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Strategic Renewal in the Banking Industry

A middle managerial perspective with the
focus on dynamic managerial capabilities
in the Swedish banking industry

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Abstract

Background: The banking industry is highly unstable and changing faster than ever due to for example new technologies, digitalization or new competitors in the market. Hence, organizations performing in growing environments require an agile strategy where new opportunities can be examined. Strategic renewal is defined as the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities.

Purpose: The purpose of this thesis is to investigate the relations between strategic renewal and the use of specific dynamic managerial capabilities by middle managers in the Swedish banking industry

Method: A single case study was conducted to carry out relevant information for this thesis. The qualitative data consisted of semi-structures interviews with five middle managers from Nordea AB.

Findings: What was found from this research is the link between strategic renewal and the use of dynamic managerial capabilities by middle managers. The findings clearly demonstrated the importance of managerial human capital and managerial social capital when dealing with strategic renewal processes. The middle managers were seen to implement strategic renewal by using internal and external ties, to help increase a good communication, which is considered as social capital. They also relied on their human capital by utilizing previously developed knowledge and experiences, about how to avoid mistakes during the process.

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1. Introduction

In the introduction chapter, the background of the topic strategic renewal regarding middle managers will be presented. Following, the problem and purpose of the study will be presented as well as the research question will be outlined, together with the definitions, delimitations and the disposition, to give the reader an understanding of what to expect from this thesis.

The focus of this study is to analyze how middle managers deal with strategic renewal activities in the Swedish banking industry. Today the variety of external environmental changes, affecting organizations, are increasing faster than ever. Thus, organizations aiming to stay competitive are required to adapt to these changes, meaning the implementation of strategic renewal activities is necessary (Suikki, Tromstedt & Haapasalo, 2006). Several definitions of strategic renewal have emerged from past literature. However, the definition that this thesis will be based on is the one by Schmitt, Raisch and Volberda's (2016), who take a process viewpoint and describe the concept as the process allowing corporations, by reconstructing their strategic capabilities, to modify their path dependence. The middle managers of an organization are seen to serve as a key influencer to strategy and therefore their role when implementing strategic renewal by using dynamic managerial capabilities will be examined.

1.1 Background

The banking industry is highly unstable and changing faster than ever due to for example digitalization, new technologies and innovations, new competitors in the market etc. Hence, organizations performing in growing environments require an agile strategy where new opportunities can be examined. In such a way, by conforming to the fast-developing environment and adapting to technological changes, organizations can pursue a long-term success (Hamel & Välikangas, 2003; Agarwal and Helfat, 2009; Schoemaker & Laurentius Marais, 1996).

A firm will go through renewal by seeking and attempting unique approaches to use their capabilities to adapt to a changing environment and increase competitive advantages (Agarwal and Helfat, 2009). Hence, previous literature explores and examines the essence of the strategic renewal notion as change within the organizational level of a firm, of the main competences to ensure long-term survival. The concept is described by Sammut-Bonnici & McGee (2015) as the coordination of the competences an organization need to ensure in order to adapt to external changes in the environment. The authors outline this change and modification in a strategic direction as one of the vital elements of strategic renewal, as it is probable to regulate the corporations long term competitiveness. Agarwal and Helfat (2009) further refer to strategic renewal as the content, process and outcome of renewal of a firm's attributes. These regenerations of the features can affect the long time forecast and therefore when corporations comprehend that their range of capabilities could be depleted in the future, undertaking these renewal activities is possible (Agarwal and Helfat, 2009). Schmitt, Raisch and Volberda's (2016) definition, take a process viewpoint stating that; "*Strategic renewal describes the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities*".

When looking at the current strategy of a corporation, the managerial role to find the appropriate compound and balance of providing preservation as well as reassuring renewal in order to stay competitive, has been seen as problematic (Huff et al.,1992; Baden-Fuller & Volberda, 2013). Dynamic managerial capabilities (DMC) are determined as the capabilities a manager must structure, incorporate and reconstruct core competences (Adner and Helfat, 2003). Hence, a manager is needed to structure, incorporate and reconstruct those competences, signifying, managerial decisions are required. DMCs are indeed influencing the way managers make decisions and they are often indicated as an important source of competitive advantage since they affect the way managerial decisions are made and performed regarding strategic renewal. The concept highlights the changing environment, together with the importance that strategic management has in adapting and organizing organizational abilities and resources, towards variations in the environment (Teece and Pisano, 1998).

It is suggested by Chandler (2003) that organizational structure is fundamental for the implementation of strategic renewal, and defines technologies and the changing environment to be factors that impact the structure of organizations. Moreover, Henry Mintzberg's (1983) framework of organizational structure, defines the different managerial levels in organizations. Firstly, the top management level represents individuals responsible of composing primary strategies and coordinating the different sectors of the organization. Therefore, top managers are accounted with the primary decision-making (Lechner & Floyd, 2012). Secondly, the operational level constitutes of the employees accomplishing the distinctive assignments. The operational core has no managerial operations since they only supply the products or/and the services and respond to tasks directed from the upper management. Finally, the middle management level corresponds to the managers working as the mediator amidst the top management and the operational level. Indeed, the role of the middle managers is to transfer information from the top management to the operating management, and vice versa. By linking the various capacities and functions of the business, while at the same time being able to motivate individuals involved in the different processes, middle managers play a fundamental role when dealing with strategic renewal (Lechner & Floyd, 2012; Mintzberg, 1983). Therefore, the middle management will be the focal point of this study.

1.2 Problem

The topic of strategic renewal has indeed been previously researched and linked to several industries and approaches. However, the correlation between the middle managerial role, and the DMCs included in the decision making, concerning the renewal process in the banking industry, has not yet been researched in any study the authors are aware of.

Therefore, in this research paper, the strategic renewal process and how middle managers implement it will be the focus. In today's rapidly growing environment, companies are challenged to continuously adapt, particularly in the banking industry. The banking industry is unstable and changing more than ever, mostly due to digitalization. Hence, the aim of this study will be to identify the importance of dynamic managerial capabilities (DMCs) when a company, within the banking sector, is constrained to renew itself. Dynamic managerial capabilities are grounded upon three different foundations being the

managerial human capital, managerial social capital and managerial cognition (Adner and Helfat, 2003). It has been discussed that these DMCs are depicted as competences managers create, extend and adapt to improve the performance of the organization. The concepts, introduced by Adner and Helfat (2003), will help the authors demonstrate a relationship between strategic renewal and DMCs, in the developing technological environment.

As mentioned, within the existing research on the topic, there is a gap in the literature regarding analyzing strategic renewal with a DMC perspective. Therefore, this thesis intends to fill the gap and explore this field. Moreover, this research paper will aim to guide middle managers that are looking to extend their knowledge and improve their performance throughout the strategic renewal process. The dynamic managerial capabilities perspective, taken in this investigation, is valuable for middle managers that frequently experience renewal process and aspire to excel in their performance within the business.

1.3 Purpose

The purpose of this thesis is to investigate the relations between strategic renewal and the use of specific DMCs by middle managers in the Swedish banking industry. Therefore, the role of managerial social capital and managerial human capital and how these are implemented, as banks engage in the strategic renewal process, will be explored.

1.4 Research Question

How is strategic renewal implemented by middle managers in the Swedish banking industry, regarding managerial human capital and managerial social capital?

1.5 Definitions

Strategic Renewal

Strategic Renewal is described by Schmitt, Raisch and Volberda's (2016) as the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities.

Dynamic Managerial Capabilities (DMCs)

Dynamic Managerial Capabilities are defined as the capabilities a manager must structure, incorporate and reconstruct (Adner and Helfat, 2003).

Managerial Human Capital

Human capital is referred to the knowledge and learned skills; concerning intelligence, personality and values, which increases with previous education, experience, and training (Becker, 1964).

Managerial Social Capital

Managerial social capital is defined as the different social ties, managerial relations and social networks which positively influence strategic renewal (Blyer and Coff, 2003).

Middle Managers

Middle managers are managers that have subordinates and a higher manager in the organization. Their role is to supervise and ensure that the implementation of all processes is done effectively (Schmitt et.al., 2016).

External Technological Developments

External Technological developments refers to emerging technologies and innovations in the external environment.

1.6 Delimitations

The aim of this research is not to study and clarify the whole concept of strategic renewal but rather to study the topic through the dynamic managerial capabilities lens. Therefore, the study has been delimited to the banking industry in Sweden. The banking sector is an appropriate industry, to conduct this research in, since it experiences constant strategic renewal processes due to technological developments. Having to adapt to the fast-evolving environment represents a major challenge for banks today. Moreover, by analyzing one single bank, Nordea AB, the study will give a greater understanding on how the strategic renewal activity is dealt with by managers. Finally, the authors decided to investigate this topic with a middle manager perspective, as they have been recognized to be responsible for the implementation of the strategic renewal process.

1.7 Disposition



2. Frame of Reference

In this section, the definitions and theories, important for this study, will be presented. The frame of reference will allow a greater knowledge on the conducted study.

2.1 Strategic Renewal

Today the variety of external environmental changes, affecting corporations, are increasing faster than ever. Thus, corporations aiming to stay competitive are required to adapt to these changes, meaning the implementation of strategic renewal activities is necessary (Suikki, Tromstedt & Haapasalo, 2006). The definition of strategic renewal by Schmitt, Raisch and Volberda's (2009), that this thesis will be based on, take a process viewpoint; *"Strategic renewal describes the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities"*.

In order to understand the concept of strategic renewal, the two words comprising the term, strategic and renewal, are going to be outlined. Flier et al (2003) interpret "strategic" as the act of reconstructing the core capacities of an organization related to competitive advantage. The term "renewal" is outlined by Agarwal and Helfat (2009); where renewal describes the regeneration of a firm's attributes. It is also important, for this study, to differentiate the concepts of strategic renewal and strategic change. While there is a clear correlation between them, the two theories admit effectively different implications. Strategic change consists of abounding different types of organizational strategic changes (Rajagopalan and Spreitzer, 1997); while strategic renewal is more specific and deals with one form of strategic change as organizations' attempt to re-configure their intent and capabilities (Agarwal and Helfat, 2009). Consequently, Agarwal and Helfat (2009) define strategic renewal as *"the process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect on its long-term prospects"* (Agarwal & Helfat, 2009, p. 282). Consequently, it becomes clear that strategic change concerns the advancement and renewal of strategy (Floyd et al., 2000), while strategic renewal, being more precise, deals with a single kind of strategic change.

