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The Dimensional Structure of TL Company's Dynamic Capabilities

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Doctor of Management

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University of Electronic Science and Technology of China

March, 2022



**BUSINESS
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Marketing, Operations and General Management Department

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I declare that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university and that to the best of my knowledge it does not contain any material previously published or written by another person except where due reference is made in the text.

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Abstract

Faced with intensive policy adjustments and diversified customer needs, how regional real estate enterprises develop their core competitiveness has become the most concerned issue for business managers. This thesis selects TL Company as a typical representative of regional real estate companies, and uses case studies and literature research methods from the perspective of dynamic capabilities to reveal when the competitive environment changes and how real estate companies can quickly break through the initial identity constraints. This thesis analyzes the dimensional structure and improvement path of dynamic capabilities, and evaluates the dynamic capabilities of TL Company based on the dynamic capabilities of real estate companies. And based on the perspective of dynamic capabilities, the thesis make proposes suggestions of cultivating dynamic capabilities, building regional core competitiveness, and carrying out effective strategic transformation for other regional real estate companies that are seeking reforms.

The research significance of this thesis is mainly concentrated on two aspects: First, based on the development history of TL Company in the past 20 years, this company can be used as a reference to other real estate enterprises' Strategic transformation path in China. Secondly, this thesis summarizes the dynamic capacity's development path suitable for the development of regional real estate enterprises in China through analyzing dynamic capacity's development, construction and function of TL Company. And to some extent, this study can provide ideas and lessons having certain practical significance to other real estate enterprises that are seeking reform and transformation.

Keywords: Regional Real Estate; Dynamic Capability; Dimensional Structure

JEL: M1, L1

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Resumo

Confrontados com ajustamentos políticos frequentes e a diversidade das necessidades dos clientes, os gestores das empresas de imobiliário elegeram, como assunto mais importante, o desenvolvimento da competitividade central das suas empresas. Esta tese seleciona a empresa TL como um caso representativo das empresas regionais de imobiliário e utiliza o método de caso de estudo e a teoria das capacidades dinâmicas para estudar como face a mudanças da envolvente as empresas podem rapidamente romper os constrangimentos identificados. Esta tese analisa a estrutura dimensional e o caminho de melhoria das capacidades dinâmicas e avalia as capacidades da empresa TL baseando-se nas capacidades dinâmicas das empresas de imobiliário. Com base na perspectiva das capacidades dinâmicas esta tese propõe sugestões referentes ao desenvolvimento de capacidades dinâmicas, à construção de competitividade central e à implementação de uma efetiva transformação estratégica que podem ser úteis a outras empresas regionais de imobiliário que procurem reformas.

Podemos sintetizar a importância da pesquisa desta tese em dois aspectos: 1) com base na história do desenvolvimento da empresa TL nos últimos 20 anos, utilizamos esta empresa como uma referência para outras empresas que queiram proceder a uma transformação estratégica; 2) esta tese sumariza o caminho adequado para o desenvolvimento das capacidades dinâmicas das empresas regionais de imobiliário chinesas. Até certo ponto, este estudo pode fornecer ideias e lições com sentido prático para outras empresas regionais de imobiliário que queiram reformar-se.

Palavras-chave: Imobiliário Regional; Capacidades Dinâmicas; Estrutura Dimensional

JEL: M1, L1

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摘要

面对密集的政策调整和多样化的客户需求,区域房地产企业如何发展核心竞争力成为企业管理者最关心的问题。本文选取 TL 公司作为区域房地产企业的典型代表,从动态能力的角度,运用案例研究和文献研究的方法,揭示竞争环境发生变化时,房地产企业应如何快速突破能力约束。本文分析了动态能力的维度结构和提升路径,并基于房地产企业动态能力对 TL 公司的动态能力进行了评价。基于动态能力的视角,对其他正在寻求改革的区域房地产企业提出培育动态能力、构建区域核心竞争力、进行有效战略转型的建议。

本文的研究意义主要集中在两个方面:第一,从 TL 公司近 20 年的发展历程来看,该公司对中国其他房地产企业的战略转型路径具有借鉴意义。其次,通过对 TL 公司动态能力的发展、结构和作用的分析,总结出适合我国区域房地产企业发展的动态能力发展路径。在一定程度上,本研究可以为其他正在寻求改革和转型的房地产企业提供具有一定现实意义的思路和经验。

关键词: 区域房地产; 动态能力; 维度结构

JEL: M1, L1

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Chapter 1: Introduction

1.1 Research background

With the profound transformation of China's economy, how Chinese private enterprises respond to the highly uncertain market demand and changing market environment has become an increasingly concerned issue of Chinese enterprise managers and scholars. Especially, the real estate industry, which is the pillar industry of China's economy, is highly concerned. China's real estate market started late. The first real estate company of China was founded in 1980, but the real estate market did not fully develop until 1992, after which China started the real estate trade in the market. After China implemented the commercial housing reform in 1998, the commercial housing trading market has developed rapidly, with the housing transaction volume and price rising rapidly at the same time. The real estate industry has gradually become one of the important driving forces for China to boost its economy.

Real Estate Investment is an important component of China's fixed-asset investment. In 2020, real estate development investment accounted for 26.81 percent of China's total fixed-asset investment (excluding rural households) of CNY¥ 14.14 trillion (National Bureau of Statistics [NBS], 2021). The real estate sector alone has contributed significantly to employment growth, with the number of jobs created rising from 825,900 in 1998 to 2752,300 in 2020. The indirect intermediary services, decoration, construction, and building materials manufacturing, is an important channel to solve the employment of residents. In addition, the real estate industry's land transfer income, has become an important source of local government revenue. In 2020, the national revenue from land sales exceeded CNY¥ 8.4 trillion, accounting for 46 percent of the national revenue. In 2020, only CNY¥1.97 trillion (property tax, farmland occupation tax, value-added tax, deed tax and urban land use tax) was directly related to real estate, accounting for 12.77 percent of the total tax revenue of CNY¥15.43 trillion (NBS, 2021). If we consider the importance of real estate credit to the financial system, the real estate industry has a profound impact on China's current economy from finance, finance, consumption and investment. By 2020, China had 99,544 real estate enterprises on the books, and only 1,269, or 1.27 percent, had the first-class qualification for real estate development (NBS, 2021). Among them, regional real estate enterprises occupy the absolute number of small and medium-sized

real estate enterprises, so it is of great practical significance to study the sustainable development of China's large number of regional real estate enterprises.

In recent years, with increasing attention paid to dynamic capabilities, many scholars have studied and explored theories related to dynamic capabilities. However, much research is focused on the connotation of dynamic capabilities, theoretical framework and other relatively abstract issues, and there is a lack of research on specific market behaviors of specific industries or specific enterprises, so the role of guiding enterprises in practice has not been fully reflected. In addition, although some scholars have conducted case analysis or empirical research on enterprises in a specific industry, more attention is paid to industries with strong technological dynamism, such as semiconductor industry, biotechnology industry, information technology industry and others. The dynamic of the environment is not only reflected in the dynamic of technology, but also includes the fierce degree of competition in the market, the change of customer demand, the change of policy environment and other factors. From a dialectical perspective, the dynamic characteristics of the knowledge economy era, information explosion, economic globalization and other environments have an impact on all industries, so it is necessary to use the analytical framework of dynamic capabilities to study traditional industries, such as the construction and real estate industry (Green et al., 2008). Based on this, this thesis studies the influencing factors of dynamic capability formation of Chinese construction enterprises and the role of dynamic capability on enterprise development from macro and micro perspectives, to enrich and improve the theoretical research on dynamic capability and its research in the specific context of the real estate industry.

China's real estate market has long been dubbed "policy market", showing typical environmental instability characteristics such as "great fluctuation, fierce competition, and difficult expectations". Under the background, the competition is not limited to the expansion of land, capital acquisition, planning and design, marketing and other core capabilities or resources. It has risen to the dynamic adjustment of the environment, especially the change and update of knowledge structure, resource structure and organizational structure. In recent years, as research on dynamic capabilities has attracted much attention, many scholars have also conducted research and explorations. However, much research mainly focus on relatively abstract issues such as the connotation of dynamic capabilities and theoretical frameworks, and there is still a lack of research on certain specific market behaviors of specific companies. Research's impact of guiding companies at the practical level has not been fully reflected. Therefore, under the above background, this thesis researches the dynamic capability of real estate development enterprises in China, in order to provide inspiration and reference for the

improvement of enterprise dynamic capability theory and the application of practice under the environment of reinforcing complexity and accelerating changes.

1.2 Research significance

Research on corporate competitive advantage has always been a hot topic in the field of corporate strategic management. From industrial organization analysis theory to resource-based view, many scholars have conducted useful explorations on the source of corporate competitive advantage from different perspectives. Theories of competitive advantage, resource-based view, and core competitiveness also provide theoretical support for related research. Whether at the level of corporate strategy practice or at the level of academic research, it is of great significance to explore the root causes of companies to obtain and maintain competitive advantages, and of course, it is also true for construction companies. As the status of Chinese Real Estate companies in the international construction market continues to rise, in recent years, the theoretical framework and research tools have been conducted, such as Porter's Diamond Model, SWOT analysis, to conduct a systematic study on the competitive position of China's Real Estate companies in the international market (P. Li & Gao, 2013; Lu, 2010; Shen & Yin, 2016). However, these studies analyze the competitive advantages of China's Real Estate companies from a static perspective, but they do not explain the internal source and dynamics of the company's sustained competitive advantage, or how companies cultivate and dynamically update their resources and capabilities under fierce market competition. Facing intensive policy adjustments, diverse customer needs, and fierce market competition, how regional real estate companies develop and cultivate their own core competitiveness has become the most concerned issue for managers of all regional real estate companies.

Under such an environmental background and industrial background, the regional real estate enterprises are facing intensive policy adjustments, diversified customer demands and fierce market competition. How to develop and cultivate their core competitiveness has become the most concerned issue for managers of all regional real estate enterprises. Under the same environment, some enterprises have embarked on the road of continuous development and growth, and some enterprises have experienced various environmental incompatibility symptoms, such as decreased competitiveness and declining performance. We are concerned about what kind of factors have contributed to the continued growth of successful regional real estate companies. How can the companies with sustainable growth obtain these elements? Dynamic capabilities as the most mainstream theory of how the research enterprise with core

competitiveness in a complex dynamic change in the environment, has been recognized by the vast majority of scholars. Under the same environment, some companies have embarked on the path of sustainable development and growth, while some companies have experienced various symptoms of environmental inadaptability, such as decreased competitiveness and performance. What a regional real estate companies continue to grow is closely related to the composition of corporate dynamic capabilities. It has important theoretical and practical significance to study the sustainable development of successful regional real estate companies from the perspective of dynamic capabilities. It is of great theoretical and practical significance to study the sustainable development of successful regional real estate enterprises from the perspective of dynamic capabilities.

The significance of this thesis mainly focuses on the following four parts: First, through the investigation and research of real estate enterprises, this thesis put forward three dimensions of the dynamic capacity of real estate enterprises. Secondly, according to the study of the development process of TL Company in the past 20 years, this thesis further studies the development and transformation of China's regional real estate enterprises or strategic transformation. Third, the theoretical research, empirical research, and case studies on dynamic capabilities are gradually enriched. However, the past research fields on dynamic capabilities mainly focus on the electronic information technology industry, which is relatively fast changed by the Internet and technology. There are relatively few studies in the field which are more affected by policy changes. This thesis expands the scope of dynamic capability case studies to a certain extent. Fourth, this thesis attempts to summarize the dynamic capacity development path suitable for the development of China's regional real estate enterprises through the development, construction and function of TL Company with dynamic capability theory. And to some extent, this study will provide ideas and lessons having certain practical significance to other real estate enterprises that are seeking reform and transformation.

1.3 Research methods

Qualitative analysis including case study, literature research and interview will be the main research approaches for this thesis as mentioned above. Taking China's real estate group TL as an example, the case study of Chinese enterprise's dynamic capabilities will be discussed in detail. A case study analysis will focus on the evaluation of TL's dynamic capabilities, by analyzing its internal and external environments and conducting a detailed investigation of different dimensions within the whole. In addition, theories, academic research, news press,

government announcements and other forms of content will also be an important part of the research because many policy documents and enterprise reports will be referred to in the thesis. Thus, literature research will also be adopted in the research to better reflect the application of dynamic capabilities in Chinese real estate enterprises. In addition, in order to obtain the most first-hand information about the case study company, several core managers of the enterprise were interviewed, including former vice president of strategy, members of the investment and development department, head of marketing, and head of the operation. Semi-structured interviews are conducted in this study, to provide a detailed evaluation of TL's dynamic capabilities.

Two research methods and two research techniques are used in this thesis.

1.3.1 Case study

The purpose of this thesis has been explained in the previous part, which is mainly to explore how the TL Company develops in a changing environment, in order to adapt to the dynamic environment, and continuously build the competitive advantage of the enterprise. And in the end, it tries to contribute to the specific application of the dynamic capability theory in the real estate industry.

The case study is a description and record of a real situation. The case study is to study the phenomena which are difficult to separate from the situation through in-depth study and analysis of the case, and to obtain a research method with universal research conclusions. Dynamic capability is a long-term process for the integration, construction, and updating of resources. By studying the long-term development history of case companies, it is helpful to capture the development path characteristics of dynamic capabilities. In addition, the current research concludes on the connotation of dynamic capabilities still have some controversy, and the concept of dynamic capabilities is relatively abstract, which has no unified measurement method. The case study method starts from the specific research object, making the dynamic ability research more concrete, and more suitable for mining the characteristics, production, development and function of dynamic capabilities.

The purpose of this thesis is to understand how regional real estate enterprises can develop sustainably in a dynamic environment and how dynamic capabilities are measured in excellent regional real estate enterprises, and how dynamic capabilities affect the company's development. In summary, this study adopts a single case study. By selecting a typical case enterprise, it aims to explore a good answer to the above questions. The case selected in this

thesis is Company TL, a well-known company that started in the real estate business in Sichuan. The specific reasons for the choice are as follows:

First of all, TL is an outstanding representative of many regional real estate companies in China, and it has undergone nearly two decades of development. In the past two decades, regardless of changes in the environment, TL has been able to maintain a favorable environment and maintain healthy and sustainable development. It has now developed into a diversified company whose business is across the real estate, education and construction technology sectors.

Secondly, TL is a local Sichuan company that can be easily researched and observed at close range by the author, and the research data is relatively easy to obtain. The author has convenient communication channels with the founder and chairman of TL Company and vice president of corporate strategy and strategic researchers, which can help easily conduct interviews while they are also willing to support the research of this thesis- including relevant enterprise development materials and related data.

1.3.2 Literature review

The research questions raised in this thesis not only come from the practice of enterprise management, but also from the systematic analysis of related research. Therefore, it is necessary to summarize the relevant research results, so as to explore the shortcomings of existing research and light up the research direction and specific research content of this study. This thesis firstly understands the development history of strategic theory and the advantages and disadvantages of each stage theory through the collection, reading, sorting and induction of relevant literature related to strategic management, such as industrial competition theory, resource basic theory, core competence theory and dynamic capability theory. Then, the focus of this thesis is on the dynamic capability theory that currently occupies the core position of strategic theory. This thesis summarizes the connotation, composition dimension and research framework of dynamic capability theory, which lays solid theoretical support for the following research.

1.3.3 Interview method

Interviews include open interviews and semi-structured interviews. This thesis has conducted several interviews with the vice president of the Strategy Research Department and Corporate Strategy Researchers, Operations Management Leader, and the Marketing Management Leader. The pre-interview was conducted in an open interview manner, which was designed to allow

the interviewees to speak freely, and to facilitate a comprehensive understanding of the company's development process. The formal interviews use semi-structured interviews to understand the development path of TL's past 20 years, and it aims to analyze the performance, formation process and role of dynamic capabilities in the company's development process.

1.3.4 Delphi method

The Delphi method is essentially a feedback anonymous letter inquiry method. This thesis selects ten experts, including three university professors, three internal employees of TL Company, one management consultant, one government authority leader, one person from an accounting firm, and one person from a state-owned enterprise, to conduct an in-depth interview. Aiming at the weight of each indicator, this thesis sets up a series of related questions the consult experts, and then sorted, summarized, counted, and then anonymously fed back to the experts, and then continue to solicit opinions and feedback until a consensus on the weight of the indicator is obtained. Since it absorbs the judgment and analysis of experts in different fields, makes full use of the expert's experience and knowledge, and adopts an anonymous method, this allows each expert to make his own judgment independently and will not be affected by other complicated factors, so the conclusion is relatively reliable.

1.4 Research content and framework

1.4.1 Research content

The research is divided into six parts:

Chapter 1 summarizes the overall situation of the thesis, including the background of the topic, research significance, research methods, research content and framework.

Chapter 2 mainly includes two parts. Firstly, it sorts out the origin of dynamic capability, and then it makes an in-depth analysis of the dynamic capability. The main function of this chapter is to lay a theoretical foundation for the subsequent case analysis.

Chapter 3 focuses on the research methods of this thesis. It demonstrates the approaches, techniques, research design, data collection and analysis of this study. It discusses how the structure and evaluation model of real estate enterprises' dynamic capability is designed, including the connotation, the index analysis and the hierarchical analysis of real estate enterprises' dynamic capability.

Chapter 4 mainly analyzes the connotation of real estate development enterprises, as well

as the determination of dynamic ability, environmental perception ability, strategic selection ability and resource reconstruction ability of real estate development enterprises, and the hierarchy analysis and main research plan of these three-dimensional structures.

Chapter 5 is the case analysis of TL Company which mainly includes six parts. The first part is an overview of the development of TL Company. The second part analyzes the development history of the case enterprise from the perspective of dynamic capability theory. The third part discusses the path to perfect the dynamic capability of the case enterprise in detail. The fourth part uses the analytic hierarchy process to evaluate the dynamic capability of TL Company. The fifth part puts forward relevant business suggestions and future business prospects based on the dynamic capability. The last part, based on the latest development trend of the real estate industry and combined with the typicality of the case enterprises, suggests regional real estate enterprises that are seeking reform to cultivate their dynamic ability, builds their regional core competitiveness and carries out effective strategic transformation

Chapter 6 summarizes the full text and points out the shortcomings in the research and the future research direction.

1.4.2 Research framework and process

Based on the analysis of dynamic capabilities, this thesis constructs a basic theoretical model applies it to the strategic transformation and upgrading of TL real estate companies, and explores the formation and development of dynamic capabilities in its development process. First of all, this study puts forward research questions about the composition dimension of dynamic capability of regional real estate enterprises according to the situation of the real estate industry and the external dynamic policy environment. The second step is to conduct a literature review. Firstly, the development process of dynamic capability theory is analyzed systematically, and then the dynamic capability theories are elaborated deeply. At the same time, the research of famous scholars at home and abroad is quoted to systematically study and discuss the theoretical knowledge involved in the topic of this thesis. Based on this, the dynamic capability of the real estate industry is further analyzed, and the index analysis and analytic hierarchy process model are established for the dynamic capability evaluation of real estate enterprises. Then, in the case study part, this thesis first discusses the general situation of TL Company and its development process from the perspective of dynamic capabilities. With the established dynamic capability index of the real estate industry, the approach and model evaluation of dynamic capability improvement of TL companies are carried out. After the

conclusion of theoretical and practical analysis, this thesis further puts forward the development suggestions of TL Company, and obtains the development inspiration of other regional real estate enterprises in the research process.

The specific research framework of this thesis, as shown in Figure 1.1.

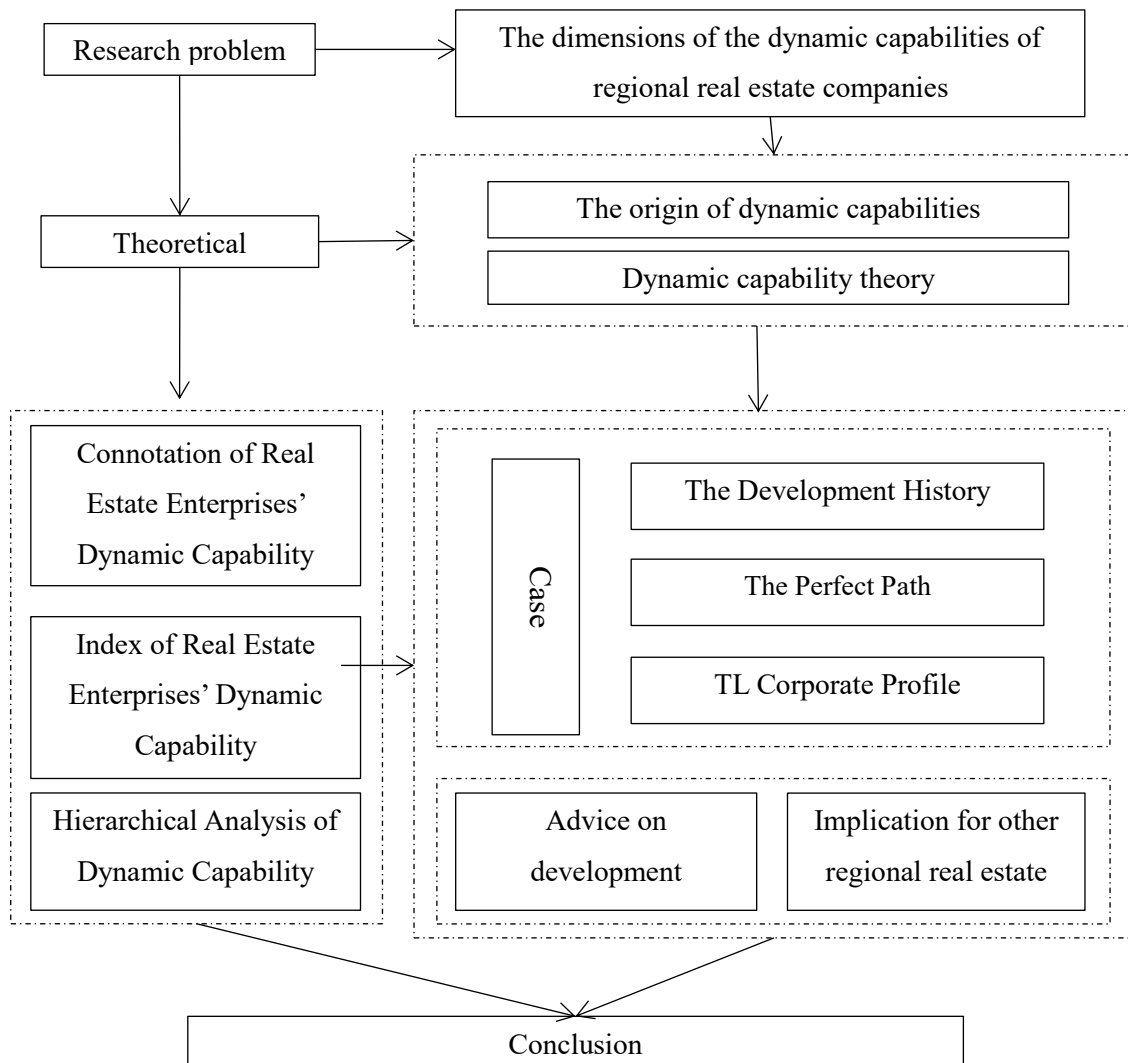


Figure 1.1 The research framework of this thesis

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Chapter 2: Literature Review

2.1 Origin of dynamic capabilities

2.1.1 The development of strategic management theory

After the 1980s, the role of strategy in large enterprises has been paid more and more attention. Large multinational enterprises have established strategic management departments, and their strategic theories and practices have developed rapidly.

With the deepening of enterprise practice, the theory of enterprise strategic management has developed rapidly in the middle and late 20th century and made rich scientific research achievements. However, the definition of "corporate strategy" has not been agreed upon. Chandler (1962) indicated that the determination of the fundamental long-term objectives of the firm and the action programs and resource allocation necessary to carry them out". Ansoff (1965) thought that corporate strategy consists of four elements: product and market scope, growth direction, competitive advantage, and synergies, known as the originator of strategic management. Andrews (1971) believed that enterprise strategy can be regarded as a decision-making model, which reveals and determines the purpose and goal of an enterprise, and by putting forward plans and policies of realistic goals, determines the business scope that an enterprise should engage in, and defines the humanistic organization type and economic type of an enterprise. It also determines the economic and non-economic contribution the firm should make to its employees, customers and society. Porter (2008), a famous professor at Harvard University in the United States, applied the theory of industrial organization to the study of enterprise strategy and realized the integration of the two. He believed that strategy is to create the only valuable position involving a series of different business activities. Different schools have different understandings of corporate strategy. Mintzberg et al. (2003), a professor from McGill University in Canada, pointed out that in terms of corporate strategy, people give different connotations to corporate strategy in different ways on various occasions in production and operation activities, and people can accept diversified definitions of strategy as needed. Based on this point of view, he proposed that enterprise strategy is elaborated by five normative definitions, namely Plan, Ploy, Pattern, Position and Perspective, which constitute the "5P" model of enterprise strategy. These five definitions expound the concept of enterprise strategy

from different angles.

On the basis of having a clear understanding of the concept of enterprise strategy, there is a need to further understand what corporate strategic management is. Ansoff et al. (1976) initially believed that the strategic management of an enterprise refers to a series of operation and management services formed by combining the daily business decisions of an enterprise with the long-term planning decisions. In the book *Management policy and strategy*, Steiner et al. (1986) believed that corporate strategic management is a dynamic process in which the enterprise's mission is determined. The enterprise goal is determined according to the external environment and internal operation elements of the enterprise, while the correct implementation of the goal is guaranteed, and the enterprise mission can finally be realized. It contains three levels of meaning that corporate management should always pay attention to the internal and external environment, the enterprise strategic management should take the enterprise's mission and the ultimate goal as the center; and enterprise strategic management is a dynamic process.

Corporate strategic management involves not only the formulation and planning of strategies, but also the management of putting the formulated strategies into practice. Therefore, F. David and David (2016) indicated that strategic management is a continuous and circular whole process management, and three stages of strategic management can be further divided into a series of specific links, which are corporate strategy formulation, corporate strategy implementation and corporate strategic evaluation.

(1) Corporate strategy formulation

The corporate strategy formulation includes the external environment analysis, the internal environment analysis, the enterprise vision, the mission and the goal establishment, the enterprise strategy proposal and the enterprise strategy choice.

External environment analysis: mainly to find out the threat and opportunity facing the enterprise, not only to take into account the current environmental situation, but also from a longer-term perspective to look at its changing trend. Enterprises are faced with a series of complex macro backgrounds, including economic, social, cultural, political, legal, demographic, and technological changes as well as government attitude, which will have an impact on enterprises. Environment variables are constantly changing and new requirements are constantly being created. The changing demand and environment require enterprises not only to identify the opportunities brought by the environmental change, but also to put forward countermeasures to the possible threats. Corporates should always be alert to the external environment, and make a flexible response, and timely changes, in order to control risks.

Internal environment analysis: Internal environment is to find out the strengths and

weaknesses of an enterprise. Enterprises have certain resources, and the integration and utilization of these resources will form the unique capabilities of enterprises. The unique ability in such as business management, financial accounting, production operations, marketing and research and development and other links. It is necessary to identify and evaluate the advantages and disadvantages of the enterprise, and work out a favorable strategy to give full play to the advantages and avoid the disadvantages.

The establishment of vision, mission and goal: It is also necessary to have an accurate positioning of all aspects of the enterprise. The corporate vision defines the core concept of the enterprise and draws the blueprint for the future development of the enterprise. The mission outlines the scope in which the enterprise should carry out business. On the basis of a clear vision and mission, the enterprise needs to clarify the stage goal and long-term goal of development, as the long-term goal is the foundation of strategy formulation.

Proposal of a strategic plan: enterprise puts forward corporate strategy on the basis of a comprehensive analysis of the internal and external environment and enterprise goals. The contents of enterprise strategy include: which products and services to develop, the target market to enter, how to enter the target market, how to obtain and allocate resources for the business of the enterprise, how to conduct a business competition, and how to manage the functional relations within the business scope.

Corporate strategic choice: Generally, enterprises will formulate multiple alternative plans, evaluate and compare alternative plans, and measure the adaptability of the strategic environment, strategic superiority, feasibility and consistency of goals and other all-around issues.

(2) Corporate strategy implementation

Successful corporate strategy formulation does not guarantee successful strategy implementation, the difficulty of strategy implementation is far greater than the difficulty of strategy formulation. The implementation of enterprise strategy needs to follow the following principles. First, complying with the principle of moderation and rationality, that is, the process of strategy implementation is the development of strategy creation. On the premise of not impeding the realization of the overall goal and strategy, part of the content and characteristics of the strategy can be adjusted appropriately, and the way of compromise can be adopted in the face of the conflict of interests of all parties. Second, the principle of unified leadership and command are important. Senior leaders shall take unified leadership and command to ensure an orderly process of resource allocation, institutional adjustment, corporate culture building and incentive system establishment. The third is about the principle of contingency. When major

changes occur in the environment, it is necessary to make timely adjustments to the enterprise strategy and make adequate alternative plans to cope with the major changes. It is necessary to establish the relevant organizational structure, realize the allocation of resources and establish internal support, and give better play to the command and leadership function. It is helpful to make the enterprise strategy match the organizational structure and enterprise culture, coordinate the internal relations of the enterprise, stimulate the enthusiasm of all enterprise personnel to invest in the implementation of the strategy, and ensure the realization of the strategic objectives.

(3) Corporate strategic evaluation

There are several reasons for evaluating the implementation effect of enterprise strategy. First, the strategic environment is constantly changing, and the internal resources of the enterprise are also varying all the time. The corporate strategy may not adapt to the environment, so timely adjustments should be made if necessary. Evaluation of the effect of strategy implementation is the foundation of strategic control, without evaluation there is no control. Through the evaluation of the effect of strategy implementation, the performance of enterprise members can be measured and the effective incentive can be carried out accordingly. The basic activities of enterprise strategy evaluation include: examining the internal basis of enterprise strategy; differentiating the expected results from the actual results; take corrective actions to ensure that actions are consistent with plans.

According to the review of many literature studies, the development of the strategic management theory of enterprises can be roughly divided into four stages (see Table 2.1): The first is that the industry analysis theory represented by scholars such as Michael E. Porter; the second is resource-based theory represented by Wernerfelt and Barney. The third is the core competence theory represented by Prahalad and Hamel; the fourth is the dynamic competence theory represented by Teece, Eisenhardt and Martin.

In the 1990s, with the advent of globalization and the Internet economy, the survival environment of enterprises has undergone dramatic changes. Scholars have found that industrial organization theory, resource-based theory, and core competence theory based on resource-based theory have a common problem: these theories are all based on the assumption that the enterprise's living environment remains unchanged or changes slowly. The assumption is inconsistent with the real dynamic environment in which today's enterprises survive. Therefore, these theories cannot explain the reasons why some companies can maintain competitive advantage when facing a dynamic environment with complex and ever-changing technology changes. Table 2.1 shows the development history of strategy theories.

Table 2.1 Development history of strategy theory

Name	Representative	Assumption	Analysis object	Nature	Defect
Industrial organization theory	Porter (1984)	The competitive environment remains unchanged, there is no cooperation among enterprises, resource homogeneity and mobility	Enterprise in the industry	Chamberlain rent	Static, and only focus on the external industrial environment
Resource-based theory	Wernerfelt (1984) & Barney (1991)	Heterogeneous resources and resources are difficult to transfer	Resource, capability	Ricardo rent	Static, and only focus on the external industrial environment
Core competence theory	Prahalad and Hamel (1997) & Hamel and Prahalad (1990)	Unchanged environment, heterogeneous resources or capabilities (not fully mobile), continuous competitive advantage	Resource, capability	Ricardo rent	Static, core capability rigidity
Dynamic capability theory	Teece and Pisano (1994); Teece et al. (1997); Teece (2007); Eisenhardt and Martin (2000)	Heterogeneous resources or capabilities will disappear due to environmental changes	Process, potential, path	Schumpeter rent	Dynamic, in the process of perfection

Source: Research and collation according to relevant literature

With the rapid development of corporate strategy theory, the theory of corporate dynamic capabilities was born, and soon received the attention and recognition of the theoretical community and practice and became the mainstream theory in the field of contemporary strategic management.

2.1.2 Connotation of dynamic capability

After more than 20 years of development, scholars have put forward many definitions of dynamic capacity theory. The concept of enterprise dynamic capabilities was originally proposed by Teece and Pisano in the article "Introduction to Enterprise Dynamic Capabilities" published in 1994. They introduced "dynamics" into theoretical research and pointed out that dynamic capabilities are the integration, construction and reconstruction of enterprises'

business and resources and it is an ability to respond to the rapidly changing market environment. Therefore, dynamic capabilities reflect the ability of an enterprise to obtain new and innovative competitive advantages that depend on historical paths and market position. This ability cannot be obtained through simple market trading, corporate mergers, and other business activity combinations and replication.

