

Strategic renewal and its impact on enhancing the strength of expertise: A survey study of a sample of private banks – Baghdad

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Abstract: The study aims to form comprehensive intellectual visions and clear perceptions about the relationship between strategic renewal and the strength of expertise in light of the major changes in the business environment and the knowledge-based economy, in an attempt to generalize the model and the extent of its applicability in the Iraqi environment. The study was launched from an intellectual problem represented by the existing intellectual disparity due to the novelty of the subject and to bridge the knowledge gap between philosophical proposals and application, with the aim of identifying the impact of strategic renewal in enhancing the strength of expertise. The study relied on the descriptive analytical approach by deriving hypotheses and testing them based on a questionnaire distributed to (124) senior management, employees, and managers of departments and divisions in a sample of private commercial banks in Baghdad. To analyze the data, statistical methods and tools were used to analyze the data through statistical programs (SPSS), (AMOS 23). The results showed the validity of all the main and sub-hypotheses of the study. Based on that, a set of conclusions were formulated that recommend the necessity for private commercial banks to increase investment in strategic renewal and focus on renewing ideas and developing banking services provided to customers and keeping pace with developments in banking services provided in developed countries.

Keywords: *Strategic renewal, Strength of expertise.*

1. Introduction

Due to the major and dynamic changes in the business environment, the process of strategic renewal has become inevitable for the long-term survival of business organizations (Musa & Mamun, 2018: 2), especially in the banking sector, which is witnessing major developments and the efforts of Iraqi private commercial banks to keep pace with the rapid technological developments in the world (Khalifa & Al-Issawi, 2024). Organizations must undergo a process of renewing their strategies, whether strategic renewal is intentional due to internal expansion plans or the organization may be forced to renew as a result of the conditions in the external environment it faces, such as competition and changes in the work environment. Strategic renewal contributes to improving market conditions and increasing the chances of sustainable success by encouraging the organization to establish strategic partnerships to obtain scarce resources that increase its profits (Taussig, 2013: 466), as well as achieving strategic compatibility between internal capabilities and transformations in the external environment, including (technology, industry, markets), which require a change in various work practices (Sammut & Mcgee, 2014: 1). Organizations use strategic renewal processes to balance the forces of change and stability within them in order to maintain their long-term survival and stability (Klitsie, 2018: 26). In contrast, the strength of expertise is a feature that distinguishes contemporary organizations, as the strength of expertise is part of the organizational and social fabric that organizations use to achieve their goals (Tallberg, 2007: 4), as the organization's success in using power depends on the extent of understanding

strength and determining how and when to use it, in addition to understanding and accepting the resulting effects. As a result of the above, the following questions emerged to determine the general framework of the study problem:

1. What is meant by strategic renewal and the strength of expertise? What are its dimensions in light of the intellectual proposals of researchers?
2. What is the nature of the relationship between strategic renewal and the strength of expertise? What is its moral strength?

