



JÖNKÖPING UNIVERSITY
International Business School

Strategic Renewal: Implications on Competitive Advantage

A case study of an innovative SME in a growing industry

BACHELOR THESIS WITHIN: *Business Administration*

NUMBER OF CREDITS: 15

PROGRAMME OF STUDY: *International Management*

AUTHORS: *Davis Dislers*

Grete Kesküla

Mila Kostadinova

TUTORS: *Elvira Kaneberg*

Khizran Zehra

JÖNKÖPING May 2016

Acknowledgements

We would like to take the opportunity to express our gratitude to the people who contributed to fulfil our purpose in this bachelor thesis.

We wish to acknowledge our tutors Elvira Kaneberg and Khizran Zehra who guided us through the whole course. We would also like to thank our opposing group for providing valuable feedback on our work during the process of writing.

Furthermore, we want to express our gratitude to Infobric AB and especially Kenneth Johansson, Johan Harrysson and Jens Landén for participating in the interviews. Without their cooperation, this research would not have been possible.

Finally, we thank our colleagues who contributed with useful insights and valuable recommendations to this thesis.

Davis Dislers, Grete Kesküla, Mila Kostadinova

Bachelor Thesis in Business Administration 15 ECTS

Title: Strategic Renewal: Implications on Competitive Advantage

Authors: Davis Dislers, Grete Kesküla, Mila Kostadinova

Tutors: Elvira Kaneberg and Khizran Zehra

Date: 2016-05-23

Key words: Strategic renewal, competitive advantage, sustained competitiveness, innovative SME, growing industry

Abstract

Purpose: The purpose of this thesis is to explore the process of strategic renewal implementation within an innovative SME operating in a growing industry, and the implications on its competitive advantage. In addition, the study seeks to identify the main causes of strategic renewal within this context.

Problem: Strategic researches have investigated to some point the process of strategic renewal, which has been widely recognized as critical for the sustained success of organizations. Even though there have been studies investigating strategic renewal and the need for it in today's competitive business environment, these publications have not dealt with the case of an innovative SME operating in a rapidly growing industry. Therefore, the authors of this thesis have identified a gap in the literature on the process of strategic renewal in that specific context. This created the incentive to explore how an innovative SME can drive and generate sustained competitive advantage to ensure its survival and further expansion in a competitive business environment.

Method: In order to fulfil the purpose of this qualitative research, an abductive approach that was based on a single case study was undertaken. This was an instrumental case study, thus the primary data was gathered through semi-structured interviews with representatives of the management of Infobric AB, where the phenomena of strategic renewal and sustained competitive advantage were explored.

Analysis: This research contributes to the academic field of strategy as it proposes a strategic renewal framework for innovative SMEs operating in rapidly growing industries. It aims to illustrate the necessity of this process to managers for sustaining or increasing their industry competitiveness. The authors suggest that the forces causing the urge for renewal process in an SME's strategy are both external and internal. It is also proposed that a strategic renewal implementation process occurs according to the following framework: recognition of threat/opportunity; evaluation; plan of action; implementation of renewal through new market entry; new product development; and new management system.

Conclusion: The conclusion of this research is that an innovative SME operating in a rapidly growing industry can gain sustained competitive advantage through strategic renewal implementation. The studied company Infobric AB is characterized as an innovative SME that is a market leader, flexible in their strategy, and responsive to environmental changes. Thus, the suggested strategic renewal framework is aimed to assist managers of companies that are characterized in the same manner and operate in fast developing and competitive business environments.

Table of Contents

1	Introduction	1
1.1	Background	1
1.2	Problem discussion	2
1.3	Purpose	4
1.4	Research questions	4
1.5	Definitions	4
1.6	Delimitations	5
1.7	Thesis layout	6
2	Frame of Reference	7
2.1	Strategy and sustained competitiveness	7
2.2	Environmental changes causing the need for strategic renewal	8
2.3	The implementation of strategic renewal	9
2.4	Innovative SMEs within growing industries	11
3	Methodology & Method	13
3.1	Methodology	13
3.1.1	Research philosophy	13
3.1.2	Research approach	13
3.1.3	Qualitative methods	15
3.2	Method & Research design	15
3.2.1	Case study	15
3.2.2	Data collection	16
3.2.3	Interviews	17
3.2.3.1	Snowballing or chain sampling	18
3.2.3.2	Writing the interview questions	19
3.2.4	Data analysis	19
3.2.5	Ensuring the quality and credibility of the study	20
4	Empirical Findings	22
4.1	The history of Infobric AB	22
4.2	Industry competitiveness	23
4.3	Factors causing strategic renewal	24
4.4	Strategic renewal implementation process	26
4.5	Key implications on the company's competitive advantage	28
5	Analysis	30
5.1	Strategy of innovative SMEs in fast-growing industries	30
5.1.1	Key factors that cause strategic renewal in innovative SMEs	31
5.1.2	Implementation of strategic renewal	33
5.1.3	Key implications on competitive advantage	35
5.2	Proposed strategic renewal framework	37
5.2.1	Recognizing threat/ opportunity	39
5.2.2	Evaluation	39
5.2.3	Plan of action	40
5.2.4	Implementation of renewal	40
5.2.4.1	New product development	40
5.2.4.2	New market entry	40
5.2.4.3	New management system	41
5.2.5	Sustained competitive advantage	41

6	Conclusions	42
7	Discussion	44
7.1	Contributions	44
7.2	Limitations	44
7.3	Future research	45
	References	46

Figures

Figure 1 Research Approach: Deduction, Induction, Abduction.....	14
Figure 2 Proposed Strategic Renewal Framework.....	54

Tables

Table 2 Interviews Overview.....	18
Table 2 Entrepreneurship and Small and Medium-sized Enterprises.....	54

Appendices

Appendix 1 Entrepreneurship and Small and Medium-sized Enterprises.....	54
Appendix 2 Interview Questions.....	54

1 Introduction

In this section, the background and problem discussion to the topic of strategic renewal are presented in order to give the reader an insight of what to expect in the later chapters of this paper. Further, the purpose and research questions of the thesis are stated, followed by definitions, which lay the foundation for the rest of the study.

This research paper is focusing on the strategic renewal process with an aim to identify the need for it, and how it can be implemented to generate sustained competitive advantage for an innovative SME in a growing industry.

1.1 Background

Environmental changes that could influence the firm are becoming increasingly undefined, fast moving, numerous, and require careful external focusing (Aaker & Mascarenhas, 1984). As the markets are open and there are no barriers to free market activities the companies are facing severe competition (Markgraf, 2013). Therefore, in today's turbulent and ever-changing business environment, the economic cycle and increased market competitiveness create incentives to change and require the development of new competences (Suikki, Tromstedt & Haapasalo, 2006). When new companies enter the market, the variables that affect the business performance and company's strategic reaction need to be in line with the new settings. It is vital to take the strengths of new entrants into account when forming a new plan of action, in order to ensure future growth, profitability and sustain the customer base (Markgraf, 2013).

The pressure to change occurs not only when threats to the company's survival are present, but also from the desire to grow and become successful (Baden-Fuller & Volberda, 1997). In addition, according to Porter (1979), changes in the key threats and opportunities in a firm's competitive environment should affect the renewal process and its direction. As a result, a firm should engage in continuous renewal in order to stay ahead of its competitors.

Strategic renewal is a concept that is used to describe the iterative process of action and learning with the purpose of aligning an organization's competences to changes in the external environment (Doz, 1996; Huff, Huff & Thomas, 1992). There are several factors that drive companies into strategic renewal, both external and internal (Baden-Fuller & Volberda, 1997). Environmental changes, new entrants, loss of competitive advantage or rapid growth are some of these factors that might direct a company towards renewing itself in order to survive (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece & Winter, 2007). More fluid and direct communication between different departments and management, as well as working in a closer contact with the market,

allow companies to be highly responsive to changes in the environment (Lloyd-Reason, Muller & Wall, 2002).

Successful strategic renewal overcomes the inertial forces embodied in an organization's established strategy and closes the gap between its existing core competencies and the evolving basis of competitive advantage in the industry (Floyd & Lane, 2000). According to Agarwal and Helfat (2009), strategic renewal enables companies to disrupt inertia by modifying or replacing their core competences to ensure successful future performance. Strategic renewal is structured in three sub processes: competence deployment, competence modification, and competence definition (Floyd & Lane, 2000). One of the most important parts of strategic renewal is the change and adjustment in strategic direction that has the potential to determine the long-term competitiveness of an organization (Sammut-Bonnici & McGee, 2015).

In globalized knowledge based and highly competitive markets the capacity to develop new products and innovate can be considered as one of the core competencies that SMEs need in order to maintain their competitive advantage (Kuo & Chao, 2014). F-Jardón (2011) states that the success of SMEs is positively associated with the development of new products, services or processes. However, companies' ability to compete can be limited if their products do not fully meet the needs of their customers either by poor design, poor quality, or poor customer service.

The concept of strategic renewal can be used to develop already existing strategy and help the company to can gain competitive advantage over its rivals (Hamel & Prahalad, 1996). The explanatory factors of competitive advantage have been addressed from many perspectives (Krugman, 1994). Moreover, the concept of innovation has been regarded as a critical concern for numerous industries. Some studies show the positive relationship between innovation and generating successful results by SMEs (Camisión, Lapedra, Segarra & Boronat, 2004; Lloyd-Reason et al., 2002).

1.2 Problem discussion

Strategic researches have investigated the process of strategic renewal up to some point, which has been widely recognized as critical for the sustained success of organizations. The existing literature argues that the main factors affecting the renewal processes originate in the changes of the key threats and opportunities in a firm's competitive environment (Porter, 1985). To begin with, Agarwal and Helfat (2009) focus on developing a definition of strategic renewal and distinguishing it from strategic change. Kim and Pennings (2009) investigate the phenomena in the context of mature markets. In addition, Baden and Fuller (1997) focus their research efforts on determining how large and complex organizations prepare for the future business environment through strategic renewal. Moreover, Prastacos, Söderquist, Spannos and Wassenhove (2002) provide an integrated framework for managing organisational change in a new

competitive landscape. These authors attempt to convey a complete picture of the enabling factors underlying successful organisational change initiatives.

Therefore, it has been determined that even though there have been studies investigating strategic renewal and the need for it in today's competitive business environment, these publications have not focused on the case of an innovative SME operating in a rapidly growing industry. Therefore, the authors of this thesis have spotted a gap in the literature for the process of strategic renewal in that specific context.

It is evident that companies' levels of growth are triggered by different factors and execution of various strategies, which might not be easy to perceive at first glance (Porter, 1985). Furthermore, innovative small and medium enterprises can be perceived as agents of change that constantly need to renew their strategies in order to stay in the industry. Therefore, organizational change is not optional but rather a crucial necessity for succeeding within the new competitive landscape (Prastacos, Söderquist, Spannos and Wassenhove, 2002).

Industries that have a high growth performance can be characterised as market widening industries that drive the overall economic growth, innovations and generate new employment opportunities (Holzl, 2013; Svensson, 2006). However, rapidly growing industries are fast developing and competitive business environments where companies face various threats, but also opportunities that could develop their business operations (Holzl, 2013; Porter, 1985). Thus, the authors find studying the strategic renewal process within an innovative SME that operates in a rapidly growing industry as important for the research field. Moreover, Liu (2013) argues that the future competitiveness of companies under dynamic and complex business situations relies on forward-thinking strategies. In other words, failure of strategic renewal adoption can lead to company's decreased competitiveness in the future changed market environment (Hopkins, Mallette & Hopkins, 2013).

Based on all of the above, the authors have determined an incentive to explore how an innovative SME can drive and generate sustained competitive advantage to ensure its survival and expansion, when operating in the competitive atmosphere of a growing industry. Since the literature has been focusing on the need of the process in general terms, the aim of this thesis is to examine the process and its implications on company's competitiveness in this specific case. Therefore, it could be stated that this study is new to the general research.

This topic deserves to be explored due to the fact that firms, which can sustain their competitive advantage, are able to outperform others in the long term (Liu, 2013). Defining a sustainable and most well suited successful competitive strategy gives the company a unique edge that helps them to have higher performance levels and sustain a dominating position within the industry (Porter, 1985).

Based on the literature review on the matter that is to be conducted, and the empirical findings that are going to be generated, the authors aim to investigate what creates the incentive for an innovative SME operating in a rapidly growing industry to implement strategic renewal. This leads to the first research question. Moreover, the authors are going to explore how such SME renew their strategy. This intention is outlined in the second research question. Finally, the implications on the innovative SME's competitiveness, after its strategic renewal efforts, will be identified as presented in the third research question. As previous researches prove that strategic renewal is an essential process, it is going to be examined whether it is true in the case of an innovative SME that operates in a rapidly growing industry. This context stands for dynamic business environment that requires undertaking the actions accordingly, thus it is crucial to explore the process of strategic renewal within it.

1.3 Purpose

The purpose of this thesis is to explore the process of strategic renewal implementation within an innovative SME operating in a growing industry and the implications on its competitiveness. In addition, the study seeks to identify the main causes of strategic renewal within this context.

1.4 Research questions

The following research questions provide the basis of the thesis and will guide the study towards reaching its purpose.

- *Why* does an innovative SME operating in a rapidly growing industry implement strategic renewal?
- *How* does an innovative SME operating in a growing industry perform the strategic renewal implementation process?
- *What* are the implications of adopting strategic renewal on the SME's competitive advantage?

1.5 Definitions

Strategic renewal

Strategic renewal can be defined as organizational learning process to connect the company's applicable strategy with ever changing environmental circumstances (Floyd & Lane, 2000). This process is vital for companies' ability to sustain its competitiveness in the industry and build on sustainable future strategy (Hopkins et al., 2013).

Innovation

According to Johnson, Scholes and Whittington (2008), the concept of innovation involves the conversation of new product, process or service and the putting of this new product, process or service into use, either via the marketplace or by other processes of delivery.

Small and medium-sized enterprises (SMEs)

According to the European Commission, “an enterprise is any entity engaged in an economic activity, irrespective of its legal form”. Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfil the criteria (Appendix 1). In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both (Fedulova, 2013).