Based on the perspective of capabilities, some researchers led by Teece et al. (1997), explained dynamic capabilities from the perspective of modifying, integrating and reconstructing resource capabilities. Teece first defined dynamic capabilities as the ability of an enterprise to integrate, construct and restructure internal and external capabilities to cope with a rapidly changing environment. This definition was endorsed by Winter (2003), who further defined dynamic capabilities as high-level capabilities used to expand, modify, and create conventional capabilities, which can create, update, and protect unique resources. Zahra et al. (2006) and Helfat et al. (2009) further pointed out that dynamic capability is a purposeful change of basic resources under the leadership of enterprise managers. Helfat et al. (2009) define dynamic capabilities as the company's main decision-makers being able to appropriately re-allocate the company's resources and practices in an expected manner. Helfat et al. (2009) define dynamic capabilities as the ability of an organization to create, expand, or modify its resource base with a purpose. Compared with the definitions of Teece et al. (1997) and Winter (2003), they all further emphasize that enterprises change, modify or reconstruct resources proactively and with purpose. On this basis, Teece (2007) expands the definition of dynamic capabilities and decomposes dynamic capabilities into three dimensions: the first is sensing capabilities, that is, to perceive and identify opportunities and threats; the second is to seizing capabilities, that is mobilizing your resources to capture value from those opportunities; the third is transforming capabilities that is, to strengthen, combine, protect and replacing the tangible and intangible assets of enterprises if necessary to maintain a competitive advantage, and for the first time clearly stated that perception is a part of dynamic capabilities.

Other researchers regard dynamic capabilities as a routine, process, and model. Eisenhardt and Martin (2000) think that the definition of Teece and Pisano (1994) is too abstract and vague, and they define dynamic capabilities as the process of enterprise use of resources, especially enterprise conduct integration, reconstruction, acquisition and release of resources to match market changes or transformation of the market environment. At the same time, they also expanded the boundaries of dynamic capabilities. They pointed out that dynamic capabilities not only exist in companies in a dynamic environment that changes rapidly, but companies in a relatively stable environment also have dynamic capabilities. It is only in these two different

environments that companies' performance of dynamic capabilities is different. In addition, they also pointed out that dynamic capabilities are homogenous, equivalent, imitable, and replaceable. Different companies can adopt different methods and paths to obtain similar dynamic capabilities.

Zollo and Winter (2002) also believe that the definition of Teece has problems of a vague definition, repeated consent, and narrow scope, and Teece et al. did not clearly explain the source of dynamic capabilities. Zollo and Winter (2002) defined dynamic capabilities from the perspective of organizational learning and knowledge and pointed out that dynamic capabilities are a stable model formed through learning and collective activities. Organizations can be used in this model to systematically generate and correct business processes to pursue operations and improve production efficiency. Similarly, Karim (2006) pointed out that by restructuring the business unit of the enterprise, the enterprise can recombine resources to adapt to changes in the environment. Dynamic capabilities have different manifestations and functions, but what is common behind the different manifestations is the high-level ability of the enterprise to update, integrate and reconstruct resources.

Collis and Montgomery (1995) proposed a hierarchical concept of capabilities, arguing that dynamic capabilities are the ability to control the rate of change of common capabilities. Winter (2003) proposed the concept of zero-order capability--the basic ability of enterprises to survive in the short-term. And the ability to change the basic ability is not a zero-order capability, but may be a first-order or higher-level capability.

C. L. Wang and Ahmed (2007) believed that dynamic capabilities are the behavioral orientation of enterprises to continuously integrate, reconfigure, update and recreate their own resources and capabilities, and to respond the changing environment through continuous upgrading and reconstruction of this orientation, so as to obtain and maintain competitive advantages. They believed that dynamic capabilities are not simple processes but are embedded in various processes. At the same time, they expanded the hierarchy of resources and capabilities of enterprises by reference to the types of capabilities of Winter (2003). Resources are the foundation of the existence of enterprises. They are at the lowest level of the hierarchy, zero-order elements, which can produce short-term competitive advantages, but cannot produce sustained competitive advantages. Capabilities are first-order, and when performance is aligned with the company's strategic goals, production performance can be improved. The core competence is second-order. It is composed of a series of enterprise resources and capabilities. It has strategic significance for the company's competitive advantage in a certain period of time, but when the external environment changes, the capability may be transformed into core rigidity.

The dynamic capability is third-order or even higher-order, which is a continuous update of the core competence of the enterprise, helping the enterprise to adapt to the living environment of each stage of the enterprise.

Borch and Madsen (2007) selected more than 200 companies to conduct actual surveys, and finally concluded four types of dynamic capabilities that help companies establish industry advantages, namely, resource planning and distribution capabilities, resource discovery capabilities, information capabilities, and capacity. At the same time, the case studies have proved that the dynamic capabilities of an enterprise have a direct impact on its decision-making capabilities. Their research on more than 200 enterprises managed to conduct practical research and confirmed that four types of dynamic capabilities are helpful for enterprises to establish industrial advantages, including resource planning and allocation ability, resource discovery ability, information ability and the ability to draw on resources from other units. Døving and Gooderham (2008) also regard heterogeneous human capital, internal development practices, and the ability to form alliances with external service providers as components of dynamic capabilities.

Portuguese scholar Barreto (2010) also elaborated on dynamic capabilities from four dimensions, arguing that dynamic capabilities are (1) the potential of enterprises to solve problems systematically; (2) formed by their tendency to perceive opportunities and threats; (3) the potential to make timely and market-driven decisions; (4) the potential to change the resource base of the enterprise. Although this definition is comprehensive, it is not systematic because of the lack of connection between the dimensions.

Dunning, the founder of the "eclectic paradigm" of international production, points out that dynamic capabilities involve the ability of enterprises to create new products or services and adjust their activities to better adapt to the competitive environment (Dunning & Lundan, 2010). The problem with this definition is that not all adjustments in the face of environmental uncertainty lead to dynamic capabilities, such as ad hoc Improvisation. Faced with the changes and uncertainties of the enterprise environment, enterprises sometimes need to improvise or make temporary solutions, but this is different from the dynamic ability of enterprises (Winter, 2003). Because the development of dynamic capabilities costs money, and those costs are at least partially sunk. On the contrary, the costs incurred by the temporary allocation of resources in an AD hoc solution can often be recouped from the implementation benefits of the AD hoc solution.

Through case research, Døving and Gooderham (2008) also regard heterogeneous human capital, internal development practices and the ability to form alliances with external service

providers as the components of dynamic capability. They found that the dynamic capability of an enterprise has a direct influence on its decision-making ability. Danneels (2011) found that enterprise dynamic capabilities are composed of two dimensions- the ability to identify and enter new markets, and the ability to identify and acquire new technologies. Protoerou et al. (2012) divided the dynamic capabilities of enterprises into three parts: integration ability, organizational learning ability and response ability of strategic competition. Pavlou and Sawy (2011) emphasized that perception ability, experience integration ability, resource management ability and strategic cooperation ability are important components of enterprise dynamic capability. Based on the research of scholars such as Zollo and Winter (2002), they defined dynamic capabilities as: dynamic capabilities refer to those capabilities that help enterprises to extend, modify and reconfigure existing operational capabilities to better meet the changing environment. At the same time, from the perspective of organizational learning, they proposed a time-series evolution model of dynamic capabilities acting on operational capabilities.

The above-mentioned scholars put forward the definition of dynamic ability from the perspectives of ability, process, convention, and behavior orientation and formed a greater influence. Many other scholars at home and abroad have also put forward many similar integrated definitions on their basis. This thesis collates some other scholars' opinions in Table 2.2.

Table 2.2 Typical definition of dynamic capabilities from different research perspectives

Representative scholar	The main points
Zahra and George (2002)	The essence of dynamic capabilities is change-oriented ability, which helps companies to integrate and optimize the allocation of enterprise resources to meet customer needs and to deal with challenges of competitors.
Zott (2003)	Dynamic capabilities are operational processes that guide resource allocation.
Winter (2003)	Dynamic capabilities are the ability to expand, modify, and create basic capabilities.
Verona and Ravasi (2003)	Dynamic capabilities are the ability to create, absorb, and integrate and reconfigure knowledge.
Helfat et al. (2009)	Capabilities that organize to build, expand and refine resource base with certain purpose.
Easterby - Smith and Prieto (2008)	Dynamic capabilities are the acquisition, absorption, creation, integration, and reconstruction of knowledge by enterprises.
Ambrosini and Bowman (2009)	Dynamic capabilities are a purposeful and repeatable organizational practice that changes the organizational resource base.
Barreto (2010)	Dynamic capability is a potential system problem-solving ability formed by enterprises to perceive market opportunities and threats, make resource adjustments according to the market, and improve enterprise performance.

Protogerou et al. (2012)	Dynamic capabilities are the ability of coordination, learning, and strategic competitive responsiveness.
J. W. Dong et al. (2004)	A learning ability that continuously enhances and renews one's abilities through knowledge and management training.
F. Liu et al. (2010)	Dynamic capabilities are the ability of enterprises to obtain a series of short-term and sustainable competitive advantages in a dynamic environment. The key decision-makers of enterprises purposely integrate the internal and external resources of enterprises to cope with and even create the survival environment of enterprises.
Feng and Wei (2011)	Dynamic capabilities are high-level capabilities that change the company's normal capabilities and are highly stylized and repeatable organizational practices.
Jiang and Liu (2014)	Dynamic capabilities are the ability of an enterprise to manage operational capabilities, that is, the ability to integrate and update operational capabilities to create and sustain a competitive advantage.

Source: Research and collation according to relevant literature

So far, there is still a big difference in the definition of dynamic capabilities by scholars in management. Helfat et al. (2009) mentioned that for new theoretical ideas, vague and flexible terms may make the theory have a flexible development. However, Zahra et al. (2006) also pointed out that the ambiguous definition of excessive dynamic capabilities directly leads to the inconsistent use of the concept of dynamic capabilities, which hinders the subsequent development of the theory.

Green et al. (2008) studied a well-known domestic real estate enterprise as the research object based on the previous definition of dynamic capacity structure. They investigated the business operation strategy and development path of the enterprise, and finally established a detailed dynamic capacity structure framework for real estate enterprises. It is pointed out that the development phenomenon of path dependence also exists in the real estate industry. Most enterprises follow the objective transformation law of the industry environment, while the dynamic capability has certain perceived energy efficiency, so it can help the real estate enterprises to make the strategic plan of compliance and superiority.

According to the research of comprehensive scholars, some common points have received the attention and recognition of most scholars. First, dynamic capabilities are abstract, high-level organizational management capability that is embedded in the various processes of the organization. The role of dynamic capabilities is to integrate the common capabilities and resources of the company's daily operations, and to form the ability of the company to perform daily tasks. Second, the goal of dynamic capabilities is to achieve continuous matching of enterprise resources and capabilities with dynamic environments, and to address the core rigidity of core competencies. Here, environmental change is the driving force for dynamic

capacity development. Third, there is a path dependence on dynamic capabilities, which cannot be obtained through purchase in the market, and can only be obtained through the cultivation of the enterprise itself. Fourth, the manifestation of dynamic capabilities is the continuous updating of the core competence of the enterprise according to environmental changes, that is, the construction, integration and reconstruction of enterprise resources and capabilities. The ultimate goal is to improve corporate performance and competitive advantage.

2.2 Dynamic capabilities

The Dynamic Capabilities and Strategic Management published by Teece et al. (1997) is a milestone in the development history of dynamic capabilities theory. Scholars generally believe that it marks the official birth of dynamic capabilities theory. This theoretical integration absorbs the essence of industrial organization theory, resource-based theory, core competence theory, organizational learning theory, knowledge-based theory, innovation management, entrepreneurial management and other theories and avoids the drawbacks of these theories. The birth of this theory provides a good theoretical explanation for solving the core hot issue in the field of corporate strategic management, which is how companies maintain sustainable competitive advantages. The core of dynamic capabilities is to actively seek to cultivate their own unique advantages or change the environment according to the changes in the competitive environment before the existing competitive advantages decline, so that the environment is more suitable for their own development.

2.2.1 Composition dimension of dynamic capability

As scholars have different understandings of the connotation of dynamic capability and the research backgrounds and focuses are different, scholars have different dimensional divisions of dynamic capability. This thesis lists some representative scholars' dimensional divisions of dynamic capability in Table 2.3.

Table 2.3 Dynamic capabilities constitute dimensions

Representative scholar	Component dimensions
Teece and Pisano (1994); Teece et al. (1997)	Integration, construction, and reconfiguration of resources
Eisenhardt and Martin (2000)	Integration, organization, reconstruction resources, acquisition, and release of resource
Zahra et al. (2006)	Acquisition ability, digestion ability, transformation ability, utilization ability
C. L. Wang and Ahmed (2007)	Adaptability, absorptive ability and innovative ability
Teece (2007)	Perceive opportunities and threats, capture opportunities,

	integrate resources, build and restructure
Pavlou and Sawy (2011)	Opportunity perception, learning, integration, coordination
Protogerou et al. (2012)	Coordination, learning, and strategic competitive response
Makkonena et al. (2014)	Refactoring practices, leverage, learning, perception and capture opportunities, knowledge creation, knowledge integration
J. W. Dong et al. (2004)	Knowledge variation, internal knowledge selection, knowledge dissemination and knowledge storage
H. C. Wang and Wu (2005)	Soft capabilities (corporate culture, entrepreneurial capabilities and other important capabilities), hard capabilities (manufacturing capabilities, marketing capabilities, technical capabilities and other important capabilities) and intermediate sub soft-capabilities (organizational capabilities)
Lin (2008)	Market orientation, organizational learning, integration capabilities, organizational flexibility and risk prevention capabilities
Zhong (2008)	Enterprise peripheral capabilities, external capabilities, potential capabilities, existing core capabilities
F. Liu et al. (2010)	Perceived shaping ability, learning absorption ability and integration reconstruction ability
B. B. Dong et al. (2011)	Environmental adaptability, organizational change capability, resource integration capability, learning ability, strategic isolation mechanism
Sun et al. (2012)	Insight and foresight, social relations, integration, innovation, reorganization, and learning

Source: Research and collation according to relevant literature

Teece and Pisano (1994) divided dynamic capabilities into three dimensions: integration, construction, and reconfiguration. Teece et al. (1997) re-emphasized this view and propose a dynamic capability 3P analysis framework, namely processes, positions, and paths. The essence of enterprise dynamic capabilities is implicit in a variety of organizational and management processes that are shaped by the asset landscape of the enterprise, especially the company's specific assets and complementary assets, and historical evolution paths. They determine the core competitive advantage of the company together. Management and organizational processes refer to the way in which specific transactions are done in the company, often referred to as "organizational practices," or patterns of current practice and learning. It has three components: coordination/integration (static concept), learning (dynamic concept), and refactoring (conversion concept). The position refers to the company's current unique talents, business reputation, intellectual property, complementary assets, customer base and friendly external supplier relationships. The position determines the competitive advantage of the company at various points in time. The path refers to the company's possible strategic choices. The future choice of a company often depends on the company's past resource accumulation and corporate practices. These possible strategic choices often fail to escape path dependence because of the increasing reward effect.

Eisenhardt and Martin (2000) also pointed out that dynamic capabilities include resource

integration capabilities, resource reconfiguration capabilities, resource acquisition and resource release capabilities.

Zahra and George (2002) regarded dynamic capabilities as the innovation-oriented capabilities of enterprises to reintegrate and allocate resources to respond to evolving customer demands and competitors. Based on the perspective of dynamic capabilities, it expands the dimensions of knowledge absorption capabilities in dynamic capabilities and divides them into four dimensions: acquisition capability, assimilation capability, transformation capability, and exploitation capability.

Teece et al. (1997)'s research on dynamic competence theory is considered to be the basis for researching dynamic capabilities. Other scholars have combined their own specific research themes and objects based on their research, and also proposed some derivative frameworks.

Teece (2007) further conducted a research to incorporate key decision-makers and senior leaders into the impact on corporate strategy and divided dynamic capabilities into capabilities that sense opportunities and threats, capture opportunities, and integrate and restructure corporate resources to maintain corporate competitiveness. Finally, a comprehensive dynamic capability research framework has been formed. Teece's research on dynamic competence theory is considered to be the basis for researching dynamic capabilities. Other scholars have combined their own specific research themes and objects based on their research, and also proposed some derivative frameworks.

C. L. Wang and Ahmed (2007) argued that the components of dynamic capabilities are adaptive, absorptive, and innovative. Adaptability emphasizes the ability of companies to identify and leverage emerging market opportunities. Absorptive capacity emphasizes the ability of companies to perceive, evaluate, and choose to absorb external knowledge and market information and apply it to business.

J. W. Dong et al. (2004) proposed an evolution model of dynamic capabilities and organizational knowledge and proposed 18 kinds of latitudes for enterprise capacity change. They believe that the evolution of dynamic capabilities mainly focuses on four stages: knowledge variation, internal knowledge selection, knowledge dissemination and knowledge storage. In the process of the cycle, the organization's business practices and learning practices play an important role and are intertwined with the company's cognitive and behavioral efforts.

H. C. Wang and Wu (2005) proposed a process model for the formation of dynamic capabilities according to the perspective of Teece and gave a detailed discussion of each process. The formation of dynamic capabilities is first of all an analysis of existing capabilities. They divide existing capabilities into three categories: soft capabilities (corporate culture,

entrepreneurial capabilities and other important capabilities), hard capabilities (production capabilities, marketing capabilities, technical capabilities and other important capabilities) and intermediate softness (organizational ability). The company then learns and imitates from outside the company based on its existing capabilities. Then the company forms new capabilities by integrating and refactoring internal and external capabilities, and finally tests the newly formed capabilities in practice. In this whole process, it is necessary to establish a monitoring and coordination system, timely discover the parts that are not compatible with the development of the enterprise, and adjust accordingly according to the practice, and finally develop into a new core capability of the enterprise and form a competitive advantage.

Lin (2008) putted forward that the constituent dimensions of organizational dynamic capabilities are market orientation, organizational learning, integration capabilities, organizational flexibility, and risk prevention capabilities, which together affect organizational performance, and the dynamic environment plays a moderating role in this process. These factors jointly affect organizational performance and the dynamic environment in this process. It plays a regulatory role. Market orientation is the sensitivity of companies to market, understand market changes and customer needs, use market information to identify opportunities and respond quickly, gain insight into the direction of business development and change, and let companies understand what to do next. All activities in which enterprises restructure resources and adapt to environmental changes are first generated from activities that fully understand the environment. Organizational learning is mainly to enable enterprises to acquire and absorb external related knowledge and integrate it with internal knowledge to generate new knowledge, acquire new opportunities, and new markets. The main purpose is to let enterprises know how to deal with changes in the external environment. The integration capability is mainly through the integration of internal and external knowledge, communication and sharing of knowledge, coordination of internal and external resources of the enterprise, and ultimately transformation into corporate competitiveness. Integration capabilities can transform a range of other capabilities into a competitive advantage that is the core of dynamic capabilities. Organizational flexibility emphasizes the organization's flexibility to respond to internal and external environmental changes; risk prevention capabilities are the guarantee for restructuring and transformation success. Organizational change is a big risk. Companies must understand and anticipate possible risks in advance and take appropriate measures to control risks. Lin verified the effectiveness of measurement models other than risk prevention capabilities through large-scale quantitative research. The above five organizational capabilities work together on organizational resources, capabilities, and dynamic environments, and promote the

restructuring of corporate resources.

Based on the models established by Dagnino (2005), Zhang et al. (2018) integrated environmental change, knowledge sources and various capabilities into a unified framework to build enterprise dynamic capabilities. Enterprise dynamic capability is derived from the integration of new and old knowledge and is the integration and change of the company's peripheral capabilities, external capabilities, potential capabilities, and existing core capabilities.

F. Liu et al. (2010), based on the combing of the literature, believed that dynamic competence consists of three core dimensions: perception modelling ability, learning absorption ability and integration reconstruction ability, and constructs frame analysis in these three dimensions.

B. B. Dong et al. (2011) defined dynamic capability as a unique ability formed by enterprises in integrating resources that can quickly respond to changes in the external environment and bring sustainable competitive advantages to enterprises. The dynamic ability is divided into five dimensions, namely environmental adaptability, organizational change ability, resource integration ability, learning ability, strategic isolation mechanism.

Sun et al. (2012) divided the dynamic capabilities of an enterprise into two shells and analyzed its constituent elements. The outer surface capabilities are insight and anticipation capabilities, social relationship capabilities, and the inner basic capabilities are integration capabilities, innovation capabilities, transformation, and reorganization capabilities, and learning capabilities. Through the ability to recognize and foresee the external environment, the enterprise transmits insightful environmental change information to the inner layer. Under the effect of various inner layer capabilities, it integrates, innovates, and optimizes the allocation of resources to dynamically adapt to complex and changing environments.

From the above analysis, the dimension division of dynamic capabilities has not yet formed a completely unified understanding. Scholars have some differences in the division of dynamic capabilities according to their own research perspectives and focus. However, the whole research is still continuous. Many follow-up scholars have supplemented and improved based on their predecessors, and the compositional dimension of dynamic capabilities has gradually become rich. Learning ability, integration ability and reconstruction ability have been recognized by most scholars. Compared with foreign scholars, Chinese scholars have added organizational flexibility and technical flexibility to the compositional dimension of dynamic capabilities. The research framework of dynamic capabilities fills the gaps in the industrial analysis theory and the resource-based theoretical framework model.

2.2.2 Formation of dynamic capability

The dynamic capability view has similarities in common with the resource-based view. The resource-based view holds that the resources of an enterprise are heterogeneous, and so are the dynamic capabilities, which cannot be obtained from market transactions, so they can only be cultivated within the enterprise. The innovative results of Teece et al. (1997) explained the purpose and content of dynamic capability, but do not explain where it comes from and how to cultivate dynamic capability.

The level of enterprise capability is largely reflected in knowledge reserves and knowledge quality. Therefore, Zollo and Winter (2002) point out that dynamic capability comes from a learning mechanism, which promotes the continuous evolution of enterprise operation routines, and the learning mechanism itself directly influences the continuous evolution of enterprise operation routines. Through organizational learning, enterprises can constantly acquire, use and update existing resources and capabilities, and gradually form dynamic competitive advantages that can respond to environmental changes in a timely manner. In the face of changes in the market environment, enterprises should timely and timely adjust their strategies, update their resources and capabilities. This foundation is based on good learning and absorptive capacity. By embedding external information and knowledge into the existing operational practices of the organization, the enterprise can update and improve its ability, so as to obtain sustainable competitive advantages. At the same time, Zollo and Winter (2002) analyzed the evolution of enterprise dynamic capabilities from the perspective of knowledge evolution and pointed out that the evolution process of enterprise dynamic capabilities is actually the evolution process of enterprise internal knowledge.

F. R. David et al. (2013) had also studied the promoting effect of Entrepreneurship on the formation of dynamic capacity. Because in order to obtain a sustainable competitive advantage, enterprises not only need to update their own resources and capabilities with the change of the environment, but also need to be able to quickly take advantage of this advantage, so that enterprises can take the lead in the rapidly changing environment(F. R. David et al., 2013). Newey and Zahra (2009) also pointed out that in addition to the external environment of enterprises, the operational ability and dynamic ability of enterprises are also affected by the endogenous entrepreneurship of enterprises. In addition, some scholars point out that the formation of dynamic capability is not only influenced by the internal factors of the enterprise, but also promoted by the market environment. Ambrosini and Bowman (2009) explored a variety of factors that shape the formation of dynamic capabilities of enterprises on the basis of

integrating internal and external factors of enterprises. Internal factors include managers' awareness of environmental changes, enterprises' learning and existing resources, and other factors such as social capital and leadership. The external factors include the complexity of the environment, the uncertainty, and the shaping of the enterprise development path and potential by the government.

2.2.3 The role of dynamic capability

The essence of strategy is to study how companies gain competitive advantages in market competition. This is also the original intention of scholars to study dynamic capabilities. The difference is that the market environment has changed, enterprises are concerned about how to obtain sustainable competitive advantages in the turbulent market environment and fierce market competition. Entrepreneurs have put forward new requirements for the sustainability of competitive advantage. The focus of the role of dynamic capabilities is to directly provide organizations with a sustainable competitive advantage. At present, scholars' research still has the opposite conclusion.

Eisenhardt and Martin (2000) pointed out that only when companies apply dynamic capabilities earlier, faster, and more occasionally than their competitors, the source of sustainable competitive advantage will be dynamic capabilities. In other cases, dynamic capabilities can only bring short-term competitive advantages. The research of Teece and his colleagues shows that dynamic capabilities are the source of sustainable competitive advantage (Teece, 2007; Teece et al., 1997).

Zott (2003) studied the relationship between dynamic capabilities and firm performance through rigorous modelling and computer simulation research. The results showed that time differences in dynamic capacity deployment can lead to differences in business performance. In other words, the timing of enterprise change is important. However, the competitive advantage gained in this way is not sustainable in industries that tend to be balanced and stable. Second, the sustainability of corporate performance is closely related to the cost of acquiring dynamic capabilities. When some enterprises are unable to implement change because of certain related costs, dynamic capabilities will not work. In addition, if the application and path dependence of dynamic capabilities are endogenous, it will result in different enterprise performances for enterprises with the same dynamic capabilities. Currently, it is very important for companies to choose to be smart pioneers or skilled imitators.

Research by Helfat et al. (2009) showed that in emerging markets, dynamic capabilities do

not directly affect a company's performance or competitive advantage, but dynamic capabilities can help companies control their resources and capabilities more efficiently. Shamsie et al. (2009) also did not find a direct relationship between dynamic capabilities and firm performance based on research by the project company. Wilden and Gudergan (2015) analyzed the 228 large-scale enterprises in Australia and found that dynamic capabilities have a significant effect on improving the marketing and technical capabilities of enterprises, which indirectly affects the competitiveness of enterprises and improves performance. Wilhelm et al. (2015) further found that dynamic capabilities can help to improve the basic capabilities of the enterprise in terms of both utility and efficiency.

He et al. (2006) conducted semi-structured interviews with executives from 29 Chinese companies, identifying five dimensions of dynamic capabilities that Chinese entrepreneurs are concerned with: market potential, organizational learning, organizational change, organizational flexibility, and strategy isolation. Then, they conducted an empirical analysis of these five dimensions for 363 valid questionnaires and obtained the following conclusions: The dynamic capabilities of enterprises have certain relevance to the performance of Chinese enterprises in the process of economic transformation, but the effects of dynamic capabilities are different under different factors. Among them, the empirical results have the best interpretation of market potential (technical potential, cost control, quality and service level). The sense of change and innovation of the employees of the company also contributes to the profitability and growth of the company. Organizational flexibility (flexible organizational mechanisms, rapid response to the market) also contributes to improved profitability. The strategic isolation mechanism of enterprises helps the growth and development of the enterprise market and has no obvious effect on stabilizing profitability. However, the empirical results of organizational learning ability on organizational performance are not significant. The author's analysis may be that the learning organization does not play a role, or the organizational learning effect has a lag.

The study of Easterby-Smith et al. (2009) pointed out that dynamic capabilities are only the process of the company's resource allocation or are closely related to corporate performance and sustainable competitive advantage. This is still a topic of controversy.

B. B. Dong et al. (2011) integrated the resource-based view and the dynamic capability view under a research framework, constructed a new model, and used the structural equation model to empirically analyze 187 valid questionnaires in the Northeast region. They concluded that the identification and allocation of resources have a significant impact on the dynamic capabilities. The impact of resource acquisition on the competitive advantage of enterprises is

not significant. The allocation of resources is significantly related to the competitive advantage of enterprises, and the improvement of dynamic capabilities will be obvious. Improve the competitiveness of enterprises. Because of the strong geographic characteristics of their selection of samples, the representativeness has certain limitations, and the verification of the model needs to further expand the sample area.

D. Y. Li and Liu (2014), through an empirical study of 217 companies in China, found that the environment drives dynamic capabilities to have a significant positive impact on corporate competitive advantage.

Through the above summary, we can find that the development of dynamic capabilities will directly or indirectly affect corporate performance or competitive advantage, and there is often a positive correlation between the two.

2.2.4 Empirical studies of dynamic capability

Rindova and Kotha (2001) used the document method to analyze Yahoo and Excite and found the dynamic capabilities of enterprises at different stages of development are not the same. Danneels (2011) used the document method and interview method to analyze the performance of Corona's dynamic capabilities in four aspects: using leverage to use existing resources, creating new resources, acquiring external resources, and releasing existing resources. His research involves the process by which dynamic capabilities work. Makkonena et al. (2014) used multiple case studies to conclude that both regenerative and renewed capabilities can improve the company's ability to adapt to the new environment.

Recognizing that the rapid changes in the global construction market pose new challenges to the development of real estate and construction companies, Korkmaz and Messner (2008) pointed out that companies that effectively use external forces and shape the compatibility and consistency with the external environment are the company's important means to obtain sustained competitive advantage.

Danneels (2011) used the document method and interview method to analyze the performance of Corona's dynamic capabilities in four aspects: using leverage to use existing resources, creating new resources, acquiring external resources, and releasing existing resources. His research involves the process by which dynamic capabilities work.

Salunke et al. (2011) based on in-depth interviews and investigations with senior managers of 13 project-oriented enterprises (including construction companies, architectural design companies, construction and engineering service companies et al.), and constructed the ability

of motivation and service innovation to compete with enterprises. At the same time, he puts forward the four dimensions of project-based enterprise dynamic capabilities from the perspective of learning, namely, incidental learning ability, relationship learning ability, customer-oriented learning ability and integration ability.

Makkonena et al. (2014) used multiple case studies to conclude that both regenerative and renewed capabilities can improve the company's ability to adapt to the new environment. Taking IBM as the research case, Harreld et al. (2007) explained the company's growth from success to decline and rise again, from technology services company to total solution provider over a period of 20 years (1983-2001). In particular, they highlight the important role of dynamic capabilities in translating corporate strategy into practical actions.

Researching into high-tech enterprises in Taiwan, Wu and Wang (2007) analyzed the important role of dynamic capabilities in the transformation of internal and external resources into enterprise competitiveness and excellent financial performance. However, their research on dynamic capabilities is more focused on high-tech industries with strong dynamic technological environments, such as the semiconductor industry, biotechnology industry, information technology industry, and other industries. Because of the relatively fast speed of technological renewal in these industries, enterprises can constantly adapt to the changing environment through product innovation, technological innovation, and other important capabilities, and maintain their competitive advantages in the industry. However, the dynamics of the environment is affected by the combination of many factors, including not only technological change and innovation (Tseng & Lee, 2014), but also market regulation change, customer demand change, economic fluctuations and changes in industrial competition pattern and rules (Henisz, 2016; Wu & Wang, 2007). Other researchers have explored the case of specific business processes such as new product development and marketing, in which they have found the role of dynamic capabilities (Danneels, 2011; Newey & Zahra, 2009). Relatively speaking, the speed of technological innovation in the construction and real estate industry is relatively slow, but the fierce degree of market competition, changes in investment approval policies in related industries and changes in the supervision of the real estate market at home and abroad also pose great challenges to the development of real estate enterprises. Therefore, how Chinese real estate enterprises obtain and maintain competitive advantages in the market environment of fierce competition and increasing uncertainty is worth further study.

Although the concept of dynamic ability is abstract and difficult to measure with a scale, in recent years, many researchers have adopted the questionnaire measurement method to study dynamic ability. Most researchers divide dynamic capability into several dimensions based on

definition and develop their own scales to measure. But Schilke (2014) pointed out that the measurement directly from the definition of dynamic capabilities is too abstract, and the measurement of different processes in which dynamic capabilities play a role is of more practical significance. So far, researchers including Adner and Helfat (2003), A. A. King and Tucci (2002), Danneels (2008), Schilke (2014) have used questionnaire measurement to explore dynamic capabilities in business processes such as new product development, marketing, entering new markets, strategic alliances, and knowledge management.

Huang et al. (2007) divided the dynamic capabilities of enterprises into integration capabilities, organizational learning capabilities, and refactoring capabilities. They used the case study method to study Dongfeng Motor Co., Ltd. The relationship between the dynamic capabilities of enterprises and independent innovation of enterprises has been qualitatively studied, and it is concluded that the dynamic capabilities of the enterprise have spawned and promoted the independent innovation capability of the enterprise.

Ran and Chen (2012) through the longitudinal case study of Geely Automobile 1997-2011, reveal the process of latecomer enterprises promoting the evolution of enterprise dynamic capabilities through system collaborative innovation, helping enterprises to cope with the uncertain environment, seize opportunities and realize competitive advantage.

Su and Liu (2013) took the Dalian locomotive, a national key large-scale enterprise, as the research object, and divide the development of Dalian locomotive into three stages from 1986 to 2010. From the three components of dynamic capability: market perception ability multi-organization collaborative control ability and organizational learning ability, analyze its innovation internationalization process, and draw three conclusions: First, dynamic capabilities gradually increase with the development of enterprises; Second, the dynamic capabilities of dominant positions are different in different stages of development of enterprises. Third, in the different stages of innovation internationalization, the dynamic trends of the three dimensions vary in trend and speed.

D. H. Liu (2015) studied the process mechanism of corporate strategic transformation from the perspective of dynamic capabilities, constructed a model of corporate strategic transformation process from the perspective of dynamic capabilities, and used this model to carry out the strategic transformation process of China Telecom. The case study found that dynamic capabilities play a central role in the strategic transformation of China Telecom's strategic transformation and play a core role in the identification of strategic transformation opportunities and the implementation of strategic transformation, as well as the link between the two.

