic transformation of enterprises. Therefore, entrepreneurial spirit is an important driver of the strategic transformation [38], among them, Chen Zhizhong proposed entrepreneurial spirit with keen market insight and adventurous spirit, which is good for identifying opportunities and threats and providing decision-making basis for whether a company makes strategic transformation. And entrepreneurial spirit, especially entrepreneurship innovation, dedication, cooperation and awareness of talent is the key to promote the implementation of business strategy [39], Guo Yongfeng [17] pointed out that entrepreneurial spirit can make enterprises perceive mismatch between strategy and environment earlier, so that enterprises can make forward-looking strategic transformation.

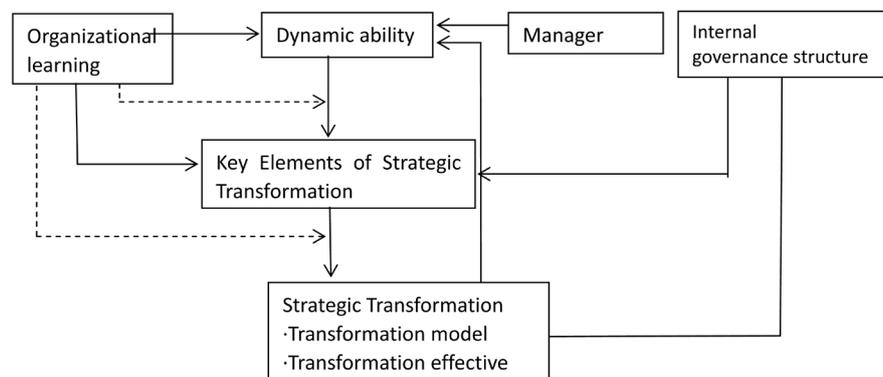
### **2.3. The Process of Strategic Transformation**

Based on the literature review and analysis of the strategic transformation

process in the sample literature, this paper attempts to build a strategic transformation process framework shown in **Figure 1** based on the existing research.

#### 1) the impact of dynamic capabilities

Teece [29] put forward the theory of dynamic capabilities of enterprises, that dynamic capabilities are the ability to perceive and shape opportunities, seize opportunities and strengthen, combine, protect and even rebuild assets to maintain their competitive advantage. Subsequently, many scholars have studied the dynamic capability, and think that the dynamic capability is essentially a capability to change ability or a process or a convention [40], which plays a crucial role in the process of strategic transformation [41]. Four articles in the sample text of this paper consider that the dynamic capability of the enterprise plays a catalytic role in the key elements of the strategic transformation, thereby promoting the implementation and success of the strategic transformation of the enterprise. While there is a slight difference in the division of capabilities between dynamic capabilities and the key elements of a strategic transformation, the general direction and insights are straightforward. For example, Deng Shaojun [15] classified dynamic capabilities as environmental insight, absorptive capacity, change and renewal, and ability to integrate and reconstruct. They divided the key elements of the strategic transformation into four parts: the timing and direction of the transition, the effective implementation of the transition, the organizational and cultural changes, the sufficient resources and the effective allocation. Wang Guoshun [9] divided the dynamic capabilities of enterprises into environmental identification capability, resource integration capability, management control capability and continuous innovation capability. The key elements they are considering are mainly the direction of transformation, the determination of methods, the selection and allocation of resources, the implementation of strategies and the innovation of technologies and systems. However, Tang Xiaowen [42] are more succinctly divided dynamic capabilities into environmental insight capabilities and change leadership capabilities. The main objective may be two capabilities that are particularly needed in the strategic transformation of a business. The key elements are similar to the first two. They all emphasized that dynamic capabilities require companies to perceive



**Figure 1.** The process of strategic transformation.

opportunities and threats in a changing environment, to consolidate enterprise resources and refactor, and to innovate in strategic transformation. These capabilities of dynamic capabilities are in line with those of key elements, enabling these key elements to be well driven by their dynamic capabilities and enabling their strategic transformation through the effective implementation of key elements. Deng Shaojun [10] studied the dual capabilities of an enterprise and considered it could cover the ability of an enterprise to execute differentiated and even competitive strategic actions at the same time. It is essentially a kind of special dynamic capability that enterprises have and can promote the success of enterprise strategic transformation through the key elements of strategic transformation. In addition, Deng Shaojun [15] also proposed that the implementation of strategic transformation can in turn promote the development of dynamic capabilities of enterprises.

