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# How do we get there? Dynamics of strategic renewal: a multiple case study of Polish SMEs

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## Abstract

**Purpose** – The purpose of this study is to explore the dynamics of strategic renewal over time concerning its underlying and interrelated constituents.

**Design/methodology/approach** – This study employs multiple case study of three Polish-owned SMEs.

**Findings** – Strategic renewal is influenced by contradictory yet interrelated elements, whose significance shifts over time depending on the phase of the SMEs' lifecycle. These dynamics illustrate the complex and evolving nature of strategic renewal, emphasizing the importance of understanding its temporal aspects.

**Research limitations/implications** – Limitations include its focus on a small sample of Polish-owned SMEs, which may limit the generalizability of the findings.

**Practical implications** – The study offers insights to managers and entrepreneurs by considering the changing significance of various elements in the strategic renewal process. By understanding these dynamics, managers can better navigate the renewal process, adapting their strategies to the specific lifecycle phase of their firms.

**Originality/value** – This paper contributes to the literature by providing a nuanced understanding of strategic renewal dynamics over time. By adopting a systems theory approach and focusing on the temporal interplay of contradictory elements, it offers a novel perspective that bridges existing theoretical tensions and advances our understanding of the sequence of strategic renewal processes in SMEs.

**Keywords** Strategic renewal, Dynamics, Polish, Small and medium-sized enterprises

**Paper type** Research article

## Introduction

The question of why some firms survive and prosper while others fail is attracting growing attention as competition intensifies, technology evolves, and natural climate conditions worsen (see [Wiggins & Ruefli, 2005](#); [Kobrin, 2017](#); [Muller, Buliga, & Voigt, 2018](#)). Research shows that the persistence of US manufacturing firms declined sharply in the second half of the twentieth century ([D'Aveni, Dagino, & Smith, 2010](#)). A study by the Henderson Institute, covering 1970 to 2010 ([Reeves & Pueschel, 2015](#)), further demonstrates that firm mortality risk has steadily increased across industries. Recent studies have highlighted the risk of resource decay within firms and the imperative to reconfigure organizational capabilities and trajectories

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(Karadag & Poppo, 2021; Ozalp, Eggers, & Malerba, 2023). Consequently, strategic renewal (SR), namely activities that firms undertake to modify their path dependence (Volberda, Baden-Fuller, & Van Den Bosch, 2001a), currently serves as a key function of strategic management (Schmitt, Raisch, & Volberda, 2018; Herbane, 2019; Khan, Majid, & Yasir, 2021).

Whilst SR plays a crucial role in ensuring long-term performance and growth (Huff, Huff, & Thomas, 1992; Ben-Menahem, Kwee, Volberda, & Van Den Bosch, 2013; Shu, De Clercq, Zhou, & Liu, 2019), scholars note that the performance outcomes are highly variable (Ozalp *et al.*, 2023; Heij, Volberda, & Hollen, 2024). In explaining these differences, scholars draw attention to a wide spectrum of internal and external factors, including environmental dynamism (Volberda *et al.*, 2001a; Flier, Bosch, & Volberda, 2003; Stienstra, Baaij, van den Bosch, & Volberda, 2004), structural arrangements (Hacklin, Björkdahl, & Wallin, 2018), and the renewal logic (Schmitt *et al.*, 2018). However, despite the research advances that these studies achieved, the empirical results remain inconclusive and raise several concerns. Three major limitations, in particular, continue to hinder the field's development. First, research findings remain fragmented with regard to the nature, process, and the logic of SR (Schmitt *et al.*, 2018). Second, the field demonstrates a wide variety of theoretical perspectives (Klammer, Gueldenberg, Kraus, & O'Dwyer, 2017; Schmitt *et al.*, 2018; Ciszewska-Mlinarič & Wójcik, 2023). Third, studies tend to concentrate on a single level of analysis, namely individual, team, or organizational, without sufficiently exploring the interrelationships between these approaches (Albert, Kreutzer, & Lechner, 2015; Schmitt, Barker, Raisch, & Whetten, 2016; Riviere, Suder, & Bass, 2018). As a result, the absence of a systemic understanding of SR prevents researchers from drawing meaningful conclusions and offering actionable recommendations. These issues have contributed to a lack of clarity regarding the role of the underlying mechanisms of SR in achieving longevity and above-average performance. Furthermore, researchers have paid limited attention to how organizational changes associated with SR unfold over time (Kunisch, Bartunek, Mueller, & Huy, 2017; Schmitt *et al.*, 2018). Taken together, the current literature offers only a partial understanding of which factors shape the process and outcomes of SR and how, thus underscoring the need for further inquiry. In this study, we address these gaps and ask the question: How does SR unfold in small and medium-sized enterprises over time?

In doing so, we framed SR as a set of interrelated constituents, considering both the process and content, and explored empirically the conceptual framework that the authors developed elsewhere (Ciszewska-Mlinarič & Wójcik, 2023). Methodologically, we adopted a multiple-case study of the three Polish small and medium-sized enterprises (SMEs) to explore their SR journeys. Our findings suggest that the nature of SR changes over time and demonstrates different features in distinct stages of SMEs' life cycle.

This study contributes to the SR literature in three primary ways. First, it deepens our understanding of how SR unfolds over time by tracing its evolution across different lifecycle phases in SMEs. The findings show how firms shift between proactive and reactive approaches, and how different mechanisms support exploration and exploitation at various stages. Second, it addresses a gap in the literature by focusing on SMEs. Although SMEs are central to economic growth and innovation, they face distinct challenges compared to larger firms, including limited resources, capacity constraints, and reduced access to external finance and knowledge (Naidoo, 2010; Fernhaber, Li, & Wu, 2019; Ciszewska-Mlinarič & Wójcik, 2023). Third, the study adds empirical insight by examining SR in the underexplored institutional setting of Poland. As a post-transition economy demonstrating institutional change and entrepreneurial dynamism, Poland offers a relevant context for extending the SR theory beyond its traditional focus on mature or large emerging markets (Riviere *et al.*, 2018).

### Theoretical background

In its essence, SR involves the alteration of a firm's path dependence, which influences its long-term prospects. In other words, renewal combines change with transformation (Volberda

*et al.*, 2001a; Albert *et al.*, 2015). In a broad sense, this alteration concerns the content and process of SR. Content refers to strategic decisions (*what* is about to be changed), while process focuses on formulation and implementation (how the changes unfold). Researchers have argued that in their considerations of outcomes, content and process are interrelated, and the “content-performance relationship is influenced by process, while the process-performance relationship is sensitive to content” (Olson & Bokor, 1995, p. 34). Regarding the content, SR involves gradual and continuous or discontinuous/non-linear redirection of elements of strategy: mission, product-market domain, organizational structure, resources and capabilities, and business models (Müller & Kunisch, 2018; Schmitt *et al.*, 2018). The process of SR refers to a transition path from one state to another. In this regard, Volberda *et al.* (2001a) distinguish four renewal journeys being the outcome of interactions between the type of approach toward renewal (active vs. passive) and the management level (top vs. frontline).