Zhang et al. (2018) used Shandong electric manufacturing enterprises as a research sample to analyze the four dimensions of dynamic capabilities: environmental recognition ability, organizational changeability, learning innovation ability and integration coordination ability, in the process of enterprise strategic transformation and development. The performance, and then built four standards to test the strategic transformation of enterprises, on this basis to build a theoretical model of strategic transformation of electrical manufacturing enterprises.

As real estate and construction industry are traditional industries with a relatively slow technological update, research on the dynamic capabilities of real estate enterprises have not received due attention in the international academic circle, and only a few scholars have incorporated the view of dynamic capabilities into their analytical framework when studying the competitive advantages of construction enterprises. In this regard, the research results of Korkmaz, Green and Salunke et al. provide a reference for the determination of the research direction and content of this thesis. While realizing that the rapid changes of the global construction market have posed new challenges to the development of real estate and construction enterprises, Korkmaz and Messner (2008) pointed out that the effective use of external forces and the matching and consistency with the external environment are the important means for enterprises to obtain sustainable competitive advantages. But they did not study how to achieve a good match with the environment. Compared with this, the research of Green et al. (2008) is more targeted. They draw on the core idea of dynamic capability and use Teece's 3P analysis framework: Process-Position—Path. They analyzed the development strategy and path of Southern Construction in the UK and explain the important role of dynamic capabilities in responding to changes in the external environment (Green et al., 2008).

On the basis of in-depth interviews with senior managers of 13 project enterprises (including construction companies, architectural design companies, and construction and engineering service companies), Salunke et al. (2011) built a relationship model of the effect of motivation ability and service innovation on the competitive advantage of enterprises. At the same time, from the perspective of knowledge learning, they put forward four dimensions of dynamic capability of project enterprises, including emergent learning ability, relational learning ability, customer-oriented learning ability and integration ability. However, individual cases are difficult to explain the general characteristics of the dynamic capability of construction enterprises, and learning ability is only a means for enterprises to deal with the external environment rather than all the characteristic elements.

To sum up, although the theoretical research on dynamic capability has attracted more and more attention from scholars, there is still a lack of research on the dynamic capability of the

construction and real estate industry, and some valuable viewpoints or research results are only scattered in a few pieces of literature. How to combine the characteristics of the construction industry and real estate enterprises to analyze the connotation, characteristics, formation antecedents and influence results of the dynamic capabilities of enterprises remains to be further studied by scholars. On the basis of drawing lessons from previous research, this thesis will make a systematic and in-depth analysis on some important issues in the research category of dynamic capability of China's real estate industry.

2.3 Influential factors of dynamic capabilities

The dynamic capability involves the strategic choice, the reconfiguration of resources and the transformation of organizational structure. Its core is a kind of transformative capability. However, vested interest groups and their corresponding internal and external environment often cause obstacles to this adjustment, which greatly affects the cultivation and promotion of enterprise dynamic capability. In this thesis, it is considered that the influencing factors of enterprise dynamic capability include three categories, namely internal and external environment, strategic choice ability and resource reconstruction ability, and these influencing factors respectively include different specific aspects.

2.3.1 Awareness of the environment

Environmental awareness reflects the skills of an enterprise in scanning, analyzing, anticipating and responding to environmental changes, which is actually a kind of market-oriented behavior of an enterprise (Teece et al., 1997). Scholars of strategic management generally believe that the external environment of an enterprise is the objective condition for the survival of an enterprise, and the interaction between the environment and the organization is quite close (Prahalad & Hamel, 1997). Therefore, an enterprise must pay close attention to and analyze the information transmitted by environmental changes in order to survive and develop. In essence, dynamic capability is a concept closely related to the dynamic mechanism of the environment, which will perform different functions in different market scenarios. Consequently, understanding the changes in the environment is of great benefit for the organization to formulate strategies. Many scholars regard the external environment as an important factor affecting the formation and development of dynamic capabilities. For example, Teece et al. (1997), who first proposed the theoretical framework of dynamic capabilities, believes that dynamic capabilities are the capabilities of an enterprise generated in a dynamic environment

to cope with a rapidly changing environment. In the general dynamic environment and the highly dynamic environment, the dynamic capability has different forms of expression, which means that the dynamic capability can change with the dynamic degree of the external environment. In fact, it implies that the dynamic environment is the premise of the formation of dynamic capability. Moreover, there are differences in the effectiveness of dynamic capabilities in different environments. Dynamic capabilities may be less effective when the environment is relatively stable, but they are especially valuable in highly volatile environments where opportunities are fleeting, threats may follow, and companies need to quickly adapt to a changing environment (C. L. Wang & Ahmed, 2007). Zahra et al. (2006) believed that dynamic capabilities need to be changed, and the change needs to cost a considerable amount. If the cost is too high, it will substantially affect organizational performance and financial performance. The existence of dynamic capabilities is to adapt to the rapidly changing environment. The potential value of dynamic capabilities is disturbed by environmental uncertainties, and the dynamic capabilities and the environment in which they are located also show the characteristics of co-evolution (Zahra et al., 2006). From a broad perspective, environmental perception mainly includes four influencing factors: Policies and Regulations, Market Demand, Industry Competition and Corporate Executives.

2.3.1.1 Policies and regulations

Policy and regulation awareness ability emphasize the sensitivity of an enterprise to changes in the policy environment, Hertog (2010) points out that it reflects whether an enterprise can timely understand changes in the industry environment or policies related to the enterprise itself. Alcouffe and Kuhn (2004) believed that uncertainty will bring a negative impact on enterprise innovation, and policy uncertainty will lead to the lag of technological innovation. Through Real options theory, Slade (2001) also proposed that the rise of economic policy uncertainty would lead to the increase of the risks of the future cash flow of enterprise investment projects, improve the costs of enterprises to continue to “wait”, and have an inhibiting effect on enterprise investment.

Dai and Liu (2015) pointed out that in the institutional context of China's transition period, the government controls most resources, especially the allocation of scarce social resources like lands and natural resources. Therefore, obtaining government support is an important way for enterprises to obtain the resources needed for business activities. For China in the transition period, the government has a decisive influence on the development direction of the market economy, and the relevant policies supported by the government to a large extent reflect the

intention and goal of the government for the development direction of the market economy. The government's fiscal and tax support policies, such as increasing R&D subsidies and providing tax incentives, are conducive to improving the efficiency of enterprises' access to resources, and are also favorable to enterprises' access to a wider range of resources. Kattel and Mazzucato (2018) indicated that under the background of social development and information-driven development, the improvement of dynamic capabilities of enterprises is an important strategic action taken to adapt to the changes of market competitive environment. Therefore, enterprises can take correct strategic actions to cope with the changes of market competition environment by fully interpreting the inherent meaning of government support policies, understanding the new trend of economic and market development, and obtaining the information of environmental changes.

2.3.1.2 Market demand

Market demand awareness ability means that in the face of the requirements of market environment change, the organization must first have the ability to scan the market demand environment and competitors, collect market intelligence and specific activities of competitors through scanning, so as to preliminarily understand the advantages and disadvantages of the market environment as well as the preliminary feeling of opportunities and threats. Eisenhardt and Martin (2000) mentioned that dynamic capability is the process in which an enterprise uses resources to create and develop new capabilities to meet market demands and even create market opportunities (the process of using resources reflects the enterprise's capabilities), and it is the reinforcement of the resource-based view. Ma and Todorovic (2011) believed that the awareness ability of market orientation is manifested in the sensitive observation of environmental changes, the discernment of changes in consumer demand and the discovery of new opportunities in the market. Achtenhagen et al. (2013) pointed out that whether the organization can detect the new market trend before other organizations, whether the organization has a perfect information collection system, and whether the organization often talks about the market demand are the primary issues that the organization faces in obtaining and maintaining competitive advantages. As the main external influencing factor, the actual market demand has a much greater impact than expected. Therefore, it is very vital for enterprises to understand and meet the market demand.

2.3.1.3 Industry competition

About Industry competition awareness ability, Utterback and Suárez (1993) referred to a series

of behaviors that enterprises with the same or similar or overlapping business scope or business exclude each other in order to maintain their competitive advantages and strategic development from the perspective of their own interests under the condition of commodity market economy. As Karuna (2007) has studied, industry competition mainly has the following two characteristics: first, it is easy to be tempted by the economic interests of market entities, and then lead to competition. Second, after the loss of their economic interests, the market players will be squeezed by other players in the market, which will lead to further competition. This thesis specifically refers to competition in the above cases.

Industry competition, as an external influence factor, will effectively affect the overall operation of the enterprise. Under the existing academic arguments, industry competition is mainly analyzed from three perspectives: market competition mechanism, external corporate governance mechanism and external inducement mechanism.

According to Barney (1991), when a company has the advantage of scarcity, imitability and irreplaceability in resources, it has the competitive advantage in resources and is easy to obtain the sustainable competitive advantage (Barney, 1991). Monopoly enterprises can continue to occupy market share and obtain corresponding economic benefits by virtue of their market discourse power position. However, enterprises with strong competitive ability or in a competitive advantage can occupy market share and gain economic benefits through predatory pricing. For example, Bolton and Scharfstein (1990) conducted relevant studies on the predatory effect of enterprise capital structure and product market, and concluded that if the financial market is not perfect, it is highly likely to lead to the predatory effect of the weak party. About the external corporate governance mechanism, the existing studies have found that industry competition promotes the management to have a sense of crisis, supervise their hard work effectively, and reduce the information asymmetry and agency problems of the company. It also stimulates and supervises the behavior of the company's management, reduce the slack in management, and improve the overall operational efficiency of the enterprise (Fee & Hadlock, 2000). Fama (1980) and Hart (1983)'s study found that competition can promote enterprise managers to work hard, improve the efficiency of company management, and reduce the information asymmetry phenomenon in the company. And a more fully competition can provide valid information about the company agent business performance related, thus isolating uncontrollable factors in the enterprise output, so as to supervise the agent's behavior and make him work hard.

Furthermore, there are also a large number of scholars who believe that industry competition is an external inducement mechanism, which induces enterprises to disclose less

information or false information, and is very likely to lead to opportunistic behaviors of the management of enterprises in the industry. Through the prediction of the theoretical model, Gertner et al. (1988) found that when an enterprise is in a fiercely competitive market environment, it tends to disclose less information. In a similar way, Verrecchia (1983) proposed that disclosure of too much information in a fiercely competitive industry is likely to bring adverse effects on enterprises. Therefore, companies in this industry are more inclined to disclose less information or disclose confusing information to reduce the possibility of being plundered by competitors. Verrecchia and Weber (2006) used the empirical research method to explore the inverse relationship between the intense competition in the product market and the quality of information disclosure.

For the existing industry competition, enterprises should have a certain perceived competitive tension of market competition. Competitive tension awareness mainly emphasizes the sensitivity of an enterprise to the competitive behavior and means of its suppliers and main competitors, reflecting whether an enterprise can timely understand the competitive mode of its competitors and suppliers and the changes in organizational ability behind the competitive mode (Chen et al., 2007). Enterprises must keep pace with the times and timely cultivate and update their core competencies to adapt to the needs of the changing industry environment. If the upgrading of core competencies lags behind that of other enterprises, enterprises will be at a disadvantage in competition (Leonard - Barton, 1992). Miller and Friesen (1983) categorized environmental uncertainty into three dimensions of dynamism, heterogeneity, and hostility, and pointed out that when competitors' products change rapidly or customers' demands are diverse and highly variable, the volatility and heterogeneity of the environment will increase. Hostility as they mentioned, refers to the threat to the company from prices, products, manpower, materials and government intervention in the market. An accurate understanding of market competition, and according to the industry requirements and competitors to adjust their dynamic ability is the basic ability that enterprises need to have.

2.3.1.4 Corporate executives

Although the current research on dynamic capabilities is mostly focused on the enterprise level, Eriksson et al. (2014) have proposed that attention should be paid to the individual level. Adner and Helfat (2003) first proposed the concept of dynamic management capability from the perspective of managers, defining it as the ability of managers to construct, integrate and reconstruct organizational resources and capabilities. Dynamic management capability influences enterprise performance by influencing management decisions. They believe that

there are three factors that affect dynamic management ability: managing human capital, managing social capital and managing perception. Management of human capital comes from accumulated experience and skills, management of social capital includes external information acquisition and internal information transmission, while management cognition affects information selection. These three factors together affect dynamic management capability (Kor & Mesko, 2013). Missio et al. (2015) pointed out that, similar to dynamic ability, the dynamic management ability can also be divided into three dimensions: perception of opportunities, opportunity grasp and resource reconstruction.

Guo et al. (2016) pointed out that the ability of entrepreneurs (including corporate executives) to discover opportunities, to bear risks and uncertainties, the support of entrepreneurs, the supply of social capital, the personal characteristics of entrepreneurs and the social capital they own, cannot be ignored in the role of enterprises in the evolution of business models. It can, directly and indirectly, promote enterprise innovation in the context of emerging economies. Wood (2011) believed that the cognitive process of a company is completed by entrepreneurs and corporate executives, but it is the core decision-makers that have a key cognitive influence on the formation of dynamic capabilities of the company. Regarding the core decision-makers' perception of the internal and external environment and information, Teece (2009) pointed out that it follows the individual's perception, reception, memorizing, thinking, extraction, synthesis, judgment and resolution of problems. Later, Barrutia and Echebarria (2010) also pointed out through research that the cognitive factors of corporate executives have an important impact on the acquisition of resources and rules through social networks, which in turn affects the source of corporate innovation and the capacity building of the implementation process.

Since the innovation of dynamic capability and business model is closely related to the realization, and entrepreneurs (including corporate executives) bear the primary responsibility for the change of business model, their cognitive ability is also related to the adjustment or creation of dynamic capabilities (Leih et al., 2015). At each stage of the cognitive process, different core decision makers select, accept and use different information, and then through the processing process such as the synthesis of this information. The final resources and information that lay the foundation for the generation of dynamic capabilities are unique to enterprises. Enterprises, especially entrepreneurs or enterprise managers, have the ability to perceive and recognize the external environment and resources to provide sustainable organizational and management resources for business model innovation and transformation (Inigo et al., 2017). It is because of these heterogeneous resources and capabilities formed by

cognitive processes that enterprises use dynamic capabilities to obtain and maintain their market competitive advantages.

2.3.2 Strategic choice capability

A strategic choice is one that determines where an organization stands in its environment. In essence, strategic positioning is to choose different business activities from competitors or to complete similar business activities in different ways. In the same industry, the strategic choice relative to the competitors in the strategic and structural differences, is often an important source of sustainable competitive advantage and excess profit returns. Strategic choice is to identify the organization's current technical resources and intellectual property rights, as well as customer relations and supplier relations through the status of the organization in the industry and the upstream and downstream relations, so as to formulate strategies to maintain or enhance the competitive advantage of the enterprise. When enterprises have understood the advantages and disadvantages of environmental change, they must take corresponding measures to adapt to the changing environment (Hrebiniak & Joyce, 1985). It mainly aims to make the advantages of the enterprise to expand, the influence of the disadvantage gradually smaller, or even eliminate. Such management measures, structural adjustments, and resource realignment can fully reflect the ability of the enterprise to respond to changes in the external or internal environment. Based on the analysis of environmental changes, determining the direction and strategy of enterprise development is a dynamic ability that enterprises need to have. Strategic choice capability includes the decision-making capability in main business, target customers, location selection and development mode.

2.3.2.1 Main business

About the decision-making capability for the main business, the development of the main business has an important impact on the company's profitability, market competitiveness and subsequent development potential. Ramakrishnan and Thomas (1992) argued that different components of profit have different durability. The persistence of earnings is the average of the different durability of its components. They divided the composition of earnings into three categories: the permanent category that lasts for a long time; the temporary category that only affects the current earnings; and the price-independent category that has zero persistence. Among them, the main business profit is the core of the enterprise profit, and its permanent sustainability is the most stable and predictable part of the profit, while the other four parts belong to the temporary or price-independent category. The research results of Lev and

Thiagarajan (1993) showed that there is a significant positive correlation between the quality of earnings and its durability, and the proportion of main business profits to a large extent determines the quality and profitability of an enterprise's earnings.

Therefore, in order to sustain the development of the company, only by taking root in the main business and expanding the main business and constantly improving the proportion of core profitability and main business profits can the company's value and competitiveness increase. If a company chooses the right business direction and gets a consistent flow of cash from its main business, it can grow at a constant time. Under the condition of a good main business, the enterprise can develop stably and improve its dynamic ability.

2.3.2.2 Target customers

About the decision-making capability for target customers, Woo et al. (2005) pointed out that the positioning of target customers segment is an important factor influencing strategic choice. By identifying, developing and maintaining suitable target customers, enterprises can maintain good business operations, occupy the market for a long time and maintain competitive advantages. (Dunford et al., 2014) pointed out that according to Pareto's 80/20 principle, as long as the enterprise captures the 20% important customers that create 80% of the profit for the enterprise, then the enterprise can achieve the maximum return with limited resources.

Therefore, it is very important for enterprises to achieve customer segmentation. Different buyers have different needs, which require enterprises to provide products or services in different ways. Their needs, desires and preferences directly affect the realization of enterprises' marketing goals. Dibb and Simkin (2010) indicated that enterprises should pay attention to the research of buyers, and analyze the scale, structure, psychology and characteristics of buyers' demand, which is the starting point and premise for enterprises to formulate marketing strategies. The number and scale of buyers, the credit status and the economic strength of buyers have a great impact on enterprises. Many buyers and large scale will bring market opportunities to enterprises, which is also a basic factor determining the market size and market potential. It is the basic premise for enterprises to develop products. The size of buyers is closely related to the sales volume of products, and the size of sales volume determines the cost and profit of products. Purchasers' economic strength determines their purchasing power and is also a direct factor affecting the marketing activities of enterprises. For the enterprise Marketing Department, in the development of marketing strategy, they should not only consider the number of target customers, demand scale, demand psychology and purchase characteristics, but also consider the internal environment of the enterprise and the task, goals and strategies of the enterprise.

This is helpful to choose the marketing strategy that is more adapt to the development of the enterprise and to carry out the work.

2.3.2.3 Location selection

The location selection of real estate depends on a variety of factors. It needs to consider the conditions of region, policy, supply and demand, which is also one of the important strategic choices for real estate enterprises. Ericksen (1954) divided the urban area into commercial area, industrial area and residential area according to the nature of urban land utilization. In general, as he noted, the center of a city is the business district, which extends radially outwards, while the industrial district is outside the business district, and the residential district is surrounded by radiation and industrial district. With the development of the city, commercial real estate has become more and more extensive, and slowly infiltrated into the industrial and residential areas. By analyzing the site selection decision-making process of community shopping center stakeholders, proposed five commonly used site selection methods with distance as the limit, namely, map method, similarity method, list method, gravity center method and multiple regression analysis method. Rehm (2002) studied the property performance of multi-family households in three urban centers of Texas and found that the main factor affecting property value was the time to arrive at the CBD by bus, while the straight-line distance to the CBD was irrelevant. Y. Yin et al. (2008) believed that a company chooses a site to obtain maximum benefits, and when the distance is taken as a restriction, the site selection problem becomes a problem of profit maximization, and optimization algorithm and complexity and other analytical methods are needed. When considering the selection of regional location, real estate enterprises should fully consider the land system, planning system, marketization and economic development level, residents' working and living style and regional cultural preferences, so as to formulate the most effective strategic planning.

2.3.2.4 Development mode

Development mode is a specific business operation mode for real estate enterprises, which involves how to develop and operate related real estate projects. Hamel (2001) indicated that a business operation model, on the other hand, is how an enterprise chooses its customers, shares its products or services, clarifies how tasks are performed, allocates resources, and adapts to the market to create utilities for customers and ultimately capture corporate profits. It includes practical business concepts such as enterprise core strategy, resource capability, and consumer interface and value network, which can bring more economic benefits to enterprises. Mansfield

and Fourie (2004) pointed out that it describes the response of enterprises to market demands, including how enterprises obtain economic income under the complex environment such as enterprise structure and resource elements. A business model should have a clear value proposition, defined market segments, value chain structure, revenue-generating mechanism, cost structure, and corresponding strategy (Chesbrough, 2007). By addressing the combination of a series of interrelated decision variables in the strategic, structural and economic domains of the venture firm, in order to create sustainable competitive advantage in the market (Zahra et al., 2006).

Stewart and Zhao (2000) believed that a business model is a model that shows how a company will make money and maintain its profit flow. At the operational level, it focuses on the internal process and design of infrastructure, including decision variables such as methods of production or service provision, administrative procedures, resource flow, knowledge management and logistics, so that the enterprise can create value. Tsai (2006) indicated that the representation of the underlying core logic and strategic choice for an enterprise to create and acquire value in the value network is the business model, and it is the dynamic collaborative value creation process of core competence, content and resource-related management activities within an enterprise. Doh and Acs (2010) pointed out that a business model is created by four interlocking elements: the customer value proposition, the profit model, the key resources and the key processes, and is able to deliver value.

Enterprises are in the era of rapid change, in the current competitive market conditions, real estate enterprises need to carry out a higher degree of business model innovation. Business model innovation refers to the transformation and innovation of strategic behavior as an enterprise subverts the existing common model in the industry in a new way, thus creating new value for customers and realizing new benefits for stakeholders, and breaking through the existing competitive situation to achieve strategic advantages over competitors (Hamel, 1998). Any business model has a certain life cycle, including the start-up period, stabilization and strengthening period, adaptation period, correction period and reconstruction period. The innovation process of the business model is the process of cycle change of the enterprise model, which is manifested as the evolution from the basic layer to the specific layer and the adjustment of enterprise strategy with the change in the enterprise environment (Giesen et al., 2007). The organization surpasses and even subverts the traditional rules by introducing new business rules, and changing the existing game rules to achieve profit. In essence, it is a new business paradigm or strategic reform (Lindgardt et al., 2012).

2.3.3 Resources reconstruction capability

A firm's resources are its tangible and intangible assets, including its trademark, internal technical knowledge, skilled technicians, trade relations, machinery, effective procedures, and capital (Wernerfelt, 1984). These resources form semi-permanent constraints with enterprises. Machines and technical personnel can circulate among enterprises, while the reputation assets and organizational processes of enterprises are unique assets of enterprises and cannot be circulated among enterprises freely. So, resource and enterprise constraints are semi-permanent. According to Barney (1991), the resources of an enterprise are all the assets, capabilities, organizational processes, enterprise characteristics, information and knowledge controlled by an enterprise. These resources can be divided into three categories: physical capital resources, human capital resources and organizational capital resources. Physical capital resources include: technology, plant and equipment, raw materials, and geographical location. Human capital resources contain the training, experience, judgment, intelligence, relationship and insight of enterprise employees and managers. Organizational assets, as mentioned by Barney, consists of the organizational structure, formal and informal planning, control and coordination systems. The collection of these resources and elements affects the competitive potential of enterprises to a certain extent (Teece et al., 1997).

Integration and coordination ability is an important component of enterprise capability set in both stable and dynamic environments. In a stable environment, the core competence of an enterprise emphasizes how to coordinate diversified production skills and integrate multiple technological flows, so as to form a unique and imitable capability of the enterprise (Hamel & Prahalad, 1990). In a dynamic environment, the dynamic capabilities of an enterprise also pay special attention to the integration and coordination of internal and external skills, resources and functional activities (Teece & Pisano, 2003). Only through a series of specific processes, such as integration, reconfiguration, acquisition and release of resources, can enterprises cope with and even shape environmental changes. Generally, this thesis believes that there are four main factors of resources reconstruction capability, including human resources, organizational structure, financing capability and social relations.

2.3.3.1 Human resources

Macro human resource management is an important function of government, which refers to a country or a region of the government management of the social human resources. Its purpose is to improve the quality and utilization rate of social human resources, including employment

policy and management, formulation of relevant laws and regulations, prediction and planning of social human resources, investment, development, flow and protection of human resources (Boxall & Purcell, 2011). Referred to in this thesis is the micro human resource management conception, namely corporate human resource management. Its purpose is to make the utilization of human resources to maximize, make employees their needs are met, mainly refers to the enterprise human resources including recruitment, training, compensation and performance appraisal system development and management process (Guest et al., 2003).

Human resource management capability is the study of organizational competence. Hamel and Prahalad (1990) defined organizational competence as the source of organizational competitive advantage and the core competence of an organization. Based on the heterogeneity of competencies, Sandwith (1993) divided them into five categories: technical, administrative, interpersonal, leadership and conceptual competencies. Unlike Sandwith, Sparrow and Hiltrop (1994) categorized competencies into only three categories: core, behavioral, and administrative competencies. Among them, management ability consists of six key sub-ability domains: administrative and operational management ability, political persuasion and influence skills, problem-solving and decision-making ability, organizational and environmental awareness ability, leadership and team building ability, and strategic management ability.

Dynamic capability is a definite, identifiable, predictable and analyzable routine of a linear process, which human resource management relies on. To a large extent, the evolution of dynamic capability is to learn and choose effectively by introducing the learning mechanism of human resources (Lopez-Cabrales et al., 2017). The collection of all the knowledge owned by the enterprise is the dynamic capability of human resource management. The change of enterprise's own ability is mainly because the knowledge hidden behind the ability is not adapted to the changing external environment, which emphasizes the ability to adapt to the changing dynamic environment through the continuous acquisition, integration and re-confirmation of internal and external resources and administrative organization technology (Ghanam & Cox, 2007). Therefore, how to use human resources effectively is also an important factor affecting the use of dynamic capabilities.

The importance of human resource management plays an important role in the survival and development of enterprises, the improvement of performance and the promotion of competitiveness. The level of human resource management is the fundamental guarantee for the survival and development of an enterprise and can reflect the competitive level of an enterprise (Hailey et al., 2005). The development, training and integration of enterprise human resources can enable the enterprise to obtain a higher level of human resources management,

and thus improve the competitiveness of the enterprise. In addition to the development and training of human resources, the human resource management of enterprises also includes the performance appraisal and incentive mechanism to promote employees to be more satisfied with the enterprise, so that the enthusiasm of employees can be effectively mobilized and the enterprise performance can be improved (Ghanam & Cox, 2007). Enterprises make achievements by providing products and services to customers, and the designers and producers of products are the human resources of enterprises, as well as the external service personnel of enterprises. Therefore, human resource management can improve the performance of enterprises, which is conducive to the progress of dynamic capabilities.

2.3.3.2 Organizational structure

Organizational structure is just like the skeleton of an enterprise, which can provide the basis for its operation and management (Dalton et al., 1980). Organizational structure includes not only the realistic distribution of rights and responsibilities among the members of the organization, but also the planning and control system, decision-making process regulation, coordination and implementation (Volberda, 1996). Take a building, for example, a building has stairs, entrances, exits, exterior walls and roofs. The specific structure of a building has an important effect on the people working within its scope. Similarly, the behavior of organizational members will also have an impact on organizational structure, but this influence is not as direct as the influence of buildings. The influence of organizational structure on organizational members is permeable. This kind of permeability effect has an imperceptible influence on the behavior pattern and work efficiency of the members of the organization. Organizational structure, as a complex system, includes both the “physical structure” and the “Structuring” characteristics of an organization (Navy Personnel Research and Development Center [NPRDC], 1974). The “physical structure” characteristics of the organization mainly reflect the physical characteristics of the organization, including size, control scope, horizontal and vertical levels. The “structural characteristics” of an organization refer to the internal policies and activities of the organization that prescribe or restrict the behavior of its members (Dalton et al., 1980), including the specialization, formalization and centralization of organizational structure.

However, in the real organization form, the physical structure features and the structural features are haunted and interact with each other, and it is difficult to distinguish accurately. Therefore, some scholars collectively refer to it as the Actual Structure of the organization, which includes both the tangible formal Structure and the informal and less tangible “structural”

features that are easily overlooked (Volberda, 1997). The tangible formal structure reflects the basic organizational form of an organization, such as the composition of personnel, the number of levels and the degree of functionalization. The structural characteristics of informal structure reflect the internal process control mechanism of the organization, such as task control, behavior control and decision-making control, which is specifically manifested in the degree of specialization, standardization, formalization and decentralization of the organization. In terms of adaptability to the environment, organizational structure can be divided into the mechanical structure and organic structure. The mechanical structure is more suitable for a more stable business environment, while the organic structure can better adapt to the changes of the dynamic environment. However, no matter whether organic or mechanical structure belongs to the extreme situation, the organizational structure form in practice is not so absolute, but a continuum. Organic structures are also only the best model for dealing with dynamic environments (Jennings & Seaman, 1994), and are usually characterized by a low degree of formalization and a high degree of information sharing and decentralization (Mintzberg, 1979).

The formation of dynamic capabilities requires a dynamic organizational structure, so as to improve the flexibility of the enterprise and the ability to adapt to the changing environment. On the one hand, the decentralized nature of the organic structure can provide a democratic organizational environment and guide more employees to participate in the decision-making of the enterprise. On the contrary, in a dynamic environment, a centralized organizational structure is difficult to respond quickly to changes in the external environment (Kohli & Jaworski, 1990). On the other hand, the cultivation of enterprise dynamic capability not only means that senior managers need to cultivate the ability to perceive opportunities and threats, seize opportunities and respond quickly, but also need to authorize middle-level and grass-roots managers and operators to have more autonomy (Felin & Powell, 2016).

However, authorization is a powerful incentive, and excessive authorization is easy to make managers face the risk of losing control. Therefore, it is necessary to take into account the overall coordination of the whole situation while authorizing. The vertical management chain of large real estate enterprises in China is generally at least above 3 levels. Without more authorization, the efficiency and speed of decision-making will be directly affected by the grassroots project management department and subsidiaries at all levels (B. Wang, 2021). If an enterprise can form a decentralized organizational structure and give corresponding responsibilities and rights to grass-roots staff, it can make them have greater autonomy. The organic structure can fully mobilize the enthusiasm and creativity of all the personnel in the enterprise and is conducive to the adjustment and reform of the enterprise's ability.

2.3.3.3 Financing capability

Financing capability refers that the enterprises have the needs of production and operation, capital structure adjustment and foreign investment, so that they can use the capital market and financing channels to select different ways of financing to effectively raise funds (Myers, 2003). More specifically, it is the process of raising centralized funds for the survival, production and management and development of enterprises (Cassar, 2004). This is a process or behavior in which an enterprise raises funds needed for production through internal or external financing channels, guided by the company's future business strategy and development requirements, by considering its own production and operation needs and cash flow.

The previous research shows that the financing strategy, as the functional strategy of the enterprise strategy, plays a vital role in the expansion and sustainable management of the enterprise (Cavalluzzo et al., 2002). Financing decisions will affect the competitiveness and market share of products in the market, while financing structure will further cause the increase or decrease of enterprise value. Therefore, the financing decision should be made according to the competition type and strategy type of the enterprise (Almazan et al., 2010). Under the dynamic capability view, financing strategy should be adjusted with the change of external financing environment and corporate strategy, so as to maintain sustainable financing ability and realize the value increase of financing link. This not only requires the financing strategy itself to have strategic flexibility, but also involves other links of the enterprise to provide support for obtaining financing advantage.

2.3.3.4 Social relations

A social network is a collection of multiple social actors and their relationships (Wasserman & Faust, 1994). The nature of relations carries obligations and benefits, and the force that forces reciprocity is the society or the group. The internal individual exchange follows and reinforces group rules (Abma & Widdershoven, 2008). In the view of social network theory, relationship refers to the specific connection and embedded relationship of an organization for an individual or a group to obtain resources and information (Krause et al., 2007). An enterprise relationship network is a series of horizontal or vertical interrelationships (suppliers, distributors, customers, competitors and other parties) between enterprises and other organizations. Resources and knowledge can flow among these networks. The rational ability of social networks can include the ability to establish and integrate social capital, the ability to integrate social network relations, the ability to promote the interaction between relationship members, and the ability of enterprise social embedding (Borgatti, 2006; Czakon, 2009). Enterprises can create lasting

competitive advantages through inter-organizational connections of heterogeneous and complementary resources according to their own core competitiveness. The embedding relationship refers to the embedding of the economic behavior of the enterprise into the social structure (Czakon, 2009).

Some scholars proposed that external resources acquired through the social relationship network embedded by entrepreneurs can effectively make up for the lack of internal resources of enterprises, and increase the supply of external complementary assets for the improvement of enterprises' capabilities, so as to cope with the uncertainty of external environment through innovation (Chesbrough & Rosenbloom, 2002). Coleman (1988)'s research found that the micro individual action purpose lies in using rational behavior control can meet the needs of their own resources or capital. In the process, capital can be divided into material capital, human capital and social capital. Among them, social capital emphasizes the social relations formed between people, and capital appreciation can be realized by investing in social relations.

In China, social relationship network has become an important feature of the market economic system, and almost all commercial activities cannot be separated from interpersonal relationship network, which is different from western society. The traditional special social relationship network in China has also become an important reason for Chinese people to survive in the world (Hamilton, 2018). More than 60% of Chinese entrepreneurs choose social relations to solve problems (Krug & Hendrischke, 2003). Based on the special regional and cultural background, social relations will also affect the realization of dynamic capabilities of enterprises. Therefore, it is necessary for enterprises to cultivate their social network and increase their individual value in it.

