

MAINTAINING COMPETITIVE ADVANTAGE – ORGANIZATION RENEWAL PERSPECTIVE

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Abstract: Organization need for constantly increasing its level of effectiveness as well as competitive advantage is a widely known phenomenon. Statement bases on the fact that organization effectiveness is correlated with organization survival and maintaining competitive advantage. While changes in organization environment become more dynamic and uncertain managing presented process poses even greater challenge for any enterprise. Given paper attempts to determine the relation between organization renewal, organization change and maintaining competitive advantage in the Polish, Silesian organizations. In addition discovering the organizational renewal process usage within researched companies can add several findings to the given matter. Presented study followed the qualitative research methods for data collection and analysis. Analysis based on 12 in-depth interviews of managers working in 6 different companies operating in Silesia market. Data collection from interviews was supported with document reviews and field observations. Study findings reveled how organization renewal usage is popular in researched enterprise and how important role it plays with increasing the level of organizational effectiveness. Variety of data collection methods such as in-depth interviews and field observations provided variety of the research data as well as enriched the entire study. Presented findings show the potential of organization renewal process in achieving competitive advantage. In addition combination of renewal and innovation can be utilized as a model of constantly increasing the level of organization effectiveness.

Keywords: organizational renewal, innovation, organization effectiveness, competitive advantage.

1. Introduction

Organization effectiveness is correlated with organization survival (Dudych, 2008) and allows to achieve competitive and market advantage (Osbert-Pociecha, 2007). Given statement bases on the fact that organization effectiveness can be defined as constant development of the organization (Cameron, 1986) or as an engine towards organization success (Simon, 2007). Need for increasing the level of organizational effectiveness is also connected with constant environmental changes (Porter, 1980). Organizations can become

more effective and successful by using innovation (Dyduch, 2015) and organizational renewal (Miller, & Gomes, 2013). Presented phenomenon is connected with organization change as it also plays a crucial role in increasing the level of organizational effectiveness (Gersick, 1991). It is necessary for the organization to recognize the need for change as well as manage it correctly while it can influence the entire organization (Sørensen, & Stuart, 2000). Organization renewal allows to manage the process of change within the organization (Worch, 2012). Ultimately organization renewal process can reshape and modernize organization knowledge and by doing so has the potential of influencing organization competitive advantage. Given paper attempts to determine the relation between organization renewal, organization change and maintaining competitive advantage in the Silesian organizations. Positive connection between organizational effectiveness, maintaining competitive advantage and organization survival has been widely recognized however discovering the organizational renewal process usage within researched companies can add several findings to the given matter. Recommendations based on research findings demonstrate how the usage of organization renewal process influences the changes of organization competitive and market advantage. The terms organization, firm, company and enterprise will be used interchangeably throughout this article.

2. Theoretical foundations

Connection between organizational effectiveness, maintaining competitive advantage and organization survival has been widely utilized (Yamin, Gunasekruan, & Mavondo, 1999; Graetz, 2002; Powers, & Hahn, 2004; Osbert-Pociecha, 2007). Organizations can become more effective and successful by using both innovation and organizational renewal. Exploring the area of introducing organizational usage within the organizations as well as relation between organizational renewal and maintaining competitive and market advantage of the researched organizations can add several constructs to the presented phenomena.

Maintaining competitive advantage

Organization need for achieving competitive advantage (Porter, 1980) and constantly maintaining it (Rumelt, 1984) has been widely recognized. Presented phenomenon bases on resource management process (Peteraf, 1993) with focus on acquiring new information as well as knowledge management (Barney, 1991). Given state of affair is the basic principle of maintaining competitive advantage (Grant, 1992). While multiple organizations operate in the same or very similar environment effective resource management allows enterprises to become more successful (Simon, 2007). Increasing the level of competitive advantage also allows the organization to become more effective (Osbert-Pociecha, 2007). Effective

organization needs to constantly develop new products and processes in order not to hit stagnation which can be the beginning of the organization downfall (Collins, 2001). Reinventing and reorganizing present knowledge in the organization is one of the sources of organizational development. This process is described as organization renewal (Stähle, & Grönroos, 2000). Highlighted phenomenon bases on the constantly changing environment and market fluctuations which forces organization change (Bessant, & Tidd, 2011). Ultimately organization can constantly use organizational renewal process in order to develop (Leonard-Barton, 1995) which is one of the key factors allowing the organization to survive and successfully operate on the market.

