BUSINESS TAKEOVERS: IS STRONG ENTREPRENEURIAL ORIENTATION BENEFICIAL FOR SMEs?

UNIVERSITEIT TWENTE.

Master Business Administration – Thesis

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Student:	S.T. Nijhuis
Student number:	s1991485
1st supervisor:	J. Sempel
2nd supervisor:	R. Loohuis

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"To what extent does a SME business takeover lead to a stronger entrepreneurial orientation of the company and to what extent does this lead to an improved firm performance?"

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Author: S.T. (Sander) Nijhuis (s1991485)
Master of Business Administration
Track: Entrepreneurship, Innovation and Strategy (EIS)

University of Twente
Drienerlolaan 5
7522 NB Enschede

Supervisors
ir. E.J. Sempel
dr. R.P.A. Loohuis

Summary

The overall purpose of this explorative study is to identify, on the basis of case studies, if the potential of SMEs improves during and after the process of a takeover. During this process, firm performance and entrepreneurial orientation will be highlighted. Two theories have been used to do this. The theory of Nejati (2010) provides insight into the performance of a company and shows the associated factors. The theory of Lumpkin and Dess (1996) provides insight into entrepreneurial orientation and shows the associated factors. During this research, it has been examined whether there is a link between entrepreneurial orientation and firm performance. To do so, literature study was used to collect data. In addition, four case studies were carried out within the technological sector, in which semi-structured interviews were mainly used to collect the data. The derived data is used to answer the main research question: *"To what extent does a SME business takeover lead to a stronger entrepreneurial orientation of the company and to what extent does this lead to an improved firm performance?"* The results of this explorative research show that in the case of a company takeover, several minor adjustments are made within the company so that processes are optimized. The directors of the four case companies also indicate that they can function more independently within the company. The firm performance and entrepreneurial orientation of three of the four researched companies have improved after the company takeover. However, it should be noted that the economy has also grown which may have had an effect on the performance of the companies. Because an exploratory study has been carried out, it is not possible to give a concrete answer to the research question. In some companies, both entrepreneurial orientation and firm performance have improved, but it is difficult to indicate whether there is a connection between these two factors.

Keywords: SMEs, firm performance, entrepreneurial orientation, link between FP/EO, Business takeover, acquisitions

Preface

This master thesis is written to complete my master of Business Administration at the University of Twente. I followed the track ‘Entrepreneurship, Innovation and Strategy’. I have experienced the time at the University of Twente as pleasant and I have learned several things that I hope to apply in the future.

As subject for this thesis I have chosen for the performances of companies before, during, and after takeovers. I am interested in company takeovers because business appeals to me and many companies will have to deal with a takeover.

I am grateful to my supervisors form the University of Twente, Jeroen Sempel and Raymond Loohuis. They helped me during the process of my thesis and gave me helpful and valuable feedback to improve my thesis.

Sander Nijhuis
Enschede, Februari 2020

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1. Introduction

This thesis is the completion of the master study Business Administration at the University of Twente. The author is curious to investigate acquisitions in the field of SMEs. After various consultations with Mr Sempel, the subject has been defined. A theoretical part has been elaborated in which everything concerning a company takeover has been described. In addition, 4 cases have been worked out in which data has been collected on company takeovers. The entrepreneurial orientation and Firm Performance of the 4 cases were examined.

In the first part, the researcher gives some background information about business takeovers. In section 1.2, a literature research is done. The research gap, aim of the research and the research questions are presented in section 1.3, 1.4, and 1.5. The researcher created a hypothesis, which is located in section 1.6. In the last section, the contribution of this research is showed.

1.1 Background information

When owners of SMEs want to sell their company, in most cases owners want the highest possible selling price. This selling price depends on several factors like growth possibilities, size, market potential, organizational structure, profits and so on. This can be summarized as firm performance. In addition to this, SMEs are also dependent on the owner, a non-entrepreneurial owner could be reluctant to take risks and innovation. As a result, the company will not make the most of its opportunities and this will be at the expense of the selling price of the company.

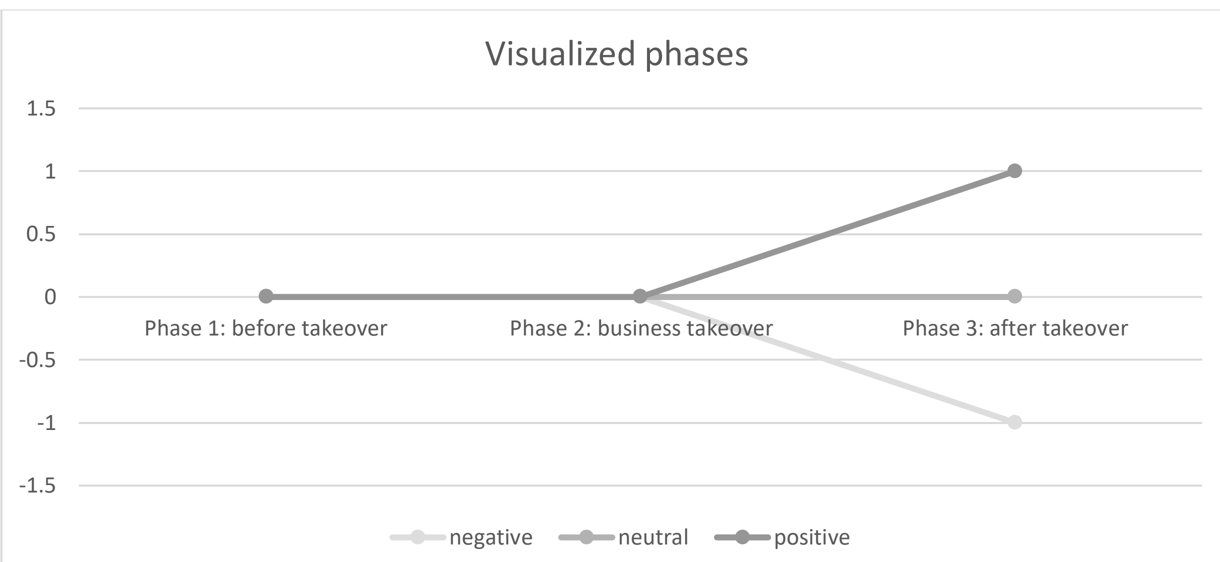

Figure 1.1 – visualized phases for firm performance

This thesis will examine whether companies could improve their business due to better performance, this depends on the entrepreneur and the entrepreneurial orientation of the company. For example, by taking more risk and being more innovative. This research will distinguish three phases: (1) business performance before the takeover, (2) the business takeovers, and (3) business performance after the takeover compared to before the takeover. The performance of the company will be reviewed up to 3 years before the acquisition and 3 years after the acquisition. After these phases, it can be made clear whether the firm performance has improved or not. In this way, it can also be determined if the company underutilized the market potential or whether the company was operating very well and that the innovations were made as a result of the takeover. This part is visualized in figure 1.1, when the acquisition does have a positive impact on the company, the value of the company is likely to have increased. This would probably be conversely when the acquisition has had a negative impact on the company.

1.2 Literature research

1.2.1 Literature research

In this literature review several concepts will be explained that will be used further in this research. Next, the different phases of a company takeover offer will be discussed, after which the models for firm performance and entrepreneurial orientation will be discussed. A link is also made between firm performance and entrepreneurial orientation.

First, before information on small and medium-sized enterprises (SMEs) is given, an indication is given of what is meant by SMEs. SMEs play a crucial role across all economies and they all have a different way to be profitable, some are very process-oriented and some more customer-oriented. LaForet and Tann (2006) found that Small and Medium Manufacturing Enterprises (SMMEs) are more facing inward and are more focused on current customers whereby they had difficulties to gain knowledge and be innovative. Furthermore, the literature of Grundström (2012) seems to suggest the following "SMEs are marked by a focus on incremental, present-based frame innovations, while research also suggests that these types of firms may lack an innovation orientation altogether (p. 164)". SMEs can operate in any segment, so no distinction can be made in terms of segments. A distinction could be made in terms of turnover and the number of employees. Table 1.1 provides an overview of when a business meets the characteristics of an SME regarding the number of employees. This is shown on the basis of the full-time employees in a company. (Hilmi, Ramayah, Mustapha, & Pawanchik, 2010, p. 558) Thus, when talking about SMEs in this study, the number of employees vary between one and one hundred and fifty employees. As shown in in table 1.1.

Table 1.1 - Number of employees of a SME

Size	Number of employees
Micro (SME)	<5
Small (SME)	5-50
Medium (SME)	51-150
Large	>150

Another important aspect of this literature research is the concept of a business takeover, this will be explained in this paragraph. When a company has been successful over the past years, it is likely that there will be a new owner at one point or another for example because of retirement. When a company ownership changes, it is expected that there are more changes in the company, like the structure of the company (Öberg et al., 2011). Furthermore, Trevinyo-Rodrìguez and Bontis (2010) argue that it depends on whether the takeover is done by an external party or a management buyout, it could vary how many of the values of the company will change. According to van Teeffelen (2012) the main focus of a business takeover is to predict the success of the takeover and the post-transfer performance of the acquired organization. Van Teeffelen (2010) defines a business takeover as "a change of ownership of any firm to another person or legal entity assuring the continuous existence and commercial activity of the enterprise when more than 50% of assets or shares are transferred (p. 4)". The definition of van Teeffelen covers all business acquisitions. In addition to this, Ip and Jacobs (2006) define the process of handing over a company as "the transfer of a business that results from the owner's wish to retire or to leave the business for some other reason. The succession can involve a transfer to members of the owner's family, employees, or external buyers (p. 326 – 327)". This definition includes all possible acquisitions like family successions, management buy-ins and buyouts (Scholes et al., 2007). However, the definitions above include acquisitions related to ownership. Grundström (2012) describe the involvement of external parties as "external parties may help a company to change its business direction, thus indicating that family-exclusive businesses may have problems reinventing themselves, while external parties may help in such reorientations (p. 165)". According to Ahuja and Katila (2001) and Christensen (2006), large firms will sometimes the targets to takeover small firms. These acquisitions are assured to reach growth potential, which will strengthen the financial situation of the SMEs (Salvato, Lassini, & Wiklund, 2007). When an external party takes over a SME, the company will be changed and it is likely that the company will be more innovative than before the takeover. The process of an acquisition will also, in many cases, result in a change in the management of the company. Several parties are involved in a company takeover. Of course, this includes the buying and selling party, where the roles of these parties are clear. However, in many business takeovers there are two other parties involved, the advisor and the financial institution, as showed in figure 1.2. The advisor is often involved in a business takeover because for most entrepreneurs who buy or sell a business it is a one-off affair and they do not have the right experience and knowledge. The advisor, often an accountant, assists the buyer and seller in the process of selling in order to achieve a good result. In addition, a financial institution is often involved in company takeovers and can play a crucial role. When a bank refuses to lend money, the sale of the company cannot be carried out in most of the cases. (Van Teeffelen, 2012) When a family-owned firm needs a new management, there are several options such as business succession, management buy-ins, buyouts, and acquisitions by external parties. Most of the times these external parties do not want an active part in the execution work. (Howorth, Westhead, & Wright, 2004) Family firms cannot be described as one homogenous group (Westwead and Howorth, 2007). In addition to this, Rastogi and Agrawal (2010) argue that there are two different types of successions in family business: potential successors and potential entrepreneurs. Potential successors will join the family business and want to continue the operations without taking risk. On the other hand, potential entrepreneurs will join the family business and seek other opportunities. They want to change the strategy and are not afraid to take risk. Furthermore, external takeovers of family firms would be a greater tendency to change the organization, external owners might have radical innovations and new ways of innovation instead of the family practices (Salvato et al., 2010). Family businesses have one more opportunity to transfer the company, a family member who will takeover the company. However, when a family member takes over the company it is not certain the company actually changes its strategy or that it will continue as before. For this research, the following definition is used "the transfer of a business that results from the owner's wish to retire or to leave the business for some other reason. The succession can involve a transfer to members of the owner's family, employees, or external buyers and includes an equity transaction of at least 50% of the total shares." The time after the acquisition is very important for the survival of the company, because there are new working people who can change the atmosphere within the company. Fiegener (2010) argue the following: "companies behave differently depending on the extent of involvement by a managing director's relatives who work as employees, key managers, advisors, and board members. This suggests that there are distinct values that may follow with the family-owned firm as long as the firm remains in the family or is succeeded to in-house managers. In addition to this, these values could be changed if an external company will take over the company (Dana & Smyrnios, 2010). The paper of Grundström, Öberg, and Rönnbäck state the following: "External owners may focus to a greater extent on growth and new ways of innovating, while family-succeeded firms diversify so as not to abandon previous business (p. 162)". In conclusion, the value of a company can change when a new owner comes along, this could lead to more innovation and growth.

