

# ROLE OF INTANGIBLE ASSETS IN THE SUCCESS OF SMALL AND MEDIUM-SIZED BUSINESSES

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## ABSTRACT

*This paper examines the determining factors in the success of the small and medium-sized business. The emphasis of the investigation has been in the role played by intangible assets in the establishment and maintenance of a competitive advantage. In order to analyze in detail the characteristics of intangible assets and their relation with the success of small and medium-sized businesses, a case study was undertaken of 5 different businesses of varying activities; two of them located in Catalonia, and three in Jalisco. Evidence was obtained from various sources, principally through interviews with management teams and visits to company premises to observe operating processes. The results confirm the relevance of intangible assets in the establishment and maintenance of a competitive advantage, and also suggest that such assets are a consequence of organizational learning. In addition, there is evidence of a relationship between the skills, preferences and attitudes of the management team, and its capacity to oversee the learning process and the creation and utilization of skills and resources within the specific know-how of the business.*

JEL: M11, M12, M13

## INTRODUCTION

Recent literature dealing with strategic management emphasizes the importance of resources based upon information and knowledge in the development of a business. Despite much interest, there are relatively few studies that consider the role of these assets empirically in the development of the small and medium-sized business. To help resolve this situation, this study considers the determining factors in the success of the small and medium-sized business. The emphasis of the investigation is in the role of intangible assets in the establishment and maintenance of a competitive advantage. The primary aim of the study is to confirm empirically if intangible assets are the determining factor in a sustainable competitive advantage, and if organizational learning is the principal source of intangible assets through which the small and medium-sized business (SMB) can sustain its competitive advantage.

This paper exposes some of the most significant results of the investigation and structure in the following way: The *Literature Review* considers diverse theoretical models relating to the success of companies, along with their adjustment to approach the analysis of the performance of the SMB. The resource-based theory (RBT) is explored, since this explanation of the performance of the company would appear to adapt well to the objectives of the investigation. Next, in *Objectives and hypothesis* the set of hypotheses relating to the intangible assets and their relation with the success of the SMB are considered, formulated from the RBT and the analysis of the characteristics of these types of companies. In *Methodology* the choice of methodology for the case studies to make the contrast of the hypotheses is discussed, describing the companies included in the study and the procedures that were carried out in the investigation, including the criteria that were followed to guarantee the objectivity of the results. In the *Results* section the findings of the study are presented through empirical evidence. This section begins with a description of the characteristics of the management of the companies studied, and subsequently the attributes of the resources and capabilities of the companies. Once the attributes of the product of the company that represent a competitive advantage are defined, a review of the evidence of this advantage, first in the capabilities and thereafter in the resources of the company and its potential was evaluated in maintaining the advantage of the company in the long term. Finally, in *Conclusions and limitations*, the findings are

reported and their relevance to the hypotheses of the work is discussed, as well as the necessity for future investigations.

## LITERATURE REVIEW

Strategic management considers that a company is successful if has a competitive advantage, if possible sustainable, that allows it to obtain profits. The structural theory (Porter 1981, 1991) and the resource-based theory (Wernerfelt 1984, Rumelt 1984, Barney 1986, Dierickx and Cool 1989, Grant 1991, Peteraf 1993) approach the analysis of the determining factors in which the companies can develop a competitive advantage from different perspectives. These theories seem to complement each other (Barney 1991, Hansen and Wernerfelt 1989, Spanos and Lioukas 2001), although empirically it has been demonstrated that the internal factors of the company explain a greater percentage in the variance of the benefits of the companies than the factors associated with the industry (Rumelt 1991, McGahan and Porter 1997, Mauri and Michaels 1998, Spanos and Lioukas 2001).

In this sense, the resource-based theory (RBT) represents, in principle, the best option to approach the analysis of the determinants of the success of the small and medium company (SMB). However, the explanation of the competitive advantage has a limitation, namely due to the fact that each company is unique, and it does not explore the differences that exist in the competitive behavior of the SMB in relation to larger companies (LC). This limitation is significant, since it could imply that the explanation of the success of the company in the RBT is correct when is applied to the analysis of the competitive behavior of LC; but this is not the case, even to a small degree, when it considers the determinants of the competitive advantage of the SMB.

