

SMALL AND MEDIUM-SIZED ENTERPRISES' SUCCESSION PROCESS: DO INTANGIBLE ASSETS MATTER? A STUDY CONDUCTED IN GERMANY

by Susanne Durst

1. General overview and purpose of the study

1.1 Background

While a multitude of articles have focused on start-ups (e.g., Delmar & Shane, 2004; Townsend, Busenitz & Arthurs, 2010) a lack of articles deal with company succession as an alternative way of embarking on entrepreneurial activities is apparent. This is surprising since, according to the Austrian Institute for SME Research (2004), the survival rate for company formations through company succession is higher than that for new venture creations. Although the latter might be relevant in terms of job creation (Bridge, O'Neill & Cromie, 2003), according to Pasanen and Laukkanen (2006), most jobs are created by already established rather than new SMEs. The situation outlined above presents something of a contradiction to changing demographic trends, which will reduce the pool of prospective successors, to attitudes toward self-employment, and to the increasing number of SMEs waiting to be transferred (Commission of the European Communities, 2006). With regard to the latter, according to estimations of the Commission of the European Communities (2006), one third of all European Union (EU) entrepreneurs will leave within the next ten years. In absolute terms, this means that approximately 690,000 SMEs will be transferred every year, concerning 2.8 million jobs. Additionally, it has to be mentioned that in Germany family succession is decreasing (Schlömer & Kay, 2008). A failure in company succession is usually connected to a loss of employment, which can have a great impact on an economy's prosperity (Carter & Jones-Evans, 2006). Taking the market situation as discussed above, it can be reasoned that non-family successors take on a critical role, which induces them in a position to select a company that best matches their expectations. This 'investor market' is confirmed by taking a glance at the online business exchange 'nexxt-change' provided by, amongst others, the German Federal Ministry of Economics and Technology. The number of firms waiting to be transferred exceeds the number of potential successors. This situation might also lead to an enhancement of activities regarding company succession as an alternative to become an entrepreneur. To secure the continuity of the German economy there is a need for a body of knowledge regarding non-family successors and their concerns. This study focuses on these individuals.

In the past decades, a change regarding the critical assets in firms can be observed. In addition to financial and physical assets, intangible assets are now considered crucial to the success of all organizations (Spender, 1996). In the meantime, it is acknowledged that intangibles are the main driver of company value and growth in most industries (Hand & Lev, 2003). A central feature of intangible assets is their future perspective. This means that the focus is on future success potential

and not on past performance. Nonaka, Toyama and Konno (2001) argue that prospective investors view intangibles as a key resource in their deliberations. Following this notion, it can be argued that companies of all sizes are increasingly prompted to spot these resources as their most precious assets and staff as the most sought-after resources.

With company succession, a primary concern is whether the company in focus has the potential for a sustained existence. Consequently, a business transfer will also be assessed as a failure when the company enters a state of crisis or consequently disappears from the market shortly after succession has taken place.

The importance of strategic aspects in general (Dyck et al., 2002) and of intangible assets in company succession seems to be neglected in the academic literature so far. Many research activities can be found in the field of company succession revealing a particular focus on the incumbents' perspective (e.g., Birley, 1986; Santora & Sarros, 1995) or of those of their family (e.g., Lee, Lim & Lim, 2003; Lambrecht & Donckels, 2006). On the other hand, in the case of non-family succession it is the question of CEO succession in large companies which has attracted most attention (Bagby, 2004). Moreover, when taking a closer look at the succession process, specifically in Germany, a focal point on financial, legal, and tax issues is given (Amelingmeyer & Amelingmeyer, 2005).

The humble research attention may be a result of the fact that the intangible assets phenomenon is a relatively young field of study. One in which the increased interest had been shown only during the last decades of the previous century. Additionally, the missing curiosity can also be the result of a rather monetary perspective when dealing with the topic of company succession. On a more general level, it further appears that possible implications of company succession due to changes in demography are still undervalued.

In view of the agreement regarding the central importance of succession issues in general (Kesner & Sebra, 1994; Pitcher, Chreim & Kisfalvi, 2000) and in SMEs in particular (Morris et al., 1997; Giambatista, Rowe & Riaz, 2005), the lack of information available on the relevance of intangibles in company succession represents a deficiency which this study endeavors to tackle. Due to demographic trends and the increasing meaning of intangible assets to companies as outlined above it is clear that there is a need to gain a far better understanding of the perceived relevance of intangible assets to non-family successors in SMEs. Moreover, a better understanding of the non-family successors' perspective is required because the outcomes of their succession activities can have critical implications for the economic prosperity of nations (Carter & Jones, 2006).

1.2 Location of research

1.2.1 Company succession

In this study, company succession is defined as the transfer of the property and/or management of a firm from one individual to another (Ip & Jacobs, 2006). Non-family successors are defined as individuals or teams of individuals from outside the family who are interested in starting a venture

through buying an existing firm. It is hypothesized that prospective non-family successors will be interested in those companies offering future prospects, which may in turn improve the likelihood of sustainability. Company succession is viewed as a process which comprises several stages. The focus of this study is on a specific subset of this process, namely the preparation stage. This stage comprises the search for and analysis of potential target companies. Thus in this stage company analysis takes a critical role.

1.2.2 Intangible assets

Intangible assets are described as the core non-monetary resources, lacking physical substance that are able to contribute to future benefits in firms (based on Lev, 2001; Andriessen, 2004). Taking the view of intangible assets as critical resources of company success, in this study, it is anticipated that this issue would prove to be of particular significance with regard to company succession as well.

1.2.3 Traditional SMEs

The focus is chiefly on traditional SMEs rather than on knowledge-intensive SMEs representing the focus of most research into intangibles so far (e.g., Hayton, 2005). In this study, a traditional SME is understood as a company that can be assigned to the traditional value chain business model. This means that this company produces a physical good or a service. On the other hand, a knowledge-intensive SME is more likely to be assigned to the shop or network business model, meaning that problem solution (the former) or mediation (the latter) represent the company's core tasks (Burgman & Roos, 2007). The rationale for selecting traditional SMEs was that they account for the majority of SMEs in Germany. Accordingly, they also represent the majority of companies, which are waiting to be transferred, as knowledge-intensive companies are mainly of young age (Burgman & Roos, 2007). Furthermore, these companies especially the smaller they are appear to be highly dependent on intangible assets (Roos, Pike & Fernström, 2005). Thus, it can be argued that intangibles are not only of importance to knowledge-intensive companies (Hand & Lev, 2003). Moreover, the study's emphasis is on privately held SMEs.

1.3 Research aim and questions

The aim of this research is to explore the perceived relevance of intangible assets by non-family successors as a driver of their company acquisition intentions. The findings are summarized in a conceptual framework describing those intangible assets that make a company attractive to this type of successor. As the study's focus is on the preparation stage, the framework is anchored in this stage. According to this aim the following research questions are formulated:

1. Which relevant intangible assets with regard to company succession in SMEs can be found in the literature to develop an initial conceptual framework?

The answer to this question is sought through the analysis of the current company succession and intangible assets literature. In the process the specific traits of (German) SMEs are taken into account.

2. How well do the intangible assets in the initial framework reflect the practice of succession advisors?

The answer to the second research question is examined by empirical quantitative research with advisors. The objective is to review the intangible assets derived from the literature by involving advisors from German trade associations.

3. How well do the intangible assets in the initial framework reflect the perception of non-family successors?

The answer to the third research question is investigated by empirical qualitative research with non-family successors of German SMEs representing the core of this study. The notion is to complement the initial framework and then to develop the final framework.

4. How do non-family successors analyse the company?

The answer to the fourth research question is also scrutinized by empirical qualitative research with non-family successors of German SMEs.

2. Literature review

2.1 Company succession in small and medium-sized enterprises

Company succession can be defined as the transfer of the property and/or management of a firm from one individual to another (Ip & Jacobs, 2006) regardless of whether this individual has family connections to the firm, already works for the firm or is an outsider (Olbrich, 2005). Gephart (1978) argues that company succession comprises the “negotiation of status of two or more members” (p. 559). Szyperski and Nathusius (1999) specify that company succession constitutes a derivative foundation as compared to the original corporate foundation, in which an entirely new company is created. Company succession can be considered as being equivalent to business start-up with all the opportunities and difficulties related to it. Thus, corporate foundation through company succession represents an alternative way of achieving entrepreneurship, albeit one which has hitherto been neglected in the current literature bearing on the subject. Selecting an existing business instead of starting a new business provides a potential successor with various benefits such as established and proven structures, or circumstances in which the business is already generating money and profits as well. Moreover, as information concerning the company is already available, financing the succession can be easier than financing a new corporate foundation (Zimmerer & Scarborough, 2008). Even though these reasons appear plausible, disadvantages and challenges relating to this alternative must be reckoned with, such as the fact that assets are unlikely to be in prime condition.

Company succession can take place within a family network or outside it (buy-out). Family succession involves the transfer of the company to family member(s) (Sharma, Chrisman, & Chua, 2003), whereas in buy-out situations the company is transferred to external (non-family) individual(s). Buy-out activities can be further subdivided into those involving buyers from within the company and those involving buyers from outside.