2. Literature Review

2.1. Strategic Renewal

The concept first appeared in management by (Schendel & Hofer, 1979) in their book "Strategic Management", as they considered strategic renewal as an integral part of the strategic management of the organization because it contributed significantly to the emergence of the concept of renewal. According to (Segelod et al., 2011:33), the roots of the concept of strategic renewal go back to the studies conducted by (March & Simon, 1958), (Burns & Stalker 1961) (Lawrence & Lorsch, 1967) Normann, 1971), as these studies focused on the aspect of innovation represented by technological change and the introduction of products of an innovative nature. Most researchers, including (Huff et al., 1992, Whitney 1996, Pappas & Wooldridge 2002, Volberda 2005), agreed that the concept of strategic renewal refers to an intentional action By organizations to respond to change and turbulent conditions in the work environment (Bégin et al, 2012: 2). It differs from the concept of change (Mohammed ,2023) . Despite the passage of nearly thirty years since the emergence of strategic renewal as a term in the field of strategic management, there is no agreement among researchers on the meaning and concept of strategic renewal, which was confirmed by (Helfat & Agarwal,2009). (Graetz & Smith, 2010: 138) believe that the multiplicity of trends in the concept of strategic renewal can enhance the approach of the need to ignore assumptions about conflicting values, instead replacing them with the approach of integrative concepts, so the paradoxes of change, stability and flexibility do not need to be interpreted as one-dimensional choices. Flexibility may be necessary in a turbulent environment in order to find new paths for innovation and renewal, but order and stability are also necessary to ensure that this innovation is relevant and may be productive for a better future for the organization. (Fuller & Volberda, 2011:161) and (Rajes, 2013:11) indicated that strategic renewal is a continuous and interactive journey with changes in the business environment rather than a separate transformation from one state to another, which is consistent with what he presented, and (Albert et al., 2015:212) agreed with that. It is clear from this perspective that strategic renewal is an interactive approach because it represents an interactive process of adapting to changes in the organization's external environment. In contrast, other researchers confirmed that strategic renewal is a proactive and not reactive approach, as strategic renewal is represented in what organizations proactively provide of new opportunities to influence the development of growth in their markets rather than working to adapt and adjust to changing environmental conditions, and by exploiting their capabilities to overcome the inertia of strategic renewal and achieve their goals effectively (Schmitt et al., 2016:11). According to (Capron & Mitchell, 2009:294), the importance of strategic renewal lies in the fact that it helps the organization implement the changes it makes, and more precisely, it greatly helps it improve its capabilities for the purpose of carrying out the required internal and external change patterns. (Balasubrahmanyam et al, 2012: 167) agreed that the importance of strategic renewal lies in the fact that it helps organizations implement the changes they make, i.e. it helps them improve their capabilities for the purpose of changing the required internal and external patterns. The importance of strategic renewal is highlighted by its contribution to improving market conditions and increasing the chances of sustainable success by encouraging the organization to establish strategic partnerships to obtain scarce resources that increase its profits (Taussig, 2013: 466). In the same context, (Sammur & Mcgee, 2014: 1) confirmed that the importance of strategic renewal for organizations lies in achieving strategic compatibility between internal capabilities and transformations in the external environment, including (technology, industry, markets), which

require a change in various work practices. (Glaser et al, 2015: 306) indicated that strategic renewal provides the organization with the ability to obtain new opportunities in the market, as organizations use strategic renewal processes to achieve a balance between the forces of change and stability within them in order to maintain their survival and stability in the long term, and (Klitsie, 2018: 26) agreed with that. There is no consensus among researchers and specialists in defining the dimensions of strategic renewal, due to the different schools of thought to which they belong. The current study relied on four dimensions, namely (restructuring, recovery, youth renewal, adventure), as these dimensions recorded the highest repetitions among the other dimensions mentioned in the research.

2.2. Strength of Expertise

Strength of expertise is the power derived from individual personal characteristics that are observed in senior executives as well as at lower levels of employees (Tallberg, 2007: 4). According to (Robbins & Judge, 2011: 456) strength of expertise refers to the ability to control or influence the behavior of others through their possession of job-specific knowledge regardless of the job position they occupy. In light of the increasing complexity, especially with regard to the technological aspect, expertise power has become more important and effective at all levels of the organization (Lunenborg, 2012: 3). strength of expertise is described as the ability to deal with the situational circumstances of the organization through the knowledge and information possessed by the manager (Gerow, 2012: 79). Also (Sturm & Antonakis, 2015: 379) defines strength of expertise as the power granted to the individual who has the greatest possible amount of knowledge and skill from the other person or party in the organization. In order for experts to be able to exercise the powers of expert power effectively, they need to ensure that the rest of the individuals in the organization are fully aware of their concerns and understand the ethical challenges, and this awareness makes the employees look to the leader for guidance and advice when they face ethical and organizational choices, and to gain strength of expertise in the field of ethics and enhance the image of their expertise and maintain credibility and practice strong leadership and keep up to date to move forward by identifying their concerns and avoiding threatening the self-esteem of employees (Bhardwaj, 2018: 154).

3. Methodology

3.1. Research Design

The study relied on the descriptive analytical approach as a method for dealing with the study, due to the suitability of the approach to studying social phenomena, as it provides appropriate data on the reality of these phenomena, and shows their causes, analyses and results through individuals' answers to the behavior of the study variables, in a sample of private commercial banks in Baghdad through a questionnaire that was designed and distributed for this purpose.

3.2. Data Collection

The method of data collection and analysis is represented by the questionnaire, which included (36) paragraphs and was formulated according to the five-point Likert scale. Seven private commercial banks in Baghdad were chosen as a field to test the study hypotheses. The research sample represented (124) senior management and department and division managers in the banks, as they are the most familiar with the study variables.

3.3. Research Model and Hypotheses

Figure 1 shows the study model and the nature of the relationships between the study variables and the directions of influence between the main variables and sub-dimensions.