## 2) The impact of organizational learning

Cyert and March proposed in 1963 that the strategic choice of an enterprise is based on the learning behavior of the members of the organization. In view of the principle of bounded rationality, organizational learning promotes and implements the strategic transformation through the principle of “satisfaction”. Based on past research, there is a close relationship between organizational learning and strategic transformation [43] [44] [45]. Compared with the perspective of dynamic capabilities, from the perspective of knowledge base, the key to the success of strategic transformation lies in acquiring the knowledge of the key elements of the transformation. The sources of corporate knowledge include organizational learning and personal learning. The cycle and characteristics of individual learning determine that it is difficult to adapt to the rapidly changing environment. Therefore, the main source of corporate knowledge is organizational learning based on personal learning. There are also six articles in this sample of selected articles that examine the impact of organizational learning on strategic transformation. Four of them use organizational learning as antecedent variables and the other two consider organizational learning as a regulatory variable. First, using organizational learning as the antecedent variable, Rui Mingjie [12] put forward that enterprise strategic transformation must at least go through three stages: the direction of strategic transformation, the target identification and the implementation of the transformation strategy. And organizational learning, as the main way for enterprises to acquire knowledge sources, has different influences on these three stages. The other is that organizational learning is considered as an antecedent variable and that organizational learning promotes the promotion of dynamic ability. Tang Jianxiong [46] discussed the impact of organizational learning on the dynamic capabilities of Chinese enterprises through the questionnaire survey of 320 strategic transformation enterprises in China, using structural equation modeling. He divided organizational learning into four phases: knowledge acquisition, sharing, utilization and memory, and proved that organizational learning is the main factor that affects the

ability of enterprise's strategic transformation. Chen Li-tian [47] proposed that enterprises should be able to fully perceive new opportunities in the environment through strategic learning, so as to trigger creative and conscious changes in innovation capabilities and promote creative destruction of innovation capabilities. Zhou Wenhui [48] explained that enterprises can realize their dynamic capabilities through the implementation process of action learning through the open coding process of case studies. Two other literatures that use organizational learning as a regulatory variable, Deng Shaojun [15] pointed out that the dynamic capability of an enterprise promotes the strategic transformation smoothly under the effect of organizational learning mechanism. From the perspective of organizational defects, explored how to correct the business strategy under the condition of "incompetence". He believes that the key element of the strategic transformation is the blind spot in the transformation and growth. Only by having a more open mind and being good at learning from all kinds of opponents, including weak ones, can they become less prone to decline after becoming inert in nature [49].

### 3) The influence of management cognition

One of the key hypotheses about strategic transformation is that the environment is not objectively determined, it is subjective through managers' perceptions. From a management cognitive perspective, managers can not understand the organization's internal and external environment. And managers are screening, processing and selective absorption of all the observed phenomena based on "filters" consisting of personal cognitive bases and values. March & Simon [50] pointed out that the qualities of decision-makers reflect to some extent in strategic decisions, consciously or unconsciously. Every decision-maker brings their own "preferences" into the decision-making process, a "preference" that reflects the logic and values of decision-makers. Barr [51] studied the relationship between cognitive changes and strategic actions and organizational regeneration., he pointed out that managers' cognitive models need to keep up with changes in the external environment. Otherwise, it will be difficult to take proper actions and cause the organization to decline. The sample literature selected in this article deals with the impact of managing cognition on dynamic abilities. It is pointed out that the cognition of top managers plays a key role in the formation of dual capabilities of enterprises, and such dual capabilities of enterprises are a kind of special dynamic capabilities [10].

### 4) The impact of internal governance structure

Li Ye and Guo Jihui [24] analyzed the relationship between the internal corporate governance structure and strategic management from the transformation stories of Ford and Compaq. They think that the internal governance structure has an important influence on the whole process of strategic transformation, especially in the decision-making and implementation stages. They analyzed the specific impact of the internal governance structure on the timing of the strategic transformation, the direction of the transformation, and the implementation

of the transition, all of which can be categorized as key elements of the strategic transformation. Through empirical research, Zhou Jie find that the concentration of the posts and intellectual rights in the board of directors will promote the strategic transformation. The power structure of the board of directors will influence the mode of strategic transformation. Different rights subject will choose the corresponding transformation mode according to their own interests and resources. Main subject of authority prefers strategic transformation guided by “geographical expansion”. The main subject of knowledge and equity rights prefers the strategic transformation of “management mode remodeling” and “value chain extension”. The main subject of prestige power prefers the strategic transformation of “non-related product market entry” and “management mode remodeling”. This article suggests that most of the existing researches analyze the relationship between strategic transformation and strategic orientation from the perspective of cognition. However, there is no necessary relationship between cognition and behavior. Therefore, the construction of the corresponding guidance mechanism according to the behavior preference is an important link to promote enterprise’s response behavior of environment.