Innovative Small and medium-sized enterprise (SME)

An innovative SME is reflected in its degree of willingness to change, its capability of undertaking continuous learning, and openness expressed through allowing diverse individuals to contribute by exploring ideas (Hurt, Joseph & Cook, 1977; Shepard, 1967). Moreover, an innovative SME is characterized by fast recognition of opportunities, organizational flexibility reflected in the absence of bureaucracy, rapid decision-making, and ability to quickly adapt to changing circumstances (Oukes, 2013).

Growing industry

An industry providing variety of functions where its earnings and revenues are growing faster than the market average can be defined as a fast growing industry (Mobile, 2014). It has the best growth performance among the industries and is an important driver for the dynamics within economics, diffusion of innovations, and employment generation (Holzl, 2013).

Competitive advantage

Porter (1985) describes competitive advantage as a consecutive process of value creating activities. A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors (Barney, 1991).

Sustained competitive advantage

Sustained competitive advantage can be defined as value creation strategy not simultaneously being implemented by any current or potential competitors and when these other business players are unable to duplicate the benefits of this strategy (Barney, 1991). Kotabe and Murray (2004) state that a unique combination of the firm's and its suppliers' capabilities in producing differentiated components in a product would provide the firm with a sustainable competitive advantage.

1.6 Delimitations

The intention of this thesis is not to explain the entire process of strategic renewal in depth, but rather to outline how it is implemented aiming at sustaining the competitive advantage of an innovative SME in a growing industry. Moreover, the empirical research for this thesis is conducted solely with one Swedish SME that has a specific organizational structure, which may not be applicable to all companies but only those

that possess similar characteristics. As a result, this study is likely to result in different outcomes for SMEs that are not innovative market leaders and do not operate in rapidly growing industries.

1.7 Thesis layout

In the first part of this thesis a summary of previous research within the field of study is provided, that is related to the process of strategic renewal and its incentives. Subsequently, the field of innovation within small and medium-sized enterprises and growing industries is discussed.

In the second part, the empirical findings that were gathered through interviews with representatives of the management of a Swedish innovative SME, which has implemented strategic renewal within their company, are presented. Through the case study, the paper is able to relate to the field of study in a deeper sense, provide an understanding why strategic renewal is necessary for sustaining competitive advantage, and explore how it has been integrated within the organization. Furthermore, the outline of how the interviewees believe that strategic renewal affects the process of innovation within a company is discussed.

In the last part, the authors of this paper analyse and discuss the findings based on the frame of reference. As a result, the paper is able to draw conclusions and answer the research questions. Finally, contributions, limitations and suggestions for future research are presented.

2 Frame of Reference

This section provides the reader with the context of the topic through a review of the adequate existing literature on the chosen field of study. It presents the definitions and theories of the chosen field of study: strategy and sustained competitiveness; environmental changes causing strategic renewal; the implementation of strategic renewal; and innovative SMEs in growing industries.

2.1 Strategy and sustained competitiveness

Increasing global competition, shorter product cycles, and accelerated technological breakthroughs create market environments in which organizations sooner or later experience conditions of scarcity (Schmitt, Barker, Raisch & Whetten, 2015). Thus, the continuously changing business environment requires new business perspectives to sustain competitiveness. Concepts such as innovativeness, rapid growth, competitive aggression, adaptability and proactiveness make the business environment a rather complex terrain to navigate in. There companies have to be flexible, strategic, and entrepreneurial to meet these concepts (Dogan, 2015).

According to Prastacos et al. (2002), the imperatives of innovation and flexibility are directly or indirectly related to a firm's ability to adapt to and satisfy the ever-changing customer needs. Meanwhile, organisational capabilities represent the firm's very capacity to implement, make sense of, and perhaps most importantly, sustain the changes required for being flexible and innovative. According to Leonard-Barton (1992), the developing and nurturing organisational capabilities is a process itself, which requires organisational changes.

For an organization to function successfully it is required to generate profit margin, and in order to do so competitive advantage at some factor is necessary. This phenomenon has been studied to a great extent ever since the 1980s (Porter 1980, 1985). Michael Porter has described competitive advantage as a consecutive process of value creating activities (Lumpkin, Droege & Dess, 2002). Lumpkin et al. (2002) divide this process into primary and support value-creating activities, where the primary activities are associated with the physical creation of the product or service, the promotion and transfusion to customers and its service after sales. Support activities supply value through execution of primary and support activities to product or service value creation (Lumpkin et al., 2002). Peters and Waterman (1982) present the concept of excellence, the continuous pursuit of which provides the basis for a unique competitive advantage.

Indeed, achieving competitive advantage is not an easy task, however in order to sustain it companies are demanded to continuously create and acquire capabilities that would help to generate advantages over their rivals. Sustainable competitive advantage can be defined as a unique combination of the firm's and its suppliers' capabilities in producing

differentiated components in a product (Kotabe & Murray, 2004). According to Peters (2010), excellence in execution was, is, and will be wherever and forever the number one sustainable competitive advantage. Barney (1991) obtains sustainable competitive advantage from the resources and capabilities that must have four attributes: valuable, rare, imperfectly imitable and not substitutable. Firms that can sustain their competitive advantage are able to outperform others in the long term (Liu, 2013).

2.2 Environmental changes causing the need for strategic renewal

In the ever-changing business environment organizations are challenged by external forces to adjust their core strategic competencies to sustain their competitiveness in the market (Mallette & Hopkins, 2013). These forces are generally described with the concept of strategic inertia. Strategy theorists describe strategic renewal as an adaptive process that develops firm's ability to disrupt inertia by modifying or replacing its core competences (Agarwal & Helfat, 2009; Lechner & Floyd, 2012). Strategic renewal can be defined as organizational learning process to connect the company's applicable strategy with ever-changing environmental circumstances (Floyd & Lane, 2000). The companies that successfully discover and implement changes in organizational strategy in order to meet the external environmental threats and opportunities are able to establish a strategic fit between their internal structure and competences (Zand, 2009).

There are several factors that drive companies into strategic renewal, both external and internal (Baden-Fuller & Volberda, 1997). According to Helfat et al. (2007), these factors could be environmental changes, new entrants, loss of competitive advantage or rapid growth, and might direct a company towards renewing itself in order to survive. Other prior research has primarily focused on the following drivers for firms' strategic renewal efforts: the underlying capabilities and learning process (Crossan & Berdrow, 2003; Dougherty, 1992); technological or competitive changes in the firm's environment (Kim & Pennings, 2009; Flier, Van den Bosch & Volberda, 2003; Volberda & Lewin, 2003); and the leadership characteristics and processes that enable organizations to embrace strategic renewal (Kwee, Van den Bosch & Volberda, 2011; Eggers & Kaplan, 2009; Cho & Hambrick, 2006). Environmental changes that could influence the firm according to Aaker and Mascarenhas' research (1984) include competitor threats, technological breakthroughs, political events, changes in cultural values and behaviours, or economic developments. The list will be longer when the scope of operations is broad and when the environment of the business is relatively dynamic. Managers involved in strategic planning cannot predict with certainty which factors with a potential to affect firms competitiveness in the future will turn out to be critical, therefore managers abilities to select the factors with highest potential to affect the organization in the future is crucial (Agarwal & Helfat, 2009).

Certainly, in the process of strategic renewal one or more sub-processes precede. However, the process of change in the business environment has to be noticed by

managers to create urgency for strategic renewal (Floyd & Lane, 2000). The mindsets of top managers influence the perception of environmental change where entrepreneurial mindset is set to respond more quickly than managerial (Hopkins et al., 2013).

2.3 The implementation of strategic renewal

The roots of the pressure for change can lead to market changing sources as new technology, globalization or industry development (Baden-Fuller & Volberda, 1997). For organizations operating in such markets, fast response to changes in the market environment where strategies such as downsizing, outsourcing, reengineering, corporate venturing and restructuring are required (Baden-Fuller & Volberda, 1997).

Firms appear worldwide to recognize the need for transformation and make efforts to implement the changes deemed necessary to improve their competitiveness (Prastacos et al., 2002). Strategic renewal is crucial for sustaining companies' competitiveness in the industry and in order to build a sustainable future strategy. Organizational change, in this context, is not just an option; it constitutes a fundamental necessity for success within the new competitive landscape (Hamel & Prahalad, 1996; Illinitich, D'Aventi & Lewin, 1996). Failure of the adaption of strategic renewal can lead to company's decreased competitiveness in a future changed market environment (Hopkins et al., 2013).

The procedure of strategic renewal indicates the process, content, and outcome of refreshment or replacement of attributes of an organization that has the capability to essentially impact its prospects within long term (Agarwal & Helfat, 2009). Major points of this definition refer to refreshment and replacement. This highlights the importance of monitoring and modifying current entrepreneurial strategy based on current and future constraints to meet the long-term prospects of an organization. Factors that are decisive to an organization's long-term plans might not be seen as important from current well-being perspective, and vice versa (Agarwal & Helfat, 2009).

In the research about strategic renewal Baden-Fuller and Volberda (1997) define mechanisms with relevance to revitalizing the existing competences and reordering core competences. Revitalizing refers to the bottom-up internal learning process with an aim to improve existing operations. Reordering directs to top-level process of changing core competences including introducing new units and selling old ones (Baden-Fuller & Volberda, 1997).

Based on Floyd and Lane's research (2000), strategic renewal is structured in three sub-processes: competence deployment, competence modification, and competence definition.

Competence deployment can be referred as a process where managers reinforce their resources with a goal to enter new market areas or develop already existing ones (Floyd & Lane, 2000). The process involves changes in strategic competences', which could involve employees' relocation, production process change, or management system change. For deployment to take place, the company and its management must understand the urgency for the change (Floyd & Lane, 2000). Competence deployment is one tool that managers can use in order to cope with strategic inertia. The synoptic process of competence deployment requires managers deploying resources to venture into new product market areas or to emphasize an existing product market position (Floyd & Lane, 2000).

Competence modification is a process where the need for renewal recognized by the managers monitoring the company's entrepreneurial processes throughout the company has been recognized (Floyd & Lane, 2000). Companies' transformation process reflects to a complex process where managers' abilities to continue consideration of development can determine the success of the applied strategy (Thoren, 2007). The process of competence modification can be linked to managers' competences to recognize the need for change throughout questioning organization's existing strategy and/or competences that help to produce an alternative strategy to meet the future demands (Floyd & Lane, 2000).

The last subprocess of strategic renewal, *competence definition*, relates to managers' search of new market opportunities through experimentation of new skills. This includes re-evaluating existing skills, competences, competitive advantages, and overall strategic direction (Floyd & Lane, 2000).

Developing new competences desires old competence destruction, which involves relative decrease in added value to company's operations, previously gained from an old capability (Sosa, 2011). Risk-averse managers would carefully consider whether imploding new competences would bring substantial gains to the added value in the near future and based on these assumptions would judge the need of competence deployment. Gatignon (2002) has proved managers' skills to identify independently the effect of competence destruction/enhancement at the markets in which their firms compete.

An evaluation of competence destruction/enhancement then leads to an applicable conclusion regarding which firms can acquire a competitive advantage over others through a discontinuity (Sosa, 2011). Competence deployment strategy demands high analytical and communication skills from managers in order to overcome constraints in strategy shaping processes, which will determine the organizations future.

According to the theory, the process of strategic renewal implementation is a component that provides a framework for situations where the resource allocations have great importance. However, the complexity is based on the information that is allocated dispersedly and that the parties possessing it obsess the objective of maximizing their self-utility (Kakhbod, 2013). In addition, having a systematic way of outlining and designing the process of information interchange is proven to increase the efficiency of management activities throughout the whole company (Yang, 2012).

2.4 Innovative SMEs within growing industries

Fast-growing industries can be seen as industries with the best growth performance, which are important drivers for the dynamics within economics, diffusion of innovations, and employment generation (Holzl, 2013). These industries characterized by strong growth in value added with relatively low increases in output prices could be described as market widening industries that have the ability to open up new markets for producers as well as consumers (Svensson, 2006).

Due to the fact that on average 99% of a nation's total number of firms consists of small and medium-sized enterprises that employ around half of the workforce, SMEs play a key role in shaping the economies throughout the world (Wood, Laric, Franzak & Pitta, 2014). In general, SMEs with their higher tendency for innovation and ability to shift traditional industries to embrace the high-technology arena and restructure the markets have become vital for overall economic growth (Audretsch, 2001).

The concept of innovation has been regarded as a critical concern for numerous industries. In the globalized knowledge-based and highly competitive markets, the capacity to develop new products and innovate can be considered as one of the core competencies that SMEs need in order to maintain their competitive advantage (Kuo & Chao, 2014). Predominantly, innovations rely on the process of diffusion combined with marketing activities for the reason that the performance of the firm is highly dependent on customer interest and subsequent purchases (Namgyook, Uisungd & Jeonghwan, 2012). However, there are two major strategic orientations concerning innovation suggested by Zhou, Kin and Tse (2005) such as market and technology orientation. In general, firms with a relatively high market orientation have a high sales performance and those that demonstrate a relatively high technology orientation have higher firm value (Uddenberg, 2015).

Some of the approaches frequently executed by SMEs in the constantly changing business environment include concentrating on market-oriented strategies and establishing a balanced strategy between the internal competencies and external needs (Namgyook et al., 2012). On one hand, it is evident that innovative firms manage easily to gain profits and achieve commercial success when they pay close attention to addressing the potential needs of the customers, and use their available resources in

order to create customer value with market-oriented strategies (Namgyook et al., 2012). On the other hand, for the innovative firms that focus on being technology-oriented, the success factor becomes evident when the market judges their products favourably and purchases them in sufficient volumes (Namgyook et al., 2012). However, even though these companies are perceived as innovative, sales growth is not guaranteed because their products tend to be often unfamiliar to customers (Atuahene-Gima & Ko, 2001).