Existing research on SR adopts a wide spectrum of analytical levels (individual, group, organizational) and different theoretical lenses (organizational learning, evolutionary perspective, contingency theory, interorganizational relationships, behavioral theory, resource-based view, corporate entrepreneurship, dynamic capabilities, and business model innovation) (see Schmitt *et al.*, 2018). For instance, the literature rooted in a resource-based view argues that SR is essentially based on core competency and capabilities transformation (Floyd & Lane, 2000; Agarwal & Helfat, 2009; Capron & Mitchell, 2009; Ben-Menahem *et al.*, 2013). More recently, this process has been associated with the development of dynamic (meta) capabilities that alter the creation and recombination methods of resources (see Riviere *et al.*, 2018; Warner & Wäger, 2019). Conflicting forces and tensions that arise in the process of SR add another layer of complexity regarding its logic and structure, addressing the SR drivers (learning vs. resource alteration), initiation approach to SR (induced vs. autonomous), and the intention of initiating the SR (co-alignment vs. co-creation) (Schmitt *et al.*, 2018). In a recent synthesis, Ciszewska-Mlinarič and Wójcik (2023) build on Schmitt *et al.*'s (2018) research to offer a conceptual framework linking complexity and systems theory thinking (Nadler & Tushman, 1980; Schleicher *et al.*, 2018). This approach assumes that a change in the whole system follows a change in its interrelated elements. In other words, to understand the change in the system (SR of a company), one needs to consider its inputs, processes, and outputs. The framework specifies six general categories (dimensions) corresponding to the components of the SR system: (1) antecedents (system inputs), (2) initiation, (3) logic, (4) structure, (5) process, and (6) outcomes.

The antecedents specify triggering factors of SR and involve external (namely social and technological trends, value migration in the value chain, intense competition, and changing consumer preferences) and internal factors (namely technological capabilities, resource scarcity, organizational culture, managerial mental maps, as well as cognition and shared understanding of the need to renew).

Initiation addresses the following question: Who initiates SR within organizations? The literature presents two opposing approaches: top-down (induced) and bottom-up (autonomous). The first approach stems from the upper echelons theory, which assumes that these are top managers. According to the second approach, which follows a strategy process tradition, renewal occurs bottom-up through the input of lower-level managers and individuals (see Ciszewska-Mlinarič & Wójcik, 2023).

Furthermore, logic reflects Schmitt *et al.*'s (2018) source of intention to organizational transformation: either co-alignment (reactive stance), which defines the intent of adaptive reaction to environmental changes, or co-creation (a proactive stance), which describes the willingness to actively shape the environment with organizational behavior. These two approaches resonate with two types of market orientation: market-driven and market-driving. The former is based on a reaction to external conditions, such as customer preferences, competition, or institutional conditions (legislation, standards). The latter is associated with proactive changes in market structures and/or behaviors (Jaworski, Kohli, & Sahay, 2000).

Structure refers to the organizational arrangements that accompany SR, most notably, “pivoting” and “ambidexterity.” Pivoting involves a deliberate and substantial shift in a firm’s strategic direction, typically in response to internal learning or external feedback (Blank, 2013; Kirtley & O’Mahony, 2023). This arrangement may include redefining value propositions, adjusting the business model, or targeting new customer segments (Blank, 2013). In contrast, ambidexterity entails the simultaneous pursuit of exploration and exploitation, often achieved through “structural separation” – establishing parallel units or divisions that focus on either innovative, exploratory activities or on refining and scaling existing capabilities (O’Reilly & Tushman, 2013). This approach allows firms to resolve tensions between short-term efficiency and long-term adaptability. While structural ambidexterity separates these functions organizationally, “contextual ambidexterity” enables individual teams or managers to switch between modes within the same structure (Gibson & Birkinshaw, 2004). SMEs often adapt these forms of structuring pragmatically, enabling their evolution in response to growth stages and resource constraints.

The process refers to Schmitt *et al.*’s (2018) notion of opposed/contradictory drivers of organizational learning and resource recombination. However, both mechanisms assume that any change is associated with the rise of contradictory yet interrelated elements that persist over time or paradoxes (Smith & Lewis, 2011), which involve dealing with activities associated with the exploration of new knowledge and exploitation of accumulated experience (Floyd & Lane, 2000; Crossan & Berdrow, 2003). In the words of Volberda, Van den Bosch, Flier, and Gedajlovic (2001b), the SR process originates in the exploitation of “renewal actions that elaborate on the current range of activities” and the exploration of “renewal actions that add new activities to the current repertoire of the organization” (p. 214). In this vein, Schmitt *et al.* (2018) offer a theory-bridging solution to reconcile the tensions between learning and resource-based alteration, in which innovation serves as a common platform to combine these two main mechanisms.

Finally, we can group the outcomes of SR into two broad categories: performance-related outcomes and broader organizational outcomes. The former includes improved profitability, cost efficiency, market valuation, and competitiveness (Floyd & Lane, 2000; Bierwerth, Schwens, Isidor, & Kabst, 2015; Eklund & Kapoor, 2019). The latter encompasses more enduring capabilities, such as survival, environmental and evolutionary fitness, technological innovation, product-market diversification, new product development, and business model innovation (Ravasi & Lojcono, 2005; Agarwal & Helfat, 2009; Basu & Wadhwa, 2013; Warner & Wäger, 2019). These outcomes span both direct manifestations of change and indirect indicators of long-term adaptability and transformation, reflecting the diversity of SR trajectories (Ciszewska-Mlinarič & Wójcik, 2023).

The framework assumes that the dimensions of SR, namely logic, process, structure, and outcomes, are interrelated, with shifts in one domain reverberating across other domains (Agarwal & Helfat, 2009; Volberda *et al.*, 2001a). However, despite the existence of various conceptual models, the nature and directionality of these interdependencies remain insufficiently understood, particularly in the context of SMEs. While prior studies have explored individual aspects of SR, such as the role of managerial cognition (Barr *et al.*, 1992), learning processes (Crossan & Berdrow, 2003), and resource recombination (Warner & Wäger, 2019), few scholars have systematically examined how these elements interact over time to shape different renewal trajectories. Moreover, the existing research tends to focus on singular dimensions or isolated levels of analysis, often neglecting how the logic of renewal (reactive vs. proactive) influences the structure and sequencing of the renewal process (Schmitt *et al.*, 2018). Structural configurations, such as pivoting or structural ambidexterity, are frequent subjects of discussion in large firm settings (Friesl, Garreau, & Heracleous, 2019). However, their relevance and enactment remain largely underexplored in SMEs, where resource constraints and managerial overlaps blur formal boundaries. Similarly, although scholars have proposed certain typologies (see Volberda *et al.*, 2001b on emergent vs. directed renewal), empirical research rarely captures the lived complexity of renewal processes across

time and organizational layers. The limited empirical grounding of integrated models and predominant reliance on either static performance indicators or decontextualized constructs further compound these gaps. Accordingly, this study seeks to expand current understanding and investigate how the interrelated dynamics of SR unfold in SMEs. Through an exploratory multiple-case study of Polish firms, we examine the configuration and evolution of SR dimensions over time, shedding light on their interdependencies and contextual contingencies.