#### **2.4. The Effectiveness of Strategic Transformation**

Earlier article has discussed the concept of strategic transformation, antecedents and processes, So what are the consequences of the strategic transformation of enterprises? From a practical point of view, the purpose of the strategic transformation of enterprises is to achieve results, therefore, to guide enterprises to better implement the strategic transformation, analyze and test the effectiveness of strategic transformation must be one of the focuses of the study. The effectiveness of the strategic transformation involved in the sample literature can be divided into two categories: one is financial performance and the other is non-financial performance. The financial performance is mainly refers to the incremental business turnover after the strategic transformation, more intuitive, so this article discusses the strategic transformation of non-financial performance, mainly in the following three aspects.

First, the sustainable development of enterprises. Through strategic transformation enterprises can solve the left problem, adapt to the environmental changes [10]. Through content analysis, Liu Haijian demonstrated the use of organizational learning to overcome the blind spots in the transformation and growth, and then to achieve the sustainable development of the organization [49].

Second, prominence of status. The enterprises that have completed the strategic transformation have raised their prestige and position in the industry and even become the benchmark for the study of other enterprises. The case enterprises have become the important implementation platform for the Group’s transformation to the financial investment field after the success of the transformation. Its prominent position in the industry [10].

Third, a new strategic construction and support system. Deng Shaojun verified the case through enterprise transformation, enterprise forming a new strategic concept after the transformation, realizing a new business model and gradually establishing a new strategic support system, including management style, organizational structure and resource allocation, which are good for enterprises to adapt to the environment changes [15].

### 3. Conclusions and Future Research Prospects

This article takes the strategic transformation as the main line, in accordance with the connotation of strategic transformation, the key drivers, the process and the effectiveness of the strategic transformation, based on the combing and induction of the sample literature, this article constructs a basic framework of strategic transformation as shown in Figure 2. In order to make the figure clearer, the dynamic capability adopts the dimension division of Wang Guoshun [9]. The key elements of strategic transformation adopt the dimension division of Deng Shaojun [15], and others are derived from the sample literature of this article. Through this framework, we try to clarify an entire process of strategic transformation and find the logical absence based on the logical chain of current research. This paper expands and integrates the existing research on strategic

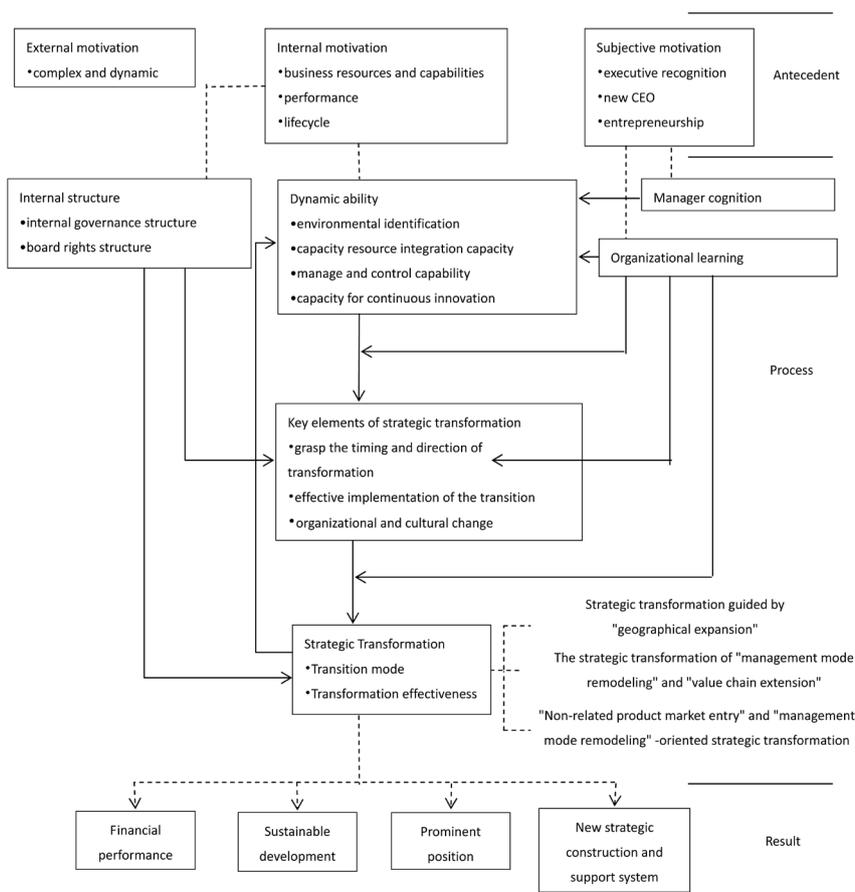


Figure 2. A basic framework for strategic transformation.

