

The Industry Peer Effect of Enterprise Strategy Adjustment

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Abstract

The industry peer effect of the degree of enterprise strategic adjustment is an important issue in the field of strategic management. This paper discusses the relationship between the degree of enterprise strategic adjustment and its peers. It is found that the degree of enterprise strategy adjustment will be affected by the degree of peer enterprise strategy adjustment, and at the same time, the industry same group effect is also affected by the nature of property rights, the degree of industry competition and other factors. This study provides useful enlightenment and decision-making basis for understanding the driving factors and influencing factors of enterprise strategy adjustment.

Keywords

Strategic Adjustment Degree; Peer Effect; Peer Enterprises.

1. Introduction

Enterprise strategy adjustment is a targeted strategic change behavior adopted by enterprises to deal with the changes of internal and external environment. In the fierce competition and constantly changing market environment, enterprises need to think from a long-term perspective and adjust their strategies in time to maintain competitiveness and adapt to market changes.

The causes of enterprise strategic adjustment include: external environment changes: including policy change, economic cycle fluctuation, technological innovation, market trend change and other external factors, these changes may affect the market positioning and competitive advantage of enterprises, enterprises need to make strategic adjustment to adapt to the new environment. Internal resource imbalance: improper allocation of internal resources, rigid organizational structure or low efficiency will lead to enterprises in the market competition, and it is necessary to adjust strategies to optimize resource allocation and improve operational efficiency. Increasing competitive pressure: market competition is increasingly fierce, the influx of new competitors, the rise of alternative products and other factors will cause competitive pressure on enterprises, which need to enhance competitiveness through strategic adjustment. Before the strategic adjustment, enterprises need to conduct a comprehensive environmental analysis, including the evaluation of industry competition conditions, market trends, external factors, etc., in order to clarify the goal and direction of the adjustment. Enterprises need to evaluate the internal resources, capabilities and organizational structure, find out the existing problems and potentials, and formulate corresponding strategic adjustment plans. Based on the results of environmental analysis and internal evaluation, enterprises need to develop a specific strategic transformation plan and clarify the objectives, measures and timetable of strategic adjustment. The enterprise will put the strategic adjustment plan into practice, and establish the corresponding monitoring mechanism, timely evaluate the effect of the strategic adjustment, and fine-tune or further adjust according to the market feedback and internal data. Enterprises should compare the key indicators before and after the strategic adjustment, including market share, revenue, profit, brand value, etc. At the same time, they should also consider the strategic adjustment to their own ability and competitive advantage.

It is of great significance to study the industry-group effect of enterprise strategy adjustment. The industry same-group effect refers to the phenomenon that enterprises tend to adopt similar strategic choices and behavior patterns in the same industry. The following will discuss the significance of the industry group effect of enterprise strategy adjustment in detail: understanding the industry group effect helps enterprise managers to predict and explain the enterprise strategic adjustment behavior more accurately. Studying the industry cogroup effect can provide information about the common strategic choices and behavior patterns of the industry competitors. Managers can use this information to guide their own strategic adjustment decisions, avoid blind decisions and better adapt to the market environment. The study of industry cogroup effect can reveal the common preferences and utilization methods of enterprises in resource allocation. Enterprises can refer to the results of the same group effect research to rationally allocate their limited resources and inject resources into the fields with competitive advantages, so as to improve the efficiency of resource utilization and organizational performance. By studying the same group effect of the industry, we can better understand the strategic adjustment behavior and mode of each enterprise in the industry. This helps to improve the overall competitiveness of the industry. By understanding the strategic changes of competitors, companies can respond better to promote the development and progress of the entire industry. The study of industry group effect can also help identify the trend and pattern of industry change, and timely capture and adapt to market changes. By observing and analyzing the strategic adjustment behavior and mode of the enterprise, we can understand the development trend and future development direction of the industry, and formulate corresponding strategic plans according to these trends, so as to make adjustments for the long-term development of the enterprise. Studying the industry-group effect helps to promote learning and knowledge sharing among different industries. There may be some similar strategic adjustment patterns and behavior rules between different industries. By studying the same-group effect of the industry, the experience and knowledge of different industries can be compared and communicated, so as to promote the interaction and cross-industry cooperation between the industries. The study of industry syngroup effect can provide strong support for the theoretical expansion in the field of strategic management. By analyzing the similar strategic behaviors of enterprises in the same industry, the strategic theoretical model can be constructed and improved to provide new perspectives and ideas for strategic research.