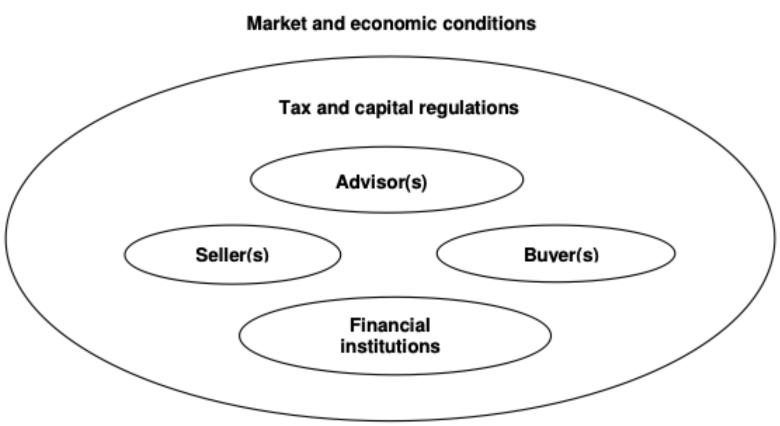

Figure 1.2 - parties and circumstances involved in business takeovers (van Teeffelen, 2012)

The third part of this literature research describes innovation in companies. Many authors write about innovation in different sectors, but what is innovation and when is it applied? West and Altink (1996) define innovation as "the process of bringing any new problem-solving idea into use. Ideas for reorganizing, cutting costs, putting in new budgeting systems, improving communication, or assembling products in teams are also innovation. Innovation is the generation, acceptance and implementation of new ideas, processes, products or services (p. 4)". In addition, Hurley and Hult (1998) define innovativeness as "the notion of openness to new ideas as an aspect of a firm's culture (p. 44)". Furthermore, Drucker (1985) argues that successful entrepreneurs must use "systematic innovation which consists in the purposeful and organized search for changes, and the systematic analysis of the opportunities such changes might differ for economic and social innovation (p. 31)". Innovativeness can be measured in different degrees: (1) innovation intensity, (2) newness of innovation, (3) innovation methods (4) innovation outcomes (Grundström, 2012). In the literature, there are many articles written about innovation. Process and product innovation, radical and incrementel innovation and last but not least closed and open innovation. However, there is little literature on the level of innovation of SMEs. (Lee, Park, Yoon, & Park, 2010, p. 291) According to Laursen and Salter (2004), it is not self-evident that larger companies are better at innovation than SMEs. SMEs can innovate, especially when it comes to radical innovation. Because they are relatively small, SMEs are flexible and have specific advantages. However, because they are relatively small, they often do not have sufficient capacity to manage the whole innovation process. For this reason, it is important that SMEs work together to combine resources and capabilities in production, distribution, marketing and R&D. (Lee, Park, Yoon, & Park, 2010, p. 291) In addition, Eng et al. (2010) state that innovations in small and medium companies focus on the progress of the processes in contrary to develop new products. In case of SMEs in family firms, Koiranen (2002) argue that tradition may be an important aspect which suggest that innovations for the future are considered to be less important than in-place practices. This in contrast to larger companies that are constantly working on new innovations and are involved with new possibilities. These firms are explorative in their sector but also in their innovation processes. (Grundström, 2012) Additionally, Hernández-Mogollon, Cepeda-Carrión, Cegarra-Navarro, and Leal-Millán (2010) argue that corporate cultures with traditional and outdated knowledge are marked by means of a negative effect on the ability to adapt to new or changed circumstances. Furthermore, Madrid-Guijarro, Garcia, and van Auken (2009) found that an organizational culture without innovativeness would create a SME with different limitations. Due to the lack of focus on development and innovation many SMEs remain SMEs throughout their entire existence.

It is important for the progress of a company that the financial results are good. However, this financial status depends on a number of factors, including firm performance. The definition of firm performance could vary from one and another. In a number of cases, business performance is measured by percentages of new product sales, profitability, and return on assets. (Selvarajan, Ramamoorhy, Flood, Guthrie, MacCurtain, & Liu, 2007) Furthermore, Wall, Michie, Patterson, Wood, Sheehan, Clegg, and West (2004) argue that subjective measurements are widely used in research of firm performance and interpreting them as objective measurements. According to Wall et al. (2004), there are good reasons why there are subjective measures of business performance and why they are applied. Subjective measures can be collected by means of a questionnaire and/or an interview that not only deals with theory but also with the park. This makes it possible to look at company performance in a cost-effective way. In addition, for various organizations and analysis levels there is no good alternative that offers the same possibilities. In addition, Marimuthu, Arokiasamy, and Ismail (2009) suggest that "researchers also tend to benchmark managerial accounting indicators against the financial measures in six dimension; 'workers compensation' (workers' compensation expenses divided by sales); 'quality' (number of errors in production); 'shrinkage' (e.g. inventory loss, defects, sales return); 'productivity' (payroll expenses divided by output); 'operating expenses' (total operating expenses divided by sales) (p. 266)". However, there are also other (macro) factors that can play a role in firm performance. For example, a banking crisis or the emerging economy. These factors are left out of this research. Firm Performance will be further explained using a model in section 1.2.2.

Within a company there is always an entrepreneur, who is often an important pawn within an SME. For this reason, the orientation of the entrepreneur will be highlighted. In the current business world, it is a trend to shorten the life cycle of business models and products. For this reason, a company is never sure of its existing activities and business strategy. The entrepreneur and the company will have to constantly look for new opportunities. Therefore, they may benefit from having a strategic orientation in the field of entrepreneurship. In this way, the entrepreneur and the company will become more proactive, more involved in innovating the market supply and will take more risk to try out new and uncertain products, services, and markets. (Wiklund & Shepherd, 2015) In addition to this, Matsuno, Mentzer and Ozsomer (2002) define entrepreneurial orientation as the "organization's predisposition to accept entrepreneurial processes, practices, and decision making, characterized by its preference for innovativeness, risk taking, and proactiveness (p. 19)". Further on in this article entrepreneurial orientation will be explained by means of a model in section 1.2.2.

1.2.2 Factors which could affect the business takeover

This research investigates business takeovers of SMEs and the influences of firm performance and entrepreneurial orientation on these business takeovers. This is simplified visualized in figure 1.3. In addition to firm performance and entrepreneurial orientation, it is possible that there are several influences, but these influences are not dealt within this research. In section 1.6, some possible causal relationships are given.

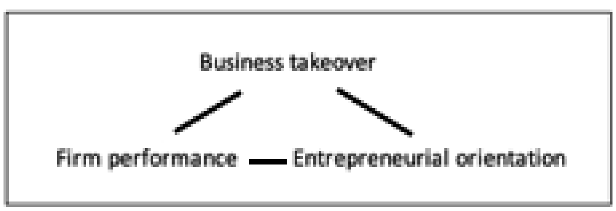

Figure 1.3 - visualization of factors which could affect the business takeover

Factor 1: Firm performance

In figure 1.4 the generic approach of Nejati (2010) is shown, this figure visualizes firm performances with affecting factors. According to Nejati (2010), financial performance measures depends on financial and non-financial factors. These two drivers are subdivided into several affecting factors such as debt leverage, liquidity, capitalization, investment, size, age, location, export performance and managerial efficiency.

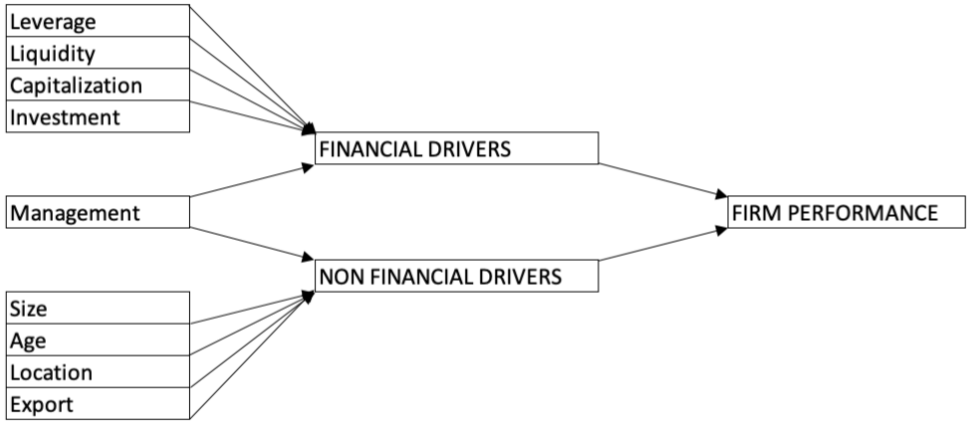

Figure 1.4 - Generic approach for firm performance with affecting factors (Nejati, 2010)

Debt leverage is defined by the ratio of total debt to equity ratio (debt/equity ratio). This gives insight to how much borrowed money a company is utilizes. Firms that are highly leveraged have the risk of bankruptcy when they are not able to pay their debt. For highly leveraged firms it is also hard to find new investors. In contrary to this, debt leverage does not always have a negative impact. Debt leverages could increase the return on investment of shareholders. Every firm has a specific debt to equity ratio. In addition to this, Harris and Raviv (1991) suggest that the trade-off (TO) theory has an optimal debt to equity ratio. According to the TO theory, each company borrows in order to gradually move towards its optimal debt to equity ratio, which ensures a maximum market value. In addition to this, Zwiebel (1996) argue that when the debt increases, the probability of a business takeover by committing managers to a more efficient business strategy will be reduced.

According to Nejati (2010), a part of firm performance is liquidity. Liquidity gives insight to the degree to which debt obligations coming due in the financial year can be paid from cash. Liquidity could be measured by the current ratio. The ratio of current assets to current liabilities. This provides insight in the ability of the firm to manage working capital. It is advantageous for firms to have a high liquidity to absorb unexpected setbacks and to meet obligations in times of low earnings. (Opler et al., 1999) In contrary, Hvide and Moen (2007) argue that a small amount of liquidity can improve the entrepreneurial performance, but a high amount of liquidity can do more harm than good. Therefore, the effect of liquidity on firm performance is not clearly defined in literature.

Another part of firm performance is capitalization. Capitalization could be measured by the rate of fixed assets to total assets and gives insight in the owners' equity. When the capitalization rate is high, there is an inefficient use of working capital. (Nejati, 2010) According to Notta and Vlachvei (2007), a high capitalization rate may often limit the ability of the firm to respond to increased demand for products or services. In addition, the ratio has a negative effect on the profitability of the firm. Therefore, for firms it is important to find a good balance in the capitalization rate.

According to Nejati (2010), net investment is part of firm performance too. Net investment could be measured by ratio of net investment to the total assets and gives insight in the activity of spending money on capital items used for operations, like property, plants and equipment. It is important for business operations that companies continue to invest in order to distinguish themselves in the market. However, the amount of investment will differ per industry and company. In addition, the business depending on how capital intensive the business is. A high ratio of net investment is positively related to the performance of the firm, this because new investments improve the production and cash flow generating capacity.

The size of the firm is very important for the firm performance. According to Nejati (2010), large firms could better perform due to economies of scale and scope which makes them perform better than small firms. Smaller companies would find it difficult to compete against large companies, especially in a very competitive market. In addition, smaller companies are less efficient. On the other hand, Majumdar (1997) argue that larger firms, might have x-inefficiencies, which will lead to inferior performances. Therefore, it is difficult to give a precise relationship between firm performance and size.

Firm age is also a part of the model of Nejati (2010). According to Stinchcombe (1965), older firms have more experience in the market and know the benefits of learning. Older firms also have reputation effects, why they are allowed to ask a higher margin on sales. On the other hand, Marshall (1920) suggest that older firms are more bureaucratic, might have old routines and do not look at changes in the market. This will make them less flexible. Concluding, older companies have more experience and know what is expected in the market and small companies are more flexible to change but are also more vulnerable.

Due to the rapid growth of transport and communication, the location of a company has become of less value in firm performance over the last years (Nejati, 2010). Porter (1998) state the following: “the enduring competitive advantages in a global economy lie increasingly in local things-knowledge, relationships, and motivation that distant rivals cannot match (p. 78)”. In order to take advantage of these benefits, the company will therefore have to establish itself in the vicinity of these benefits.

Exports may be important to certain companies in order to survive. When exported, produced goods or services are sold to other countries. Exports can damage some industries due to a lot of competition. However, by exporting, companies can also benefit if they have a specific product.

The last factor of the model is management, the management of a company can be a source of competitive advantage, positively related to the performance, growth and survival of companies. In addition, successful entrepreneurs have not only innovative behaviour but also skills to manage people. (Nejati, 2010) According to Bird (1995), entrepreneur's management skills were conducive to business performance and growth. Successful companies will be those that have developed a core competence in entrepreneurship.

Because only the model of Netjati (2010) is used for firm performance, there are a number of limitations. For example, only the above-mentioned factors are considered and other factors are not included in this model. For example, innovation is not mentioned in this model while the author believes that this is an important aspect. For this reason, the model of Lumpkin and Dess (1996) was chosen because innovation is discussed here. However, this model also only looks at a moment in time. To overcome this, the researcher applied the model twice, once before and once after the takeover. Because of this, the growth with regard to firm performance can be seen.

Factor 2: Entrepreneurial orientation

Entrepreneurial orientation (EO) of companies is important to be competitive in the market. Prior study of Hart (1992) suggests that there is a set of organizational processes from which strategic decisions evolve. The entrepreneurial orientated processes involve activities like planning, strategic management, and decision making. In addition, organizational culture, corporate vision, and share value systems can also be seen as such processes within entrepreneurial orientation. According to Lumpkin and Dess (1996), entrepreneurial orientation refers to: “the processes, practices, and decision-making activities that lead to new entry (p.136)”. New entry is an essential act of entrepreneurship, this can be accomplished by entering established or new markets with existing or new products or services. (Lumpkin & Dess, 1996) Miller (1983) summarized entrepreneurial orientation as: “An entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch (p. 771)”. Lumpkin and Dess (1996) argue that there are five dimensions of entrepreneurial orientation: autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness. These five dimensions are shown in figure 1.5, this model is intended to describe the entrepreneurial orientation in terms of the company.

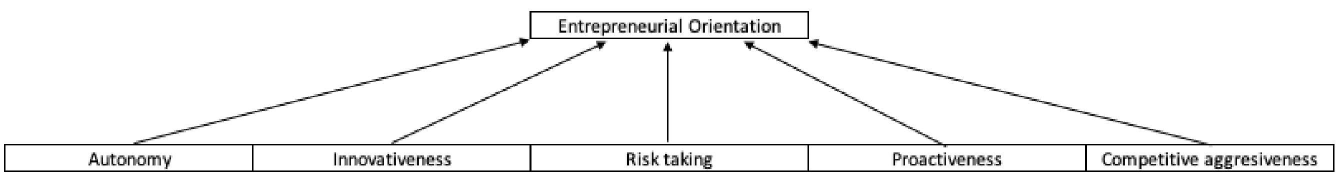

Figure 1.5 - Five dimensions of entrepreneurial orientation (Lumpkin & Dess, 1996)

These five dimensions could occur when a firm involve a new entry. Conversely, when only some factors are operating, a new entry may be also successfully achieved. In addition, Lumpkin and Dess (1996) argue the following: “The extent to which each of these dimensions is useful for predicting the nature and success of a new undertaking may be contingent on external factors, such as the industry or business environment, or internal factors, such as the organization structure (in the case of an existing firm) or the characteristics of founders or top managers (p. 137).” The authors suggest that their five dimensions vary independently, depending on the environmental and organizational context.

The first dimension is autonomy, this is a key dimension of entrepreneurial orientation. Lumpkin and Dess (1996) define autonomy as: “the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion (p. 140)”.

Another dimension of the model of Lumpkin and Dess (1996) is innovativeness, the authors define innovativeness as: “a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes (p. 142)”.

