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THE IMPACT OF STRATEGIC AND FINANCIAL FLEXIBILITY ON ENTERPRISE PERFORMANCE OF REAL ESTATE LISTED COMPANIES IN CHINA: THE MODERATING ROLE OF ENVIRONMENTAL UNCERTAINTY

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DEDICATION

This thesis is dedicated to my big family who pray for me to success. Especially, to my mother and my father who taught me that success come step by step, to my beloved children I appreciate their supports, patience and sacrifices while I am pursuing my professional objective.

ABSTRACT

The firm's performance is very significant in ensuring the sustainability of its efforts. It's a state for organisations to cope with environmental dynamism and continuously provide satisfactory products or services for customers better than competitors. Scholars identified two types of flexibility that are important determinants of firms' performance, which are strategic flexibility and financial flexibility. Strategic flexibility is one crucial factor that might decide whether a firm succeeds or fails in adapting to dynamic circumstances. Financial flexibility, it is also believed, can improve a company's ability to raise capital more cheaply to fund new development possibilities and improve performance. Despite the importance of these flexibilities, there is a notable gap in current research regarding the relationship between strategic and financial flexibility and firm performance. The effects of strategic and financial flexibility on firm performance have largely been examined in isolation. Current literature lacks a comprehensive model that explores various forms of strategic flexibility (such as coordinating flexibility and resource flexibility) alongside financial flexibility to better understand their combined impact on firm performance. Additionally, the moderating role of environmental uncertainty on the relationship between strategic flexibility, financial flexibility, and firm performance is under-explored. Addressing this gap is essential to extend theoretical insights into how environmental factors influence the flexibility-performance relationship. To fill these gaps, this research proposed a structural model in which strategic flexibility (in terms of resources flexibility and coordinating flexibility) and financial flexibility directly affect firms' performance, and these relationships are moderated by environmental uncertainty. A survey-based method was used to collect data from Chinese real estate firms that would help to validate the hypothesized relationships. The structural model and the measurement model were assessed to evaluate reliability, validity and to test the goodness of model fit. Smart PLS technique was employed in this research to test the proposed hypotheses. The study found that resource flexibility, coordinating flexibility and financial flexibility are significantly correlated with financial performance and non-financial performance in the real estate firms in China. It also produced strong evidence that environmental uncertainty moderates the relationship between resource flexibility, coordinating flexibility, financial flexibility and financial performance. The results also confirmed that environmental uncertainty moderates the relationship between resource flexibility, coordinating flexibility, financial flexibility and non-financial performance. Despite its limitations, the study achieved all its objectives and suggested theoretical and practical implications of practices. Future research suggestions were offered to broaden the study scope.

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CHAPTER ONE
INTRODUCTION

1.0 Overview of The Chapter

This chapter presents the background of this research, Managerial issue, and problem statements, introduces the research objectives, questions, significance, contributions, scope and brief definitions of the research variables and the study organisation.

1.1 Research Background

The Chinese real estate sector has witnessed an extraordinary trajectory of growth and expansion over the past several decades, solidifying its position as a pivotal driver of the nation's economic development (Zhang and Liu, 2023). As a result of the overheated real estate market, the central government has implemented a series of macroeconomic regulatory policies since mid-2004 to control the housing market (Kamal-Chaoui, 2024). This has led to increased competition and pressure for real estate firms to improve their competitiveness and find ways to survive in the restructured real estate economy (Zhou et al., 2023). The escalating prominence of real estate enterprises within the Chinese economic landscape has naturally ignited a surge of interest in comprehending the pivotal factors influencing their organisational performance (Wang and Wang, 2022). This is because, the Chinese real estate industry operates within a dynamic and complex environment characterized by a myriad of uncertainties, including economic fluctuations, regulatory changes, geopolitical shifts, and technological advancements. These uncertainties can significantly impact the effectiveness of resources, coordinating mechanisms, and financial flexibility in enhancing enterprise performance (Li and Li, 2021).

The firm's performance is very significant in ensuring the sustainability of its efforts. Firm performance is defined as "*the execution of a series of business work functions or activities over some certain period*" (Meflinda *et al.*, 2018). In the essence of Dynamic resources-based view (DRBV), firm performance describes "*a state for organisations to cope with environmental dynamism and continuously provide satisfactory products or services for customers better than competitors*" (Li & Liu,