In short, the study of the industry group effect of enterprise strategy adjustment is of great significance for guiding practical decision-making, optimizing resource allocation, promoting industry competitiveness, discovering the trend of industry change, promoting cross-industry learning and knowledge sharing, and promoting academic research and theoretical expansion. The thorough understanding and application of the research results of the industry same group effect can provide useful reference and guidance for enterprise strategy adjustment, so as to improve the competitiveness and adaptability of enterprises.

2. Literature Review and Theoretical Analysis

Early literature on the same group effect mainly focused on the study of social behavior, which has now expanded to the study of industry behavior. Research finding, Social reference factors will partially replace rational economic factors in the face of uncertainty, Legality rules will also partially replace the technical rules, Thus leading to the convergence of the subject decisions within the group, Some scholars analyze the same group effect in the same industry, Within the same industry, Leary (2014)[1] and others studied the same group effect of corporate financing decisions in the industry, Found that the company's financing decisions are not entirely dependent on its individual characteristics, Will be significantly affected by other companies in

the industry, The influence is even greater than other financing decision influencing factors that have been found before, And smaller and less successful companies are more vulnerable to larger and more successful peer companies, Enterprises can understand the potential market demand and innovation cost of technological innovation by observing other enterprises in the industry, To optimize their own innovation decisions (Seo, 2021[2]; Darrough et al.,2017[3]; Chen & Ma, 2017[4]; Joo et al.,2016[5]; Chen et al.,2019[6]; Adhikari & Agrawal, 2018[7]); further, In different industries, The green technology innovation ability of enterprises will also be affected by the same group effect, And the same group effect is significantly affected by the degree of enterprise information disclosure, enterprise information acquisition ability and enterprise information interpretation ability. To sum up, the same group effect will have an impact on the financing, investment, innovation and other behaviors of enterprises.

Enterprise strategy adjustment is an essential management activity for enterprises in the face of the changing market environment and competitive pressure. It involves a reassessment of the organization's long-term goals, visions, and resources to ensure that businesses can remain competitive and resilient in an evolving business environment. The modern business environment is full of uncertainty and rapid change. Market demand, technology, regulations, and competitive conditions are all constantly evolving. If the enterprise cannot adjust its strategy in time, it may lag behind its competitors or even be eliminated by the market. Strategic changes enable enterprises to identify and leverage competitive advantages to meet customer needs and provide better products and services. Through the continuous improvement and optimization of the strategy, enterprises can increase their market share and achieve sustainable competitiveness. Strategic adjustment also involves innovation and development. Companies need to constantly look for new business opportunities and growth areas to ensure future success. Adjusting strategies can promote innovation and make the business more future-oriented. Enterprise strategy adjustment can help enterprises to use their resources more effectively. By reevaluating resource allocation, companies can reduce costs, improve productivity, and better meet market demand. Strategic adjustments are also related to risk management. Companies need to consider risks at the strategic level to mitigate potential adverse effects. Through strategic adjustment, enterprises can better deal with internal and external risk factors. Strategic adjustment is a kind of agility embodiment of management. It enables companies to adapt to market changes more quickly and seize opportunities while avoiding potential threats. Strategic adjustment is a process of continuous improvement. Companies need to constantly reflect on and adjust their strategies to ensure that they keep pace with The Times, meet customer needs, and improve their performance. In short, corporate strategy adjustment is a key factor to ensure corporate survival and prosperity in the changing business environment. It helps to improve competitiveness, drive innovation, optimize resources, reduce risk, and enable companies to better adapt to market changes. Business leaders need to recognize the importance of strategic adjustment and actively promote its implementation to ensure the sustainable success of the enterprise.

There is the industry same group effect, which is caused by the comprehensive influence of many factors. First of all, in the highly competitive market environment, enterprises need to constantly adjust their strategies to seek competitive advantages. When a company adopts a new strategic adjustment, it often has an impact on the whole industry. Other companies tend to detect this change and make corresponding strategic adjustments under competitive pressure. This mutual adjustment and reaction will form the industry same group effect.