Risk taking is the third dimension which is mentioned in the model of Lumpkin and Dess (1996). The authors Miller and Friesen (1978) define risk taking as “the degree to which managers are willing to make large and risky resource commitments-i.e., those which have a reasonable chance of costly failures (p. 923)”. Entrepreneurial orientated firms are often characterized by their risk-taking behavior. For example, by entering into large commitments that give them a high return on investment. (Lumpkin & Dess, 1996)

The fourth dimension, proactiveness, is defined by Lumpkin and Dess (1996) as "a proactive firm is a leader rather than a follower, because it has the will and foresight to seize new opportunities, even if it is not always the first to do so (p. 147)". In addition, Lieberman and Montgomery (1988) argue that the advantage of the first-mover is the best strategy to capitalize an opportunity in a market.

The last part of the model of Lumpkin and Dess (1996) is competitive aggressiveness. The authors define this as "a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the market place (p. 148)". Furthermore, Porter (1985) indicates that competitive aggressiveness is very an important component of entrepreneurial orientation and which directed toward achieving competitive advantage.

In addition to Firm Performance, entrepreneurial orientation also uses one model. The model of Lumpkin and Dess (1996). For example, the model above only looks at the factors mentioned and does not discuss other factors. However, the author is of the opinion that the five most important factors of entrepreneurial orientation are included in the model. Because the model gives a representation of a certain moment, two moments are considered, just as in the case of firm performance. In this way, the growth in entrepreneurial orientation becomes clear.

The relation between firm performance and entrepreneurial orientation

The relationship between firm performance and entrepreneurial orientation has been examined several times. According to Lotz and Van der Merwe (2010), all types of businesses can get competitive advantage and improved performances due to the path of entrepreneurial orientation. Lyon, Lumpkin and Dess (2000) indicate that there is a general perception that entrepreneurial orientation affects the performance of a firm. In the entrepreneurship literature, many researchers found a powerful relationship between entrepreneurial orientation and firm performance. (e.g. Miller, 1983; Wiklund & Shepherd, 2005; Hult, Snow & Kandemir, 2003) Furthermore, the results of Hult, Snow and Kandemir (2003) show that when there is a strong entrepreneurial orientation, ventures will perform better than those that do not adopt entrepreneurial orientation. In addition to this, Turker and Selcuk (2009) argue that entrepreneurially orientated activities within a firm contribute to incubators for technological innovations, more opportunities for employment and it allows entrepreneurial orientated firms to be more competitive. Moreover, Wiklund (1999) made a longitudinal research and found that entrepreneurial orientation has a positive influence on performance of a firm over time. On the other hand, George, Wood and Khan (2001) were not able to find a significant relationship between entrepreneurial orientation and firm performance. According to Shan, Song, and Ju (2016), most studies indicate these inconsistencies to factors that possibly moderate the entrepreneurial orientation and firm performance, especially factors such as environmental conditions. Zehir, Can and Karaboga (2015) concludes that the result of their study is consistent with the literature which supports the relationship between entrepreneurial orientation and firm performance. The results of the study of Farrington and Matchaba-Hove (2011) indicate that there is a significant positive influence of innovativeness and competitive aggressiveness on business performances. However, there is not a significant relationship reported of autonomy and risk-taking on business performance. Pro-activeness has not been included in the study of Farrington and Matchaba-Hove (2011). Pro-activeness is difficult to distinguish from innovativeness, which makes it difficult to measure. Oswald (2008) argue that there is a limited understanding of entrepreneurial activities within businesses. Cassilas et al (2010) shares this view and indicates that more knowledge needs to be gained about the conditions of entrepreneurial orientation related to firm performance. For this reason, a practical study is being carried out to see the relation in practice between these two influences and whether there is a causal link between firm performance and entrepreneurial orientation.

1.3 Research gap

It is interesting to do research about this topic because of the limited research which is done on the influence of firm performance and entrepreneurial orientation to a business takeover of SMEs. According to At and Morand (2003), most researchers focus mostly on large companies. In addition to this, Graebner and Eisenhardt (2004) argue that researchers in prior studies mostly focus on the buyer's perspective of acquisitions. Therefore, Greabner and Eisenhardt (2004) examine the seller's perspective of an acquisition. Furthermore, Grundström et al. (2012) argue that it is still unclear how the new shareholders look at the innovativeness of the company and if there is a difference between an acquisition by a (family)member of the company or by an external party. More research into the field of the acquisition process could help to provide more insight whether companies actually perform better after a takeover. Grundström et al. (2012) indicates that little research has been done into the successions of external parties with a focus on the transaction phase. Therefore, the focus of this research will therefore be on the process of the takeover and will not specifically focus on the seller or buyer.

1.4 Aim of the research

1.4.1 Context of the study

The context of this study is whether companies perform better before or after an acquisition. This research aims at firm performance, i.e. whether the company innovates more and invests in business improvements. But also, entrepreneurial orientation, i.e. whether the entrepreneur takes more risks. Different phases will be dealt with, the phase before the takeover, the business takeover, and the phase after the business takeover. This investigation will define whether the performance of the company has improved or worsened after the takeover.

1.4.2 Means of the study

This research will analyze SMEs before and after an acquisition and whether this acquisition will result in a change in firm performance and entrepreneurial orientation. Next, a causal link between firm performance and entrepreneurial orientation will be analyzed. In order to optimize the company, several adjustments could be made. One of these adjustments could be to take more risks. An example of taking more risk can be investing more money in innovation. In addition to this, product development or scale up the production processes are also including in risk-taking. These risks will be investigated in this research and it will be indicated how this will contribute to the optimization of the value of the company. Based on this data, it will be examined whether the firm performance and entrepreneurial orientation of the SMEs have changed and in what capacity.

1.4.3 Goal of the study

The purpose of this study is to identify, on the basis of case studies, if the potential of SMEs improves during the process of a takeover. During this process, firm performance and entrepreneurial orientation will be highlighted.

1.5 Research questions

1.5.1 Main question

The main research question of this thesis will be:
"To what extent does a SME business takeover lead to a stronger entrepreneurial orientation of the company and to what extent does this lead to an improved firm performance?"

1.5.2 Sub questions

1. In what way can the entrepreneurial orientation of the company be measured?
2. In what way can the firm performance of a SME be measured?
3. Which relations between entrepreneurial orientation and firm performance of SMEs could be found according to the literature?
4. To what extent can these relations be observed in the analyzed SMEs by comparing entrepreneurial orientation and firm performance before and after the business takeover?

1.6 Hypothesis

For this research a hypothesis will be formed to see whether the statement is true or false. Because there are only 4 cases in this research, the hypothesis looks more like a proposition than a hypothesis. However, because the statement is tested empirically, a hypothesis has been chosen. A number of causal relationships that can be found after the investigation can be deduced from figure 1.4.

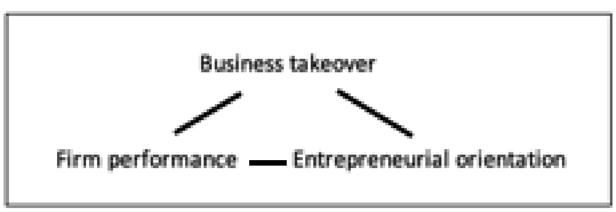

Figure 1.6 - Causal relations

Possible causal relationships are (1) company takeover leads to entrepreneurial orientation leads to firm performance, (2) entrepreneurial orientation leads to a company takeover leads to firm performance business, and (3) entrepreneurial orientation leads to firm performance leads to business takeover.

The following hypothesis is examined for this research:

“Entrepreneurs of SMEs avoid risk and act less innovative. For this reason, they are leaving out the company’s potential value.“

The main findings of this research indicate that SMEs will perform better after an acquisition, this due to the fact that the new entrepreneur is taking more risks and acting more innovative. If the former entrepreneur had taken more risks and applied more innovation, he could have obtained a firm performance leading to a higher selling price for the enterprise.

1.7 Contribution

1.7.1 Theoretical relevance

This thesis could be relevant for the theory because other researchers said that there is limited research on the process of a takeover. In addition, most researchers focus on seller’s and buyer’s perspective and thereby on larger companies. This research will be focused on SMEs within the Netherlands and will therefore be an addition to the existing literature, which makes this research theoretically relevant.

1.7.2 Practical relevance

This research may be valuable for SMEs because it provides insights in the processes of an acquisition. Thereby, it focuses on firm performance and entrepreneurial orientation which affirms how important it is to have the right entrepreneur in an organization, this allows the processes within the company to be improved. It can also help entrepreneurs to understand how they can be more innovative with a company.

2. Methodology

In order to answer the main research question *"To what extent does a SME business takeover lead to a stronger entrepreneurial orientation of the company and to what extent does this lead to an improved firm performance?",* the sub questions and to test the hypothesis, the researcher will use two methods. Section 2.1 will give insight in the methods the researcher will use during the phases of the thesis. Table 2.1 shows a brief description of how the sub questions will be answered. In section 2.2, the reliability, validity, and trustworthiness are presented.

Table 2.1 – answering sub questions

Sub question 1	Sub question 2	Sub question 3	Sub question 4
This sub question will be answered based on the theory of entrepreneurial orientation.	This sub question will be answered on the basis of theory of firm performance.	This sub question will be answered on the basis of theory of the link between entrepreneurial orientation and firm performance.	This sub question will make use of 2 models. The generic approach of Nejati (2010) to measure the firm performances and the five dimensions of Lumpkin & Dess (1996) to measure entrepreneurial orientation. The case studies will be approached on the basis of these 2 models.

2.1 Literature research

A serious part of this research is literature research. The conducted literature reflects companies with regard to company takeovers and how they react on a takeover. The researcher also wants to look at the company's performance and in what way it can be improved. Another part of the literature research will describe the factors which could affect the business. The highlighted factors are: firm performance and entrepreneurial orientation. Especially family businesses are reluctant to lend money, in this study we will find out what a good solvency is for companies. The literature will give partially evidence for the hypothesis.

2.2 Reliability, validity, and trustworthiness

During the proposal part of this study, the research methodology is communicated to the first supervisor. In case of a qualitative study, it is a lot harder to conduct a reliable and valid research. For this reason, it was decided to use case studies to identify the main factors in the acquisition of companies. Because the researcher has already held interviews with CEOs of companies for higher education studies, the researcher knows how to execute interviews in practice. Overall, the above-mentioned activities all contribute to a reliable and valid research. With regard to the trustworthiness of the data, the transcripts of the data are communicated with the respondents to be sure that the statements of the data actually reflected the view of the CEO and their perceptions on the discussed issues. This led to a few small adaptions of the statements. But in most cases, the respondents approved the original. In addition, the theory, data, and results of this study are (partially) discussed with the first supervisor in order to improve the trustworthiness of the study and thereby the results of the study.

3. Case studies

In order to gain information of SMEs, four case studies will be conducted. These case studies give insight in the several aspects of the companies. The CEO of the companies will be described, the process of the takeover but also the entrepreneurial orientation and the firm performance. This chapter will give insight in the definition of a case study, the selection and the applicability of the case studies.

3.1 Case studies

The other part of this research will be case studies for thorough analysis and deep understanding in business takeovers. Swanborn (2010) gives the following definition of case studies “case studies are those research projects which attempt to explain holistically the dynamics of a certain historical period of a particular social unit (p. 18)”. Benbasat, Goldstein, and Mead (N.D.) indicate that there is no standard definition of a case study. Here, the researchers indicate that a case study investigates a phenomenon in a natural environment. During this research, multiple methods of data collection are used to gather information from one or a few sources (people, groups, or organizations). The boundaries of this research are not clear and no experimental control is used. However, the authors do indicate that case studies in most cases meet the characteristics situated in table 3.1. Furthermore, Swanborn (2010) states that “the label ‘case study’ nowadays is not only used in connection with the study of one case, but includes the study of a small number of cases as well. ‘Small’ means that normally not more than four or five cases are included in a study (p. 14)”. In addition to this, Swanborn (2010) mentions that the research process of case studies generally has broad research questions which develops into more precise questions. In most cases, the researcher wants openness towards unknown aspects and allows the object to speak through an exploratory approach. However, this does not necessarily have to be the case; a case study can also start with precise questions or a hypothesis. In that case, an exploratory approach is not expected.

There are also various opinions on case studies, Zaidah (2003) indicates that case studies have some advantages and disadvantages. He gives the following advantage of case studies “the examination of the data is most often conducted within the context of its use (p. 4)”. In addition, qualitative reports produced include data from a study but also explain complex situations that cannot be dealt with by experimental or survey research. On the other side, case studies have received criticisms. First, according to Zaidah (2003), researchers has been sloppy too many times with the received data. They have biased views to influence the direction of the findings and conclusions. Furthermore, case studies provide little basis for scientific generalization because they make use of one or a few entities. However, case studies fit well with this exploratory research and for this reason the case study method will also be used within this research. It provides a good view on a small group of companies because a lot will be described qualitatively within the process of company takeovers.

Table 3.1 - characteristics of case studies (Benbasat, Goldstein, & Mead, N.D.)

1.	Phenomenon is examined in a natural setting
2.	Data are collected by multiple means
3.	One or few entities (person, group, or organization) are examined
4.	The complexity of the unit is studied intensively
5.	Case studies are more suitable for exploration, classification and hypothesis development stages of the knowledge building process; the investigator should have receptive attitude towards exploration
6.	No experimental controls or manipulations are involved.
7.	The investigator may not specify the set of independent and dependent variables in advance.
8.	The results derived depend heavily on the integrative powers of the investigator
9.	Changes in site selection and data collection methods could take place as the investigator develops new hypothesis.
10.	Case research is useful in the study of 'why' and 'how' questions because these deal with operational links to be traced over time rather than with frequency or incidence.
11.	The focus is on contemporary events.

The researcher will look at 4 case studies to provide more insights in the acquisition process and to provide the relation of entrepreneurial orientation and firm performance before and after the business takeover. The data of these 4 case studies will be used to answer sub question 4. To gain qualitative data for these case studies, the researcher will conduct data due to semi-structured interviews with the entrepreneurs of the SMEs. The companies that will be approached are companies that have experience with a takeover in the past 3 years. The interviews will cover the different acquisition phases, making it clear how the companies respond to this in practice in terms of firm performance and entrepreneurial orientation. To measure firm performance, the generic approach of Nejati (2010) will be used as showed in figure 3 and the five dimensions of Lumpkin & Dess (1996) will be used to measure entrepreneurial orientation as showed in figure above. It will be examined whether there is a difference in firm performance and entrepreneurial orientation before and after the acquisition. Furthermore, it will also be examined whether there is a link between entrepreneurial orientation and firm performance as the literature suggests. Figure 3 and figure 4 examine how the company functions better, this will be theoretically substantiated and in practice it will be examined how companies react to this. In answering the 4th sub question, the acquisition process of each company will be described. A brief description of the acquisition phases is shown in table 2.2.