Although innovative SMEs are considered to have better financial performance than regular SMEs, the interrelations between the growth and innovation is not always forthright. Previous studies have found a significant and positive impact (Coad, 2009), no significant impact at all (Demirel & Mazzucato, 2012), and even a significant and negative impact (Coad & Rao, 2008) between innovation and the growth rate of the company. The effect of the innovation on firm's growth depends mainly on the characteristics of the particular company and the balance between market and technology orientation strategies (Uddenberg, 2015). Markets do not always reward the most innovative firms, and interestingly these innovative firms that possess a good balance between the two orientations do not have outstanding outcomes among them (Uddenberg, 2015). In other words, in order to succeed it is important to choose one of the strategies that will be most effective taking into consideration the product fit to the market.

It is essential for SMEs to understand the factors that determine innovation and its contribution in order to corporate achievement (Namgyook et al., 2012). For establishing a competitive advantage in the global marketplace, SMEs need a significant knowledge base, resources, and continuous updates compared to larger firms that may take it for granted (Zelong, Jigang, Dong & Longwei, 2011). The difficulties for SMEs rely on the scale advantages that they have not been able to develop compared to large companies that have existed long enough to gather commercial resources in order to grow extensive distribution networks, reputation and trademarks. For that reason, to sustain better performance than competitors it is important for organisations to have the competence of understanding and meeting the needs of customers that improve the economic efficiency, customer loyalty, and competitive differentiation (F-Jardón, 2011).

3 Methodology & Method

In this section, it is presented how the study has been conducted. It starts with an argumentation for the choice of a research philosophy that has influenced this thesis, followed by a motivation of the selected research approach and research strategy. Thereafter, the data collection, how the data are analysed and trustworthiness are described.

3.1 Methodology

3.1.1 Research philosophy

Saunders, Lewis and Thornhill (2012) identify the approach of understanding and explaining a particular set of circumstances in complex, unique business situations as interpretivism. According to it, researchers need to focus on human characteristics involved in the organization rather than objects to understand the complex managerial processes in organizations (Saunders et al., 2012). Therefore, the authors found interpretivism as the most suitable research philosophy for fulfilling the purpose of this thesis for two reasons. Firstly, considering the social complexity of the research field, it required adopting an empathetic stance rather than simply analysing objective data. Furthermore, interpretivists use “social actors” theory to describe individuals’ interpretation of their roles in the organization, meaning every individual has a different perception of their duties and responsibilities (Saunders et al., 2012). Thus, the researchers conducted a qualitative study to gain understanding of how the process of renewing strategy influenced company’s competitive advantage from the strategic management’s point of view. Secondly, it was relevant for this research to analyse individual characteristics such as choice, emotions and values of the strategic management body to provide answers to the research questions. According to McLaughlin (2007), interpretivism helps with describing these particular characteristics; thus, this thesis drew mainly on this research philosophy.

3.1.2 Research approach

There are two general research approaches for examining the relationship between theory and data: induction and deduction (See Figure 1). The research philosophies and their assumptions tend to emphasize the application of either induction or deduction due to the fact that they are seen as two linear processes (Blaikie, 2007). However, according to Hyde (2000), as the research process is more complex and the application of extreme deduction could lead to prevent the development of a new theory, overtaking the extreme inductive approach could result in loss of significant and appropriate concepts and perspectives. According to Saunders et al. (2012), it is often advantageous to combine induction and deduction and introduce a third research approach – abduction, which was undertaken in the research for this thesis. This real life research process has been described as a “spiral”, allowing the authors to alternate theory and

reality (Lee & Lings, 2008). Hence, this approach adds more value to the research and avoidance of the undesirable extremes (Saunders et al., 2012).

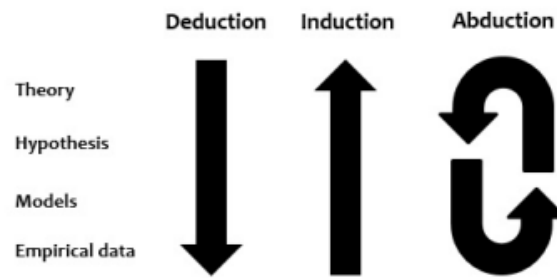


Figure 1- Research Approach: Deduction, Induction, Abduction (Alvesson & Sköglberg, 1994)

The motivation behind choosing the abductive approach for this thesis was that it allowed the researchers to modify an existing theory by researching the otherwise extensively researched topic of strategic renewal in a context where there is not significant amount of research made (Saunders et al., 2012). According to Danermark, Ekström, Jakobsen and Karlsson (2002) abduction could be described as a move from a certain conception to another, possibly more developed or deeper conception of it. This occurs through placing and interpreting the original ideas about the phenomenon in the frame of a set of new ideas. Therefore, this approach was very appropriate for this thesis as it explores the process of strategic renewal within an innovative SME operating in a growing industry.

The abductive approach could, on one side, begin with a theory followed by an observation, which enables the researcher to derive a conclusion consistent with the theory (Dey, 2004). However, it differs from deduction due to the fact that it allows the researchers to draw a credible conclusion instead of a logical resulting from a hypothesis. On the other side, it could also start from an observation and continue by searching for an appropriate theory to interpret and derive a conclusion (Saunders et al. 2012; Dey, 2004). But yet again, abduction differs from induction because it combines theory and observation with the aim to interpret something specific, rather than generalizing the conclusion.

Initially, the authors of this paper chose to focus the research on the field of strategic renewal. Thereafter, a meeting with one of the co-founders and VP of Sales of the SME undertaken as a case study in this thesis, resulted in improved insight of the chosen topic. The researchers obtained an overview of the implementation of strategic renewal actions within the SME. There seemed to exist certain strategy renewal processes that possessed implications on the competitive advantage of the SME. As a result, the researchers were enabled to focus on sense making and sense giving, thus deduction, by conducting a literature review. As a result, the authors got introduced to the causes of strategic renewal. After building the theoretical framework, the research questions were

formulated; hence the authors applied the induction approach. The following interviews provided a deeper understanding of the field of study through empirical data that was interpreted to answer the research questions and draw the final conclusions.

The chosen approach affected the design of the inquiry. Hence, recognizing the appropriate research approach allowed the authors to make an informed choice regarding the research design, which is defined as a set of techniques and procedures for gathering and analysing data (Easterby-Smith, Thorpe & Jackson, 2008).

3.1.3 Qualitative methods

As stated by Sayre (2001), "gathering intelligence about the marketplace is the purpose of conducting research of all types". The chosen way of conducting the current research through interviews with board members taking strategic renewal decisions for an organisation, aimed to emphasize the market understanding and reveal valuable attitudes and perspectives that could hardly be accessed through a traditional quantitative approach. In contrast to quantitative methods, which can measure and evaluate data numerically and statistically due to limited set of questions and standardised answer categories, a qualitative study provides an insight to a topic that is largely exploratory in nature and on what limited literature exists (Erlenmaier, 2009).

Qualitative research methods that used the emerging qualitative approach to inquiry were based on gathering the data regarding people and places under study in natural settings. In this particular case, the focus was on collecting the data through interviewing people situated in one company and analysing the data that was inductive and established patterns including the voice of participants (Creswell, 2007). The qualitative in-depth interviewing method for data analysis examined the motivation behind the decision-making processes in an innovative SME with an aim to provide a complex description and explanation in order to answer the research questions.

Qualitative methods were considered to be appropriate for this thesis as the data was detailed, rich in information, and the researchers desired to gain an in-depth understanding of the subject (Ritchie & Lewis, 2003). Taking into account the complex nature and subject of the research questions, the authors of this thesis considered the qualitative methods approach to be a highly beneficial and applicable in this case.

3.2 Method & Research design

3.2.1 Case study

This thesis was mainly an exploratory study conducted to develop new insights into strategic renewal and its implications on SMEs' competitive advantage (Saunders et al., 2012). A single case study was chosen as it allowed the authors to observe and analyse the strategic renewal phenomenon and its implications on the company's competitive

advantage in the case of an innovative SME operating within a growing industry (Saunders et al., 2012). This choice is further supported by Yin (2003), who states that a case study is suitable when investigating a phenomenon within its real-life context. The authors of the thesis found the single case study method to be the most appropriate for the purpose of the paper as it was seen to be the most advantageous method for gaining a deeper understanding of the research subject of strategic renewal (Yin, 2003).

The case of Infobric AB was undertaken as an instrumental case study, where the case was used as an instrument to access the process of strategic renewal (Stake, 1995). Specifically, it was the implications that strategic renewal had on the company's competitive advantage that was interesting to the researchers, rather than the company itself. In other words, the selected case enabled to maximize what the authors could obtain in terms of knowledge as case study strategy enables the researchers to generate answers to the questions "why?", "what?" and "how?" (Saunders et al, 2012). Thus, in this research the empirical analysis was based on a case study with the purpose of exploring the research topic and gaining a deep understanding on it through one specific case rather than generalizing and aiming to understand other cases (Stake, 1995).

Stake (1995) states that time and access often is limited when undertaking fieldwork, thus it was necessary to select a case that is easy to access and that shows hospitality towards the inquiry. Infobric AB represented a company that offered the researchers easy access both in terms of physical distance and the professional established relationship.

Saunders et al. (2012) state that a study performed at a particular time is defined as a cross-sectional study, while studying a phenomenon over time is defined as a longitudinal study. Due to time constraint of this project, the case study conducted was cross-sectional.

3.2.2 Data collection

Data collection process begins with the research purpose and problem definition where data of previous research and researchers' knowledge about the field of study was discussed in order to define the structure and construct the plan of the study. Researchers' previous experience and gained knowledge in particular field of study affects data collection process, mainly providing them with increased efficiency. The data collected in the research was divided in two types: primary and secondary data. On one hand, the primary data including interviews, surveys and observations was collected specifically for the research paper by the researchers to provide specific evidence, which later could be used to analyse the research questions. (Saunders et al., 2012) On the other hand, secondary data which was collected through research of previous studies including related books, scientific articles, published summaries etc., collected for a purpose other than the particular research to strengthen the research credibility and

provide additional and comparative information for the research analysis (Saunders et al., 2012).

For this thesis the literature about strategic renewal, competitiveness and innovativeness in SMEs' was mainly preceded through the electronic search engine of Jönköping University library due to the given free access to large amount of electronic books, articles and other published information. In addition search engines as Google scholar and Scopus, as well as topic related books available from the Jönköping University library were used to gain knowledge and specific secondary data for this research. The data was collected in critical manner where more than one search tool was used to gain different perspective on the topic of strategic renewal. Academic journals, recently published articles, books and other academic publications were used in the data collection process to construct reliable framework for the research.

In the search process, the following key words were used: *strategic renewal; competence deployment; competitive advantage; sustained competitiveness; innovative SME; innovation; growing industry*. In addition, the key words were used in constructed sentences to sort out relevant information sources. Several specific adjectives and verbs were used to improve the search results. For credibility reasons the number of article citations and the year of publishing was used as serious criteria for the choice of articles. Most of the articles fit the time frame between 1979 and 2016; a few older articles were used to provide information that strengthened the classical knowledge of the particular field of study. Only most relevant information was used in the research based on authors' views and research purpose.

The primary data for this particular research was collected through semi-structured interviews within one single organisation in order to strengthen the reliability and credibility of the research. The sample in the specific company was chosen to best fit the research purpose and due to research delimitations. The sample of interviewees inside the company was allocated through their involvement in the decision-making regarding strategic renewal processes within the studied company, and their influence to the company's corporate strategy.

3.2.3 Interviews

According to Saunders et al. (2012), interviews can be categorized into three types: structured, semi-structured, and unstructured/in-depth interviews. These categories are based on the set of questions interviewers commonly use during the interviews and the purpose of the research. It is very important that the type of interviews matches the research contain in a best suitable way, where gathered data can further be used as credible tool in the process of analysis. The semi-structured interviews type was chosen for this thesis as it enabled the authors to use key set of questions where every theme could be continuously questioned to gain more in-depth knowledge if needed.

This research was built on a set of questions and objectives, semi-structured interviews gave the authors an opportunity to structure the key set of questions, each set relating to a subject of interest correlated to the research purpose. In this case, the key sets of questions were related to strategic renewal, competitive advantage and industry competitiveness. In addition, more specific questions were asked regarding interviewees position in the company and involvement in strategic planning. The interviews were conducted in face-to-face meetings.

An overview of the interviews could be seen in Table 2 below. Two interviews were conducted with members of the executing board of directors of the studied company, responsible for taking the strategic decisions for Infobric AB.

Table 1- Interviews Overview

Board member	Name	Position	Year of joining the company	Duration (min)	Date
1	Kenneth Johansson	Co-founder and Vice President Sales	2004	105 65	2016-03-17 2016-04-21
2	Johan Harrysson	CEO Sweden	2013	70	2016-04-21
3	Jens Landén	Sales Manager	2009	50	2016-05-10

Saunders et al. (2012) outline several main categories for use of semi-structured and in-depth/unstructured interviews including exploratory research study, significance of establishing personal contact and nature of questions. This research was based on exploratory study, where establishment of infer causal relationships between variables were considered as important. Semi-structured interviews provided an opportunity for the researchers to establish deeper relationship with the interviewees helping to gain better knowledge about the reasons for the decisions that they had taken regarding to the topic of strategic renewal (Saunders et al, 2012). The set of questions played significant role in data collection process through interviews. Indeed, this research required an open discussion where interviewees were allowed to explain their decisions completely and interviewers were able to question arising constrains to understand the situation completely (Saunders et al, 2012).

3.2.3.1 Snowballing or chain sampling

The authors of this thesis were able to select the perfect sample of interviewees through the usage of the sampling technic referred as snowballing or chain sampling (Ritchie & Lewis, 2003). In other words, after conducting each of the interviews, the board members were given the set of characteristics needed for the research and were asked to suggest a suitable person from the company that possesses these research characteristics. Afterwards, the suggested individual was approached for an interview. After the first interview with the co-founder and Vice President of Sales at Infobric AB,

the researchers were provided with a suggestion for the following two interviews with the CEO of the Infobric Group and the Sales Manager. These two representatives of board of directors were seen as the most suitable candidates for this research according to the initial contact that the researchers had with the company. Thus, the interviews with these individuals were conducted shortly after. Ritchie and Lewis (2003) point out the lack of diversity as the interviewees are selected based on same characteristics, however the perception of these characteristics differs between people. Therefore, the researchers are confident not just about conformity of the interviewees but the data diversity as well.