In general, under the background of the rapid development of modern society, the theory related to dynamic capability still needs to be further expanded. According to the abundant research results at present, researchers have reached a partial consensus on the connotation of dynamic capabilities, and believe that the ability of integration and reconstruction is a component of dynamic capabilities. But there are some disputes about the definition of dynamic capability. Future research needs to further develop a clearer consensus on the connotation and dimensional composition of dynamic capabilities.

At the same time, this thesis believes that comparing and distinguishing the constructs of dynamic capability and dynamic management capability is helpful to focus the definition of dynamic capability more clearly. Future studies can try to systematically reveal the relationship between the two and draw a clear line between concepts. In addition, future studies should examine the relationship between different dimensions of dynamic capability. Existing

researches mainly focus on the composition dimension of dynamic capability and its influence on performance, but ignores the interaction between different dimensions of dynamic capability and its matching with the environment. The dynamic capabilities that are most influential in one environment may not be the most influential in another. Companies need to change and evolve by constantly modifying practices and reconfiguring resources in a changing environment (Teece, 2012).

In addition, dynamic capabilities are closely related to organizational learning theory and innovation theory. Learning and knowledge management play an important role in the development of dynamic capabilities. An organization's learning experience, trial and error, and experimentation create new processes and routines that enhance dynamic capabilities. Knowledge acquisition, knowledge connection and knowledge transformation in knowledge management all profoundly affect the dynamic capabilities of enterprises. Thus, dynamic capabilities are generated in learning to guide the modification of the enterprise's basic resources and capabilities (Zollo & Winter, 2002). Enterprises' investment in learning will directly affect the level of dynamic capability. Dynamic capability should also be closely related to innovation theory. Dynamic capabilities exist to cope with change. Dynamic capabilities emphasize the search and grasp of new opportunities, enabling enterprises to change the allocation of resources in time, promote the absorption and transformation of knowledge, and bring innovation capabilities to enterprises.

The author thinks that the dynamic capability theory can be further expanded to cognitive theory and social capital theory in the future. Although there have been some preliminary research on the relationship between dynamic ability and cognition and social capital, systematic research have not been formed yet and need to be further explored and deepened. For example, much of the existing research has focused on executive cognition. However, the relationship between executives' cognition and firm's cognition, as well as their impact on firm's dynamic capabilities, is worth further study. At the same time, existing studies have pointed out that the internal and external social capital of enterprises is conducive to information sharing and innovation, thus promoting the acquisition and integration of resources and improving dynamic capabilities. However, the specific role of internal and external social capital in the development of dynamic capabilities, and what characteristics of social capital can contribute to the improvement of dynamic capabilities still need to be further explored in the future.

2.4 Establishment of the hierarchical structural model

This thesis uses the common analytic hierarchy process. According to the weight that affects the dynamic capability of the enterprise, it divides the model into three layers, including the target layer, the criterion layer and the scheme layer. The factors between the upper and lower levels affect each other, and the overall lower weights are summarized as the results of the upper-level factors. In the end, all the factors affect the final outcome of the real estate enterprise's dynamic capabilities based on the weight ratio and score. The following Figure 2.1 demonstrates the hierarchical structural model. The target layer is the dynamic capabilities of real estate enterprises, and its corresponding criterion layer includes environmental awareness, strategic choice ability and resource reconstruction ability. The program layer is a deeper expression of the standard layer, in which environmental awareness includes policies and regulations, market demand, industry competition and business executives. Strategic choice ability includes main business, target customers, location selection and development model. Resource reconstruction ability includes human resources, organizational structure, financing ability and social relations. In the hierarchical model, the factors between the upper and lower levels influence each other, and the overall weight of the lower level is summarized as the result of the upper-level factors. In the end, all factors can deduce the final result of the dynamic capabilities of the real estate enterprise based on the weight ratio and the score obtained.

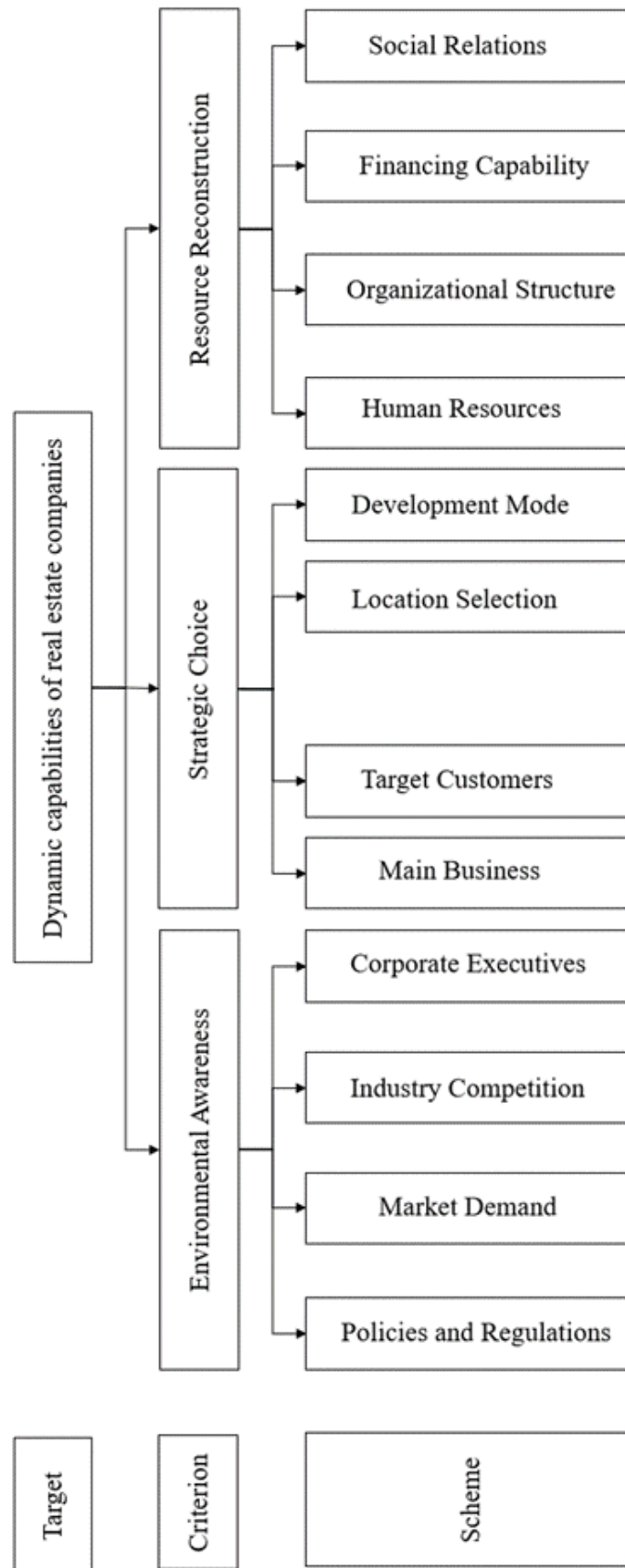


Figure 2.1 The hierarchical structure model

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Chapter 3: Research Methods

3.1 Introduction

The research method is a key part of a thesis, which can elicit and articulate the research method of a study, including what the research aims to do, what processes it has, how the research is conducted, and other related questions (Williams, 2007). When conducting social research, there should be a scientific method to set the overall research standardization and guide the research process. In this chapter, there will be a specific explanation of how this research is conducted. It describes the specific approach to researching the subject area and the method chosen for this thesis. This research is conducted through a combined method involving both primary and secondary research. The qualitative research method is adopted in this study with three main approaches: literature research, case study and expert Delphi method. This chapter will elaborate on how this research is conducted and how data is collected throughout, with the research objective to investigate:

- 1) What factors influence the dynamic capabilities of real estate companies in China?
- 2) How should real estate enterprises develop and cultivate their core competitiveness under the current changing environment?

As this study is conducted through four research approaches- literature research, case study, interview and Delphi method, the data used in this study comes from both primary and second-handed sources. This thesis will take China real estate group TL as an example to explore the dynamic capabilities of Chinese enterprises in detail. Primary data are provided from the interview results from different experts in the real estate industry, which become the key information source of this research. The case study will focus on the dynamic capability assessment of the TL by analyzing its internal and external environment and conducting a detailed analysis of the different dimensions of its dynamic capabilities. This study also avoids any potential ethical concerns and provide privacy protection for participants of this research. Primary data are collected from the case study company, from the internal staff and managers of the company, and many other related persons. In addition, as the case study focuses on a real company in the real estate industry in China, there will be many discussions related to market policy, government documents and related academic studies. This secondary information is sourced from reliable open sources including published books, academic journals, industry reports, press media, and other reliable information sources.

Therefore, in order to better reflect the application of dynamic capability in Chinese real estate enterprises, this thesis will also adopt the literature research method as a secondary research approach. In addition, while this study is based on a first-hand data analysis from industry experts, there will also be in-depth interviews for senior managers of TL Company and a Delphi survey for ten expert interviewees. These people cover company core managers, university professors, professional consultants, and third-party professionals like lawyers and accountants. Their interviews are designed and organized in a semi-structured way. The Delphi method is conducted through face-to-face communication, email, and social media contact. The following sections will elaborate on the detailed research method in different aspects.

3.2 Qualitative research

A scientific study needs to be standardized and guided with certain research methods. As a classical research method of social science, the qualitative research method is widely used in the field of management (Becker, 1996). Starting from the contradiction of different phenomena, qualitative research describes and interprets the target subject and phenomena according to their characteristics. Bogdan and Biklen (1997) defined qualitative research method as a dynamic process consisting of six elements: philosophical standpoint, methodological orientation, data collection method, technical procedure, analysis framework and reporting method. In their book, the authors described in detail the six elements of qualitative research, such as a method based on naturalism, constructivism or post-positivist philosophy, inductive method, and a data collection approach based on interviews, observations and archival research. In general, when considering investigating a social phenomenon under certain environment, qualitative research can use various investigation methods such as field experience, open interview, participatory and non-participatory observation, literature analysis, case study and other methods to conduct in-depth, detailed and long-term research on a specific topic.

Taking the research works of Maxwell (2008), it is notable that qualitative analysis is an important and effective research method that can be used in management research. It attaches importance to the relationship between the researcher and the studied and mainly focuses on the description and analysis of the research phenomenon in the text rather than complicated statistical and empirical reports. The analysis method of qualitative research is usually based on induction. On the one hand, qualitative research focuses on how people attach significance to various social behavior, social events and social things (Flick, 2018). A researcher collects first-hand information at a certain time and place, understands the meaning of subjects' behavior

and their views on things from the perspective of themselves, then establishes hypotheses and theoretical framework on this basis, and tests the research results through falsification and relevant tests. On the other hand, qualitative research also pays special attention to the significance of people's various behavior and intentions.

In this study, as the research objective is to understand what factors influence the dynamic capabilities of real estate companies in China, and how should real estate enterprises develop and cultivate their core competitiveness under the current changing environment, the role of the investigator is important. The researcher myself plays the role of main research tool, and the influence of my personal background and relationship with the studied company on the research process and results should be considered and provided help for the study. As a direct stakeholder and internal manager of the case study company, there can be research benefits obtained from the role of the author of this study, and the research process and result can be clearly recorded in the research process. Compared with the quantitative research methods which focus more on numerical and statistical data analysis, qualitative research is much more suitable for this social management research which can better highlight the influence from both human-social and managerial aspects, and provide essential research insights in the real estate industry.

3.3 Secondary literature review

Literature research, also known as literature search, refers to the review and analysis of existing similar studies or related studies. It requires the researcher as much as possible to review books, newspapers, journals, statistics, industry reports and official documents related to the research topic, in order to understand and learn from the existing study results in this field and the latest research achievements in related area (Fink, 2019). Through the investigation of existing literature, it can better avoid mistakes and deviations in the research process, enable the study to do further research on the basis of others' research, which is conducive to the engage in a topic and to produce new results insights.

In the process of literature research, it is essential to deliberate the problems defined in the intended study. Literature research is the means and tool which improve the overall research effectiveness, the point is to make discussion reliable and sourced. At this stage, researchers should try their best to complete the following tasks through literature research: to obtain relevant reference materials for research design and questionnaire if needed; find the theoretical basis related to the research problem; establish a research framework that fits the theoretical basis; put forward related hypothesis from the literature review; propose methods or ideas to

solve the problem (Fink, 2019). Literature research is the cornerstone of academic paper writing and plays an important role in constructing theoretical research. As throughout the analysis and critical discussion of previous studies, a literature review plays a bridging role in academic studies and research, which has become the consensus of the academic community(Fink, 2019).

The research questions raised in this thesis not only come from the practice of enterprise management, but also from the systematic analysis of related research. Therefore, it is necessary to summarize the relevant research results, so as to explore the shortcomings of existing research and light up the research direction and specific research content of this study. Although this thesis is mainly primary research that focuses on a Chinese real estate company, there is also a necessity to review existing literature and studies on dynamic capabilities and related theoretical concepts, for better understanding its origin, development, composition dimension, roles, and influential factors. By collecting, reviewing, summarizing existing literature and other empirical studies on this topic, can pave a firm theoretical basis for following discussions and analysis. Therefore, literature research is also an important research method for this thesis.

3.4 Case study

Case study, also known as case research, is a description and recording of a real social phenomenon. A case study is a research method widely used to explore the phenomena that are difficult to be separated from the practical situation and aims to reach a general research conclusion through in-depth study and analysis of cases. Eisenhardt (1989) summarized a classic definition of the case study method: The case study is a method to discuss why and how. It mainly states and explains phenomena in reality through the deep description of the situation and constructs an overall picture with rich description. Later, R. K. Yin (1994) extended the concept of case study, believing that a case is a kind of deep empirical description. Since the boundary between the phenomenon and the background of a case is vague, researchers need to summarize experience from a large amount of empirical evidence and multifaceted data sources to discover its underlying laws.

Therefore, it can be concluded that case studies are closely related to reality and closely combined with the practical situation, and the theories generated on this basis are often novel and insightful, which are empirically effective for further practice. Scapens (1990) believed that there are five main types of case research tasks: descriptive research, explanatory research, exploratory research, evaluative research and illustrative research. And in different ways of use, R. K. Yin (1994) divided this concept into descriptive case studies, exploratory case studies,

and explanatory case studies. In order to distinguish the case study method from the statistical methods of large samples, he explained that the quantitative analysis of large samples uses statistical induction to process data, while the case study method uses analytical induction. This thesis will be an exploratory case study as the main research aim of this study is to identify what dynamic capabilities the case study company has, and in what ways this company and other similar enterprises can improve.

After years of academic exploration and deepening on the case study method, this research method increasingly requires the researchers to have the full and sharp analytical ability in the changing environment, considering that the researchers themselves are controlling power to obtain and analyze evidence. Eisenhardt et al. (2016) proposed that the criteria for a qualified case study are to have its own groundbreaking explanation of the unique phenomena in the situation and to have a convincing inductive logic and theoretical test. Siggelkow (2007) described the case study as a talking pig, requiring researchers to give an in-depth description of the case and vividly define the case as a story. In this way, such a specific phenomenon can stimulate readers' curiosity and discrimination. Inspiring case studies can quickly draw their attention to the situation, immerse them deeply in the phenomenon, and gradually experience the process from practice to theory. In this thesis, while the theory of dynamic capabilities is a complicated and rigid theoretical framework that has evolved with decades, there can be rigid and some outdated explanations on the current social situation, therefore, a case study method on a specific case company can help readers to better understand the academic connotation, refresh the practical application and generate new insights of related theories.

The case study method provides a scientific research method different from other approaches, which can offer a unique observation and analysis perspective. The theoretical benefit of case studies is that it opens up avenues of discovery. It may also provide insights for further research or lay the groundwork for setting hypotheses. The integration, construction and renewal of dynamic capabilities to resources is often a long-term process. The study of the long-term development process of a case company is supportive to understanding the characteristics of the development process of dynamic capabilities. China is a large country with complex social and economic differences within different provinces and regions, a study on the dynamic capabilities also differs. There is a need to make targeted investigations on a company with deep and thorough discussions. By using a case study method, the deep reasons and impact of an issue can be analyzed in a specific context.

Therefore, the case study is also a suitable research method that enables researchers to explore a theatrical topic more realistically. In this thesis, to understand real estate companies'

dynamic capabilities in China, a case study can be a helpful research method to discuss the development of regional real estate companies, to explore the influential factors that impact its dynamic capabilities, and to figure out potential solutions to current challenges for Chinese real estate companies. As a leading real estate company in western China, TL becomes a suitable choice for this research topic. It has undergone two decades of market change, and maintained its leadership role in the real estate market in Sichuan for a long time. With extensive business covering real estate, education, construction, and technology fields, the dynamic capability development of TL can provide great research significance for academic study and practical application. As the internal manager of this company, the author of this thesis has available and convenient channels to get close to the real situation of this company, and provide various first-hand information about the company and its dynamic capabilities. Information from the company founder and board chairman, the strategic management department, and industry experts are the most first-handed contents that can support the detailed analysis of this topic.

3.4.1 Research method-interview

Among various qualitative research methods, the interview is also one of the widest applied approaches that allow researchers to obtain primary data. Interviews are usually conducted through direct contact with participants, in a manner of face-to-face communication, or indirect contact such as online and email surveys (Fontana & Frey, 2005). It is a comprehensive and in-depth research method that can investigate a social phenomenon in detail with first-hand information. There are three benefits of using the interview method. Firstly, it is based on the practical and actual situation of the research topic, which can be designed and adjusted in the process. If any misunderstandings or confusions happen during the interview process, the researcher can make explanations to participants and provide them with direct guides. Thus, it is flexible and practical for investigating a topic. Secondly, as an interview is conducted through interpersonal communication, the communication between participants and researcher is clear and sometimes instant, which makes the research more accurate and reliable. The researcher can take control of the research process and prevent some potential risks during the research process. Therefore, the accuracy of the interview can thus be ensured. Additionally, in a face-to-face interview, the researcher can dig the deepest information of the answers and guide interviewees to provide extensive insights, which can obtain extra information and enhance the academic value in some cases.

A primary interview is also conducted in this thesis. An interview method can collect the

most primary data from the targeted group, with direct response and empirical experiences from participants (N. King & Horrocks, 2018). The interview method is also used in this research to measure what dynamic capabilities the case Company TL has reached in the specific Chinese context, how potential strategic measurement can be implemented to better improve its company management. There is a need to make targeted investigations on this company with deep and detailed analysis on this company's dynamic capabilities, which can be a reference for other regional real estate companies in a similar circumstance. Therefore, in this thesis, the research is conducted through a primary research method using an interview approach within the case company.

The interviews method usually contains open interviews and semi-structured interviews. By focusing on the different dimensions and influential factors of dynamic capabilities of Chinese real estate companies, this research collects primary data from the target company TL. This thesis has conducted several interviews with the vice president of the Strategy Research Department and Corporate Strategy Researchers, Operations Management Leader and the Marketing Management Leader. The pre-interview was conducted in an open interview manner, which was designed to allow the interviewees to speak freely, and to facilitate a comprehensive understanding of the company's development process. The formal interviews use semi-structured interviews to understand the development path of TL's past 20 years, and it aims to analyze the performance, formation process and role of dynamic capabilities in the company's development process. By referring to the existing research of dynamic capabilities and the practical situation of TL Company, the interview questions are designed and adjusted, to play as a role of company background and strategic development brief. It also provides essential information for later Delphi methods for participants to understand this company, and lays the practical foundation for later discussions and analysis on TL Company.

3.4.1.1 Interview steps

This research studies the problems at the strategic level of enterprises. Many data cannot be obtained from the public data or materials of enterprises, and first-hand data need to be obtained through a questionnaire survey. In order to ensure the reliability and rationality of the questionnaire, this research firstly reviewed and summarized the existing literature systematically, and designed the preliminary survey scientifically and rigorously on the basis of learning from previous research results. Then, the preliminary survey questions were adjusted through discussion with academic team members, management personnel of real estate enterprises, peer experts and scholars. Finally, the logical relationship and sentence wording of

the survey items are further revised to form the final interview. The specific interview design process is as follows:

(1) The first draft of the interview design. In order to ensure the survey elements can accurately reflect the potential meaning of academic concepts, this study first systematically studied and studied domestic and foreign literature and works on dynamic capability and enterprise competitive advantage. On the basis of analyzing, summarizing and drawing lessons from the existing research results, the first draft of the questionnaire was designed. The survey questions of the design directly or indirectly refer to the research survey designed by relevant scholars (Bao & Long, 2015; Danneels, 2011; Harreld et al., 2007; Kor & Mesko, 2013) which reflects the rigor of the survey design and avoids unnecessary repeated research in the interview development.

(2) Adjust and revise interview survey contents. The author and related manager participants of this study have been engaged in the research of strategic management of real estate enterprises for a long time. In the process of writing the interview questions, the author discussed the question design with the academic team members many times. At the same time, taking advantage of the opportunity of cooperation with large real estate enterprises and government agencies, the author of this study solicited suggestions from relevant enterprise managers on the preliminary draft of the interview, and finally refined and adjusted the questions items accordingly.

(3) Determine the final questionnaire. The author of this research used the opportunity of daily work and working with experts from other channels, distributed 10 questionnaires for potential participants. On the one hand, these professionals are asked to test the ease of answering the questionnaire and the time to fill in the questionnaire, so as to help this study adjust some difficult words or overly academic wording; On the other hand, according to the results collected by the pre-survey, the question items with low reliability were modified or deleted. Finally, according to the results of the questionnaire predictive test, the logical relationship of the questions, item wording and other aspects are modified to form the final questionnaire.

3.4.1.2 Data collection

This research chooses 5 senior employees and managers of TL Company to participate in the survey. Among them, 5 participants all provided feedback and engaged in the research process. These interviewees include a former vice president of strategy of TL, 2 members of the investment and development department, a head of marketing, and a head of the operation.

They are experienced employees and managers who have deeply involved in the company daily operation in strategic aspects. 3 of them have more than 7 years of working experience related to company management, and the other 2 have more than 5 years of working experience deeply involved in company management. Before the questionnaire, they are also be informed of ethical concerns and promised to suspend or withdraw the survey if they feel inappropriate or offensive.

The interview surveys are sent to these company managers and senior two weeks employees beforehand Since February 18 2021, which are sent through social media tool WeChat and personal email. There are two weeks provided for them to complete the survey. As concluded and adjusted from previous steps of interview survey design, there are mainly four domains summarized, which covers enterprise-level and dynamic capabilities, including questions relating to environmental awareness, strategic choice capability, and resource reconstruction capability.

The first part of the interview about the enterprise-level examines their understandings on company strategic development, such as questions of “Compared with many local real estates in Sichuan, what are the current advantages of TL”, “What is your understanding of the development of the TL real estate sector, and the future development direction” and “The results of each stage of development? The following parts asked these interviewees to give their opinions on how TL Company processes and develops its dynamic capabilities. For example, the question “What ways does TL have to perceive environmental changes, and how does the collected information about the external environment organize and disseminate within the enterprise?” illustrates how the company responds to environmental changes and what environmental awareness it has. The question of “How efficient is TL's decision-making process and how is it guaranteed?” examines the strategic choice of the company. And the question of “What are the benchmark companies and specific content that TL has learned in the course of enterprise development, and how are they used in the company?” explores the resource reconstruction capability of TL Company.

The summary of structured interview questions can be found in the appendices part. The interviews were successfully conducted by the 5 participants, and 5 valid responses are received, which becomes the important primary information for the company situation and current strategic implementation of TL Company. These interviews explain how this company develops within the two decades, and what strategic measures it has implemented. These are all considered as a part of the later Delphi method.

After the data collection, they are provided with simple afterwards surveys for them to

investigate their thoughts on the validity and availability of this survey. These participants thought that the interview is valid regarding the language it used, the questions it proposed, and the core themes that it defined.

3.4.2 Research technique - the Delphi method

3.4.2.1 The background and characteristics of the Delphi method

The Delphi method technique is an anonymous expert scoring method and expert consultation method which widely used in much qualitative research. The Delphi method was initiated by O. Helm and N. Dahlke in the 1940s and further developed by T. J. Gordon and RAND Corporation (Vernon, 2009). In 1946, RAND Corporation of the United States used this method for qualitative prediction for the first time. This method avoided the situation of blind obedience or compliance to authority in group discussion. Later, this method was widely and rapidly applied to military, technical, medical, market demand and other fields, and was widely recognized since then (Linstone & Turoff, 1975).

In the Delphi method, the investigator draws up the questionnaire, asks the expert group members for their opinions by interview or survey in accordance, and the expert group members exchange their opinions anonymously through the feedback materials of the investigator. After several rounds of feedback, the opinions of the experts can be concentrated and converged, and finally the statistically significant expert collective judgment results are obtained. The Delphi method differs from the general group questioning method in several respects. In general, these aspects are anonymous interactions, multiple responses and feedbacks, statistics interpretation and analysis. Specifically, the characteristics of the Delphi method are as follows. First, it provides scientific processes and results. Delphi method is based on group decision making to obtain statistically significant collective judgment results of experts. Secondly, it maintains objectivity, which improves the drawbacks of much qualitative research. All the participating experts are unaware of each other and answer the questions without meeting or discussing each other. This unspecified and anonymous way provides an equal opportunity for the experts to express their views and avoid the influence and pressure of leaders, peers or others. Thirdly, this method is rational and critical. The Delphi process requires participants to think rationally based on their experience and provide critical expert responses. Fourthly, this method has universality as it can present an industry view. The questionnaire can collect the opinions of experts regardless of different regions. Generally, experts' opinions and suggestions are solicited for two or more rounds, and the data and results of each round are statistically

processed and fed back to experts in the next round of consultation. The answers thus are improved during the process, which is more representative of the industrial view. Last but not the least, The Delphi method has academic deepness and practical insights. The Delphi method can not only gather the core elements about a given topic, but also obtain the expert's understanding and expectations of these core elements.

However, there are also disadvantages to the Delphi method. While there are usually several rounds of questionnaires and feedback, projects that use the Delphi method usually require a long-time cycle and are thus restrictive for schedule and management for some projects. In addition, the Delphi method is also a kind of expert interview method, since it is difficult to avoid the influence of experts' subjective factors on researchers' research problems and is prone to the subjective bias generated by researchers in the design of problems to achieve the research objective. Delphi method also has strict requirements for researchers. In addition to properly handling various contacts with experts, critical analysis of the results of the consultation is needed, so as to grasp the overall situation to develop questionnaires and consultation results for each round to ensure the smooth progress of consultation.

In this study, in order to conduct complete and comprehensive research, the author of this study has contacted targeted experts six months ahead of schedule. There were initial communications between different experts about this research, providing them with essential project information. The overall research schedule was planned in the very beginning, and provided plenty of time for communication with these experts. In addition, as some experts are colleagues of this thesis author, they are also informed with the latest information about this study all the time and communicated with the author throughout the research. In this way, time management becomes flexible and can fit different changes during the research process. In addition, in order to prevent potential subjective bias, the questionnaire is set according to the various literature review, complying with the real fact of the case study company and the situation of the Chinese real estate market. All the questionnaire information, as mentioned in the literature research method, are sourced from reliable sources which are confirmed. Participants are also provided with the essential scientific information about this study and related academic concepts, which helped them to avoid subjective thoughts and improve their academic preciseness.

While the previous interview conducted between the author of this study and other senior managers of TL Company has conducted in advance, there is also specific and detailed information about the TL Company provided to participants, to help them improve their understandings about this company as well as the western China real estate industry. The author

of this thesis himself, also continually deepen and upgrade academic awareness of conducting research and improve research abilities. In this way, the objectivity of this research can be improved.

3.4.2.2 The steps of conducting the Delphi method

There is much research on the dynamic capability of Chinese real estate enterprises in China, but there is little relevant English research at present. Therefore, it is necessary to study the dynamic capability of Chinese real estate enterprises based on Chinese and foreign academic viewpoints. In this study, the Delphi method was used to conduct a questionnaire survey among the members of the expert group, with the purpose of collecting the components and influencing factors of China's real estate dynamic capacity recognized by the experts, and obtaining the specific understanding and expression of these elements from the experts, so as to eventually form the strategic structure of China's real estate dynamic capacity. There should first set up appropriate research agenda to follow and specify how many research steps and how each step should be implemented.

Because the Delphi method has certain limitations, in the actual application, most of the researchers on the classic Delphi method after some improvements. Despite the mentioned improvements that this study applied to ensure the research flexibility, objectiveness and time management, there are also improvements on the method form regarding the communication channel. The traditional Delphi method usually sends questionnaires to experts in the form of letters. With the development of science and technology, this study sends questionnaires in the form of emails and social media communication, so as to shorten the feedback time of experts and improve the efficiency of statistical decision-making.

In general, there are six steps and processes to complete the overall research.

(1) Choose the most appropriate expert members. Brown (1968) pointed out that a key issue for the success or failure of the Delphi method is the selection of experts. Generally, experts with certain interest attainments, and experience in the research field should be considered. Before conducting expert consultation, there should be other work done such as setting research themes, designing expert consultation questionnaires, conducting expert consultation group members, organizing expert consultation and coordination, and data sorting and analysis, which can also improve the efficiency of Delphi consultation feedback.

(2) Prepare questionnaires. The first questionnaire is mainly composed of open questions. Following questionnaires are developed based on it. Anonymous questionnaires are carried out around the research questions, and relevant requirements as well as relevant background

materials to collect expert feedback information.

(3) Carry out investigations. The prepared questionnaire was sent to panelists via email or social media for investigation.

(4) Collect, summarize and analyze the questionnaire information. Collect, sort out and analyze the feedback information of the experts of the first round to formulate the second round of questionnaire, and distribute the results of the first round to the experts.

(5) Make an analysis of the survey results. After the experts' questionnaires were collected, the questionnaire information will be summarized and analyzed, including the basic information of the experts and the scoring of the items.

(6) Integrate expert opinions and form investigation conclusions.

The following process chart demonstrate the research process of this study, as Figure 3.1 below.

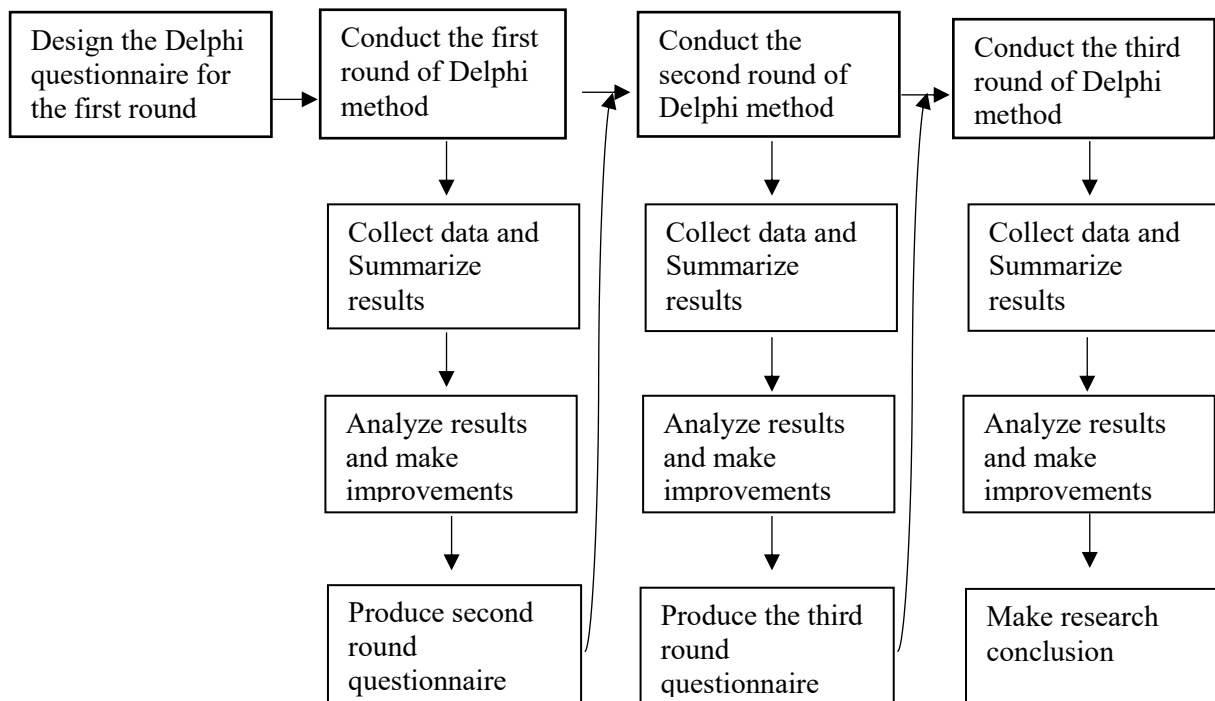


Figure 3.1 The Delphi research process of this study

3.4.2.3 Expert selection

According to the research of Gordon (1994), the most critical step of the Delphi method is the selection of an expert group. As experts have different professional knowledge and experience, their starting points and factors for consideration are also different, and their feedbacks on researchers' survey results are also very different. Therefore, it is important to select the most suitable experts. According to the traditional Delphi views, as long as the expert consulted is proficient in the business and is a representative of a school of some repute, his opinion can be

given equal weight and treatment (Brown, 1968). But in the current years, some scholars such as Kloser (2014) pointed out that the selected experts should have high-level expertise and represent the broadest range of stakeholder perspectives. Qualified expert groups participating in Delphi research should have at least the following qualifications: be able to provide experience and practice related to the research topic, be able to deliver different perspectives related to the research topic, be able to input valid information in the interview, and be willing to revise original or previous ideas (Hsu & Sandford, 2007; Kloser, 2014).