The data of the conducted interviews will be analyzed and the results will be described. These results will complement the evidence for the hypothesis, allowing a conclusion to be drawn from the examination. A limitation of this research can be that there is no data of a large number of SMEs, only a few companies have been approached to obtain data. This is because it takes a lot of time to approach the right companies and to acquire the right data from these companies.

Table 3.2 – phases of acquisition

Phase	1. Before takeover	2. Acquisition	3. After takeover
Description	Phase in which the company prepares for a takeover and in which the work is 'just' continued.	Phase in which the company comes into contact with the potential buyer, the purchase and its handling.	Phase in which the vision of the new entrepreneur is expressed and the changes that this entails.

3.2 Case studies selection

This section will elaborate why company X, company Y, company Z and company Q have been chosen. As mentioned before, the chosen companies have been acquired in the last 3 years and operate in the technical sector. This makes it easy to compare the companies and to compare the different statements made by the CEOs. In all cases, the director/owner was already working for the company, but there was still a company or person in a higher position above. Therefore, they could not fully implement their ideas but this is possible in the current situations. This may have changed the entrepreneurial mindset of the company which may also have consequences for the company's performance.

3.3 Applicability of literature research

In this section, it will be explained what exploratory research means and how it is applied within this research. Exploratory research is research in which the researcher systematically collects and analyses data in the hope of discovering new relationships or discovering new facts.[1] Since this research is exploratory in nature, qualitative methods are considered more appropriate. For this reason, the case study method was chosen because it makes it possible to map out the differences between companies before and after the takeover, even though many of the variables related to the phenomenon are still unknown. (Auramo, Kauremaa, & Tanskanen, 2005) These differences are mapped using the two models mentioned earlier in this report.

In order to carry out this exploratory research in the right way, case studies were chosen, as indicated above. In order to obtain a clear picture of the four companies, a questionnaire has been drawn up. In this interview 5 aspects are discussed. The general information about the company, information about the CEO, the involvement in the acquisition of the CEO, the company's performance before and after the acquisition, and the entrepreneurial orientation before and after the acquisition. The first three aspects have been drawn up to gain insight into the company, the entrepreneur and the takeover. In order to ask the right questions about firm performance, the generic approach of Nejati (2010) was used. This model has been leading during the preparation of the questions for firm performance. The five dimensions of Lumpkin and Dess (1996) were used to make the interview questions about entrepreneurial orientation. Because the model for firm performance and entrepreneurial orientation are snapshots, it was decided to measure this at two moments, before and after the acquisition. By using two measurement moments, a real picture of the company is created and it becomes clear how the company was

[1] https://hulpbijonderzoek.nl/online-woordenboek/exploratief-onderzoek/

performing at those moments and it can be seen if the company has grown between the two measuring moments. Based on these measurement moments, clues can also be displayed regarding firm performance, entrepreneurial orientation and the business takeover, as shown in figure 3.1. This questionnaire is attached to appendix 1. During these interviews, only the information provided by the CEO are used. No other sources of information are used in this study.

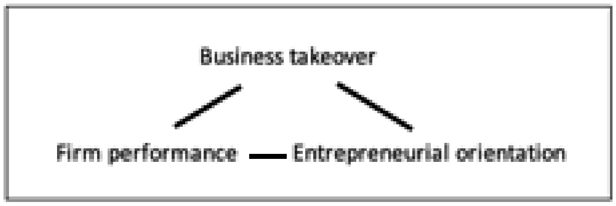

Figure 3.1 – conceptual model

At the end of each case a valuation is given based on the models of Nejati (2010) and Lumpkin and Dess (1996). This provides an overview of the company's performance before and after the acquisition. An account of these scores is shown in table 3.3.

Table 3.3 - definitions of valuation

Value	Definition
--	If the company has received this score, it means that the company is performing very poorly in this area.
-	When the company has received this score, it means that the company performs poorly in this area.
+/-	When the company has received this score, it means that the company performs reasonably well in this area.
+	When the company has received this score, it means that the company performs well in this area.
++	When the company has received this score, it means that the company is performing very well in this area.

These scores were given on the basis of the interviews held with the CEO of the company in question and are shown behind each case. The researcher looked at the company's performance in terms of firm performance and entrepreneurial orientation and attached a value to the several aspects of the models before the acquisition and after the acquisition. The researcher looked at how many positive and negative sides came out of the interview and used this to determine what value was given to an aspect. So when and how many positive sides came out of the interview has the aspect '++' received and when many negative sides came out of the interview has the aspect '--' received. In addition, the researcher looked at the several given values and attached an overall score for the company before and after the acquisition for firm performance and entrepreneurial orientation. This score can be used to determine how the company scores before and after the takeover.

4. Results and findings

The results and findings of the study are situated here. Section 4.1 describes how the case studies were carried out, how the interviews were applied and how the companies are valued. The second part, section 4.2, the detailed case studies are presented with their valuation before and after the takeover. In section 4.3, the overall reflection of the case studies is presented and in section 4.4 the link between theory and practice is situated.

4.1 Practical research

In this part of the research, the casus of four companies are carried out. Each case consists of 5 aspects as indicated above. Quotations have also been used as much as possible to keep the findings of the CEOs as intact as possible. In this way, a realistic picture is drawn of the companies and the director/owner in question. At the end of each case there is a table that indicates in which areas the company scores well or in which area they can improve. The explanation of this rating is given in section 4.1.

4.2.1 Casus company X

General information Company X

The first company was founded in the 50's, the founder has developed a one-man business into a company of 15 employees. After this, the son took over the company, he has grown the company further and decided in 2003 to sell the company to an investment company. This investment company has ensured that the company has continued to grow and has mainly optimized the administrative processes. In 2016 the current director/owner took over the company together with his partner. With this acquisition in 2016, the company has become a family business again, in which they always try to help each other. The company is active in engineering and currently has around 100 permanent employees and 15 temporary workers. The director/owner gives the following information about the culture within the company:

"We are a family business in which we help each other to achieve the best possible result. We are a very flat organization with little hierarchy. An example of this is that the mechanics can step into my office to ask questions." - director/owner company X

These employees are divided into four different departments, namely: utility, industry, security and service&maintenance. The company wants to grow slowly, especially with the service&maintenance department. According to the director/owner, the service&maintenance department has a lot of potential. The company is located in the east of the Netherlands and mainly carries out its activities in this region.

Information of CEO

The director/owner of this company started working for the company at the age of 17 and has now been working for the company for more than 42 years. As he says himself, he held several positions:

"I started as an apprentice mechanic at company X and I've held a higher position each time. Before the takeover I was director and now I am director/owner." - Director/owner company X

From day to day, the director/owner deals with various matters. For example, he visits many regular customers to maintain the relationship, looks at outgoing proposals and pays attention to all banking matters. However, this is only a small part of the work.

An advantage of his current position is that he can decide for himself what he wants and in which direction the company will go. Another aspect that the director/owner indicates is the following:

"It's hard to keep the personnel satisfied, I feel like they're more demanding than before and less likely to be happy." - Director/owner company X

Important decisions are taken together with the partner, other decisions are taken by the managerial staff.

Involvement in the takeover

The company was sold because the shareholders of the investment company had reached a certain age and they thought it was okay. Also, communication with certain shareholders was more difficult and in 2016 they decided to sell the company. The director then received the offer to take over the shares and he accepted this opportunity, he is still very satisfied with decision every day. The director/owner is pleased that the company could be maintained. If he did not take over the shares, it was unknown what would happen to the company.

According to the director/owner, the negotiations of the takeover went well, but the director/owner had the idea that the negotiations could be speeded up, as shown by the following:

"We thought it was an easy negotiation, but it took at least half a year before we could take any real steps. We also had to arrange everything with the banks and received a lot of advice from our accountants." - Director/owner company X

The director/owner indicates that he is happy with the state of affairs after the takeover. A big advantage of this is the strong attracted economy after the company has been taken over, which helps in the continuation of the company. The director/owner indicates that not much has changed in terms of process after the takeover. Company X has continued to grow as a result of the upturn in the economy, so in that sense the company has changed.

Firm performance

Leverage

Apart from the mortgage for buying the property and the company, no use is made of loan capital. For this reason, the risk of bankruptcy is smaller. Before the takeover, the company did not use loan capital too.

Liquidity

The company is very liquid and can meet all short-term payment obligations. Before the takeover, this was more difficult for company X because the investment company often had dividends paid out, there was little money in the bank account.

Capitalization

The director/owner owns 80% of the shares and his partner owns 20%. This ratio arose before the acquisition, when the director/owner had 20% of the shares, his partner 4.9% and the investment company the remainder of the shares.

Investments

Company X tries to invest a lot in training and material, according to the director/owner this is very important for the continuity of the company. Company X has also invested in a new building because the current building does not meet the requirements no longer. They are going to renovate the new building a lot. So, in the future it will fully meet the requirements. In this way, the company can stay in that building in the future. The director/owner says the following about investments in marketing:

"We hardly invest in marketing, this is because we have a well-known name in the market and benefit a lot from word of mouth." - director/owner company X

The director/owner indicates that the investments in terms of training and equipment have remained at the same level. A substantial investment was made by purchasing the new building. Logically, this investment was not there before the takeover.

Management

The management of company X consists of 7 persons, these are the two directors/owners, the managers of the 4 different departments and the manager of the administration. The structure of the management team has not changed after the acquisition. The investment company always kept a close eye on the monthly figures of company X and was able to make adjustments where necessary. Nowadays the directors steer on the figures and therefore not much has changed in terms of management after the takeover.

Size

Company X has grown considerably after the takeover. Before the takeover, the company had 80 employees and currently employs around 100 people. Company X always has a flexible shell of around 15 temporary workers.

"We want to grow slowly, so sales will grow with it." - director/owner company X

Company X has also grown in terms of turnover. Before the takeover, the company had a turnover of 9 to 10 million and the turnover in 2018 was almost 13 million, this is also due to the economic growth.

Age

As mentioned before, the company was founded in the 50's. The director/owner indicates that this only has advantages because they have become known in the market over the years. The company is not affected by this and is seen as a serious player in the market.

Location

As mentioned earlier, company X has bought a new building, the new building meets the expectations of the company after a renovation. The director/owner has the following wishes for the new building:

"We want fine, peaceful offices so employees can work quietly and concentrated". - Director/owner company X

The takeover did not affect the location, the company has grown due to the economy growth. according to the director/owner this would have happened even if the investment company had still been the owner.

Export

Company X carries out various activities abroad, but this only applies to the industry department. The distribution over the whole company is about 85% domestically and 15% abroad. This was also the case before the takeover and has not changed. However, the projects abroad have become larger but they do not have any other activities abroad.

General

The director/owner believes that company X distinguishes itself from other companies in the following way:

"We are a well-known player in the east of the country. We have good technical staff and are also very flexible. We hear this a lot from the customers, very positive." - Director/owner company X

The director/owner adds that the company's performance is good. They are on the right track, but there are always areas for improvement. It is imperative that the current quality is guaranteed.

After the takeover the result of the company has improved, the director/owner indicates that this is mainly because the economy has improved. As a result, there is more work and company X can ask for better prices.

Entrepreneurial orientation

Autonomy

The director/owner of company X indicates that they are members of a purchasing group and says the following about this:

"We are part of a purchasing group and are reasonably dependent on it because they determine the prices we charge. We also agree with the purchasing group before the beginning of the next year what percentage of our turnover we buy from different suppliers. We are therefore bound to this purchasing organization, but we also find many advantages of this." - Director/owner company X

The director/owner is not dependent on other persons and can make decisions together with his partner. Important decisions are made together, minor decisions are made by the managers of the departments. The director/owner indicates that these managers have decision-making authority up to a certain level. According to the director/owner, the autonomy did not change after the takeover, previously they were also members of the same purchasing organization. The only thing is that after the takeover they are no longer controlled by the investment company.

Innovations

According to the director/owner, the company always tries to keep up with new innovations. Company X tries to provide the right training for the personnel and suppliers often come up with new improved products. In this way, the company keeps up with the innovations within the sector. The director/owner hereby states the following:

"We must continue to innovate. We always say: 'standstill is decline'. By keeping pace with these innovations, the personnel remains motivated and challenged, and we can keep them with us for a longer time." - Director/owner company X

The takeover did not affect the company's innovations. Before the takeover, company X also tried to apply the latest techniques.

Risk-taking

The director/owner of company X says he doesn't like too much risk and wants to be more risk averse, however:

"Entrepreneurship always involves risks. By applying new techniques, for example, we take a certain risk because we have little experience with these techniques. In this way we do take risks, but that is also part of our business." - Director/owner company X

The company hardly ever makes a risk analysis because they know from the experience of the team what risks a particular project entail. It is therefore almost never decided not to carry out a project, at regular customers they never take a 'no' vote. Company X attaches great importance to its customers. The director/owner indicates that there must be a good balance between taking risks and avoiding them, which, according to him, ensures optimal management.

Proactiveness

Company X is always actively looking for new work and technically well-trained personnel. Due to the shortage on the labour market, however, it is difficult to attract good workers. The director/owner also indicates that (regular) customers approach the company for work to be carried out. The director/owner considers this to be very important for the continued existence of the company and they should cherish it.

Competitive aggressiveness

Because company X is a member of a purchasing organization, they already have a competitive advantage because they have an advantage in terms of price. However, the company is good with competitors in the neighborhood and there is mutual respect. The director/owner says the following:

"We try to help each other where necessary, but you can also meet each other at a tender, so sometimes it is of course 'you' or 'me'. We also try to stay away from each other's customers, which I find very pleasant." - director/owner company X

The director/owner has the idea that after the takeover, competitors have taken a different view of the company. They like the fact that it is now a family business again and that this has given the company a bit more of the culture of 'twente'.

