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Research on the Relationship between the Mental Model of Executive and Enterprise Strategic Change under Dynamic Environment, the Case of Industrial Firms

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ABSTRACT

With the advent of the global competition and the internet era, the business environment faced by enterprises has changed sharply. To become strong and achieve sustainable development under dynamic environment, enterprise must carry out strategic changes. The strategic changes of enterprises have become one of the important research topics. Most of the existing researches on strategic changes are carried out at the organizational level, with less attention paid to managers. Among many factors that determine the performance of an enterprise, managers, especially executives, are often the key to the success or failure of an enterprise. The behavior of executives is determined by their mental model. Therefore, it has become one of the research directions that scholars pay more and more attention to how to study the behavior of executives and their decisive role in the strategic change of enterprises from the perspective of mental model. However, most of the research in this field focuses on theoretical discussion, and empirical research is still rare.

Based on the background of the changes that Chinese traditional enterprises are facing in the internet era, this study puts forward the executives' mental model on the basis of detailed and in-depth literature review of the existing relevant research, and carries out empirical research and case analysis on the influence of executives' mental model on the strategic changes of enterprises under the dynamic environment. In order to ensure that the research is more accurate, more in - depth, more comprehensive, and more innovative, the following research work is carried out around the core concept of executive mental model.

First of all, the executive's mental model model and enterprise strategic change measurement model are constructed and related scales are revised. This dissertation reviews the representative models of senior executives' mental models and enterprise strategic change measurement models of previous scholars, and evaluates the existing models of senior executives' mental models from the connotation research of executives' mental models based on different schools. Based on different research concerns, this dissertation analyzes the existing enterprise strategic transformation model. On the basis of literature review, this dissertation draws on the academic nutrients of scholars' research results on the senior management mental model and the enterprise strategic change measurement model, and combines the traditional Chinese enterprise management practice to construct the senior management mental model based on learning cognition and the enterprise strategic change measurement model based on dynamic capability. Based on the construction of the model of

executive mental model and the measurement model of enterprise strategic change, the study further divided the executive mental model into three dimensions: knowledge system, belief system, and improvement system, and summarized the enterprise strategic change into the tendency of strategic change, the speed of strategic change, and the ability of dynamic change. Based on the previous scales, the study revised the measurement scale with reliability and effectiveness.

Secondly, after completing the revision of the measurement scale, the research constructs a research model of the influence of the senior management mental model on the strategic change of the enterprise under the dynamic environment, and puts forward specific research hypotheses. The research data were obtained through questionnaire survey, and the research hypotheses and models were empirically analyzed. The regression equation model analysis method in SPSS and amos software was used to study the relationship between senior executives' mental model and enterprise strategic changes. The results showed that the maturity of senior executives' mental model was significantly and positively correlated with enterprise strategic changes. Excluding the dimension of dynamic change capability, environmental dynamics had a significant moderating effect on the relationship between senior executives' mental model and enterprise strategic changes.

Thirdly, the research makes a case study of the strategic change process of the transformation and upgrading of Daqi Lighting Tech Co., Ltd. and its three related enterprises, and puts forward five basic levels of the evolution of executive’s mental model, as well as three basic types of enterprise competitive strategy in the current internet era. The theoretical model of the influence of executive’s mental model on the strategic change of enterprises is verified through the case study.

The main contributions of this study are: (1) starting from the practical experience of enterprise management, the relationship between the mental model of senior managers and the strategic changes of enterprises under the dynamic environment is studied. It provides a new research case for the empirical research of the executives' mental model and makes up for the lack of empirical research on the executives' mental model in enterprises. (2) on the basis of the existing mental model and strategic change related scales, revised and verified the measurement scales suitable for the mental model and strategic change of Chinese enterprise executives. (3) in the case analysis, the author puts forward and verifies the importance of the relationship between the executives’ mental model and the enterprise's strategic change for Chinese traditional manufacturing enterprises, and puts forward relevant suggestions on the cultivation of executives’ mental model and the enterprise's strategic change in combination with the management practice, so as to provide reference for the enterprise's management practice.

Key Words: Mental Model Strategic Change Dynamic Environment Empirical Study

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