This thesis investigates the factors constructing the dynamic capabilities of Chinese real estate Company TL, and all the experts selected for this research are direct stakeholders of TL Company, academic researchers of economic area, or professionals in the real estate fields. These experts are all currently employed or worked in their fields, and most of them have reached certain achievements in their area. Through communications and search through various channels, the author of this research has drawn up a list of 15 experts who meet at least three of the following criteria:

- (1) Has work or research experience in real estate industry or related economic field with more than 7 years;
- (2) Has accredited professional or academic titles in related areas;
- (3) Has related government or authority work experience that supervised and managed the real estate industry.
- (4) Has published papers, industrial reports, books and other publications in high-quality journals, publishers and press.
- (5) Hold an important position in the university or the company with great influence or management empowerment.
- (6) Interested in the development of the real estate industry in China and have research on regional economic development and the concept of dynamic capability.

On March 1, 2021, I sent invitation letters to the initially identified 15 experts in the form of face-to-face, email and social media communication. Finally, 10 experts (participation rate is 66.7%) showed high enthusiasm and were willing to participate in this study. These 10 experts are all industry experts or academic leaders from TL Company, peer real estate companies, University of Electronic Science and Technology of China, Sichuan Government Planning and Natural Resources Bureau, professional law firms, professional accounting firms, all of which have high social influence and reputation. There are 9 male experts (90%) and 1 female expert (10%). Most of them have published several papers in core journals above the provincial level, and published corresponding works; many experts have published dozens of papers in national

journals; some experts undertake provincial or municipal projects; some experts involved in heavyweight real estate project development work; some experts in the local real estate related areas as the chairman of the board of directors and other important positions; Many experts have been dealing with the real estate industry for a long time, and have accumulated rich experience in the industry.

These 10 experts are not only leading figures in the real estate industry, but more importantly, they have been deeply involved in enterprise management, and they show great interest in the research of enterprise dynamic capability, hoping to contribute to the improvement of enterprise management level and the development of the industry. Experts' professionalism, attention and enthusiasm ensure the validity of this survey to a certain extent. Therefore, this thesis considers that the valuable insights of these experts in this survey can represent the viewpoints of real estate industry groups in southwest China, and they can well provide authoritative information on the research task of researching "the composition of dynamic capabilities of Chinese real estate enterprises and the strategic transformation of enterprises". The following Table 3.1 lists the information of the 10 experts.

Table 3.1 The brief of experts participated in this research

	Expert	Title	Personal experience
1	Dr. Chai	Professor Chengdu City Leading Youth Teacher”	Professor of University of Electronic Science and Technology of China, has taught on Modern Management, Marketing Management, Brand Management, and Market Research. Deputy Director of Marketing Management Institute, School of Economics and Management, UESTC; Has published more than 30 papers in authoritative domestic academic journals and important international conferences For more than 30 enterprises to provide effective management consulting and management training services
2	Dr. He	Associate Professor Doctor	Associate professor of University of Electronic Science and Technology of China, has taught on managerial economics, microeconomics, and international economics. Has participated in 8 provincial and national research topics Has published 1 book and 10 papers in authoritative domestic academic journals and important international conferences

3	Dr. Xiao	Professor	Research on areas of Enterprise operation and strategic management, enterprise incentive and mechanism design Has participated in 5 provincial and national research topics Has published 1 book and 17 papers in authoritative domestic academic journals and important international conferences
4	Mr. Liu	Shareholder and board member of TL Group	Real estate management expert, Has led multiple real estate projects, including Phoenix Tang City, Century Heart in multiple cities.
5	Mr. Liu	Practicing lawyer	Independent director, and head of Risk Control Department of TL Group
6	Mr. Mao	Management consultant	Management consultant of TL group Published a book <i>Partnership System</i>
7	Mr. Wang	Certified public accountant	Secretary of the board of directors and chief financial officer of TL Group
8	Dr. Lan		Deputy Director of Chengdu Municipal Bureau of Planning and Natural Resources.
9	Mr. Zhang,	Certified public accountant	Partner of Lixin Accounting Firm
10	Mr. Zhang		The Chairman of Sichuan Guangrun Investment and Develop Group

3.4.2.4 Data collection rounds

After acquiring the strategic development information of TL Company from the internal interview on five managers and senior employees, the Delphi method is based on the information collected from the interview results, combined with literature review and the practical needs of TL Company. There are three rounds conducted to implement the Delphi method as the previous part discussed.

A time schedule is also set for the questionnaire and track the process of different experts and make sure of time management. Based on the actual needs and practical situation of experts and the research project itself, the questionnaire is arranged in duration across two months from 1 March 2021 to 1 May 2021. It took about two weeks from 1 March to 14 March to collect information and design the questionnaire based on existing literature and internal interview on company strategic development. In this process, the information and related knowledge about enterprise strategic development and dynamic capabilities were sent to participants, to ensure that they all well understand the project topic and objective. From 15 March to 12 April, questionnaires were sent to experts, and they gave feedback in this period. In the last three weeks from 13 April to 1 May, questionnaires were collected and answers were recorded and

interpreted in this period. As all participants are Chinese, there are some works to be done for translated their answers and interpreted them in a correct English way. After that, questionnaire results were further discussed and analyzed in a later research process.

The first Delphi method round

On 15 March, 2021, the author of this thesis sent the first round of Delphi questionnaires to the selected 10 qualified expert group members by email. By March 22, 2021, all 10 experts had responded to the questionnaire, with a questionnaire recovery rate of 100%. The first round of the questionnaire mainly consists of two parts: the introduction part and survey part.

In the introduction part, this thesis briefly introduced the importance of the dynamic ability to real estate enterprises to experts. Without too much explanation of related information, the author of this thesis just explained the core position of the dynamic ability of real estate enterprises. The purpose of not giving too much explanation is not to restrict experts' ideas and opinions and reduce researchers' subjective guidance to experts' answers.

The survey part is all in the form of open subjective questions, including two subjective questions in total. The first question asked the experts to talk about "what aspects or elements do you think the dynamic capability of Chinese real estate enterprises should include", so that the experts could write their real thoughts on the components of dynamic capability based on their own theoretical understanding and practical experience, independent of the influence of researchers' theoretical framework. The second question is "Please choose the three most important aspects or elements from your answers, and briefly explain the reasons why you think they are important". The purpose is to understand the experts' understanding of some important dynamic capabilities, so that the author of this thesis can more reasonably summarize their opinions.

To the feedback from the experts, the author of this thesis classified the code for their answers. In the process of analysis, the author of this thesis dealt with experts' opinions in a way to retain the original expressions as far as possible in an objective way. For those expressions with very similar meanings, the author of this thesis grouped them into one group to reflect the common opinions. The author of this thesis selected the factors that experts proposed ≥ 2 times to be investigated in the Second Round of the Delphi survey and scored them. If an element was proposed by only one expert, it was not scored in the second round of the Delphi survey, but the experts were allowed to choose these factors in the form of voting. Based on this, the author of this thesis conducted a detailed analysis of the elements that the experts proposed.

According to the views of experts, 22 components of dynamic capability of Chinese real

estate enterprises have been summarized, which are listed in descending order of the times of proposing: environment awareness (10), strategic choice (10), resource reconstruction (10), market demand (9), industrial competitiveness (9), business model (8), customer positioning (8), financial performance (8), strategic perception and implementation (8), social relations (7), execution and operation (7), policy and regulation (7), capital (7), development model (6), self-learning ability (6), organizational structure (5), human resource (5), risk-bearing (5), flexible and adaptive (5), innovation (4), organizational integration (3), optimal location (3).

(2) The second Delphi method round

On March 23, the author of this thesis sent the second round of the Delphi questionnaire to the 10 expert group members who participated in the first Delphi round by email and social media, and also sent the results of the first round for their reference when answering the second round of questionnaire. By March 30, all 10 experts have responded to the questionnaire with a response rate of 100%. The second round of the questionnaire also consists of two parts: introduction and formal survey.

The introduction is the same as the first round of the questionnaire to provide some background information. The survey section is presented in the form of a combination of objective and subjective questions. In the objective part, according to the answers of experts in the first round of the questionnaire, experts were asked to score 19 components with ≥ 2 agreements in the form of a 5-point Likert scale. A score from 5 to 1 indicates that experts' agreement on these factors as dynamic capabilities of Chinese real estate enterprises decreases gradually from high to low. The subjective part consists of two questions. Considering that the author of this thesis need to accurately define the specific connotation of the components of dynamic capability of Chinese real estate enterprises later, the first question asks experts to select the most important three elements from the 22 elements listed in the objective question and briefly state their specific connotation. The second question is to allow experts to make open supplementary elaboration of the elements that they consider important but do not appear in objective questions. the author of this thesis received valuable expert opinion, integrated and classified the elements according to their connotation and importance. Based on the experts' selection of the most important elements, these 18 are the components that most experts (5 or more) consider to be relatively important: environment awareness (10), strategic choice (10), resource reconstruction (10), market demand (9), industrial competitiveness (9), business model (9), customer positioning (8), financial performance (8), strategic perception and implementation (8), social relations (8), execution and operation (8), policy and regulation (8), capital (7), development model (7), self-learning ability (6), organizational structure (6), human

resource (5), location choice (5).

As experts have mentioned, “environmental awareness”, “strategic choice”, and “resource reconstruction” are the three elements mentioned by all of them. It is consistent with the theoretical conception of this study, as these three factors are the basic and first-layer of dynamic capabilities. Expert 01 believed that “...now the market environment has changed, and what enterprises are concerned about is how to obtain a sustainable competitive advantage in the turbulent market environment and fierce market competition, which highlights the importance of their environmental awareness...” Expert 03 mentioned that “A company's future choices often depend on its past resource accumulation and corporate practices. These possible strategic choices often determine the long-term development of an enterprise.” Other experts expressed their opinions on resource reconstruction as “an important ability to integrate, and reconstruct internal and external business and resources” (Expert 04), and can “keep competitive advantage through consistently upgrade the resource reconstruction ability” (Expert 06). The importance of market demand, industrial competitiveness and business model is also recognized by most experts, as they think that market demand is significant for Chinese real estate enterprises because “... old developmental pattern has been unable to adapt to the quick-changing Chinese market and housing enterprises have to further explore customer demands” (Expert 05). “Industrial competitiveness” has been mentioned many times as “Chinese real-estate market is now under significant changes, and the only way to survive is to maintain industrial competitiveness” (Expert 03) and “it is the long-term guarantee for enterprises to develop” (Expert 08). The business model is also frequently highlighted by experts, because it contains “the most basic elements and logics of an enterprises’ business operation” (Expert 02) and “the upgrade and improvement of business model can bring new opportunities for a real-estate company” (Expert 07). 8 experts agreed that customer positioning, financial performance, strategic perception and implementation, social relations, execution and operation, policy and regulation are important factors of a company’s dynamic capability. And they believed that they are crucial for a real-estate company to equip with these abilities to better improve its market position and competitiveness. Capital, development model, self-learning ability, organizational structure, human resource, risk-bearing are also mentioned by most experts. Considering the similar functions of financial performance and capital, these two terms are suggested to be integrated as one “financial ability” capability.

According to the feedbacks of experts, the term “execution and operation” is changed to “executives’ qualities” as “the quality and ability of corporate executives greatly influence the execution and operation of corporate strategy” (Expert 02) and “executives are expected to have

rich experience and insightful visions to implement business activities” (Expert 10). The “self-learning ability” is suggested to delete as it is an integrative part of many factors mentioned, and “strategic perception and implementation” is also merged into the factor “strategic choice”.

(3) The third Delphi method round

On March 31, 2021, I distributed the third Round of Delphi questionnaire to the 10 expert group members participating in the second round by email and social media, and also sent the results of the second round of the Delphi survey to them for reference. By April 6, 2021, 10 experts have responded to the questionnaire with a full response rate of 100%. In this questionnaire, the expert group was asked to score the 15 components after the second round of modification. On the one hand, it was to obtain the stability of the experts' scoring on the 16 existing components, and on the other hand, it aims to make modified terms approved by the expert group. Finally, I formed a complete third-round questionnaire (Annex 2) for the review of the expert group.

Considering the practical demands and realistic situation of this research, 15 questions are designed to test how experts perceive the concepts of enterprise dynamic capabilities and related fields. The first part of the questionnaire is about the basic information of interviewees, including company type, industry field, and personal position in the organization. The second part is about the dimension of enterprise environmental awareness, including key concepts such as policy/regulation, market demand, industry competitiveness, and executives' qualification. The third part relates to strategic choice, and the questions in this section relate to products improvement, customer attraction, location selection, and business model. The fourth section contains concepts relating to enterprises' resource reconstruction ability. Questions about group leader, team compatibility, funding channels, and interpersonal works. The questionnaire can be found in Annex B at the last part of this thesis.

The following Table 3.2 concludes the main dimensions mentioned and agreed by experts in the questionnaire.

Table 3.2 Dynamic capabilities factors identified in the questionnaire

First-level dynamic capability	Attitude	Sub dynamic capabilities identified
Environment awareness	We periodically review the likely effect of related policies and regulation changes.	Policy and regulation
	We frequently scan the environment to identify the market demand.	Market demand
	Our company is very competitive among the industry	Industrial competitiveness
	Most of our corporate executives are rich experienced ad highly educated.	Executives' qualities

Strategic choice	We devote a lot of time implementing ideas for new products and improving our existing products	Main business
	We have adequate routines to attract our target consumers	Targeted customer
	We have effective routines to identify and select the optimal locations	Location choice
	We devote a lot of time to adjust our business model and improve our product	Development model
Resource reconstruction	We are fully aware who in the group has specialized skills and knowledge relevant to our work.	Human resources
	We ensure that there is compatibility between group members expertise and work processes.	Organizational structure
	We have built various channels to get affordable loans and guaranteed capital	Financing ability
	We have maintained a well-connected interpersonal network that have potential support for our company	Social relations

The Likert Scale measuring method is usually used to measure questions variables. In this thesis, 5 subscales are used to measure questions. Their attitudes towards different questions are examined on a five scale, with choices of “strongly agree”, “somewhat agree”, “neither agree nor disagree”, “somewhat disagree”, and “strongly disagree”. Their opinions are collected and equally scored. These options are pointed as 5, 4, 3, 2, 1 scores respectively in the data analysis process. They were added together and divided into the overall points for a section, to measure the weights of a different choice, representing experts' opinions on what extent they agree that the company is strategic and dynamic. This questionnaire is designed with two levels, as the first-level factors contain primary concepts including environmental awareness, strategic choice, and resource reconfiguration capability, and the second-level factors are sub-elements of first-level factors. For example, the second-level evaluation index system of strategic selection ability includes main business, target customer, location choice and development mode.

The calculation and formula for examining the index weights of different strategic factors are:

$$\text{Total points provided by experts/all points of the level} * 100\% \quad (3.1)$$

For example, the primary evaluation index of environmental awareness is calculated as 40 scores out of 100 scores of the overall scores, and thus the evaluation of environmental awareness in the first-level index scale is 40%. Other indexes are calculated in the same way and the detailed evaluation index systems are shown and discussed in chapter four.

The research ensures the rigid ethical code and protects their information throughout the

project. All privacy and personal rights of any interviewee or participant are protected and guaranteed, avoiding potential privacy leakage and damage. All participants are ensured to suspend or withdraw from the questionnaire process if they felt inappropriate or offensive. In this way, the authenticity and credibility of their answers are ensured, which also improved the reliability and practical value of this research.

After collecting the data from target participants, there is also a simple survey made for ensuring that interviewees recognized the design and conduction of this questionnaire, which also tests the extent to which they well understand the questionnaire. Additional questions were asked to ascertain that various terminology and research contents are correctly conveyed to a targeted group, and their extra insights and opinions on the research topic were also gathered for future research.

1. How easy or difficult did you find it to complete this questionnaire?
2. Did this questionnaire improve your understanding of the company's dynamic capabilities? In what ways?

Among their answers, most of the participants answered clearly and rationally that they have actively engaged in the research project, but some of them also mentioned that there were some language barriers in interpreting Chinese into English, which is under influence of cultural differences as well as different personal understandings. For example, terms like "compatibility" may differ in different social and company backgrounds, and there can be a more specific definition in future research.

Chapter 4: Analysis of Dynamic Capability of Real Estate Enterprises

4.1 Connotation of real estate enterprises' dynamic capability

Various studies by different scholars have explored the views on the concept, characteristics and factors involved in the enterprise's dynamic capabilities, but overall, the connotation of dynamic capabilities includes the following aspects.

Environmental awareness ranks the first characteristic. Among the elements contained in an enterprise's dynamic capabilities, it pays special attention to changes in the internal and external environment in which the company is located. Environmental awareness is that when the market environment changes or there is a trend of change, we must be able to fully perceive its advantages and certain disadvantages and think about how to make strategic adjustments. For real estate companies, such drastic changes are particularly obvious. It is well known that the external environment is particularly important for the development of real estate companies. For example, policies to restrict loans and purchases, adjustments to land market auctions, and real estate taxes are all influential to this market. However, real estate companies have very different perceptions of external changes, so this is the environmental awareness that we value and study.

Second, strategic choice is also critical. To ensure their position in the existing environment and further upgrade, enterprises must analyze the various resources they already have, obtain the impact of environmental changes on the enterprise's advantages and disadvantages, and think about making corresponding measures to adapt to the changing environment. The measures are mainly to expand the advantages of enterprises, and gradually reduce the impact of disadvantages, or even eliminate them. Management measures, structural adjustments, and resource reorganizations formulated in this way can fully reflect the company's ability to respond to changes in the external or internal environment. According to the analysis of environmental changes to determine the direction and strategy of enterprise development is the ability of enterprise's strategy choice to be studied in this thesis. This ability is an important factor that affects the success of an enterprise's strategic transformation and upgrading.

Through the analysis of environmental awareness of enterprises, the existing enterprise status has been unable to adapt to the surrounding environment. As a company's top management, it must determine the company's strategic transformation decisions. How to carry

out strategic transformation is another important determinate of an enterprise's dynamic capabilities. Existing counties do not have a one-size-fits-all policy on real estate and implement specific plans for specific cities. Therefore, real estate companies can only choose a strategy suitable for their own development that is accordant to their resources and different external environments. If the choice of strategic transformation is biased, it will have a very negative impact on the development of our enterprise. However, if the company can choose a suitable strategy for the specific situation, the development of the enterprise will usher in healthy, stable and rapid development and improvement, which will lay a solid strategic foundation for the continuous operation and gradual expansion of the enterprise.

Third, integrate restructuring capabilities. When the external environment changes, the enterprise can actively recombine the company's existing resources through the existing dynamic capabilities and can adapt to the requirements of the external environment promptly. This is to integrate restructuring capabilities. When we have sensed the impact of changes of external environment on the enterprise and made it clear that we must formulate a strategic plan for development. We must begin to implement a series of integration and reorganization of various types of resources, organizational structure adjustment and other practices, so that enterprises can quickly enter the mechanism and market positioning to adapt to the environment. For real estate companies, when in a favorable market environment, they must immediately integrate existing resources and accelerate expansion and development. When in an unfavorable market environment, companies must shrink resources, adjust various factors, and adapt to new environments as soon as possible. Only a very keen environmental awareness and strong resource integration ability can truly achieve the layout of strategic transformation.

Resource restructuring is actually the reorganization and distribution of the resources already owned by the enterprise itself, so that the adjusted resource structure can more closely match the external environment in which the enterprise is located. This is also an important manifestation of the dynamic capabilities of real estate companies. The resource of each enterprise is different, but only by allocating the resources reasonably, mutually promoting related resources, and promoting the development of the enterprise, the company can maximize the value of the resources. There are many aspects of resources for real estate companies, but how companies make full use of and deploy based on strategic positioning is an important manifestation of the company's dynamic capabilities. Financing ability provides powerful financial resources for expansion, while talent reserve provides sustainable human resources for market innovation, and operating ability provides beneficial social resources for the promotion of our products. These resources can provide strong support for the strategic

transformation of the enterprise through detailed system analysis and comprehensive balance of the enterprise, which is also an important dynamic ability to ensure that the enterprise achieves its strategic goals.

In short, only by implementing the optimized layout of its own resources, it is helpful to ensure that real estate companies have more market vitality. The effective combination of resources is the guarantee for the strategic transformation of enterprises, and at the same time, enterprise resources will be further expanded based on the continuous deepening and improvement of strategic transformation. Only by fully recognizing the changes in the environment and recognizing the advantages of its own resources, and thus making effective resource adjustments and combinations, can companies have the competitive advantage in a dynamic market.

4.2 Index of real estate enterprises' dynamic capability

4.2.1 Analysis of environmental awareness

The environment of real estate companies has always been in a state of change. A simple summary shows that its changes come from both external and internal environments. In the real estate industry, changes in the external environment involve a lot of content, such as changes in policies and regulations, fluctuations in market demand, and increased competition in the industry. There is also a change in the company's internal environment, which mainly involves the comprehensive quality of the company's executives and the stage of the company's development cycle.

4.2.1.1 Policies and regulations

For real estate companies, sensitivity to the external environment is particularly important. Since the real estate industry has been market-oriented, national and local government policies have been a vane that companies must pay attention to. Only in accordance with the relevant policy guidance for the timely transformation of the real estate enterprise strategy can the real estate enterprise be truly guaranteed to develop continuously and steadily.

4.2.1.2 Market demand

With the changes in population growth and migration, improvement in living conditions, and urban renewal, the real estate market has undergone further improvements in regulatory policies, industry concentration has increased, and consumer demand for the real estate market has also

changed. The direction of future demand is more for improved housing, development of healthy housing, retirement real estate, and energy-saving technologies. Real estate companies must focus on market research, in order to grasp consumer demand, and develop emerging real estate models. Long-term and short-term rental apartments, shared offices, retirement real estate, and characteristic towns, are all innovative products to enhance their dynamic capabilities and respond to market changes.

4.2.1.3 Industry competition

In recent years, competition in the real estate industry has intensified, the concentration of the real estate industry has correspondingly increased rapidly. The sales threshold for echelons at all levels has also increased significantly, and large-scale housing companies have been divided for a long time. Real estate companies must always pay attention to the development laws of industry operations, improve their understanding of industry competitors, and gradually improve their dynamic capabilities to cope with the future operating pressure caused by the further increase in industry integration.

4.2.1.4 Corporate executives

If the senior leaders of the enterprise do not have rich experience and cannot perceive and recognize changes in the environment, it will be difficult for the enterprise to identify opportunities, or to implement strategic transformation decisions. Therefore, the experience and cognitive ability of the senior leaders are important. Only the senior management of the enterprise has a highly sensitive sense of the market, so that the internal and external environment changes of the enterprise can meet the good environment for the subsequent development of the enterprise. The senior management of the enterprise must keep a clear mind at all times, have wise visions, and lead the enterprise to develop continuously and steadily through correct decisions. Of course, the company's strategic transformation and adjustment will also be affected by the comprehensive quality of the company's senior managers. The social vision, the pursuit of a career, and the personal preferences of the senior managers will all affect the trend of corporate strategic development.

4.2.2 Analysis of strategic choice

Real estate companies perceive environmental changes through target market demand, real estate policies and regulations, industry competition and other external conditions. Then the company should identify opportunities, and clarify questions relating to what to do, who is the

customer what are the products, where the most advantageous geographical location is, and what competitive strategy and growth strategy should the enterprise choose. Combined with the company's capabilities, the company can seize the opportunity and make the right strategic decisions that suit its own business. Through the above argument, it can be seen that the real estate enterprise's strategic choices and adaptability mainly include the ability to grasp the main business, to select target customers, to select products and services, to select product locations, and the ability to innovate business models.

4.2.2.1 Main business

Real estate enterprises are involved in a wide range of businesses, including real estate development, construction, decoration, property management, hotel development and management, education management and other areas. At different stages of the company's development, the enterprise shall choose different main businesses formulate different growth strategies with changes in the external market environment and take the intensification of industry competition into account.

4.2.2.2 Target customers

Real estate companies often subdivide target customer groups, and the subdivision categories mainly include purchasing power analysis, consumption habits analysis, location analysis, geographical distribution division, occupational difference segmentation, and age structure segmentation. As a means of market analysis and a tool to enhance the competitiveness of enterprises, the analysis of target customer groups has received increasing attention from the real estate industry. Understanding the profile and classification of real estate target customer groups is significant for the correct application of market analysis.

4.2.2.3 Location selection

Each city will present its unique urban structure, including one or two central urban areas and several satellite cities, and each city will make the central urban area the core, and the satellite cities are often arranged in a circle. In terms of location selection, enterprises tend to prefer the central sector, because the central location has a strong business atmosphere, and the business circle attracts a lot of popularity. Furthermore, the sector where the government and railway station commercial area locate has higher investment value. However, with the continuous development and changes of the urban area, the land cost continues to rise, and the subsequent supply of land in the city center is small, which affects the continued influence of the sector. The choice of real estate companies' location will have strategic changes according to product

positioning variety.

4.2.2.4 Development mode

As market competition intensified, real estate companies began to use various supporting resources to add value to real estate and explore new profit growth points. Culture, tourism, education, health, medical care and other fields, are business sectors with more real estate integration. Cultural tourism real estate is an industry concept, which refers to combining the development and operation of cultural tourism projects with real estate development to obtain revenue from the overall operation of the project. The existence of cultural tourism factors usually makes it easier for enterprises to obtain the land and source financing. Real estate combined with education is another mature development model. With the popularization of quality education and elite education in China, people are chasing excellent educational resources, and educational support is becoming a necessary configuration for project development. Through the matching of educational resources, sales of real estate can be promoted, higher premiums can be brought to the residence, and new profit points can generate. Regardless of the development model, choosing the optimal development mode should be based on enterprise's strategic choice after research and judgment considering the external market environment and its own internal development.

4.2.3 Resource reconstruction capability analysis

Through the integration of the internal structure and the external relations, the enterprise can achieve the balance between the internal structure and the existing external dynamic environment, and balance between the enterprise's ability and its own resources. The dynamic capability in the process is resource reconstruction capability. Each enterprise's resource is different, but as long as the resources owned by its enterprise are reasonably allocated to each other to promote related resources and promote the development of the enterprise, the value of resources can be maximized. The so-called internal structure integration is the optimization of various internal functional elements, including financial resources restriction, human resource reconstruction, and organizational structure reconstruction. The integration of external relations includes social relations and external financing. Financial resources and external financing capabilities provide powerful financial resources for enterprise expansion. Talent reserves and organizational structure provide powerful human resources and team capabilities for enterprise market innovation. Social relations provide powerful social resources for the promotion of enterprise products. These resources can not only provide strong support for the strategic

transformation of the enterprise through meticulous system analysis and comprehensive balance of the enterprise, but also acts as an important dynamic ability to ensure that the enterprise achieves its strategic goals.

4.2.3.1 Human resources

Human resource reconstruction ability is one of the important components of real estate enterprise resource reconstruction ability. The production and management of an enterprise require the participation of personnel. Only with a good team of talents can an enterprise stand out in the fierce market competition and ensure that the enterprise maintains a profitable model and long-term development. The real estate industry is a fast-growing industry. From the perspective of the development of China's real estate industry, it is mostly from project operation to company operation, from small company operation to enterprise group direction. For a real estate enterprise that focuses on project operations, it is not actually an enterprise group. For large real estate enterprises, human resources management has also shown a positive trend while the enterprise continues to develop. Talent problem has become the core problem of human resource management in real estate enterprises. With the acceleration of the integration of China's real estate industry, more and more enterprise groups are entering the real estate industry, and the demand for integrated management talents is increasing. Comprehensive management talents are the focus of competition, but with the cumulative specialization of the division of real estate industry chain, real estate companies are also increasingly demanding professional management talents, including international real estate management talents, property management talents and financial investment talents.

4.2.3.2 Organizational structure

The development stage of real estate companies is different, and the company's organizational structure must be adjusted in time to adapt to the changes in business and strategic focus brought about by the continuous development of real estate companies. The initial development stage generally adopts the project-based management model, while the mid-term adopts the matrix multi-project management model, and the advanced development stage shifts to the divisional system multi-project management model and the regional central system cross-regional management model. Under different environments and different strategic choices, real estate companies need to formulate innovative organizational structures to effectively improve their dynamic capabilities and promote their development.

4.2.3.3 Financing capability

Real estate is the pillar industry of China's economic development. The development of the real estate industry has been receiving much attention in China. With the continuous development of the real estate industry, capital problems are increasingly prominent. If real estate companies want to achieve far-reaching and continuous development, real estate cannot be separated from capital, which is a necessary condition for real estate companies to develop the land. Free capital within an enterprise is an important financial resource for an enterprise when responding to environmental changes and making strategic choices. Listed companies have great autonomy when using their own funds, as long as they are approved by the shareholders' meeting or the board of directors and are not restricted and affected by the outside world. Compared with external financing, it can reduce the problem of information asymmetry and the related incentive problems. This method can save transaction costs, reduce financing costs, and enhance the residual control of enterprises. Compared with internal financing, external financing is more important for real estate development companies. In addition to the relatively mature domestic loans such as commercial loans, trusts, securities, and bond financing, other innovative financing models including real estate mortgage-backed securities, private equity funds, and real estate investment trust funds and are gradually emerging. The external financing channels are mainly to provide supplementary funds, rolling funds, and cooperate with the construction of the project cycle. Real estate companies need to pay attention to the building of external financing capabilities to improve their ability to resist risks, provide sufficient cash flow for enterprise development, and use dynamic capabilities to promote the stable development of enterprises.

4.2.3.4 Social relations

The reconstruction of social relations includes the integration of external relations such as government-enterprise relations, enterprise-enterprise relations, and customer-enterprise relations. Among the many factors that affect land transfer, the relationship between government and enterprise is very important, which influences the allocation efficiency of the land factor market. The stronger the relationship between the enterprise and the local government, the lower the price of buying land. The market-oriented land transfer method also plays an active role in weakening the relationship between government and enterprises. Taking into account factors such as risk, capital, and resources, many real estate development companies urgently need to find strategic partners in the market and take the form of strategic alliances. The partnership building with other market players is critical to strengthen their

advantages to survive in the current fierce competition, gain long-term competitive advantage, improve corporate dynamic capabilities and form a stronger competitive advantage.

In short, only by implementing the optimized layout of its own resources to ensure that real estate companies have more market vitality, the effective combination of resources is the guarantee for corporate strategic transformation. At the same time, according to the continuous deepening and improvement of strategic transformation, corporate resources will be further expanded. It is a relationship of mutual dependence and mutual promotion. Only by fully recognizing the changes in the environment and recognizing the advantages of their own resources, so as to carry out effective resource adjustment and combination, can they have the competitive advantage in a dynamic market.

4.3 Hierarchical analysis of dynamic capability

4.3.1 Delphi method and indicator weight

This thesis used the Delphi method to evaluate and measure the weights of various factors at the program level and the standard level. The Delphi methods selected ten experts, including three university professors, three internal employees of TL Company, a management consultant, one government authority leader, one person from an accounting firm, a person from a state-owned enterprise. Through three rounds of expert interview feedback, this thesis has reached a consistent result on the weight of each factor. Experts pointed out that environmental awareness is the first element of a company's dynamic capability indicators. Only an enterprise has good sensitivity to the external environment can fully grasp the competitive advantages of real estate companies in the dynamic market, and makes them fully adapt to the environment. So this thesis sets the proportion of environmental perception in the overall dynamic capabilities to 40%. Regarding the four program-level factors affecting environmental perception, policies and regulations, market demand, industry competition, and the overall quality of corporate executives, the Delphi method gives consistent weighting results of 30%, 25%, 20%, and 25% respectively.

Secondly, experts believe that strategic choice ability and resource restructuring ability are necessary ability in the process of strategic transformation based on the specific external environment. The two influence each other and comprehensively consider to ensure the smooth strategic transformation of the enterprise. A combination of capabilities is necessary, so this thesis sets the proportions of strategic choice capabilities and resources restructuring

capabilities at 30%. Regarding the main business, target customers, location selection, and development mode of the four program-level factors that affect the ability of strategic choice, the Delphi method gives consistent weighting results of 35%, 25%, 20%, and 20% respectively. Correspondingly, with regard to the four program-level factors affecting resource reconstruction ability, human resources, organizational structure, financing capabilities, and social relations, the Delphi method gives consistent weight results of 20%, 25%, 20%, and 35% respectively.

The following Table 4.1, Table 4.2, Table 4.3 and Table 4.4 show the contents of indicators at all levels.