## Research design and method

### *Research design and context*

Based on a multiple-case study of three SMEs, the research examines how these companies renew themselves over time. This qualitative method enables the analysis of the phenomenon in its natural context, thus identifying the theoretical essence of SR (Yin, 2009). We adopted an inductive and exploratory retrospective approach in a process-based tradition (Langley, 1999), as we sought to expand the existing knowledge on SR dynamics (Eisenhardt & Graebner, 2007). We followed Eisenhardt's (1989) and Yin's (2009) guidelines of literal replication.

The choice of Poland as the empirical setting reflects both theoretical and contextual considerations. As a post-transition economy, Poland has the characteristics of both developed and emerging markets. Its institutional environment reflects regulatory fluidity, uneven infrastructure, and evolving entrepreneurial ecosystems (Ciszewska-Mlinarič, Obłój, & Wąsowska, 2018). These features heighten the salience of paradoxical tensions that lie at the heart of SR and exist between control and improvisation, formalization and flexibility, and exploration and exploitation. This setting offers fertile ground for extending the paradox theory, especially in relation to SMEs' growth under conditions of institutional volatility (see Ciszewska-Mlinarič *et al.*, 2018; Anand & Paul, 2021).

Our case selection followed a theoretical replication logic (Yin, 2009), aiming to trace different patterns of SR across firms that share structural characteristics but vary in industry, strategic responses, and growth trajectories. The selected SMEs were all Polish-owned, established post-2000, and employed between 70 and 130 people. While they differ in sector (namely manufacturing and services), they operate in comparable institutional conditions and confronted similar liabilities of smallness and newness. The case selection supported maximum variation sampling (Patton, 2002), allowing us to trace how SR unfolds across different structural configurations and lifecycle phases. By comparing firms that differed in industry and strategic orientation but shared similar size and founding conditions, we were able to theorize common mechanisms of renewal while preserving contextual richness. To preserve the anonymity of our case companies, we will refer to them as Alfa, Beta, and Gamma. Table 1 presents the characteristics of these companies at the end of 2023.

**Alfa** was founded in 2003. The company specializes in the processing and recycling of plastics and employs approximately 130 people. Alfa is Poland's leading recycler, exporting its finished products globally. The accelerated growth of the company started after 2010 when the sons of the founder joined the company, and the enterprise received European Union funds. These changes helped the company transform from a local player to an international recycling

**Table 1.** Basic characteristics of the case companies

	Alpha	Beta	Gamma
Industry	Recycling	Trade (personalized gifts)	HoReCa
Age (years)	21	15	10
Size (employees)	Approx. 130	Approx. 70	Approx. 100

**Source(s):** Authors' own elaboration

company processing thousands of tons of recycled waste in four main product categories: granulates, bubble film, geomembrane, and corrugated pipes.

**Beta** was founded in 2008. The company sells personalized gifts and employs approximately 70 people. Sales have grown to the level of more than three million euros per year. The company sells its products in Poland and other markets in the European Union (mainly DACH countries, Czechia, and the Baltic states). The company's dynamic growth began five years after its inception. Although the founder continues to manage the company, recently he has initiated the decentralization process and invited middle managers to participate in decision-making.

**Gamma** was founded in 2014. The company operates in the HoReCa industry and employs approximately 100 people. The three founders have run the company since the outset. The company has the most diversified business model among all our case companies, combining operations in B2C and B2B markets. Gamma runs its canteens and provides catering services to hospitals, schools, and kindergartens. Moreover, the company has its production facility, which prepares ready-to-eat meals for the company's own brand of dietary catering and as an outsourced provider to other companies in this industry.

#### *Data collection*

We collected data over ten months from three main sources: (a) semi-structured interviews with managers of the companies, (b) secondary data from the companies under analysis and publicly available information (namely news), and (c) participant observations (see [Table 2](#)). Data collection took place in two stages between July 2022 and May 2023. In the first stage, we collected publicly available data on each company. In the second step, over a five-month period, we conducted interviews in each of the companies. This process allowed us to triangulate the information we obtained from several sources and begin the formulation of the processual model of SR. We had the interviews, which lasted between 60 and 90 minutes, recorded and transcribed verbatim. The interviews followed a semi-structured protocol. We interviewed at least three top decision-makers in each company. In the interviews, we asked our respondents about the growth history and major milestones in their companies' life cycles, main obstacles, and facilitating factors shaping their company's SR journeys.

#### *Data analysis*

We focused on "recognizing patterns of relationships among constructs within and across cases and their logical underlying arguments" ([Eisenhardt & Graebner, 2007](#), p. 25) to generate a sequence of events and identify causal mechanisms between them ([Pettigrew, 1997](#);

**Table 2.** Data sources

Organization	Interview informants	Secondary data
Alpha	<ul style="list-style-type: none"> <li>• Founder</li> <li>• CEO</li> <li>• Chief of Production</li> </ul>	<ul style="list-style-type: none"> <li>• Product samples</li> <li>• Company documents</li> <li>• Financial data</li> <li>• Internet – company website, LinkedIn, and other online sources</li> </ul>
Beta	<ul style="list-style-type: none"> <li>• Founder &amp; CEO</li> <li>• COO</li> <li>• Chief of Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Company documents</li> <li>• Financial data</li> <li>• Internet – company website, LinkedIn, and other online sources</li> </ul>
Gamma	<ul style="list-style-type: none"> <li>• Founder &amp; CEO</li> <li>• Founder &amp; CFO</li> <li>• Managing Director</li> <li>• Purchasing Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Company documents</li> <li>• Financial data</li> <li>• Internet – company website, LinkedIn, and other online sources</li> </ul>

**Source(s):** Authors' own elaboration

Langley, 1999). We followed Gioia, Corley, and Hamilton's (2013) methodology to analyze our data. We began by conducting within-case analysis by examining the transcribed interviews to seek common, emerging themes and created first-order codes using MAXQDA 24. Next, we conducted axial coding to generate second-order themes. In doing so, we moved iteratively between data and theory, that is, between in-vivo codes based on common statements and emergent categories (Saldaña, 2009). In the process of moving back and forth between our codes and the literature, we deductively derived final aggregate dimensions that describe the main categories, which the Ciszewska-Mlinarič and Wójcik's (2023) framework defines (see Figure 1).