Considering these definitions, our complete thesis will investigate the problem through the strategic renewal lens in the banking industry.

It is noticed that primary research has studied strategic renewal through three dimensions being the antecedents, processes, and outcomes of strategic renewal (Schmitt, Raisch and Volberda, 2016). The antecedent aspect represents the sources of strategic renewal and explains how firms renew themselves. Scholars are divided on this question as some believe that the learning is the fundamental driver of strategic renewal, while other uses a resource perspective and regard at dynamic capabilities as the main driver. The learning perspective highlights the importance of balancing exploration actions, that defines new renewal activities, and exploitation actions, which are current actions in organizations that are extended and improved. Thus, organizations are confronted with the challenge to operate strategic renewal by combining both learning processes (Schmitt, Raisch and Volberda, 2016). On the other hand, for the resource based perspective view, regulating resources is crucial to allow the growth of capabilities (Agarwal and Helfat 2009). Indeed, scholars have further disputed the use of internal resources, external resources or merging both, to develop strategic renewal capabilities (Lindell 1986, Uhlaner 2009, Salvato 2009).

The second dimension, the process dimension, discusses who in the organization triggers and enforces the strategic renewal. Again, a disagreement is noticed between different scholars. The process aspect of renewal is divided between the inducted and the autonomous view (Schmitt, Raisch and Volberda, 2016). The inducted perspective recognizes the top management team, as senior executives, being the main actors in renewal initiatives. It also emphasizes on the importance of the morals, personalities and experiences of the managers on their choices (Barr et al. 1992; Buyl et al. 2011; McGrath and MacMillan 2009). However, the autonomous perspective brings importance to the implication of lower-level actors to strategic renewal processes. Lower and middle-level managers, for example, mostly have a closer relation to customers, which gives them better understanding on the strategic changes on the market. Ultimately, organizations would want to apply both approaches and examine how organizational actors impact on strategic renewal operations (Schmitt, Raisch and Volberda, 2016).

Lastly is the outcome dimension. This perspective covers the aftermath that organizations accomplish by proceeding in strategic renewal behavior. In addition, there are two different outcomes that firms aim to achieve: co-alignment and co-creation outcomes. The co-alignment perspective outlines the purpose of strategic renewal is for firms to adapt to its changing environment. Hence, this implies that firms re-adjust their initiatives according to the environmental context by using existing ones from their industry, in preference of endorsing their own (Capron and Mitchell 2009). This is explained by the fact that developing entirely new competences creates a liability of newness and put in jeopardy the survival of the firm. Further, scholars have additionally discussed the co-creation outcome. This perspective demonstrates the benefits a firm has by developing new competences when dealing with a large amount of external environment opportunities if aiming to impact industry progression (Schmitt, Raisch and Volberda, 2016).

One industry that is specifically affected by the growing environment is the banking industry (Hamel & Välikangas, ,2003). An example of renewal activity, that has occurred in the banking industry, is the change in cash management. Indeed, this example shows that society is moving towards a more paperless approach in its services. As seen in the total percentage of the Swedish population paying in cash, we can see that in 2012, 33% were paying in cash, compared to a 15% in 2016 (Riksbank.se, 2018). Likely, the number of automated teller machines available in Sweden has gone from 3416 in 2012, to a contrary of 2850 in 2015. This shows how banks are accommodating to developments and further applying strategic renewal.

The antecedent and process dimension of strategic renewal will be mainly examined since the aim is to show how middle managers implement strategic renewal under environmental development, the learning and process perspective is key. In the empirical findings, interviewees show how exploitation actions are accomplished to develop strategic renewal capabilities, and the impact of middle managers on the strategic renewal process using the autonomous perspective.

2.2 Role of Middle Managers

The middle management's aim is to supervise the operational management along with assisting with imminent issues. Moreover, the middle management is also responsible for reporting information and updates to the top management. However, recent studies have looked at middle managers, not only as a tool to facilitate the flow of information or implement the strategies from the top management, but additionally as an important contributor in strategic decisions. Indeed, strategic renewal is done on the managerial-level, in which middle managers are fundamental (Schmitt et.al., 2016).

The recognition of the role of middle managers in formulation and implementation of strategy emerged in the 1970s with Mintzberg's framework. Hence, Mintzberg and Waters (1985) argue that middle managers not only implement strategies in the organization, but also influence the formation and development of the strategies. Complementing this, Burgelman (1983) conceived a model of strategy making, where the work of both top managers and middle managers is divided. In this model, resource allocation processes are recognized to control the growth of strategies, which originate not from the top managers but from the autonomous initiatives of middle managers. In addition, Lechner & Floyd (2012), addresses strategic renewal processes to be implemented revised and adjusted by the middle managers of organizations. Using their tacit knowledge, obtained from communicating with the operational management, the middle managers can interpret the directions given by the top management into efficient actions and hence increase the quality of the decisions.

In addition, Hopkins et al (2013), identifies the middle managers as considerable influencers on the success of strategic renewal, as they are attentive to technical developments on the market. Moreover, middle managers influence the strategic renewal process with their selection of information to send to the top management for examination (O. Whitney, 2018). In this context, middle managers are perceived as key influencers to strategy. The findings showed that middle managers now concentrate on decision making and strategy incentives. Therefore, the authors will examine strategic renewal with a middle management perspective and look over how specifically dynamic managerial capabilities are used.

2.3 Dynamic Managerial Capabilities

The link between firms experiencing external changes in the environment have been connected to the managers answering with strategic renewal activities. For this renewal to be successful, the use of DMCs are emphasized as useful and effective. Therefore, as said by Helfat and Martin (2014), companies consisting of managers with superior DMCs can adapt to external changes more effectively than those with fewer or no DMCs. The underpinnings of strategic renewal, affect the strategic renewal activities required by the companies exposed to external changes in the environment (Helfat and Martin, 2014).

As mentioned by Adner and Helfat (2003) in their article about corporate effects and dynamic managerial capabilities, the use of the concept of DMCs explain why managers use different decisions and strategies when dealing with adaptation to external changes. Hence, managers differ in capabilities and therefore show different ways of handling strategic renewal activities within the firm. However, a clear connection is presented which links the DMCs of the managers to how they deal with and perform strategic renewal activities.

Many studies have demonstrated how middle managers are an important aspect in the strategic renewal process. This, by first introducing strategic renewal (Burgelman, 1983), enhancing the decision-making process (Schilit, 1987), and help ease the implementation of the strategy (Wooldridge and Floyd, 1990). However, management literature has additionally highlighted the role of middle managers respecting dynamic managerial capabilities. Indeed, the use of DMCs has been identified as vital for the performance of the organization (Macher & Mowery, 2009). DMCs are defined as the capabilities a manager must structure, incorporate and reconstruct corporate competences (Adner and Helfat, 2003). This means that there is a need to make managerial decisions. These decisions differ between organizations as they are based on the resources a firm has, but also on the changes in the internal and external environments.

Teece et al. (1997) emphasizes on the importance to adapt and organize organizational resources with respect to the changes in the environment. In addition, the authors insist that; “*It is not only the bundle of resources that matter, but the mechanisms by which firms learn and accumulate new skills and capabilities, and the forces that limit the rate and direction of this process*” (Teece et al., 1997, p. 11). According to this resource based view, dynamic managerial capabilities are notably relevant to middle managers since they focus on adapting to the changing environments by developing unique capabilities, which will further lead to competitive advantage (Hoopes et al., 2003). The concept of dynamic managerial capabilities is based on three underlying resources; managerial cognition, managerial social capital, and managerial human capital (Helfat and Martin, 2014). In the further sections, both human capital and social capital will be defined since the authors considered them to be the most fundamental ones in this study.

2.3.1 Managerial human Capital

Managerial human capital is referred to as knowledge and learned skills, concerning intelligence, personality and values, which advanced over previous education, experience, and training (Becker, 1964). Because managers obtain expertise from previous jobs, researches have used both work experience and education in order to measure human capital (Khanna, Jones, & Boivie, 2014).

As Mintzberg (1973) would say; “*effective management involves learning-by doing and requires practice*”. The managerial human capital framework distinguishes the variety in the ability of each manager. Factors like age are key to consider when looking at differences in skills of managers, as it influences work experience. Also, changes in career paths are significant as the level of ability changes when acquiring a job in a new industry (Adner and Helfat, 2003). To this extent, it can be concluded that the differences in managerial human capital are connected to firm performance and how strategic renewal activities are handled. Managers with different skills, abilities, work experience and education will take different decisions; which will affect the organization (Adner and Helfat, 2003).

Helfat and Martin (2014) and Adner and Helfat (2003) both show that managerial human capital is a valuable managerial resource for the firm. Specifically, when dealing with renewal activities, education and previous work experiences of a manager has positive and helpful effects. Meaning, strategic renewal activities are of great importance.

2.3.2 Managerial Social Capital

Managerial social capital is defined as external factors of managers positively influencing strategic renewal. This being either social ties, good managerial relations or many social networks. Consequently, managerial social capital represents the level of different connections and relationships used by the middle managers to acquire resources and information (Blyer and Coff, 2003). The social capital of managers can confer their impact, power and ability. The concept is reflected upon the idea of social relations being transmitted to additional contexts, work included. These relations are helpful when dealing with knowledge allocations amongst different settings. Meaning, managers applying social capital tend to gain an advantage when dealing with renewal activities. Hence, if managers were to include their relations in several contexts, their knowledge could be used within different settings. Social managerial capital can appear equally inside as well as outside of the organization, and could involve both internal as well as external networks. External ties could generate an increase in performance whereas internal ties are useful for managers acquiring information and networking (Adner and Helfat, 2003).