Organization change and renewal

Connection between organizational success and organization survival in the dynamic and constantly changing environment has been presented in multiple studies (March, 1991; Eisenhard, & Brown, 1995; Miller, 2013). Enterprise needs to control the process of change in the organization in order to maintain organizational balance and effectiveness (Gersick, 1991). S. Brown and K. Eisenhardt (1997, p. 20) claim that change is a permanent, endemic process in the corporate culture and only the best enterprises change regularly and constantly. Ultimately the control of that process allows the organization to be more effective and successful (Gershon, 2010) and managing this process has become one of the important challenge for the organization. This statement bases on the fact that the need for change bases on the constant need of gaining both competitive and market advantage by any enterprise (Porter, 1997). E. Szymańska (2010, p. 153) highlights that creating new strategy by the organization shows that effectiveness becomes a key factor to maintain the market advantage. Given phenomenon bases on the correlation between maintaining high level of effectiveness and organization survival (Dyduch, 2008). Organization change becomes a permanent factor in the organization survival process. Change is one of the elements that can increase the level of organization effectiveness as well as organization renewal (Brown, & Eisenhardt, 1997). Finding new knowledge and learning allows the organization to evolve by introducing constant renewal process (Leonard-Barton, 1995). S. Floyd & P. Lane (2000, p. 155) define organization renewal as an evolutionary process of seeking and managing new knowledge in order to change key competence in the organization and by doing so achieving success. Presented phenomenon bases on the need of constantly increasing the level of effectiveness by the organizations (Cameron, 1986) and managing the process of change as well as organization renewal is one of possibilities for the organization to become more successful.

Organization renewal process

Organization renewal is correlated with organization effectiveness (Bratnicki, & Gabryś, 2015) and can effect all practices and processes within the organization (Miller, & Gomes, 2013). Multiple scholars focus on analyzing different aspects of renewal process. On the one

hand it is a process of reinvention, revision and protection of knowledge in the organization constantly effected by environmental changes (Weick, 1996). On the other organization renewal is also knowledge management connected with creativity and development of the organization (Leonard-Barton, 1995). Enterprise itself becomes a laboratory where new ideas must evolve and constantly change. Finally organization effectiveness can be increased with innovation (Dyduch, 2008) and by using organization renewal (Miller, & Gomes, 2013). Effected by constant environmental fluctuations organization needs to change (Eisenhardt, 1995) what can be achieved by reconfiguring the present solutions within the organization by organization renewal (Worch, 2012). P. Ståhle & M. Grönroos (2000, p. 162-163) highlight that organization renewal requires that the organization creates new knowledge but also remake and modernize the ideas already present within the organization that allows the organization to modify itself if needed. Ultimately regular usage of organization renewal process allows the organization to implement changes and by doing so constantly develop.

3. Goals and research questions

Given paper attempts to determine the relation between organization renewal, organization change and maintaining competitive in the Silesian organizations. Research has the potential of highlighting more efficient strategies allowing enterprises to increase their level of effectiveness. Author recognizes positive connection between organizational effectiveness, maintaining competitive advantage and organization survival however discovering the organizational renewal process usage within researched companies can add several findings to the given matter. Presented study offers deeper understanding of organization renewal as well as utilization of that process in the Polish, Silesian enterprises. Data discovery and collection based on the presented research questions, **(Q1)** How does the company maintain its competitive advantage?, **(Q2)** What are the most popular tools of increasing the level of organization effectiveness?, **(Q3)** How important is organizational renewal process for the company? Exploring research questions allowed to gather necessary data to highlight both conclusions of the conducted research as well as show possible perspectives for the future research.

4. Methods

In the tradition of grounded theory (Konecki, 2000) qualitative research methods were utilized for the exploration of research questions. Research tools consisted of in-depth

interviews, document reviews and field observations. Managers participating in the study worked in enterprises operating in multiple branches which provided variety of the research data as well as enriched the entire study.