General

The director/owner of company X finds it difficult to say whether the company would function differently if someone else led the company. He indicates that everyone has a different view of specific cases and will react differently to them. However, he does indicate that his way of leadership has a positive influence on the organization because it is a very flat organization. The director/owner indicates that the company is not dependent on his services:

"I think it's difficult at first because everyone has their own pattern, but I have a large network which makes me dependent on the company. After a while, someone else will pick this up and the company will not be bothered by it anymore." - director/owner company X

It should be noted, however, that the experience of the entrepreneur plays a role in taking important decisions. The director/owner indicates that a young person has less experience in practice and is therefore more difficult to make decisions.

"When you are older, you know how to respond to a certain situation and can therefore make decisions more easily. - director/owner company X

Table 4.1 - FP/EO company X

Before takeover				**After takeover**			
FP		**EO**		**FP**		**EO**	
Leverage	+	Autonomy	+/-	Leverage	+	Autonomy	+
Liquidity	+/-	Innovations	+	Liquidity	+	Innovations	+
Capitalization	+	Risk-taking	+/-	Capitalization	+	Risk-taking	+/-
Investments	+	Proactiveness	+	Investments	++	Proactiveness	+
Management	+	Comp. aggr.	+/-	Management	+	Comp. aggr.	+/-
Size	+	General	+/-	Size	++	General	+
Age	+			Age	+		
Location	+/-			Location	++		
Export	+			Export	+		
General	+			General	++		

Conclusion

In this conclusion, a number of striking characteristics of the company are presented, followed by a conclusion of the firm's performance and entrepreneurial orientation. The company was able to pay all its invoices before the takeover, but that was the end of it. This was because the company had a lot of dividend paid out. After the takeover, this has improved and the company can easily meet its payment obligations. The investment company also often looked over the shoulder of the management, as a result of which they were not fully autonomous. As a result of the takeover, the company has become more independent. Company X is a company with little hierarchy but the director indicates that it is difficult to keep the staff happy. In order to develop the personnel in the right way, they invest a lot in knowledge. What is striking is that the company hardly does anything about marketing, but that it still has a good reputation in the market. Another striking aspect is that the company carries out risk analyses in which the project is almost always carried out. Still, they will do this well because the company has grown considerably in the last 3 years. Table 4.1 shows that the firm's performance and entrepreneurial orientation improved after the takeover, partly because of the above findings.

In comparison with the entrepreneurial orientation and firm performance before the acquisition, the company has started to perform better after the acquisition and the entrepreneurial orientation has also improved. However, it is difficult to say whether there is a connection between these two aspects because this research is exploratory.

4.2.2 Casus company Y

General information Company Y

This second casus describes the performance and the entrepreneurial orientation of company Y. This company exists 85 years and has experienced 4 generations of a family. In 2004 the company was taken over by an investment company because the company was in financial difficulties at this time. In 2017, the investment company sold it to the current entrepreneur. Company Y is a technical company and works in various sectors, namely: electricity, data and security. They are active in non-residential and residential construction, mainly in the north of the Netherlands. To date, the company wants to remain active in the current sectors, but the director/owner does not rule out the possibility of other sectors being served in the future. The company has the following core values:

"Reliability, respect and quality are our core values. We care about each other and respect is very important in this company. You create your own success but also provide others the chance to generate success." - director/owner company Y

The director/owner is 100% dependent on his employees, the mechanics of the workplace, project leaders, managers et cetera.

"You can't do anything without help of each other, we all have to do it together. This increases the responsibility, increases the involvement and also brings entrepreneurship." - director/owner company Y

The vision for the company is that they are a leading sustainable organization that is constantly working to create the progress of organizations in which the well-being of people is paramount. Based on this, the company has also set a number of goals and these goals are set out using the strategy and KPIs.

Information of CEO

The current director/owner has been working for company Y for 17 years. He started here as a salesman of telephone systems and has grown further in the organization. The director/owner says the following about the work he does:

"I'm working very hard to optimize the processes. In addition, connection is one of my most important tasks. I find it very important to pay attention to the people, both in the office and 'outside'." - director/owner company Y

The director/owner believes it is a great advantage that he always enjoys going to work and that he is happy with the team around him. There are always certain annoyances, but in general he is positive. The entrepreneur of company Y makes important decisions himself because he is the owner, he often discusses this with his team.

Involvement in takeover

The reason the company was sold in 2017 is that the shareholders of the investment company were old and finished. They wanted to hand over the responsibility to other people. About the reason why the director/owner bought the shares, he says the following:

"When I was a little younger, I was on the eve of starting my own business. I didn't manage to do this for certain reasons, but apparently there is a bit of entrepreneurial spirit in my body. When the investment company indicated that they wanted to sell the company, the entrepreneurial blood started flowing again. A positive note is that I was already director of this company and I knew exactly what I was buying." - director/owner company Y

According to the director/owner, there are many different aspects to a company takeover. The takeover itself went well and constructively. However, the financing was a bit more difficult, it was difficult to find the right bank.

After the takeover, many things remained the same. The only difference is that the company has grown substantially in recent years, but this is more because the economy has been boosted. This growth would probably also have taken place when company Y was still part of the investment company. However, processes have been streamlined differently, as the company has recently opted to make the organization 'flatter'. This makes the contact with the customer easier and everyone within the organization knows his/her responsibility.

Firm performance

<u>Leverage</u>

The company used loan capital to buy the company. In addition, company Y does not use borrowed capital. This was also the case before the takeover.

<u>Liquidity</u>

The company has sufficient cash and cash equivalents; the director/owner indicates that they can pay all invoices. Before the takeover they were under pressure from the investment company, but company Y has always been able to pay their debts.

<u>Capitalization</u>

The current director/owner has taken over 100% of the shares of the investment company in 2017.

<u>Investments</u>

The director/owner gives the following information about investments within the company:

"I'm not the kind of guy who wants to maximize profits. I'm more like someone who's looking for job satisfaction and looking to improve things. When internal processes are 100% good, profit

comes naturally. We invest in the building, in tools and knowledge. This is all included in the process." - director/owner company Y

Before the takeover, less was invested, but this also has something to do with the development of the company.

Management

The director/owner has chosen not to have a real management. When he wants to talk about the future, he looks for people who are important for that moment. These are often the same people, all the project leaders and the accountant. The same group determines the vision of the company. The entrepreneur says the following about the vision:

"We always set goals and we want to achieve those goals within 3 years. There must be certain coordinates to achieve the goal, so you can work towards something." - director/owner company Y

The director/owner indicates that it is important to be positive. This is where you get people on board and where a positive energy flows through the company. The entrepreneur also indicates that he finds it important that there are different ages working within the company.

"Young people have a different view on automation, communication, etc. It is important to get a good balance in this." - director/owner company Y

Size

Company Y currently employs 75 people. Before the takeover it was 45, so they have grown substantially in recent years. The turnover has also grown and was in 2018 around 8.5 million. This year the director/owner hopes to reach 12 million.

The director/owner finds it difficult to answer the question of whether he intends to increase the turnover:

"We have grown very much this year and that is always at the expense of something. I'm going to think about this next year and then we're going to decide how we're going to manage it. Maybe in the future we should reject customers because we don't want to grow further. We don't often say no at the moment, but maybe we should." - director/owner company Y

The entrepreneur indicates that growth is more dependent on the economy than on the acquisition in 2017.

Age

The director/owner indicates that an older company has advantages. Older companies are often better known in the market and know how to handle certain projects. As a result, company Y is also taken more seriously by (potential) customers and suppliers.

Location

The current location of company Y meets expectations. The director/owner recently bought the building from the investment company, three years after the acquisition. A small renovation has been carried out. As a consequence, the people have enough space and everyone can fit into the building.

Export

The company does not carry out any activities abroad, this was also the case before the takeover.

General

The entrepreneur believes that his company distinguishes itself from other companies in the field of setting clear goals, not only for the customer but also for the company itself. The company also has good process control, they are a specialized technical company and are good at the things they do. The entrepreneur indicates that the development of employees is very important for the growth of the company. The director/owner also indicates that the takeover in 2004 was crucial for the existence of the company. If the investment company had not taken over the company, the company would not have existed today.

Entrepreneurial orientation

Autonomy

The organization is dependent on a purchasing group because they determine a large part of the result. Company Y also cooperates with several other technical companies, the entrepreneur does not want to be dependent on certain customers or certain suppliers. The director/owner says the following about his own independency:

"I can easily make a decision independently, but the question is how many people are behind that decision. In this way, it is better to make a decision together, this will result in less resistance." - director/owner company Y

The independence of the organization has changed since the takeover. In the past, the director always had to give responsibility to the investment company, and nowadays this is no longer necessary. This makes it easier for the director/owner to make choices and decisions.

Innovations

According to the director/owner, the company is very innovative in terms of processes, the company tries to continuously develop itself. The director/owner indicates that the company can innovate more in the field of technology, but that it is dependent on suppliers. In order to continue to exist, innovation is a very important aspect, therefore company Y would like to keep up with the times. The entrepreneur indicates the following with regard to innovation:

"We understand the techniques well. We have to ensure that we have the right knowledge and then we offer customers new techniques. In doing so, we guard against failure costs." - director/owner company Y

As for the acquisition, it has had little impact on the company. According to the director, as a company you should always look at what you are good at.

"If you start doing things that you are less good at, it will cost you money. - director/owner company Y

Risk-taking

In terms of revenue growth, the company takes a risk according to the director/owner. He hopes that the risk will be reduced next year because processes will run better. Company Y hardly ever makes a risk analysis. Before the project starts, the entrepreneur looks, together with his calculator, at whether the project fits in with the company and whether it is possible in terms of planning and personnel. The director/owner indicates that he hardly concludes that a project should not be carried out. The takeover did not affect risk-taking.

Proactiveness

The director/owner indicates that they have been proactive lately. He indicates the following:

"I've always learned that when it's busy within the company, you have to acquire and not when it's not busy. If you approach the market proactively, you can also bring in nicer projects. If you're not busy and you're going to make acquisitions, you'll get customers you probably don't want and you'll also have very low prices, which means there's a lot of risk involved in those projects." - director/owner company Y.

The level of proactivity remained the same after the acquisition.

Competitive aggressiveness

Company Y tries to distinguish itself from other organizations in the field they are good at, the technology. The director/owner has a lot of contact with competitors in the neighbourhood and works a lot with these companies. They try to arrange trainings together. A disadvantage of this is that the companies can also meet each other at a tender. The competitive aggressiveness has remained the same as before the takeover.

General

The entrepreneur finds it difficult to say whether the company would function differently if someone else held his position. He indicates the following with a Dutch expression:

"They always say 'it's the guy in the company' and I think that's very important. I always try to be positive, enthusiastic and involved. That makes me feel good." - director/owner company Y

The entrepreneur of company Y does hear from other people that employees and customers talk positive about him, that's a good sign.

Table 4.2 - FP/EO company Y

Before takeover				**After takeover**			
FP		**EO**		**FP**		**EO**	
Leverage	+	Autonomy	+	Leverage	+	Autonomy	++
Liquidity	+/-	Innovations	+	Liquidity	+	Innovations	++
Capitalization	+	Risk-taking	+	Capitalization	+	Risk-taking	+
Investments	+/-	Proactiveness	+	Investments	+	Proactiveness	+
Management	+	Comp. aggr.	+	Management	+	Comp. aggr.	+
Size	+	General	+	Size	++	General	++
Age	+			Age	+		
Location	+			Location	+		
Export	N.A.			Export	N.A.		
General	+/-			General	+		

Conclusion

In this conclusion, a number of striking characteristics of the company are presented, followed by a conclusion of the firm's performance and entrepreneurial orientation. The core values of company Y are reliability, respect and quality. The director/owner pays a lot of attention to improving the processes. Prior to the acquisition, the company was under pressure from the investment company in terms of liquidity. Now the director of company Y has more peace of mind and they can decide for themselves how they arrange things. Before the takeover, the director always had to give responsibility to the investment company, and nowadays this is no longer necessary. Company Y first wants to make sure that the processes are optimized so that the company definitely wants to invest and only then looks at the maximization of the profit. Before innovations are implemented within company Y, training is first given to the staff so that they have sufficient knowledge of the innovation. In this way, a customer is never disappointed. Partly because of this attitude, the company has grown a lot in recent years. As table 4.2 above shows, the company has improved in terms of firm performance and entrepreneurial orientation.

After the takeover, the entrepreneurial orientation and the firm performance of this company improves. Due to the explorative nature of this research, it is difficult to say whether there is a connection between this and this.

4.2.3 Casus company Z

General information Company Z

Company Z is a family business founded in the 1930s. From 1999 to 2015, the company was owned by a private equity firm, the company then continued under the same name but was part of this group. The company has always been active as an installer in the agricultural sector, so a lot with farmers and the food industry. The food&feed industry was and still is a large part of the turnover of company Z. In addition to the food&feed sector, the company also works for various machine building companies. These are often complex machines with large processes, which is what company Z is specialized in. Thinking together, acting together' is the slogan that the company developed in 2007 and this slogan indicates how the company is managed. The slogan can be explained externally and internally. The director/owner says the following about the external way:

"The external way is that we have more and more knowledge and that we think along with the customer. So not if the specifications are in place but before this process, we want to have a discussion with the customer as early as possible. We don't just talk to the technical department, but also to the plant manager and process technologist". - Director/owner company Z

The internal way is seen as a core value, how the staff interacts with each other. This fits in well with the other core values of the company, namely: respect, ambition and reliability. The director/owner indicates that this is very important and that he likes to see this reflected in each other's actions. In addition, the entrepreneur indicates that these core values have become stronger after the takeover and the family culture has improved.

Information of CEO

The director/owner of company Z started in 2003 as director of the organization. He indicates that he performs a mix of different tasks.

"I regularly try to show my face to the big customers, as a face to the outside world. - Director/owner company Z

The director also works day in and day out to optimize the processes within the company, thereby guaranteeing the continuity of the company. An example of this is that we look at important people within the company who will be retiring in the coming years. This is precisely what he wants to respond to, so that the company does not suffer as a result. The entrepreneur says the following about taking important decisions:

"We have a management team with whom we discuss a number of things, but not everything. I do share many things, but in the end, I decide. The management team is, however, actively involved in certain processes and in business operations." - Director/owner company Z

The director indicates that it is important to gather good people around you, who make you feel good and who you trust.