It is also argued by Blyer and Coff (2003) that with no individual social capital, organizations would not be able to obtain and recombine resources. Social capital is therefore useful when accessing required resources to seize opportunities (Adler and Kwon, 2002; Pfeffer and Salancik, 1978). Indeed, when talking about reconfigurations, social capital as an internal influence and power, facilitates the progress of renewing organizational structure, and physical assets (Coleman, 1988).

Lastly, the connection between managerial social capital and strategic renewal as well as change efforts and results, have previously been outlined as key when talking about

strategic renewal. Middle managers utilizing their social capital, when dealing with renewal activities, have shown to contribute the development, performance and growth of the organization, when dealing with a changing environment (Helfat and Martin, 2014).

2.4 Technological Developments and Digitalization

The financial industry has been through many technological development during the years, where customers are searching for services that are increasingly easier and handier. Having a customer expectation that is growing, today's banks are pressured to adapt quickly to technological development and as a result implement strategic renewal. The rapid ever-evolving environment presents both opportunities and threats for organizations in the banking industry. For example, new technologies can act as a mean to transfer information and communicate with customers but they can at the same time make the banks defenseless against exterior danger (Anbalagan, 2017). Some external forces are impacting the process of reconstructing corporate competences more than others (Kim & Pennings, 2009), hence, explaining the need for organizations to successfully adapt to changes in the environment.

One of the external forces that highly impacts the process of renewing corporate competences is digitalization. Given that digital change has been trending the last few years, a digital banking movement has appeared. Digitalization allows customer to manage their finances faster, which responds to their needs (NISAR, A., 2018). Furthermore, not only does banks have the challenge to perform with online banking, but also, due to digitalization, new competitors are emerging. Organizations like Google and Apple are now offering comparable services like payment subsidiaries (Laidlaw, 2017). In addition, the Swedish banking industry has developed rapidly, and several services have emerged in the Swedish banking sector like "Mobile Bank ID", and "Swish". Hence, in the empirical part of this paper, the authors interviewed several managers from Nordea AB, to examine how they proceeded with strategic renewal using dynamic managerial capabilities.

3. Methodology and Method

In this chapter, the way of conducting this study is presented. First, arguments for the philosophy, research approach and strategy are given. In the second part, a description of how the data was collected and analyzed is presented as well as how the trustworthiness was assured.

There are three categories of a research purpose a study can choose from being exploratory, descriptive, and explanatory. This study consisted of an exploratory study as it is more flexible and adaptable to changes (Saunders, Lewis and Thornhill, 2012). The authors considered this type of study to be appropriate since adjustments, new data and insights, could be added during the process of this research. Moreover, the authors chose to focus on explicit interviews combined with researching prevailed literature.

3.1 Methodology

In this thesis, methodology is indicated as the underlying philosophical assumptions the study is grounded upon (Saunders et al., 2009). The methodology part of this thesis will discuss the chosen philosophy, approach, and choice of strategy, as well as the reasons behind them.

3.1.1 Research Philosophy

When deciding on how to gain and interpret knowledge, there are several philosophical approaches one can use depending on the research purpose and question. To achieve the purpose of this thesis, the chosen research philosophy is the interpretivist approach. As said by Saunders, Lewis and Thornhill (2012), interpretivist is the understanding and clarification of a specific set of occurrences in unique business situations. The approach distinguishes the uniqueness and complexity of organizations and focuses on conducting research among people as opposed to objects.

The emphasis of this research is set not to be on the understanding of involved managerial practices, but instead the human characteristics concerning the corporation. The understanding of the human aspect is likely critical for answering the research question. Hence, the interpretive philosophy is considered the most suitable choice (Saunders et al., 2012). In addition, this research consists of a qualitative study with the aim of attaining knowledge about the role of manager's dynamic capabilities when dealing with strategic renewal activities in a Swedish bank. In order to do this, characteristics of the managers interviewed had to be analyzed and linked to the different choices and decisions made.

3.1.2 Research Approach

Following the recognition of philosophy, a relevant research approach to the construction of knowledge is needed to be outlined. When investigating connections concerning theory and data, generally, one of the two approaches induction or deduction are preferred depending on the aim of the investigation. By using an inductive approach, the author of a research is expressing theories and suggestions built on alternate descriptions after discovering observations and patterns. As this theory can lead to missing out on important theories and viewpoints, in addition to being time consuming. On the other hand, the deductive approach is aiming to do the opposite and acquire a theoretic view in addition to investigate its validity by collecting subsequent data and later analyze it. The differentiation between the two approaches is the starting point and if that is either theory or data (Saunders, et al., 2009; Håkansson, 2013).

However, Saunders, Lewis and Thornhill (2012) introduce a combination of the two approaches resulting in a third, being abduction. The abduction approach differs from both the deductive and inductive ones at the same time as it incorporates techniques from both. Thus, the approach allows the authors to draw a conclusion rational and consistent with theory since starting with a theory followed by an observation is permitted. Meaning, it allows scholars to draw a trustworthy conclusion based on a theory as well as combining this theory and other observations made to interpret something specific (Saunders et al., 2012).

Therefore, the chosen approach for this research was the abductive one as modifications to an existing theory were made at the same time as research in a context lacking much information was conducted. Further, the approach allowed the authors to focus on researching strategic renewal and the different DMCs then subsequently undertaking a case study of interviewing managers of one of the leading banks in Sweden. The authors were provided with important insights of the existing strategic renewal processes as well as the use of DMCs and these were later useful when interpreting the information gathered from the interviews and case study.

3.1.3 Qualitative Methods

For the purpose of this research, and to get more specific information about the topic; being how DMCs are affecting the way middle managers deal with strategic renewal activities in response to external changes in the environment, the authors conducted a qualitative study. Qualitative research methods use a smaller sample and a more in depth analysis, compared to a quantitative method which uses a much larger sample and often surveys or mathematical measurements. Quantitative methods are often used when dealing with numerical data while the qualitative deals with non-numerical data.

Further, a qualitative analysis is used when aiming to understand more personal traits as opinions, values and behaviors, as well as wanting to understand the meaning behind specific decisions and actions (Saunders, et al., 2009; Håkansson, 2013). Therefore, a qualitative study was considered suitable as the scholars anticipated for a more in depth understanding of how managers use DMCs when dealing with strategic renewal. This thesis collected data through interviewing managers operating in the Swedish banking industry who have dealt with strategic renewal activity within the recent years.

3.2 Method

The set of strategies and techniques used while collecting and interpreting data, is what the method section will consist of (Saunders, et al., 2009). Further, this part of the study will discuss and explain the research strategies such as the case study, data collection, the

conducted interviews, how the data was analyzed, and how the trustworthiness was assured.

3.2.1 Case Study

As the authors wanted to get a more in depth analysis of how managers use their DMCs when dealing with strategic renewal, a case study was conducted. A case study is outlined as either one case or a small number of cases being selected and analyzed in a qualitative manner. The concept is a regularly used research strategy when dealing with an exploratory study. This research was constructed as a single case study, being considered extra beneficial and suitable since it allowed for an in-depth understanding and recognition of the subject under investigation (Dul and Hak, 2008; Saunders, et al., 2009). The single case study of the Swedish bank Nordea AB assisted the writers with a greater knowledge on the middle manager's role when dealing with the strategic renewal phenomenon in the banking industry.

Additionally, the case study allowed for the empirical analysis to be based on a real-life context rather than it being grounded on several less complex ones or by trying to interpret other previously conducted cases. In this case study, the way the middle managers dealt with the strategic renewal activity was more essential than the company per se. Furthermore, the selected case assisted the authors aim to study the way middle manager within the banking industry dealt with strategic renewal using DMCs, and was therefore considered appropriate as it enabled for a maximization of knowledge and information within the topic under investigation (Stake, 1995).

The banking industry is one of the industries where the digitalization is a main driver for change, where the main reason for the trend being that customers nowadays prefer and expect more accessible, personalized and easier ways to deal with their finances. Nordea Ab is a bank aware of the rapid increase for more digital banking and is therefore currently on a transformation journey, meaning they have been dealing with a lot of strategic renewal activities the past years, and still are to this day. Middle managers were chosen for this analysis as they play a vital role when dealing with strategic renewal activities (Nordea.com, 2018; Hopkins, Mallette and Hopkins 2013).

3.2.2 Data Collection

There are two different ways of collecting data; primary and secondary data. When scholars collect specific data, for the purpose of a research, it is referred to as primary data. Examples of this type of data is interviews, reflections or observations. However, secondary data is illustrated as data collected for a purpose different from the one of the researchers (Saunders, et al., 2009). This research consists of both primary data, such as the interviews conducted and the observations made, as well as secondary data consisting of articles and books written for another purpose than the one for this specific research.

When collecting literature about strategic renewal and the role of DMCs from a middle manager perspective, the main search engines used were the Jönköping University library and Google Scholar. To construct a reliable framework for this thesis, different published articles, books and academic journals were used in the process of answering the research question. To guarantee the trustworthiness of the articles included, peer reviewed articles were preferred. When gathering information from articles, the authors had to carefully validate those, with the focus of ensuring that the information was not only applicable to a specific industry. As the topic of strategic renewal is a previously well researched topic, there were plenty of trustworthy and relevant sources that this thesis could be drawn on.

To find information accurate data, to answer the presented research question, the general search process was based on researching specific terms. Thus, key words such as “*middle managers*”, “*banking industry*”, “*digitalization*” “*strategic renewal*”, “*managerial competences*”, “*dynamic managerial capabilities*”, “*social capital*”, and “*human capital*” were applied. To further ensure the credibility of the information used in the thesis, the year of publication was also a criterion when selecting articles. Since the technological development and digitalization is a relatively new phenomenon, the information was preferred to be relatively new. Meaning, mainly articles published after the year 2000 were used, since the information gathered had to be of relevance for today’s new technologies. However, older data was also included if the authors considered the information to be of value for the thesis.