The doubts associated with the explanatory value of this theory, when considering the analysis of the SMB, originate from the differences between these types of companies and LC not being limited their scale, or taking into account that they are in a different phase of evolution which all companies have to follow. Frequently the SMB cannot or does not want to transform itself into a LC, and in general, its behavior and the results that it obtains are conditioned by factors that are clearly different from those that affect LC, as much by their type, as by their level of impact in the results (Chen and Hambrick 1995).

These conditioning factors fundamentally relate to the greater level of uncertainty in which the SMB must operate, with its ability to change without incurring high costs and its ability to innovate (Storey 1994, Burns 1996, Julien 1998).

To a certain extent, the characteristic differentials of the SMB are reflected in this type of company not being able to accede to certain types of resources, at least not without significant disadvantages when compared to LC. This situation gives rise to differences in the resources and capabilities of both types of companies. In this sense, if it is accepted that the SMB can be successful, and that the strategic, unique and idiosyncratic assets explain the competitive advantage, then, to explore the determinants of the success of this set of companies, it is necessary to establish which are the types of assets that have greater probability of being used in the creation and maintenance of its competitive advantage.

In this study, to identify those resources and capabilities crucial to the performance of the SMB, the results were examined of diverse empirical investigations related to the determination of the factors of success (Haahti 1994, Hurmerinta-Peltomäki, 1994, Yusuf 1995, Lin 1998, Warren and Hutchinson 2000, Read 2000-2001). From these results it was observed that amongst the most important factors in the performance of the SMB are the characteristics of the manager/owner, the specific abilities, knowledge and attitudes of the employees and managers, the relations established with the clients, suppliers and distributors, the knowledge of the market and its tendencies, as well as the reputation of the company and the product.

Some of the factors necessary for success indicated before, namely the aptitudes and knowledge of the employees and managers, have also been identified and analyzed in other papers, particularly the ability of the SMB to specialize and to change (Storey 1994, Burns 1996, Julien 1998). These abilities are valuable for this type of company, given the characteristics of the present competitive environment, whose more evident characteristics are the economic globalization and the speed of change associated with technological advances.

The conjunction of these factors has given rise to two tendencies. Firstly it leads to the formation of global markets for many standardized products. Secondly, it contributes to market fragmentation, encouraged by the coexistence of multiple technologies and the formation of more and more specific niches, associated with the emergence of new breeds of consumers.

The formation of niches can also respond to the characteristics of the supply, particularly in activities whose level of uncertainty and risk demands that companies maintain a high level of flexibility and capacity of adaptation, to adjust quickly and at low cost, to the changes in the business environment. This circumstance favors the SMB, as much by its ability to specialize and to change, as for the limited appeal of these types of markets for the LC.

As previously discussed, it is usually thought that the SMB has greater probability of success if it focuses its competitive strategy on finding a niche, where it is able to take advantage of the ability to specialize and change without incurring high costs. If this is true, then the determining factors of the ability to specialize and to change constitute the basis for which the competitive advantage of the companies of this type is maintained.

Once the set of resources and capabilities that are key to the success of the SMB are identified theoretically, their common characteristics are established, with the intention of facilitating the design of the analysis model that is set out in this paper.

The main attribute common to all such resources is its intangible nature. This result is certainly not a surprise, in fact in strategic management many precedents exist that point to the relevance of intangible resources in the strategy of the company (Itami 1987). In the context of the resource-based theory, some investigations of empirical nature have been made that demonstrate the relation of these resources with a competitive advantage (Hall 1992, 1993). Nevertheless, if this relation is also true in the context of the SMB is yet to be verified.

## **STUDY OBJECTIVES AND HYPOTHESIS**

Taking into account the above, the need to undertake new investigations that allow validation of the explanation of the competitive advantage as outlined by the resource-based theory when it is applied to the SMB, in particular the role that the intangible assets play in the success of this type of organization, appears to be demonstrated.

With this intention, using the literature outlined earlier a set of hypotheses relating to the competitive performance of the SMB have been established. Firstly they are of general character:

- Are the intangible assets the main determinant of the sustainable competitive advantage of the SMB?
- That organizational learning is the main source of the intangible assets in which the SMB maintains its competitive advantage.