According to Kesner and Sebora (1994), since succession is less frequent in SMEs than in large companies, practical experience is relatively low. Based on the latter, the authors spot an especial significance of succession in smaller firms. This is confirmed by Giambatista, Rowe and Riaz (2005) who spot a stronger need for a better understanding of succession in SMEs. Moreover, the pool of potential successors for SMEs is smaller than for larger public firms (Le Breton-Miller, Miller & Steier, 2004). In 'worst-case' scenarios, this results in the company being closed or its owner continuing to head the enterprise beyond the pensionable age. With reference to the former, a failure in company succession is usually connected to a loss of workplaces, which cannot be compensated by business start-ups due to a lower company size on average (Ballarini & Keese, 2006); a fact that can have a serious influence on a country's prosperity. Additionally, data show that SMEs' survival rates over time are low, which underlines the strategic component of company succession to these firms (Morris et al., 1997).

The majority of researchers agree that succession represents a process rather than a discrete event (Gephart, 1978; Handler, 1994), and the relevant literature provides descriptions of several models by way of illustration (e.g., Handler (1989) in Handler, 1994; Ip & Jacobs, 2006; Longenecker & Schoen, 1978). For the purposes of this study, the model developed by Ballarini and Keese (2006) was applied as it does not lay particular emphasis on family succession, and its modular structure aids enquiry into the present area of investigation.

The phase relevant to this study is the preparation stage. In this phase, the successor seeks and analyses companies of interest. The company analysis, or due diligence, constitutes a crucial part of this phase. The due diligence process found in many small firms cannot be compared to that conducted in large firms in which specialists for each topic of analysis are involved (Ribeiro & Tironi, 2006). Instead, one may expect it to be a generally less comprehensive procedure of which the main part is conducted by the successors themselves. The aim of a company analysis is to reduce the degree of uncertainty relating to the target company (Zimmerer & Scarborough, 2008).

A review of the academic literature relating to company succession in general and non-family succession in particular revealed that the articles dealing with the personal side of this topic are strongly focused on the other side of the business transfer process, namely on the incumbent owner's point of view (e.g., Birley, 1986; Santora & Sarros, 1995) or that of the family (e.g., Lambrecht & Donckels, 2006; Lee, Lim, & Lim, 2003). In addition, the existing literature on company succession covers planning and controlling aspects (e.g., Ip & Jacobs, 2006; Motwani et al., 2006), the relationship between current owner and successor (e.g., Malinen & Stenholm, 2002), between

succession and company performance (e.g., Haveman & Khaire, 2004; Lauterbach, Vu, & Weisberg, 1999) as well as between succession and organizational failure (e.g., Haveman, 1993). In view of the critical role played by the successor in company succession as a “bearer of ideas, planner, controller, executer and supervisor” all in one person (Szyperski & Nathusius, 1999, p. 6) the literature was examined in greater detail, focusing on the ‘successor’ factor. This analysis showed that to date, most academic attention has been paid either to family succession, or in the case of non-family succession to the process of CEO succession in large firms (Wasserman, 2003). With regard to the German-speaking countries, Schulte and Wille (2006) conclude that empirical discussion of the topic in general is rare, although the economic consequences of failing to address the challenges related to pending demographic changes and the increasing number of smaller firms awaiting transferral can be serious.

2.2 Intangible assets

The key motive forces of globalization and information technology have brought about dramatic changes in the structure of most companies. In order to remain competitive and successful companies must respond to these changes as well as to more exacting customer demands through a shift in emphasis from tangible to intangible resources. Nowadays, intangible assets are considered to be more important than they were in the 1960s, 1970s, or 1980s (Lev, 2001); although the meaning of such assets to firms is by no means new (Hall, 1993; Stewart, 1999). Already in the 1950s Penrose, in her work on the theory of growth of the firm, suggested managers to focus on the firm's intangible assets in order to differentiate from their competitors. This seminal work is regarded as the basis for the development of intangible assets in the field of business management (Roos & Pike, 2007). Eventually, the activities related to it as well as growing interest in knowledge and innovation as drivers of competitive advantage led to the concept of the resource-based view of the firm (von Krogh & Grand, 2002; Marr & Spender, 2004).

Even though an increasing number of organizations and scholars are recognizing the benefits of considering intangibles a serious problem remains: No common language among scholars and practitioners has yet been established (Zambon, 2004). A possible explanation for this could be based on the divergent viewpoints of different interest groups or disciplines, or between considerations of strategy and measurement. The former is concerned with optimizing the management of knowledge resources in the company in order to improve performance, whereas the latter focuses on establishing standards for organizational accounting in order to provide stakeholders with a more comprehensive and comprehensible picture of intangible assets expressed in terms of traditional monetary data (Petty & Guthrie, 2000). Accordingly, competing definitions exist. For the purposes of this study the definition of intangible assets was based on Andriessen (2004) and Lev (2001), defining them as being the core non-monetary resources (lacking physical substance) that are able to contribute to future benefits in SMEs. According to many authors, intangible assets/intellectual capital can be classified into a number of distinct types of non-physical asset. These classification schemes are an aid to understanding the nature of

intangible assets. Although the issue of classification is beset with the same problem as the definition of intangibles discussed before, an increasing tendency to classify intellectual capital into human capital, structural capital and relational capital may be observed (Edvinsson & Kivikas, 2007). Human capital comprises the competence, ability, and skills of those belonging to an organization. It is a central factor as it represents the basis for innovation and change (Bontis, 2002). The term structural capital covers everything which supports employees' productivity, such as organisational structure and processes, software, and corporate culture (Marr, 2005). Finally, relational capital embodies all the relationships with customers, suppliers and other critical partners (Roos, Bainbridge, & Jacobsen, 2001).

As a field of study, research into intangible assets is still in its infancy. Although a considerable body of literature has been published in recent years, it displays an emphasis on theoretical approaches and papers, which implement secondary data. Furthermore, the main object of study in these theoretical contributions has been large companies. The shortcomings of traditional accounting systems and consequently of financial reporting have encouraged a large amount of research involving a multitude of approaches, whereby the initial efforts can be regarded as having been inspired through practical motivation. Developments in the field of intellectual capital reporting are closely linked to individuals such as Sveiby (1997) and Edvinsson and Malone (1997), who wished to obtain a better understanding of value creation within companies. Apart from this, various national initiatives can be found focusing on intangible assets/intellectual capital reporting, such as the Danish guidelines for Intellectual Capital Statements, the German 'Wissensbilanz', or the Japanese Intellectual Asset-based management reporting schemes. However, despite the development of many different intangible assets/ intellectual capital reporting approaches only a few companies apply them to date (Zambon, 2006). An attempt to overcome this situation can be seen in the inauguration of international cooperative efforts involving organizations such as the Enhanced Business Reporting Consortium, the Japanese Ministry of Economy, Trade and Industry and the Organization for Economic Development and Cooperation. This has resulted in the establishment of the World Intellectual Capital Initiative (WICI), which was launched in Paris in November 2007. This initiative aims to develop a globally accepted framework for reporting non-financial information (www.worldici.com). In addition to these research activities, empirical research has also been conducted by individual academics. Some of these studies have been focused on small firms: e.g., Watters, Jackson, and Russell, 2006; Bracci and Vagnoni, 2005. Previous studies of intangible assets have tended to be concentrated on knowledge-intensive companies. However, for the investigation of company succession as an alternative means of achieving entrepreneurship such a focus on knowledge-intensive companies would be unwise, as these companies are mainly of recent foundation (Burgman & Roos, 2007), so the issue of company succession is not normally of immediate importance. Another aspect to bear in mind is that the implementation of certain reporting frameworks such as the German Wissensbilanz presupposes that firms are accustomed to applying

management instruments (Bornemann & Alwert, 2007). In the small firm setting it is doubtful that this condition can be fulfilled (Jennings & Beaver, 1997).

A literature review related to the relevance of intangible assets with regard to company succession in general and external succession in particular revealed that this area remains under-researched to date. This is strange in view of intangibles' ostensible role as the key drivers of business performance, leading one to expect them to be of great interest in respect of company succession as well. Furthermore, according to Roos, Pike, and Fernström (2005), there is a correlation between firm size and dependency on intangible assets. According to these authors, the dependency on intangible assets increases in reciprocal proportion to the size of the company. This would indicate that the relevance of intangibles is not so much dependent on the industrial sector but primarily on company size.

2.3 Development of initial framework

According to Miles and Huberman (1994), conceptual frameworks take over the task to graphically or narratively explain the central issues being studied. This comprises the key factors as well as the presumed relationships among them. Frankfort-Nachmias and Nachmias (1994) take the position that conceptual frameworks represent the third level of theory¹. According to them, conceptual frameworks provide propositions that summarize, explain and predict a vast number of empirical observations. On the other hand, Henry (2008) views frameworks as visual aids that are capable of illustrating phenomena with few magnitudes.