Table 4.1 First-level evaluation index system of dynamic capability

Number	Primary Evaluation Index	Weight
1	Environmental Awareness	40%
2	Strategic Choice	30%
3	Resource Reconfiguration Capability	30%

Table 4.2 Second-level evaluation index system of environmental perception ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight
1	Environmental awareness	Policies and regulations	30%
2		The Market Demand	30%
3		Industry Competition	20%
4		Executives	20%

Table 4.3 Second-level evaluation index system of strategic selection ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight
1	Strategic selection ability	Main Business	35%
2		The Target Customer	25%
3		Location Choice	20%
4		Development Mode	20%

Table 4.4 Secondary evaluation index system of resource reconstruction ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight
1	Resource reconfiguration capability	The Human Resources	25%
2		Organizational Structure	30%
3		Financing Ability	25%
4		Social Relations	20%

4.3.2 Dynamic capability evaluation of real estate enterprises

According to the actual situation of different real estate companies, the weight ratio of various dynamic capabilities is separately counted. In practical cases, it needs to consider comprehensively and companies have to conduct self-improvement in a targeted manner to strengthen the advantages of enterprises in market competition, thus ensuring strategic transformation and enabling the company to continue to develop rapidly. According to the evaluation index system of the enterprise's dynamic capabilities, based on the comprehensive consideration of the existing management science and the characteristics of the real estate

industry, it divides the evaluation of the dynamic capabilities of real estate enterprises into five levels, as shown in Table 4.5.

Table 4.5 Dynamic capability rating scale

Rating	Optimal	Good	Fair good	General	Poor
To evaluate the interval	90 ~ 100	80 ~ 90	60 ~ 80	40 ~ 60	0 ~ 40
The median	95	85	70	50	20

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Chapter 5: Dynamic Capability of TL Company

Existing theoretical research shows that the composition of dynamic capabilities is multi-dimensional. Although the literature is discussed in terms of the composition dimensions of dynamic capabilities, the conclusions are inconsistent. In addition, much research on dynamic capabilities has achieved many academic contributions, but the research that focuses on the dynamic capabilities of Chinese real estate companies mostly emphasize the perspective of core capabilities and resource-based theories. Uncovering the black box of the internal structure of the real estate enterprises' dynamic capabilities will help to find out the dynamic capabilities' cultivation path, which in turn will help the enterprises develop sustainably. Therefore, this chapter constructs a dimensional model of the real estate companies' dynamic capabilities through literature summary, semi-structured interviews, and analysis of the dimensions.

5.1 Overview of TL Company's development

5.1.1 Introduction of TL Company

TL Real Estate Co., Ltd. established in Luzhou, Sichuan province in 1999, which is a diversified group company spanning real estate, education and construction technology. Currently, the company's operating headquarters is located in Chengdu, and its investment headquarters is located in Shenzhen. On July 12, 2018, TL Education International Holdings Co., Ltd. (referred to as TL Education) was successfully listed on the main board of the Hong Kong Stock Exchange (stock abbreviation: TL Education's stock code: 1773), which becomes the top 10th Private school listed Hong Kong stock market. As a diversified integrated city operator, the company has a total registered capital of CNY¥ 800 million, currently employs nearly 4,000 people, has dozens of branches and subsidiary companies, and the total development volume is nearly 10 million square meters.

The real estate sector of TL has successfully developed numerous high-quality residential, commercial and industrial projects, and established landmark buildings in many cities. It has successively developed a large number of high-quality projects, such as TL Moving Garden, Longquan TL Square, Pengzhou Century Mansion, Pixian Shanti Mansion, Yibin Lingang Headquarters in Pengzhou, Pidu, Yibin and other cities.

The education sector of TL Company is a leading private education service provider in western China. The company is mainly engaged in providing K-12 education services, supplemented by training services specially designed for K-12 students and preschool children. TL Education has 12 K12 schools, 11 training schools and 4 early education centers. The company has three operating models: schools operated by TL Education, schools managed by TL Education as a third party, and schools only authorized by TL Education. The schools are now located in 8 cities in 5 provinces including Sichuan, Inner Mongolia, Chongqing, Hunan and Shandong. At present, TL Education has a total of over 39,000 K12 students. The average utilization rate of schools under TL Education is 74.4%. In the past three years, TL Education has expanded its school network at the rate of opening two K12 schools every year.

TL Company also actively participates in the building materials and construction related industries, integrating the industrialization of Internet technology, green buildings and green building materials. Its subsidiary Nanyuan Construction Engineering Co., Ltd. specializes in housing construction and municipal engineering construction, with an annual output value of more than 1 billion yuan. Another subsidiary Shengzhong Energy Technology Co., Ltd. produces high-quality concrete, colored mortar, energy-saving doors and windows and other green building materials. Tianyu Zhiyuan Technology Co., Ltd., which is also under the management of TL Company, engages in the research and development of Internet technology products, involving product technology research and large-scale intelligent projects in the fields of smart communities, smart education, and industry security.

5.1.2 Organizational structure of TL Company

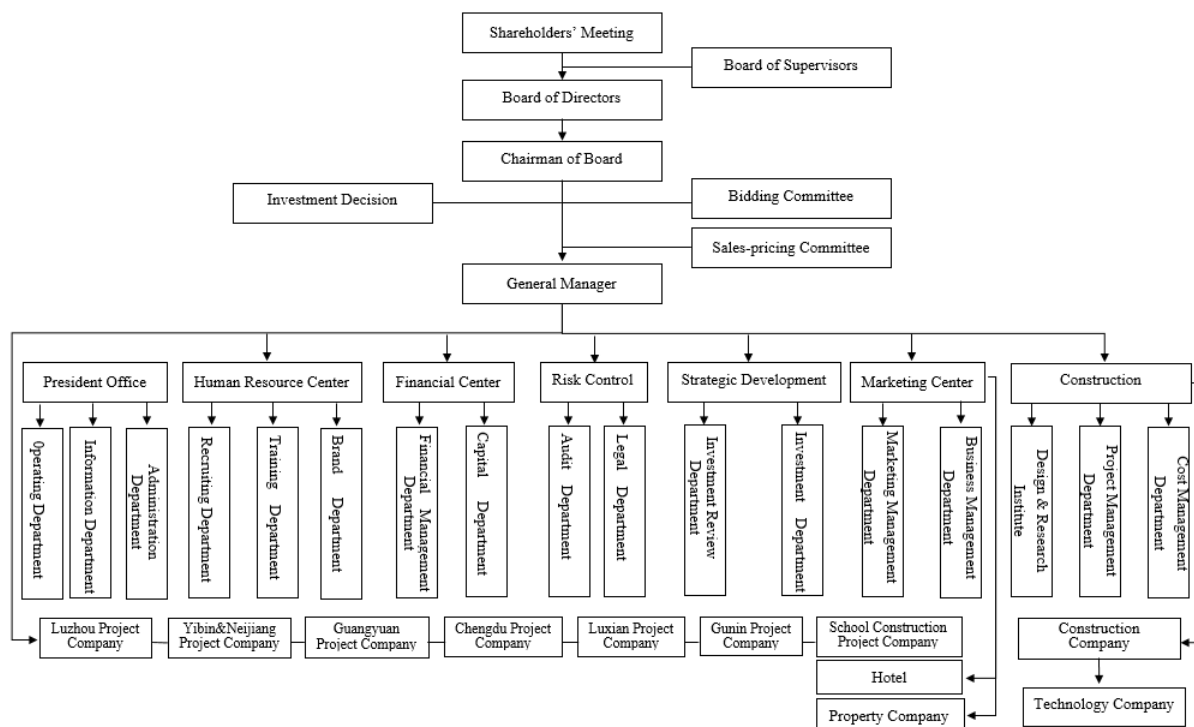


Figure 5.1 The organizational structure of TL Company

The company has established a comprehensive organizational mechanism including shareholders' meetings, board of supervisors, investment decision-making committee, bidding committee, and sales pricing committee. According to its business development, there are multiple functional management departments under the president, as shown in Figure 5.1 above. The highest authority of the company is the general meeting of shareholders, which implements the general manager responsibility system under the leadership of the board of directors.

In general, TL Company has considered different dimensions based on functional expertise, business classification, product portfolio, regional location and other capabilities. It sets up a reasonable structure type, which makes the organization and management clearer. All departments cooperate closely and effectively. As TL Company enters the new stage of benefit transformation supports business growth, continuous efficiency improvement, and balanced risk control.

5.1.3 Business development of TL Company

Combining the development history of TL Company and the change of its strategic development direction, this thesis divides the development history of TL Company into three stages. 1999 to 2003 was the start-up stage of TL Company. In this stage, TL Company was

involved in the real estate and education industries. The main development direction of TL Company was to gain a firm foothold in the industry and build initial brand influence. The period from 2004 to 2010 was the development stage of TL Company. At this stage, TL Company deeply cultivated Luzhou, improved company management and industrial chain, and built local competitiveness. Since 2011, TL has taken the initiative to explore the road of transformation and a stage of rapid development. At this stage, TL Company innovated in an all-round way, realized regional replication, rapid expansion and development, and began to deploy across the country.

5.1.3.1 Start-up stage (1999-2003)

In the late 1990s, the People's Bank of China issued the "Measures for the Administration of Personal Housing Loans", which advocated loans to buy houses. On July 3, the State Council issued the "Notice on Further Deepening the Reform of the Urban Housing System and Speeding up Housing Construction", announcing the suspension of the welfare housing allocation system and the gradual implementation of monetization, commercialization and socialization of housing distribution, and the real estate market officially entered the market Phase. These two policies have profoundly affected the future development of China's real estate market. The previous policy has changed consumers' housing consumption concepts and consumption behaviors, and greatly improved residents' ability to pay for housing purchases. The latter directly changed the housing consumption behavior of residents and also borings great impacts on the business behavior of developers. The real estate market has achieved rapid development in this environment. Mr. L, the founder of TL Company, seized the historical opportunity and established TL Real Estate Development Company in Luzhou, Sichuan province.

In the beginning of 21st century, the Chinese government promulgated the "Private Education Promotion Law of the People's Republic of China", which paved the way for private capital to enter the education field, and private education officially entered the legal track. TL believes that education is the foundation of the nation, and the education industry will develop steadily in the future. The Luzhou Government needs to establish and develop private education, and Luzhou's good economic foundation and development momentum are also suitable for the establishment of private schools. More importantly, the establishment of education is a win-win result for TL and the local government: meeting government demands is conducive to helping TL establish a good brand image in the municipal government, can better maintain political and business relations, and help TL obtain resources and information. For TL companies, the

education industry helps build a reputation and increase trust in the local area. Therefore, in 2002, TL began to form Luzhou TL International School and officially put it into operation since then.

In the early days of TL real estate Company's establishment, it fitted well with the changes in national policies and market demand. In the two major industries and the two major policy changes, TL Corporation perceived and seized the opportunity. At the beginning of its establishment, TL strengthened the company's formal system construction, established an investment development department, enhanced the company's information collection, screening, and judgment capabilities, and actively built the core capabilities of real estate companies. Limited by its capital and its own strength, TL has only developed about 250,000 square meters of land in 4 years. In 2003, the market share in the Luzhou market for TL was about 5%, and the sales amount was CNY¥ 400 million. The company's employees have expanded from 30 to 50 when it was founded. After 4 years of development, TL Real Estate has formed a certain degree of local market competitiveness.

Luzhou TL International School lacks establishment preparation, shorted in brand awareness, and was also subject to certain disadvantages on the source of students. The overall student quality was not particularly high. But after a year of meticulous operation, the management level of the school and the quality of students have generally been improved. In 2003, Luzhou TL School, which was established only one year ago, was granted awards from the government as an advanced unit of private education in Sichuan Province, a characteristic school of art education in Luzhou, a demonstrative school of science and technology education for young people in Luzhou. Within this location, it was rated as a model unit for comprehensive management of social security and a unit of spiritual civilization. Table 5.1 demonstrates the accumulation of resources and capabilities in the early stage of TL entrepreneurship.

Table 5.1 Accumulation of resources and capabilities in the early stage of TL entrepreneurship

Item	Estate	Education
Development environment	Residents' income has steadily increased, and the real estate industry has been encouraged and supported by government policies.	The "Law on the Promotion of Civilians" was promulgated to encourage the development of private education, and local governments have private education demands.
Stage goals	Initially establish the brand and follow the path of formalized development.	Accumulate educational experience and build a first-class local school.
Resources	Established construction companies and real estate companies, developed TL Garden, Jinlan Mercure, Bishui Kangcheng, and international metropolis projects, trained a group of business elites with practical capabilities, and initially created a local brand.	First-class campus hardware, high-level teaching staff.
Capabilities	It has tempered the leadership's personal perception ability and opportunity grasping ability. The company has established a market information collection mechanism, accumulated experience in real estate development, and is familiar with the overall business norms and procedures of the real estate market.	Initially obtained the trust of the local government. Accumulate school management experience, explore the development of quality basic education, and help establish the TL brand

5.1.3.2 Development stage (2004-2010)

After the rapid development of the real estate market from the end of last century to the beginning of the new century, the government began to issue policies to guide the sustainable and healthy development of the real estate market from the second half of 2003. Since 2004, the real estate market has officially entered a five-year policy adjustment period. During the adjustment period, the Chinese government issued policies to raise market access thresholds, for example, increasing the amount of self-owned funds for real estate enterprise project development, strengthening land transfer control. This policy regulates strictly implementation bidding, auction and listing procedures, increases loan interest rates, tightens real estate trusts, and increases tax control measures to curb the phenomenon of rapid real estate price growth and overheated investment

During the regulation period, the market was in a downturn. TL Company strengthened internal management at this stage, urged enterprises to form internal competitiveness, improved the industrial chain, reduced development costs, improved product quality, actively expanded

regional markets, and strove to build local leading enterprises.

Secondly, TL cost management introduced Vanke's modern management system with target cost and responsibility cost as the core. The target cost is the cost target that the enterprise has determined in advance and has to be achieved through hard work in a certain period of time, and is the control line of the project cost. The responsibility cost system ensures the rationality and advancement of the overall cost by determining the responsible subject and evaluation department, and by setting, implementing and evaluating technical and economic indicators. The dynamic cost is the expected cost result reflected in each period of the project implementation process. During the specific implementation, cost control is carried out through each operation process of real estate to achieve the purpose of reducing costs. Before the implementation of the project, TL will organize relevant personnel to conduct cautious, objective, comprehensive and accurate calculations on the new project, and to evaluate its feasibility. When designing, it is controlled by establishing reasonable technical and economic indicators, design cycle, design quality and other aspects. Procurement adopts strict bidding methods, adopts project list-style centralized procurement, open and transparent bidding, and applies a strict supervision system.

TL Education continuously strengthened the introduction of excellent teachers, promoted internal communication and training, improved teachers' professional skills and professionalism, and explored the concept of quality-oriented education. At the same time, TL also continuously strengthened exchanges with first-class schools' home and abroad, established a long-term cooperation and exchange mechanism, and continuously learned the experience of advanced schools. In 2009, Luzhou TL International Primary School was established, and Luzhou TL Culture and Art Training School were also built after that. So far, TL's education sector in Luzhou has completed the integration of the K12 education stage, creating a K12 integrated school. Table 5.2 shows the accumulation of resources and capabilities in the growth stage of TL Company.

Table 5.2 Accumulation of resources and capabilities in the growth stage of TL

Item	Estate	Education
Development environment	The 2004-2008 macroeconomic control restrained the excessive growth of housing prices. 2009-2010 global financial crisis, short-term policies favorable to real estate development.	The governments of Sichuan Province and Luzhou City have introduced specific measures to encourage the development of private schools.
Stage goals	Regional leader, arrange layout in Sichuan.	Regional famous school

Resources	Integration has established an integrated value chain, with a total development area of more than 3 million square meters. The brand has been deeply rooted in Luzhou, and a management team with excellent quality has been formed.	Formed a K12 integrated school, expanded the teaching staff, and established friendly cooperative relations with many well-known domestic schools.
Capabilities	Enhanced environmental perception and market grasp capabilities. Established a scientific management and decision-making mechanism; advanced learning industry and created a learning organization; resource integration and a complete industrial chain, improved real estate cost control and quality control capabilities, and formed regional competitiveness.	Pay close attention to the favorable policies, unite with excellent schools at home and abroad, strengthen communication and learning, improve teaching quality and quality, and create a characteristic elite education. The quality of teaching is ranked among the top three in Luzhou, and its own school-running style has initially formed.

5.1.3.3 Transition stage (2011-Now)

At the end of 2008, the Chinese government successively introduced a series of favorable policies for the real estate industry, including successive reductions in loan interest rates and lower down payment ratios for the first and second homes. In 2009, the minimum capital ratio for real estate development projects was reduced from 35% to 30%, thus the tightening credit policy for real estate development began to "relax". However, the easing policy has only been maintained for less than two years, and the real estate market has once again entered a stage of comprehensive regulation.

With the rapid economic development of China, the increase of household income, the improvement of housing conditions and the change of family concepts, China's family structure shows a trend of miniaturization and flattening. Cooperating with the family planning policy, Chinese families have a "three-in-one" family structure. For a family of three members, parents tend to pay more attention to the physical and mental growth of their children, and pay more attention to their children's education. They are willing and able to spend more time, money and energy to allow their children to receive better education, which accelerates the development of high-quality K-12 education. At the same time, the state's investment in education continues to increase, and the scale of the education market continues to expand. To improve the local education level, local governments have also actively introduced private educational institutions.

Although TL's business has spanned two areas, the real estate sector is an absolute core industry and the main source of profits. There are many problems in the cross-regional development of the TL real estate's sector, such as brand disadvantages, financing difficulties, talent dilemmas, and increased competition. The TL education sector also faced great operational difficulties. The multiple difficulties limited the development and expansion of TL schools.

In the past development of TL, the two sectors of education and real estate operated independently of each other. The early development of education relies on financial support from TL companies, and the latter can be self-financed. After facing development difficulties, TL Company noticed a strong correlation between real estate and education. Considering the actual market conditions of the real estate market and the company's resources, the company decided to explore the education and real estate model and conducted a pilot in Yibin city.

In the initial project negotiation, TL Company adopted the negotiation strategy which packed the education and real estate together. In the land transfer, the Yibin government adopted a model of bundled listing of schools and real estate projects. The delisting party needed to build and operate a K12 school next to the land. The bundled listing model has raised the barriers to competition for this piece of land. In response to the government's call to improve residents' quality, TL began to comprehensively optimize education resources. Furthermore, it has also helped the government to solve the scale of investment in education construction, and the pressure of running schools has been effectively controlled. In addition, TL schools can effectively improve the speed of local economic development.

TL can drive the appreciation of the value of land near the school and increase local fiscal revenue with schools being built. The establishment of TL schools can help retain local high-quality teachers, high-quality students, and form local consumption power. It can also attract capital and people who are outflowing due to insufficient local educational resources. Furthermore, the addition of TL School has injected fresh vitality into Yibin's education, brought a sense of crisis to public education, formed a Catfish Effect, promoted the reform and development of Yibin's education, and promoted the improvement of the overall level of Yibin's education. After that, TL signed contracts for Neijiang and Guangyuan projects under the educational real estate model, completing the transformation and upgrading of the educational real estate model.

At this stage, TL Company timely perceived the threats in the environmental changes and the bottlenecks in its own development, and actively sought solutions. Through investigation, research and pilot projects, the company has developed a new education plus real estate

business model suitable for itself. TL entered the transformation stage. TL has established a regional brand in this period. The main development direction of the company at this stage is to explore the company's core competitiveness and seek a larger and higher development platform. Based on the established education plus real estate model, the company timely perceived the internal and external environment and discovered its own shortcomings and market changes. Through innovative research and development, the company integrated and allocated the resources of the whole group, formed a strength that is beneficial for education development and real estate expansion in a new way with education. At the same time, the company's strategy began to quickly replicate the business model, stimulating the upcoming development of the company's growth.

Table 5.3 shows the accumulation of resources and capabilities in the transition stage of TL Company.

Table 5.3 Accumulation of resources and capabilities in the transition stage of TL

Item	Estate	Education
Development Environment	The real estate industry faces long-term macro-control and market competition is intensified, so industry transformation is imperative	National policies actively encourage the healthy development of private education
Milestones	Form a nationwide cross-regional development structure	Become the head enterprise in private schools' industry
Resource	The brand expanded to Sichuan, and the newly-developed area reached 4 million square meters. The business model of "education + real estate" was initially formed, and the business area expanded rapidly	The brand is well-known in Sichuan and has entered the national development stage. The volume of education continues to expand, and it has become the second largest private basic institution in the west. Developed a special curriculum system
Capability	Strengthen internal management, enhance internal and external environmental perception and the ability to grasp opportunities. Learning from advanced industries and innovating business models have enhanced the company's ability to acquire land and bargaining prices. Educational joint real estate, internal integration, enhanced the premium ability of real estate and education brands.	By integrating social resources and absorbing advanced industry experience, the school's design and development capabilities have been established, and standardized processes have been formed. Innovation has created the ability to design quality education courses, and established a strong talent training ability and reserve pool.

5.2 TL Company's dynamic capability analysis

5.2.1 Analysis of TL Company's environmental awareness

Real estate companies usually use their environmental awareness capabilities to identify development opportunities. This thesis divides the environmental perception ability into external environment recognition and internal environment recognition. The external environment includes policies and regulations, market demand, industry competition and the internal environment include the comprehensive quality of corporate executives. We will analyze these capabilities and get the overall situation of the external environment.

5.2.1.1 Policies and regulations

TL Company is very concerned about the direction of policy. There are dedicated staff from the Strategy Research Department to collect, process and summarize various information and dynamics of the external environment. They constructed a smooth communication channel for information acquisition and transmission to ensure that the information related to the development and selection of the company be conveyed to the decision-making and leadership of the company. Figure 5.2 shows the introduction and impact of the real estate policies in the past ten years. The government's implementation of the regulation and control policy on real estate is in a loose and tight manner. Since 2008, with changes of the economic downturn and the property market overheating, the government's implementation of real estate regulation and control policies has been in a situation of loosening and tightening. After 2016, the state has adhered to the positioning of "housing to live without speculation", no longer using real estate as a short-term economic stimulus tool, and continued implementing tightening policies of real estate regulation. In terms of the development history of TL Company, on start-up stage, the People's Bank of China issued the "Measures for the Administration of Personal Housing Loans", the State Council issued the "Notice on Further Deepening the Reform of the Urban Housing System and Speeding up Housing Construction", which promotes the establishment of TL Real Estate Development Company. With the promulgation of the "Private Education Promotion Law of the People's Republic of China", TL plans to establish Luzhou TL International School. During the development stage, the Chinese government has issued a series of policies to guide the healthy development of the real estate market, implementing policies such as raising market access thresholds (increasing the amount of self-owned funds for real estate enterprise project development), strengthening land transfer control (strictly

implementing the bidding, auction and listing process), increasing loan interest rates, tightening real estate trust, increasing tax regulation and other measurements. In this policy context, TL Company strengthened internal management and control. At the same time, the education sector has also completed the integration of K12 education integration. During the transition stage, the Chinese government has successively introduced a series of favorable policies for the real estate industry, and local governments have actively introduced private educational institutions to improve local education levels. TL Company caught the market opportunity with the supportive political preference, used the company's resources to explore the development of educational real estate models and completes the transformation finally.

Macro Background	2008: Affected by the global financial crisis, China's economic growth has slowed down significantly.	2012: Affected by the European debt crisis, China's economic performance is weak.	2014: Excessive housing inventory in third- and fourth-tier cities.
Stimulus Policy	<i>Opinions of the General Office of the State Council on Promoting the Healthy Development of the Real Estate Market</i>	Implement Easing Monetary Policy; Lower key interest rate and requirement reserve ratio twice.	<i>Regulatory Commission on Furthering Housing Financial Services;</i> Monetization resettlement plan for shed reform
Real Estate Market Performance	Stimulated by measures such as key interest rate cuts and requirement reserve ratio cuts, the performance returned to strong in 2009, and housing prices in some places even showed non-project increases	Real Estate market performance began to improve in the second half of 2012, and it became hot again in the first half of 2013.	The monthly average sales performance of commercial housing began to increase year-on-year in April 2015, and the listing trend continued into the second half of 2017
Tightening Policy	2009-2011 The State Council's No.4 National Notice; The State Council's No.8 National Notice; The State Council's No.10 National Notice; The State Council's No.11 National Notice	2013: The State Council's No.5 National Notice	China insists on "housing to live without speculation", and implements measures such as purchase restrictions

Figure 5.2 The introduction and impact of real estate policies in the past ten years

5.2.1.2 Market demand

From the perspective of industry development space, six major factors support the medium and

long-term market space of China's real estate market. The six factors are the level of urbanization, population migration, consumption upgrade, housing quality, economic growth and households. Figure 5.3 illustrates the specific mechanism.

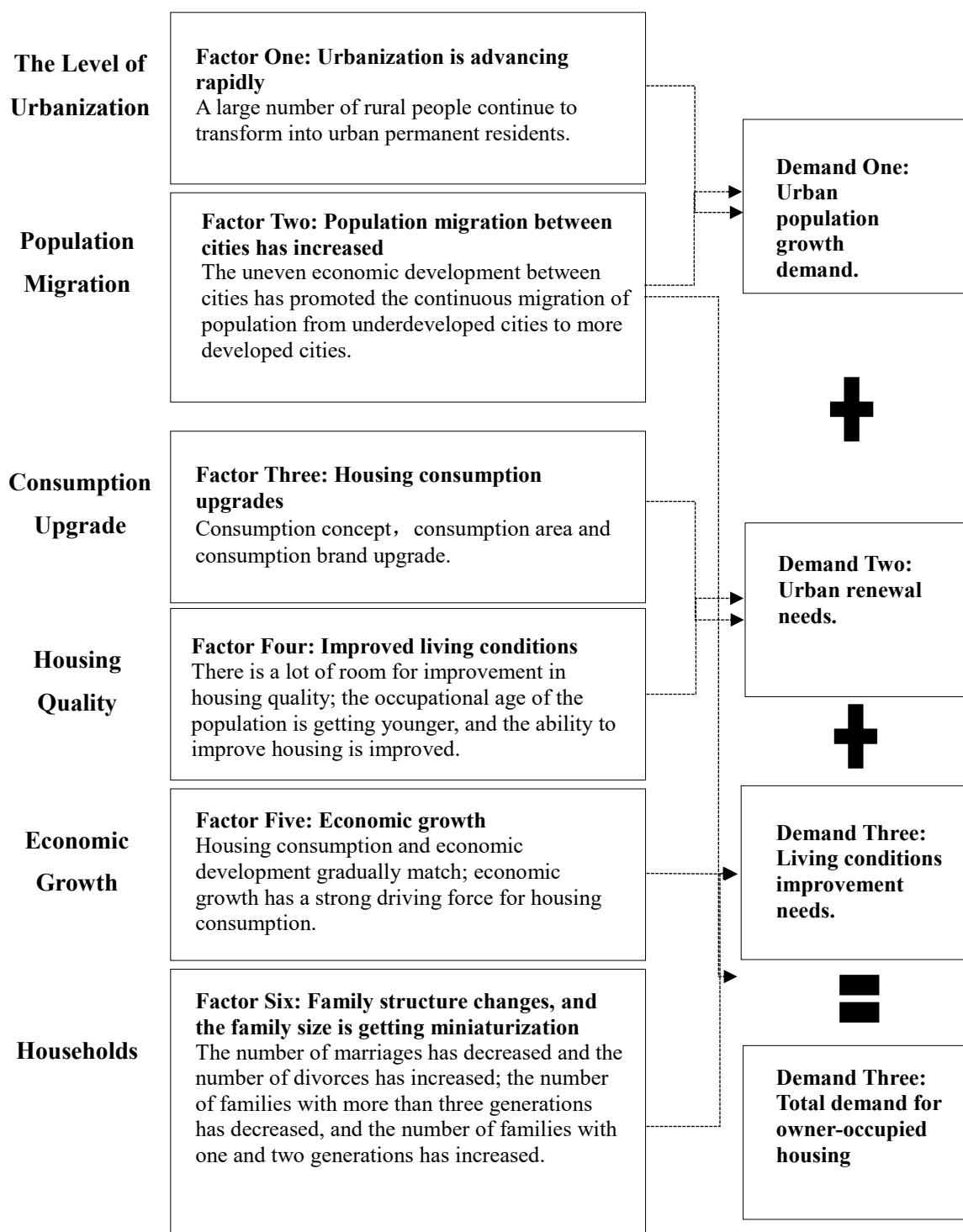


Figure 5.3 The mechanism of six major influencing factors in the real estate market

The total amount of the national real estate market is stable, and the market space is still huge under the support of the three major demands. The urban permanent population growth, urban renewal and living conditions improvement demand accounted for 41.4%, 5.4% and 53.2%

of the total demand respectively. In phases, the commercial housing market space can remain stable for more than 10 years. From 2019 to 2030, the national average annual demand for commercial housing is 1.17 billion square meters, which exceeds the sales area of national commercial housing in 2013.

On start-up Stage, based on the geographical advantages of Luzhou and the weak development foundation of the city itself, TL realized that residents have higher incomes and spending power, and have larger development space. Fully analyzing the market information at the time, TL Company believes that the demand for house buyers in the new era is no longer a simple residential requirement, they must pay more attention to quality and safety. Based on this idea, TL Company positions the project in the high-end real estate, and therefore helps TL Company successfully establish a preliminary corporate image, laying a solid foundation for TL's development in Luzhou; At the same time, TL Company learned that the Luzhou Municipal Government has the need to establish and develop private education, so it established Luzhou TL International School and officially put it into operation that year. During the development stage, TL engaged in the unsaturated market both in the real estate and education field in this region. At this stage, the TL real estate sector senses market changes, combines market changes, seizes the opportunity to complete vertically integrated development, and establishes engineering, property, and energy-saving Technology and other companies which have ensured the needs of the TL real estate sector, improved the quality, safety and reliability of the corresponding fields, reduced TL's infrastructure costs, and extended the value chain of TL's real estate sector, enhanced the overall strength of the company.

5.2.1.3 Industry competition

At the beginning of TL's establishment, Luzhou City had a large number of local small and medium-sized real estate companies, TL has stood out from them through specialization and branding. In the real estate regulation stage, many local small and medium-sized companies lost their competitiveness, and major domestic companies entered the Luzhou market one after another. Facing fierce market competition, TL has shaped the company into a learning-oriented enterprise, competed with leading real estate companies in tightly grasping cost control and strengthening internal management and control, and at the same time, grasped teaching guidance in the education sector and built regional prestigious schools to strengthen the core competencies of the enterprise.

5.2.1.4 Comprehensive quality of corporate executives

Executives must not only pay attention to the internal affairs of the company, but also have a strategic and long-term perspective. TL Company established a high-level leadership group to require the team to be familiar with the status of the various resources of the company, but also to have a clear understanding of the company's internal business processes, operating conditions, financial status and other aspects, and observe the opportunities and challenges faced by the company now and in the future. TL's executives have a strong perception, as they can discover various problems in work in time ranging from sensitivity to dynamic environmental markets. Information to small concerns about changes in employees are well controlled by them, and future development trends are also effectively predicted.

In summary, during the development period, TL Company was aware of the opportunities brought by changes in the external dynamic environment, combined with the advantages of the internal environment of the company, accurately positioned, made precise decisions, and completed the transformation.

5.2.2 Analysis of TL's strategic choice ability

Through the perception and analysis of the dynamic changes of the external environment, TL Company further combines the internal advantages of the company to clarify the company's main business, development model, target customers, product services, and regional location and other aspects.

5.2.2.1 Ability to grasp the main business

There is a common attribute between the real estate industry and the education industry, that is, there are trillions of consumption scale support in China market, and there is a long duration. TL Company has chosen these two industries as the main business with great determination and determination. It has paved the right main channel for the company in nearly 20 years, and has maintained the promotion of the main business with steady strategic strength, and committed to the research and connection of the internal relations between the two industries, thus becoming the related business with the same frequency resonance. TL Company, which maintains its professional advantages, has formed characteristics in both educational investment and real estate investment, thus occupying the leading position and competition barrier in the region.

TL Company seized the opportunity to get involved in the real estate and education industries during the blue sea period. During the period of real estate regulation and control, it

gradually explored and improved the value chain to form the advantages of vertical integration. The current business includes three major sectors: the real estate sector, the education sector, and the building materials and construction-related industries. The development of education is the core, real estate follows education to expand the market in different places, and the construction-related industries reduce costs and earn excess profits.

Education and real estate are traditional industries, which are government-restricted or controlled industries. The future policy dividends will be small and profit expectations will be lowered. Rigid market demand for education and real estate still exists, with the trend of making money through market-oriented means, pursuing sustainable development, and seeking benefits from management. In terms of education and real estate industry trends, private education is an important part of socialist education and a useful supplement to public education, and the real estate industry is still dominated by market forces.