Secondly, in the face of market changes and competitive pressure, enterprises often look for typical models or successful samples in the industry, so as to learn from them and improve them. When an enterprise's strategic adjustment is successful and recognized by the market, other enterprises will also tend to adopt similar adjustment strategies, in order to maintain a balance in the competition or surpass their rivals. This seeking common strategic direction also

promotes the formation of the industry group effect. At the same time, enterprises in the industry often have a high degree of information sharing and communication, such as through industry associations, seminars and other channels. When a company successfully adjusts its strategy and achieves a significant competitive advantage, the relevant information will quickly spread to other companies, attracting their attention and reaction. This information sharing helps to form a rational industry consensus and prompting other companies to adopt similar strategic adjustments. Similarly, in specific industries, companies face similar market environments and challenges. When the market environment changes, such as technological progress, changes in laws and regulations, and changes in consumer demand, these factors will affect the whole line.

3. Research Design

3.1. Sample Selection and Data Source

In order to test the above hypothesis, this paper selects the data of A-share listed companies as the research sample, and positions the sample range from 2007 to 2020. All variables in the model are from the CSMAR database, manually curated and calculated.

In order to test whether there is an industry group effect in the strategic adjustment degree of the company, this paper follows the practice of Leary and Roberts[1]:

$$StrAdj_{i,j,t} = \alpha_0 + \alpha_1 Peer_{-i,j,t} + Control_{i,j,t} + Year + Industry \quad (1)$$

Where i, j, t indicate the company, industry and year respectively, the explanatory variables $StrAdj_{i,j,t}$ refer to the degree of strategic adjustment of industry j in the year t , and the explanatory variables $Peer_{-i,j,t}$ are the average level of strategic adjustment of other peer enterprises in the year t of j industry i .

Interpreted variable (StrAdj): strategic adjustment. This paper uses the annual change rate of six dimensions to measure the degree of strategic adjustment, including advertising expenditure, R & D investment, fixed assets renewal degree, inventory income ratio, capital intensity, financial leverage, and then calculates the absolute value of the change rate of the above six indicators.

Interpreted variables (Peer): This paper borrows from the research of Seo et al (2021), and takes the average value of the degree of strategic adjustment except company i in the same industry as the proxy variable of the degree of strategic adjustment of peer enterprises.

Control variable (Controls): According to the existing literature, this paper selects the control variables from the aspects of company characteristics, including the property rights, the years of the company, the growth, and whether the auditor comes from the four, etc.

3.2. Descriptive Statistics

As shown in Table 1, the average value of the company strategic adjustment degree (StrAdj) is 0.530, the standard deviation is 0.378, the maximum value is 5.476, the minimum value is 0.0650, and the average degree of target enterprise strategy adjustment is similar to the mean degree of the same group enterprises, to a certain extent, the target enterprise strategic adjustment degree convergence to the average level of peer enterprises. The mean SOE in the control variables was 0.408 and the median was 0.

Table 1. descriptive statistics

variable	N	mean	sd	p25	p50	p75	max	min
StrAdj	28117	0.530	0.378	0.312	0.428	0.615	5.476	0.0650
Peer	28117	0.448	0.131	0.361	0.441	0.529	1.036	0
Size	28117	22.19	1.278	21.28	22.02	22.91	26.40	19.40
Lev	28117	0.460	0.198	0.309	0.460	0.609	0.937	0.0270
ROA	28117	0.0360	0.0650	0.0130	0.0350	0.0660	0.245	-0.398
ROE	28117	0.0610	0.139	0.0270	0.0700	0.120	0.446	-1.072
Growth	28117	0.167	0.422	-0.0270	0.105	0.265	4.330	-0.676
Top1	28117	0.345	0.148	0.228	0.323	0.447	0.758	0.0830
SOE	28117	0.408	0.491	0	0	1	1	0
ListAge	28117	2.187	0.756	1.609	2.303	2.833	3.332	0
FIXED	28117	0.230	0.166	0.0980	0.198	0.329	0.806	0.00200
Cashflow	28117	0.0460	0.0710	0.00700	0.0460	0.0870	0.283	-0.224
Big4	28117	0.0600	0.238	0	0	0	1	0