As the focal point of this doctoral thesis is on the perceived relevance of intangible assets by non-family successors in SMEs, the framework should map these assets accordingly in order to be tested by the following empirical studies. Because of the exploratory character of this study, the application of the intellectual capital classification scheme (human capital, structural capital and relational capital) as guiding frame was considered suitable. This scheme was applied to identify potentially relevant intangible assets. Using this scheme as a starting point, previous research papers have been reviewed which focused on intangible assets having an influence on company success and thus may also provide the basis for differentiation from competitors. The rationale for focusing on these studies was that it was assumed that if these intangibles do have an influence on company success they should also be of interest to prospective successors and their acquisition intents. Thereby, if possible, particular attention was paid to empirical studies bearing relation to SMEs and their particular characteristics. The studies were identified by using databases, such as ABI/INFORM and Emerald. As keywords SME, small firm, intangible assets, intellectual capital, company success, company performance and research paper were used. Eventually, this proceeding resulted in five empirical studies, underlining the infancy status of this field of research

¹ The authors classify theory in four levels which are ad hoc classificatory systems, taxonomies, conceptual frameworks, and theoretical systems.

during that time of study. These included the studies by Gallego and Rodríguez (2005); Claessen (2005); Alwert and Vorsatz (2005), BMWA (2004), and Bontis (1998). These studies were sifted and the intangible assets most frequently named were selected for the second step. The intention in this process was to include those intangibles which proved to be relevant in empirical practice with regard to company success having in mind the specific attributes of SMEs. Based on this assumption the intangibles selected were regarded as comprehensive, though in the intangible assets literature there are of course more intangibles listed.

The outcome of the first step resulted in seven intangible assets, which were employees, innovative capabilities, company culture, customers, knowledge management, organisational structure, and networks. Interestingly, none of the studies analysed considered the critical relevance of the person 'owner'. Because of the owners' central position in many SMEs (Berg & Koch, 2006) of whom it is said that they possess most of the human capital and relational capital (Bracci & Vagnoni, 2005), the owners should not be neglected in any consideration of company succession. Thus, this aspect was included accordingly. Moreover, instead of explicitly including other partners (e.g., suppliers) as single items, it was decided to employ the broader network concept. The rationale for this was that it was felt that the item 'network' better takes into account that many SMEs are only at the outset of network activities (Rissbacher & Stahl, 2003), particular when referring to the study's focus on traditional SMEs. A broader approach was expected to be more reasonable when addressing SMEs of different size and industry. In the second step, the eight items identified were elaborated by consulting existing literature in terms of its general relevance and with regard to company succession in SMEs.

This proceeding has led to the proposition of an initial framework (Figure 1). It graphically explains the course of action within the preparation stage incorporating the aspects of company selection and company analysis. As this study is based on the assumption that intangible assets are the critical aspects within this stage, the focus of considerations is on these assets. The framework is intended to fulfil three purposes (a) it illustrates the scope of this thesis, b) it is targeted to be empirically tested, and based on the latter (c) it represents the fundament for the final framework to be developed.

The intangible assets highlighted in the initial framework constitute the answer to the first research question.

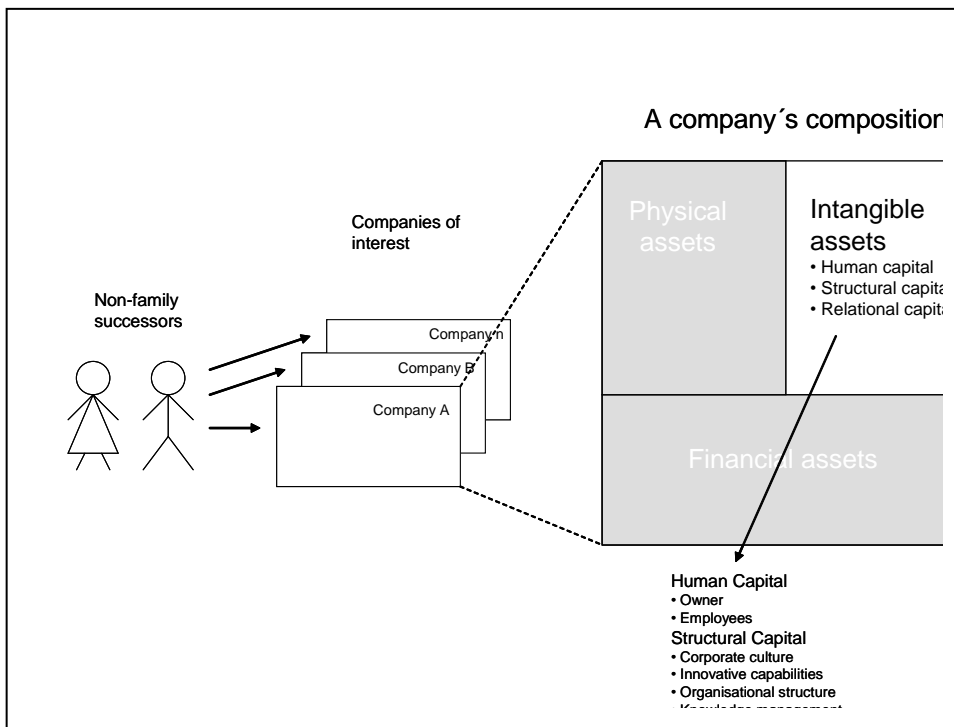


Figure 1: The initial framework (illustration by researcher)

In the following, the framework is presented based on a normative approach as to be found in the literature consulted.

In this study, non-family successors are the vital element in the succession process as they represent the key actors for the creation of new value that could be reached through the establishment of a new organisation and/or an innovation, which is based on already established structures. This value may be measured by sales of products or services on a market (Bruyat & Julien, 2000).

Company succession is a process that consists of several stages. The study's emphasis is on the preparation stage. In this stage promising companies are searched for and analysed. It can be anticipated that the first company identified is seldom regarded as the ideal one. Instead, it can be argued that prospective successors will have a closer analysis of several companies before the right firm will be identified. Although an increasing number of firms are waiting to be transferred, not all of them will comply with the non-family successors' set of criteria (Scarborough & Zimmerer, 2001). Furthermore, it has to be highlighted that in this study it is preconditioned that the target company lies within the frame of financial possibilities. The search process may end with the result that a desired company is not discovered. This would lead to the following possible solutions: (a) the would-be successors would stop the project for a while, or (b) the individual would start a new venture. It is also conceivable that prospective successors completely cease their succession activities. These options were not in the focus of this thesis.

Once an interesting company is identified the analysis stage commences. Company analysis takes an essential part within the preparation stage as the outcome of it may lead the successor to the

next stage within the succession process. The objective of a company analysis is the thorough assessment of the target company's strengths and weaknesses. Thus, the analysis' outcome helps prospective successors to answer the question whether the company is worth an investment. A business can be regarded as a composition of tangible assets (comprising financial and physical assets) and intangible assets (Roos, Pike & Fernström, 2005). Financial resources embrace those resources that take a monetary form, such as cash, accounts receivable, loans, assets and securities of other companies (Ricceri, 2008). Whereas, physical resources comprise property, plant, machines, and equipment (Ross, Westerfield & Jaffe, 2002)².

As this thesis is based on the assumption that intangible assets are the critical aspects in non-family company succession, the focal point is on these elements of the company's entire structure. More precisely, the focus is on specific intangible assets, which are owner, employees, customers, networks, organisational structure, corporate culture, innovative capabilities, and knowledge management. Based on the elaborations, it is proposed that these eight intangibles take on a critical role from the non-family successors' point-of view.

These assets are assigned to the dimensions of the intellectual capital classification scheme, which are human capital, structural capital and relational capital; representing the scheme adopted in this study. The labelling of the eight intangible assets is consciously applied in a broad way as this allows continuous iterations during the process of data collection and analysis (Robson, 2002). Moreover, a broad approach is viewed as a means to prevent the framework from being too static. On the other hand, the eight intangibles can be regarded as comprehensive in view of the procedure chosen to identify them. In addition, Figure 1 clarifies that the presentation of any possible relationships between the intangible assets is, at that early stage of development, not in the focus. Because the aim of this initial framework is in the first instance to display relevant intangible assets separately. Consequently, for the moment a static approach is viewed as suitable. Resting upon these explanations, the entire construct is structured as open and organic being able to accommodate further intangibles and changes respectively; thus, taking into account the aspect of flexibility (Gallego & Rodríguez, 2005).

3. Research design and methodology

This study adopted a sequential (follow-up) mixed methods approach (Creswell, 2003). Thereby it was started with a quantitative research to be followed by a qualitative research (Auer-Srnka, 2009). Primarily, the quantitative research was intended to give an indication whether the eight intangible assets - derived from the literature review - were also considered as important by advisors active in

² In the field of accounting, physical resources are referred to tangible assets. Unless particularly highlighted, in this study tangible assets cover physical assets and financial assets.

the field of succession. Thus, in this study, the central aim of the quantitative research was to inform the qualitative research.