Involvement in takeover

The private equity firm believed in small scale, companies with their own identity. In 2015, the age of the shareholders began to play a role, after which they decided to sell the company. At first, they were talking to large parties, but then the director/owner of company Z indicated that the identity of the private equity firm would be lost. Then the shareholders started talking to the directors of the associated companies and all the companies from the private equity firm were sold. The director/owner is extremely satisfied with the course of events after the takeover.

"It was that I already knew what I was buying because I was already a director. That's easier than blindly stepping into a company you don't know" - director/owner company Z

The director/owner indicates that not much has changed in terms of operational management since the takeover. The quote 'thinking together, acting together' which the company will continue to have in 2007 and the company will continue in the same way. However, the entrepreneur indicates that he has become a lot more decisive. He can now take larger decisions more quickly and does not have to take responsibility to the shareholders.

Firm performance

<u>Leverage</u>

The entrepreneur has taken out a loan to buy the company, but does not use any further loan capital to increase the return on the company's assets. This was not the case before the acquisition.

<u>Liquidity</u>

According to the director/owner, the company is currently able to meet its payment obligations. When the director was appointed in 2003, things went very badly and there was an exciting period at that time. After the crisis, around 2007, everything went better and they were able to meet all their payment obligations.

<u>Capitalization</u>

Before the takeover, the private equity firm was the sole owner of the company and the entrepreneur took over 100% of the shares.

<u>Investments</u>

The director/owner indicates that it is investing heavily, more than before the acquisition. Company Z is looking at what is happening in the outside world, for example with industry 4.0. The company invests to stay at the right level, so they mainly invest in new technology and people's knowledge. Examples include engineering processes, robotics and tools.

"The aim of investing is to keep up with the times, especially in developments, so that in a few years' time we won't be behind the times. I don't have to be the first one because that costs a lot of money, but I do want to be close to the latest developments" - director/owner company Z

The entrepreneur indicates that there has been more investment in recent years than before, this is mainly due to the fact that the private equity firm was a little reluctant.

Management

The director/owner has chosen to change the management team for self-directed teams in the short term. The entrepreneur explains this choice as follows:

"Previously, I was often watched with certain decisions because I was responsible. Now we can do this more together and divide things up. With this policy team, we define the company's vision." - Director/owner of company Z

The policy team consists of a mix of experience, consisting of relatively young people and old people. According to the director/owner it is important to have such a mix because each age has its own thoughts about certain situations. The entrepreneur indicates that this mix has a positive influence on the business. These self-directed team were also there before the takeover.

Size

At the moment, around 150/160 people work for the company. Before the takeover, this was 120/130, so it has grown a lot. According to the director/owner, the search for personnel goes relatively well. The entrepreneur indicates that the company expresses a certain vision that suits young people. The turnover in 2019 will be around 19 million, which was about 15 million before the takeover. The director/owner says the following:

"I don't necessarily have to grow to grow, but when the work is done and there is sufficient technical staff, you will grow gradually." - Director/owner company Z

Age

The entrepreneur indicates that company Z has a good reputation in the market and that customers come back. However, the entrepreneur also says this:

"Because you are getting bigger and bigger, it is sometimes important to attract other people without a history at company z because they think more 'out of the box' and are open to new ideas. This is often not encouraged by the staff but I am often open to it because it gives a positive flow to the company." - Director/owner of company z

Location

The location of company z still meets expectations. The company still has a lease agreement of 5 years, after those 5 years the director/owner wants to see if the property still meets the expectations or if he will buy a property himself. He also takes into account that more people will be working from home in the future, but this will be difficult for mechanics. The takeover did not affect the location.

Export

Company z carries out limited activities abroad. The focus is on Dutch parties. The percentage of all activities abroad is about 5%, so the domestic percentage is 95%. This percentage was the same before the takeover.

"If we carry out work abroad, it is for a Dutch client." - Director/owner of company Z

General

Company z tries to distinguish itself by the culture within the company. The director/owner says the following:

"We really try to break into a mood of 'thinking together, acting together' and this also appeals to other people. We hear from 1/3 of applicants who were rejected that they wanted to work for us because they liked the atmosphere so much. That's nice to hear, of course." - Director/owner of company Z

The entrepreneur also indicates that he likes that even unknown customers know how to find a company. In addition to this, he is partially satisfied with the company's performance:

"There is always room for improvement, there are always processes that can be improved" - Director/Owner company Z

Entrepreneurial orientation

Autonomy

The director/owner is 100% independent, he can decide on important decisions himself. Previously, the director/owner had to discuss major decisions with the private equity firm, and that is no longer necessary. However, company Z is a member of a purchasing organization, so he is dependent on the purchasing side. This purchasing group determines the prices and ensures that company Z can compete.

Innovations

As mentioned earlier, company Z has a policy team with which the entrepreneur determines which innovations will be implemented. The company invests a lot in recruiting young people. The company also gives techtalks to the staff to gain knowledge. Company Z then invites suppliers to talk about new products from which the staff can learn. The company does this by means of pizza sessions or lunch meetings.

"We also encourage improvement processes in order to automate processes. We also set aside a certain budget for this, so that people can also improve certain things in the company. We encourage that and we have a program for that." - Director/owner of company Z

The entrepreneur indicates that this has a positive influence on the company. Before the takeover, less was spent on these innovations because the private equity firm did not want to make a budget available for them.

Risk-taking

In the sector of company Z, according to the entrepreneur, there are sometimes risks to be taken. There can be enormous damage caused by a small adjustment. The director/owner indicates that they have this contract in order and that they do not have to worry about it.

"If we connect a few wires of traffic, it may just be that a large food company stops for a day, which costs a lot of money. - Director/owner of company Z

The entrepreneur indicates that risks are inherent to the work they carry out; it must be ensured that the risk frameworks are properly covered. It is important to make a good inventory of the risks associated with certain projects.

The director/owner indicates that the result is more dependent on the amount of work that the company has, as opposed to the risks that are taken.

"In times of crisis, you used to take on a project where you weren't sure whether everything would go according to plan, and you can be more critical nowadays. You could say, for example, that the work is done on the basis of costing rather than on a fixed price, which was not often done in times of crisis. So that's the effect of supply and demand, and that's what we see in our return on investment." - Director/owner of company Z

Company Z also makes a standard risk analysis for projects. The company mainly looks at the size and complexity of projects.

"We often go with the quotation team to the customer or construction site and after a while we assess the risks together. This is of course a very subjective measure that we do encourage to keep in control so that we can assess the risks" - director/owner of company Z

This was about the same before the takeover. In 2007 the company started this and this had a positive flow within the company. After the takeover in 2016, this did not change much and company Z continued in the same way.

Proactiveness

Company Z has a clear idea of which product/market combinations they want to serve. The director/owner looks at how much potential the combination has and what percentage of the market they want to manage. In this way they can steer a piece and make it quantitative. This makes it clear beforehand whether they want to grow and/or whether the company should actively look for new customers. This policy was introduced by the director/owner in 2007 and has not changed since the acquisition.

Competitive aggressiveness

Company Z tries to do everything 'lean', to work as efficiently as possible. The director/owner indicates the following:

"The market is so transparent, the customers can estimate the prices well in advance. So, you have to make sure that you set it up properly and efficiently." - Director/owner of company Z

Company Z tries to keep in touch with its competitors, but sometimes this is not possible because of a tender. The competition did look differently at Company Z after the takeover. According to the entrepreneur, the company has changed and matured, in a positive sense.

"However, this also has to do with the pride within the company, when I started in 2003 it was on the verge of collapse now that things are going reasonably well. That's what the competitors notice too." - Director/owner of company Z

General

The entrepreneur indicates that it is difficult to indicate whether the company would function differently if someone else would run the business. The company also needs different leadership in times of crisis than when the economy is doing well. The director/owner indicates that his functioning has a positive influence on the business. However, he adds that the experience and entrepreneurship of a person is important.

Table 4.3 - FP/EO company Z

Before takeover				**After takeover**			
FP		**EO**		**FP**		**EO**	
Leverage	+	Autonomy	+	Leverage	+	Autonomy	++
Liquidity	+/-	Innovations	+/-	Liquidity	+	Innovations	+
Capitalization	+	Risk-taking	+	Capitalization	+	Risk-taking	+
Investments	+/-	Proactiveness	++	Investments	+	Proactiveness	++
Management	+	Comp. aggr.	+	Management	++	Comp. aggr.	+
Size	+	General	+	Size	++	General	++
Age	+			Age	+		
Location	+			Location	+		
Export	+			Export	+		
General	+			General	++		

Conclusion

In this conclusion, a number of striking characteristics of the company are presented, followed by a conclusion of the firm's performance and entrepreneurial orientation. Company Z has devised a slogan that they adhere to with the entire company, namely: think together, acting together. The core values of respect, ambition and reliability are highlighted here. By monitoring these core values, the company continues to operate in the same way. In the interview, the director indicated that he is working hard on optimizing the processes within the company. In 2003, the company was on the brink of collapse and almost went bankrupt. Partly because of the director/owner, the company has sufficient liquidity again and is able to meet all payment obligations. The director also indicates that they do not want to be at the forefront of innovations and investments, but that they do want to keep abreast of the latest developments. If you are in the vanguard, it costs a lot of money; if you are a little later, it saves a lot of money. After the takeover, the management was adapted to self-directed teams. This gives the director/owner more time and the people involved feel more responsible. After the takeover, the company has also grown in size. In addition, the director/owner has gained full ownership after the takeover and is therefore fully independent. In order to keep the knowledge of the employees up to date, the company arranges once in a while techtalks to talk about products and to gain knowledge. As can be seen from the table above (table 4.3), the company's firm performance and entrepreneurial orientation have improved.

Both the entrepreneurial orientation and the firm performance of this company have also improved. Partly because of the explorative nature of the research, it is difficult to say whether there is a connection between these two aspects.

4.2.4 Casus company Q

General information Company Q

This last section describes the firm performance and takeover of company Q. Company Q is a company in the painting industry based in the east of the Netherlands. The company used to start as a painting company, but due to the demand for paintwork for skirting boards, doors and window frames, the company started a powder coating line. After a while, the company also went more towards the metals. In 2011, additional offices were built and in 2017 the company expanded through an additional powder coating line. The company has two different departments, the powder coating and the wet coating line. This is independent of each other and is also separated within the company. One director/owner is responsible for the powder coating and the other director/owner is responsible for the wet coating. The customers of the company can be found in the medical sector. For example, company Q is responsible for the coating of medical equipment as well as wheelchairs and special tricycles for the disabled. The company also does a lot for the offshore sector, where they are responsible for the coating of drilling platforms, pipelines for gas and the like.

"I always say that we spray everything except kitchens, furniture and cars, the most common products. So, we really specialize in the more complex projects for the industry. In terms of quality, we are doing very well, we hear that from many customers." - Director/owner of company Q

The director hereby points out that people come back because the quality delivered by company Q is very good and the customer wants to pay a little more for this.

Information of CEO

The director/owner used to graduate from the painting school and then started working for various companies in the painting industry. In 2000 he joined company Q, where his father was director/owner at the time. First in the workshop and then one step further up the ladder.

"In the beginning, as the son of the boss, you always have a line behind, you start with a backlog. Then you have to prove yourself, that's what I did in the workshop." - Director/owner of company Q

The entrepreneur indicates that by doing so he knows how things are on the shop floor. The staff also indicated that they appreciated the fact that he was helping out. An advantage that the director/owner indicates in his current position is that he can organize everything himself and is therefore very independent.

Involvement in takeover

The director/owner took over his father's shares in 2006, which was 50% of the total. His partner indicated in 2016 that he wanted to retire, he was 65 and would like to stop. That is why the other 50% of the shares have recently been sold. The entrepreneur says the following about this acquisition:

"It took a long time before we knew to whom we wanted to sell it. The man who recently took over the shares worked here before, but at the time had no prospect of a higher position and then went to another company. I've always kept in touch with him and asked him if he wouldn't like to buy the shares." - Director/owner of company Q

The director/owner indicates that he is extremely satisfied with this construction. Before they contacted the buyer, company Q sat down with an investment company. This investment company was very constructive and the owners did not have a good feeling about it.

After the takeover a lot has changed, the director/owner says the following about this:

"My old partner used to do all the commercial work and now I have shared it with my new partner. The old companion was different and pulled a lot towards him, nowadays it is more divided. That was very difficult for me, I sometimes thought: 'Do I want this?' Nowadays I go to work with a different feeling" - director/owner of company Q

A lot has changed within company Q after the takeover. However, the current owners have not changed any substantial cases and the process has not changed much. They only adjusted the prices because they no longer corresponded to the costs.

Firm performance

Leverage

The company does not use debt to get more returns, this did not change after the acquisition. The only loans that the entrepreneurs have taken out is to buy the company and to buy the real estate.

Liquidity

The company currently has sufficient cash and cash equivalents to meet its short-term payment obligations. However, this was better before the acquisition, because of the obligations they have to the bank.

Capitalization

The shares have recently been sold by the old companion to the new companion of the entrepreneur. The distribution is 50/50.

Investments

The entrepreneur indicates that he invests a lot in the company. They are constantly on the lookout for energy-efficient working methods and try to have processes set up as optimally as possible. In addition, company Q invests in knowledge of personnel, such as training days and providing training for young employees. This level of investment was the same before the takeover and has not changed.

Management

At company Q there are 6 people in the management. The entrepreneur is convinced that experience is an important factor in the painting industry.

"You learn the trade in practice. With us, you have to keep a very close eye on the quality and you really need experience to do that." - Director/owner of company Q

The director/owner adds that from time to time staff only look at the deadline and not at the quality. This is dangerous and he says that experience is important. The management did changed after the acquisition, the old partner is gone and the new companion has arrived.

Size

Currently there are 32 employees at company Q, before the takeover this was the same number. The turnover in 2018 was 2.5 million, the entrepreneur adds that the plan is to grow 5 to 10% per year. Also, the turnover has hardly changed after the takeover.

Age

Company Q was founded in the 1990s by the father of the current director/owner.

"I think it is an advantage that we have a good reputation in the market. People know where to find us and that is important. This, of course, also makes us more serious in the market." - Director/owner of company Q

Location

In recent years, company Q has expanded its premises due to scarcity. The director/owner says he is happy with this expansion. However, he does indicate that if there is something for sale in the neighbourhood, this is a serious option. Furthermore, the entrepreneur is satisfied with the location.