When collecting primary data, semi-structured interviews with middle managers from a single bank were established. Only managers previously involved in executing strategic renewal activities in the banks within the recent years were selected for the interviews. This with the purpose of obtaining trustworthy information. Furthermore, the interviews were conducted via phone calls to allow a more open discussion less exposed to misunderstandings, compared to communicating via email or any other form of writing. The secondary data included in this thesis involved mainly of information from Nordea AB's website.

3.2.3 Interviews

There are three types of ways of conducting interviews being the structured, semi-structured and unstructured interviews. Depending on the research question, purpose, and strategy, one of these is selected as being the most appropriate regarding the study. By managing to choose the correct interview style, the authors can generate valid and trustworthy data (Saunders, et al., 2009). When deciding in what way to conduct the interviews for this thesis, the semi-structured way was selected as it was considered being the most appropriate approach for the research.

A structured interview is a standardized way of conducting interviews. All the questions asked are identical which gives a more formal disposition. Hence, the aim is not to achieve an open discussion. Therefore, this structure was not seen as relevant for the study. An unstructured interview is the opposite, since the interviewer has little or no questions prepared beforehand. This method was not considered suitable either as some prepared questions needed to be composed in order to assure receiving the information needed to later answer the research question (Saunders, et al., 2009).

The semi-structured approach is somewhat in between the two previously mentioned methods as some pre-determined questions are prepared to serve as a starting point. Thus, this approach seemed the most appropriate. The authors aimed to have an open discussion with the person interviewed but still needed some prepared questions. By having some questions prepared in advance, the authors could come up with other ones that could be more personalized for each interviewee (Saunders, et al., 2009). Additionally, the semi-

structured approach is considered appropriate when doing an interpretive research since the managers interviewed can personally bring significance to specific occurrences. Meaning the interviewers should avoid asking closed questions, as open questions allow interviewees to explain more in depth their feelings and opinions. Hence, this interview technique is appropriate for this research as studying strategic renewal from the middle manager perspective, an identification of underlying views, characteristics and behaviors is needed (Saunders, et al., 2009; Yin, 2003).

The key questions for the interviews are found in the appendix section of this thesis. When writing the questions, the authors made sure to relate them to strategic renewal and the DMCs of the managers. The questions were based on the research question and purpose and they were designed to provide the authors with information about the managers use of DMCs when dealing with strategic renewal activities. However, the questions regarding the DMCs were asked indirectly in order to avoid asking specific questions as they can be seen as leading. In this way, the authors could get the information they needed by just asking about the process of the renewal activity and later the answers were interpreted and connected to the DMCs.

In order to prevent any language barriers that could possibly lead to misunderstandings and uncertainties during the interviews, the native language of the interviewees, being Swedish, was used when conducting the interviews. When completed, the interviews were instantly transcribed, first into Swedish, and later into English. This was done as soon as possible after the interview to assure the credibility and that nothing was forgotten. When analyzing the recorded data, the scholars made sure to understand the true meaning of what the interviewee said and therefore went back and forth when writing the transcripts, allowing a more correct interpretation of the answers.

The number of interviewees for this research were constrained by the fixed time frame and consequently five middle managers from the bank Nordea AB, who had previously been involved in a strategic renewal activity, were selected. The middle managers interviewed for this study were selected at random, meaning they all have different experiences and personal traits. Additionally, the gender and/or age varies, as well as the department they work in, with the aim to gather information that reflects the middle

managers in general and not from a biased view. However, since the authors aimed to examine how previous experiences affected the implementation, all managers were above 30 years old to assure them being familiar with the subject of strategic renewal. Consequently, the middle managers interviewed represent different perspectives which assisted in getting a more complete and general view of the subject. The authors managed to get in contact with the HR partner at Nordea AB who was introduced to the research purpose. The HR partner further helped the authors get in contact with suitable and appropriate managers for the research. Other managers were contacted either by mail or linked-in.

As several of the interviewees preferred to not be mentioned by their name and stay anonymous in this study, all managers will be referred to as Manager 1,2,3,4 and 5.

Table 1 –Interviews Overview

Referred to as	Position	Years working for Nordea AB	Date	Duration (min)
Manager 1	Office Manager	8	2018-04-23	40
Manager 2	Manager for mortgage center unit	15	2018-04-25	35
Manager 3	Office Manager	12	2018-04-25	35
Manager 4	Office Manager for service center	9	2018-04-28	40
Manager 5	Project Manager	5	2018-04-29	30

When writing the interview questions, several categories had to be included. The interviews started off with some questions about the position of the managers in the company as well as their previous experiences. Following, questions about the strategic renewal activity they had been involved in were asked and elaborated upon. Later, a few questions, which directly concerned the role of the middle managers when dealing with the strategic renewal process, were asked along with indirect questions about the use of the different DMCs. This allowed the authors to later interpret the information gathered and connect the renewal activities with different DMCs. Lastly, questions about the

success of the renewal activity were asked including some questions concerning the entire experience of dealing with strategic renewal activities.

To generate the best possible outcome, the interviewers practiced and adjusted the interview before to guarantee that the questions were suitable, clear and appropriate as well as to practice the role as interviewer. To assure that the answers reflected the real experiences of the managers, the authors were as objective and impartial as possible when performing the interviews and did not reveal any personal expectations or affected the participants in any way.

3.2.4 Case Analysis

The research being built upon qualitative research enabled the authors to analyze and interpret the data gathered from the interviews. The analyzing of the data began when trying to understand the material attained. The first step was to transcribe the interviews, which was completed by listening to the recordings several times and understanding the true meaning of the answers before writing it down. To avoid forgetting any important information or points made, the transcribing was done as soon as possible after the actual interviews (Saunders, et al., 2009).

Subsequently, when transcribing the interviews, the authors realized that the information had to be classified to make the analysis part easier. Indeed, the data was divided into groups with different similarities and patterns. Thus, this categorization assisted with the recognition of repeated answers. The patterns consisted of the different ways managers they dealt with the strategic renewal activities, as well as how they included the DMCs in the processes. Later, the findings from the interviews were then thoroughly connected to the previously outlined theoretical framework enabling the authors to answer the research question and achieving the purpose of the study.

3.2.5 Trustworthiness

To ensure the reader of the quality and trustworthiness of the information gathered and included in this research, several factors have been considered. The first factor to consider is dependability and how to deal with the reliability issue and the authors responsibility regarding offering consistent information and data (Eriksson & Kovalainen, 2008). To assure the level of reliability, the transcriptions on the interviews were all done at the same day as they were conducted. This enabled the authors to remember certain details more clearly and in which way statements were presented. Another vital factor to consider in order to establish trustworthiness was the credibility. This concept concerns the degree of actuality that is truly reflected in the empirical findings (Lincoln & Guba, 1985). This factor was ensured by only interviewing middle managers who wanted to be a part of this investigation and therefore were considered more honest and sincere when answering the questions.

Transferability, which indicate the level of resemblance amongst findings and previous results, is the third factor that required to be guaranteed (Eriksson & Kovalainen, 2008). By interviewing middle managers from a single Swedish bank, the generalizability in the findings could be diminished. The managers were working in different positions and offices in different locations around Sweden. Nonetheless, it was later noticed that the respondents had quite similar answers to most of the questions. Due to the aim of this study, being to study how middle managers use competences when dealing with strategic renewal in the banking industry, the bank Nordea AB was considered appropriate as the company have been through numerous renewal activities over the past years.

Lastly, the conformability, objective of the research, is concerning the reflection of actuality rather than the imagination of the interpreters. The concepts must be confirmed by ensuring that the results and findings of the study indeed are the consequence of the understandings and ideas of the informants (Eriksson & Kovalainen, 2008). Ensuring the conformability is challenging, especially within a qualitative study. One challenge to consider is the personal bias which can be hard to avoid. However, the two authors believe to have ensured the conformability by engaging in many discussions in order to reduce as much biases as possible.

4. Empirical Findings

This section summarizes the empirical data gathered during the research. The history of the studied company is outlined in order to provide a broader understanding to the reader. Following, all other data presented are based on the perspective of the interviewed managers.

4.1 Nordea AB

The story of Nordea AB begins 198 years ago. In 1820 the first saving bank opened in Copenhagen, with a new phenomenon of saving money in the bank. The few banks in the Nordic countries that were opened at that time did not have as a target market ordinary people. The idea to fight against poverty was the aim purpose to establish banking systems. However, Nordea AB was created in December 2001 when four banks (Nordbanken, Unibank, Kreditkassen and Meritabank) decided to merge. The name Nordea itself comes from a mixture between “Nordic” and “ideas”. The purpose of Nordea AB is to generate a high-quality service based on common values being openness, equal opportunities and environmental considerations (Nordea.com, 2018).

Since the very beginning, Nordea AB has always been alert when coming to changes in the external environment. One example that shows Nordea’s ability to adapt was in the 1960s when the organization established a drive-in-banker. This presented the opportunity for customers to withdraw cash while staying in their vehicles. In this case, Nordea AB reacted to a growing popularity and normality of owning a vehicle. Post World War II, the development of car engines was growing faster than ever. Another example was when the company invented a service called KotiSYP in the 1980s. This allowed customers to pay their bills by phone as well as access their accounts. When the service launched, phones had barely been invented, which showed how quick and effective Nordea AB was to adapt to the external environment. This strategic renewal was very popular and successful, and led to further changes in the company in the future concerning mobile banking (Nordea.com, 2018). The fast ability to adapt was also

confirmed by Manager 4 who explained that; *“Nordea was one of the first banks to adapt to the digitalization development concerning cash managing”*.

4.2 The Middle Managers

In order for the authors to get a deeper insight on the managers, the interviews started with questions regarding their background. From the very beginning it became clear that the educational background of all applicants consisted of at least one bachelor's degree in economics. Furthermore, the time spent at the current position in Nordea AB varied from 5 years and up to 15 years. The fact that strategic renewal was encountered frequently was also noticeable, since when asking the managers to describe a specific strategic renewal activity that they had been involved in, they all seemed to have several to choose from. Hence, it became obvious that strategic renewal was a well-known concept to the managers; *“As a leader, I participate in strategic renewal processes all the time, so I am well aware of the concept”*, Manager 2 said. *“Having worked in the bank industry for a long time now, I am used to working with strategic renewal activities and I have accepted that there are changes and renewal happening all the time”*, Manager 4 explained.

