Research on the Key Influencing Factors of the Difference in Financial Performance of Enterprises Under the Same Firm-Level Strategy: A Case Study Based on Diversification, Integration and Intensification Strategies

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Abstract: Based on the economic downturn and fierce business wars, the company must choose the appropriate strategy in five different company-level strategies to meet the company's sustainable development. The company-level strategy determines the direction of resource allocation, so it has a significant impact on the financial situation. In order to explore which strategy can win the favor of investors and effectively improve corporate finance, this paper focuses on analyzing the different impacts of different enterprises on finance under the same strategic choice, so as to summarize the key factors of different strategic choices. Its purpose is to effectively assist enterprises to optimize strategic decision-making, and enterprises can also learn from each other, so as to improve their own financial management level. This paper is supplemented by case analysis and literature research to explore, and the conclusion is that corporate strategic choices have their own merits, and in the case of different types of enterprises, even the same strategy will have different impacts on corporate finance, and there is no obvious superiority of any strategy. For enterprises that choose a diversification strategy, core competitiveness is the main factor affecting the financial strength of the enterprise. For enterprises that choose an integration strategy, the characteristics of the enterprise are the main factors affecting the advantages and disadvantages of the company's finances. For enterprises that choose an intensive strategy, the type of business operation is the main factor affecting the financial strength of the enterprise.

1 INTRODUCTION

In the 60-90s of the 20th century, the concept of company-level strategy was put forward and received widespread attention, and up to now, most people have understood that there are five kinds of integration strategy, diversification strategy, intensive strategy, defensive strategy, and cooperative strategy. In a fierce business environment, if a company wants to gain more investors, its financial position is an important factor to attract investors, and choosing different strategies will have different financial impacts. For example, the existing research mostly focuses on specific enterprises, such as the different financial choices reflected in different strategic choices of manufacturing enterprises, while the comparative research on the financial aspects of different enterprises is slightly insufficient in the selection of the same company-level strategy.In order to make the financial impact intuitive and significant, reflect the financial expansion space and focus on the benefits brought by enterprise collaboration, so that different types of companies that choose the same strategy can learn from each other's management essence to improve the practical significance of financial level.Based on the perspective of enterprise development, market competition, and industry trends, enterprises usually choose diversification strategies in order to diversify business risks, find new growth points, and obtain resources and policy advantages for coordinated industrial development;In order to expand market boundaries and pursue economies of scale, enterprises will choose integration strategies; In order to control costs, focus on a certain business, and optimize resources,

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enterprises usually choose an intensive strategy.The vast majority of companies will choose one of these three for their strategic development, while different types of enterprises face the same corporate strategy choice, but have different financial effects. Therefore, this paper will discuss the impact of integration strategy, diversification strategy and intensification strategy on corporate finance, and why different types of enterprises will have different impacts on finance under the choice of the same strategy, and use case analysis and literature research method to sort out, analyze and summarize for subsequent researchers.

2 LITERATURE REVIEW

2.1 Diversification Strategy: Balance of Opportunities, Risks, and Resource Allocation

The diversification strategy has the characteristics of high financing pressure, entering new areas requires a large amount of capital investment, enterprises may need to increase debt or equity financing, increase financing costs and financial risks, if the new business does not achieve the expected benefits after financing, it will make the enterprise fall into financial difficulties (Huang, 2020) but in terms of revenue, it can increase revenue sources, enter new business areas and markets, and reach more customer groups,For example, Xiaomi has expanded from mobile phone business to smart wearables and other fields to increase revenue. In terms of risk, it helps to diversify risks, reduce the dependence of enterprises on a single business or market, and when a business is affected by market fluctuations, other businesses can be supported.For example, real estate enterprises carry out property service business to diversify risks. In terms of cost, it is possible to reduce costs, find optimal suppliers globally through diversification, and reduce costs by taking advantage of synergies, such as sharing production facilities.Funding may lead to diversification of funds, and investing in multiple areas will make it difficult to concentrate resources on the most potential projects, affecting the efficiency of capital utilization. For example, enterprises invest heavily in multiple non-core businesses. Management will increase management costs, increase management complexity, require management to have a wider range of knowledge and skills, and decision-making efficiency may be affected. If a company is involved in multiple different industries, it is much more difficult to manage (Cui, 2024).The diversification strategy allows enterprises to get involved in multiple businesses, enjoy the benefits of risk diversification and business expansion, revenue growth at the same time, but also increase the production and management costs of enterprises, if not implemented properly, it will lead to resource dispersion and affect financial performance.