3.3. Benchmark Regression Analysis

Table 2. main return

	(1)	(2)
	StrAdj	StrAdj
Peer	0.202***	0.221***
	(8.09)	(9.10)
Size		-0.019***
		(-6.60)
Lev		0.033*
		(1.74)
ROA		0.466***
		(3.75)
ROE		-0.516***
		(-8.22)
Growth		0.080***
		(7.88)
Top1		0.075***
		(4.43)
SOE		-0.026***
		(-4.74)
ListAge		0.014***
		(3.38)
FIXED		-0.120***
		(-5.49)
Cashflow		-0.364***
		(-8.73)
Big4		0.024**
		(2.49)
_cons	0.613***	1.012***
	(15.01)	(15.00)
N	28117	28117
adj. R ²	0.065	0.097

Table 2 reports the regression results of the model (1), the column (1) shows that in the control industry and annual only, the coefficient of Peer is significantly positive, after adding control variables, the regression results as shown in column (2), the coefficient of Peer is 0.221, and significant at 1%, the regression results confirmed that the strategic adjustment of listed companies is significant industry effect, the greater the strategic adjustment of the target enterprise.

3.4. Robustness Test

This paper excluding enterprises with industries less than 10, the sample size was 26294, the results are shown in Table 3 (1), the regression coefficient was 0.317, significant at 1%; second, excluding in 2008 and 2020, the results are shown in Table 3 (2), 0.166, significant at 1%; Finally, the industry is switched to win the same group, the results are shown in Table 3 (3), the regression coefficient was 0.221, significant at 1%.

Table 3. Robustness test

	(1)	(2)	(3)
	StrAdj	StrAdj	StrAdj
Peer	0.317*** (10.97)	0.166*** (6.06)	0.221*** (9.06)
Size	-0.019*** (-6.31)	-0.020*** (-6.26)	-0.019*** (-6.61)
Lev	0.034* (1.68)	0.049** (2.33)	0.033* (1.74)
ROA	0.490*** (3.77)	0.560*** (4.11)	0.466*** (3.75)
ROE	-0.544*** (-8.22)	-0.558*** (-7.92)	-0.516*** (-8.22)
Growth	0.083*** (7.84)	0.087*** (8.06)	0.080*** (7.88)
Top1	0.079*** (4.42)	0.073*** (3.97)	0.075*** (4.43)
SOE	-0.028*** (-4.95)	-0.026*** (-4.45)	-0.026*** (-4.74)
ListAge	0.014*** (3.31)	0.014*** (3.22)	0.014*** (3.38)
FIXED	-0.123*** (-5.32)	-0.127*** (-5.23)	-0.120*** (-5.49)
Cashflow	-0.371*** (-8.43)	-0.336*** (-7.39)	-0.364*** (-8.73)
Big4	0.024** (2.30)	0.023** (2.19)	0.024** (2.50)
_cons	0.826*** (13.27)	1.069*** (14.79)	1.012*** (14.41)
N	26294	23786	28113
adj. R ²	0.087	0.101	0.097

3.5. Further Analysis

Table 4. Further analysis

	(1)	(2)	(3)
	StrAdj	StrAdj	StrAdj
Peer	0.582***	0.418***	0.485***
	(24.90)	(20.44)	(25.67)
Peer*SOE	-0.096***		
	(-3.15)		
Peer*HHI		0.574***	
		(13.30)	
Peer*CC			0.002***
			(8.80)
HHI		0.391**	
		(2.03)	
CC			0.004***
			(2.96)
Size	-0.014***	-0.015***	-0.011***
	(-5.10)	(-5.62)	(-4.17)
Lev	0.015	0.017	0.021
	(0.80)	(0.91)	(1.15)
ROA	0.522***	0.524***	0.527***
	(4.19)	(4.21)	(4.25)
ROE	-0.538***	-0.536***	-0.533***
	(-8.55)	(-8.53)	(-8.49)
Growth	0.081***	0.081***	0.079***
	(8.12)	(8.05)	(7.88)
Top1	0.079***	0.076***	0.074***
	(4.72)	(4.57)	(4.45)
SOE	0.026*	-0.017***	-0.018***
	(1.68)	(-3.37)	(-3.56)
ListAge	0.011***	0.012***	0.013***
	(2.92)	(3.15)	(3.22)
FIXED	-0.067***	-0.057***	-0.069***
	(-3.77)	(-3.21)	(-3.92)
Cashflow	-0.328***	-0.325***	-0.312***
	(-7.84)	(-7.78)	(-7.48)
Big4	0.035***	0.028***	0.035***
	(3.73)	(2.98)	(3.73)
_cons	0.586***	0.684***	0.569***
	(10.81)	(12.71)	(10.67)
N	28117	28117	28117
adj. R ²	0.076	0.079	0.078