We combined interviews and secondary data to create a process model of SR within each company. In doing this, we adopted a temporal bracketing strategy (Langley, 1999) and identified significant milestones, such as events, activities, and decisions that constituted the basis for distinguishing respective phases of SR (Langley, 1999). This helped us understand the causal mechanisms within and across phases (Cornelissen & Werner, 2025). Consequently, we structured the SR dynamics by distinguishing three phases that guided the process of three-step within-phase data analysis between the cases. We followed up by conducting a cross-phase analysis between the cases to identify the causal mechanisms and understand how and why the SR process evolved this way.

## Findings

This section provides a narrative of individual and organizational practices, which we obtained by applying Ciszewska-Mlinarič and Wójcik's (2023) framework. We used the narrative to understand how Polish SMEs underwent SR and growth. We structured the findings according to the main categories in the conceptual framework. Our findings revealed that SR in SMEs unfolded across three phases: founding, scaling, and maturing. In each of these phases, the logic, process, and structure of SR were interrelated and changed their nature in parallel from phase to phase. The findings are presented schematically in Figure 2.

### *Antecedents*

External factors. The data revealed that different types of factors triggered respective renewal phases in SMEs. During the early founding phase, pull factors related to market opportunities were dominant. In the scaling phase, our interviewees emphasized push factors, such as increasing market competition and customer needs. In turn, the maturing phase displayed push and pull antecedents. Alpha founder reports:

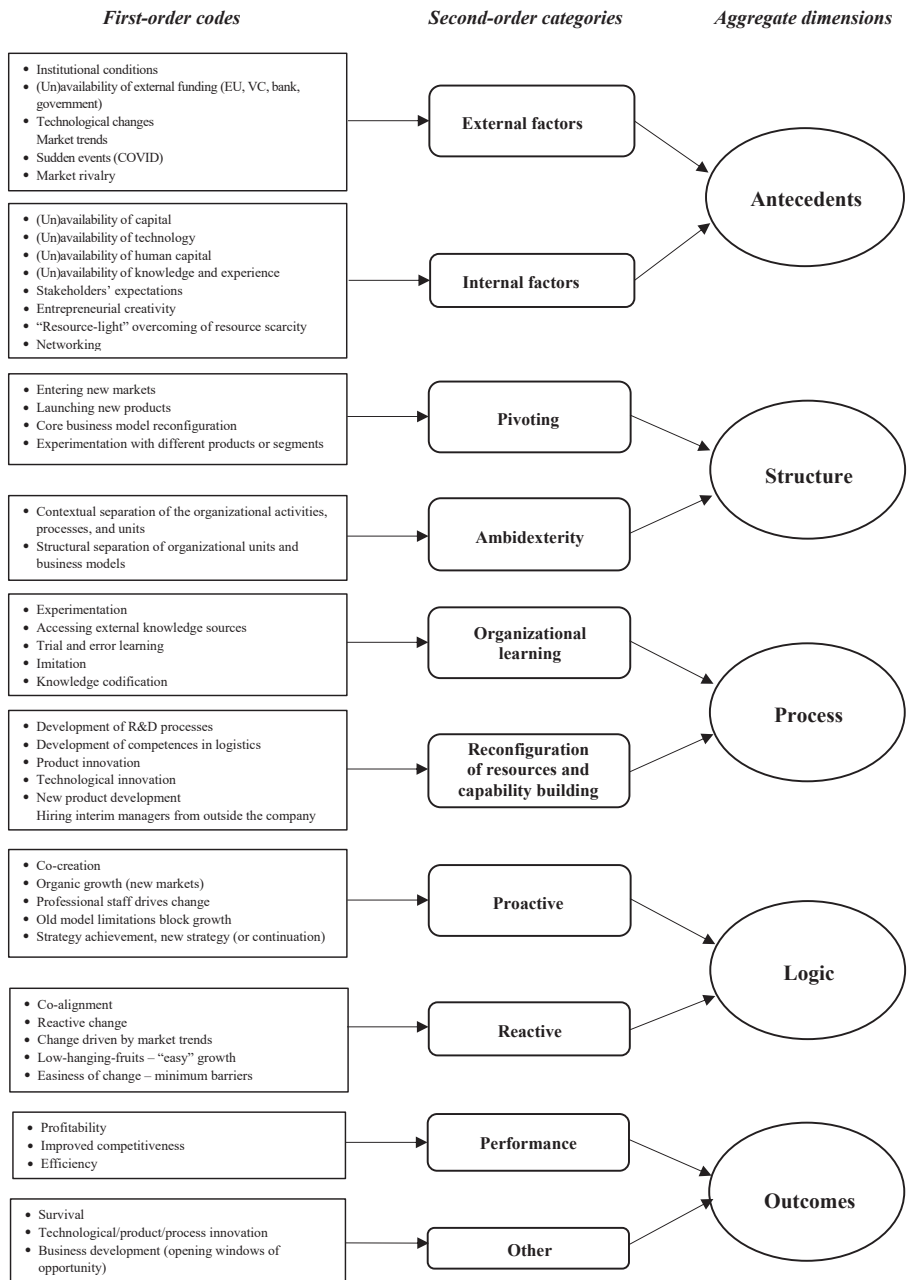
The idea for the business came in the late 1990s. ... When I started, the market was completely different from what it is today. Back then it was easier because there was not so much competition. Indeed, I was not afraid of competition for a long time; I did not feel competition on my back because there were just a few of us. Back then there was a lot of raw material on the market compared to the demand, so we never had competition. At that time, product manufacturers had also just started adding recycled pellets, without waste, which were at least 50% cheaper. The quality of this product was low because all these companies were just starting out (Founder, Alpha).

The Managing Director of Gamma describes the triggering factors when scaling the business:

Another aspect is that at some point, people simply started paying attention to what was on the label, increasingly began to care about their health, and adopted a healthy lifestyle. These trends continue to persist and develop (Managing Director, Gamma).