Export

The director/owner indicates that they have a number of customers in Germany and Belgium, but this is not a very large percentage. Company Q does make a lot indirectly for foreign countries, but they have a customer in the Netherlands. The ratio is about 5% abroad and 95% in the Netherlands. These percentages have not changed since the acquisition.

General

The entrepreneur indicates that he learns from the market that they are more expensive than others, but that company Q does have good quality, communication and delivery time. These are three strong factors that the entrepreneur likes to maintain.

"I think we have a beautiful company, with good staff. Everyone is always in a good mood and I think that's very important." - Director/owner of company Q

The company also has a meeting with all staff every 2 months to discuss areas for improvement. The entrepreneur indicates that there are always good ideas coming out of this, which are often implemented.

Entrepreneurial orientation

Autonomy

The director/owner indicates that important decisions are taken together with his partner, they determine and otherwise they are not dependent on third parties. Because they have a mortgage with the bank, they are only dependent on it. The director/owner also states the following:

"As an entrepreneur, you are also dependent on your home situation; they must also support it. - Director/owner of company Q

In addition, the director/owner appoints that neither he nor his companion have any successors in house. In the future, they will have to see if someone wants to take over the company, but this will take at least another 15 years.

Innovations

The innovations at company Q are mainly small-scale, but effective. For example, they have installed LED lighting and periodically send for someone to look for optimizations.

"Innovations are certainly important for the company, if a customer walks around and sees that there is no investment, he or she will sometimes scratch his or her head. - Director/owner of company Q

Before the acquisition, the level of innovation was the same.

Risk taking

The entrepreneur indicates that they are at risk with regard to liquidity. All profits they make go to the bank, to repay the bank. Apart from these costs, they can make some small investments. This means that the company does run a risk, but when something happens it becomes difficult. The entrepreneur indicates that all customers pay on time.

"We do not take the big risk, we are often risk averse. If we have to make a price for something, we always have a trial series at the beginning and on the basis of this series we determine the price. In this way, we avoid disappointments in the future and we cover ourselves well." - Director/owner of company Q

The entrepreneur also indicates to customers that if they want the price to go down, the quality of the product also goes down. The director/owner ensures this and ensures good quality. In addition to taking risks, the entrepreneur says that the profit margin in the painting industry is not increased when more risk is taken, according to him it has more to do with time pressure. The acquisition did not affect risk-taking, which remained at the same level.

Proactiveness

The company distances itself from acquisition. Customers come via company Q and they also do nothing about marketing. They are completely dependent on word of mouth, as was the case before the takeover.

Competitive aggressiveness

According to the director/owner, company Q does not do everything in its power to gain a competitive advantage. Company Q remains firm and if a competitor can make it cheaper for the same quality, the potential customer should go to the competitor. However, company Q does indicate that they have good contacts with competitors.

"We try to help each other. For example, if we don't have time to do something, we'll pass on the name of the competitor." - Director/owner of company Q

After the takeover, the competitors did not take a different view of the company. The entrepreneur indicates that customers do indicate that they like the fact that there is new blood in the organization.

General

The entrepreneur finds it difficult to say whether the company would function differently if someone else would take over his tasks.

"Everyone has his or her own way of thinking and thinks differently about certain things, but that's what you keep. So, I think the company would function differently, but I feel like I'm doing a good job." - Director/owner of company Q

In addition to this, the entrepreneur indicates that the staff is satisfied with my way of managing. After the takeover, he and his partner started to manage the company differently, which is appreciated by the employees.

Table 4.4 - FP/EO company Q

Before takeover				**After takeover**			
FP		**EO**		**FP**		**EO**	
Leverage	+	Autonomy	-	Leverage	+	Autonomy	+
Liquidity	+	Innovations	+	Liquidity	+/-	Innovations	+
Capitalization	+	Risk-taking	+/-	Capitalization	+	Risk-taking	+/-
Investments	+	Proactiveness	-	Investments	+	Proactiveness	-
Management	+	Comp. aggr.	+/-	Management	+	Comp. aggr.	+/-
Size	+	General	+/-	Size	+	General	+/-
Age	+			Age	+		

Location	+/-			Location	+/-		
Export	+			Export	+		
General	+			General	+		

Conclusion

To conclude, a number of striking characteristics of the company are presented, followed by a conclusion of the firm's performance and entrepreneurial orientation. Company Q is a company where quality comes first, for which they are also known in their market. Because the company has a substantial mortgage with the bank, the company is currently just able to meet its payment obligations. This was better before the takeover because the company did not have a mortgage at the time. The autonomy of the company has also changed, the previous owner was very hierarchical and that hierarchy has now disappeared. In this way the company has become flatter and this benefits the atmosphere within the company. It is noticeable that the company is very reactive and did not approach customers proactively. Company Q also takes little risk, the only risk the company currently has is the bank. However, the company does make small innovations and investments each time, so that the business processes are better organized. Table 4.4 above shows that the company performs the same after the acquisition and that the entrepreneurial orientation has not changed substantially despite changes in management.

Contrary to the other three companies, this company has not improved in terms of entrepreneurial orientation and firm performance after the acquisition. Because this research is explorative, it is difficult to say whether there is a connection between entrepreneurial orientation and firm performance.

4.3 Overall reflection on results

During the acquisitions that took place within the last three years, at least 50% of the shares of all companies have been traded. At the companies X, Y, and Z the directors became owners and at company Q a former employee became owner. In company X, Y, and Z an investment company has sold the shares to the directors. These directors were responsible for the operational management but were dependent on the findings of the investment company. As a result, the directors were unable to make their own full contribution and had to listen to the investment company. In the current situation, all the directors/owners of the companies are not dependent on others and can determine the vision of the company themselves. However, the directors of company X, Y, and Z indicate that they are, to a certain extent, dependent on the purchasing group to which they are affiliated. At company Q, a shareholder has sold 50% of his shares to a former employee. The shareholder who sold the shares took on a lot of work, which meant that the other shareholder had little say in the matter. In the current situation, both shareholders are equal and consult together on how to manage the company.

The following paragraphs present brief observations of the companies based on the various aspects of firm performance based on table 4.5. First, we look at the table vertically and then we look at the table horizontally. The conclusion of the observations of the firm performance contains three key observations.

Table 4.5 – Overall FP

Firm performance of all companies								
	Before takeover				After takeover			
	Comp. X	Comp. Y	Comp. Z	Comp. Q	Comp. X	Comp. Y	Comp. Z	Comp. Q
Leverage	+	+	+	+	+	+	+	+
Liquidity	+/-	+/-	+/-	+	+	+	+	+/-
Capitalization	+	+	+	+	+	+	+	+
Investments	+	+/-	+/-	+	++	+	+	+
Management	+	+	+	+	+	+	++	+
Size	+	+	+	+	++	++	++	+
Age	+	+	+	+	+	+	+	+
Location	+/-	+	+/-	+/-	++	+	++	+/-
Export	+	N.A.	+	+	+	N.A.	+	+
General	**+**	**+/-**	**+**	**+**	**++**	**+**	**++**	**+**

The changes within the factors of firm performance will be looked at horizontally using table 4.5:

- Leverage has remained the same in all companies despite the four business acquisitions
- Liquidity improved at three companies after the acquisition, at one company liquidity deteriorated.
- Capitalization has remained the same for all companies after the acquisition.

- At three companies an improvement is visible after the takeover with regard to the investments. One company remained at the same level in terms of investments.
- As far as management is concerned, something has changed for the better at one company. The other companies have remained at the same level.
- Three companies grew strongly after the takeover while one company did not grow.
- All four companies have been in their sector for some time.
- Two companies have improved in terms of location in the time since the takeover. The other two companies are still on the same spot and have not done any renovations or similar.
- Exports have remained at the same level for three companies, the other company does not export.
- The general firm performance of the four companies was determined on the basis of the above factors and it was found that three companies performed better after the acquisition.

In the following paragraphs, the vertical data from table 4.5 will be used to indicate the areas where the farms have improved or deteriorated.

Table 4.6 - improvements and deteriorations of all companies (FP)

Company X*	**Company Y***	**Company Z***	**Company Q***
Improved factors: - liquidity - investments - size - location - firm performance	Improved factors: - liquidity - investments - size - firm performance	Improved factors: - liquidity - investments - management - size - location - firm performance	Improved factors: - none
Deteriorated factors: - none	Deteriorated factors: - none	Deteriorated factors: - none	Deteriorated factors: - liquidity

* The factors that remained the same after the acquisition are not included in this table.

The conclusion contains three key observations that stand out most from table 4.5:
- Company Q is the only company where no factors have improved after the acquisition.
- Company Q is the only company whose liquidity has deteriorated. This is because the shareholders still have a large debt to the bank and they are still stuck with this loan for the coming years.
- The size of three companies grew very fast after the business takeover.

The following paragraphs present the observations of the companies based on the aspects of entrepreneurial orientation. First, we look at the table horizontally and then we look at the table vertically. The conclusion of the observations of the firm performance contains three key observations.

Table 4.7 – Overall EO

Entrepreneurial orientation of all companies								
	Before takeover				**After takeover**			
	Comp. X	**Comp. Y**	**Comp. Z**	**Comp. Q**	**Comp. X**	**Comp. Y**	**Comp. Z**	**Comp. Q**
Autonomy	+/-	+	+	-	+	++	++	+
Innovations	+	+	+/-	+	+	+	+	+
Risk-taking	+/-	+	+	+/-	+/-	+	+	+/-
Proactiveness	+	+	++	-	+	+	++	-
Comp. aggr.	+/-	+	+	+/-	+/-	+	+	+/-
General	**+/-**	**+**	**+**	**+/-**	**+**	**++**	**++**	**+/-**

The changes within the factors of entrepreneurial orientation will be looked at horizontally using table 4.7:
- The autonomy of all companies improved after the takeover.
- A company has actually started to innovate more after the takeover.
- All four companies did not take any more risks after the takeover.
- The four companies did not become more proactive after the takeover.
- Competitive aggressiveness remained at the same level as before the takeover at all four companies.
- The general entrepreneurial orientation has improved in three of the four companies compared to before the acquisition.

In the following paragraphs, the vertical data from table 4.5 will be used to indicate the areas where the firms have improved or deteriorated.

Table 4.8 - improvements and deteriorations of all companies (EO)

Company X*	**Company Y***	**Company Z***	**Company Q***
Improved factors: - autonomy - entrepreneurial orientation	Improved factors: - autonomy - entrepreneurial orientation	Improved factors: - autonomy - innovations - entrepreneurial orientation	Improved factors: - autonomy
Deteriorated factors: - none	Deteriorated factors: - none	Deteriorated factors: - none	Deteriorated factors: - none

* The factors that remained the same after the acquisition are not included in this table.

The conclusion of table 4.7 contains three key observations:
- The autonomy of all companies has improved compared to before the takeover.
- The innovation, risk-taking and pro-activity of all companies has hardly changed after the acquisition.
- The general entrepreneurial orientation at three companies has improved despite few factors has improved.

The general conclusion of table 4.5 and table 4.7 deals with the three most striking observations of both tables. The first observation is that in relation to entrepreneurial orientation a lot has changed within the business performance model, many factors have improved compared to before the business takeover. Furthermore, it is noteworthy that there has been virtually no decline in all companies in order to entrepreneurial orientation and firm performance. Only company Q is performing less on one level after the takeover. The last thing that stands out is that the companies' innovation hardly increased after the takeover, while they indicated in the interviews that it is important to remain innovative.

The link between entrepreneurial orientation and firm performance is difficult to determine according to the entrepreneurs of companies X, Y, Z, and Q. The entrepreneurs indicate that each person has a certain view on things and will react differently in certain situations. All directors/owners indicate that experience is very important in order to properly assess situations and thus indicate that entrepreneurial orientation depends on the experience of the entrepreneur. After the companies have been taken over and the directors/owners were all able to manage their company independently, the firm performance of company X, Y, and Z has improved. They indicate that this is mainly due to the economic developments and that the company had also flourished under the investment company. It should be noted, however, that the directors/owners have made a number of small adjustments, which have made the process in the organization more streamlined. Company Q has remained the same in terms of performance after the takeover, while this company has had a major change, especially in terms of management. For this reason, it is difficult to say that there is a link between entrepreneurial orientation and firm performance.

4.4 Link between theory and practice

The entrepreneurial orientation of Lumpkin and Dess (1996) argue that innovative companies are engaged in and support new ideas, experimentations, and creative processes that may result in new products, services, or processes. The four researched companies do not directly make a product. They create value by, for example, spraying or installing a product to create a working installation. In addition, Lumpkin and Dess (1996) argue that entrepreneurial orientated firms are often characterized by their risk-taking behavior. The four companies surveyed do not want to take much risk and are reluctant to do so. They do, however, carry out risk analyses and two companies come to the conclusion that they carry out many projects because they do not want to say 'no' to the customers. The other two companies sometimes say 'no' because the project contains too much risk. According to the literature, therefore, the companies cannot be marked as risk takers.

The theory about firm performance of Nejati (2010) provides a clear view of the performance of an organization. According to Nejati (2010) a high net investment is positively related to firm performance. The four companies try to invest a lot in order to optimize their business processes. However, due to the liquid conditions, company Q is not able to invest much. In case of the other three companies, therefore, the investments have a positive effect on the company's performance. For the other company this does not have a positive effect, but it does not have a negative effect either, because this company can make small investments. Bird (1995) argue that entrepreneur’s management skills were conducive to business performance and growth. The companies deal with the management differently. Two companies have a complete management that directs the company and the other two companies have self-managing teams that directs the company. The management skills are therefore dependent on several people. As a result, there is no clear relation between management skills and firm performance.

Some theory shows that SMEs lack innovation. For example, Koiranen (2002) states that tradition may be an important aspect which suggest that innovations for the future are considered to be less important than in-place practices. Grundström (2012) adds that SMEs are focused on incremental innovations, but that research also shows that SMEs lack innovation orientation. This research shows that companies are very much involved in innovation and that they do large investments in innovation. However, the interviews show that the entrepreneurs prefer not to take risks and that a good look is taken at whether a project fits within the company and the planning. Öberg et al. (2011) state that when a company ownership changes, the company will change more, like the structure of the company. This research shows that small adjustments in processes of the SMEs are made to make processes run more smoothly. The four companies surveyed did not make any major changes after the acquisition. An explanation for this may be that the directors were already working for the company. In addition to this, Dana & Smyrnios (2010) argue that values could be changed when an external party will take over the company. The value of the companies has not been adjusted, this is also because the directors were already working for the company and are therefore not seen as external parties.