Research group based on 12 managers working in 6 different enterprises. Main criteria in selecting research participants were geographical as all companies operated in the same region¹. Goal of the given criteria was to explore diverse organizations but operating in the same environment. Primary focus of the research based on gaining knowledge of organizational renewal process usage within researched companies as well as its relation with maintaining competitive advantage. Secondary goal was to compare the explored data with factors that increased the level of researched organization effectiveness level. Research data was collected from 6 companies and every enterprise was represented by 2 managers in order to vouchsafe the authenticity of presented results. All interviews were conducted separately. Managers worked in different departments and had various responsibilities yet all respondents had significant influence on the level of organization effectiveness. Diversity of data collection tools like observation, interviews and company data analysis provided triangulation and insured that presented results are dependable, reflect the real state of the researched problem and add numerous findings to the matter.

Table 1.
Sample description

Company	Description	Managers	Description	ID
A	National telecommunication operator	2	Sales manager	AS
			Quality and customer service	AQ
B	Commercial real-estate company	2	Property manager	BP
			Sales and investment	BS
C	Life insurance service provider	2	Quality and customer service	CQ
			Service quality manager	CS
D	Global interactive IT agency	2	New technology development	DN
			Quality and technology	DQ
E	Venture capital company	2	Investment manager	EI
			Strategies and development	ES
F	Medical service provider	2	Sales manager	FS
			Quality and customer service	FQ

Source: Own study.

5. Data collection and coding

Main data collection took place in the first and second quarter of 2018. Research group consisted of 12 participants working in 6 different companies. Data collection based on in-depth interviews, field observation and public document and information analysis.

¹ Geographic criteria based on Silesian enterprises operating in Poland.

Interviews served as main data source as observations and data analysis were important triangulation sources. Interviews were conducted in Polish language, translated into English and coded. Areas explored by the interview questions included organization effectiveness, organizational renewal and maintaining competitive advantage. Interviews were conducted in the stress-free environment with complete appreciation of participants roles, culture, knowledge and reactions. Secondary data collection based on observation how changes are being made in the companies. Purpose of the observation process was to determine how specific changes and adjustments effect the entire company. Received data was confronted with company documents and information presented to the public knowledge. Usage of triangulation and the varicosity of data collection tools ensured the results are reflective of the real dimensions of the researched case.

6. Results

Research results highlighted an interesting perspective of how organizations maintain the effectiveness level by utilizing organizational renewal process with innovation. Change is one of the most important factors for the organization and show potential for the maintaining competitive advantage by the researched companies.

Change within the organization

Need for change in the organization was one of the most important factors highlighted by the respondents. Managers recognize change as both improving processes within the organization what allows the company to be more effective as well as introducing new technologies into the enterprise. In both situations given state of affairs allow organizations to grow and develop. Change can occur when modifying and modernizing processes within the enterprise as well as by introducing new knowledge into the company. Finally organization change was described as the need for constant improvement and development without which organization can not stay on the market. Changes within the enterprise should not happen very frequently and should be managed properly in order for the employees to recognize and learn it.

(FQ) Every company needs to change something in order to grow, it means both introducing new ideas for development as well as looking back a little and perhaps modernize something already present yet in both ways it means progress.

(FS) Communication is important as we make create new products and services our staff should be able to learn about it first hand in order to feel confident when operating in the company and most important while contacting our customers.

Increasing organization effectiveness level

Entire research group recognized the need for constant increase the level of organization effectiveness by their organizations. While managers are aware of the organization effectiveness level phenomenon, 3 main measurement criteria were introduced. Firstly, more customers the company has, the more effective it is. Increase in number of clients guarantees permanent growth of the enterprise and encourage change within the organization. Given situation strictly focuses on client management processes as well as communication and employee management systems.

(AS) Understanding what our company offers it is obvious that we need to constantly seek out for new customers. That number defines our position on the market and how dominant we are.

(AQ) More clients you have the more dependable you must be. It does not matter if you have 1 customer or 1 million the quality of your service needs to remain the same. Of course the company needs to invest and modernize but without that the competition will simply take over your clients.