2.2 Integration Strategy: The Trade-off Between Resource Integration and Cost Input

The integrated strategy can integrate resources to reduce costs, improve profitability, optimize capital utilization, and improve turnover. Get comprehensive data to reduce financial risk. However, it may also lead to excessive concentration of resources and increase operational risks; The scope and difficulty of management have increased, and the cost of management has risen; It has high requirements for the quality of financial personnel and information systems, and the upfront investment cost is large (Chen, 2020).Therefore, the integration strategy may have huge capital investment and integration costs and management difficulties, but from the perspective of vertical integration, the integration of upstream and downstream resources will reduce the cost of production and sales, enhance the control of the production chain of enterprises, and for horizontal integration, it can achieve economies of scale, thereby improving gross profits and enhancing profitability.

2.3 Intensive Strategy: Focus on the Contradiction Between Business and Construction Investment

Intensive strategy to concentrate resource procurement, which can reduce costs; Centralized fund management can improve the efficiency and income of capital use; Harmonizing financial processes and standards improves the quality and comparability of financial information for decision-making. However, the disadvantage lies in the large investment in the early stage of construction, such as the high cost of establishing a financial sharing center; It is easy to lead to overly strict financial control and affect business flexibility; Once the information system fails, it will lead to greater financial and operational risks (Ji, 2024).Therefore, the intensive strategy focuses on a certain business, which will improve the competitiveness of the core business and improve the financial situation to a certain extent in the short term.

3 CASE STUDY

3.1 The Advantages and Disadvantages of Diversification Strategy on Finance

Founded in 1966, Evergrande Group started as a real estate company, and later diversified into a large enterprise group in finance, health, sports and other fields.Starting from the main business of real estate, it has successively entered many unrelated industries such as property, tourism, network, health, grain and oil, dairy, ice spring, sports, financial management, and automobiles. With the exception of real estate, almost all other sectors lost money. When the real estate industry encounters market disruptions, its various industries face the risk of capital chain breakage, which eventually leads to difficulties for enterprises (Ma, 2017).The reasons for this are as follows: the rapid entry into multiple industries but the lack of professional management models and core competitiveness in different fields, due to the blind expansion of business has led to the dispersion of funds, making it difficult for the original financial resources to effectively support important businesses.For example, its drinking water brand: Evergrande Ice Spring. Before it was put into the market, there were well-known Chinese drinking water brands led by Nongfu Spring and Cestbon, and the failure of Evergrande Ice Spring was obviously a lack of awareness of the market, and the focus was on marketing, while ignoring the quality, and finally caused significant financial losses due to unstable foothold in the market, which also happened in other industries where it expanded.When the core industry, the real estate industry, is blocked due to economic problems, Evergrande's source of cash flow is basically lost, which eventually leads to the rupture of the capital chain.Therefore, for diversification, the firm should not blindly pay attention to immediate interests and blindly follow the trend to broaden the business scope, but should accurately evaluate ourselves, identify the core competence points, adjust the management mode of various industries, rationally layout, and step by step, so as to move forward steadily in the development of diversification strategy.