These general hypotheses framed in the resource-based theory (RBT), and its fulfillment implies the verification of the following hypotheses:

1. The resources and capabilities that contribute to create and to sustain the competitive advantage of the company are valuable, scarce, difficult to define and replicate.
2. The assets of the SMB that have greater probability of contributing to create and to sustain the competitive advantage of the company have intangible character.
3. The best intangible assets for the competitive advantage of the company are created inside the organization.
4. The resources and capabilities supported by the employees and managers of the SMB, in particular by their owners, are fundamental for the support and reconfiguration of the competitive advantage of the company.
5. Organizational learning is the main mechanism of the SMB for the reconfiguration of the company and the creation and development of new resources and capabilities.
6. The characteristics of the management team of the company, and in particular those of their owners, are determining in the characteristics and the dynamics that the organizational learning followed in the SMB.

## METHODOLOGY

In order to empirically test the hypotheses of this paper, several case studies have been made. This methodology was chosen for adaptation in the analysis of the variables that explain competitive advantage as outlined in the RBT (Rouse and Daellenbach, 1999). The design of the investigation established the following model of case studies proposed by Yin (1989), characterized to incorporate diverse mechanisms to guarantee the quality of the study. Amongst such mechanisms are the tools used to control the reliability of the evidence, as much concerning the protocols that are used to lead the fieldwork, as in the logging and processing of the gathered data, and in the detailed description of the treatment that is given to the evidence and its analysis. This allows confidence in the trustworthiness of the study and the validity of its conclusions.

The contrast of the hypotheses of this investigation has been made by means of the study of five companies defined as SMB which possess a competitive advantage. Two of them are located in Catalonia, Spain and three more in Jalisco, Mexico. Of these, three correspond to the service sector and two to the industrial sector (see Table 1)

Table 1: Sample Companies

	Case	Activity	Number of employees		Location
			First Period	Second Period	
C1	MSP	Local Courier	20	25	Guadalajara, Jalisco
C2	IMPRO	Business Consultants	35	35	Guadalajara, Jalisco
C3	Huurre	Fabrication of insulated panels	30	55	Cassà de la Selva, Cataluña
C4	Actar	Design, editing and distribution of books and catalogues of art, architecture and design	18	34	Barcelona, Cataluña
C5	CEO	Market Research	89	106	Guadalajara, Jalisco

Given that this study attempts to contrast hypotheses, it was necessary to undertake a multiple case study that allowed the replication of results, as much in direct form as in a logical form, since this is a criterion important in establishing the validity of the results (Yin 1989). For this reason companies of diverse sectors and regions were chosen. The concept was to be able to compare the patterns of resources and outstanding capabilities for the SMB, as well as the mechanisms used in usage, in diverse contexts, with the purpose of identifying variations associated to the activity and the geographic location of the company. In fact, companies originating from regions with varying levels of economic development were chosen in order to observe how this affects the internal dynamics and operation of the company.

It is important to point out that the group of companies studied does not constitute a representative statistical sample. In fact, the case study does not look to make a generalized statistical analysis; therefore the cases that are included in this study do not constitute a sample selected with random criteria. The cases are chosen by their suitability to investigate in depth the causes of a given phenomenon (Eisenhardt 1989). A case study could be considered as an experiment, and the study of multiple cases as a sequential set of experiments, or surveys, and not a survey with a small sample. In the logic of experimental investigation, the results of an experiment are confirmed or rejected by the same group of investigators, or alternatively by others who question the findings or look to extend them. If the results coincide (direct replication) or present variations attributable to an identified cause (logical replication) the empirical findings support the theory. If this is not the case, the evidence is incorrect or insufficient to explain the studied phenomenon. The experiments are not chosen at random, nor their results compared equally with those of other experiments. The logic of investigation by means of case study is comparable in this respect.

The method of generalization of by case study is analytical, in which a previous theoretical development is used as reference to compare the empirical results of the case study. If two or more cases support the same theory, replication can be considered. The empirical results can be considered more forceful if two or more cases support the same theory, and they do not compete with another equally reasonable rival theory (Yin 1989).

If this study had been made following the logic of quantitative investigation, their results would be seen as extremely limited, due to the vastly reduced sample size. In fact, N=5 would not be representative of the universe as vast as is SMB in Jalisco and Catalonia. However, this not is case. As indicated by literature (Eisenhardt 1989, Yin 1989) a case study that includes 5 cases can be adopted, although it is recognized that the inclusion of additional cases would have been of use in analyzing some aspects of the competitive advantage of the SMB where theoretical saturation was not obtained (Eisenhardt 1989).