3.2.3.2 Writing the interview questions

The interview questions were constructed based on the research questions and research purpose. The questions were discussed within the group in advance to ensure their quality and concordance to the research. A set of questions was adjusted to specific area of the research to guide the interviewees and construct the base for analysis. The aim of the questions was to gain initial understanding of specific research subjects regarding the strategic renewal process in the studied example of an innovative SME operating in a growing industry - Infobric AB. All the questions were tested several times to ensure the quality for the research.

3.2.4 Data analysis

According to Stake (1995), there are two methods to precede a case study analysis: categorical aggregation and direct interpretation. The first one relates to aggregation of data in certain categories based on specific characteristics, which can further be analysed based on these characteristics. The second one means an interpretation of individual instance to specific fundamentals (Stake, 1995). The authors of this thesis were mainly using categorical aggregation as the interview questions were grouped to gain specific knowledge about research relative issues.

Based on the outlined principles (Saunders et al., 2012), the recorded interviews were transcribed in written text to separate questions and interviews from one another. Furthermore, the text further was used in the construction of empirical findings section of this paper. In the process of analysis only the most relevant data was used due to time and delimitations constraints. The data was categorized based on the interview question areas to increase work efficiency and relevance to this research.

In the first part of the analysis, the gathered data was compared and analysed on the base of frame of reference and empirical findings, where each part was grouped with representative part of each section. The analysing process brought substantial findings to innovative SMEs' operations in a growing industry from the existing theory perspective. In the second part of the analysis, it was provided specific case related model of strategic renewal implementation process at growing SMEs and sustainable

competitiveness generation through this process. Also, the research provides propositions at this section based on generated interrelationships.

The analysis was drawn on both firm and industry level. It included industries specific characteristics affecting competitiveness of the firm and firm's specific characteristics effects on the position in the industry. Also effects on strategic renewal implementation process to firm's competitiveness were discussed and propositions were made.

3.2.5 Ensuring the quality and credibility of the study

Providing assurance to readers about a study's quality and trustworthiness is commonly recognized as one of the main challenges that researchers face throughout the conduction of a qualitative research (Saunders et al., 2012). It is essential to be consistent throughout the whole research study in terms of the research questions, theoretical framework and methodology (Alvesson & Sköldbberg, 2009). The authors of this thesis aspired to comply with this statement in their strive towards producing trustworthy findings. According to Zucker (2009), a study's trustworthiness may be improved by having a clear methodology. Therefore, the authors strived to explicitly outline the research philosophy and approach, to which endeavoured and were in line throughout the entire study.

In addition, one can increase their research work's transparency through the use of clear evaluation criteria while outlining its strengths and limitations, which leads to the establishment of trustworthiness (Eriksson & Kovalainen, 2008). Guba (1981) suggests four criteria for establishing trustworthiness of a study: *credibility*, *transferability*, *dependability* and *conformability*.

It is vital to ensure *credibility* of a research, meaning that the collected empirical data should reflect the reality in a large extent (Guba, 1981). A way of strengthening *credibility* of one's study is through conducting interviews only with people that participate in the research on their own will. In that case, it increases the degree of honesty and hence the level of *credibility* of the findings (Shenton, 2004). The interviewed representatives of the researched SME had a choice to refuse participation in this study. However, the targeted interviewees were positive to the researchers' inquiry for an interview due to their interest in the authors' analysis of the findings.

Aiming at ensuring the trustworthiness of this study, the researchers aimed at gathering credible answers. As a result, they strived to be as objective as possible throughout the interviews and were careful to not mention their personal expectations that could have affected the participants. In other words, the authors have been simultaneously striving towards *conformability* (Guba, 1981). This concept is described by researchers as a process of ensuring that empirical findings reflect the real experiences of the participants and their ideas, rather than the imagination and preferences of the

researchers (Guba, 1981; Shenton, 2004; Eriksson & Kovalainen, 2008). Nonetheless, according to Patton (1990), it is highly challenging to ensure a genuine objectivity when conducting a qualitative research, as personal biases are inevitably present. However, the fact that the research was conducted through a cooperation between three students with diverse backgrounds, own views and interpretations resulted in extensive discussions on the formulation of the interview questions, and the analysis of the gathered data. As a result, the individual biases in the drawn conclusions were reduced as much as possible.

The reliability of a research in the sense of how consistent the researchers provide the information to the reader is called *dependability* (Eriksson & Kovalainen, 2008). The conducted interviews for this study were recorded and shortly after, transcribed. This allowed reaching of a consistent level of reliability of the presented data as it clearly illustrated the interviewees' answers on the interview questions. Moreover, after completing the empirical data gatherings and transcription, the authors addressed it back to the interviewees with the aim of correcting any wrong misinterpretations that could have possibly been made. This process was essential to reduce biases for the final results that may have emerged from the interviews. As a result, a further support on the credibility, dependability and conformability of this research was provided.

Lastly, according to Guba (1981), transferability or external validity is also an important criterion for trustworthiness. It concerns the generalizability of a research as it refers to the extent of similarities between the findings and previous results (Eriksson & Kovalainen, 2008). The researchers interviewed representatives of a single SME for this study; one can assume that the degree of generalizing the findings results in *transferability* not being present. However, Stake (1995) argues that even though qualitative findings are context-dependent, a larger group is represented and the existence of this essential criterion for trustworthiness may be possible. The authors' aim with this research is to illustrate results that could serve the managers of innovative SMEs operating in growing industries that possess similar characteristics to the studied company – Infobric AB. As the researchers' interest lies within strategic renewal and the implications that it has on an innovative SME's competitiveness, they consider Infobric AB to be an adequate case study for the research due to its history of strategic renewal, being innovative and operating in a growing industry. The sample of this research is made of professionals involved in navigating and managing the SME's strategy, and the conducted interviews resulted in gathering of similar responses to most questions. As a result, it could be generalized to some extent within the SME itself, as well.

4 Empirical Findings

This section summarizes the empirical data gathered during the research. Firstly, the history of the studied company is presented in order to provide the reader with a broader perspective of the company. Secondly, the empirical results of the interviews are presented, without any deliberate interpretations but simply based on the interviewed managers' perspectives. Thus, the base for a better understanding of the analytical work following in the subsequent chapter is provided.

In the following subsections, history of the studied company and respondents' view of their *Industry competitiveness, Drivers behind strategic renewal processes, Strategic renewal implication process, and Key implications on the company's competitive advantage* are presented.

4.1 The history of Infobric AB

Infobric was founded in 2004 in Jönköping after the four founders Kenneth Johansson, Claes Rydin, Werner Hillges and Lars-Göran Lindqvist spotted problems that the construction industry was facing. Their goal was to make the construction sites safer and more efficient in order to give the construction managers an overview of who is on site and reduce the thefts (Kenneth Johansson, Co-founder and Vice President Sales).

The first phase started with developing technical solutions for the freight containers where all the valuable equipment was stored on the construction sites. The main idea was to replace the regular key with an access system to be able to control who enters the container and at what time (Kenneth Johansson, Co-founder and Vice President Sales). The new technology combined a lock for the container and registering system. *"To be able to open the container employees have to swipe a card, which register their visit,"* explained Kenneth Johansson. Even though the locking system was a successful product the focus has changed to construction industry where the demand for tracking people entries to the construction site is higher. After receiving support from the biggest construction company in Sweden – PEAB, which used to face these exact difficulties, Infobric AB started with the development of their first product for containers. *"The locking system still holds a large percentage of the total value of the sales"* outlined Kenneth Johansson and continued by explaining that the company's focus was shifted during the years.

In 2008 the company changed their managerial structure and introduced themselves to external investors gaining financial and managerial resources. The same year Infobric AB generated growth over 40% and it has been holding this growth rate for over six years now. In 2009 the board decided to enter the Norwegian market aiming at increasing the sales volumes and follow their main customers, which besides Sweden, also operates in Norway: *"Again, it was all about the customer needs. The big companies such as NCC and PEAB both operate in Sweden and Norway. For PEAB it*

was clear that we should use the same system in Norway and Sweden because they have the same needs in both markets,” explained Kenneth Johansson.

Today, Infobric AB is something totally different than what it used to be ten years ago. According to the Sales Manager Jens Landén, nowadays Infobric is the only company that can provide a full solution for construction sites consisting of access control, machine control, and heat metering systems. They have offices in Sweden, Norway, Finland, the United Kingdom and a development team located in Ukraine. In Sweden and Norway the company is among the market leaders while in United Kingdom they are still rather small, however growing. *“We are very successful in Sweden and Norway but we still need to find a good way how to go to into new markets,”* commented the CEO Johan Harrysson. During the past years the company has been experiencing a rapid growth and is operating on 3000 construction sites, providing variety of products and systems for controlling and monitoring. The solutions developed by Infobric AB have helped to reduce the thefts by increasing the security, provide better efficiency on the construction sites and allow the companies to spend less time on the administration.

The company’s main office is located in Jönköping where it has expanded to forty employees that serve the whole construction industry through various services, and outsource some of the work tasks. The ID06 that has set to be the standard for the whole construction industry and titled with the “Innovation of the Year” award in 2015 has helped the company to keep the standard and market leader position within the construction industry (Kenneth Johansson, Co-founder and Vice President of Sales).

4.2 Industry competitiveness

Infobric AB has become the leading supplier of access and control systems within the construction industry. Overall, there are several companies providing different components of the solution that the studied company offers. The Vice President Sales, Kenneth Johansson, discussed on this: *“For example, some of our competitors have a reseller of Regboxes and maybe these boxes are used for something else. They adapt it, change a little and then use it in the construction industry.”* On the opposite, Infobric AB is known as the only company providing a complete solution. *“We listen to our customers and develop only what the market demands. In this way, we are always first with the latest products and can then gain and maintain market share,”* said the Sales Manager Jens Landén. The company stands out due to the fact that they specialise within the construction industry while competitors work within all industries, which provides them with expert knowledge regarding the construction industry. According to Kenneth Johansson, this gives Infobric an edge that customers within construction prefer.

The CEO Johan Harrysson also discussed that the competition scene depends on the country where the company operates. Infobric AB operates in Sweden, Norway, Finland

and the United Kingdom; thus, positioning in the market varies in different countries. *“In the Swedish market, we have been dominating for some years (...) overall we have about thirty competitors but as we have long history in the market, we still have a strong position. In the UK market, we are latecomers and we have a relatively weak position compared to the Swedish market. In the other markets – Norway and Finland we are one of the main players”*, explained the CEO.

The scale of competition for the company is strongly dependent on the governmental regulations. *“During the first years when we started, it was only four companies that were authorized to provide the system. That has changed during the last two years and now there are fifteen or sixteen companies that have the accreditation to provide ID06 systems”*, commented Kenneth Johansson. Although the rapidly growing market attracts the interest of many new companies, Infobric AB manages to keep the dominating role in the Swedish marketplace. Overall, the company has developed a strong position in that market and set high barriers to entry for the newcomers through early entrance to the market and working closely with the construction businesses and rental companies. *“It’s all about trying to solve problems in a good way by using our skills, platform, electronics, and software”* said Kenneth Johansson.

The Vice President Sales stated that one of the main strengths of the company relies on the extremely competent team that has been working with the process of developing specific solutions for the construction industry for many years *“(...) we have a very strong coordination with the industry and we have a very skilled team that can really take these ideas and make them into products and services.”* The main common characteristics are the product quality and price levels that are competitive in all markets; *“the main variance relies on the sales advantage that is different on the markets”*, explained Johan Harrysson.

4.3 Factors causing strategic renewal

According to both of the respondents, strategy meetings with the board of directors and the owners of the company are held once a year and usually take place in September. The agenda of these meetings include summarizing the year as well as discussing the long-term strategic outlook for the product and market development. The Vice President Sales, Kenneth Johansson explained that: *“This process started around 2008 when we got the first external owners (...) usually we also take some external person from the machine rental or construction industry just to get their view on our company and also to get more strategic outlook so that we can fit our offer to the market outlook for the construction industry.”* However, Infobric AB takes into consideration that sometimes it is not enough to conduct a strategy renewal meeting once a year and there are events in the external environment that cause a direct impact on the company. *“All companies need to take a step back and it is really important to do it in a structured way (...) you*

really need to renew your strategy when the world around you changes” elaborated Kenneth Johansson.

Until now the main changes in the company’s strategy have been expanding to new geographical markets, refocusing on the initial Swedish market and customizing the product portfolio according to the customer base in the specific location. There are two main drivers that have stimulated this strategic renewal: customer needs and a need for an increase of the sales volumes. According to the CEO: *“A few years ago we expanded outside Sweden because the market was not big enough here. At that time we needed more volumes so we expanded in order to get these volumes.”* According to the Vice President Sales, the board decided to expand the company initially to Norway due to the fact that Sweden is a small market and it was a promising opportunity to follow the customer into the Norwegian market. The idea of implementation of the strategy came in a close relationship with customer needs. *“Again, it was all about the customer needs. The big companies such as NCC and PEAB both operate in Sweden and Norway.”*

In 2015, a regulatory change was announced and the law was implemented on 1st January 2016. It requires all of the construction companies in Sweden to have products as the ones Infobric AB offers: *“these regulatory changes are very important for us”* shares the CEO. He identifies this law as one of the main drivers behind some of the main changes in the strategy of the company over time: *“now we have volumes in Sweden and we are refocusing on the Swedish market again. If we see it in UK or in Norway we would probably focus on these markets again also”* (Johan Harrysson, CEO). Kenneth Johansson mentioned this reason as an example of how important it is to be able to renew the company’s strategy when the environment changes: *“(…) last year when the new legislation was on its way, we had a strategy meeting during the springtime instead waiting until September, because we saw that when the legislation comes into a place we need a new agenda.”*

Kenneth Johansson added on this by stating that: *“The machine and energy control units were purely driven by our customer needs, for us it was also important to provide a product portfolio in order not to limit our sales.”* The interviewee continued by explaining how this new product was developed through cooperation with one of their customers, who contacted the company saying: *“(…) since you know who is at the construction site then you also know when no one is at the construction site, then it should be possible to control the heating system somehow and save money through reduced energy.”* As a result, Infobric AB engaged in cooperation with El-Björn, that is the leading company in the electric industry for temporary electronics. Together they created an energy efficient system that controls the heat; thus, during working hours the temperature is 21 degrees Celsius and during the night the temperature is 14 degrees Celsius. Therefore, Infobric started working with energy efficiency (Kenneth Johansson, Vice President Sales).