Meituan started as a group buying business and gradually expanded to include food delivery, hotel reservations, tourism, fresh e-commerce, bicycle sharing and other fields.Through its diversification strategy, it is user-centric, broadens the life service scene, realizes the scale effect, improves the strategic layout of the enterprise, enhances the market competitiveness, and becomes a super platform in the field of life services (Liu, 2021).Meituan has taken a fancy to consumers' demand for diversified life services, so it has broadened its business, for example, if users have a demand for dining, it has increased its takeaway business; If there is a demand for accommodation cars, they will carry out hotel and bicycle sharing business.Under the condition of user-centricity, the synergy between each business is realized, which is conducive to the improvement of financial level. The improvement of its corporate strategic layout, including clothing, food, housing and transportation, supports each other and forms a scale effect, which is conducive to enhancing Meituan's stability and anti-risk ability, thereby further forming a guarantee effect on finance.Not only that, due to the accumulation of rich management level and operation methods in the early stage, the brand influence has been enhanced with the expansion of business, which will attract more users and merchants, forming a virtuous circle, which is conducive to the stability of the capital chain.

3.2 The Advantages and Disadvantages of the Integration Strategy on Finance

Enron was an energy giant founded in the United States in 1930 and declared bankruptcy in 2001 due to financial fraud.Due to the implementation of the hybrid integration strategy, it abandoned its main business and rashly entered unrelated fields, which involved too wide and too large a scale, resulting in huge internal transaction costs, reducing the flexibility of capital use, and whitewashing its performance through related party transactions, and finally falling into a comprehensive financial crisis and leading to bankruptcy (Li, 2003).This case shows that Enron's strategic decision-making mistakes led to the increase in financial risks, and Enron's whitewashing of its performance through related party transactions shows that there are serious problems in its internal control system, and due to the inability to effectively restrain the management, it produces false financial information, resulting in external investors being misled and unable to accurately assess the company's true financial situation, and finally forming the tragedy of the company's stock plummeting and bankruptcy.Therefore, Enron should strengthen its internal financial control to ensure the authenticity and validity of financial data, and should also pay more attention to risk assessment, and detect and deal with various financial risks as early as possible, so as to reduce the maximum financial loss to a certain extent.China Salt Jintan Salinization Co., Ltd. has implemented a horizontal integration strategy, integrated resources, and cross-border cooperation, realized the development and transformation of "social responsibility, horizontal integration, technological innovation, and green transformation", embarked on a green and sustainable development path, and achieved success in green transformation (Sun, Zhou, &Zhong, 2022).Through the integration strategy, integration of resources and cross-border cooperation, the company is not only conducive to broadening the market scope and business areas, promoting the growth of revenue, but also helping to achieve the optimal allocation of resources, improve the efficiency and quality of assets, accelerate the capital turnover rate, reduce production costs, and then have a positive impact on the financial situation and lay a strategic foundation for the success of the company's green transformation.

3.3 The Advantages and Disadvantages of the Intensive Strategy on Finance

Northwest Hubei Expressway is a Hubei Jiaotong Northwest Expressway operating company established in 2015 and mainly engaged in high-speed operation and management.In accordance with the principle of "centralized control, hierarchical responsibility, linkage between the upper and lower levels, and collaborative sharing", it implements intensive financial management, such as the implementation of "one door and two cards" intensive office, and the construction of a financial index benchmarking system. In the first quarter of 2024, the expensed expenses decreased by 13.27% year-on-year, the level of financial service guarantee was steadily improved, and business risks were effectively prevented (Legal Life Weekly, 2024). Due to the four principles, the company has been able to achieve a steady increase in its financial level. "Centralized control" can effectively and uniformly manage the funds of the enterprise, which can improve the efficiency of the use of funds, reduce the waste and idleness of funds, enhance the overall operation ability of the enterprise's funds, and form a virtuous circle of funds;"Hierarchical responsibility" clarifies the responsibilities of financial departments at all levels, and can be held accountable as soon as possible when there are problems caused by financial personnel due to work mistakes, which also prompts financial personnel to improve work efficiency and quality to ensure that the financial work is carried out in an orderly manner;"Upper and lower linkage" can make financial information quickly and accurately transmitted within the enterprise, and can quickly convey the financial strategy and goals of the superior to the grassroots level, so as to facilitate the grassroots to better carry out financial work and avoid financial errors caused by information asymmetry; "Collaborative sharing" is conducive to giving full play to the advantages of financial resources, data, software and other resource sharing, reducing the waste of resources, thereby reducing the management cost of enterprises. At the same time, it also promotes the collaboration between the finance department and the business department, so that the financial personnel can better understand the business needs and provide more accurate financial support for the business, which can effectively reduce the loss of financial volume.