The qualitative study was considered the data source of higher priority as within a detailed exploration of the main target group, i.e. non-family successors, and its perception regarding relevant intangible assets in company succession took place. However, the findings of the quantitative stage were also integrated in the overall interpretation of the study's findings to either confirm or negate the qualitative findings. These data together with the other data sources collected helped to gain a better understanding of the specific subset of company succession representing the location of this study. Finally, the mixed methods strategy was based on a pragmatic position. This research philosophy was considered a suitable philosophical lens for this thesis as it gives researchers the freedom to make methodological choices in order to explore the research aim. Furthermore, the pragmatic view does not trammel the researcher into a specific perspective. Instead, the researcher is open to follow different ways to answer the research questions (Creswell, 2003).

The rationale for applying the quantitative approach at the start was that it was believed that a procedure starting from a broader focus and then moving over to a narrow more detailed one (qualitative) best provides an understanding of the particular research phenomenon (Creswell, 2003). Additionally, in terms of the types of research questions formulated, such order of research stages appeared to be suitable. This proceeding is further justified because there was no public database about German successors available, which made necessary another research approach. The quantitative research used a questionnaire as research technique, whereas the qualitative research involved a series of in-depth interviews. Questionnaires are viewed as suitable when attitudes and/or opinions towards specific aspects shall be discovered, whereas in-depth interviews help to understand these attitudes/opinions (Saunders, Lewis & Thornhill, 2007). The main research strand was further accompanied by two ancillary strands. These strands are called preliminary research and validating research. These strands were intended to prepare and/or validate the main empirical studies. They were not viewed as own methods but as complementary procedures (Flick, 2007).

This course of action was regarded as suitable as it not only allows the exploration of the research aim from different perspectives (outside and inside); consequently offering a holistic perspective. But it also possesses the capacity to provide more convincing and accurate findings (Yin, 2003).

The overall research process used in this study is illustrated in Figure 2.

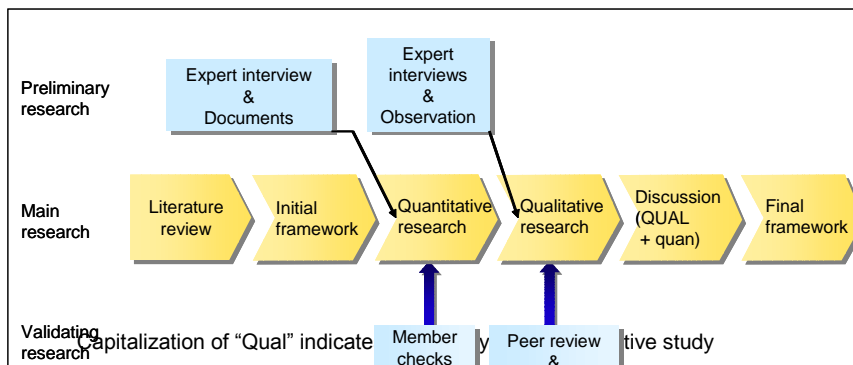


Figure 2: Research process utilised in the study

3.1 Preliminary research

In this study, preliminary research was conducted to obtain an understanding of the context that surrounds the specific subset of the phenomenon company succession (Maykut & Morehouse, 1994). Preliminary research also helped to develop the empirical studies of the main research strand. Although the academic literature was valuable in shaping the researcher's thought process of this study, it was decided to use preliminary research as well in order to receive insights from the practice of company succession.

With respect to the quantitative research, documentary secondary data were consulted and email interviews with an expert were conducted. The latter represented a member of a German trade association dealing with the aspect of company succession in his daily business. With the use of documents, the goal was to obtain as much about company succession in practice and the role of intangible assets within as possible. In terms of the expert interviews, the objective was to obtain data about company succession in practice. This in combination with the secondary data sources enabled the researcher to develop a better understanding of the issues in questions and to develop the questions for the survey. Furthermore, the advisor was also the one who pre-tested the questionnaire from the practitioners' side.

In view of the qualitative research, expert interviews were conducted with members of German trade associations. The focus of these interviews was to obtain a better understanding of succession negotiations, especially in terms of the non-family successor's perspective in order to develop the interview guide. Thus, the expert interviews were conducted as complement to the development of the qualitative research (Flick, 2007). Furthermore, the researcher participated in a workshop on company succession in order to further deepen the understanding of company succession and the main points discussed.

3.2 Main research strand: Literature review

The fundament for this study was worked out through an extensive literature review. This study encompasses two fields of research: company succession and intangible assets. This review helped in identifying critical intangible assets with regard to non-family successors' business acquisition intentions. As relatively little research seems to be done on the research topic, this study applied the intellectual capital classification scheme for framing the intangible assets' identification process. The limited body of knowledge also influenced the selection of the study's research design, which resulted in an approach comprising of different research stages and perspectives. The literature available was used to obtain insights into the preparation stage and its core elements in order to develop the initial framework. The outcome was the proposition of an initial framework mapping potentially central intangibles addressing the first research question. The analysis of the particular literature, together with the preliminary research, also facilitated the formulation of survey and interview questions.

3.3 Main research strand: Quantitative research

The first research stage was primarily targeted to examine how well the intangible assets in the initial framework reflect the practice of succession consultation. Additionally, the data gathered were expected to provide information on the perception of intangible assets in a SME setting and the way they are handled in a succession context. Thus, the quantitative research informed the following qualitative research as the former provided insights into the meaning of the eight intangible assets as well as aspects considered in a succession context, e.g., during negotiations. The quantitative research was based on the survey research method. Thereby, a web survey was applied which took the form of a questionnaire. The overall population of the quantitative study consisted of the sub-populations of German chambers of crafts and chambers of industry & commerce. The unit of analysis selected comprised the employees from those departments that were responsible for dealing with company succession. During the period of examination there were 54 chambers of crafts and 81 chambers of industry and commerce in existence. These trade associations play an important role in Germany. Each German company registered in Germany is obliged by law to join one of these associations. This is an important consideration as it distinguishes Germany from other countries. Recently, it can be observed that the trade associations have intensified their activities in terms of company succession and company foundations and offering a diversity of courses for different target groups. These courses are relatively inexpensive in relation to those offered by the other professional groups. Furthermore, because of the situation of compulsory membership and a Germany-wide distribution these associations have a better overview about the firms and their activities. This provides them with a strategic role, which is not given with the other parties as here more individual needs are acting. Consequently, the researcher was convinced about the quality of the trade associations as a suitable target group for the quantitative study. Of the 135 trade associations invited 51 usable responses were received.

In addition, the outcome of the quantitative research led to the identification of another apparently relevant intangible asset, which was the brand name. The inclusion of this asset expanded the initial framework.

3.4 Main research strand: Qualitative research

The main purpose of the qualitative research was to explore the perceived relevance of intangible assets by non-family successors in view of their business acquisition intentions.

Thereby a series of in-depth interviews was conducted. In this research non-family successors comprising individuals or teams of successors, who has/have already taken over a SME represented the unit of analysis. Thus, the research's interest was in non-family members (buy-in and buy-out initiatives) who have acquired the entire company or a significant share of it which provide them the control of ownership and of management. Furthermore, the company taken over should not exceed a total number of 250 employees. Thus, the sampling strategy applied was what Patton (2002) referred to as criterion sampling. This strategy of purposive sampling comprises the selection of cases that meet some predefined criteria. By meeting these conditions, the quality of the unit of analysis in terms of the research topic was regarded as being assured. In Germany, legal facts related to company succession are obliged to be registered but not the takeover itself (Schulte & Wille, 2006); consequently, data on non-family successors are nonexistent (Isfan, 2002). Because of it, the researcher had to contact persons or institutions closely related to this issue. This justified the decision for purposive sampling rather than random sampling.

The selection of successors was carried out by contacting German trade associations. Thus, the target population of the quantitative stage was used to obtain access to the unit of analysis of the qualitative study. Because of the missing pool of data, a focus on a single industry was not possible. This procedure coincides with previous empirical studies conducted in this area in Germany (e.g., Isfan, 2002; Schulte & Wille, 2006). After ten participants had become involved, the researcher decided to end the process of data collection. Because the data material received was rich in detail and with the additional data sources collected the researcher had a good confidence in the data. The notion behind purposive sampling justified this sample size, as it encourages the researcher to select data rich in detail about the research topic (Saunders, Lewis & Thornhill, 2007).

The objectives of the in-depth interviews were to review the components of the initial framework, which was the result of the literature review and refined after the quantitative research, and to amend further the framework by including the perceptions of the actual actors. The interviews were further used to identify other intangible assets having an influence on the successors' business acquisition intentions. Additionally, the qualitative research was intended to investigate how external successors analysed the target companies, representing a core component of the preparation stage. The qualitative approach was perceived as suitable to obtain these types of information as it allows coming close to people and their actions (Maykut & Morehouse, 1994). The findings of the interviews led to a refinement in the initial framework as well as previous quantitative findings. The

overall result was a conceptual framework mapping critical intangible assets as perceived by non-family successors.