When it comes to competitive rivalry effect on the strategic renewal process, the CEO Johan Harrysson explained that: *“In the Swedish market it has not been the competitive situation that has developed our strategy until the last two years because then a lot of small players came into the market and we had to adjust to make sure that we can compete with them. That has been a big change.”* Kenneth Johansson elaborated on that: *“(…) you should always pay close attention to the competitors. Since the market is rapidly growing it attracts interest of many companies when they see how much bigger it is compared to what it was a couple of years ago.”* During the interview, the Vice President Sales gave a clear example of a situation where competitors have been the main drive behind such for Infobric AB: *“we did not have an app and then some construction companies might go to the app providers, so it was very clear to us that we just have to find partners and employ new people to develop this new product range for us.”*

One of the main challenges in the studied company regarding the choice of direction for strategic renewal is finding the balance between investments in new product development and increasing the sales force. It is a challenge to evaluate, which is going to bring the greatest return on investment. *“(…) you need to be very clear why you are making a strategic decision”* (Kenneth Johansson, Vice President Sales). The CEO of the company also put an emphasis on the fact that a balance should also be found between planning of the strategy and the actual execution: *“sometimes people spend too much time on it (strategic thinking / planning) but we also need to spend time on doing what we have planned during our last meeting. Selling the products, developing them, making sure to get the revenues; execution is more important than just trying to do the strategies.”* The unknown nature of potential future environmental changes and the effects they could have on that specific strategic decision made at the present time, are the other main challenges for taking strategic decisions regarding the long-run. These were recognized by all of the interviewees.

Asked about strategic renewal implementation process Kenneth Johansson stated a scheme Infobric AB is working after to ensure the quality of the process: *Customer needs → Management team → Board information → Board decision → Executing the project.*

4.4 Strategic renewal implementation process

From the conducted interviews with the top managers and board members of the studied company, it became clear that Infobric AB is putting a lot of emphasis on technology development and increasing of sales through expansion of the customer base. According to the Sales Manager Jens Landén, one of the most important decisions for the company was to start cooperating with rental companies that have supplied Infobric’s products to the end customers. This has not only been enabled the company to keep a lean organisation, but also saved them from huge office and staff costs.

Infobric AB has been continuously taking choices to work closely with their customers in order to develop their technology. During all of the interviews, the board members of the company stated that providing technical solutions for their customers has been one of the key milestones for the direction of their technological competence deployment. Furthermore, Kenneth Johansson explained that: *“Being an innovative company is about listening to the customers and doing the best to solve their problems.”*

Based on their market innovativeness, Infobric has been one of the front-runners mainly due to their technology competence developing strategy. All of the board members that were interviewed about the main competitive advantages of Infobric AB put product quality and relatively lower costs as highly important. *“We have a price level that is very competitive in all our markets and the product quality is above most of the customers.”*

Second big section in Infobric AB’s strategy has to deal with customer selection and sales increase. During the last years, the company has applied competence deployment strategy by moving into new markets, namely: Norway, United Kingdom and Finland. The SME entered the Norwegian market on a small scale in 2009. By following the customer, they showed that they work for them and have no intention to stop the cooperation that they had developed together. In other words, moving to the markets where the customers were, established stronger customer relationships.

However the implementation process was not simple, the company was forced to deal with several issues and the main strategic tactic was to establish local sales groups with deep knowledge of the local market. The company entered the Norwegian market through a Swedish representative who was travelling from Jönköping every week. Kenneth Johansson explained that this decision was taken instead of immediately establishing a subsidiary, due to the investment that such strategy required both in time and administration: *“(...) to do that kind of investment you want some foundation in the business before a subsidiary is created”*. However, this was more a temporary solution, as too many projects were at hand in Norway. The reason behind the high demand might have been the introduction of a legal requirement in Norway during 2008 that everyone must have this type of ID card on the construction site. Thus, a sales representative was not enough anymore and the company’s board and owners took a decision to create a subsidiary in Norway in 2011.

The CEO emphasised the fact that entering Norway was not as challenging compared to the UK market: *“The challenge with going to the new markets was the cultural differences in those markets. We invested in new people, and finding those people to go into new markets was the main challenge. It is important to get the right competence level and also to teach the rest of our company about the challenges that we have for example in UK.”* By moving into new markets Infobric AB has applied strategic

renewal through competence development strategy where the main drivers were increasing the sales and satisfying their customer needs in the other markets. According to the CEO, Johan Harrysson continuous growth is a necessity that Infobric AB has to meet in order to stay in leading positions in highly growing industry, where solution has been found in different implementations of competence deployment strategy.

Regarding the future Johan Harrysson, the CEO of Infobric Group named the investment distribution between sales and product development: *“The biggest challenge for us is to find the balance between investing in sales; recruit sales people and invest in new products. For example, is it better for us to hire 10 new sales guys in UK or to build a new product?”* This clearly indicates two main sections of competence deployment strategy the Infobric AB applies, meaning either they are going to try to move into new markets or develop new technological advantage.

4.5 Key implications on the company’s competitive advantage

The competitiveness in technological industry is very high and increasing year by year. Therefore, a competitive advantage is needed for a company to prosper and maintain its position in the marketplace. Infobric AB has been expanding with a growth rate more than 40% every year indicating the ability to sustain its competitive advantage (Christofferson, 2015). The Vice President Sales, Kenneth Johansson alluded to Infobric’s ability to provide a full technological service, meaning electronic application and an actual device, as one of their keys to success *“That’s where we try to stay ahead of our competitors by providing the total solution instead of just taking parts and putting them together.”*

Infobric AB puts strong emphasis on customer needs and they are *“(…) good at listening to the customers and having the knowledge in terms of electronic solutions and also adapting them to the software solutions,”* said Kenneth Johansson. Concentrating on the needs of the customers and having a good coordination with construction companies makes it easier to design the suitable software and hardware solutions. It is also important to be aware what the customers like and do not like about the solutions that the competitors are offering.

During the second meeting with Kenneth Johansson, a semi-structured interview was held during which he outlined Infobric’s strategic advantages in the Swedish market: *“We are actually the only company providing total solution when it comes to both electronics and IT system for registration of personnel, using the machinery and so on”*. This gives the researchers an understanding of the importance of staying ahead of competition by providing customers with technological compacts that no one else can in the market. This requires large initial investment to design and build the technology, and continuous investments to update it, based on customer needs (Kenneth Johansson, Vice President Sales).

Continuously, Infobric AB started their company to develop an electronic system specifically made for the construction industry at the time when the market for it was relatively small. This gave them an opportunity to enter the market relatively easy (Johan Harrysson, the CEO). Their growth has been simultaneous with market growth where now they stand as a market leader in Sweden. *“We have early entrance to the market; we know the requirements and have a very strong product, strong connection with a lot of partners in the rental business”* (Johan Harrysson, CEO). From this, the industry experience and entrance timing can be linked to competitive advantages of Infobric AB.

The studied company has been in the market for more than a decade and their focus has been changing during these years. The adaptation to the market changes has been one of the main drivers for success and high growth. *“(…) a lot of small players came into the market and we had to adjust and make sure that we can compete with these small players,”* explained Johan Harrysson. Infobric AB has been concentrating to adapt quickly to new challenges and develop best solution to gain maximum wealth from the situation.

5 Analysis

In this section, the empirical findings are analysed using the theoretical perspectives outlined in the frame of reference. In addition, the authors' constructed a model illustrating the causes, process and outcomes of strategic renewal, based on the preceding analytical work in the chapter.

Each of the following parts has a structure that the authors have deemed appropriate for how respondents have answered to the interview questions and in a way where the most meaningful relationships have been identified. In the second part of this section, a framework that aims to illustrate for managers the necessity of strategic renewal to sustain or increase their market competitiveness in a rapidly growing industry is derived from the analysis. As Infobric is characterized by its willingness to change and regarded as an innovative SME, the suggested strategy framework is aimed to managers of companies that are characterized in the same manner and operating in growing industries.

5.1 Strategy of innovative SMEs in fast-growing industries

Industries with an extensive growth performance that are described as important drivers of economic dynamics and innovations are able to open up new markets for producers and consumers (Holzl, 2013; Svensson 2006). The company has a high tendency for innovation that has been regarded as a critical concern for numerous industries in highly competitive markets (Kuo & Chao, 2014). Based on the empirical analysis, Infobric has adapted their strategy to the fast growth of the industry within their operating area. From the conducted interviews with the top managers and board members of the company under study it became visible that after establishing their business in Sweden Infobric has been expanding to Norway, Finland, and United Kingdom in order to improve their performance.

As the performance of the firm is highly dependent on customer interest and subsequent purchases, innovations rely on the process of diffusion combined with marketing activities (Namgyook et al., 2012). In the case of Infobric, the company is executing a highly market oriented strategy where they find out what are the main interests of their customers and develop a product strategy that cater their needs and requirements. Upon deployment, Infobric's products are merchandised as something their clientele already needs rather than trying to persuade that they are something the customers should want. Additionally, the company's strategy involves monitoring competitors' actions and analysing other exogenous factors. According to Kenneth Johansson, Infobric is always trying to keep up with the customer demands and analyse what their clients like and do not like about the solutions offered by their competitors.

According to Uddenberg (2015), companies that use market orientation strategy demonstrate a high sales performance. During the period 2007 to 2011 Infobric's

turnover increased by 562% and the company ranked number 31 on the Deloitte Technology Fast 50 list (Johansson, 2012). The empirical findings reveal that Infobric is implementing a balanced strategy between internal competencies and external needs that is solely focused on a niche market. Even though there exists a possibility to adapt the products to fit other industries, the company has chosen to keep their focus only on the construction industry that gives them more credibility and differentiates them from other competitors.

From analyzing the external factors, it is evident that Infobric's success relies mainly on the early entry to the marketplace and well-established relationships within the construction industry that gives them the ability to outperform other competitors in the Nordic markets. In United Kingdom, the difficulties for the company are dependent on the scale advantages such as extensive distribution networks and reputation that the company has not been able to develop as extensively compared to the Nordics (F-Jardón, 2011). According to Atuahene-Gima and Ko (2001), the sales growth is strongly dependent on the degree of how familiar are the customers with the offered products.

For the innovative firms with strong market-oriented tendencies, the main drivers of innovation are the explicit and potential needs of customers (Namgyook et al., 2012). According to Jens Landén, the Sales Manager of Infobric the company aims to offer only what the market demands and pursues to be always first to offer the latest products. In the case of Infobric, it can be seen as an advantage that helps the company to obtain and maintain their market share.

The empirical findings suggest that the most influential internal factors for success are the highly skilled employees who have the right competence to adapt to the changes and rapid growth within the industry. The challenges faced by SMEs are quite different from the larger firms that have already established an extensive resource and knowledge base throughout the years (Zelong et al., 2011). The alterations in the business environments create situations where the ability to sustain the organizational capabilities and cope with the continuous market developments are vital for the companies. According to the theory, in these kinds of environments organizations experience sooner or later the conditions of scarcity (Schmitt et al., 2015). In the case of Infobric the scarcities have become evident during the rapid expansion phases while the company needs to manage the high growth and employ people with the right competences to keep up with the customer and market demands.

5.1.1 Key factors that cause strategic renewal in innovative SMEs

Strategic renewal refers to organizational learning process that connects the company's applicable strategy with ever changing environmental circumstances. Thus, in this context the focus is placed on recognizing and systemizing concrete stimuli for implementation of a strategic renewal in the organization.

The awareness of why renewal is necessary appears to lead to a particular set of factors that the management of an innovative SME reacts to through an implementation of a strategic renewal. Managers abilities to select factors with highest potential to affect the organization in the future is stated to be crucial by Agarwal & Helfat (2009), and it is also emphasised all three interviewees to be the greatest challenge in strategic decisions due to the unknown nature of potential future environmental changes. Both the literature and empirical findings recognize in the environmental circumstances external and internal forces that affect the strategy of the company and drive it into strategic renewal (Baden-Fuller & Volberda, 1997).

In the ever- changing business environment organizations are challenged by external forces to adjust their core strategic competencies to sustain their competitiveness in the market (Malette & Hopkins, 2013). The companies that successfully discover and implement changes in organizational strategy in order to meet the external environment threats and opportunities are able to establish a strategic fit between their internal structure and competences (Zand, 2009). The necessity for renewing the company's strategy has also been discussed by the co-founder of Infobric, which is a proof that the studied company recognizes this need and acts accordingly.

The interviewees identified two key drivers that have stimulated strategic renewal in Infobric, adequately answering to customer direct demands and the internal desire of the company's management for an increase of the sales volumes. Previous scientific research identifies new entrants in the market, being direct or indirect competitors as an external force that could cause a need for renewing company's strategy (Kim & Pennings, 2009; Helfat et al., 2007; Flier et al., 2003; Volberda & Lewin, 2003; Aaker & Mascarenhas, 1984). The empirical findings of this research support the theory and provide further evidence for the theoretical findings of previous researches. The company either renew their strategy to keep their current market position and protect their customer shares, that is when direct competitors enter the market and are seen as a threat (the CEO) and thus develop their propositions through talent acquisition (the Vice President Sales) and develop a new product. As it has been in the case of Infobric AB, the company's app development was exactly stimulated by threat of indirect competitors in the face of application providers. In addition, they have focused on strengthening their strategy during the past two years due to the increased competitors threat after a lot of small players entered this rapidly growing market (the CEO).