Founded in 2014, Xpeng Motors is a car company focusing on smart electric vehicles, creating smart mobility experiences with technology and innovation.According to the annual report data, in the fourth quarter of 2024, Xpeng Motors delivered 91,500 vehicles, with a quarterly loss of 1.33 billion yuan (Li, 2025).The "steel price gate" incident is very famous, and the "lowest price in the country" data chain carefully woven by the procurement team is essentially a form of corruption escalation in the digital era. Through fragmented presentation, selective comparison, parametric packaging and other means, the real cost is submerged in the "data fog" of technology construction. (Douzi Kanche,2025).Due to the construction of a hidden interest chain and the problem of data fraud, it is difficult for enterprises to accurately know the cost amount, which greatly affects the cost analysis and control decision-making, thereby pushing up the cost, and the inflated procurement cost makes the enterprise mistakenly think that it has spent too much money on steel procurement, which will lead to slowing down the turnover efficiency of funds, and to a certain extent, it will affect the capital investment in the key business of the enterprise.This incident will also trigger an investigation by the regulatory authorities, and in order to cooperate with the investigation, the company needs to provide relevant information and pay for legal advice, which will increase the financial burden in the case of affecting the reputation and normal operation of the enterprise.Therefore, Xpeng car companies should strengthen cost control, optimize the procurement cost mix, achieve a reasonable allocation of funds, and achieve the ideal goal of balancing the relationship between multiple funds.

3.4 Factors that Affect Financial Prosper

The advantages of diversification strategy on corporate finance are not only reflected in the benefits of risk diversification and business expansion, but also in terms of revenue growth, which is conducive to realizing synergies between various businesses, so as to achieve financial improvement.Secondly, the improvement of the strategic layout of the enterprise focuses on making important businesses support each other and form a scale effect, which is conducive to enhancing financial stability and anti-risk ability. The accumulation of rich management level, operation methods and brand influence is enhanced, which is conducive to the formation of a virtuous cycle of funds, thereby consolidating the stability of the capital chain.

On the one hand, the disadvantages of diversification strategy to corporate finance are reflected in the fact that it will lead to the dispersion of funds, and investing in multiple areas will make it difficult to concentrate resources on the most potential projects, which will affect the efficiency of capital utilization. At the same time, it also increases the production management cost and management complexity of the enterprise, and if the management is not implemented properly, it will lead to the dispersion of resources and affect the financial performance.On the other hand, the blind expansion of business will lead to the dispersion of funds, which is not conducive to supporting the original core business and undermining financial stability.

The advantages of the integration strategy on the financial of the enterprise are that it integrates the upstream and downstream resources to reduce the cost of production and sales, enhance the control of the production chain of the enterprise, and is conducive to achieving economies of scale, thereby increasing gross profit and enhancing profitability.Secondly, it is conducive to the integration of resources, cross-border cooperation, broadening the market scope and business areas, promoting the growth of income, and helping to achieve the optimal allocation of resources. In addition, it can improve the efficiency and quality of assets, speed up capital turnover, reduce production costs, and have a positive impact on the financial situation.

The disadvantages of the integration strategy to the financial of the enterprise: the huge capital investment and the difficulty of integration and the increase in management difficulty. It is also difficult for enterprises to accurately grasp the scope and scale of their business, which is easy to bring huge internal transaction costs and reduce the flexibility of capital use.