The evidence for the study was obtained following different criteria to guarantee the trustworthiness of the study (Yin 1989). The main tools of data collection were interviews with members of the management teams, visits to the facilities to observe their operative operation and the attendance of work meetings. The study, of longitudinal character, was initiated in 1998 and it has monitored the strategies followed by the companies until 2005. In this paper only the information corresponding to the first two periods of study appears (1998 and 2000), as there were significant strategic changes in three of the five cases, a situation that prevented the accomplishment of the later joint analysis.

## **RESULTS AND FINDINGS OF THE STUDY**

The findings of this investigation show the importance of the intangible assets in the success of the SMB and agree, in general terms, with the literature concerning RBT. Two characteristics of the SMB are confirmed as being particularly important in their success: its capacity to innovate by means of informal and incremental mechanisms and to adjust to the necessities of its clients without incurring high costs. Both aspects are related to the characteristics of their management team. These findings are detailed in this section.

The evidence obtained indicates that a high level of coincidence exists between cases in the values and attitudes that are considered important, of the activity to which the company is dedicated and of its geographic origin. Even so, the only attitudes that were considered important in all the cases were customer service and the reputation of the company (year 2000) and the critical behavior and search for better alternatives (year 1998).

Amongst the most significant attitudes for a company is the acceptance of change and flexibility, along with the commitment to the company and responsibility. That these attitudes of the employees are considered of high importance confirms the relevance to the SMB of the ability to change without incurring high costs. Other attitudes considered important are the level of motivation, loyalty to hierarchical superiors, adaptation to the culture of the organization, and clearly, attention paid to clients and the company's reputation.

As far as decision making, the evidence found does not allow us to establish a pattern in the attitude of the management team with respect to the participation. It was observed that owners, directors and specialized employees working in teams without differences in roles associated with a formal hierarchy were perceived. However, it was also observed that important decisions are usually taken by a single person (or a reduced group) that exerts clear leadership within the company.

As far as the technical valuation of management, the evidence indicates that in all cases the companies are considered to be managed better than the competitors, particularly regarding its production policies. The most relevant evidence from this part of the study considers three findings:

**Leadership:** A defined leader clearly exists, not necessarily the owner of the company, although usually part of the founding team. This figure defines the mission and vision of the company and is able to obtain the cooperation of the members of the organization in the attainment of its objectives.

**Efficiency:** It was seen that all the management team relies on a high level of capabilities and technical knowledge relating to their business, allowing the company to produce or provide services more efficiently. Nevertheless, in no case was it observed that the leader relied on formal training in management. This situation, added to the scant attention which the areas of the company more removed from the interests of the leader received, generate great differences in the aspects in where the company is more efficient and where it is less so. In fact, associated problems were observed with the management of activities not connected with the core activities of the company. These problems are accentuated when the growth of the company requires the formalization of the organizational design, the roles of the employees within the company and particularly with the coordination of those tasks requiring the use of formal planning tools. That the management team counted on a high level of training within the company is a predictable result, since it agrees with the literature related to the creation of companies that usually relates the creation of new organizations to the initiative of an entrepreneur who considers him or herself to be able to cater to market needs owing to their high level of experience and knowledge of the activity. This would be the case of former executives of established companies who, on leaving decide to create a SMB (Storey 1994). However, where the attention of management is centered in certain aspects of the company and where it is neglected deserves more attention.

On the one hand, Leonard-Barton (1992) in her analysis of the effect of capabilities of a company in development of new products, indicates that characteristics of dominant coalitions of organization facilitate or obstruct innovative activity (and by extension all activity in the company) because they only understand activities related to their own interests, whereas they neglect what they do not understand, judging as irrelevant or with little potential. This seems to agree with the evidence found. On the other hand, in the case of the SMB this should not be so, since the management team is usually familiar with and responsible for all aspects of the company. The truth is, as indicated by Burns (1996), that the figure of the manager of the SMB, for better or for worse, has a determining influence in the performance of this type of company, since their vision and values influence all aspects of the organization and their behavior is usually much less adverse to the risk than managers of larger companies. They are free to establish the objectives that are consider appropriate for his organization, without being inhibited by the necessity to guarantee that a certain level of economic and financial rationality remains. Their objectives can be

multiple, and in certain cases, those of other people. To the sovereignty of the owner manager of their patrimony (the company) other considerations such as limited rationality can be added, allowing them to accept that the physical limitations of a person or a small team mean it is impossible to manage and to interpret the enormous volume of necessary information so that their decisions are perfectly rational.