3.5 Validating research

Complementary research was conducted to validate the accuracy of the different empirical findings (either quantitative or qualitative) (Creswell, 2003). It was also used to check for any researcher effects (Miles & Huberman, 1994). Thereby different strategies were used. With regard to the quantitative research, member checks were applied as strategy. In view of the qualitative research, further experts were involved as strategy to validate the findings. Thereby the objective of these experts' involvement was to peer review the findings. In addition, the researcher participated in an initial succession talk between a potential predecessor and successor in order to bring primary data from the other side of the company succession process to the study as well. This proceeding enabled the enrichment and completion of the findings of the main research strand. However, the strategies used were not regarded as stand-alone methods but as complementary methods (Flick, 2007).

4. Findings

The findings indicate that with regard to non-family successors' business acquisition intentions, intangible assets take on an important role. It was found that many different intangible assets were taken into consideration, but five in particular were apparently crucial in reaching the final appraisal of a company's attractiveness. These are the factor 'key employees' and the closely related factor 'knowledge retention' and the factors 'brand', 'partners', and to a lesser degree 'corporate culture'. Investigation of the perception of intangible assets within a small firm setting (German trade associations) revealed that, to date, they are given only moderate weighting. This applied both to the opinions of the associations themselves and of their member companies which could be a consequence of the fact that intangibles cannot be measured. This challenges the relevance of intangibles as perceived by non-family successors. Thus there appears to be a disparity of opinion among the parties involved in succession processes, which may be expected to lead to difficulties during negotiations (non-family successor and current owner) as well as consultations about succession (non-family successor and advisor).

4.1 The conceptual framework

After reviewing the current mainstream literature, conducting quantitative and qualitative research, accompanied and supported by preliminary and validating research, the final conceptual framework was derived. This framework maps the critical elements within the preparation stage, starting with the initial contact to the company in focus and then to be followed by the analysis of a company's assets.

The initial framework, which was the outcome of a mainstream literature review and also the answer to the first research question, *which critical intangible assets can be found in the relevant literature in order to develop an initial conceptual framework?*, supplied the basic elements for further investigations. This initial framework comprised the elements owner, employees, corporate culture, knowledge management, innovative capabilities, organisational structure, customers, and networks. Succession advisors from German trade associations examined these intangible assets within the quantitative stage. The results of the quantitative study showed a high to moderate relevance of the eight initial intangibles. Highest assessments received the elements owner, innovative capabilities, and customers. The quantitative research further resulted in a new element that was the brand name, which enlarged the initial framework. These outcomes refer to the second research question, *how well do the intangible assets in the initial framework reflect the practice of succession advisors?*

In the qualitative research, the intangible elements were probed by non-family successors symbolizing the central actors of this study. This led to some new factors as well as some cancellations.

The final framework is presented in Figure 3 including new intangibles which emerged in the course of research. The final framework stands for the reply to the third research questions, *how well do the intangible assets in the initial framework reflect the perception of non-family successors?*

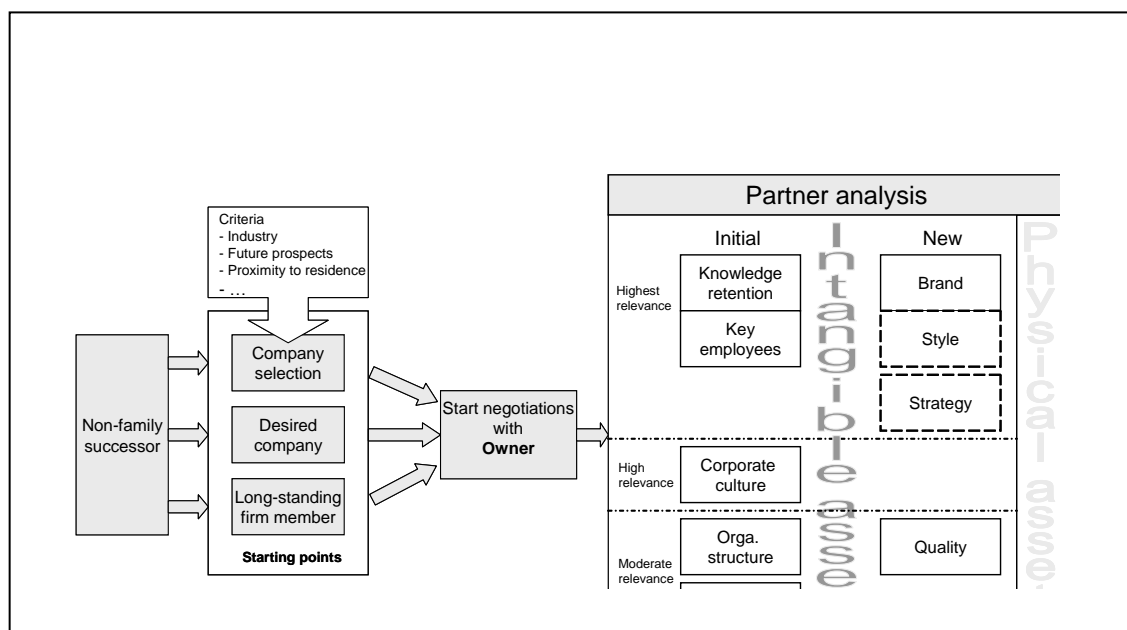


Figure 3: The conceptual framework

The framework highlights the main components of the preparation stage, namely the initial contact with the target company and the process of company analysis. The figure shows three different initial situations which potential successors may encounter at the start of a company takeover: company selection, desired company, and long-standing firm member. Company selection means that a successor chooses the best company out of a range of companies because it offers promising future prospects, for instance. The 'desired company' is a sort of model company and it is the only one the successor is interested in taking over. The 'long-standing firm member' indicates a

non-family member of a firm's staff who is prepared to take over. Thus, the first two scenarios represent buy-in initiatives and the last one represents a buy-out initiative.

The right part of the figure depicts a company's composition (physical assets, intangible assets and financial assets) and corresponds to the scope of company analysis. Reflecting the study's focus on intangibles, physical assets and financial assets are displayed in light gray, although this is not an indication of relative importance as each company needs an appropriate mix of all elements to operate successfully. The findings suggested that the 'partner' factor is seen critical with successors planning a succession involving several persons; consequently the scope of analysis was expanded to include this item. This aspect is not company-related but has to be considered independently of the firm.

The intangibles are displayed according to their relevance for the non-family successors. They are classified into initial intangibles (from the initial framework) and new intangibles (which emerged during the course of the study). Paired frames are used to illustrate interconnections between intangibles. The final framework clarifies that some adaptations took place. The qualitative findings indicate that owners are not regarded as a central aspect with regard to the firm's future. They are primarily viewed as party to the succession deal of whom the willingness to cooperate and to let go is largely expected. Consequently, the aspect 'owner' is excluded from the list of critical aspects within company analysis. Instead, this item is positioned within the box symbolizing the aspect of succession negotiation. The study further demonstrates that employees are considered important within company succession. Thereby, the study suggests that specifically the retention of key employees was important to most successors as they are seen as critical for the continued success of the company. This was taken into consideration as depicted in the final framework. In terms of knowledge management, the study indicates that with regard to company succession the term 'knowledge retention' appears to be more appropriate. Thereby as indicated in the figure it is mainly linked to the key employees' knowledge. With regard to customers, the qualitative findings underlined the relevance of a broad customer base as a means to prevent a too strong dependency from just a few customers. Thus, the initial term 'customer' was adapted to a more concrete term 'broad customer base' which clearly shows the successors' aspect of interest. As the findings revealed that the factors 'networks' and 'innovative capabilities' were considered to be of little relevance in the context of this study, they were not included in the final framework.

4.2 Company analysis procedure

The fourth research question was related to "How do non-family successors analyse the company?" In terms of the documents used for analysis, the findings demonstrate that it is based primarily on annual financial statements. The incumbents seldom provide more documents, respectively; it depends on the successors' request. Thus, a successor has to get the active lead in the company analysis process. This hesitance in terms of information disclosure may be supported by lower

accounting requirements because of the legal form chosen (Damodaran, 2002), and apparently spread across other business issues as well.

Regarding the company analysis process, the findings suggest that successors pursue a checklist-like approach when analyzing the company. This means that they consider each asset separately. This proceeding involves the danger that interaction between assets, which is specifically given with intangibles (Roos, 2005) are overlooked and/or underestimated. This danger may particularly be supported by using those checklists, which are frequently offered (e.g., trade corporations, commercial banks) and used in terms of company succession. This course of action is delicate as it gives the impression that each aspect within the company is changeable at will. Yet, the change of intangibles such as corporate culture is not comparable to a change in the company's financial structure. Instead, in view of intangibles successors should wonder if they are changeable at all or if successors have to take these issues for granted and build on them rather than changing them.

Even though the importance of a rigour company analysis is often highlighted in the literature (e.g., Scarborough & Zimmerer, 2001), the findings suggest that only a few successors tackled it or were able to tackle it comprehensively. This may have been a pragmatic consequence of missing data availability and data access in SME company succession, which in turn also means that the successors were exposed to some future risk (Robbie & Wright, 1995). On the other hand, the findings imply an impact of the professional background on the rigour the company analysis is conducted. Successors who did not dispose of this expertise turned to external professionals. Additionally, the findings indicate that those successors tended to perceive a less rigorous analysis as all right. Maybe overconfidence in their own abilities (Townsend, Busenitz & Arthurs, 2010) pushed them forward in their succession activities.