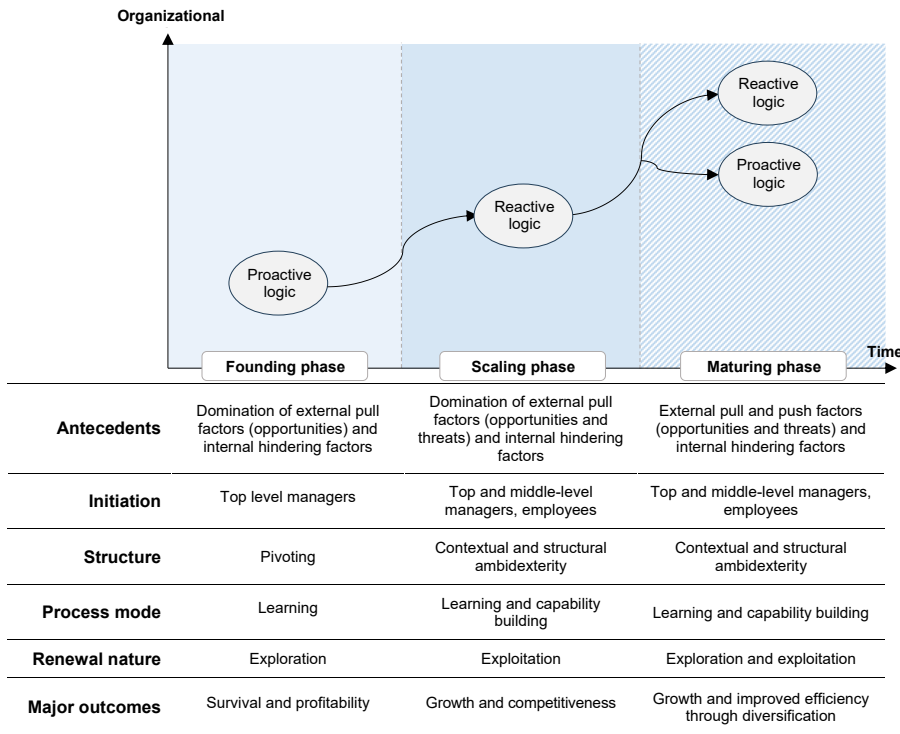
The CEO of Alpha also explains the current role of the combination of push and pull:

Our geomembrane products are for agricultural applications, such as irrigation. We seek markets that are not yet well organized. ... The closer such a market is, the better, as logistics costs are lower. So, we export to markets that allow us to sell – with imprecise legislation or certification requirements (CEO, Alpha).



**Figure 1.** Overview of the coding scheme. Source: Authors' own elaboration

Internal factors. Existing research points to two roles that internal factors may play – they may act as either facilitating or hindering factors. In the case of the SMEs we analyzed, most factors, according to our informants, acted more as limitations rather than facilitators. This fact reflected the phenomenon of liability of smallness and newness, and resource scarcity. Therefore, SMEs



**Figure 2.** Dynamics of strategic renewal's logic over time. Source: Authors' own elaboration

used “resource-light” approaches, such as “bricolage” (“making with what is at hand;” Baker & Nelson, 2005), their creativity, and networking. Interestingly, while resource constraints accompanied the SMEs throughout their entire renewal journeys, their significance changed over time. For instance, the severity of the lack of capital and technology reduced with time, but new constraints emerged at later stages of the organizational life-cycle, as the SMEs matured (scarcity of human resources and human capital). As mentioned by the Managing Director at Gamma: “I think the human factor is significant here, but the process itself is definitely ripe for improvement. We are thinking about automation, even if it is just packing; there are much nicer sealing machines.” The COO of Alpha indicates another challenge in the scaling phase:

We are currently diversifying the company and introducing new products. I need to do this quickly. Today, external managers are coming, but they will need some time, and we do not have that time. What is more, there is rather more chaos in the company because we are expanding our product portfolio and entering new markets (COO, Alpha).

### *Initiation*

Case data indicated the dominating role of founders and top managers in renewal initiatives. This fact is related to the specific nature of the SMEs, where founders continued to hold strong positions in the company. This domination seemed to diminish over time, as companies grew in size, which increased the level of complexity of operations as reflected through the scale and scope of markets, products, and processes. With time, founders and top managers created a culture of adhocracy, which stimulated creativity and flexibility, allowing organizational members (employees and middle-level managers) to start bottom-up initiatives.

One of our employees, our “handyman,” started building a simple production machine that we planned to buy. So, we were trying to solve the challenges creatively. Ultimately, he created the machine. I think that we are still using it in the production department (COO, Beta).

*Logic*

As our data indicates, the logic of SR in the SMEs under analysis evolved starting with co-creation (proactive stance) in the early phase, through co-alignment (reactive stance) in the scaling phase, and ending with ambidexterity in the maturing phase. In regard to the first years of the companies, interviews showed domination of explorative-focused beliefs about client needs, value proposition, product-market domain, distribution, and suppliers. At the scaling phase, we found the formation of organizational resources and capabilities through active learning about client needs and business model elements. The CEO of Beta explains:

We recognized that export was the easiest growth driver for our company in the coming years. Just like during the introduction of a new country previously, we focused on ensuring that it was more of an approach to. . . We just wanted to organize this process and somehow automate it to create a template for introducing Beta to a new country.

The scaling phase reflected an effort to stabilize revenue streams and refine the value proposition based on externally driven, exploitative-focused beliefs and behaviors, in response to information about customer needs and competitor capabilities. The CEO of Alpha puts this in the following way:

We were just scaling then. All that time, we were increasing quantities. All that time, we emphasized this granularity of creation. We were scaling. We were only scaling.

The CFO of Gamma explains the efficiency-focused approach:

For example, you need a nutritionist, you need people who will, of course, take care of things like purchasing, right? Is there a production manager or a food technologist? It is not profitable for small companies to start such professional production, but when you reach a certain level of scale, there are synergies.

During the maturing phase, all the SMEs displayed a paradoxical logic, exhibiting simultaneous proactive and reactive stances. The most striking example of balancing between these approaches was a willingness to grow by increasing the sales of existing products in existing markets. On the other hand, the interviews indicate simultaneous exploration of new market opportunities by experimenting with new products, business models, technologies, and geographical markets. For instance, the CEO of Alpha mentions keeping both aspects in its product portfolio, namely scaling half-products and exploring final products, as a way to renew:

In 2016, we started producing the final product, which is bucket foil. And that was a big step. It was a big change in the company. We bought a machine in China. We installed the first bucket foil production line in 2016, the second in 2018, and the third in 2021 to scale. In 2019, we created the first line for pipes, and in 2020 for geomembrane. . . . Offering finished products was, in my opinion, another turning point. We moved away from commodities toward final products. The second big step was market diversification.

*Structure*

The existing literature identifies two primary structuring approaches to SR: pivoting and structural separation (ambidexterity). In the early phase, all three case companies pursued pivoting. Like many new ventures, the SMEs under analysis experimented with various business model elements, particularly value propositions, cost structures, and revenue streams.