The main external factor, which is recognized by the company's representatives as being influential and stimulating force for strategic renewal, is customer needs. The empirical evidence suggest that this factor has stimulated Infobric's product development as well as expansion to foreign markets, following their customers. Both of the interviewees emphasised the importance that customers direct demands have had on the strategic renewal of the company. Infobric has developed most of their initial product after customers come up with their problem to them and require a product to

solve it. In addition to that, the fact that PEAB and NCC operate not only in Sweden but also in Norway and the UK has been one of the main reasons for their geographical expansion.

Another change in the external environment that has caused Infobric to implement a renewal of their strategy is a governmental regulation. This could be identified as an environmental change and according to Helfat et al. (2007), this indeed has a strong influence on company's corporate strategy and could be a cause of strategic renewal. In the case of the studied company, the implementation of the law has expanded their customer base and has resulted in an increased demand for their products and services (the CEO). Aaker and Mascarenhas' research (1984) include political events as one of the drivers of strategic renewal, and as a regulatory change could be identified as such event.

The leadership characteristics and processes enable organizations to embrace strategic renewal (Cho & Hambrick, 2006; Eggers & Kaplan, 2009; Kwee et al., 2011). The interviewed members of the board of directors emphasise the crucial influence that the change in the management structure of the company had on the opportunities for renewal. After expanding the board of director to external owners, Infobric expanded the range of partners and connections, as well as the pool of capital needed for strategic renewal processes. And last but not least, a board of directors with valuable professional experience to lead the expansion to new geographical market, for example.

The list of factors influencing the corporate strategy of an innovative SME will be longer when the scope of operations is broad and when the environment of the business is relatively dynamic (Aaker & Mascarenhas, 1984). Due to the fact that Infobric is positioned in a rapidly growing industry, it is exposed to a dynamic environment, which explains the fact why recently more environmental changes cause strategic renewal in the company.

5.1.2 Implementation of strategic renewal

This part of the analysis focuses on the implementation of strategic renewal of Infobric AB throughout their ten-year-history. The process of strategic renewal captures company's attempts of developing, renewing or replacing attributes that have potential to impact its long-term outcomes (Agarwal & Helfat, 2009). This process can be structured in three sub processes: competence deployment, competence modification and competence definition (Floyd & Lane, 2000). Asked about their core competences the strategic managers of Infobric have discussed knowledge of existing market, strong product and good connections with partners (Johan Harrysson, CEO) as their keys to success. All of these competences have been linked to all of the sub-structures of the strategic renewal.

Based on Floyd and Lane (2000) the competence deployment process includes managers' abilities to emphasize existing products positioning in the market place or enter new market areas. In the case of Infobric AB the researchers could notice the company's strong performance of expanding to new geographical markets, which based on the interview with Kenneth Johansson are closely linked to good connections with their customers who already worked in new markets, meaning PEAB and NCC. This can be linked to competence deployment strategy where competences as strong product, but mainly good connections with partners have been emphasized to renew strategy. Continuously, companies appear to have urge for transformation in order to capture sustainability and generate growth (Prastacos et al., 2002). Johan Harrysson has repeatedly mentioned that the company's strategy aims towards increasing their sales volumes both in the Swedish market, where Infobric AB is among the market leaders, and the overseas markets. This strategy also requires management and product positioning adjustments in the market where the company has applied its technological capabilities (new applications, new attached products etc.) and increase in sales management (local sales managers with knowledge of the market and human resource increase). Overall, Infobric AB has been able to generate fast growth over past years that can be linked to their competence deployment activities.

The process of competence modification refers to managers' ability to recognize need and implement strategic adjustments through constant monitoring of corporate activities (Floyd & Lane, 2000). According to the interviewed managers of Infobric AB, the strategic meeting takes place once a year with board members and company owners, a specific agenda has been established in forehand. Kenneth Johansson has mentioned these meeting to be the key of their successful strategy implementation, outlining the importance of information circulation in the company, meaning everyone have to know about the strategy in order for strategy to work. Agarwal & Helfat (2009) emphasizes the importance of strategy monitoring and modifying to meet the future constrains while both Sosa (2011) and Gatignon (2002) outlines the possible risks of failure attached to strategy change. Surely, company's success is attached hand in hand with managers' abilities to run the company, both interviewees stressed the importance of monitoring market activities and make the right move in right moments by considering them, where sometimes it requires to look some steps back.

Competence definition relates to the process of experimentation of new skills to capture new market opportunities (Floyd & Lane, 2000). Infobric AB has been particularly successful with this component based on their ability to adopt firstly developed locking system to new monitoring technology with application for construction sites. This move has changed the fortune of the company from stagnating start-up to fast-growing growing market frontrunner. Baden-Fuller and Volberda (1997) outline how company's ability responds to market environment change and affects company's future performance including skill and competence development. Based on both interviewed managers Infobric AB works closely with their customers to develop solutions for their

needs and always ensure the quality of their products. The managers mentioned several times the quality and price as one of their main advantages, and the close cooperation with customers that has given Infobric AB knowledge which has been developed into new skills, positioning them ahead of their rivals.

The process of strategy implementation is a complex process resources are allocated based on previously designed view (Kakhbod, 2013). According to Yang (2012), a systemic way of outlining the implementation process increases the efficiency of information flow increasing the probability of managers' actions according to designed strategy. When it comes to Infobric AB the company has a clear structure of new strategy development and implementation process, which can be outlined as follows: Customer needs → Management team → Board information → Board decision → Executing the project. The clear structure of strategic renewal implementation process protects the company from ineffective information circulation and increases the efficiency.

5.1.3 Key implications on competitive advantage

Organisations are made to create a value for society and generate profit, in order to acquire this in practice organisations are deemed to establish a sustainable competitive advantage (Porter 1980, 1985). Value creation process can be divided into primary and support value-creating activities (Lumpkin et al., 2002) where primary activities related to the use of main product or service while support activities refers to additional gains created by the use of primary product. During the interview Kenneth Johansson (Co-founder and Vice President Sales) mentioned the functionality of both application and the physical product together as their main advantage over their competition. Continuously, quality of the product and trust has been mentioned as key competitive advantages as well. From this researchers devote to unite with software as primary value creation of Infobric AB products while quality and trust can be linked to support gains. Undoubtedly, together it creates competitive advantage, which has generated high profit margins over past years.

Based on ever-changing customer needs organizations are tested for its innovativeness and flexibility (Prastacos et al., 2002), Both interviewed managers of Infobric AB partly related their success of close relationships with customers, where they stressed their ability to listen and understand their needs which further are put into new product development. The close relationship has also affected their fast market expansion and overall can be pointed as one of the competences generating success. However, being innovative and flexible to market fluctuations ask for organizational structure supporting these activities (Prastacos et al., 2002; Leonard-Barton, 1992). During the interview, Johan Harrysson (CEO of Infobric AB) mentioned looking for opportunities and evaluating them as a continuous process in Infobric AB. Even though the general strategic planning meeting is held annually, the company is capable to react and decide

fast because of its relatively small management team, where urgent topics can be discussed within an hour.

Sustainable competitive advantage can be defined as unique companies competences gained from product, suppliers, organizational structure and strategy interaction (Kotabe & Murray, 2004). Based on Peters (2010) excellence in execution of companies capabilities are the most important factor to gain sustainable competitive advantage. Surely, from previous paragraphs it can be understood that Infobric AB competitive advantage lays in the combination of several competences, where each competence adds value to overall product and together provides sustained competitive advantage. If the organizational culture to be considered, Kenneth Johansson outlined Infobric AB desire to pay attention to quality in everything they do, devoting time and financial resources. The success of Infobric AB goes very well together with Peters (2010) study outlining the importance of the quality in execution.

5.2 Proposed strategic renewal framework

After combining the empirical findings with previous research on strategic renewal in an innovate SME operating in a growing industry, the authors of this thesis were enabled to develop a proposal for a framework on strategic renewal (Figure 2). The main proposition of this thesis states: an innovative SME operating in a rapidly growing industry through strategic renewal implementation can gain sustainable competitive advantage.

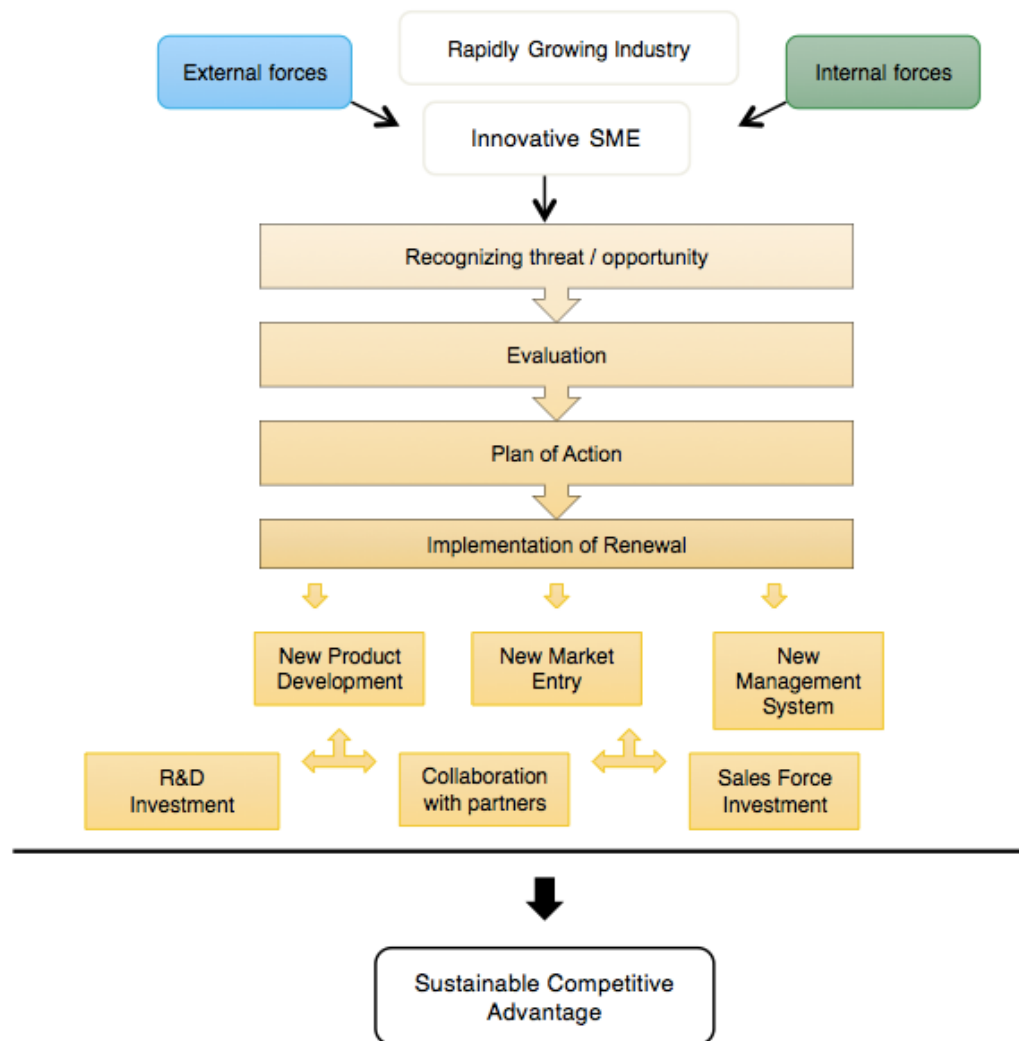


Figure 2- Proposed Strategic Renewal Framework

As previously stated, Prastacos et al. (2002) have discussed organizations' need to respond to environmental changes and manage the change. Furthermore, Porter (1985) has provided a research on external and internal forces pushing for strategic change in the organization. However, they have not researched the situation from the perspective of an innovative SME operating in a rapidly growing industry. This adds the top part of Figure 2, where the authors of this thesis have combined existing literature on external and internal forces leading to strategic change with the empirical findings of the

innovative organization operating in rapidly growing industry.

Previous research (Agarwal & Helfat, 2009; Floyd & Lane, 2000; Baden-Fuller & Volberda, 1997) has discussed strategic renewal implementation process, where those researchers have applied different models to argue the strategic renewal process. However, they have investigated general process of strategic renewal implementation while this thesis has been looking into the case of an innovative SME in a growing industry. The four stages of strategic renewal implementation in the Figure 2 come from both analysing previous research and empirical findings from the interviews. In their research Floyd and Lane (2000) have defined three ways of strategic renewal: competence deployment, competence modification, and competence definition. Based on this study and the empirical findings the authors have developed a structured system of how strategic renewal can occur in an innovative SME working in a rapidly growing industry. The low part of the framework from Figure 2 outlines this structured system.

Prastacos et al. (2002) have provided a framework of how to manage organizational change in competitive environment, while Kotabe and Murray (2004) outlines the concept of sustained competitive advantage through combination of company's competences. The empirical findings are in alignment with Hopkins et al.'s (2013) theory of how organizational change is a fundamental necessity for sustaining competitiveness within the competitive landscape of growing industries, and build on sustainable future strategy. Therefore, Figure 2 suggests a concept of sustainable competitive advantage gain through implementation of strategic renewal in innovative SMEs operating in growing industries. The sustainable competitive advantage concept is built based on empirical findings and previously provided studies.

As previously mentioned, there has been a strong consistency among the interviewees to believe that the industry where the studied company operates is growing rapidly. Therefore, the authors argue that implementation of strategic renewal is crucial for sustaining the position of a market leader in the future. It has also been implied in the analysis above that innovative SMEs in growing industries adapt their strategies according to industry characteristics, rather than pursuing pre-determined strategies at all times. The case company tends to employ strategy that has not only adapted to the current situation, but that also has the ability to transform according to how the industry would evolve in the future.