Correspondingly, it was also evident that the experience of working in the industry for a long time was a beneficial experience for the managers when dealing with these strategic renewal activities. *“When dealing with strategic renewal activities as often as I do, and for as long as I have, it becomes easier to deal with them over time as you learn what to expect and how to solve specific problems”*, Manager 5 said. This manager further elaborated on by clarifying; *“You learn to identify approximately which types of problems you often encounter, and they are almost always the same. There are not enough resources, not enough time, bad prioritizing...”*. Manager 2 agreed with this and further explained the importance of learning from previous mistakes; *“My previous experiences definitely helped me when dealing with this strategic renewal as I knew what mistakes I had made in the past and could avoid repeating them”*. Likewise, Manager 3 denoted the importance of previous experiences when dealing with new strategic renewal activities; *“Previous experience is in my opinion always a good thing and it is especially helpful and beneficial when dealing with strategic renewal activities, in particular when dealing*

with the communication part of the situation. You know how to write to costumers and how to communicate with them in the right way... ”. Therefore, the importance of the background and previous experiences of the middle managers is an important factor to consider.

4.3 Role of Middle Managers

The fact that middle managers are fundamental when dealing with strategic renewal was further confirmed when conducting the interviews. The fact that the role of the middle managers is indeed a key influence on the strategic renewal process was confirmed by Manager 2 who said that; *“As a leader, I have the mission to be transparent and motivate my employees in their missions. And when looking at strategic renewals or start-ups it is even more important to lead and describe the reason behind each action”*. The manager further continued with describing the importance of showing the right direction to other employees in the bank; *“The role of a middle manager who has been working in the business for a long time is to show the right direction and to make the process look as credible as possible to the employees. I needed to make everyone understand the reason for our change”*.

There is a challenge for middle managers to promote the strategic renewal for the employees, along with motivating and convincing them. After getting the directions from the upper management, the middle managers themselves choose on how to transfer information to their subordinates. This step was essential since it demonstrates how middle managers not only assist the transfer of information but additionally act as contributors to the strategic renewal process. Continuing the argument made by Manager 2, Manager 3 also highlighted this fact and mentioned that the challenge to sell the process to the employees existed. *“To begin with, I had to make the decision to close the office, then my role was to explain to all of our employee the change that was going to happen, why it was necessary, and the potential benefits of it. By explaining in detail to them, they understood and saw the benefits of the process so here the communication was very simple”*, Manager 3 said and ended the argument by saying that; *“Overall, my role was to coordinate the entire strategic renewal process”*.

The strategic renewal processes were shown to be implemented revised and adjusted by the middle managers of the organization while they got some directions and constraints by the upper management. However, they worked freely towards the goal of the strategy as explained by Manager 5; *“My role was to start up and run the whole project. I listened to what the managers of the bank needed, and made sure that the right instruments were used for the implementation. Hence, I pinpointed the missions, while at the same time creating a will in the company to implement the strategic renewal”*. Manager 1 elaborated on the fact of working freely towards the goal of the strategic renewal activity; *“The upper management let me control freely and make my own decisions, however I had some goals to reach...”*. Manager 4 explained the constraints given from the upper management concerning what to tell costumers and what to keep secret; *“I got restricted in the way that I had no right to tell the clients that the office was closing until 3 months before. So, I had to sell the concept as an additional service and not mention the closing of the unit to the costumers”*. The importance of not losing any costumers seemed to be the focus with Manager 3, as well as cost limitations; *“I received some cost limitations but otherwise no other restrictions in that way. It was more about having the goal of not losing any costumers because of this change, so maintaining all the costumers was the main focus here”*.

Moreover, the middle managers influenced the strategic renewal process with their selection of information to send to the top management. This was noticed in the interviews, where most of the interviewees expressed their role as an intermediate. Their purpose was to transfer information and report updates from both the upper managers and employees. Manager 1 confirmed this by saying that; *“My role consisted of helping the dialogue between my manager and my subordinates. We had a weekly meeting to see where the opportunity was leading us to, and the top managers would rarely be there. Therefore, I had to inform my manager about updates, challenges...”*. Manager 5 agreed with this and said that; *“...I had a direct communication with the employees as well as with the upper management since they explained the usual problems to me, and what was the main reason they needed this strategy. You could say I was connecting both ends”*. The role of being an intermediate was also highlighted as an important role by Manager 4 who said; *“There was no direct communication between my manager and my employees, instead I was acting as a link, a connection between them. Communication*

was a big role of mine, since I had to make sure to give all the necessary information to both groups”.

4.4 Factors Initiating Strategic Renewal

As Manager 1 stated; *“A significant reason for the implementation of the strategic renewal activity was the evolving environment as we believed it would continue to grow in the future, making it important for us to renew ourselves and adjust accordingly”.* Indeed, Nordea AB is a company that has constantly been going through strategic renewal activities but has managed to adapt to the external changes in the environment. As technological development evolved for every year, there was an increase in the renewal activities in the banking industry. Therefore, when asking the middle managers about strategic renewal activities, a great number of examples were mentioned. Manager 4 said; *“The development of digitalization in the society in general has been a very important and crucial factor to consider for us as a bank when deciding to go through with strategic renewal activities. Due to this evolution, there has been a lot of renewal in the company during the entire time I worked here”.* Manager 3 further elaborated on the vast amount of strategic renewal activities in the banking industry; *“You know, there is always something going on and the different parts of the bank are constantly changing, you get used to it and by working in the banking industry you are automatically quite ready in your mind that there are going to be changes and renewal activities all of the time”.*

The influence from the external technological changes and developments were visibly one of the main reasons for going through strategic renewal activities, as well as the pressure of needing to change and renew themselves as a response to what competitors were doing. *“Due to the emerging digitalization, our competitors did not have the same complex organization as the big traditional banks had, and that is why we also needed to look at how we could use the digitalization in order to simplify our process for the costumers as well”* Manager 2 said and continued with the argument explaining that; *“As our competitors solved these issues digitally, we had to come up with something as well”.* The technological development in the environment enabled for more cost-efficient ways of doing banking and was also seen as a driving factor of renewal; *“A one-time service at the office is worth the same amount of money as getting four months of service digitally.*

A strategy like this is much more cost effective and it also saves a lot of time and resources, both for the costumers who do not have to travel to the bank, but also for us working at the bank as it is easier to absorb costumers in a digital way...” Manager 4 said. Confirming the effect of the technological development on the reason for developing renewal activities.

Another important factor to consider was the industry competitiveness and the fact that other competitors were adapting to the new and evolving environment. This was also a common answer to why the strategic renewal activity was necessary. Manager 3 confirmed this by saying that; *“As the entire industry was changing due to the technological developments, I suspected my office would have to go through these changes as well, and I was right”*. Manager 1 agreed and elaborated on the argument by saying; *“I could tell that this technology was going to be a huge deal and that adjusting to it was the right decision considering that the evolving external technological developments opened up new possibilities for us to improve and adjust the different parts of the bank”*. The fact that the entire industry was changing was evident and also a driving factor for strategic renewal which Manager 3 confirmed by saying that; *“Traditional banks like us consisted of expensive locals which had not been adapted to the digital developments in the external environment. As we do not consult clients like we did 10 years ago we have to adjust accordingly...”*. Manager 4 agreed with the fact that the old ways of banking was not as profitable as it was before the developments in the external environment; *“We had to change and ask ourselves if having the service unit was profitable anymore and how we actually wanted to meet our clients in the future. It is very costly and not as effective as it once was to have several offices and the number of employees that comes with that...”*.

Furthermore, it was apparent that the renewal activities were a response to the technological developments, but there were also other factors contributing to the changes. The legal requirements regarding banking as well as the aim to gain a competitive advantage over competitors were also factors driving the renewal activities undertaken by the bank. When asking about why the company undertook the strategic renewal activity, Manager 2 gave an example of this by saying that; *“The reason we chose to renew ourselves was both due to the legal requirements that we had to follow, but it was*

also because it would represent a major competitive advantage. So, we were forced to renew ourselves and change by the law, but this renewal also helped us get a competitive advantage as the change we made to our service made it more appealing to the costumers as well". Manager 5 highlighted the importance of pleasing costumers by explaining the significance of costumers impact on the bank; *"Strategic renewal is very important, and especially in this case when a negative costumers impact creates a liability of them going to one of our competitors instead if we don't fix the problem. Therefore, we had to fix the problem of incidents repeating themselves and affecting our costumers in order make sure not to risk them changing bank"*.

The industry competitiveness was evident when looking at the fact that some renewal activities were implemented as a response to what others were doing. Manager 4 confirmed this by saying that; *"The reason for going through this renewal activity was the fact that we observed other banks making these changes and we could see the positive results. Therefore, you can say that we responded to the development of the external market and the way other banks handled and reacted to this change..."*. Manager 2 agreed with this and said that; *"We were obliged to see what our competitors were doing when looking at how to simplify our own process... We had to renew ourselves because others were doing it"*.

However, it was also clear that by going through strategic renewal activities, the bank was introduced to opportunities and as Manager 1 said; *"Considering the changing environment and the new technology we had to implement virtual counselling sessions as they were beneficial in terms of cost and time to both us as a company but also to our costumers"*. This shows that the company noticed a change in the environment and seized the opportunity by adapting to it, potentially leading to a better solution for both parties of the situation. The manager further elaborated on the reason for implementing the new strategy and said that; *"The goal we wanted to achieve by implementing these new services, that are now very common in our society, was to make it more convenient for the costumers..."*. This also shows that if the opportunities from the technological development in the external environment were captured, it will generate a positive outcome for both parties involved.