Secondly, the constant increase of employment level shows the potential of the entire enterprise. This phenomenon has been presented as a dual case in the study. On the one hand while the organization grows and becomes more effective it needs to increase number of organization members. This forces the need for reconfiguring present solutions and processes allowing for the effective work organization. This process favors organization renewal in the organization. On the other hand some managers want to downsize the number of employees by introducing more computerized management systems. These new solutions allow organization to maintain its effectiveness level. This process significantly supports innovation in the organization.

(CQ) Over the last few year we are growing so rapidly that we always seek for new employees. They need to be properly trained and have the necessary tools in order to work effectively and this naturally generates costs but the number of potential new clients they provide covers that costs.

(DN) Every company grows and eventually need more modernized systems and processes in order to remain effective. You can either create own products or outsource them but both ways it will be more efficient for the organization. Work costs are growing and buying a system is a single payment commitment.

Thirdly, financial results reflect the effectiveness level of the organization. Given criterion was the most common and comprehensible by all respondents. The better financial condition the organization is in the more effective it becomes. Access to more resources allows the enterprise to develop, introduce new ideas and gain competitive advantage by exploring new potential markets.

(BS) Of course rich organizations are more effective. Company can invest and modernize as it becomes larger. At some point you start facing competition and if you cannot keep up with it than you will definitely not succeed.

(DQ) In our branch new technologies need to be developed constantly and organization need resources to do that but without creating something new or even modernizing old services one cannot operate in this market.

Organization renewal or innovation

Responses regarding the usage as well as popularity of organization renewal process within the research organizations were diversified. Only 9 managers were able to define the meaning of renewal and were aware of this process in their enterprises. All companies had some parts of organizational renewal process present in their operations but not all managers could name it directly and by doing so properly manage it. Response analysis delivered a definition of organizational renewal as a process of upgrading, modernizing and redefining present knowledge, solutions and products in the organization. Specific departments were using renewal but mostly with the combination of new technologies and products outsourced into the company. Communication, personal management and quality management systems were highlighted. The combination or modernized, present knowledge with new information delivered for the enterprise showed great potential in increasing the level of organization effectiveness. However in most situations organizations were focusing on introducing new solutions to improve the effectiveness of the enterprises rather than modernize its own, present knowledge. Organizational renewal process awareness was present within most of the researched companies and the managers were able to utilize it as a tool if needed.

(DQ) In most situations we try to use our own products as much as we can but as the company grows it is simply better to buy new technology and utilize it with our own solutions.

(BS) During my years in this company I constantly developed tools under my disposal to become more effective. It is not so difficult and since I know them it feels much more comfortable to operate with things that you know best.

(ES) It is possible to modernize the company but in my opinion in many ways it is simply cheaper to outsource technology or a specific product, it is way cheaper and takes less hours to come up with something new.

Innovation was perceived by the respondents by both developing new ideas by the organization but also as the process of outsourcing new knowledge into the company and reshaping it for the enterprise needs. While organization members are encouraged to develop new ideas there were only several situations when they were reformed into real products or processes. Companies focus on acquiring new technologies are utilize them to be as effective as possible. It comes with training and implementation costs but managers are aware of them. New knowledge is being merged with present organization experience if possible.

(DN) It is our job to come up with new technologies all the time. Our branch depends on it and in many situations you can save a lot of money modernizing something as buying from other parties is overly more expensive.

(EI) From my perspective all the tools are already there so in order to be as competitive as other companies organization can acquire all the systems and become as effective straight on.

(BP) Our market is very strict and large, real-estate companies provide all the tools for this job so I would not waste time on developing something new as it would not be efficient.

Maintaining competitive and market advantage

Managers highlighted the importance of maintaining both competitive and market advantage by their companies. Every respondent mentioned that as their organizations developed and became bigger the level of competition increased adequately during that process. The most important factors of gaining the competitive and market advantage were constant development as organizations needs to search the market for new customers and better products. Second was the effectiveness of the organization. Most of the researched companies want to keep expanding and developing their processes rather than cutting staff. For the managers becoming larger also means becoming better. Only one enterprise showed different opinion as introducing new technologies and automation allows to become more effective with less financial costs. All companies and their managers agreed that in order to maintain competitive and market advantage it is necessary to constantly introducing new products and knowledge as well as modernize the enterprises. Ultimately constant modernization, development and becoming more effective were the most important factors for the respondents.