The analysis of this paper is from property nature, industry competition degree and customer concentration. The nature of the enterprise's property right can affect the degree of its strategic adjustment. For example, in the public sector industry, the government may be more involved

in decision-making and making regulations, leading to limiting the degree of strategic adjustment of enterprises. In the private ownership industry, enterprises may make decisions and adjust their strategies more independently. The degree of industry competition can affect the degree of strategic adjustment of enterprises. In highly competitive industries, enterprises may make more frequent strategic adjustments to maintain competitive advantage and adapt to market demand. In industries with relatively weak competition, companies may make less strategic adjustments. Customer concentration refers to the concentration of customers in the industry. In the industry with high customer concentration, a few large customers have a greater influence on enterprises, and enterprises may adjust their strategies more according to the needs and requirements of these customers. In industries with low customer concentration, companies may have greater autonomy to adjust their strategies. Through the study of the nature of property rights, industry competition degree and customer concentration degree, the industry same group effect of enterprise strategy adjustment degree can be more fully understood. Research in these aspects can provide an understanding of the degree of strategic adjustment in enterprises in different industries, and reveal the impact of industry-specific factors on strategic adjustment. This helps enterprises to make more effective strategic decisions in specific industries to adapt to the external environment and enhance their competitiveness. State-owned enterprises and non-state-owned enterprises have differences in the acquisition of resources and management level, so it is necessary to judge that in the state-owned or non-state-owned enterprises, the industry group effect is more significant. Based on this, we divided the enterprise property rights (SOE) in the control variables into state-owned and non-state samples, and multiplied with the explanatory variables. The results are shown in Table 6 column (1), the multiplication coefficient is -0.096, which is significantly negative at 1%, indicating that the strategic adjustment degree in non-state-owned enterprises. Similarly, HHI is used to measure the industry competition degree and CC customer concentration degree. It is found that the more intense the industry competition, the higher the higher the customer concentration, and the industry group effect of strategic adjustment degree is more significant.

4. Conclusion and Recommendations

The industry-group effect of enterprise strategy adjustment has brought many important inspirations and lessons to enterprises and the government.

First, the industry same-group effect emphasizes the importance of cooperation and synergy. In a complex and changeable market environment, the mutual support and collaboration between enterprises can bring greater competitiveness and innovation ability. Through the cooperation with other enterprises, resources can be integrated to jointly solve the problems faced by the industry and improve the overall level. In this process, the government needs to play the role of incentive and promotion, provide the support from relevant policies and mechanisms, and encourage the cooperation between enterprises.

Secondly, the industry group effect means that enterprises in the industry will be affected to similar influences and trends. Enterprises need to pay close attention to market changes, be keenly aware of new trends and opportunities, and timely adjust their own strategies and business models to adapt to market changes. In this process, companies need to improve their innovation and agility and respond to external changes to remain competitive.

At the same time, the industry with the group effect also exposed the intensity of market competition. Enterprises need to find and consolidate their own core competitiveness, and establish differentiated advantages in the market. Through technological innovation, brand building, customer service and other differentiated advantages, enterprises can stand out in the fierce industry competition.

Finally, the government plays an important role and responsibility in the development of the industry. The government needs to provide a good policy environment and support measures to create favorable external conditions for the development of enterprises and industries. The government can formulate policies and regulations conducive to the development of the industry, provide financial support and infrastructure construction assistance, and promote the play of the same group effect of the industry and accelerate the development of the industry. The government should also guide and monitor market competition to prevent monopoly or unfair competition and ensure a level playing field in the market. Enterprises and governments need to establish continuous market monitoring and information collection mechanisms to keep abreast of the latest industry developments to guide strategic adjustment and decision-making. At the same time, enterprises need to continue to optimize their own strategy and operation mode, constantly improve the core competitiveness and innovation ability, and meet the challenges and changes of the market.

In short, the industry-group effect of enterprise strategy adjustment provides common opportunities and challenges for enterprises and the government. By strengthening cooperation and coordination, timely response to market changes, consolidating core competitiveness and differentiation, providing a good policy environment and support, and continuous market monitoring and strategic optimization, enterprises and the government can jointly promote the sustainable development of the industry and achieve common development.

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