One interesting aspect emerged which was the meaning of the successor's place of residence in terms of company selection. Among the successors interviewed, there was no one who had chosen a company in a region respectively federal state outside his/her own one. Hence, non-family company succession seems to primarily happen in familiar surroundings. This finding is interesting as it indicates that company selection is in the end a combination of personal issues and company-related issues, or in other words, a combination of affective and cognitive aspects. A decision for familiar surroundings appears to be reasonable because the imbeddedness within a region might facilitate customer acquisitions, employee recruitment, and other activities related to running a firm. On the other hand, this "region"-focus may lead to the result that companies are chosen based on their proximity to the successors' residence and not based on their future perspective.

5. Research contributions

5.1. Contributions to research on company succession in SMEs

Extant theory appears to rely largely on financial, legal, tax, and family aspects, i.e. the perspective of the incumbents or family successors respectively, to describe, explain and discuss company succession. Yet, the importance of intangible assets to non-family successors as well as demographic trends suggests a broader set of concern.

The intangible assets identified are summarized in the developed framework representing the key contribution of this study. It maps different intangible assets which seem to be relevant in view of non-family successors' in SMEs. The framework provides an alternative perspective on non-family company succession in small firms as it highlights those intangible assets which make a company attractive to external successors in their course of company selection. Thus, the framework provides insights into the process that occurs between the initial decision to found a company and business transfer.

The framework developed to the researcher's knowledge is the first that takes not only the non-family successors' perspective but is also based on the assumption that especially intangible assets are the critical factors in the successors' considerations regarding their business acquisition intentions. This may help in better understanding the dynamics of succession as it provides insights into the rather neglected perspective of (external) successors. Thus, presented findings extend the body of knowledge relating to the succession process in SMEs (e.g., Schulte & Wille, 2006).

Focusing on intangible assets the framework displays a clear future orientation. This future orientation is regarded as crucial because this is what really matters in terms of company succession and sustainability. Hence the proposed framework can be viewed as a new due diligent approach highlighting the prospects of firms.

The qualitative findings call into question the actual relevance of the owner in the case of non-family company succession. The qualitative study provides clues that from the external successors' point of view the owners and their expertise and relationships are not regarded as relevant in the preparation stage. This finding underlines the strong difference between family successors and non-family successors. Of the former it is usually expected that he or she will to some extent keep the familiness of the firm (Mitchell et al., 2009). Whereas of the latter it is rather likely to expect that he or she is not interested in keeping these ties with the past. Under such circumstances, the company's ability to build on past attainments introduced by the founder or predecessor is curtailed and it becomes more comparable to new venture creation. This finding contributes to SME succession literature as it helps to show differences in perspectives between the various types of successors.

A similar argumentation can be assigned to the findings related to the item "knowledge retention". With non-family succession the focus seems to be on the retention of knowledge as a first step within the succession process, whereas in family-succession the focus is more on knowledge transfer (Cabrera-Suárez, 2005), which might be easier with this form of succession.

Another contribution is the meaning of the partner. For successions involving a team, this study highlights the critical role of the quality of relationships between the partners. Although teamed activities as an object of study have been well researched (e.g., Weinzimmer, 1997), it has mainly been considered in the context of new venture creation (Pasanen & Laukkanen, 2006). There, however, other aspects are equally significant, e.g., customer acquisition and employee recruitment, whereas in corporate foundation through company succession restructuring is important, for instance. This aspect has been neglected in the related literature to date. This study extends the knowledge basis in this area.

Regarding company analysis a distinction between physical and financial asset and intangible assets should be made to better deal with the assets' different natures, e.g., their interaction with other resources or the risk related to them. Additionally, the current templates need to be expanded by including further intangible assets to make sure that some of them are not neglected just because it is not thought about them or because of their specific attributes compared to conventional assets. The present situation has also severe consequences for the following succession stages, as wrong assumptions of a company's standing because of incomplete information are rather likely.

In summary, it can be concluded that the preparation stage is incomplete to date. The empirical reality implies that the preparation stage is more complex as currently discussed in the literature.

5.2 Contributions to practice

The framework appears to be a valuable tool for understanding the importance of intangibles in non-family company succession in general and particularly their influence on non-family successors' business acquisition intentions. This understanding is viewed as of high importance regarding the changes in demography and consequently, the decreasing pool of successors. The framework may guide potential successors, predecessors and advisors in their course of actions during succession and daily business respectively. Accordingly, the framework may serve as visual aid for all these groups illustrating the process from the preparation stage to the realisation stage.

In view of non-family successors, the study's findings suggest that intangibles and their specific attributes, e.g., future orientation, need also be considered when preparing company succession. As a stronger consideration helps to obtain a more holistic perspective of a company's asset composition which in turn may strengthen the entire outcome of the succession process and might avoid possible pitfalls after the succession has taken place. Furthermore, when analyzing the different assets (intangible, physical, and financial assets) of a company, a would-be successor should be aware of their different characteristics. Especially the relationship between intangible assets and the implications of a loss of them for the firm should be analyzed. Moreover, the study's findings may help to increase the general awareness towards different assets (financial, physical and intangible assets) given in SMEs and their different attributes.

From the perspective of incumbents, the framework may be used as an excellent foundation providing insights into non-family successors' considerations and showing incumbents that it is useful to incorporate intangible assets in their own deliberations as well. Consequently, awareness of the meaning of intangibles to non-family successors can condition the disclosure decisions of incumbents as they start their succession preparation, i.e. during negotiations, incumbents should put a stronger emphasis on the communication of the firm's intangible assets. Ideally, this may also contribute to improved negotiations. Moreover, the relevance of the successors' residence in terms of company selection suggests that incumbents can limit their search for potential successors in the first instance to the particular region.

In view of advisors, the framework provides an overview about aspects that are critical in non-family succession in addition to legal, tax and financial issues. With it, they are enabled to expand their field of assistance. The overall findings also imply that the existing education system of advisors needs to be reconsidered or revised respectively. Within the current system the past perspective seems to further prevail when analyzing firms. This is no longer suitable when dealing with assets that are future-oriented and based on other attributes compared to traditional assets (e.g., non-rival and interconnected). This also makes clear that increased activities, e.g., more teaching courses, promotional activities, workshops etc., are needed to stronger place intangibles in the mind of policy makers, academics and business consultants in order to change the dominant perception.

Understanding the meaning of intangibles to non-family successors is not only useful for the actors mentioned above but also for policy makers when specifying programmes and courses of non-family succession. The study demonstrates that increased information about intangibles in general and regarding company succession is needed. In terms of the latter, more solid information is required to bring intangibles into the minds of relevant actors (successors, incumbents, etc.). First steps may encompass a stronger integration of the topic of intangible assets in brochures provided by governments. This would mean that the checklist(s) provided are updated as well. By putting a stronger emphasis on intangibles, the strategic aspect of company succession can be better embedded.

5.3 Research limitations

This study is not without limitations. Starting with the quantitative stage the small number of participants provides only a very restricted view of the SME setting and the decision to place the focus on German trade associations may have introduced a bias, rendering the findings at least partly unsuitable for application in other countries.

With regard to the qualitative stage and because of the nature of a doctoral thesis, data coding and themes identification were conducted by a single researcher. This can be considered as a limitation compared to teams of researchers. However, it was tried to keep bias at a minimum by having the transcripts and draft reports reviewed through informant checks. Furthermore, the inclusion of further perspectives such as those from advisors can be named as another strategy to deal with this

limitation. Since priority was given to the qualitative research, only analytical generalizations (Yin, 2003) and not statistical generalizations can be offered. Thus, the qualitative study of ten German successors does not allow inferences to be made as to whether the results would also apply to successors in other countries and larger SMEs. Another limitation might have to do with the current lens of the non-family successors involved. Thus, data were obtained which provide information concerning these successors' present opinions regarding the issue of company succession. However, it can be argued that in research this retrospect is usually the case. The data pool given in Germany regarding information about non-family successors did not allow to focus on a particular industry, thus in this study the aspect of small firm heterogeneity was excluded. In terms of exploratory studies, this course of action is sufficient (Bortz & Döring, 2006). Yet, the researcher is aware that the value of intangibles is contextual. Consequently, the relevance of single intangibles will vary among the successors.

6. Concluding remarks

This study broke relatively new ground in science by exploring the perceived relevance of intangible assets in non-family company succession in SMEs. Building on the findings the study provides insights into which intangibles are evaluated by non-family successors and the role they play regarding company selection. This stream of research may supply advances in not only theoretical knowledge, but also in terms of the negotiation process between incumbents and external successors, and with regards to succession consulting.

This study further emphasizes that company analysis must be guided by an adequately analysis of all relevant assets which are physical, financial and intangible assets to obtain better insights into the target company.