(DN) The organization needs to develop but you can do it by simply modernizing it, introducing more effective processes that do not require so many people to operate.

(FQ) Good service will always defend itself. Organization needs to manage its quality and introduce new ideas that will modernize it. Doing that will always generate new clients as they will want to experience something new.

(BS) The company grows so does the number of employees. The level of service must remain the same and the competition is always there to take your clients, the only way of maintaining the service quality is the competitive staff.

7. Conclusions and discussion

Highlighted results show complexity and importance of maintaining high effectiveness level and competitive advantage by the organization. Change plays a significant role in given

process as it allows the enterprises to reshape and modernize. Ultimately change can be described as a process of reshaping and modernizing the present products and technologies in the organization. This so called inner-change is connected with organization renewal. Enterprises also seek to outsource new knowledge into the company and connect that process with innovation. Managers highlighted the importance of merging new information with present knowledge within the organization. Presented phenomenon shows great potential in creating a model of utilizing both organizational renewal and innovation process by the organizations in order to maintain high level of effectiveness. Given state of affair also highlight a dilemma of employment level. Introducing new solutions created by renewal-innovation process can automate the company but it can drastically reduce the number of organization members. From the financial point of view situation is efficient for the enterprise but the human aspect dilemma remains. While organization members presented as strategic asset of any organization (Taylor, 2000) this phenomenon cannot be excluded when analyzing the level of organization effectiveness.

Respondent group had general knowledge regarding organization renewal process yet not all managers were aware if its presents within the enterprise. The definition could be delivered of organization renewal as a process of upgrading, modernizing and redefining present knowledge, solutions and products in the organization. Combination of renewal with new knowledge was brought to light as companies managed to introduce the utilization of present information within the company with the outsourced knowledge. Not all organization members were aware of the process and focused on innovation as they introduced new ideas for the company. Researched organizations focused on gathering new knowledge and introducing it into the company life cycle as soon as possible.

Ultimately maintaining competitive and market advantage were the most important factors for the managers and their organizations. Presented advantages can be achieved by constant development in searching of new costumers and products. Given state of affair showed a dual cast study. On the one hand as companies become larger they require more organization members. This situation allows the company to faster expand towards new markets yet the costs of modernizing and managing the process of maintaining high level of effectiveness are growing accordingly. On the other hand organization can become more automated as all processes are being modernized towards independency and reducing the number of employees. This situation generates larger introducing costs basing on acquiring new technology as well as merging it with current organization processes. In the long run the employment costs are being downsized dramatically. Yet again presented situation shows a significant dilemma of organization employment level.

In conclusion all companies and managers agreed in order to maintain competitive and market advantage it is necessary to constantly introducing new products and knowledge as well as modernize the enterprises. This phenomenon shows the great potential of utilizing organizational renewal with innovation. Modernizing present products and processes which

pose a significant company value and utilizing them with newly acquired knowledge outsourced by the organization can be presented as a model and has the potential of becoming an effective strategy in the future. While organization needs to constantly increase its level of effectiveness in order to survive as well as maintain competitive advantage presented findings add several aspects to the given matter.

8. Limitations and future research perspective

Author recognizes limitations present in the article. Usage of qualitative research methods show ethical problems as a direct contact with the participants and provided responses can be culturally biased. Geographic limitations narrows the research companies of a specific market which may have had influenced the case study. Finally the small number of participants limits the generalization of the findings.

Ultimately presented results are theory building in the tradition of qualitative research methods and grounded theory (Konecki, 2000). Conditions for the reliable presentation of data were met as data collection method tool like observation, in-depth interviews and company data analysis were utilized which provided. Finally, presented results are theory building in tradition of qualitative research triangulation (Gibbs, 2011) and ensured the authenticity of the presented results.

Presented results show potential for future research. Utilization of organizational renewal with innovation can be explored with the possibility of constructing a universal model for organizations. The use of quantitative research methods can enrich the presented results and show new research possibilities.

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