4.5 Strategic Renewal Implementation

When implementing strategic renewal, the middle managers had different strategies and challenges, however they all valued both internal and external communication during the processes. Manager 1 explained the process of making counselling sessions virtual and said that; *“The traditional way to perform counselling sessions was through direct interaction between the customer and the company”*. However due to the new technology on the market, Nordea adapted and implemented virtual advisory meetings through either web meeting or video conferencing in 2014. The middle manager also expressed how during the implementation process, the upper management was of big help; *“The top management of this office was even the top management of other offices, which was in our advantage because we got some advice from them. They were hence able to compare the situation and development of the strategic renewal process in the 2 different offices”*. Moreover, during the process, the manager had weekly meetings with its’ subordinates. Manager 1 further explained the importance of selling the idea to the staff and clients of the bank which was also important as well as choosing the right people for the new job; *“It was important to educate and train the staff, and to choose wisely which persons would fit this new project”*.

Manager 2, who is a middle manager for the mortgage unit at one of Nordea’s banks, also described a strategic renewal as a process where communication was extremely important. The process in this case was to go from having only one administration of those mortgages to building up a new unit with advice and customer contact for all customers' applications. *“Here we made the assessment that customers want someone they can talk to, so there is a need of consulting to give advices. It was necessary to have a dialogue with a customer in order to collect specific information”*, Manager 2 elaborated. Yet again, during the implementation process, Manager 2 seemed to believe that a direct communication with all employees is key to ensure both transparency and avoid misunderstandings, which was the focus of this manager. Manager 2 also showed how not only the communication between the employees and the customers were important, but also highlighted the fact that the communication from someone not involved in the process is also valuable and important; *“getting help from a manager who is not operational or does not have immediate insight into what's happening in detail was*

extremely beneficial since once you implement and drive the change, it is easy to get stuck on some details and therefore it is good to have someone who is not directly involved to help you focus on what is really important". When going through this renewal activity, Manager 2 had to relocate some employees that would fit the new unit; *"First, I had to remove the assignment of some employees and had to therefore explain why they weren't working on that anymore. Then I had to find new employees, and give them directions"*.

Further, another strategic renewal that was described during the interview with Manager 3, concerning a local affiliation, where an office had to be closed for two reasons. First, there was a cost problem, since it had expensive locals and was being inefficient. Secondly, the office faced the challenge to follow up the development in the external world, as the customers today expected the office to move towards a more digital system. This was accomplished by closing the office and reaching out to a new market with the opening of a new one. The aim of the company in this situation was to access a market where the customers demanded to have an office, which would make the organization more accessible and therefore make them reach a competitive advantage. To process this strategic renewal, middle manager 3 explained that the communication with the employees and the customers about this change had to be done smoothly; *"By explaining in detail to my subordinates about the benefits of the process helped them understand the core reason behind this change which further helped them understand how to inform our customers about this"*. Having a good relationship with all the employees and having a high involvement was shown to be a significant factor to Manager 3 who has been working at Nordea Ab for over 12 years. With that much experience, the manager also benefited from some internal relationships established with other managers which was also mentioned in the interview; *"I further got some support internally. I requested some help from managers who have never handled this kind of strategic renewal before. It is very, and I insist, very important to get an external point of view when operating and implementing similar strategies. Those managers who have not dealt with these processes before help focus on what is important"*.

Similarly, Manager 4 experienced the closing of the service center unit of the bank, which was accomplished to absorb customers in a more digital way, or alternatively by phone. Like the middle manager explained; *"Externally, the development of digitalization in the*

society influenced the choice to implement this strategic renewal. Internally, it was more that we had to ask ourselves if having the service unit was profitable anymore?”. The goal of the strategic renewal was according to Manager 4; “To get a more effective monetary incentive as coming in to the bank and paying for the service of making one payment would cost more than to do it digitally”. The middle manager concluded the argument with explaining the aim of it being to; “(...) stop cash drop in, and give the costumers the choice to either pay by credit card, take out cash from automated teller machines, or put in cash in deposit machines”. Moreover, during the process, communication between the lower-level employees and the upper management was indirect which is why Manager 4 was working as a link and connection between both actors; “Communication was a big role of mine since I had to disclose all necessary information to both managerial levels”. Finally, looking at internal contacts, Manager 4 mentioned that the upper management was advising a lot during the process since they had already been a part of closing a service center at another bank and this contact ended up helping the middle manager to be more successful in the implementation of the strategic renewal.

Lastly, Manager 5, who is a project manager, clarified the strategic renewal of implementing a problem management unit to the bank, which included the Incident Management process. This process helps identify and analyze the different incidents in an organization. The interviewee gave an example to understand why the incident management process is important in an organization; *“If there is water leaking from the roof, and you for example simply put a bucket under it and a plastic cover on the roof you would take care of the problem but not solve the root of the problem. Why did this leakage occur? Is it because it is raining outside or is there an internal problem?”*. Having incidents that repeat themselves was explained as having a huge customer impact; *“It affects the customers’ confidence to the bank and there is a liability of them going to one of our competitors”*, Manager 5 explained. The implementation of the strategy consisted of several steps where the first one was to look at how other offices had introduced incident management. Then the process was introduced as an addition unit where a new team had to be created. The interviewee contacted those who helped the other offices with this process to provide some recommendations and warning about challenges that might appear. Manager 5 finished the interview by saying that *“Using my network and contacts*

that I have with other managers in different offices, contributed towards the development of this strategic renewal process". The manager further highlighted the importance of making everyone understand the importance of the new strategy and unit and therefore some exercises were done with all the employees; *"We gave them Lego controlled cars that weren't working and each had to try and analyze them to find the problem"*. Manager 5 concluded the explanation by saying that; *"This process ended in them realizing how complicated it is to find the core cause of the problem"*. This further led to everyone understanding the importance of the new strategy.

5. Analysis

This section analyzes the empirical data gathered during the research using the theoretical perspective outlined in the frame of reference. Based on the analysis, a description of the relationship between strategic renewal activities and the effect the DMCs used by middle managers are outlined.

In this section, the most suitable way of how the interview questions were answered by the participants will be outlined together with their relationship to the theoretical framework. The succeeding part will consist of an explanation where the actual effect of the middle managerial use of DMCs when dealing with strategic renewal will be analyzed. As this research was conducted from middle managers from the bank Nordea AB, the description and findings will mostly be aimed for companies in similar evolving industries characterized by the same willingness to change as the Swedish bank industry showed evidence of.

5.1 Strategic Renewal in Nordea AB

Strategic renewal is defined by Schmitt, Raisch and Volberda's (2009) in the theoretical framework as; *"The process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities"*. Agarwal and Helfat (2009) further explains that a firm will go through renewal, by seeking and attempting unique approaches to use their capabilities, with the intention to adapt to a changing environment and increase competitive advantages. To analyze strategic renewal, the banking industry has been under investigation. The banking industry is highly unstable and changing faster than ever due to, for example, new technologies, digitalization or even new competitors in the market. Therefore, how the banking industry renew their business was studied by interviewing middle managers from the Swedish bank Nordea AB, who have in recent years been involved in these types of renewal activities.

Five middle managers, who have all been through different strategic renewal activities, were interviewed. Manager 1 was involved in the process of implementing virtual

counselling sessions which were to replace the traditional way of interacting directly with the costumers. Manager 2 went through a different strategic renewal activity where the bank had to build up a new digital unit for handling mortgage loans, compared to the older system where there was only one administration handling these issues. A local affiliation was described by Manager 3 who went through the process of closing an office due to expensive costs and inefficiency as there was now a new digital and modern way expected by the costumers. A single office for every employee was no longer needed as a lot of work is done together as a team which resulted in the specific office closing. Manager 4 experienced the closing of their service unit since they evolved to a more digital way of absorbing the costumers. Finally, Manager 5 implemented a new unit regarding problem management.

Looking at the strategic renewal processes implemented by the managers interviewed, they all required capabilities to be adjusted or renewed with the purpose to conform to the developing external environment. In addition, the managers mentioned the frequency of dealing with strategic renewal and as Manager 4 pointed out; *“Having worked in the banking industry for a long time I have accepted that there are changes and renewal happening all the time”*. As mentioned in the empirical findings, Manager 2 also discussed the frequency of strategic renewal processes in the banking industry; *“As a leader I participate in strategic renewal processes all the time, so I am well aware of the concept”*. Therefore, it can be concluded that strategic renewal activities are a common and reoccurring practice in the banking industry which requires managers to constantly deal with renewal and adaptation of the dynamic managerial capabilities.

5.2 Role of Middle Managers

In the frame of reference, the role of the middle managers was demonstrated as a key influencer to strategic renewal processes. According to Schmitt et al.’s (2016) research, strategic renewal is done on the managerial-level, where middle managers are fundamental. This was confirmed in the empirical research where Manager 2 explained the importance of being a leader and motivating the employees involved in the strategic change by explaining why actions had to be taken. This also shows evidence of how

important middle managers are, for they guide the right direction to the employees and make them understand the reason behind the renewal. Without understanding why something is being renewed, the implementation would probably have been a lot more complicated and difficult, than if everyone were to work together towards the same end goal. Therefore, developing a research about middle managers is of importance since having all employees, involved in the process, understand the need for it is a vital factor for the success of the renewal.

Furthermore, it was outlined in the theoretical framework that strategic renewal processes are also said to be implemented revised and adjusted by the middle managers of organizations. Using their tacit knowledge obtained from communicating with the operational management, the middle managers are said to be able to interpret the directions given by top management into efficient actions and hence increase the quality of the decisions (Lechner and Floyd, 2012). The middle managers interviewed did get some directions and constraints by the upper management, but they were however allowed to work freely towards the goal of the strategy. The direction given were often adjusted and improved during the process to enable the best possible outcome. The adjustments are seen to be necessary because a goal is developed in the beginning of the renewal process by the upper managers and it is not possible to predict all the factors that will affect the process so early. Therefore, middle managers have an important role to make their own decisions and decide what parts of the process that need adjustments and decide on what needs to be done within the organization. In this context, middle managers have indeed an important role where their decisions are probably to affect the end result and the entire process.