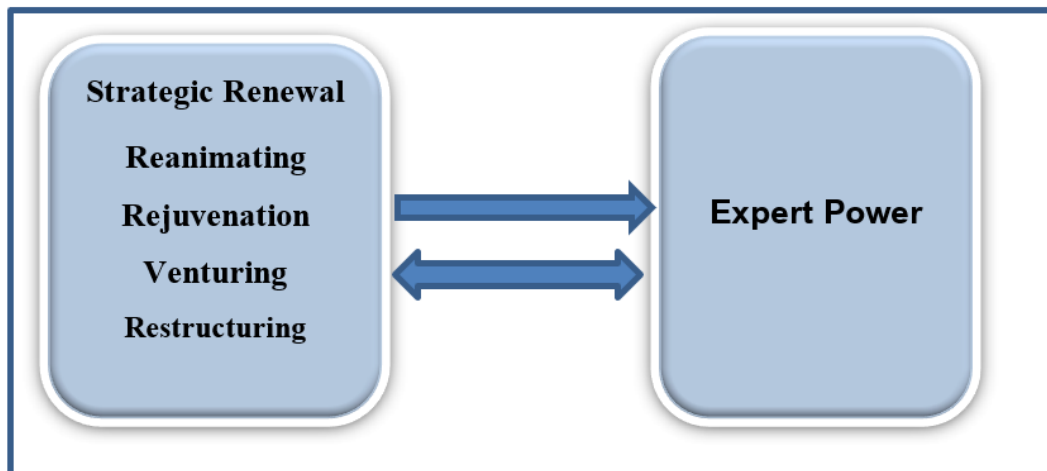


Figure 1.
Study model.

The study hypotheses were as follows:

The first main hypothesis: "There is a positive and significant direct correlation between the independent variable strategic renewal and the dependent variable strength of experience" and the following sub-hypotheses branch out from it:

- 1- There is a significant correlation between (reanimating) and strength of experience.
- 2- There is a significant correlation between (rejuvenation) and strength of experience.
- 3- There is a significant correlation between (venturing) and strength of experience.
- 4- There is a significant correlation between (restructuring) and strength of experience.

The second main hypothesis: The strategic renewal variable with its dimensions (reanimating, rejuvenation, venturing, restructuring) has a statistically significant effect on the strength of experience variable, and the following four sub-hypotheses emerge from it:

- 1- The reanimating dimension has a statistically significant effect on the strength of experience variable.
- 2- The rejuvenation dimension has a statistically significant effect on the experience strength variable.
- 3- The venturing dimension has a statistically significant effect on the experience strength variable.
- 4- The restructuring dimension has a statistically significant effect on the experience strength variable.

4. Results and Discussion

4.1. Testing the Correlation Hypotheses (The First Main Hypothesis and its Branches)

Reanimating and the strength of experience: Table 1 shows the results of testing this hypothesis, which resulted in the value of the Pearson correlation coefficient between the reanimating dimension and the strength of experience variable reaching (.8130), which is a relatively strong correlation, according to the classification of a number of studies. This result confirms the existence of a linear correlation between the first dimension of the strategic renewal variable and the dependent variable represented by the strength of experience in the banks studied, at a statistical significance level of (0.000).

Table 1.
Results of the correlation hypothesis test.

Response variable (Dependent) Dimensions of the variable (Independent)	Strength of experience				
	Correlation coefficient r	Regression coefficient β	Test statistic t	Morale P	Test result
Reanimating	0.813	0.833	18.430	0.000	Moral
Rejuvenation	0.731	0.743	12.243	0.000	Moral
Venturing	0.742	739.	12.617	0.000	Moral
Restructuring	0.767	0.781	13.196	0.000	Moral
Strategic renewal	0.791	0.802	16.812	0.000	Moral

Rejuvenation and strength of experience: From Table (1), it is noted that rejuvenation is significantly associated with a level of (0.000) and a linear correlation coefficient value of (.731), which is a medium to strong correlation that expresses the existence of a positive direct trend between the dimension of rejuvenation and strength of experience in the banks studied as a sample for the study.

Venturing and strength of experience: Table (1) shows the results of this hypothesis, which resulted in the value of the Pearson correlation coefficient between the rejuvenation dimension and the variable of strength of experience reaching (.742), which is a strong positive direct trend correlation according to the classifications of previous studies. This result indicates the existence of a linear duality between the dimension of Venturing as an independent variable and the dependent variable represented by strength of experience in the banks studied, with a statistical significance level of (0.000).