5.2.2.2 Business model innovation capability

In the past development of TL, education and real estate are operated independently. The early development of the education industry relies on financial help from TL Company, and later it can maintain self-finance. During this period, TL Company noticed a strong correlation between real estate and education. Firstly, there is a great overlap between the clients of TL Real Estate and TL School. Nearly 1/3 of the children studying in TL Primary School are owners of TL Real Estate. Secondly, the occupancy rate of newly built communities near TL School is significantly higher than that of newly built communities in other areas. Thirdly, due to the existence of TL Primary School, directly promoted the prosperity of the nearby commercial street. Fourthly, with great effect showed in increasing and maintaining value, the housing price near TL Elementary School has greatly risen faster than other sectors. Therefore, TL Company began to integrate education and real estate, and expanded its operation projects with the educational real estate model. Educational real estate enables TL Company to self-raise funds and operates independently to build a first-class, domestic leading international school. These schools that combines modern and traditional kindergartens, elementary schools, junior high schools, and high schools in Sichuan Province, enhanced the high-quality education facilities and core city functions of the residential area. The government supports TL to purchase land next to TL school for commercial development purpose which further ensures the company to obtain profits to support and make up for the construction and operation of TL school. When the land is transferred, the government adopts a model of bundling schools and real estate projects. The bidder needs to build and operate a K12 school next to the land to increase the

barriers to competition for the land and ensure that TL Company can bid for the land.

TL Company invests in building a school of its own operation. It needs to obtain specific land from the government, so as to carry out planning and construction on the land, and build a campus with unique characteristics and brands in the local private schools. At least there will be a science and Technology Museum, gymnasium, library, sports ground and beautiful park environment with good facilities in the campus, and some even have a good environment Build artificial lakes to improve the overall quality of the building. Under the guidance of the government's planning, the adjacent land is developed into residential and commercial supporting facilities, and the property rights are split and sold to the middle-class grassroots in the city. These families who have improved their living conditions often have more interests in life, and requires more infrastructure in the community to meet their needs such as fitness, reading, and social networking. The use of school facilities and facilities and venues, with very regular work and rest time, if completely closed control, there must be a certain amount of idle and waste, its maintenance costs must be borne by the school independently. However, the directional and regular opening to residential customers can greatly improve the establishment of the sharing mechanism between the community and the school. The advantages of convenience and proximity are enough to cover the cost of moderate payment, and effectively supplement the maintenance cost of the school. This unique supporting internal compatibility can increase the premium in the sales link of the residential commercial housing developed by TL Company, which is also the feasible choice of "Education + Real estate" as a unique business model as shown in Figure 5.4 below.

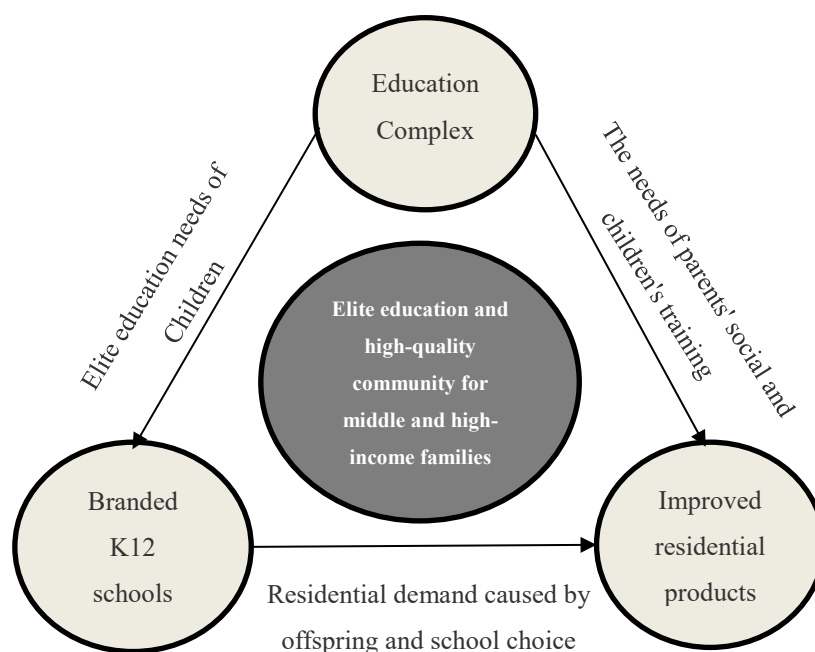


Figure 5.4 The education + real estate model of TL

As TL needs to make major investment decisions in specific cities and regions, it is extremely important for the company to always reflect the sustainable flow of cash. At present, the nine-year compulsory education in China forces private schools to maintain a non-profit state. Once one school claims to be profit-making institutions, it will be strictly supervised and heavily taxed. The single heavy asset model will exert great pressure on TL Company for a long time. Therefore, the light asset model is also an innovation link that cannot be ignored in the business model. The following Figure 5.5 makes some supplementary statements on TL school investment mode.

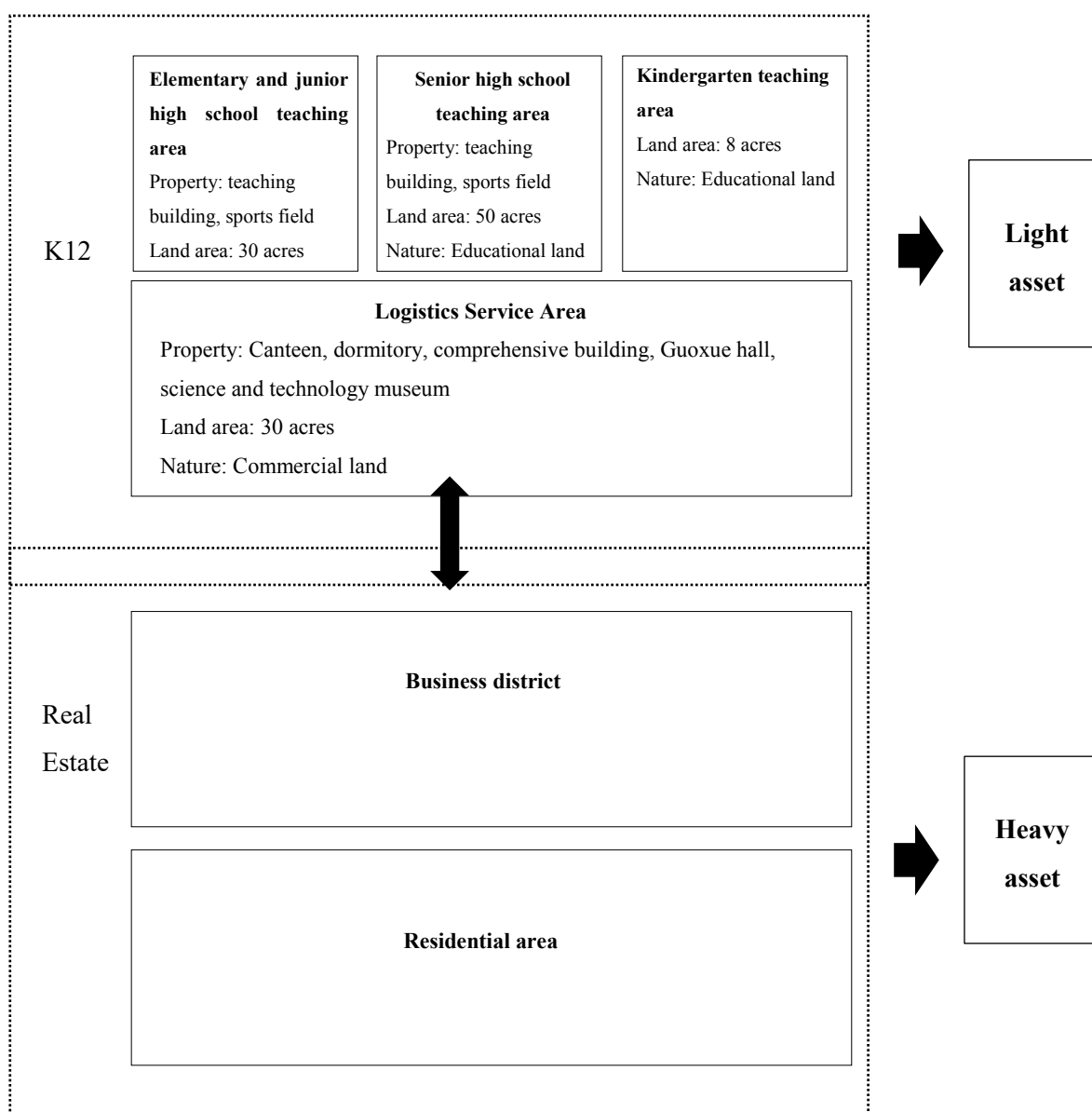


Figure 5.5 TL Company project format combination-taking the 2021-2022 version a school as an example

But TL's educational real estate model still has some urgent problems to be solved. First, the existing TL Real Estate and the school are only geographically adjacent, and there is no

functional integration. Second, the elementary school is a private school, and admission is fee-based, which does not constitute a school district housing advantage. Third, the intentional family completes education and improves residential investment at the same time. The ability to pay is limited. Fourth, the operation of existing schools cannot effectively attract and transform real estate project marketing. Fifth, real estate project buyers do not have the relative advantage of enrolling in TL school. Sixth, schools and real estate investment are in development strategies and there is no internal link in cost management. Table 5.4 demonstrates supplementary statements on TL school's investment mode.

Table 5.4 Supplementary statements on TL school investment mode

Investment mode	Business standards	Business essentials
Leasing mode	<ol style="list-style-type: none"> 1. The average annual rent for students is 3% of the average tuition for elementary and junior high school students (excluding accommodation, living expenses and escrow fees and others) 2. The lease term is 20 years (joint and several liability for breach of contract), free of rent for the first three years 3. Appropriately strive for operating subsidies during the cultivation period 4. TL only invests in teaching equipment and facilities 	<ol style="list-style-type: none"> 1. The school is organized and registered by TL 2. TL owns the school's human rights, financial rights and powers 3. The school board of directors (council), principals, and financial personnel are all appointed by TL 4. Independent management, self-financing
Hosting mode	<ol style="list-style-type: none"> 1. The construction of the school is fully funded by the investor (including the cost of teaching equipment and facilities) 2. The average student custody fee (contract fee) paid to the investor is 3% of the average tuition fee for elementary and junior high school students. (Excluding accommodation expenses, living expenses and escrow fees and others.) 3. The custody period is 30 years (joint and several liabilities for breach of contract) 4. Appropriately strive for operating subsidies during the cultivation period 	<ol style="list-style-type: none"> 1. The school is organized and registered by TL 2. TL owns the school's human rights, financial rights and powers 3. The school board of directors (council), principals, and financial personnel are all appointed by TL 4. Independent management, self-financing
Equity cooperation model (Applicable to schools above A- and A-)	<ol style="list-style-type: none"> 1. The construction of the school is fully funded by the partner. 2. The operation and management implement share cooperation, and TL needs to account for more than 67% of the shares 3. The school's teaching equipment, facilities and operation preparations are invested by shares 	<ol style="list-style-type: none"> 1. The school is organized and registered by the Operation Management Joint Stock Company 2. The school board (council) includes 4 members of TL and 1 of the partners 3. The principal and the person in charge of finance are appointed by TL, and the accountant or cashier

is appointed by the partner
 4. The management of the school is led by the management team of TL under the leadership of the board of directors, and the management team has independent and complete human rights and affairs rights
 5. The partner has the right to know the school's financial budget and final accounts

5.2.2.3 Ability to select target customers

The revenue scale of any company is fundamentally determined by the scale of targeted group and the average customer consumption. Therefore, to grow rapidly, it is necessary to increase the number of customers or increase the average customer contribution.

According to *The Hurun Wealth Report 2018*, as of December 31, 2017, the number of “wealthy families” with 6 million assets in Greater China has reached 4.88 million, an increase of 280000 over the previous year, with a growth rate of 6.1%, among which the number of “wealthy families” with 6 million investable assets has reached 1.72 million. The number of “high net worth families” with 10 million assets has reached 2.01 million, with an increase of 150000 over the previous year and a growth rate of 8.1%. Among which the number of "high net worth families" with 10 million investable assets has reached 2.01 million and the number of “high net worth families” with investment assets reached 1.03 million. The group of “ultra-high net worth families” with assets of 100 million yuan reached 133000, seeing an increase of 12000 over the previous year, with a growth rate of 9.9%. Among them, the number of “ultra-high net worth families” with investable assets of 100 million yuan reached 78000; the number of "international ultra-high net worth families" with assets of 30 million US dollars reached 89000, an increase of 10000 over the previous year, The growth rate was 12.5%, and the number of “international ultra-high net worth families” with \$30 million of investable assets reached 54000.

Not counting Hong Kong, Macao and Taiwan, the number of “wealthy families” with Chinese mainland assets of 6 million has reached 3 million 870 thousand, an increase of 250 thousand over the previous year, with an increase of 7%. Among them, the number of "well-off families" with 1 million 365 thousand million investment assets reached 1 million 365 thousand. And the number of "high value families" with assets of tens of millions of assets reached 1 million 610 thousand, showing 140 thousand more than that of last year, with a growth rate of 9%, of which ten million can be invested. The amount of “high net worth families” with assets

of 100 million Yuan reached 820000, while "ultra-high net worth families" with assets of 100 million Yuan beyond 110000, with an increase of 11000 over the previous year and a growth rate of 11%. Among them, the number of "ultra-high net worth families" with investable assets of 100 million yuan has recorded as 65000, and there are more than 74000 "international ultra-high net worth families" with assets of 30 million US dollars, a rise of 9000 over the previous year, with a growth of 14000 %. Among them, the number of "international ultra-high net worth families" with us \$30 million of investable assets reached 45000 (according to the 2018 Hurun Wealth Report)

From 2012 to 2020, China's middle class expanded rapidly. The annual income of middle-class families in first-tier cities was CNY¥200,000-700,000, CNY¥170,000-650,000 in second-tier cities, CNY¥120,000- 500,000 in third-tier cities, and CNY¥100,000-400,000 in fourth-tier cities respectively. The middle class has gradually become the new mainstream group in society. TL believes that middle-to-upper-level consumer families in second- and third-tier cities have the value vision of home-school co-education and a comfortable life, and there is a surging need for localization and parallel replacement of living space. Based on this, TL has identified its target customers as the upper middle class and the affluent class.

TL Company invests in a private school. Its customers are the middle class with good education background and strong ability to pay in the city where they are located. They create more opportunities for their children by choosing better education alternatives. The real estate development chosen by TL Company is committed to meeting the renewal needs of existing residential customers in the city. This class is not in urgent need of the rigid demand of the family's first house but is picky customers with certain aesthetic taste and more excellent configuration. The two different industries face customers with many overlapping attributes, such as sensibility, optimism, enterprising and prosperity. Their lives are full of vitality and consumption symbols, and they are eager to get more social attention and resource distribution and can pay and desire to consume. This makes "education plus real estate" mechanism truly realizes the homogenization of customer portrait, which further encourages TL to improve its development pattern through the practice of cooperative mechanism of enterprise managers in the common development of two industries, and the in-depth research on common customer groups.

At present, TL has identified its main customers as middle-class families with 1-2 children, and supplementary customers are single nobles and wealthy elderly people. TL Company believes that the incremental demand for improvement is more suitable for the elderly to live (including elderly care services in the community) and more suitable for families to live after

the liberalization of childbirth (such as more children requiring more rooms, community kindergarten and preschool education). Main customers are generally concentrated in the following groups: families with an annual income of more than 300,000 Yuan, middle-level and above cadres from government agencies at all levels, institutions (such as hospitals, schools, scientific research institutes), state-owned enterprises, and joint-stock enterprises, senior executives of foreign-funded joint ventures, private business owners with good scale and effectiveness, as well as elites, returnees and young generation families who pursue personalized, international, and characteristic education.

5.2.2.4 Regional location selection capability

TL Company was founded in Luzhou, which is located in the junction area of Sichuan, Yunnan, Guizhou and Chongqing. It is an important port city on the upper reaches of the Yangtze River and an important commercial logistics center in the Chengdu-Chongqing economic circle. In general, Luzhou has a huge population base, a superior geographical location, but a weaker development base. The city has a large development space, while the residents have a high-level incomes and consumption power. Through long-time deeply working in Luzhou, the company opened up a professional, high-quality, branded real estate development road in Luzhou, and has become a leading real estate enterprise in Luzhou. After exploring the educational real estate model, TL Company expanded its business to other cities of Sichuan Province. When considering the traditional population, economic development, policy environment, competitors, and location factors, the most important note is that the location must be able to take advantage of TL's brand advantages, especially the education brand. Therefore, Yibin, which borders Luzhou, is selected as the first pilot city for the educational real estate project. Subsequently, the project entered Guangyuan, Ya'an, Neijiang and other places.

After obtaining the core competitiveness of the "Education + Real estate" business model, TL Company soon extended its vision to the whole country outside Sichuan Province. This kind of expansion is not a blind expansion of opportunity type, but a standardized urban access analysis and basic conditions research and judgment. From the perspective of city administration level, a permanent population, registered residence population, city GDP, population inflow trend, industrial layout, fiscal revenue at the level, school age population, urban and rural residents per capita deposits, and per capita disposable income of urban residents, at least ten dimensions, this thesis focuses on whether this is a region that accepts high-end private schools and residential communities at the same time and sets standard values in each dimension. It also revises the annual database according to the statistical bulletin issued

by the state to ensure the effectiveness of information. From the national capital to a county, they are screened and classified into a table by the strategic research and Investment Development Department of TL Company. They are generally divided into two major categories A and B, and each of them is divided into three subcategories. This is a necessary tool for a very clear investment logic. Table 5.5 demonstrates the details of category.

Table 5.5 Classification of school category by TL Company

School category	Area	permanent residents	Urban population	School-age population	Local fiscal revenue	Per capita deposit balance of resident	Per capita disposable income of urban residents	
Class A	A+	Refer to illustrations for details	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	
	A	Refer to illustrations for details	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	
	A-	Powerful economic city	≥1.2 million people	≥0.8 million people	≥0.12 million people	≥50 billion yuan	≥57 thousand yuan	≥45 thousand yuan
Class B	B+	General provincial capital city	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	
		City, place and state	≥4 million people	≥2 million people	≥0.4 million people	≥16 billion yuan	≥41 thousand yuan	≥37 thousand yuan
	B	City, place and state	2.5-4 million people	≥1.25 million people	≥0.25 million people	≥6 billion yuan	≥38 thousand yuan	≥35 thousand yuan
	B-	Other cities, districts, and counties	≥0.6 million people	≥0.24 million people	≥0.08 million people	≥2.2 billion yuan	≥35 thousand yuan	≥32 thousand yuan

Note: Class A + cities: Beijing, Guangzhou, Shanghai, Shenzhen;

Class A cities (19): Chengdu, Chongqing, Hangzhou, Nanjing, Wuhan, Xi'an, Tianjin, Suzhou, Ningbo, Zhengzhou, Changsha, Dongguan, Shenyang, Qingdao, Hefei, Foshan, Dalian, Xiamen and Kunming.

In the cities to be entered, criteria for location selection and project location are also set:

(1) In principle, the project location should be in the main development region of the city, and should not deviate from the development direction of urban planning. Land use planning (or spatial planning) and urban master planning have been covered;

(2) The project site should be located in the urban built-up area or the edge of the built-up area, and the driving time should not exceed 10 minutes;

(3) The project site has convenient transportation and accessible roads, which should be

directly connected by urban trunk roads or planned roads;

(4) There are built or under construction buildings around the project site, or there are institutions such as government agencies, universities or venues nearby;

(5) There are no pollution sources such as power plants, gas stations, crematoriums, landfills and major noise pollution around the project site;

(6) The project plot shall be gentle as far as possible, and there shall be no steep slope and scarp with large elevation difference in the site, and there shall be no hidden danger of flood, landslide, debris flow and other geological disasters;

(7) The project plot should have a construction land index or the land has been collected and stored.

In general, the main criteria for TL Company project selection include the following three aspects. The first is the choice of cities, mainly focusing on third and fourth-tier cities, including low-level districts and counties or new urban areas surrounding metropolitan areas or urban agglomerations. Tier 5 and below cities and county-level cities should be carefully selected; the second is regional selection, focusing mainly on the main urban areas and key development areas of the city; the third is the land use conditions, and more land with good geological conditions and no major adverse factors should be selected.

Therefore, all cities in China are marked with operational maps by TL Company according to its standards, and the pace of investment and expansion is planned according to the schedule of annual planning and five-year planning.

In combination with changes in the external environment and internal advantages, and utilizing the ability to grasp the main business, innovate business models, select target customers, select products and services, and select geographic locations, the company clarifies its main business, business model, target customers, service products and geographic location, and make strategic decisions suitable for the company: Firstly, the three main businesses have been identified and diversified strategic deployment. Secondly, education and real estate should be integrated to enhance real estate, through a way of education, real estate feeding each other, as the business will be transformed into education real estate Thirdly, the company takes Sichuan province as its main business area and surrounding cities as its primary business expansion area, and expands the domestic region in an orderly and scientific manner.

5.2.3 Analysis of TL's ability to restructure resources

After an enterprise acquires environmental awareness and determines its strategic choices, it

still needs a strong ability of restructuring resources to successfully execute the enterprise's strategic choices. Enterprises follow the strategic thinking of “internal control resources, external network”, so that the enterprise can achieve a balance between the internal structure and the current external dynamic environment, and the company's own capabilities and its own resources. This thesis divides the ability of resource reconstruction into internal human resources, organizational structure, financial resources, external social relations, external financing and other dimensions for analysis and evaluation.

5.2.3.1 Human resources

TL Company attaches great importance to the reconstruction of human resources. It actively establishes a knowledge sharing and online learning platform covering system inquiry, online video course learning, trainer resource promotion, case sharing, online examinations and other related practices. Secondly, the company establishes internal training channels, develops and sets up special courses for internal training in the headquarters, conducts unified “supply and demand” management for the learning of professional employees of each company. This method realizes multi-directional learning interaction between headquarters and branches, fully taps internal learning resources and promotes the improvement of employee skills. In addition, TL Company focuses on expatriate training and opens up short-term expatriate training opportunities for all employees to promote communication, broaden horizons, and improve skills. In addition, through the “new knowledge sharing, information sharing” platform for employees to share experiences within the company, it helps the whole staff expand the scope of new knowledge and get improvement. At the same time, it regularly hires excellent external teachers in related fields to impart management skills and professional skills, and maintain the advanced level of the staff's ability and knowledge.

5.2.3.2 Organizational structure

TL Company actively explores the management process and system mechanism of the business department, and establishes a management system of holding companies and business departments as the main body. Through the reduction of merger and restructuring methods, the management level is improved, the fourth and fifth level companies are cleaned up, and the management chain is controlled within the third level. Additionally, it withdraws the merger and reorganization the assets of companies that do not meet the overall development strategy of the group.

TL Company has established an effective governance structure with the operation of the

board of directors, the board of supervisors and the president with the gradual expansion of the development scale. Under the framework of holding group, real estate development group, engineering construction group (including design companies, construction companies, and construction technology companies) and construction materials group are established. The subgroups realize market-oriented settlement, and perform their roles respectively with investors, general contractors and suppliers. The real estate development group is responsible for acquiring land and developing commercial real estate. The engineering construction group accounts for Responsible for the design services, general contracting of construction and software services for intelligent improvement of the project. The construction materials group, on the other hand, works for the supply chain services required by TL private schools and TL residential projects. The independent and parallel organization design of each subgroup is finally gathered under the unified deployment of the headquarters of the holding group. They set their annual business tasks and profit targets, coordinating the scheduling of funds and the management and control of human resources, so as to ensure more efficient coordination between them. At present, there are related party transactions between the holding group and the listed education companies. This phenomenon, which is supervised and monitored by China's securities market regulators, is being implemented in compliance with the fair market cooperation conditions.

5.2.3.3 Financing ability

The financing cost is a manifestation of the comprehensive strength of the real estate enterprise. The low cost of corporate financing can reduce financial expenditures and improve profitability, thereby improving the company's market competitiveness and realizing a virtuous circle of low-cost financing. Notably, the difference in financing costs also has an important impact on the competitiveness of real estate companies. Higher financing costs means that more interest needs to be paid, which will further weaken corporate profits. On the other hand, the difference in financing costs will also have an important impact on the competitiveness of real estate companies.

As a holding group of "Education + Real estate", TL needs financing to support its development in both school investment and real estate development. In China, even for private non-profit schools, the land and school buildings they occupy cannot be used for mortgage loans from banks or other financial institutions. At present, two financing methods are adopted. The company can apply for subsidies from the government and borrow loans from private schools charging management rights, so as to supplement the cash flow of school investment.

As the real estate industry is under the strict control of the Chinese government, and the credit and financing of development enterprises are strictly restricted. It is very difficult for the project to apply for loans from banks or other financial institutions, even if it pays more expensive interest. TL Company, which is established under the holding group, has evolved into a new financing entity under this environment. Due to its practical economic attribute, TL Company is more likely to obtain low-cost and long-term bank loans, which indirectly solves the bottleneck of the insufficient cash flow of the developer.

As a highly leveraged industry, the real estate market requires companies to improve their financing capabilities among competition. Who can borrow more and cheaper money has become one of the important factors that determine the fate of a company? For regional real estate companies, there have always been problems of financing difficulties and narrow financing channels, which makes regional real estate companies not only high financing costs, but also a relatively high risk in the capital chain. In addition to free funds, TL's financing channels mainly rely on banks and private financing. TL Company not only applies for financing funds from banks and private financial institutions, but also plays a key role in self-financing. One is to set up a fixed pool of capital for the company's employees and raise capital at an annualized rate of 12%. Second, in the face of the project management team, mainly including the sum of the project and each function line, establish the project equity following investment mechanism, do not set a fixed rate of return, but carry out profit sharing. The whole project cycle is generally 36 months, and the cash flow return cycle is generally 16-18 months. The project management team can exit the project after the cash flow return.

5.2.3.4 Social relations

Through the expansion of TL schools across the country, TL Company has established good cooperative relations with many local governments. The social influence of TL school, more than ten years of educational experience and the achievements of the basic education industry, have accumulated wide brand effect for the development of TL, and has a certain social influence. Judging from the series of measures taken by TL to integrate internal structure and external relations, the company's advantages in social relations are far superior to other real estate companies. It has also used these advantages to establish a favorable external relationship network, thereby avoiding risks and providing a strong guarantee for the successful implementation of strategic transformation. Currently, it has become a trend in the development of real estate companies for quickly gaining a competitive advantage in this way.

5.3 The dynamic capability formation process model of TL Company

It took TL 20 years to grow from a local and regional real estate company to a diversified group company with businesses in real estate, education, and construction technology. In the development process, TL Company gradually improved its dynamic capabilities. The improvement of dynamic capabilities enabled TL to explore new development paths on time when the company's original business had a bottleneck. However, with the maturity of the industry, the rapid development of technology and the increasingly turbulent environment, companies' capability updates faster. Because TL has only experienced a major transformation so far, it only reflects this environmental development trend in current status and the future outcome cannot be verified yet. Based on the previous analysis, this section constructs a path diagram for the improvement of dynamic capabilities of TL in the past development process showing in Figure 5.6 below.

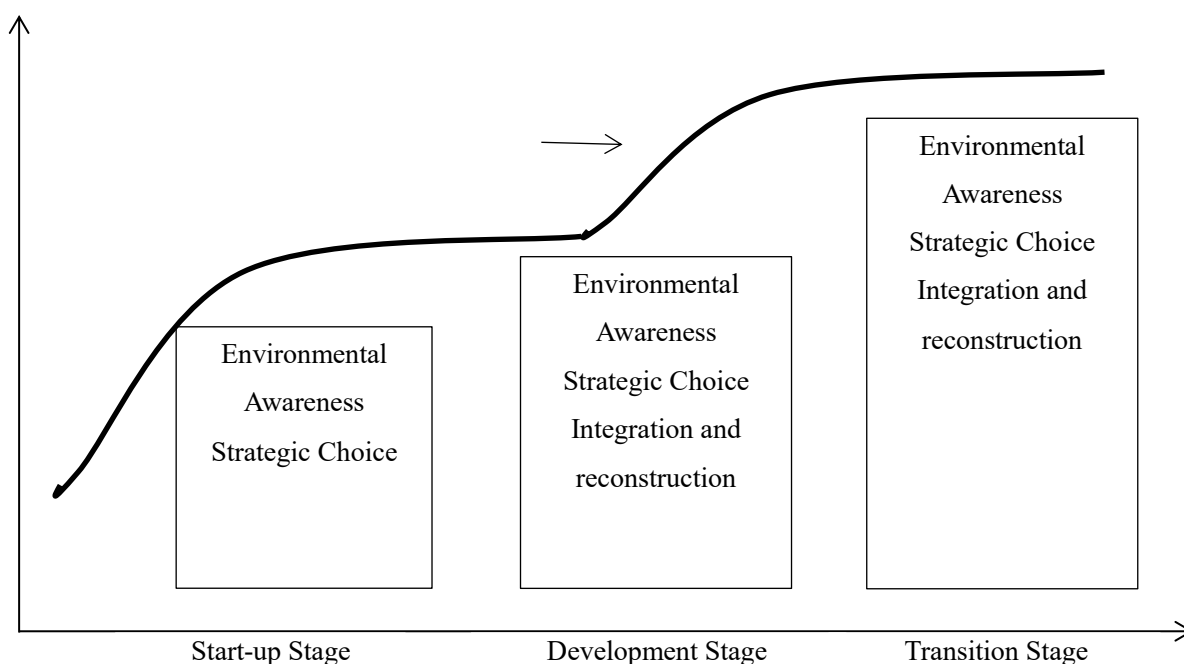


Figure 5.6 Dynamic capability path diagram of TL Company

From the development process of TL Company, the dynamic capability of TL Company is not innate. It has been gradually accumulated and perfected in the past development process. It can be explored for its formation process from its development trajectory. This will bring practical experiences and value for real estate companies in other regions to cultivate their own dynamic capabilities. When TL was founded, it did not reflect much dynamic capabilities. At that time, the capabilities of the company were more like the capabilities of the entrepreneur. With the development of enterprises, entrepreneurs have to be busy with business development

planning and specific details of company operations. Entrepreneurs began to consciously establish rules, regulations, management procedures, and cultivate corporate culture. Enterprises started to form their own initial capabilities, and entrepreneurs played a leading and guiding role. As the enterprise grows, the enterprise begins to contact the external knowledge initiatively, which includes the country's macroeconomics, policy orientation, industry exchanges, and enterprise alliances. Enterprises are exposed to this environment with connections to internal mechanisms. Finally, the external knowledge integrates with the company's knowledge, and then the company has formed a new capability system. The new competency system will ultimately help the company to form its core competitiveness. Integration and innovation have promoted the formation of new capabilities of the company. As time and the environment change, the new capabilities transit to the basic capabilities of the enterprise, opening a new cycle, which is the “dynamic” performance of dynamic capabilities. Through this dynamic process, TL Company continues to update its capabilities according to market changes as shown in Figure 5.7.

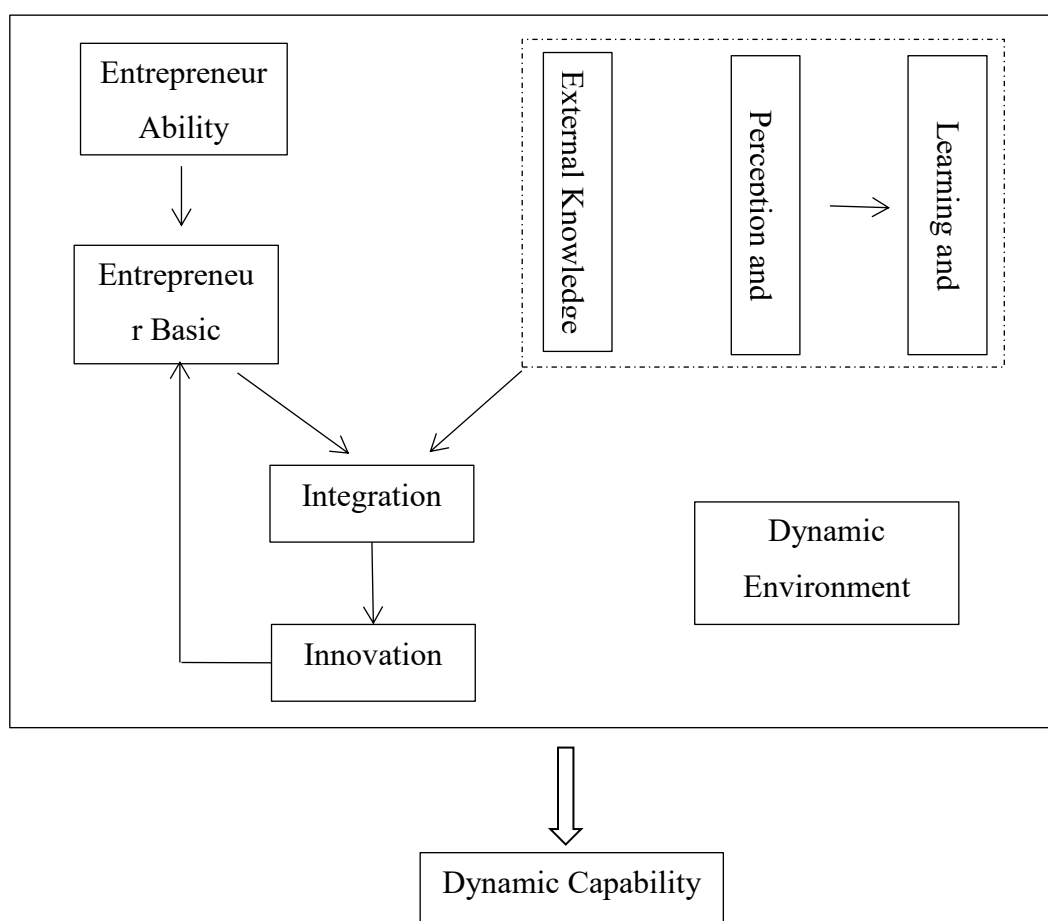


Figure 5.7 The dynamic capability formation process model of TL Company

5.4 Dynamic capability evaluation of TL Company

Combining the analysis of the dynamic capability indicators and the index evaluation model, the comprehensive evaluation method is used to score the dynamic capability indicators of TL Company. The main purpose is to quantify the evaluation of various levels of indicators. Based on the weight indicators of the real estate industry analysis, the thesis formulates three first-level evaluation indexes, and then quantify the second-level evaluation indicators. Finally, the thesis evaluates the dynamic capabilities based on the score interval determined by the above research. The questionnaire survey of this model in TL Company was issued to a total of 245 people at eight positions (ordinary employees to vice presidents), and 242 valid questionnaires that could be counted into the calculation scores were collected. Dimensions are scored, and the final score for a single dimension is the average of all statistical scores.