Based on the analysis results, the authors have recognized that the studied innovative SME has implemented strategic renewal and developed a flexible strategy, which has the ability to transform according to environmental changes; thus, it has been managing to sustain its competitive advantage in a rapidly growing industry.

The suggested framework on strategic renewal (Figure 2) illustrates how strategic renewal can lead to a sustained competitive advantage of innovative SMEs in rapidly

growing industries, and it can guide managers in their strategic decision-making regarding strategic renewal. A timely response with respect to both internal and external factors is crucial for sustain the company's competitive advantage and a firm's strategic course of action should be constantly re-evaluated in a timely manner. The model embraces Zand's (2009) argument that companies, which successfully implement changes in their organizational strategy in order to meet the environment's threats and opportunities, are able to establish a strategic fit between their internal structure and competences.

The authors have identified both external and internal forces, or rather circumstances, within the empirical findings that are supported by the existing literature and cause the implementation of changes in SMEs' strategies. Customer needs, new market entrants and legal regulations are the external forces found to increase the likelihood that innovative SMEs would implement a renewal of their corporate strategy. Leadership abilities and human resource competence to adapt to changes, as well as a need for increase of sales volumes are the internal factors in SMEs' environment to cause these processes. The framework starts with an innovative SME's recognition of being in a rapidly growing industry and then progress into a four-step process: recognizing a threat/ opportunity; evaluation; plan of action; and implementation of renewal. The steps are further described below.

5.2.1 Recognizing threat/ opportunity

In the first phase, the company is identifying key threats and opportunities among the external and internal forces of the competitive environment of a rapidly growing industry, with the aim to ensure that it stays ahead of competitors. This is in accordance to Porter's (1985) statements. Managers' perception of the industry and entrepreneurial mindset are crucial during this phase due to the fact that they have to recognize opportunities that competitors might take upon, for example, and could turn into serious threats for the company. The pressure to change occurs not only when threats to the company's survival are present but also from the desire to grow and become successful (Baden-Fuller & Volberda, 1997). Thus, one must evaluate whether there are new opportunities for growth that the company can take advantage of.

5.2.2 Evaluation

During this phase, the innovative SME evaluates its own situation and capabilities in the growing industry and assesses the forces that have the strongest influence on its strategy. This stage is arguably the most challenging for managers due to the fact that they are taking a crucial choice of a direction for the strategic renewal. During the process, a company assesses both its own capabilities and external forces that influence its strategy before choosing a strategic direction with the aim of evaluating which is going to bring the greatest return on investment. In addition, the unknown nature of the potential future environmental changes that can affect the company is another challenge

that managers come across during this phase – the uncertainty of what would be the best direction to take.

5.2.3 Plan of action

It is not sufficient for managers only to recognize and evaluate opportunities in the rapidly growing industry but they consider the company's internal factors, such as assets and capabilities into account when choosing an attainable new strategy. In the planning phase, the innovative SME designs the actual strategy for renewal and sets future goals. Based on the empirical findings, it has been determined that this could be done during strategic planning meetings with the key people responsible for the implementation of the renewal, in the case of the studied company that is the board of directors. This phase is crucial for outlining clear purpose of the strategic renewal and setting a plan supported by all parties involved, where everyone's role is emphasised. However, there should be found a balance between strategic thinking or planning and the actual execution. Based on the examined literature and case results, the authors have been able to determine some of the decisions to be taken during this phase. The concern partnerships, competence deployment and investments.

5.2.4 Implementation of renewal

In this phase, an innovative SME can implement renewal through developing a new product, entering a new market or renewing the management system. Based on the choice of direction that has been taken during the evaluation phase, a company needs to take different actions that would assist it in achieving the preliminary goals. A renewal strategy could take the form of any of the discussed below actions, or a combination of them.

5.2.4.1 New product development

This way of strategic renewal is pursued through maximizing profits from the industry in which the firm currently operates, while subsequently investing profits into new projects that the firm has identified as having growth opportunities. Investment in Research and Development is needed as well as collaborating with partners who possess competencies, which the company does not. Based on the empirical findings, it has been determined that close collaboration with the customers in the development of a product can be very beneficial for creating a product that satisfies a need, or even a demand, of the customers. New Product Development seeks to achieve success both in the short-term through continuous operations in the growing industry, while simultaneously preparing for the possibility of a future industry transformation.

5.2.4.2 New market entry

In the implementation of strategic renewal through New Market Entry, a company needs to develop local partnerships in the new market to ensure its successful penetration. The company can, for example, move to a market where some its current customers already operate in order to sustain the customer relationship with them and

offer their services and ensure an initial customer base in the new market. Based on the empirical findings, it has been determined that hiring a local sales force is also crucial and managers evaluation of the return on investment is important for determining the amount of new professionals that need to be employed.

Through implementing strategic renewal through entering a new market, the company increases their sales volumes, which consequently results in a greater return on investment of development their products. Moreover, it nurtures the growing of the organization and reaching a wider customer base. It also is able to generate new ideas of development of the companies operations in the other markets that it operates due to the gain of ideas through starting operations in that new market. For example, it could take certain services that customers in one geographical market require and implement them in the domestic market. Thus, it could develop its competitive advantage in the initial market.

5.2.4.3 New management system

The management system is the representatives of strategic renewal implementation, the managers' accountability and responsibility as well as understanding of the common goals is important for the system to work properly. The efficiency and quality of the strategic renewal implementation process can be directly linked to the success or failure of sustainable competitive advantage. From the study it is evident that an innovative SMEs' are required establishing well-functioning management team based on the designed strategy. The management team have the power to affect the quality of products and relationships with customers, thus, given the importance of the two, the information flow efficiency and each manager's individual characteristics can have a great effect on the strategic renewal implementation process in innovative SMEs. Given all of this, management team selection and effective system development for specific strategic implementation process is of great importance for the process for sustainable competitive advantage development for innovative SMEs in growing markets.

5.2.5 Sustained competitive advantage

After analyzing the results of previous research and the empirical findings, the authors suggest that implementing strategic renewal, a company can expect one or combination of the following outcomes: securing its current market position; increasing the sales volume; wider customer base and/or a grown organization. However to achieve a sustainable competitive advantage, an innovative SME should be constantly reevaluating its situation by monitoring the external and internal forces of the environment and recognize the key threats and opportunities. This way, the company can respond to changes in the industry and continuously implement renewal of its strategy that is suitable for the specific situation. By doing this, a company is achieving a sustained competitive advantage and ensures it competitive position in the rapidly growing industry.

6 Conclusions

In this section, the conclusions of this thesis are presented. The authors propose answers to the research questions and demonstrate how the purpose of the study has been accomplished.

In this thesis, the authors have investigated the strategic renewal implementation process in an innovative SME and the effect on its competitiveness in a rapidly growing industry that it operates. In addition to this, the researchers aimed to determine the factors causing the need of renewing company's strategy in such increasingly competitive environment and in that specific context. Based on the academic work presented above, it is believed that the purpose of this study has been successfully accomplished as answers of the research questions could be generated.

Why does an innovative SME operating in a rapidly growing industry implement strategic renewal?

Based on the proposed strategic renewal framework driven from the research analysis, there are internal and external factors, which generate the urge for innovative SME to renew their strategies to sustain its competitiveness in the growing market. Customer needs, new market entrants and legal regulations are the external forces found to have an impact on company's likelihood to implement strategic renewal processes. While leadership abilities and human resource competence to adapt to changes, as well as a need for increase of sales volumes are the internal factors affecting companies strategic change.

How does an innovative SME operating in a growing industry perform the strategic renewal implementation process?

From the case study, it can be concluded that the implementation process of strategic renewal in an innovative SME operating in a growing industry happens in four stages, namely: recognizing threat/opportunity; evaluation of threat/opportunity; plan of action and implementation of renewal. In order to complete these stages R&D investment, collaboration with partners and sales force investments are found to have a great importance to complete these stages successfully.

What are the implications of adopting strategic renewal on the SME's competitive advantage?

According to this research, the strategic renewal in innovative SMEs operating in growing industries is likely to happen through new product development, new market entry or new management system. By implementation of previously mentioned strategies, and with regard that companies specific characteristics holds, an innovative

SME in growing industry can establish sustained competitive advantage.

The main proposition of this thesis states: an innovative SME operating in a rapidly growing industry can gain sustained competitive advantage through strategic renewal implementation.

7 Discussion

In this final section the contributions of this research will be presented. Additionally, the limitations of the current thesis will be outlined followed by the suggestions for future research.

7.1 Contributions

This thesis is examining the case of an innovative SME operating in a growing industry, where the company is gaining sustained competitive advantage through implementation of strategic renewal. For this specified reasons the study is new to general research of strategic renewal and contributes to the general research by providing a new insight of how strategic renewal implementation in an innovative SME affects their competitive advantage. Furthermore, previous studies have been concentrating on strategic renewal implementation processes in organizations and its overall outcomes on companies' performance. The thesis also contributes to the field of research by providing support and empirical evidence to existing studies, while a new model of strategic renewal implementation process in an innovative SME has been provided. This model suggests how sustainable competitive advantage can be gained through strategy renewal implementation process. An innovative SME needs to establish good relationships with its customers, constantly evaluate its threats and opportunities and implement a suitable management system ensuring quality of companies operations. The researchers believe this to be valuable academic contribution to the field of study, since the process has not been widely studied where the findings can be used in future research.

7.2 Limitations

Firstly, as being the case study, the empirical data used in the research is based on one innovative SME the research findings cannot be applied to all innovative SMEs in growing industries. The study was based on Infobric AB given its impressively fast generated growth over the period of last several years and other rather unique characteristics, a company with different characteristics cannot be related to the findings of this study. A combination of these characteristics have affected the results of the research, furthermore the company is mainly operating in comparatively to the world, rather small Scandinavian market, limiting results to market specific characteristics.

Secondly, the empirical data has been collected from three interviews with managers of Infobric AB, where managers' personal characteristics and opinions can have an effect to their answers. In order to get more significant findings between strategic actions more managers should be interviewed who have had influence on company's strategic actions. However based on small size of the company the empirical data can be held reliable and generated findings reliable.

Thirdly, a time constraint has delaminated study to broader perspective, where more in-depth analyses could have provided research with more significant connections and supplemented the research. Also, more data could have been collected which could have had potential to provide extra findings related to the research purpose. Furthermore, researchers' low experience with in-depth study has been constrained during the period of research, however due to supervisory of experienced tutors the research cannot be linked to lack of knowledge.

7.3 Future research

Since this particular study concentrated on investigating one specific company within one industry, the authors suggest carrying out additional studies in order to analyse the subject on a more comprehensive level. Analysing more businesses based on the developed framework would yield more generalizable conclusions that would not be just company-specific. In addition, future research could elaborate on how different market-specific characteristics affect the strategies of the companies in different geographical areas.

Furthermore, in order to conduct a more extensive research it would be interesting to analyse the company's strategy and positioning from different perspectives, not only based on the opinions of the top management of the company. Taking into consideration the viewpoints of external parties could add more valuable insight to the intended and perceived levels of positioning and company's orientation.

Taking into consideration the time limitations, the study is highly dependent on the current rapid growth stage of the construction industry and it would be interesting to see if the company has managed to sustain or lose its competitiveness and positioning on the market overtime.

References

Aaker, D., & Mascarenhas, B. (1984). The Need For Strategic Flexibility, *Journal of Business Strategy*, 5(2), 74-82.

Agarwal, R., & Helfat, C. E. (2009). Strategic renewal of organizations. *Organization Science*, 20(2), 281-293.

Alvesson, M., & Sköldbberg, K. (2009). *Reflexive Methodology: New Vistas for Qualitative Research*. London: SAGE Publications Ltd.

Alvesson, M., & Sköldbberg, K. (1994). *Tolkning och Reflektion: Vetenskapsfilosofi och Kvalitativ Metod*, pp. 45. Lund: Studentlitteratur AB.

Atuahene-Gima, K., & Ko, A. (2001). An Empirical Investigation of the Effect of Market Orientation and Entrepreneurship Orientation Alignment on Product Innovation. *Organization Science*, 12(1), 54-74

Audretsch, D. (2001). Research issues relating to structure, competition, and performance of small technology-based firms. *Small Business Economics*, 16(1), 37-51.

Baden-Fuller, C., & Volberda, H.W. (1997). Strategic Renewal: How Large Complex Organizations Prepare for the Future. *International Studies of Management and Organization*, 27(2), 95-120.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.

Blaikie, N. (2007). *Approaches to Social Enquiry* (2nd ed.) Cambridge, UK: Polity Press.

Camison, C., Lapiedra, R., Segarra, M., & Boronat, M. (2004). Effect of SMEs' International Experience on Foreign Intensity and Economic Performance: The Mediating Role of Internationally Exploitable Assets and Competitive Strategy. *Journal of Small Business Management*, 48(2), 116-151.

Cho, T.S., & Hambrick, D.C. (2006). Attention as the mediator between top management team characteristics and strategic change: the case of the airline deregulation. *Organization Science*, 17(4), 453-469.