In addition, listening and interpreting the information given from the upper management was shown as important in the empirical research. Manager 5 explained the role of a middle manager which included listening to the upper manager's requests and then choosing the right ways of implementing them. Hence, the role of a middle manager was seen to both pinpoint the mission which can only be done if the information from the upper management have been interpreted and understood correctly. Hence, the interpretation ability of middle managers needs to be taken into consideration.

Moreover, O. Whitney (2018) characterizes middle managers as influencing the strategic renewal process by selecting what information or not to send to the top management for examination. This was noticed in the interviews, where most of the interviewees expressed their role as an intermediate. Middle managers are defined as managers that have subordinates as well as upper managers. This implies a role of mediator, since their purpose is to transfer information and report updates from both sides. The empirical research confirmed the fact that middle managers are indeed an important link regarding the communication as several managers highlighted this factor as an important step in the process. Manager 1 explained the role of a middle manager as helping the communication between the top managers and the subordinates. This middle manager had to inform about different updates and challenges that had been discussed with the subordinates. Manager 4 also agreed and added the fact that the communication was a big role of a middle manager who had to make sure that all the right and appropriate information was given to both groups; *“I was acting as a link, a connection between them”*. Consequently, this shows evidence about the middle manager’s role as a mediator and transferring information between both sides. This may be one of the more important factors to look at when examining a successful strategic renewal implementation. The entire renewal success can indeed be dependent on the fact that correct information is being transferred to the accurate people. The middle managers are seen to facilitate this process and skills with deciding on what is important and needs to be passed over and what is not of importance and does not have to be passed on.

According to the theoretical framework, middle managers are also seen as having the role of implementing and developing the strategy (Mintzberg and Waters, 1985). Regarding the implementation, the role of the middle managers is clearly of high importance as the interviewees were seen to be greatly involved. The role of being a coordinator for the entire strategic renewal process was the responsibility of Manager 3 who also had to take important decisions such as closing an office and explaining why this was happening together with the benefits of it to the employees involved. The importance of being able to make own decisions with little or no constraints from the upper management is also seen as a crucial factor since the work done by the middle managers was controlled by themselves with only some goals needed to reach. When there were restrictions given from the upper management, the middle managers had to figure out own ways to deal

with them and still manage to make it work. This was explained by Manager 4 and 3 who both got the restrictions and directions to control the process how they wanted, but at the same time not lose any costumers. Therefore, the managers were seen to have to figure out how to implement the strategy.

5.2.1 Implementation of Strategic Renewal

When implementing strategic renewal, the managers seemed to use somewhat similar approaches and steps and a strong consistency among the managers was shown as the implementation process was studied. The managers all confirmed the value of both the internal and external communication during the process as well as their previous experiences and social ties. This showed that their use of DMCs was indeed a crucial part of dealing with strategic renewal. When looking at the internal communication, the middle managers received help and advices from the upper management. This was seen by the middle managers who explained that they gained ideas from the upper management as they had previous experiences with comparable situations which generated helpful advice. Internal support was indeed an important asset mentioned by several managers who could rely on assistance from other managers involved in the process. However, external communication was undeniably also seen as a helpful resource as the importance of getting an external point of view from someone not directly involved in the process was highlighted. An external point of view can help managers get an insight on the process not seen by those involved in the renewal. This can further be seen helpful because people from the outside can see problems and solutions that the manager do not see due to the fact of working to close with the renewal and therefore missing out on important possibilities.

The communication where the middle manager acted as a link between the upper management and the subordinates was correspondingly seen as a characteristic of several of the managers when dealing with implementing the strategic renewal. The managers had to use their communication skills when both interpreting the directions and restrictions given by their managers as well as making sure that the employees involved in the renewal were the right persons for the job. This was pointed out by Manager 1 who emphasized on the education and the training of the staff in order to appoint the right

person for different projects. The communication between the middle manager and the employees also consisted of explaining to someone why they were not suited to work for the department anymore. By making sure that everyone was understanding why changes were happening, misunderstandings could be avoided, which further facilitated the implementation process of the strategic renewal.

Communicating with the costumers seemed as an important and recurring factor as well because the goal of implementing something new seemed to include not losing any costumers. It was important to have an open dialogue with the costumers because it allowed the manager to collect specific information on their wants and needs which further helped the bank to adjust to the demand. The interviewees indicated that customer-impact to be the most important factor. With the help of clear communication, the managers could avoid negative customer impact and please the customers.

5.3 Identification of DMCs Implemented by Middle Managers

External changes in the environment have been connected to the managers answering with strategic renewal activities. For a successful renewal, the use of DMCs are emphasized as useful and effective, and companies consisting of managers with superior DMCs can adapt to external changes more effectively (Helfat and Martin, 2014). The use of DMCs has been a clear factor contributing to the success of the strategic renewal as it was seen to influence many steps on the way such as the way communication was handled to the different social ties used. It was further mentioned that the use of DMCs can explain why different decisions and strategies are used when dealing with adaptation to external changes (Adner and Helfat, 2003). After having analyzed both the role of the middle managers in the strategic renewal and how they proceed in the implementation of it, it can be concluded, based on the empirical findings, that these managers primarily employed two specific types of dynamic managerial capabilities. The first one being managerial human capital and the second one being managerial social capital. Hence, the use of these two DMCs will be further analyzed.

5.3.1 Managerial Human Capital

The first DMC that is noticed to be used is the managerial human capital. The managers all confirmed that their previous experience in the banking industry influenced the success of the strategic renewal. According to the frame of reference, human capital is referred to as the knowledge and the skills that a manager learns through both previous education and previous experience (Becker, 1964). All managers interviewed have a college education in economics. With this education, managers were able to learn the basics to how to manage employees and deal with challenges such as the implementation of strategic renewal. However, as Mintzberg (1973) pronounced, sufficient management is learnt, not only through the education being theoretical, but most importantly through practice. Hence experience plays an important role in how well the strategic renewal is achieved. First is noticed that all the middle managers have been working in the banking industry for at least 5 years. If applying the “learning-by-doing” theory, this signifies that their skills over the years on how to handle threats and opportunities have grown. Hence, the longer a manager has worked in the organization or similar industry, the more their expertise will be.

Manager 4, who has been working at Nordea AB for 9 years, explained how strategic renewal are encountered regularly in the banking industry, adding that managers are aware that changes happen and will continue to happen in the future frequently. Likely, Manager 2 agrees on having gone through strategic renewal over the past 15 years in the industry, which resulted in learning from previous mistakes. After 15 years in the organization, this middle manager described how mistakes made in the past when dealing with strategic renewal helped avoid repeating similar problems and threats. Along with helping prevent mistakes, Manager 5 said how experience also make the process of dealing and solving problems easier. Problems are usually similar, which explains why managers learn what to expect and how to resolve them. In addition, Manager 3 denoted how previous experience is especially of importance in order to have a successful implementation, since the training part of human capital helps increase the knowledge of strategic renewal activities. All these factors imply that the use of managerial human capital is supporting a successful renewal implementation and experience is indeed seen as an important asset. Learning is indeed achieved by doing and an unsuccessful

implementation can sometimes be seen as successful for the individual manager as it helps develop capabilities that will be helpful in the future when similar problems occur.

5.3.2 Managerial Social Capital

The other DMC that was used by the middle managers was the managerial social capital. This was shown when the managers implemented strategic renewal with the support from internal and external communication. Adler and Kwon (2002), define social capital as connections and relationships used with the purpose to acquire additional information for the strategic renewal process. Social ties are gained from the social relationships of the manager, and can appear from equally inside and outside of the firm. Internal networks can be with the different actors, such as the upper management, whereas external networks consist of relations with managers outside of the organization. Both these relations are said to be of advantage when implementing strategic renewal. Manager 1 for example, made use of an internal network, since one of the top managers had already established the same renewal activities in another office, a lot of advice on how to manage the situation was given. In addition, by comparing the different implementation, the middle manager was able to prevent mistakes. Hence, by utilizing its social capital, the middle manager could draw on experiences of the superior in order to achieve a more successful implementation.

Indeed, Manager 2 also benefited from internal networks. This manager however, asked managers from the organizations who were not dealing with the specific implementation process. By this mean it was made possible to get an opinion on what should be the focus of the whole process. Having someone not involved is extremely beneficial and valuable since when implementing a renewal, middle managers can often focus on a detail that might not be as important. Furthermore, external ties are also of advantage when implementing strategic renewal. By asking managers from other offices can generate an increase in performance. As manger 5 explained: *“Using my external network and contacts that I have with other managers contributed towards the development of the strategic renewal”*. It is indeed always important to consider the opinion of others. However, one may also highlight the importance of asking the right person for advice as

some advices may do more harm than good and therefore the importance of actually getting valuable opinions needs to be stressed as well.

5.4 Factors Initiating Strategic Renewal

Today's organizations are pressured to implement strategic renewal as a result of an ever-evolving environment. Considering the banking industry as highly unstable and changing faster than ever due to for example digitalization, new technologies and innovations, new competitors in the market etc. Organizations performing in the growing environment require an agile strategy where new opportunities can be examined. Therefore, by conforming to the fast-developing environment and adapting to technological changes, organizations can pursue a long-term success (Hamel & Välikangas, 2003; Agarwal and Helfat, 2009; Schoemaker & Laurentius Marais, 1996). Hence, there are several factors shown to initiate and cause strategic renewal activities but the main influence was shown to the evolving environment together with the external developments. The managers included in this study mentioned somewhat similar answers to why the strategic renewal was necessary, but the main argument that continued to be stated was indeed the changing environment. Manager 1 mentioned that the most significant reason for the implementation of the strategic renewal activity was indeed the evolving environment. The manager also highlighted the fact that the renewal was important because the evolvment was thought to only continue to grow in the future making it even more essential to adjust accordingly. The evolving environment was mentioned by other managers as well who continued to stress its impact together with the fact that their competitors were adapting to it. This factor made it even more evident for Nordea to follow in the footsteps of their competitors and adjust and transform their capabilities accordingly to the changes in the environment.