These pivots entailing shifts in value creation and capture mechanisms were typically founder-driven responses to early-stage learning and market feedback, aligning with Blank's (2013) concept of strategic pivoting. Once the companies identified an effective mode of operation, they shifted toward scaling, with growth becoming the dominant objective. This phase reflected initial product-market diversification, often built on knowledge and experience accumulated in the early phase. The companies leveraged synergy effects by incrementally adjusting existing offerings and gradually entering foreign markets via direct and indirect exporting. As diversification and international expansion progressed, the SMEs encountered challenges typical for growing firms, particularly resource scarcity and coordination complexity. In response, top managers introduced new structural arrangements, such as separate product divisions or cross-functional teams, to handle emerging operational demands. For instance, Alpha established distinct functional divisions and subdivisions, a move that enhanced efficiency but also introduced compartmentalization. While intended to manage growth, these structures began to resemble organizational silos by reducing cross-functional communication and reinforcing localized decision-making. Such configurations reflected both structural and contextual ambidexterity (see O'Reilly & Tushman, 2013), as they enabled firms to balance exploitation and exploration during the scaling phase while inadvertently introducing barriers to integration. Alpha chose to establish new functional divisions and subdivisions, which later proved effective:

At one point, we created five product divisions. We had a huge number of products that we were able to sell. . . . Once we divided the products into silos, we started to be effective. (CEO, Alpha).

Here, the CEO uses the term "silos" to describe the structural separation of product divisions, which enabled focused development and specialization within each domain. In this context, "silos" refers to compartmentalized units with clear product-specific responsibilities, allowing for exploitation of niche knowledge and operational efficiency. However, these structural separations can also prove challenging to integration and cross-unit coordination, a tension well-documented in the ambidexterity literature. Notably, Alpha sought to mitigate this risk by encouraging sales staff to work across silos:

We also constantly mixed these silos, trying something new, since we had salespeople. The idea was that they should sell all the products we offered, even though they were supposed to be specialists in a narrow niche (COO, Alpha).

This managerial practice reflects contextual ambidexterity – cultivating a work environment that encourages individuals to balance the demands of specialization with cross-functional collaboration. Thus, Alpha's organizational design demonstrates how structural silos can coexist with integrative mechanisms, supporting both focused execution and adaptive learning. In the case of Beta, due to its smaller size at the time, the founders decided on contextual separation in the form of cross-functional teams. Gamma is an exception, as it began structural separation already in the scaling phase – two businesses opened in 2018, and the company acquired one in 2020. Therefore, the renewal structure displays links to a firm's size. All the companies under analysis grew in size by pivoting in line with market limits (Alpha) or their internal limits (Beta and Gamma). These growth limits enabled ambidexterity, either in the form of contextual or structural separation, for further scaling and growth.

### *Process*

Both organizational learning and resource recombination activities drove SR in the SMEs under analysis. The following pattern emerged from the case data: the SMEs adopted explorative activities in the early phase by learning through experimentation with business model elements, technology, trial-and-error learning of how to perform business operations efficiently, and identifying market opportunities. These initial years served as a way to increase the individual and organizational knowledge pool. The evolution path of Gamma may serve as

an example. Initially, the company in the early phase focused on developing knowledge related to canteen operations (namely choosing the right location, purchasing, choosing quality products/raw food, food preparation in the kitchen, team management, customer service, and marketing):

We also tried a pizza restaurant at that time; it was operational for two years. Unfortunately, the location we chose, by the depot station, where lots of people were passing through, was not good. It turned out that everyone was in a hurry and did not have the time to sit down. There were also problems with employees. A manager should be there all the time to look after the business. Anyway, it was a lesson learned, to analyze all these calculations in more detail, all the risks, and if there are just some smaller catering outlets now, we simply do not go in. We do not want to play around for the time being to re-brand ourselves by opening some restaurants in the market (Managing Director, Gamma).

During the scaling phase, the SMEs began to develop initial processes and activities focused on managing and leveraging knowledge within the organization:

In the process of conducting research, I remember sending out surveys to consult some gift ideas we had come up with, which we could make. Customers evaluated them, and then based on that, we chose a range of categories. Then it was no longer just the stars and the paintings, but a range of product categories that we could turn into personalized gifts (CEO, Beta).

The companies under analysis also gathered knowledge from external sources. In the early phase, the case companies relied mostly on environmental scanning, employing monitoring of competitors and technology development. In later stages, the companies expanded their knowledge pool by relying heavily on externally accessed expertise and trade fairs:

We always poached a lot of people from the competition. We always bought knowledge from the outside. Like those technologists? You know, when we started producing bubble wrap, the first thing we did was poach someone from the competition who was involved in that production, whether it was an operator, a production manager, or someone else (CEO, Alpha).

Over time, using their experience and knowledge accumulated in the early phase, the SMEs began to recombine their resources and build their first capabilities in the scaling phase, which they refined in later years. Three main capabilities aligned with the knowledge and experience they had acquired in previous periods, which related to: R&D (Alpha, Gamma), logistics (Gamma), and product innovations (all):

We needed to secure the logistics, the transportation of food. This was crucial. During the summer months, it is very easy for the products to spoil. So, we immediately put it in the refrigerator. We work with couriers who also distribute it using mobile refrigerators. (Managing Director, Gamma)

There is a lot of work involved. In the case of production, we set the rules as we have our department. I can call it R&D or something to do with innovations because we constantly invent new products for our clients. For me, this renewal was the next stage. (CEO, Gamma)

In order to reconfigure resources and build further capabilities, Gamma established the necessary processes in knowledge development and management. In some instances, knowledge codification served as a starting point for further business development for Gamma in the form of franchising:

We are in the process of creating a manual for future franchisees. The manual comprises all the knowledge in a written form: kitchen plans, sanitary inspection requirements, technological designs of kitchens, ventilation efficiency protocols, the necessary purchases, suitable canteen designs, and recipes. (Managing Director, Gamma)

In the maturing phase, all the SMEs decided to invest in management professionalization. As a consequence, the companies began hiring interim (external) managers instead of conducting internal promotions:

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We are currently transitioning from a company managed by us to a company managed by professional managers. This is probably the most challenging transition we have faced to date because we need to delegate some authority to managers. The process is not easy and requires learning, gritting your teeth, and having a lot of patience. However, it is a natural process. That is where we are right now. (COO, Alpha)

### Outcomes

Interviewees validated our observation of three distinct outcome categories, namely ones related to survival, performance, and strategic capabilities. In the early phase, survival was the primary goal, and it reflected resourcefulness and improvisation. As firms matured, the emphasis shifted toward performance outcomes, such as revenue growth, cost efficiency, and operational discipline. The CEO of Beta: “I would say that we are going to have at least 30% [of sales growth] annually and we must hold. We must grow at least 30% year on year.” Beyond these tangible results, we also identified emergent outcomes that reflected the cumulative nature of SR. These included the development of adaptive capabilities, greater market responsiveness, and readiness for internationalization. Such outcomes were not direct results of a single intervention but developed gradually through earlier mechanisms like pivoting and structural formalization. For example, Alpha’s prior reconfiguration of internal processes and team structures enabled the company’s expansion abroad. Taken together, these findings suggest that SR outcomes are not instantaneous but unfold progressively across renewal phases. We best understand them as long-term results that emerge from building capabilities and iterative alignment between strategy and structure, as internal learning and external demands shape the process.