Restructuring and strength of experience: Table (1) shows the results of the relationship test between the restructuring dimension and the strength of experience variable, which showed that the restructuring dimension is statistically significantly related at the level of (0.000) and with a Pearson correlation coefficient value of (.767), which is a relatively strong correlation that expresses the existence of a direct trend in this relationship for the banks surveyed in the study sample. As for the relationship between the strategic renewal variable and the strength of experience variable, the results of which are shown in Table (1), this relationship showed that the strategic renewal variable is statistically significantly related at the level of (0.000) and with a Pearson correlation coefficient value of (.791), which is a strong correlation that expresses the existence of a direct trend in the relationship between the two variables for the banks surveyed in the study sample.

4.2. Testing the Impact Hypotheses (The Second Main Hypothesis and Its Branches)

Reanimating and strength of expertise: The results of testing the first sub-hypothesis of the impact hypotheses, as detailed in Table (2), revealed that the beta regression slope coefficient reached a value of (.833), indicating that any change of one unit in the reanimating dimension leads to another corresponding change in the variable of the strength of expertise by the value of the aforementioned beta coefficient. This result indicates the existence of a positive direct relationship between the reanimating dimension and the variable of the strength of expertise with a complete statistical significance (0.000) in light of the significance of the interpretation coefficient, which reached a value of (.660 $R^2=$), so that this result explains the variance of organizational strength by (66%).

Rejuvenation and strength of expertise: The value of the beta effect coefficient reached (.743.) This result predicts that any variation that occurs by one unit in the rejuvenation dimension leads to a corresponding variation in the experience strength variable by the value of the mentioned beta coefficient, and this result shows that the type of relationship is positively proportional between the rejuvenation dimension and the experience strength variable with a complete statistical significance (0.000), as for the value of the determination coefficient, which reached (.530 $R^2=$), this result explains the variation in experience strength by (53%).

Table 2.
Results of testing the impact hypotheses.

Venturing and strength of expertise: The value of the beta effect coefficient reached (.739), and

Response variable (Dependent)	Strength of experience					
	Constant α	Regression coefficient β	Coefficient of determination R^2	Test statistic f	Moral value P	Test result
Dimensions of the variable (Independent)						
Reanimating	.758	0.833	0.661	238.087	0.000	Moral
Rejuvenation	1.05	0.743	0.534	140.038	0.000	Moral
Venturing	1.03	739.	1.55	149.881	0.000	Moral
Restructuring	.917	0.781	0.588	174.144	0.000	Moral
Strategic renewal	.946	0.802	0.625	155.634	0.000	Moral

this result confirms the type of positively proportional relationship between the venturing dimension and the experience strength variable with a complete statistical significance (0.000), as for the value of the interpretation coefficient, which reached (.550 $R^2=$), it can be predicted from this result that any difference that occurs by one unit in the venturing dimension leads to another corresponding variation in the experience strength variable by the percentage of the determination coefficient, which is (55%).

Restructuring and strength of expertise: The results of testing this fourth sub-hypothesis, which is related to the hypotheses of influence, the results of which are presented in Table (2), showed that the coefficient value of the beta effect coefficient reached (781.), and this result indicates the type of that positive direct relationship between the risk dimension and the variable of the power of experience with complete statistical significance (0.000), as for the value of the coefficient of determination in this relationship, which reached (.580 $R^2=$) which indicates that any difference that occurs by one unit in the restructuring dimension leads to a corresponding difference in the variable of the power of experience by the percentage of the explanation coefficient, which is (58%).

Table (2) also displays the results of testing the second main hypothesis of the influence hypotheses, which is intended to test the relationship of influence between the strategic renewal variable and the experience strength variable, which showed that the value of the beta effect coefficient reached (.802). This result predicts that any variance that may occur in the strategic renewal variable by one unit leads to another corresponding variance in the experience strength variable by the value of the aforementioned beta coefficient. This result shows that the type of relationship is positive, direct, and strong between the strategic renewal variable and the experience strength variable with complete statistical significance (0.000). As for the value of the determination coefficient, which reached (.620 $R^2=$), this result explains the variance of experience strength by (62%).

5. Conclusion

The managements of the private commercial banks in the study sample are aware of the importance of strategic renewal and its role in achieving the strength of expertise. Banks are interested in the requirements of strategic renewal by activating the skills of employees, renewing their capabilities and developing their experiences through continuous learning and modern training programs, and making radical changes to maintain the bank's position in the banking sector and working continuously to replace outdated methods with modern ones in all operations and openness to the experiences of others and the opinions of customers to achieve effective renewal.

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