The study's findings are highly significant in view of the increasing number of small firms awaiting transferral to new ownership as they provide information about the factors which make a company attractive to external successors. Thus, this study devotes attention to company succession as an important aspect of national economies in terms of safeguarding jobs. Hopefully, this study has done a good job on getting company succession as an alternative of corporate foundation out of its shadowy existence in comparison to the multitude of academic activities regarding start-ups.

References

- Alwert, K. & Vorsatz, N. (2005) Intellektuelles Kapital in deutschen Unternehmen – aktuelle Studie des Fraunhofer IPK. In: Mertins, K., Alwert, K. & Heisig, P. eds. Intellektuelles Kapital erfolgreich nutzen und entwickeln. Berlin, Heidelberg, New York, Springer, pp. 323-335.
- Amelingmeyer, J. & Amelingmeyer, G. (2005) Wissensmanagement beim Führungswechsel in KMU. In: Meyer, J.-A. ed. Wissens- und Informationsmanagement in kleinen und mittleren Unternehmen. Lohmar, Cologne, Josef Eul Verlag, pp. 479-488.
- Andriessen, D. (2004) Making Sense of Intellectual Capital. Designing a Method for the Valuation of Intangibles. Burlington, Elsevier Butterworth-Heinemann.
- Auer-Srnka, K.J. (2009) Mixed Methods. In: Baumgarth, C., Eisend, M. & Evanschitzky, H. eds. Empirisches Mastertechniken. Wiesbaden, Gabler, pp. 457-484.
- Austrian Institute for SME Research (2004) Business Transfers and Successions in Austria [Internet]. Available from: <http://www.kmuforschung.ac.at/de/Forschungsberichte/Vortr%C3%A4ge/Business%20Transfers%20and%20Successions%20in%20Austria.pdf> [accessed 12 August, 2008].
- Bagby, D.R. (2004) Enhancing Succession Research in the Family Firm: A Commentary on „Toward an Integrative Model of Effective Succession“. Entrepreneurship Theory and Practice, 28, pp. 329-333.
- Ballarini, K. & Keese, D. (2006) Unternehmensnachfolge. In: Pfohl, H.-C. ed. Betriebswirtschaftslehre der Mittel- und Kleinbetriebe. Berlin, Erich Schmidt Verlag, pp. 439-464.
- Berg, H. & Koch, L.T. (2006) Nachfolge in eigentümergeführten Unternehmungen aus strategischer Perspektive – eine ressourcenökonomische Analyse. In: Brost, H., Faust, M. & Thedens, C. eds. Unternehmensnachfolge im Mittelstand. Frankfurt a. M., Bankakademie Verlag, pp. 25-42.
- Birley, S. (1986) Succession in the Family Firm: The Inheritor's View. Journal of Small Business Management, 24 (3), pp. 36-43.
- Bontis, N. (2002) Managing Organizational Knowledge by Diagnosing Intellectual Capital. In: Choo, C. W. & Bontis, N. eds. The Strategic Management of Intellectual Capital and Organizational Knowledge. Oxford, Oxford University Press, pp. 621-642.
- Bontis, N. (1998) Intellectual capital: an exploratory study that develops measures and models. Management Decision, 36 (2), pp. 63-76.
- Bornemann, M. & Alwert, K. (2007) The German guideline for intellectual capital reporting: method and experiences. Journal of Intellectual Capital, 8 (4), pp. 563-576.
- Bortz, J. & Döring, N. (2006) Forschungsmethoden und Evaluation für Human- und Sozialwissenschaftler. 4th ed. Heidelberg, Springer.
- Bracci, E. & Vagnoni, E. (2005) Managing intellectual capital in small-medium family business succession: an integrated framework. Working Paper presented to the 1st EIASM Workshop on Visualising; Measuring, and Managing Intangibles and Intellectual Capital, 18-20 October, Ferrara, Italy.
- Bridge, S., O'Neill, K. & Cromie, S. (2003) Understanding Enterprise, Entrepreneurship and Small Business. 2nd ed. Basingstoke, New York, Palgrave Macmillan.

- Bruyat, C. & Julien, P.-A. (2000) Defining the field of research in entrepreneurship. Journal of Business Venturing, 16, pp. 165-180.
- Bundesministerium für Wirtschaft und Arbeit (BMWA) (2004) Intellectual capital statement – Made in Germany. Guideline. August 2004.
- Burgman, R. & Roos, G. (2007) The importance of intellectual capital reporting: evidence and implications. Journal of Intellectual Capital, 8 (1), pp. 7-51.
- Cabrera-Suárez, K. (2005) Leadership transfer and the successor's development in the family firm. The Leadership Quarterly, 16, pp. 71-96.
- Carter, S. & Jones-Evans, D. (2006) Introduction. In: Carter, S. & Jones-Evans, D. eds. Enterprise and Small Business. 2nd ed. Harlow, Pearson, pp. 1-4.
- Claessen, E. (2005) Strategic use of IC reporting in small and medium-sized IT companies. A progress report from a Nordic project. Journal of Intellectual Capital, 6 (4), pp. 558-569.
- Commission of the European Communities (2006) Transfer of Businesses – Continuity through a new beginning, Brussels, 14.03.2006.
- Creswell, J.W. (2003) Research Design. Qualitative, Quantitative and Mixed Methods Approaches. 2nd ed. Thousand Oaks, CA, Sage.
- Damodaran, A. (2002) Investment Valuation. Tools and techniques for determining the value of any asset. 2nd ed. New York, John Wiley & Sons.
- Delmar, F. & Shane, S. (2004) Legitimizing first: organizing activities and the survival of new ventures. Journal of Business Venturing, 19, pp. 385-410.
- Dyck, B., Mauws, M., Starke, F.A. & Mischke, G. (2002) Passing the baton. The importance of sequence, timing, technique and communication in executive succession. Journal of Business Venturing, 17, pp. 143-162.
- Edvinsson, L. & Kivikas, M. (2007) Intellectual capital (IC) or Wissensbilanz process: some German experiences. Journal of Intellectual Capital, 8 (3), pp. 376-385.
- Edvinsson, L. & Malone, M.S. (1997) Intellectual Capital. The proven way to establish your company's real value by measuring its hidden brainpower. London, Piatkus.
- Flick, U. (2007) Qualitative Sozialforschung. Eine Einführung. Reinbek, rowohlt's enzyklopädie.
- Frankfort-Nachmias, C. & Nachmias, D. (1994) Research Methods in the Social Sciences. 4th ed. London, Melbourne, Auckland, Edward Arnold.
- Gallego, I. & Rodríguez, L. (2005) Situation of intangible assets in Spanish firms: an empirical analysis. Journal of Intellectual Capital, 6 (1), pp. 105-126.
- Gephart, R.P. (1978) Status Degradation and Organizational Succession: An Ethno-methodological Approach. Administrative Science Quarterly, 23 (4), pp. 553-581.
- Giambatista, R.C., Rowe, W.G. & Riaz, S. (2005) Nothing succeeds like succession: A critical review of leader succession literature since 1994. The Leadership Quarterly, 16, pp. 963-991.
- Hall, R. (1993) A framework linking intangible resources and capabilities to sustainable competitive advantage. Strategic Management Journal, 14 (8), pp. 607-618.

- Hand, J.R.M. & Lev, B. (2003) Introduction and Overview. In: Hand, J.R.M. & Lev, B. eds. Intangible Assets. Values, Measures, and Risks. Oxford, Oxford University Press.
- Handler, W.C. (1994) Succession in Family Business: A Review of the Research. Family Business Review, VII (2), Summer, pp. 133-157.
- Haveman, H.A. (1993) Ghosts of managers past: Managerial succession and organizational mortality. Academy of Management Journal, 36, pp. 864-881.
- Haveman, H.A. & Khaire, M.V. (2004) Survival beyond succession? The contingent impact of founder succession on organizational failure. Journal of Business Venturing, 19, pp. 437-463.
- Hayton, J.C. (2005) Competing in the new economy: the effect of intellectual capital on corporate entrepreneurship in high-technology new venture. R&D Management, 35 (2), pp. 137-155.
- Henry, A. (2008) Understanding Strategic Management. Oxford, Oxford University Press.
- Ip, B. & Jacobs, G. (2006) Business succession planning: a review of the evidence. Journal of Small Business and Enterprise Development, 13 (3), pp. 326-350.
- Isfan, K. (2002) Unternehmensübernahmen durch Frauen. Wiesbaden, Deutscher Universitäts-Verlag.
- Jennings, P. & Beaver, G. (1997) The Performance and Competitive Advantage of Small Firms: A Management Perspective. International Small Business Journal, 15 (2), pp. 63-75.
- Kesner, I.F. & Dalton, D.R. (1994) Top management turnover and CEO succession: An investigation of the effects of turnover on performance. Journal of Management Studies, 31 (5), pp. 701-713.
- Kesner, I.F. & Sebor, T.C. (1994) Executive Succession: Past, Present & Future. Journal of Management, 20 (2), pp. 327-372.
- Lambrecht, J. & Donckels, R. (2006) Towards a business family dynasty: a lifelong, continuing process. In: Poutziouris, P. Z., Smyrniotis, K. X. & Klein, S. B. eds. Handbook of Research on Family Business. Cheltenham, Edward Elgar, pp. 388-401.
- Lauterbach, B., Vu, J. & Weisberg, J. (1999) Internal vs. External Succession and Their Effect on Firm Performance. Human Relations, 52 (12), pp. 1485-1504.
- Le Breton-Miller, I., Miller, D. & Steier, L.P. (2004) Toward an Integrative Model of Effective FOB Succession. Entrepreneurship Theory and Practice, Summer, pp. 305-328.
- Lee, K.S., Lim, G.H., & Lim, W.S. (2003) Family business succession: Appropriation risk and choice of successor. Academy of Management Review, 28, pp. 657-666.
- Lev, B. (2001) Intangibles. Management, Measurement, and Reporting. Washington D. C., Brookings Institution Press.
- Longenecker, J.G. & Schoen, J.E. (1978) Management Succession in the Family Business. Journal of Small Business Management, 16 (3), July, pp. 1-6.
- Malinen, P. & Stenholm, P. (2002) Like Father Like Son? Transfer of Entrepreneurship in the Finnish Small Family Business Succession Context. In: Proceedings of the Family Business Network Annual World Conference 2002. 14th September, Helsinki, Finland.
- Marr, B. (2005) Strategic management of intangible value drivers. In: Coate, P. ed. Handbook of Business Strategy, 6 (1), pp. 147-154.