5.4.1 Capability evaluation of environment awareness

In terms of policies and regulations, the company has paid great attention to it in the early stages. TL has established a special department to track national policies, local policies, laws and regulations at any time, which provides a stable development environment for the company's development, and this thesis gives 90 points based on the past development history. The company's development projects are mainly in Luzhou and southern Sichuan. It has a relatively mature system for regional real estate research, has a unique and correct judgment on the market, and provides strong support for the company's rapid development. After considering the comprehensive evaluation of market demand, 90 points is given in this part. In terms of industry competition, TL has implemented dislocation competition with other regional real estate companies. At present, it has the core competitiveness of the education sector. The integrated development model of real estate and education promotes companies to have core products for expanding projects and continuous profitability. So, the comprehensive evaluation for industry competition is rated as 80 points. The overall quality of TL Company's management is relatively strong. This company has been in the real estate industry for many years, and it has a further understanding of the development trend of real estate and the interpretation of national-level policies. At the same time, they have a relatively sufficient understanding of the real estate situation in the region. Therefore, the comprehensive evaluation is rated as 80 points. According to various weights, the comprehensive evaluation of environmental awareness ability is 85.5 points. Table 5.6 demonstrates the second-level evaluation index system of environmental

awareness ability.

Table 5.6 Second-level evaluation index system of environmental awareness ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight	Score
1	Environmental awareness	Policies and regulations	30%	90
2		The Market Demand	30%	90
3		Industry Competition	20%	90
4		Executives	20%	80
5	Total Score		85.5	

5.4.2 Capability evaluation of strategic choice

TL Company has a high brand effect in Luzhou, and has a number of high-end real estate projects. The current three major sectors, including the real estate sector, education sector and building materials related field develop integrated, which has formed integrated advantages. So the company's main business evaluation is 80. In terms of business model innovation capabilities, TL has transformed from the initial separated education and real estate operation to the current integrated education plus real estate model, which has become TL's core competitiveness. Therefore, the business model is evaluated as 90 points. In the analysis of target customer groups, TL has conducted detailed data statistics and analysis on the per capita disposable income and annual household income of the middle class in various tier cities in China, and has accurately positioned its product types to determine target customers of different products. Given this consideration, the ability of selecting target customers is evaluated as 85 points for TL. When TL selects regional locations, it fully considers population, economic development, policy environment, competitors, and location factors, and the current location selection takes advantage of TL's brand advantages, thus the regional location evaluation is 85 points. According to various weights, the comprehensive evaluation of strategic choice ability is 84.25 points. Table 5.7 shows the second-level evaluation index system of strategic selection ability.

Table 5.7 Second-level evaluation index system of strategic selection ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight	Score
1	Strategic selection ability	Main Business	35%	80
2		The Target Customer	25%	85
3		Location Choice	20%	85
4		Development Mode	20%	90
5	Total Score		84.25	

5.4.3 Capability evaluation of resource reconstruction

In terms of human resources, TL pays attention to the improvement of the professional ability of leading employees. It conducts comprehensive professional knowledge training from the internal, external, online and offline aspects of the company, completes the incentive mechanism, and cares about the life balance of employees. Therefore, the evaluation score for human resources is 80 points. In terms of organizational structure, the company sets up a reasonable organizational structure, and dynamically adjusts the organizational structure in accordance with the development stage and strategic goals of the enterprise, and promotes scientific management and accurate decision-making of the enterprise. Therefore, the structural organization evaluation is 85 points. In terms of financing capacity, TL's financing channels are relatively single, mainly from bank loans, so the comprehensive assessment is 75 points. In terms of social resources, TL schools expands across the country, leading TL to established good cooperative relations with governments in many places, thus 90 points is given for social relations. According to the weights, the comprehensive evaluation of resource reconstruction ability is 83.75 points. Table 5.8 demonstrates the secondary evaluation index system of resource reconstruction ability.

Table 5.8 Secondary evaluation index system of resource reconstruction ability

Number	Primary Evaluation Index	Secondary Evaluation Index	Weight	Score
1		The Human Resources	25%	80
2	Resource reconfiguration capability	Organizational Structure	30%	85
3		Financing Ability	25%	75
4		Social Relations	20%	90
5	Total Score		83.75	

5.5 Development suggestions based on dynamic capabilities

TL Company has formed its own dynamic capabilities in the past development decades, which in turn promotes the continuous development of TL Company. The 19th National Congress of the Communist Party of China sets the policy that houses are for living in and not for speculative investment, which means that the traditional housing development model will gradually disappear, and major real estate companies have begun to transform and upgrade the real estate sector. TL Company explores the integrated educational real estate model since 2011, which caters to the current industry mainstream for further transition.

However, when TL Company quickly replicated the educational real estate model across the country, it still encountered difficulties. TL Company's school business is restricted in a

heavy-asset model, with a single system and a long payback period. This makes its business model relatively passive from the perspective of cash flow management, financing, and projects expansion. There is still a big risk in the capital chain of the enterprise especially when the expansion speed is too fast, the sustainability of the cash flow path that the housing cash flow supplements the school is also insufficient. According to the current mainstream view, the value of industrial real estate companies must come from the industry. At present, the main value of TL Group's educational real estate model comes from real estate. The role of education is to help real estate establish its brand image, open up new regional markets, and increase the probability of acquiring high-quality land.

TL Company has achieved a leading position in exploring the educational real estate model. Due to TL Company's forward-looking and high-quality educational resources which is hard to replicate, TL Company's advantages in the education real estate sector can still sustain based on rich educational resources. But if TL Company cannot convert this advantage into corporate performance, many large and medium-sized real estate companies in the direction of transformation can still occupy the opportunity.

Therefore, TL Company must explore a new educational real estate model. Combined with the current advanced cases, TL Group should take K-12 education as the core and the supporting education service chain as the basis, to form an education complex integrating education, play, business and housing. TL Group needs to build three functional positioning, namely TL International school, TL educational entertainment/cultural center and TL education community. An "urban complex" can be built in the field of education real estate for TL. It is necessary to integrate the resources of education industry, expand vertically and horizontally based on its advantages, break through the education industry chain, and realize the expansion of the whole industry chain. These activities are helpful to deposit assets with cash flow, and amplify the overflow of resources. In terms of product form, TL International School mainly consists of teaching building, teacher dormitory, student dormitory, art and sports building and playground, covering an area of 200-250 mu. TL Educational Entertainment and Cultural Center contains TL educational spirit fortress, children Mall, Commercial Street, park and Dayan Square. The commercial area covers an area of 50-100 mu and the park covers an area of 30-50 mu. TL Education community covers an area of 200-500 mu, mainly with high-rise, small high-rise, foreign housing type of education theme housing.

TL group should focus on the scope of the TL international school, looking for high quality suppliers, cooperate with them to build classroom education service platform, and family entertainment platform, through the education theme community construction, maintaining a

good neighborhood relationship, and to help solve the practical problems of family members. In addition, different types of value-added cultural services can be regularly organized to enrich the owners' leisure cultural life.

To better maintain its market position, TL Education can learn from the development model of leading enterprise. TL Company has completed its brand building and initial expansion stage, withstood the test of the market, formed its educational characteristics, and been fully equipped to explore the asset-light model. Thus, TL Company should explore the output of education services, realize rapid expansion in different places, and then establish the overall brand effect.

In the context of the downturn in the real estate industry, real estate companies with their own unique models will become the beneficiaries of the promotion of industry concentration under more unique selling points, stronger cost control, and better product quality.

Chapter 6: Conclusion and Prospect

6.1 Research conclusion

This thesis first combines the current world changes, national policies, industry changes and industry development trends to propose that regional real estate companies must consider how to cultivate their core competitiveness and sustainable development in a dynamic environment. Next, this thesis studies the most mainstream and cutting-edge dynamic capability theories that are currently studying the issue of corporate competitiveness. It summarizes from the perspective of connotation, structural dimensions, functions, and related case studies from existing literature. Then, this thesis analyzes the constituent indicators of the dynamic capabilities of real estate companies, and uses the analytic hierarchy process to construct an evaluation model for measuring the dynamic capabilities of real estate companies. Next, this thesis selects an outstanding representative of regional real estate companies-TL Company, and studies its development process from the perspective of dynamic capabilities. TL Company keenly grasps the changes in the internal and external environment, seizes the transformation opportunities provided by the original path of the enterprise, makes full use of the unique advantages brought by resources and capabilities, actively innovates the business model, and realizes sustainable development of the enterprise. Based on this case study, this thesis analyzes the process, path, evolution process and role of TL Company's dynamic capabilities in various stages. According to the process and role of TL Company's dynamic capabilities in each stage, the thesis concludes the path diagram and formation process model of TL Company's dynamic capabilities. And based on the hierarchical analysis model of dynamic capability, the dynamic capability of TL Company was measured and evaluated. Finally, based on the summary of TL's development history, this thesis puts forward some suggestions for cultivating dynamic capabilities of real estate companies in other regions, and provides a practical insight for the development of other small and medium-sized real estate companies in a constantly changing environment.

6.2 Suggestions for regional real estate company's development

Under the background of the current macroeconomic environment's downturn, the real estate industry is in a stage of stronger political and economic stress. The rising financing costs of real

estate companies, coupled with the saturation of real estate market demand, showing that the real estate industry has entered a medium and low-profit industry. Due to the blind purchase of land in a large number of regional real estates, the recent industry has entered a regulatory cycle, and the pressure on sales has increased. All these make financing costs rise, resulting in the break of the capital chain and bankruptcy. Through the above cases, it can be seen that when real estate companies face a complex and changeable external environment. They are in chaos, have nothing to do or withdraw from the real estate industry.

First suggestion is that, for an industry that is heavily influenced by policies, real estate companies should establish a sound information system. Changes in macroeconomic situation and industry environment are usually most easily perceived by enterprise managers. For these parts, appropriate measures should be formulated from the strategic level to ensure that enterprises can timely respond to policy changes and maintain long-term development. However, some gradual changes in technology, enterprise development philosophy and business model are usually not easy to be understood by enterprise managers, and even if they can be quickly perceived, it is difficult to take targeted measures in a short time to deal with. Technological change and green revolution require long-term dynamic tracking and timely interaction with the external environment. At the same time, such interaction can often guide enterprises to shape the change of the environment and improve their competitiveness, rather than just become a follower of the environment or industry leaders. Through the analysis results, the effective control of policies is essential. A common platform for corporate information can be established through official websites, online platforms, WeChat public accounts, internal publications, and other carriers to realize information transmission without blind spots. At the same time, it is helpful to develop a multi-channel information interaction mechanism, especially to standardize the management and effective transfer process of external information in the first time. Potentially, the process of information collection and screening, classification and sorting, analysis and utilization can be institutionalized. Analyzing the external environment, identifying opportunities and threats, and predicting future trends is the key to the dynamic capabilities of real estate companies. Only through a sound information system can the company accurately and efficiently analyze the internal conditions of the company and make correct strategic decisions. The core in information is about data. The interconnection and sharing of data among various departments should be efficient, and the company also need to strengthen data information management, and realize a unified data response mechanism for all departments.

Secondly, The Company should improve its adaptability by establishing a learning

organization. By analyzing the internal structure of an enterprise, it can be seen that people are an important part and also a key factor in the core competitiveness. The perception of senior leaders will lead the development of the enterprise. In this increasingly complex and changing environment, the establishment and improvement of a learning organization can bring fresh blood to the enterprise. They can further break through the factors that hinder the transformation of the enterprise such as convention, culture, and inertia, and make the internal follow-up with external changes. At the same time, the enterprise can provide employees with a broad learning and sharing platform, and promote the accumulation and exchange of company knowledge. With the help of internal training channels, the company conducts unified "supply and demand" management for the employees' learning procedure, to realize multi-directional learning interaction. It is also an effective approach to fully tap internal learning resources, promote employee skills, increase external communication opportunities, broadens horizons, and improves skills. The company can also use the new knowledge sharing platform to share within the company, expand the scope of new knowledge, and promote the common improvement of all employees. Also, it suggests that the company should establish an all-round employee training system consisting of online learning and offline training, which can promote professional skills and general quality, enable ability improvement and corporate development. IT should cover all aspects of the real estate development and management process, so that employees' self-development and corporate development can reach a common goal win. At the same time, senior managers can better learn from experience, learn more knowledge, perceive the external environment, and make correct decisions. Comprehensively, the establishment of a learning organization is an effective measure no matter for employees, leaders or enterprises.

Thirdly, strengthening the integration of internal and external resources is a critical practice for companies. The integration and reconstruction of internal and external resources is the key strategic process of transforming dynamic capabilities into competitive advantages. The ownership of resources and the efficiency of resource allocation have become the important elements for construction enterprises to gain a foothold in the increasingly fierce competition environment. In recent years, the real estate market is more complex and comprehensive, involving a wide range of industries, and the cooperation within and between enterprises is gradually increasing. The integration of resources within the enterprise is particularly important, and a major problem in China's large real estate enterprises is the lack of integration of resources within the enterprise. On the one hand, the business homogenization among different subsidiaries within the enterprise is serious, and internal competition occurs from time to time. At the same time, enterprises between the upstream and downstream fail to form the ability of

integrated service through effective cooperation. On the other hand, knowledge resources, information resources, scientific and technological resources, human resources and other aspects of the sub-enterprises are hard to form effective sharing. Therefore, promoting the integration and optimization of internal resources is an effective way to improve the cohesion and competitiveness of enterprises. In addition, cooperation between enterprises is also very important. It suggests to strengthen the integration of external relations of the company, and improve the flexibility and efficiency through strategic alliances, mergers and acquisitions, or cooperation, so that the company can successfully respond to potential crisis. Real estate companies can use their external relationships to complement external strengths, improve their dynamic capabilities, and complete corporate strategic transformation efficiently and flexibly. Real estate companies can also transfer their low-efficiency, low-value and weak projects to partners through business outsourcing. On one hand, they can give full play to their advantages, and can be more flexible to cope with changing environments on the other hand.

Forth, companies should promote transformation and upgrading, and realize the second entrepreneurship in the near future. The real estate industry has entered a new stage of development, transforming the urbanization process from the past extensive growth and the pursuit of scale into a new stage of balance between scale and quality. While people's yearning for a better life promotes consumption upgrading, to become the carrier of a better life, real estate products need to meet more diversified and multi-dimensional services on the basis of pursuing functions and comfort. In addition, as urbanization accelerates, the traditional profit model of real estate development, which mainly focuses on housing and is fast cash flow, is strictly regulated by the state, and the survival of real estate companies exacerbates. Enterprises should prepare well to meet the future diversified demand for people's better life.

At the same time, as the entry threshold of the real estate industry is low and the competition is extremely fierce, with the rise of human capital and the regulation of energy conservation and emission reduction requirement in energy-intensive industries, China's real estate enterprises must carry out the second entrepreneurship and explore new profit basis in order to achieve sustainable development. But the second entrepreneurship does not mean that the enterprise needs to abandon the traditional real estate business, because whether horizontal expansion, or vertical extension, the traditional real estate business is still the basis for the second entrepreneurship of the enterprise. Although the real estate industry is recognized as a high-profit industry, there are industry leaders emerges and make examples for others. Only by focusing on their own development field, becoming experts in subdivision and cultivating the core competence of enterprises can they avoid the current bad situation of homogeneous

competition. The realization of the second entrepreneurship should be based on the main business of the real estate industry, and the premise is to start from the project itself, improve the management level of the project itself, implement economical management, develop management efficiency, expand the business field horizontally appropriately, and gradually realize the diversification of real estate business. For example, Chinese leader real estate company like Country Garden's modern agriculture, robotics and real estate; Vanke's logistics, business, property business; and Longhu's four major channel industries- they not only form a leading unique business model to find their own ways in the blue sea of a single business field, but also occupy the high-quality exclusive resources of subdivided track in advance. Therefore, it is urgent for large real estate enterprises to expand their service scope and ability, develop high-end business, cultivate high-value fields, and improve their dynamic capabilities in the fierce real estate market, so as to realize the transformation from traditional house sellers to real estate service providers that can offer diversified services.

TL started from the real estate industry. In the past development, it actively sought the development of dynamic capabilities, and its path can provide a reference for other small and medium real estate companies.

First of all, small and medium-sized real estate enterprises mainly have the awareness of preparing for danger in times of peace, and actively perceive changes in market policies, customer needs, competitors, and industry trends. Whenever a major change in the environment is perceived, it is necessary to take proactive measures. Small and medium-sized enterprises mainly establish a smooth mechanism for information collection, aggregation, screening and sharing within the enterprise to ensure that useful information can be conveyed to decision makers. This sensitivity depends on the accumulation of their past life, work and study on the one hand, and on the other hand, it comes from acquired cultivation. Small and medium-sized enterprises mainly take the initiative to take the lead within the enterprise and encourage all employees to persist in continuous learning, establish the practice of enterprise self-learning, and actively improve the perception ability of all employees.

Second, small and medium-sized real estate enterprises should improve their ability to seize opportunities and make choices, and improve the quality and efficiency of choices. Due to the special nature of real estate enterprises, many business owners have diversified more or less according to their personal interests and opportunities in the process of business development. There are two types of diversification here: vertical integration and horizontal integration. TL has carried out horizontal integration at the beginning of its business venture, and completed vertical integration on a large scale in the development stage. For industries with objective

future prospects, dive in in advance to accumulate industry knowledge and capabilities to expand their future choices.

Third, it is imminent for small and medium real estate business owners to build their learning and absorptive capacity. The real estate industry has developed from the extensive development in the past to the refined, specialized and characteristic development. To establish the learning absorptive capacity of an enterprise, we must first establish a learning atmosphere. This atmosphere can be a corporate culture, learning mechanisms, and learning incentives. These require companies to learn from leaders and decision makers who can lead by example and take the initiative. Enterprises should also take the initiative to provide various employee training courses within their capabilities to actively help employees grow. Secondly, small and medium real estate enterprises should establish a talent introduction and exchange mechanism. The introduction of key talents needed by enterprises can not only directly help enterprises make up for the lack of key skills and improve their operational capabilities, but more importantly, it can quickly help enterprises update knowledge within this range. At this point, supplementing internal communication with certain incentives will yield good results. Thirdly, small and medium-sized real estate enterprises need to have more contact with and learn more from the industry's advanced or big cows, and master the new technologies, new trends and new demands of the industry. Small and medium-sized real estate enterprises can also have more contacts with leaders in other industries and expand their horizons.

Fourth, the owners of small and medium real estate enterprises should take the initiative to cultivate their innovation capabilities. Small and medium-sized real estate enterprises must re-cultivate their new core competitiveness in the region in order to form new local advantages again. Otherwise, the survival of small and medium real estate enterprises will be in jeopardy. To establish innovation capability, we must first establish an innovation mechanism, and form a standardized innovation system, intellectual property protection measures and incentive measures within the enterprise. Innovation within an enterprise includes technological innovation, management innovation, and model innovation. No matter what kind of innovation, enterprises should give support, help and encouragement. To a certain extent, this can build the willingness and enthusiasm of all employees to innovate. Small and medium-sized real estate enterprises can strengthen cooperation with external organizations with innovative capabilities, such as universities and research institutes, take the initiative to contact advanced industry knowledge, and timely promote the application of cutting-edge industry knowledge, technology and products within their own enterprises.

6.3 Research limitation and prospect

The research deficiencies of this thesis are mainly reflected in the following perspectives:

Firstly, the research in this thesis uses a single case study. The single case study has its inherent flaws in the research process. When it is promoted from one case to more common situations, it will be limited by the typicality of the case enterprise. Although this thesis has carefully considered the typicality when selecting the case companies, the representativeness of this case is still insufficient given the great number of regional real estate companies in China. This study takes TL real estate Company as the basic research object. Its enterprise nature and regional development strategy have their own unique characteristics. It can be one-sided and limited to analyze the whole real estate industry. At the same time, the factors affecting the dynamic capability index of the enterprise are different from other companies, which cannot be applied to all other real estate companies which need strategic transformation based on dynamic capability improvement.

Secondly, the development of an enterprise is the result of a combination of many factors. This study only analyzes the development process of TL Company from the perspective of dynamic capabilities, and there are certain prejudices. Based on theoretical research and the author's industry experience, the evaluation and proportion of each index have certain subjective factors in the construction of the analytic hierarchy model of enterprise dynamic capabilities, and there may be deviations in factor selection and relevant proportion. In practice, qualitative variable evaluations may be scored with the help of a professional team or based on an internal comprehensive assessment. However, due to limited resources and time, this thesis has certain subjectivity in the actual scoring process, which will have a certain impact on the final evaluation results.

Thirdly, although in the research process of this study, the author has conducted a large number of interviews and investigations, collected a lot of first and second-hand data, and used a variety of mathematical statistical methods for analysis, this thesis still mostly focuses on theoretical discussion and analysis. If we further adopt large sample study and multiple case study in the research method, we can better analyze the operation mechanism of dynamic capability and its relationship with enterprise development, and obtain more ideal research results. In addition, the data stored about the early stage of the establishment of TL Company are partly missing, so the early accuracy of samples may have some influence. Data incompleteness and partial lack can have certain impact on the analysis of TL's early dynamic

capabilities.

For future research, this thesis proposes two points as following.

First, there are still great controversies in the academia about the connotation and dimension division of the dynamic capability theory. Many scholars believe that the theory has fallen into endless theoretical debates. It can be workable for finding theoretical explanations from practice and application is a development direction. In addition, dynamic capability theory, as the current mainstream analysis of corporate strategy, corporate sustainable development and corporate core competitiveness, is beneficial to corporate decision-makers to analyze corporate development process and build corporate future development strategies. Therefore, this thesis conducts in-depth research on the dynamic capabilities of real estate companies in the future, which has certain practical significance.

Second, future research can expand the scope of research, conduct research on multiple representative real estate companies, and develop into the general situation of the sustainable development of real estate companies. It can also conduct large-scale questionnaire analysis on more regional real estate companies, and further verify and test the dynamic capabilities of regional real estate companies from a quantitative perspective.

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Annex A: Summary of Structured Interview Question

Stage	Time	Real Estate	Education	Related Issues	
				Strategic planning	data category
Real estate start	1999	Real estate company was established to develop TL Garden and Jinlan Mercure		1) Mr. L graduated from the Department of Economics of Southwestern University of Finance and Economics. Why did he get involved in the real estate industry with a major irrelevant? What were the preparations and advantages (funds, resources, shareholders) of this industry at the time? The company's initial positioning and development vision, during this period, the company's real estate representative projects.	1) The scale of the start-up company: personnel and positions, registered capital, and annual operating income. The main reason why startups were able to win this big project of Gulin. The main partner of the company.
	2000	Bishui Kangcheng			
	2001	Cosmopolitan city			
Get involved in education	2002		Luzhou TL Middle School was established	1) Why get involved in the education industry when the real estate industry's policies are favorable? Is the education industry motivated by corporate interests or social responsibility factors? Have you considered social responsibility factors? Was the school positioned as a high-end private	1) The initial scale and investment of Luzhou School, the main partners, the construction standards and the orientation of the school at that time.

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				education at the time? What was the plan and vision of the education industry at that time? 2) Because the education industry is an unfamiliar industry to the company, what difficulties the company encountered and how did it overcome when first involved in the industry.	2) The milestone events of the company's development from 1999 to 2002, during which the company's real estate business developed at a speed.
Plowing in Luzhou	2003	Emerald City		1) During this period, the company's real estate and education have been developing in Luzhou. 1999-2008 is a golden decade for the development of China's real estate companies. What problems did the development encounter during this period, and how to think about and solve these problems? Why didn't you choose to develop outside Luzhou? During this period, did the company think about how to make real estate bigger and stronger, what are the limiting factors, and what attempts and explorations have been made? 2) During the rapid development of real estate in recent years, have you ever thought that the education industry has dragged down the rapid development of real estate companies? How to balance the development of real estate and education during this period? Are there complementary or linkages between the two? 3) During this period, the company's real estate business should gradually mature. What are the advantages of the company in terms of real estate	1) 1999-2008 was a golden decade for the development of China's real estate companies. During this period, real estate companies have achieved those achievements in real estate development. 2) Representative projects at this stage (basic project information, customer satisfaction). Does the project at this stage have obvious product and user positioning? What is the company's brand recognition and market share in the Luzhou real estate market? What is the highest market share? 3) Milestones and major decision makers in the company's development during this period
	2004	Established China TL Investment Group Co., Ltd. and carried out equity reform			
		Sichuan Tianyu Zhiyuan Technology Co., Ltd. Moxiang Court			
	2007	Spring Garden			
	2008	City TL Plaza			
2009	Crystal city 2009	Luzhou TL Internationa			

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			I Primary School was founded	cost and management during this period? 4) The reason and process of the equity reform in 2004. 5) From 2002 to 2011, what were the major difficulties encountered by the company's development?	4) The company has accumulated management experience during this period. 5) The main competitor of Luzhou Development.
	2010	Binhe Garden, Wine Street, North City Tianjiao	Luzhou TL Culture and Art Training School was established Advanced Collective of Private Education (Ministry of Education)		
	2011	Move headquarters Crystal Liyuan Equipment City			
Move headquarters	2012		Signed with Yibin School	1) From the perspective of the development trajectory, the relocation of the headquarters to Chengdu means that the company has officially left Luzhou, and the relocation mainly considers the real estate factor or the education industry factor. 2) 2) After 2008, the macro-control of real estate	1) An important person in the company's major decisions during this period. 2) Education is combined with real estate development, and many large companies are also doing it, such as Country

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				<p>has become more and more severe. What response has the company done to the impact of the company at that time?</p> <p>3) 2012 was a turning point for the company's leapfrog development. What thinking and explorations did the company make in the company's development this year, what plans it made, and what adjustments it made internally. Has the company's educational real estate model formed an idea?</p>	<p>Garden, Vanke, and HAILIANG. Did they study them at that time?</p>
Coordinated development of real estate education	2013	<p>Yibin Academy Huating</p> <p>Century Washington</p>	<p>TL Kaixing International Kindergarten was founded</p> <p>The kindergarten affiliated to Luzhou TL School was established</p> <p>Yibin TL International School officially</p>	<p>1) At present, TL's main business is the education industry, but the main source of revenue and profit is the real estate industry. Is there any contradiction in the development of these two industries within the company? How does the company view these two industrial plans? What is the overall situation of TL's education real estate project operation at present? Does the company define itself as an education real estate company?</p> <p>2) Education + real estate model, what kind of government preferential policies have real estate companies enjoyed, and in which aspects? Does education enjoy the added value brought by real estate? If not, is the company doing exploration in this area?</p> <p>3) The follow-up of TL real estate has successively involved industrial real estate,</p>	<p>1) In 2012, the Yibin school project was signed, and the company's real estate project was developed to Yibin (Yibin Xuefu Huating). Real estate and schools are stationed in Yibin at the same time. Is this an exploration project of the company's real estate + education model? Is the early stage of the Yibin project completed by a team? Is the linkage between real estate and education reflected in this project? How is the market inspection of the educational real estate model conducted? Do you</p>

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			opened Chengdu TL Meixin Cultural Communication Co., Ltd. was established	tourism real estate, and commercial real estate. Which one is the main income, and how the real estate sector plans and balances these four sectors in the future? 4) Is TL's current corporate culture formally formed at this stage? What are the specific aspects of TL's six benefits (customers, employees, shareholders, affiliates, government, society) model? Is there a special study for customers in second and third tier cities in the province? What are the differences between customer needs and the company's marketing methods in the same tier cities? What measures TL has taken? What are the benefits of TL employees (personnel incentives)? What benefits do TL's partners benefit from the real estate + education model? 5) The company's education industry has plans to go public. Does the new civil promotion law have a big impact on the company's education industry? What are the plans? Regarding the prohibition of establishing profitable schools in the basic education stage of private schools, how does the company consider?	have practical project experience to learn? 2) When and where did the concept of educational real estate come up, and what work did the follow-up company do? 3) What was the company's first educational real estate project in the true sense, and what explorations did the company do in this project? What is the difference between educational real estate and the projects developed by the company in the past can be described from the industrial value chain: land acquisition methods, negotiation methods with the government, financing methods, architectural design, marketing methods, and property management methods? Auxiliary value chain: human resources, organizational structure, technology development (TL education, design), procurement: are there changes in partners
2014	Heart of the Century Shanti Mansion Golden Moon Bay One on the Bund				
2015	Headquarters city Guangyuan Academy Huating Cai Die Garden Flower Garden Longyintai	Guangyuan TL International School opens Neijiang TL International School opens			
2016	Phoenix Tang City	Xichang TL International School			

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			<p>opens Luzhou TL School successfully established a first-level model school in Sichuan Province TL "Six Li and One Da" curriculum system is formally formed Chengdu TL Jiaozi Education Technology Co., Ltd. was established</p>		<p>(transparent bidding management), infrastructure (Internet). What valuable experience has the company gained through this project? 4) Project reserve is an important indicator to measure the development potential of real estate companies. What is the project reserve of TL Real Estate? 5) Compound annual growth rate after TL moved to Chengdu. 6) Statistics on the company's latest business scale. 7) The educational real estate project that the company is planning. 8) Representative projects at this stage.</p>
	2017	Guanlan Courtyard Jinhua City	Ya'an TL School opens Preparations		

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			for the construction of TL international schools in Chengdu, Ziyang, Hejiang, Dazhou, Deyang, Wulanchabu, Inner Mongolia and others (Xining project?)		
Future development	After 2018			Strategic Planning	<p>1) Does TL wholly own and directly operate all TL schools? Are there any plans for joint ventures or cooperation with other real estate companies?</p> <p>2) Financial company's support for TL real estate and schools</p>

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Annex B: Enterprise Dynamic Capabilities Questionnaire

Dear sir/madam:

Thank you for taking time to participate in this questionnaire. The survey conducted aiming at academic research. Content below will not involve the trade secrets, and the information obtained will not be used for any commercial purposes. Thank you for your cooperation and support. Following questions are about your company's basic information:

1. What's the property of your company?

- State-owned business
- Private enterprise
- Public institution
- Government

2. Which industry your company belongs in?

- The real estate
- Industry related to the real estate
- Others

3. What's your position in your company?

- Shareholder or partner
- Senior manager
- Junior manager
- General staff

Following questions are about the enterprise's environment awareness. Please tick "√" in front of the choice you most agree with:

4. We periodically review the likely effect of related policies and regulation changes.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree

- Strongly disagree
- 5. We frequently scan the environment to identify the market demand.
 - Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
- 6. Our company is very competitive among the industry.
 - Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
- 7. Most of our corporate executives are rich experienced ad highly educated.
 - Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
- 8. You think factors in this section are most important for enterprise development.
 - Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree

Following questions are about the enterprise's strategic choice. Please tick "√" in front of the choice you most agree with:

- 9. We devote a lot of time implementing ideas for new products and improving our existing products.
 - Strongly agree

- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

10. We have adequate routines to attract our target consumers.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

11. We have effective routines to identify and select the optimal locations.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

12. We devote a lot of time to adjust our business model and improve our product.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

13. You think factors in this section are most important for enterprise development.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Following questions are about the enterprise's resource reconstruction. Please tick "√" in front of the choice you most agree with:

14. We are fully aware who in the group has specialized skills and knowledge relevant to our work.
- Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
15. We ensure that there is compatibility between group members expertise and work processes.
- Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
16. We have built various channels to get affordable loans and guaranteed capital.
- Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
17. We have maintained a well-connected interpersonal network that have potential support for our company
- Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree
18. You think factors in this section are most important for enterprise development.
- Strongly agree
 - Somewhat agree
 - Neither agree nor disagree
 - Somewhat disagree
 - Strongly disagree