transformation by introducing the multi-theoretical perspective of enterprise resources and capabilities, the characteristics and motivation of managers and the external environment, and focuses on the analysis of the differential impact mechanism of drivers on the key factors of strategic transformation. First of all, the existing research on the driving factors of strategic transformation usually studies only from a single perspective of the internal and external environment or the manager's subjective motivation, and has not really clarified the mechanism of the strategic transformation of these drivers. The internal and external environment and managers' subjective motivation are all the important driving forces for the strategic transformation, only by integrating them, can we grasp the driving force of strategic transformation and form a more accurate and clear cognition of its mechanism, then correctly guide the decision-making, and create a positive effect. Therefore, the framework built in this paper highlights the integration research from 3 different perspectives: the internal and external environment, the motivation of managers, and analyzes the influence mechanism of strategic transformation under every perspective. Secondly, judging from the research of strategic transformation, the connotation of strategic transformation lacks a unified definition, which leads to the confusion and misuse of the concepts of strategic transformation and strategic change and so on. Therefore, this article clearly defines the concept of strategic transformation. In addition, the strategic transformation is a systematic process of change, research on the process of strategic transformation is related to the success of the transition, only by opening the "black box" of strategic transformation can we have a deeper understanding of the mechanism and process of transformation so as to ensure the implementation effect of the transition. Therefore, the exploration of transition process is highlighted in the framework constructed in this article, which emphasizes the importance of the transformation process in the research of strategic transformation. Finally, the economic consequences are the main basis for measuring the success of the strategic transformation. However, the measurement should not only include financial performance but also non-financial performance. Therefore, the framework proposed in this paper increases the sustainable development and status prominence in order to supplement the insufficient attention of non-financial performance in current research.

Based on the above analysis, future research can be further expanded in the following aspects:

- 1) In-depth analysis of the concept of strategic transformation, the development of strategic measurement indicators and scales. The fuzzy definition of the concept of strategic transformation not only constrains the researchers' comprehension and cognition of the strategic transformation, but also limits the integration between different theories. It is urgent to clearly define the connotation of strategic transformation and make a clear distinction between the concept of strategic transformation, strategic change and strategy Update, and according to the meaning of the strategic transformation unified measurement indicators,

develop the scales.

2) Analysis of the cause and mechanism of strategic transformation from a multi-theoretical perspective. Future research can analyze in depth the mechanism of the interaction between the antecedent, process and the effectiveness of strategic transformation, we can try to analyze the three categories summarized in this article, different impact of external motivation, internal motivation and subjective motivation on strategic transformation.

3) Open the “black box” of the strategic transformation process. The process of strategic transformation at this stage is still not clear. There is still a paucity of literature on the mechanism of strategic transformation. Even if there is research on the process of strategic transformation, most of the studies are about the relationship between two single variables, there is no integration of the interrelationships between these variables. And most of the literature on the process of strategic transformation is single-case study, strategic transformation is especially important for enterprise, it is especially necessary to repeat the “quasi-experiment” as well as the dynamic analysis and the comparative study of multiple cases to make the conclusion more reliable and accurate.

4) Investigate the identification and control of transformation risk. Strategic transformation is undoubtedly a high-risk activity of the organization. The transformation risk is the key to the transformation. Most of the researches on the transition risk in the sample literature are to discuss the formation, prevention and regularity of the transition risk. In this paper, the recognition and control of transition risk also belong to one of the key elements of the strategic transition, which is related to dynamic capability, organizational learning, management cognition. The relationship between these variables is also a direction of future research.

5) Increase research on the effectiveness of strategic transformation, and focus on the non-financial performance of enterprises. Future research can systematically and deeply study the effectiveness of strategic transformation, especially the non-financial performance of enterprises. In the era of knowledge-based economy, consumers are also paying more and more attention to non-financial indicators. To some extent, these non-financial performances are of great importance to enterprises, the value is immeasurable.

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