### Discussion

This study set out to explore how SR unfolds over time in SMEs, with a particular focus on the factors shaping this process and the implications for a firm’s performance. By adopting a processual, mechanism-based lens and drawing on a conceptual framework of [Ciszewska-Mlinarić and Wójcik \(2023\)](#), we investigated the interdependencies between SR components – logic, process, structure, and outcomes – across three Polish SMEs. Our findings confirm that SR is not a discrete strategic act but a dynamic and recursive process, in which distinct elements interact and evolve in response to contextual triggers, firm-specific learning, and lifecycle stages.

A key insight lies in our identification of causal mechanisms underpinning SR across different development phases. In the founding stage, the mechanism of founder improvisation, activated under uncertainty and institutional volatility, facilitated strategic pivoting through trial-and-error experimentation ([Baker & Nelson, 2005](#); [Schmitt et al., 2018](#)). In the scaling phase, role formalization emerged in response to internal capability building and external stakeholder demands, supporting the transition from intuition-driven to codified routines ([Floyd & Lane, 2000](#); [Crossan & Berdrow, 2003](#)). During growth, the mechanism of structural bifurcation enabled the coexistence of exploratory and exploitative activities through differentiated but coordinated units ([O’Reilly & Tushman, 2013](#); [Friesl et al., 2019](#)). Critical inflection points (namely, changes in leadership, investor entry, or external shocks like COVID-19) set these mechanisms in motion, causing them to operate sequentially. These aspects illustrated how SR unfolded through situated and contingent pathways ([Kunisch et al., 2017](#); [Riviere et al., 2018](#)). Our findings resonate with the study of 610 mid-size companies from Poland, the United States, and Germany. In response to sanctions against Russia, these companies highlighted how proactive agility and international experience drove SR ([Stępień & Truskolaski, 2025](#)). Similarly, the findings of the study conducted on a sample of 265 Vietnamese SMEs underlined the importance of the mutually reinforcing mechanisms of

market and digital orientation in shaping firm performance under increased environmental turbulence (COVID-19) (Nguyen, Hoang, Tran, Tran, & Hoang, 2025). Our findings align with contextual perspectives on causal explanation, highlighting how generative mechanisms are embedded in temporal and environmental contingencies (Ciszewska-Mlinarič & Wójcik, 2023; Cornelissen & Werner, 2025).

Moreover, our study illuminates how the interplay between SR logic, structure, and process contributes to the broader trajectory of organizational renewal. While the existing literature often treats these components in isolation (Volberda *et al.*, 2001a; Schmitt *et al.*, 2018), we demonstrate that they are interdependent and evolve in tandem. For instance, the formalization of internal processes (Crossan & Berdrow, 2003; Ciszewska-Mlinarič & Wójcik, 2023) and changes in structural arrangements, such as the creation of divisions or cross-functional teams, both informed and reinforced the shift from a reactive toward a more proactive renewal logic. These interdependencies underscore the value of treating SR as a system of interacting elements, in which path dependence and strategic intent actively shape how elements interact (Nadler & Tushman, 1980; Ben-Menahem *et al.*, 2013). The progression from informal pivoting to ambidextrous design suggests a developmental pathway in which SR reflects iterative alignment between strategic posture and structural response (O'Reilly & Tushman, 2013; Gibson & Birkinshaw, 2004).

In relation to SR outcomes, our study provides a more nuanced perspective than traditional performance metrics. While growth and efficiency gains were evident, particularly in the scaling and maturity phases, we found that the more salient outcomes of SR included the development of adaptive capabilities, enhanced market responsiveness, and readiness for internationalization (Agarwal & Helfat, 2009; Warner & Wäger, 2019). These outcomes were not direct results of single interventions but emerged cumulatively through earlier mechanisms, such as the learning embedded in pivoting or the strategic discipline undergoing role formalization (Floyd & Lane, 2000; Crossan & Berdrow, 2003). Thus, we propose the understanding of SR outcomes as delayed and emergent, arising from the interaction of prior phases rather than as immediate performance returns. This view expands prior conceptualizations by linking outcomes to underlying mechanisms and firm-specific renewal logic (Schmitt *et al.*, 2018; Ciszewska-Mlinarič & Wójcik, 2023).

Finally, the study's empirical setting contributes important context-specific insights to the SR literature. The Polish SMEs under analysis operate in a post-transition economy that offers institutional instability, limited access to capital, and evolving regulatory frameworks (Hoskisson, Wright, Filatotchev, & Peng, 2013; Kostova & Hult, 2016). These conditions shape SR processes in distinctive ways, compelling firms to rely on bricolage, strategic pragmatism, and continuous reconfiguration to survive and compete (Baker & Nelson, 2005; Fernhaber *et al.*, 2019). In this sense, our study not only adds to the growing interest in SR within SMEs (Ciszewska-Mlinarič & Wójcik, 2023) but also tests the existing theory in a CEE context that differs significantly from the environments typical for SR research, which focus on developed or large emerging economies (Riviere *et al.*, 2018). This strengthens the external validity of the SR theory and underscores the need to consider institutional embeddedness when theorizing about firm-level renewal.

#### *Theoretical contribution*

This study advances the theoretical understanding of SR by foregrounding its temporal and mechanism-based nature. Prior research often framed SR as a discrete response to external triggers like competitive threats, technological changes, or declining performance (Agarwal & Helfat, 2009; Schmitt *et al.*, 2018). However, our findings show that SMEs develop SR through nonlinear, path-dependent processes as internal learning, lifecycle progression, and contextual shifts interact (Floyd & Lane, 2000; Volberda *et al.*, 2001a). By identifying a sequence of generative mechanisms, including founder improvisation, role formalization, and structural bifurcation, we offer a more granular view of how SMEs enact SR over time. These

mechanisms reflect recursive patterns of organizational adaptation (Burgelman, 2002; Crossan & Berdrow, 2003) and are situated, cumulative, and contingent on specific triggers such as leadership transitions, strategic inflection points, or institutional uncertainty (Kunisch et al., 2017; Riviere et al., 2018; Ciszewska-Mlinarič & Wójcik, 2023). This view aligns with recent calls for dynamic, context-sensitive models of SR that move beyond static snapshots and consider how change unfolds longitudinally (Ben-Menahem et al., 2013; Cornelissen & Werner, 2025).