To conclude, based on the data, the four companies cannot be seen as risk-takers. Furthermore, no relation was found between management skills and firm performance. Because of the explorative nature of this research, it is hard to indicate whether there is a connection between entrepreneurial orientation and firm performance.

5. Conclusion and recommendations

The last chapter describes the conclusions, recommendations, and the limitations of this study.

5.1 Conclusion

This paragraph provides an overview of the findings in the literature and practice related to answering the hypothesis and main research question.

H1: Entrepreneurs of SMEs avoid risk and act less innovative. For this reason, they are leaving out the company's potential value.

The main findings of this explorative research indicate that three of the four SMEs perform better after the acquisition, this due to the fact that the entrepreneur is more independent and acts more innovative. However, as one of the questioned directors/owners indicates: "Entrepreneurship and ownership of a company is a risk in itself." The results show that the entrepreneurs do not want to take any extra risks and they try to avoid them. They try to estimate projects correctly so that they run as little risk as possible. Three out of four try to differentiate themselves from competitors in this area. However, it is difficult to determine whether the entrepreneurs get all the potential out of the company. For this reason, the hypothesis will not be rejected because the entrepreneurs do indicate that there may be more to be gained but that they do not want to take this risk.

The following main research question was examined and will be answered in the next paragraph:

"To what extent does a SME business takeover lead to a stronger entrepreneurial orientation of the company and to what extent does this lead to an improved firm performance?"

Here, results have shown that three of the four surveyed companies actually have a stronger entrepreneurial orientation. It should be added that the directors of all four companies were already working in the company and have therefore already been able to exert a certain influence within the company. However, the current director(s) indicate that they are freer in their current situation and actions and that they are no longer dependent on other persons or companies, with the exception of a purchasing organization at three of the four companies. The results show that this benefits the entrepreneurial orientation. In addition, the firm performance of three of the four companies has improved significantly. The results show that it is difficult to say whether this is due to the improved entrepreneurial orientation and the interviewees indicate that it mainly has to do with the growing economy. It is not incontrovertible that the improved entrepreneurial orientation also contributes to improved firm performance.

5.2 Limitations

This study contains certain limitations concerning:

1. Only four companies were interviewed, which may have created a distorted picture of company acquisitions, firm performance and entrepreneurial orientation.

2. In this study, only the directors/owners have been interviewed. No employees of the companies have been interviewed in this study. It is possible that they think differently about the company takeover, the performance or the entrepreneurial orientation.

3. The companies approached are all active in a technical environment. As a result, only the technical sector has been sketched out, and no other sectors. This can lead to a distorted picture of company acquisitions, firm performance and entrepreneurial orientation outside the technical sector.

4. Of the companies surveyed, three have been part of an investment company. As a result, these companies are reasonably equal and a distorted picture may have arisen about the company acquisitions, the firm performance and the entrepreneurial orientation.

5. Because the economy has improved considerably in recent years, the picture of this study is distorted. It is difficult to say whether the improved performance of the company is due to the acquisition or to the growing economy.

5.3 Recommendations and reflection

This section sets out the recommendations for a possible future research. These recommendations are based on both the theoretical research and the practical research with emphasis on the interviews from which some recommendations emerged. This thesis provides insight into business performance and the entrepreneur's influence in it. These two factors have been monitored before and after the business takeover to indicate whether the business takeover has affected a company's performance. Besides the results deriving from the gathered data within this research, there are some recommendations which can be used for research in the future. These recommendations can be used for organizations in the sector as well as organizations outside the sector.

First, only a limited number of companies were interviewed in this study. When conducting a future research, it is advisable to interview several companies. This way the data is more reliable and a clearer conclusion can be drawn. However, it is advisable to make a clear planning because interviews are very time consuming. It is also advisable to discuss the results with the supervisor after the interviews. In this way, the supervisor can give guidance to the research and help the researcher to obtain data for other interviews that were poor in previous interviews.

Furthermore, during the collection of the data only directors/owners of the companies were interviewed. It is also advisable to interview people who have gotten a close look at the takeover but still have a different view on the takeover. This is because the director may have a different perspective on the takeover than the employee who has worked for the company for

25 years. In this way, the data that is collected becomes more reliable and a better conclusion can be drawn about the performance of the company and the performance of the entrepreneur.

In addition, only companies from the technical sector were interviewed. This can give a distorted picture for entrepreneurs from another sector. It is advisable to include other sectors in a future research in order to map out the broader firm performance and entrepreneurial orientation. In this way you can also map the differences per sector and it is possible that this provides important information for the entrepreneurs and their entrepreneurial orientation. When the researcher investigates multiple sectors, it is also possible that insights will be gained for entrepreneurs to act in a different way so that the company will perform better in the future.

In this study, hardly any factors that could influence firm performance or entrepreneurial orientation have been considered. Different factors will have to be taken into account in future research. For example, it is advisable to look at the economy, in this study it is likely that economic growth has had an impact on the business performance of companies. It is also important to consider the life cycle of the entrepreneur, an entrepreneur has enough energy at the beginning of his career to be passionate about his business every day, but there is a chance that this decreases later in life and the entrepreneur is less willing to lead his business continuously. The life cycle of the entrepreneur has a direct influence on the life cycle of the company, so it is also important to take this factor into account. Furthermore, it is advisable to look at the company's market position and see to what extent the company's market is already saturated. To conclude, there are several factors that should be considered in a subsequent study in order to get the results of the study as sharp as possible.

Furthermore, at all the companies investigated, the director was already working at the company. As a result, the influence of the entrepreneurial orientation cannot be fully mapped out. It is advisable in a subsequent investigation to take companies of which the buyer has not yet worked for the company. In this way, the entrepreneurial orientation can be assessed in a better way and it can also be determined whether this new entrepreneur lifts the company's performance to a higher level.

Reflection

I have learned from this report that preparation is very important. I had already started the research before the thesis proposal was all right. It was approved by the supervisors, but they indicated that I learned more about the preparations in the course of the research. In addition, I skipped a part in the design phase and later caught up with them again, but I don't think this is the right way to go. It is nicer for everyone when you start well and have worked out the proposal in the right way. In a follow-up study it is certainly advisable to take this into account. Also, more use could have been made of the expertise of the supervisors. The expertise of the supervisors was not used until a lot of work had been done; in the future it will be important to sit down earlier with the supervisor in order to come to a sharper study. Once this had been done, more data would have been collected with the interviews and the research might have been able to provide more concrete answers. If I were to continue the research, I would first look to enlarge the dataset with four new companies. I will also approach the already interviewed companies again in order to interview staff members about their experience of the company and what in their view went well and did not go well before and after the takeover.

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Appendix

Appendix 1 – questionnaire (Dutch)

Interview thesis - "Business takeovers: is strong entrepreneurial orientation beneficial for SMEs?"

Allereerst bedankt dat u wilt mee werken aan mijn onderzoek. Zoals ik aangegeven heb in mijn mail zal ik het interview opnemen en wordt alle data geanonimiseerd zodat er geen data naar betrouwbare data naar buiten lekt.

Zoals ik in de mail heb aangegeven, zou ik graag 5 aspecten willen behandelen:
- Algemene informatie van het bedrijf
- Informatie van directeur/eigenaar
- betrokkenheid bij de overname
- bedrijfsprestaties
- ondernemersgerichtheid

Algemene info van bedrijf:

- Kunt u iets vertellen over uw bedrijf?
- Kunt u iets vertellen over de geschiedenis van het bedrijf?
- In welke sectoren is uw bedrijf werkzaam en wilt u in de toekomst nog in andere sectoren werken?
- Kunt u iets vertellen over de cultuur binnen uw bedrijf?
- Kunt u vertellen wat de visie is van het bedrijf?

Info van CEO:

- Hoe lang bent u werkzaam voor het bedrijf?
- In welke functie bent u begonnen en wat is uw huidige functie?
- Welke werkzaamheden voert u van dag tot dag uit?
- Wat zijn de voor- en nadelen van uw huidige functie?
- Zou u een ander pad hebben bewandeld met de kennis van nu?
- Neemt u (belangrijke) beslissingen binnen bedrijf alleen?
    - Of bijvoorbeeld samen met MT?

Betrokkenheid CEO bij overname:

- Wat was de reden dat het bedrijf werd verkocht?
- Wanneer heeft u de aandelen overgenomen?
- Wat was de reden dat u aandelen hebt overgenomen?
- Op welke wijze verliep de recentste overname volgens u?
- Op welke wijze was u betrokken bij de overname?
- Had u dingen anders gedaan bij de overname met de kennis van nu?
- Bent u tevreden over de gang van zaken na de overname?
- Wat is er in uw ogen allemaal veranderd na de overname?

Firm performance:

Leverage (hefboomkracht, profiteren van)

- Gebruikt het bedrijf vreemd vermogen om meer rendement te krijgen op het eigen vermogen?
    - Bv. leent u geld omdat u verwacht dan meer rendement te maken?
- Was dit voor de overname ook al of is dit veranderd na de overname?

Liquidity (liquiditeit)

- Heeft u momenteel genoeg liquide middelen om aan de kortlopende betalingsverplichtingen te voldoen?
- Was dit voor de overname ook al of is dit veranderd na de overname?

Capitalization (kapitaal van onderneming)

- Hoe is het aandelenkapitaal verdeelt binnen uw organisatie?
- Hoe was het aandelenkapitaal voor de overname verdeelt?

Investments (investeringen)

- Kunt u vertellen of er veel wordt geïnvesteerd in het bedrijf of wordt er voornamelijk gekeken naar maximalisatie van de winst?
    - Kennis
    - Innovatie
    - Personeel
    - Marketing
    - Producten
    - Pand
- Was dit voor de overname ook al of is dit veranderd na de overname?

Management (management)

- Hoeveel mensen zitten er in het management?
    - Welke verschillende functies zijn er binnen het management?
- Kunt u vertellen op welke wijze de visie van het bedrijf bepaald wordt?
    - Wordt deze visie vaak bijgesteld?
    - Is de visie van het bedrijf verandert door de overname?
- Wat is het (gemiddelde) opleidingsniveau van het management?
- Is het management verandert door de overname?
- Denk je dat de ervaring van het management een positief effect heeft op het presteren van het bedrijf?

Size (Grootte)

- Hoeveel medewerkers heeft u momenteel in dienst?
- Hoeveel medewerkers waren er voor de overname?
- Wat is de huidige omzet?
- Bent u van plan om de omzet te vergroten?

- Is de omzet veel veranderd na de overname?

Age (leeftijd)
- Wat zijn de voor- en nadelen van een ouder bedrijf?
- Kunt u in de markt merken dat je hierdoor serieus wordt genomen of moet het bedrijf zich keer op keer bewijzen?

Location (locatie)
- Voldoet de huidige locatie van het bedrijf aan de verwachtingen?
- Zijn er nog wensen qua locatie?
- Heeft de overname invloed gehad op de locatie? (dan wel niet indirect?)

Export (export)
- Voert het bedrijf activiteiten uit in het buitenland?
- Wat is de verdeling qua activiteiten in het binnen- en buitenland?
- Was dit voor de overname ook al of is dit veranderd na de overname?

General (algemeen)
- Op welk gebied vindt u dat uw onderneming zich onderscheidt van andere bedrijven?
- Kunt u uw mening geven over de algemene bedrijfsprestatie?
    - Goed/redelijk/matig/slecht
    - Wat is goed?
    - Wat kan beter?
    - Heeft u er al over nagedacht hoe dit beter kan?
- Is het bedrijf over het algemeen beter, gelijk of slechter gaan presenteren na de overname?

Entrepreneurial orientation:
Autonomy (autonomie)
- Op welke manier bent u als directeur onafhankelijk?
    - Kunt u zelf beslissingen nemen of bent u afhankelijk van anderen?
- Is het bedrijf afhankelijk van andere bedrijven?
    - Inkoopgroep
    - Partnerschap
- Is de onafhankelijkheid (autonomie) van het bedrijf veranderd na de overname?

Innovations (innovaties)
- Op welke wijze houdt het bedrijf zich bezig met innovaties?
- Is innovatie volgens u belangrijk voor het voortbestaan van het bedrijf?
- Biedt u de klanten ook de nieuwst mogelijke technieken aan?
- Hebben innovaties volgens u een positieve invloed op het bedrijf?
- Welke invloed heeft de overname gehad op de innovaties van het bedrijf?

<u>Risk-taking (nemen van risico's)</u>

- Bent u van mening dat het bedrijf veel risico neemt?
- Vindt u dat er meer risico genomen moet worden of bent u risicomijdend?
- Is de mate van risico, volgens u, ook afhankelijk van het resultaat?
- Wordt er bij elk (groot) project een risicoanalyse gemaakt?
    - Wordt er dan ook soms besloten om het project niet uit te voeren vanwege de risico's?
- Worden risico's over het algemeen aangemoedigd door het personeel?
- Heeft de overname invloed gehad op het nemen van risico's binnen het bedrijf?

<u>Pro activeness (pro activiteit)</u>

- Op welke wijze is het bedrijf proactief bezig?
    - Proactief opzoek naar werk? (Warme/koude acquisitie?)
    - Proactief opzoek naar personeel?
- Heeft pro activiteit een positief effect op de bedrijfsvoering?
- Is de pro activiteit van het bedrijf veranderd na de overname?
- In tegenstelling tot pro activiteit is het ook positief dat de klant u weet te vinden, komt het vaak voor dat een klant u contacteert voor werkzaamheden die uitgevoerd moeten worden?

<u>Competitive aggresiveness (agressieve competitie)</u>

- Vindt u dat uw bedrijf er alles aan doet om concurrentievoordeel te behalen?
- Heeft u veel contact met concurrenten in de buurt?
    - Probeert u elkaar te helpen of werken jullie elkaar meer tegen?
- Is de concurrentie anders naar uw bedrijf gaan kijken na de overname?

<u>General (algemeen)</u>

- Zou het bedrijf anders functioneren wanneer iemand anders uw functie zou bekleden?
    - Hoe afhankelijk is het bedrijf van uw diensten?
- Vindt u dat uw manier van leidinggeven een positieve invloed heeft op de bedrijfsvoering?
- Denkt u dat de ervaring van een ondernemer meespeelt in het nemen van belangrijke beslissingen?

Bedankt voor uw tijd!