Coad, A.; & Rao, R. (2008) Innovation and firm growth in high-tech sectors: A quantile regression approach. *Research Policy*, 37(4), 633-648

- Coad, A. (2009). *The Growth of Firms - A Survey of Theories and Empirical Evidence*. Cheltenham: Edgar Elgar Publishing.
- Creswell, J. W. (2007). *Qualitative inquiry and research design: Choosing among five traditions* (2nd Ed). Thousand Oaks, CA: Sage, p.37.
- Christofferson, M. (2015). *Scope sells Infobric to Jönköping Business Development*. Retrieved April 26, 2016, from <http://www.mynewsdesk.com/se/scopecapitaladvisory/pressreleases/scope-sells-infobric-to-joenkoeeping-business-development-1254903>
- Crossan, M. M., & Berdrow, I., (2003). Organizational learning and strategic renewal. *Strategic Management Journal*, 24(11), 1087-1105.
- Danermark, B., Ekström, M., Jakobsen, L., & Karlsson, J. C. (2002). *Explaining society: Critical realism in the social sciences*. London: Routledge, p.91.
- Demirel, P., & Mazzucato, M. (2012). Innovation and Firm Growth: Is R&D Worth It? *Industry and Innovation*, 19(1), 45-62.
- Dey, I. (2004). Grounded theory. In C. Seale, G. Gobo, Jaber F. Gubrium, & D. Silverman (Eds.), *Qualitative Research Practice* (p. 81-95). London, England: SAGE Publications Ltd. doi: <http://dx.doi.org/10.4135/9781848608191.d9>
- Dogan, N. (2015). The Intersection of Entrepreneurship and Strategic Management: Strategic Entrepreneurship. *Procedia - Social and Behavioral Sciences*. 195, 1288–1294.
- Dougherty, D. (1992). A practice-centered model of organizational renewal through product innovation. *Strategic Renewal Journal*, 13 (S1), 77-92.
- Doz, Y. L. (1996). The evolution of cooperation of in strategic alliances: Initial conditions or learning processes. *Strategic Management Journal*. 17 (Special Issue): 55-84.
- Easterby-Smith, M., Thorpe, R., & Jackson, A., R. (2008) *Management research* (3rd edition). London: SAGE Publications Ltd.
- Eggers, J.P., & Kaplan, S. (2009). Cognition and renewal: comparing CEO and organizational effects on incumbent adaptation to technical change. *Organization Science*, 20(2), 461-477.

- Eriksson, P., & Kovalainen, A. (2008). *Qualitative methods in business research*. London: SAGE Publications Ltd.
- Erlenmaier, V. (2009). Chapter Three: Methodology. In: - *Event Marketing in IMC*, 45-46.
- Fedulova, I. (2013). *Entrepreneurship and Small and medium-sized enterprises (SMEs)*. Retrieved April 23, 2016, from http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm
- F-Jardón, C. M. (2011). Deployment of Core Competencies to obtain success in SMEs. *Departamento de Economía Aplicada*. Retrieved April 26, 2016, from <http://webx06.webs.uvigo.es/sites/default/files/wp1106.pdf>
- Flier, B., Van den Bosch, F.A.J., & Volberda, H. (2003). Coevolution in the strategic renewal behavior of British, Dutch and French financial incumbents: interaction of environmental selection, institutional effects, and managerial internationality. *Journal of Management Studies*, 40(8), 2163-2187.
- Floyd S. W., & Lane, P. J. (2000). Strategizing throughout the organization: Managing role conflict in strategic renewal. *The Academy of Management Review*, 25(1), 154-177.
- Gatignon, H. (2002). A Structural Approach To Assessing Innovation: Construct Development Of Innovation Locus, Type, And Characteristics. *Management science*, 48(9).
- Guba, E.G. (1981). *Excellence in Public Relations and Communication Management*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Hamel, G., & Prahalad, C.K. (1996). Competing in the new economy. *Strategic Management Journal*, 17, 237-242.
- Helfat, C. E., Finkelstein, S., Mitchell, W., Peteraf, M.A., Singh, H., Teece, D.J., & Winter, S.G. (2007). *Dynamic Capabilities – Understanding Strategic Change in Organizations*. Malden, MA: Blackwell.
- Holzl, W. (2013). Persistence, survival, and growth: a closer look at 20 years of fast-growing firms in Austria. *Industrial and Corporate Change*. 23 (1), 199-231.
- Hyde, K.F. (2000). Recognizing deductive processes in qualitative research. *Qualitative Market Research: An International Journal*, 3(2), 82-90.

- Huff, J.O., Huff, A.S., & Thomas, H. (1992), Strategic renewal and the interaction of cumulative stress and inertia. *Strategic Management Journal*, 13, 55–75.
- Hurt, H. T., Joseph, K., & Cook C. D. (1977). Scales for the measurement of innovativeness. *Human Communication Research*, 4, 58–65.
- Hopkins, W.E., Mallette, P., & Hopkins, S.A. (2013). Proposed factors influencing strategic inertia/strategic renewal in organizations. *Academy of Strategic Management Journal*, 12(2), 77-94.
- Illinitich, A.Y., D'Aventi, R.A., & Lewin, A.Y. (1996). New organizational forms and strategies for managing in hypercompetitive environments. *Organizational Science*, 7(3), 211-221.
- Johansson, K. (2012). *Infobric on the Deloitte Technology Fast 50 list*. Retrieved April 28, 2016, from http://infobric.se/wp-content/uploads/2015/06/Pressrelease-Infobric-Deloitte-Fast-500-2011-11-25_eng.pdf
- Johnson, G., Scholes, K., & Whittington, R. (2008). *Exploring Corporate Strategy: Text & Cases* (8th ed.). Essex, UK: Pearson Education Ltd.
- Kakhbod, A. (2013). Resource Allocation in Decentralized Systems with Strategic Agents. Springer. Retrieved April 20, 2016 from <http://link.springer.com.bibl.proxy.hj.se/book/10.1007%2F978-1-4614-6319-1>
- Kim, H.E., & Pennings, J.M. (2009). Innovation and strategic renewal in mature markets: a study of the tennis racket industry. *Organization Science*, 20(2), 352-367.
- Kotabe, M., & Murray, J.Y. (2004) Global Sourcing Strategy And Sustainable Competitive Advantage. *Industrial Marketing Management*, 33(1).
- Krugman, P. (1994). Competitiveness: a dangerous obsession. *Foreign affairs*, 73(2), 28-44.
- Kuo, D., & Chao, C. (2014). Exploring the relationships amongst patterns, information technology, and performance in SME- based service innovation. *International Journal of Electronic Business Management*. 12(2), 102-111.
- Kwee, Z., Van den Bosch, F.A.J., & Volberda, H. (2011). The influence of top management team's corporate governance orientation on strategic renewal trajectories: a longitudinal analysis of Royal Dutch Shell plc, 1907-2004. *Journal of Management Studies*, 48(5), 984-1014.

- Lee, N., & Lings, I. (2008). *Doing business research: A guide to theory and practice*. London SAGE Publications Ltd.
- Leonard-Barton, D. (1992). Core capabilities and core rigidities: a paradox in managing new product development. *Strategic Management Journal*, 13, 111-126.
- Lechner, C., & Floyd, S.W. (2012). Group influence activities and the performance of strategic initiatives. *Strategic Management Journal* 33(5), 478-495.
- Liu, Y. (2013). Sustainable competitive advantage in turbulent business environments. *International Journal of Production Research*, 52(10), 2821-2841.
- Lloyd-Reason, L., Muller, K., & Wall, S. (2002). Innovation and Educational Policy in SMEs: A Czech Perspective. *Education & Training*, 44(8-9), 378-387.
- Lumpkin, G.T., Droege, S.B., & Dess, G.G. (2002). E-Commerce Strategies: Achieving Sustainable Competitive Advantage And Avoiding Pitfalls. *Organizational Dynamics* 30(4).
- Mallette, P., & Hopkins, W.E. (2013). Structural and cognitive antecedents to middle management influence on strategic inertia. *Journal of Global Business Management*, 9(3), 104-115.
- Markgraf, B. (2013). How New Entrants Affect Business. *Houston Chronicle* Available: <http://smallbusiness.chron.com/new-entrants-affect-business-69581.html>.
- McLaughlin, H. (2007). The philosophy of social research. In *Understanding Social Work Research* (p. 25-46). London: SAGE Publications Ltd. doi: <http://srmo.sagepub.com/view/understanding-social-work-research/d4.xml>
- Mobile Application Life Cycle Characterization Via Apple App Store Rank. (2014). Proceedings of the American Society for Information Science and Technology. 51 (1), 1-4.
- Namgyook, P., Uisungd, P., & Jeonghwan, L. (2012). Do the Performances of Innovative Firms Differ Depending on Market-oriented or Technology-oriented Strategies? *8300 defect for UNSW Industry and Innovation*. 19(5), 391-414.
- Oukes, T. (2013). An innovative SME managing its asymmetrical inter-organizational relationships. *Master Thesis*. Retrieved April 30, 2016 from http://essay.utwente.nl/64338/1/MSc_T.%20Oukes.pdf

- Patton, M.Q. (1990). *Qualitative evaluation and research methods* (2nd edn.). Newbury Park: SAGE Publications.
- Peters, T.J. (2010). *The little big things: 163 ways to pursue excellence*. New York: HarperCollins.
- Peters, T.J., & Waterman, R.H. (1982). *In search of excellence: lessons from America's best-run companies*. New York: Harper & Row.
- Porter, M.E. (1980). *Competitive strategy: techniques for analysing industries and competitors*. New York: Free Press.
- Porter, M.E. (1985). *Competitive advantage: creating and sustaining superior performance*. New York: Free Press.
- Porter, M.E. (1979). How competitive forces shape strategy. *Harvard Business Review*, 57(2), 137-145.
- Prastacos, G., Söderquist, K., Spannos, Y., Wassenhove, L.V. (2002). An Integrated Framework for Managing Change in the New Competitive Landscape, *European Management Journal*, 20(1), 55-71.
- Ritchie, J., & Lewis, J. (2003). *Qualitative research practice: A guide for social science students and researchers*. London: SAGE Publications Ltd.
- Sayre, S (2001). *Qualitative Methods for Marketplace Research*. United States of America: Sage Publications, Inc.
- Sammut-Bonnici, T., & McGee, J. (2015). Strategic renewal. In C. L. Cooper (Ed.), *Wiley Encyclopedia of Strategic Management*, 12(1-3). John Wiley & Sons, Ltd. Retrieved 9 April, 2016 from <http://onlinelibrary.wiley.com/doi/10.1002/9781118785317.weom120211/abstract>
- Saunders, M., Lewis, P., & Thornhill, A. (2012). *Research methods for business students* (6th ed.). Essex: Pearson Education Limited.
- Schmitt, A., Barker, V., Raisch, S., & Whetten, D. (2015). *Strategic Renewal in Times of Environmental Scarcity*. Elsevier Ltd.
- Shenton, A. (2004) Strategies for Ensuring Trustworthiness in Qualitative Research Projects. *Education for Information*, 22(2), 63-75.

- Shepard, H. A. (1967). Innovation-resisting and innovation-producing organizations. *The Journal of Business*, 40(4), 470.
- Sosa, L.M. (2011) From Old Competence Destruction To New Competence Access: Evidence From The Comparison Of Two Discontinuities In Anticancer Drug Discovery. *Institute for Operations Research and the Management Sciences* 22(6).
- Stake, R.E. (1995). *The Art of Case Study Research*. Thousand Oaks, CA: SAGE Publications, Inc.
- Svensson, H.M. (2006). Industrial transformation in Sweden 1978-2002. Suggestions for an evolutionary approach to regional economic change. *Department of social and economic geography*. Lund, Lund University.
- Suikki, R., Tromstedt, R., & Haapasalo, H. (2006). Project management competence development framework in turbulent business environment. *Technovation*, 26 (5–6), 723–738.
- Thorén, K. (2007). *Corporate Entrepreneurship as a Business Development Strategy*. Available: <http://kth.diva-portal.org/smash/get/diva2:12737/FULLTEXT01.pdf>.
- Uddenberg, A. (2015). Growth in established SMEs- Exploring the innovative and ambitious firm. Linköping University. Thesis No. 1704.
- Volberda, H., & Lewin, A. (2003). Co-evolutionary dynamics within and between firms: from evolution to coevolution. *Journal of Management Studies*, 40(8), 2111-2136
- Wood, V.R., Laric, M., Franzak, F., & Pitta, D. (2014). Main content area Commercializing Technology Transfer: Implications for Entrepreneurship and SMEs. *International OFEL Conference on Governance, Management and Entrepreneurship*: 86-882.
- Yin, R.K. (2003). *Case study research: Design and methods* (3rd ed.). Thousand Oaks, CA: Sage.
- Yang, L. (2012). Implementation of Project Strategy to Improve New Product Development Performance. *International Journal of Project Management* . 30(7), 760-770.
- Zand, D.E. (2009) Strategic renewal: How an organization realigned structure with strategy. *Strategy and Leadership*, 37, 23-28.

Zhou, K. Z., Kin, C. and Tse, D. K. (2005) The effects of strategic orientations on technology-and market-based breakthrough innovations, *Journal of Marketing*, 69, pp. 42–60.

Zucker, D.M. (2009). How to Do Case Study Research. Teaching Research in the Humanities and Social Sciences. In M. Gardner, B. Kawulich, & C. Wagner (Eds.), *Selected Works of Donna M. Zucker*. UK: Ashgate Publishing

Zelong, W., Jigang, H., Dong, W., & Longwei, W. (2011). How can SMEs leverage political ties and technological innovation capability to acquire government assistance in a transition economy. *Journal of General Management*, 36 (4), pp. 3-22.

Appendix 1

Table 2- Entrepreneurship and Small and Medium-sized Enterprises (SMEs)

Enterprise category	Head count	Turnover	Balance sheet total
Medium-sized	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

Appendix 2

Interview Questions:

- . Could you please describe your official role within the company and involvement in the strategy developing process?

Competitiveness

- . Could you describe competitive rivalry in the market where Infobric is currently operating? What would be your main competitive advantages in this market?
- . To what extent competitive rivalry has lead the company to develop its strategy to sustain its market share and gain growth?
- . How would you measure the competitiveness of Infobric? (What are the factors that make you less/more competitive than others; how has it changed over time?)

Strategic renewal

- . What have been the main changes in the strategy of the company over time and what have been the main drivers behind them?
- . How often do you re-evaluate your strategy and make changes?
- . How would you describe a process of strategic renewal in your company?
- . What would you consider to be the main challenges and opportunities of strategic renewal?
- . As we know, the company decided to enter foreign markets that could be linked to strategic renewal. Could you please describe the main reasons behind this decision and explain what kind of challenges your company faced?
- . Do you believe that innovativeness can be linked to your market development strategy? Do you think it is one of the main forces in your strategy reinforcement?

Finishing questions

- . What are the most critical strategic points to deal with concerning the company's future?

- . If you would have a second chance, are there any strategic decisions you regret or would have done differently?
- . What do you believe to be the most critical points to deal with concerning the company at the moment?