The industry competitiveness was indeed seen as a factor that caused the need for strategic renewal for the bank. However, the competitors were adapting their own businesses to the new changes in the environment which made the managers highlight the significance of also transforming different capabilities in the business. Manager 3 pointed out the fact that because of the entire industry changing accordingly to the new developments in the

evolving environment, Nordea had to go through these changes as well in order to stay competitive. Strategic renewal was indeed additionally seen as a response to what other banks were doing and Manager 4 confirmed this argument even further by mentioning that the reason for going through strategic renewal was in this case a response to observations made on what others were doing. Because it seemed to generate positive results, the bank chose to undergo strategic renewal in order to also obtain the same outcome.

Subsequently, the evolving environment was in all cases referred to as the technological development and digitalization. Therefore, the next section will explain the details regarding these initiating factors even further.

5.4.1 Technological Development and Digitalization

When talking about external forces impacting the process of renewing corporate competences one of the them is the digitalization. Due to this force, banks have become more adjusted to the digitalization as banks has had to respond to the new needs of the costumers (NISAR, A., 2018). The conducted interviews also identified the technological development and digitalization as the main driver of strategic renewal activities in the banking industry. This was seen in all interviews when talking about the evolving environment. Managers mentioned the development of digitalization in the society as an important factor to consider and it was said to be one of the main factors responsible for the increased amount of strategic renewal activities in the bank over the past years. Offices were not seen as effective as they were before the digitalization when there was no other way to meet the costumers than to do it physically. Many offices and locals have been closed and transformed into digital units which has led to reduced costs and needed time, showing the positive effect of the technological development. External technological developments had made the traditional way of doing banking unprofitable as it generated more cost-efficient problems to solve the same issues. Hence, the importance of implementing strategic renewal activities within the banking industry became more important as well as the role of the middle managers. When the amount of renewal required increases, so does the need for reconstructing the capabilities of the firm.

Another factor challenging the competitiveness of banks are the new competitors emerging due to the digitalization which allows for organizations like Google and Apple to offer similar services as the traditional banks (Laidlaw, 2017). One manager mentioned this as a factor to going through strategic renewal because the digitalization had led to new competitors which did offer similar services as Nordea, but more simplified. Therefore, Nordea had to look on how they as well could use the digitalization in order to simplify their process. The competitors to the bank who started digitalizing their way of dealing with costumers or solving issues also contributed to the fact that Nordea had to adapt as well in order to keep their customers who all preferred a simplified way of banking adjusted to the technological development.

6. Conclusion

In this chapter, a conclusion of the findings will be showed as well as the research question will be answered.

The aim of this thesis was to identify the importance of dynamic managerial capabilities (DMCs) when a company, within the banking sector, is constrained to renew itself. Consequently, the research question that was presented by the authors was “*How is strategic renewal implemented by middle managers in the Swedish banking industry, regarding managerial human capital and managerial social capital?*”.

By analyzing empirical and theoretical data, the use of both human and social capital by the middle managers was proven. Blyer and Coff (2003), describes social capital as being social ties, good managerial relations and social networks; whether they are external or internal. According to the managers from Nordea AB these connections were an important factor for the success of the strategic renewal since it helped them obtain additional information and resources. Internal relationships, such as with the upper management, was viewed as a help to prevent mistakes. External relationships are social ties with managers outside of the company, and represents an advantage in a way that different methods of implementing a renewal can be looked over. In addition, the findings showed that the middle managers concentrated on decision making and strategy incentives. With their tacit knowledge, obtained from communicating with the operational management, the middle managers can interpret the directions given by the top management into efficient actions and hence increase the quality of the decisions. Overall, managerial social capital is beneficial to the strategic renewal process for it confers with the manager’s impact, power and ability.

Furthermore, managerial human capital was another DMC that was viewed as positively influencing the renewal process. Becker (1964), characterizes human capital as the knowledge and skills that middle managers gain from previous education and experience. The managers interviewed had indeed all worked in the banking industry for more than 5

years, and all had a college education in economics. With this education and experience, managers were able to learn how to manage employees and deal with challenges such as the implementation of strategic renewal. The interviewees encountered several strategic renewal processes during their careers which gave them expertise in the field, and increased their skills. Moreover, by increasing the knowledge of middle managers, human capital is of importance when considering implementing a successful implementation.

Summarizing the findings, it is clear and concise that human capital and social capital are important factors for the implementation of strategic renewal processes. The middle managers from the Nordea AB bank helped the authors answer the research question by providing input about how they deal with strategic renewal implementation within the Swedish banking industry. Hence, regarding the dynamic managerial capabilities, middle managers implement strategic renewal by increasing and using internal and external ties to help increase a good communication, as well as them having been working in the banking industry has given them high knowledge about how to avoid mistakes during the process.

7. Discussion

This section will discuss the relationship between the purpose, empirical findings and methodology of the thesis. Both the limitations as well as suggestions for future research will be presented.

The agreement of DMCs, being crucial when implementing strategic renewal in the banking industry, have been demonstrated. The middle managers interviewed made sure to use their social ties in order to receive valuable advices and input on the ongoing implementation. Therefore, the importance of social ties was further assured and it can be interpreted that the outcome of renewal activities would not have been as successful without the utilization of social ties. Indeed, predeveloped skills and experiences were also shown to be implemented by the middle managers. The managers made use of their previous experiences by applying previously established ways of dealing with employees and customers. Hence, both the social capital and human capital of the manager was shown to heavily influence the way that strategic renewal was handled and implemented.

This research has contributed to the existing literature by highlighting relevant elements that contributed to the implementation of strategic renewal. The use of DMCs when implementing strategic renewal have shown to be of great importance. Even if the middle managers included in this research all worked at the same Swedish bank, the authors consider that the use of DMCs is also applicable to middle managers in the same industry. This because managers in the same industry have similar features and attributes Even if the activities handled were all different, the results still showed a coherent use of social and human capital. Therefore, the authors feel confident when stating that DMCs are of importance in the implementation of strategic renewal.

7.1 Limitations

The main limitation of this thesis was that the investigation was conducted on one single Swedish bank. It had its advantages since it allowed a more in-depth research, however it

also had some negative outcomes. The entire research is indeed also grounded on the opinions of five middle managers and therefore the results can only be assumed to apply to all managers within the banking industry. Indeed, the authors also suspect that other Swedish banks apply the same processes, and uses the same dynamic managerial capabilities, since they have the similar features as Nordea AB. The use of DMCs in other industries and countries is unknown to the authors. It is also important to consider that this research is adapted to the recent developing technologies, which makes it limited in time. Knowing that the technological world is an ever-evolving industry, the relevance of the findings will probably not be applicable in a couple of years. Another limitation was the number of middle managers interviewed. The number was restricted due to the time limit the authors had to write this thesis. With more time, the analysis of more managers would have been possible, which would have been beneficial for the research. In addition, the interviews were conducted over phone calls. Physical interviews would have been preferred, since the authors probably would have obtained deeper information, and opinion on the topic.

7.2 Further Research

Further, the authors want to highlight the importance of future possible research on the subject. Due to the limitation in both time, resources and size of the thesis, the authors had to limit their study to the Swedish banking industry, as well as limit to a middle managerial perspective and dynamic managerial capabilities lens. Therefore, future research could be executed both in different countries and different industries. Also, how different managerial levels deal with strategic renewal and make use of DMCs could be suggested. Moreover, the third underpinning of dynamic managerial capabilities, managerial cognition, and how it is used and implemented when dealing with strategic renewal could also be examined.

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Appendix

Appendix 1: Interview Questions English

Questions regarding the Background of the Middle Manager:

Q1: *Do you have any college degree?*

Q2: *What is/are your previous working experience/s?*

Q3: *What is your current legitimate position in the company?*

Q4: *How long have you worked in this position?*

Q5: *Can you tell us about your previous experiences regarding strategic renewal?*

Questions regarding the Renewal Activity:

Q6: *Can you tell us about a strategic renewal activity that you have been involved in?*

Q7: *Why was this strategic renewal necessary?*

Q8: *What was the outcome?*

Q9: *Can you describe the strategic renewal implementation process?*

Questions regarding the role of the Middle Manager:

Q10: *What was your specific role in the strategic renewal process?*

Q11: *Were there any constraints from the upper management?*

Q12: *Were there any previously used principles or processes that you could implement?*

Q13: *Did your previous experiences with dealing with strategic renewal help you with this one? If yes, in what way?*

Questions regarding the Communication between the different parties involved:

Q14: *Did you receive any advice or help from someone?*

Q15: *If yes, from whom? In what way? And regarding what?*

Q16: *How was the communication between the parties involved in the process?*

Appendix 2: Interview Questions Swedish

Questions regarding the Background of the Middle Manager:

Q1: *Har du någon högskoleutbildning?*

Q2: *Vad har du för tidigare arbetserfarenheter?*

Q3: *Vilken är din nuvarande position i företaget?*

Q4: *Hur länge har du haft denna position?*

Q5: *Kan du berätta om dina tidigare erfarenheter med att hantera strategisk förnyelse?*

Questions regarding the Renewal Activity:

Q6: *Kan du berätta om en strategisk förnyelse process som du varit involverad i?*

Q7: *Varför var denna strategiska förnyelse nödvändig?*

Q8: *Vad blev följderna?*

Q9: *Kan du beskriva förändringsprocessen?*

Questions regarding the role of the Middle Manager:

Q10: *Vilken var din specifika roll i förändringsprocessen?*

Q11: *Fanns det några begränsningar från dina chefer angående denna förändringen?*

Q12: *Fanns det några tidigare använda processer eller principer som du kunde återanvända?*

Q13: *Hjälpte dina tidigare erfarenheter av att hantera strategisk förnyelse dig när det gäller denna förändringen? Om ja, hur?*

Questions regarding the Communication between the different parties involved:

Q14: *Fick du några råd eller hjälp ifrån någon?*

Q15: *Om ja, från vem? På vilket sätt? Och gällande vadå?*

Q16: *Hurdan var kommunikationen mellan de involverade akterna?*