The financial advantage of the intensification strategy for enterprises is that they can concentrate on resource procurement and reduce costs. Centralized capital management can improve the efficiency and income of capital use, reduce the waste and idleness of funds, enhance the overall operation ability of enterprise funds, and form a virtuous circle of funds.Second, unifying financial processes and standards can improve the quality and comparability of financial information, which is conducive to decision-making.Because of the focus on a certain business, it will improve the competitiveness of the core business and improve the financial situation to a certain extent in the short term. At the same time, it is conducive to promoting the collaboration between the financial department and the business department, providing accurate financial support for the business department, and effectively reducing the loss of financial volume.

The disadvantages of the intensive strategy on the financial aspects of the enterprise: first of all, the investment in the early stage of construction is large. Second, financial control is too strict, which affects business flexibility. If there is a problem in the information system, it will slow down the efficiency of capital turnover, cause greater financial operation risks, and affect the financial investment in the key business of the enterprise.

4 ANALYSIS OF FACTORS INFLUENCING FINANCIAL MERITS

4.1 Differences in the Core Competitiveness of Enterprises

In the diversification strategy, companies like Meituan have established their own unique core competitiveness due to their high market share of multiple businesses and the fact that they are essential to daily life, and will have more capital and resource support, and it can make full use of its strong market influence and huge cash flow to obtain financing, so as to choose a diversification strategy.However, for Evergrande, a relatively small enterprise, it only has a main business of real estate and a lot of one-time development business, and the financing is limited, which may aggravate the risk of debt, coupled with the depression of the real estate industry, Evergrande

Group instantly lost the core competitiveness of the enterprise, which led to the rise of financial risks.

4.2 Differences in Enterprise Characteristics

In the integration strategy, China Salt Jintan Salinization Co., Ltd. is the head office of China Salt Industry, on the one hand, it can get the state's policy support, on the other hand, such a large enterprise has the ability to integrate the upstream and downstream of the industrial chain, through acquisition, to achieve vertical integration. Its large business volume can spread the cost and reduce the unit cost, thereby improving the financial level.However, for example, Enron is not large, coupled with internal fraud and financial evacuation, resulting in its external inability to have enough funds to acquire upstream and downstream, and there are also difficulties in management costs and resource allocation, so that the implementation of the integration strategy fails.

4.3 Differences in Types of Business Operations

In the intensive strategy, state-owned enterprises such as the Northern Hubei Expressway have many financing channels and low costs for the construction and operation of public transportation, and can rely on the advantages of their state-owned enterprises to implement the intensive strategy to obtain economies of scale and improve financial performance.But manufacturing companies like Xpeng Motors need a lot of capital to invest in equipment, R&D and other fields, and their financial pressure is high, and their market share is small, and financing is limited, which is likely to be limited by insufficient funds to limit the implementation of the strategy, affecting the financial situation.

5 CONCLUSIONS

This paper mainly discusses the financial impact of the same company-level strategy on different types of companies through literature research and case analysis, and finds that there is no situation where choosing a certain strategy will necessarily improve the financial level, and each strategy has its own merits, and each enterprise should choose and measure according to its own situation.For enterprises that choose a diversification strategy, core competitiveness is the main factor affecting the financial strength of the enterprise.For enterprises that choose an integration strategy, the characteristics of the enterprise are the main factors affecting the advantages and disadvantages of the company's finances.For enterprises that choose an intensive strategy, the type of business operation is the main factor affecting the financial strength of the enterprise.

The purpose of this study is to achieve the practical significance of how to intuitively see the impact of the same strategy on the financial of different types of enterprises, and to let different types of companies that choose the same strategy learn from each other's management essence to improve their financial level.

First, in terms of research methods, this paper mainly adopts the literature analysis method and case analysis method, and the number of cases and literature that may be selected is insufficient and subjective.The second is the research content, this paper discusses the impact of strategy on finance from the perspective of enterprises, but does not take into account some special factors in enterprises (such as employee behavior, the efficiency of the financial department), etc.However, it is hoped that this study can provide some reference and inspiration for subsequent researchers when exploring similar problems.

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