- Marr, B. & Spender, J.-C. (2004) Measuring knowledge assets – implications of the knowledge economy for performance measurement. Measuring Business Excellence, 8 (1), pp. 18-27.
- Maykut, P. & Morehouse, R. (1994) Beginning Qualitative Research. A Philosophic and Practical Guide. London, The Falmer Press.
- Miles, M.B. & Huberman, A.M. (1994) An Expanded Sourcebook. Qualitative Data Analysis. 2nd ed. Thousand Oaks, CA, Sage.
- Mitchell, J.R., Hart, T.A., Valcea, S. & Townsend, D.M. (2009) Becoming the Boss: Discretion and Postsuccession Success in Family Firms. Entrepreneurship Theory and Practice, November, pp. 1201-1218.
- Morris, M.H., Williams, R.O., Allen, J.A. & Avila, R.A. (1997) Correlates of success in family business transitions. Journal of Business Venturing, 12, pp. 385-401.
- Motwani, J., Levenburg, N.M., Schwarz, T.V. & Blankson, C. (2006) Succession Planning in SMEs. International Small Business Journal, 24 (5), pp. 471-495.
- Nonaka, I., Toyama, R. & Konno, N. (2001) SECI, Ba and Leadership: a Unified Model of Dynamic Knowledge Creation. In: Nonaka, I. & Teece, D. eds. Managing Industrial Knowledge. Creation, Transfer and Utilization. London, Sage, pp. 13-43.
- Olbrich, M. (2005) Unternehmensnachfolge durch Unternehmensverkauf. Wiesbaden, Deutscher Universitätsverlag.
- Pasanen, M. & Laukkanen, T. (2006) Team-managed growing SMEs: a distinct species? Management Research News, 29 (11), pp. 684-700.
- Patton, M. Q. (2002) Qualitative Research & Evaluation Methods. 3rd ed. Thousand Oaks, CA, Sage.
- Petty, R. & Guthrie, J. (2000) Intellectual capital literature review. Measurement, reporting and management. Journal of Intellectual Capital, 1 (2), pp. 155-176.
- Pitcher, P., Chreim, S. & Kisfalvi, V. (2000) CEO succession research: methodological bridges over troubled waters. Strategic Management Journal, 21, pp. 625-648.
- Ribeiro, L.L. & Tironi, L.F. (2006) The role of venture capitalists in the identification and measurement of intangible assets [Internet]. Available from: <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=965594> [Accessed 26 July, 2007].
- Ricceri, F. (2008) Intellectual Capital and Knowledge Management. London, New York, Routledge.
- Rissbacher, C. & Stahl, H.K. (2003) Kooperationsfähigkeit – Stillschweigend vorausgesetzt und doch rar. In: Stahl, H.K. & Hinterhuber, H.H. eds. Erfolgreich im Schatten der Grossen. Wettbewerbsvorteile für kleine und mittlere Unternehmen. Berlin, Erich Schmidt Verlag, pp. 117-133.
- Robbie, K. & Wright, M. (1995) Managerial and ownership succession and corporate restructuring: The case of management buy-ins. Journal of Management Studies, 32 (7), pp. 527-549.
- Robson, C. (2002) Real world research: a resource for social scientists and practitioner-researcher. 2nd ed. Malden, MA, Blackwell.
- Roos, G. (2005) Intellectual capital and strategy: a primer for today's manager. In: Coate, P. ed. Handbook of Business Strategy, 6 (1), pp. 123-132.

- Roos, G., Bainbridge, A. & Jacobsen, K. (2001) Intellectual capital analysis as a strategic tool. Strategy and Leadership Journal, May, pp. 21-26.
- Roos, G. & Pike, S. (2007) Intellectual Capital Research: A Personal View. Paper presented to the IC-Congress 2007, 3-4 May, Haarlem, The Netherlands.
- Roos, G., Pike, S. & Fernström, L. (2005) Managing Intellectual Capital in Practice. Burlington, MA, Oxford, Butterworth-Heinemann.
- Ross, S.A., Westerfield, R.W. & Jaffe, J. (2002) Corporate Finance. 6th ed. Boston, McGraw-Hill.
- Santora, J.C. & Sarros, J.C. (1995) Mortality and leadership succession: a case study. Leadership & Organization Development Journal, 16 (7), pp. 29-32.
- Saunders, M., Lewis, P. & Thornhill, A. (2007) Research Methods for Business Students. 4th ed. Harlow, Essex, Pearson Education Limited.
- Scarborough, N.M. & Zimmerer, T.W. (2001) Effective Small Business Management. Beijing, Tsinghua University Press.
- Schlömer, N. & Kay, R. (2008) Familienexterne Nachfolge – Das Zusammenfinden von Übergebern und Übernehmern. Institut für Mittelstandsforschung (IfM), IfM-Materialien Nr. 182, August 2008.
- Schulte, R. & Wille, C. (2006) Unternehmensnachfolgeprozesse in Klein- und Mikrounternehmen – Ergebnisse einer empirischen Untersuchung. In: Brost, H., Faust, M. & Thedens, C. eds. Unternehmensnachfolge im Mittelstand. Frankfurt a. M., Bankakademie Verlag, pp. 393-415.
- Sharma, P., Chrisman, J.J. & Chua, J.H. (2003) Predictors of satisfaction with the succession process in family firms. Journal of Business Venturing, 18, pp. 667-687.
- Spender, J.-C. (1996) Making Knowledge the Basis of a Dynamic Theory of the Firm. Strategic Management Journal, 17, pp. 45-62.
- Stewart, T.A. (1999) Intellectual Capital. The New Wealth Of Organizations. New York, Doubleday.
- Sveiby, K.-E. (1997) The Intangible Asset Monitor [Internet]. Available from: <<http://www.sveiby.com/articles>> [Accessed 16 May, 2005].
- Szyperski, N. & Nathusius, K. (1999) Probleme der Unternehmensgründung: eine betriebswirtschaftliche Analyse unternehmerischer Startbedingungen. 2nd ed. Lohmar, Cologne, Josef Eul Verlag.
- Townsend, D.M., Busenitz, L.W. & Arthurs, J.D. (2010) To start or not to start: Outcome and ability expectations in the decision to start a new venture. Journal of Business Venturing, 25, pp. 192-202.
- Von Krogh, G. & Grand, S. (2002) From Economic Theory toward a Knowledge-Based Theory of the Firm. In: Choo, C. W. & Bontis, N. eds. The Strategic Management of Intellectual Capital and Organizational Knowledge. Oxford, Oxford University Press, pp. 163-184.
- Wasserman, N. (2003) Founder-CEO Succession and the Paradox of Entrepreneurial Success. Organization Science, 14 (2), March-April, pp. 149-172.
- Watters, J., Jackson, F. & Russell, I. (2006) Capturing intangibles for improved IA management and benchmarking. Journal of Intellectual Capital, 7 (4), pp. 549-567.

- Weinzimmer, L.G. (1997) Top Management Team Correlates of Organizational Growth in a Small Business Context: A Comparative Study. Journal of Small Business Management, July, pp. 1-9.
- Yin, R.K. (2003) Case Study Research: Design and Methods. 3rd ed. Thousand Oaks, CA, London, New Delhi, Sage.
- Zambon, S. (2006) Is there a disciplinary field called intangibles and intellectual capita? Journal of Intellectual Capital, 7 (4), Introduction.
- Zambon, S. (2004) Intangibles and Intellectual Capital: An Overview of the Reporting Issues and Some Measurement Models. In: Bianchi, P. & Labory, S. eds. The Economics of Intangibles. London, Ashgate, pp. 153-183.
- Zimmerer, T.W. & Scarborough, N.M. (2008) Essentials of Entrepreneurship and Small Business Management. 5th ed. Upper Saddle River, Pearson.