Second, the study contributes to the SR theory by examining how strategic logic, structure, and process coevolve rather than operate in isolation. Prior research often focused on isolated elements of renewal, such as strategy formation, resource recombination, or organizational restructuring (Hacklin et al., 2018; Schmitt et al., 2018). In contrast, we show that shifts in renewal logic find reinforcement in structural adjustments and the formalization of internal routines, suggesting a dynamic alignment between strategic posture and organizational design (Floyd & Lane, 2000; Volberda et al., 2001a). Research supports this systemic view by treating SR as a holistic process that continuously reconfigures interrelated components (Ben-Menahem et al., 2013; Friesl et al., 2019). This approach helps explain how SMEs adapt not only in response to environmental volatility but through internally driven cycles of learning, coordination, and capability building (Crossan & Berdrow, 2003; Ciszewska-Mlinarič & Wójcik, 2023). In this respect, our study aligns with a study of Polish SMEs during the COVID-19 pandemic, in which their strategies involved interactions between proactive and reactive actions in adjustment to a dynamically changing environment (Stępień & Światowicz-Szczepańska, 2022).

Third, we contribute to the literature by offering a mechanism linked to SR outcomes. Prior research often conceptualized outcomes as static performance metrics such as growth or profitability (Huff et al., 1992; Shu et al., 2019). Our findings indicate that many SR outcomes are emergent and cumulative. These outcomes, such as adaptability, market responsiveness, and early-stage internationalization, do not result from a single strategic action but from the sequencing of mechanisms across lifecycle phases (Agarwal & Helfat, 2009; Warner & Wäger, 2019). This processual perspective aligns with calls for a more nuanced understanding of SR outcomes as reflections of capability development and strategic alignment over time (Flier et al., 2003; Riviere et al., 2018). By tracing how earlier actions, such as pivoting and role formalization, set the stage for later positioning advantages, we offer an integrated explanation of how SR contributes to long-term performance in SMEs.

### *Implications for practice*

This study offers several practical insights for SME founders and managers navigating the challenges of SR in uncertain and evolving environments. One of the central findings is the value of recognizing that SR in SMEs is rarely a one-off strategic shift but rather a sequence of adaptive moves that demand the continual rebalancing of competing priorities. In the early phases of firm development, strategic pivots enhanced with founder intuition and rapid experimentation can provide essential responsiveness. However, as firms grow, these improvisational approaches must give way to more formalized routines and role clarity to ensure operational scalability.

Importantly, the findings reveal that effective renewal requires not only changing direction but also altering decision-making processes, identifying who makes decisions, and reallocating responsibilities. SME managers must stay attuned to their firms' evolving coordination needs and reconfigure structures as complexity grows, instead of sticking to early-stage arrangements. At the same time, the study highlights that formalization does not mean rigidity. Renewal remains possible when firms create space for parallel, sometimes conflicting, strategic logic to coexist, such as simultaneously consolidating core operations while exploring new market opportunities. Managers can benefit from fostering environments that not only tolerate but actively nurture different temporal orientations, capabilities, and decision styles.

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Furthermore, the study underscores the importance of leadership transitions, particularly in the context of succession and scaling. Firms build their renewal capacity by shifting leadership styles or introducing new perspectives at key inflection points. Founders and senior managers must therefore approach leadership development not as an afterthought but as a strategic lever for ensuring the firms' long-term adaptability. These insights are especially pertinent for SMEs operating in volatile or resource-constrained settings, where the ability to pivot, reconfigure, and experiment while building structural coherence can be the difference between stagnation and sustainable growth.

### **Limitations and future research directions**

Our study has several limitations that also point to fruitful avenues for future research. First, like many qualitative studies, our study faces challenges related to external validity. While our multiple case design allows for rich, context-sensitive insights, the findings apply best to settings that share similar institutional and organizational features. Future research could adopt longitudinal qualitative or mixed-methods approaches to investigate how SR and its underlying elements evolve across different contexts and over longer time horizons. Comparative studies that examine SR trajectories in SMEs versus large firms, or internationalization contexts, could offer valuable insights. Second, the qualitative nature of our data limited our ability to capture certain SR constructs, such as resource reconfiguration and capability building, with absolute precision. Future studies should seek to measure and model these dynamics more explicitly, potentially drawing on process tracing, configurational methods, or longitudinal survey data to better identify causal linkages and validate the mechanisms observed here.

Furthermore, we identified several promising avenues for future research. First, further investigation into the microfoundations of SR could deepen our understanding of how managerial perceptions of the external environment, framed as opportunities or threats, shape the logic (proactive versus reactive) and process (explorative versus exploitative) of SR. Research could also examine how individual interactions within organizations contribute to renewal and growth, particularly in resource-constrained SMEs. In this regard, we see particular value in exploring how prior managerial experience, especially within the same or different industries, influences the trajectory and characteristics of SR (see [Williams et al., 2017](#)). Second, we encourage deeper inquiry into ambidexterity within SR. Given that SR often involves navigating competing yet interdependent demands, the adoption of a paradox lens may offer valuable insights into how firms manage tensions over time to sustain growth. Third, since SR logic and market orientation demonstrate conceptual links, future research should explore how organizational culture shapes strategic direction and adaptability. We hope our findings offer a foundation for future studies on the dynamics of SR. However, scholars must continue to explore the complex mechanisms that underpin the long-term renewal and survival of companies.

### **Conclusion**

This study demonstrates that SMEs achieve SR through a dynamic process involving internal learning, evolving structures, and shifting strategic logic, rather than through an isolated event. By identifying distinct mechanisms across growth phases, we offer a temporally grounded understanding of how firms adapt and reposition over time. Our findings underscore the value of a mechanism-based approach to renewal and highlight how context, leadership, and organizational design shape long-term performance. We hope this work encourages further exploration of renewal as an unfolding journey rather than a fixed choice.

### **Ethical statement**

At the time of data collection, there was no requirement for formal ethics review board clearance, as the data was gathered by a professional research agency with extensive experience in conducting academic

and empirical studies. The agency adhered to standard ethical research practices, including informed consent, voluntary participation, and data confidentiality. CBM Indicator complies with the standards and implement the guidelines of the European Society for Opinion and Marketing Research (ESOMAR), the ethical guidelines and recommendations of the International Sociological Association (ISA) and the standards of the International Chamber of Commerce (ICC). Given that the study involved no sensitive personal data, vulnerable populations, or medical interventions, and was conducted in line with ethical norms prevalent at the time, institutional review board approval was not required.

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