**Teamwork:** This is a common practice, possibly associated with a high level of company ownership, particularly of the members of the management team and the oldest and most specialized employees, who have participated throughout the history of the organization in the construction and development of the organizational routines. In addition, many of them have had to change their role in the organization to be able to respond to the necessities of the development of the company.

Attributes of The Resources and Capabilities of a Company

One of the most interesting aspects of the evidence found is that the product of the companies counts on more of the attributes than the competitive advantage of the company can support (see Table 1, Panel A,B,C). The only case where a key criterion clearly exists is in C3, where the price represents 90% of the decision of purchase of the target client. In C1, the adjustment of the product to the necessities of the client represents 40% of the decision to buy by its target client and whilst it is an important criterion, it does not reach the relevance level that the price has in C3. In the remaining cases, diverse attributes exist that have a similar importance in the purchase decision. The identification of the differing attributes of products C1, C2, C3 and C5 allowed the establishment of the attribute that is more representative of the competitive advantage of the company. In C4 several equally important attributes were identified that are complementary.

As can be observed in the second part of the table, all cases count on products equipped with different attributes, barely replicable, that are key in the decision of purchase of their target client. Nevertheless, the importance of these attributes varies considerably between cases. An example is C2, whose product counts on only one important differential attribute, which represents 15% of the target client’s purchase decision. On the other extreme is C3, where the sum of the differential attributes of its product represents 100% of the decision to purchase.

Table 2: Attributes That Represent the Competitive Advantage of the Company

Panel A: Attributes and Competitive Advantages

ATTRIBUTES	1998%					2000%				
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5
Price		20	90	10	5		20	90	5	5
Quality	20	5	5	10	30	20	5	5	15	30
Aesthetics		5		20	5		5		20	5
Availability		10	5	20	5		10	5	20	5
After-Sales Service	15	5			20	10	15			20
Innovation	5	20		20	5	15	20		20	5
Suitability for customer needs	40	20			10	30	20			10
Functionality	20				10	20				10
Image		15		20	10	5	15		20	10

Panel B: Difficulty in Replicating the Company Product Attributes 1998

ATTRIBUTES	1998														
	High					Medium					Low				
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5
Price			1	1		1						1			1
Quality	1		1	1						1		1			
Aesthetics				1			1			1	1		1		
Availability			1			1				1		1		1	
After-Sales Service	1									1		1	1	1	
Innovation				1		1	1			1			1		
Suitability for customer needs	1				1		1		1				1		
Functionality	1				1		1						1	1	
Image		1		1	1	1		1							

Panel C: Difficulty in Replicating the Company Product Attributes 2000

ATTRIBUTES	2000														
	High					Medium					Low				
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5
Price			1	1		1						1			1
Quality	1		1	1	1							1			
Aesthetics				1			1			1	1		1		
Availability			1			1				1		1		1	
After-Sales Service	1									1		1	1	1	
Innovation				1		1	1			1			1		
Suitability for customer needs	1				1		1		1				1		
Functionality	1				1		1						1	1	

Company Capabilities

Once the attributes of the product of the company that represent their competitive advantage are defined, the following stage of this analysis relates to the capabilities of the company. Evidence obtained indicates that, in the same way that a clear pattern does not exist in the attributes of the product that represent the competitive advantage of the organization, neither does it in the type of capabilities that the company considers essential for its success. In fact, the only common characteristic to all the cases is that they lack capabilities associated with the legal framework that regulates their activity and that they seemingly do not receive favorable treatment on the part of the public bodies associated with their chosen activity.

The second aspect of the capability profile of these companies that differs from that expected is the relatively low importance given to the functional capabilities in all the cases. The argument that functional capabilities are clearly important for all the companies was anticipated, whereby it follows that the creation of the SMB originates from the discovery of a better way to satisfy a need, or of the productive application of a technological innovation. In addition, in all the cases, it is considered that the production policy represents strength for the company and that its management is better than that of the competitors. Since the maintenance of the competitive advantage of the company is within its own capabilities, it is possible to surmise that the most important capabilities of the company are those that allow their product to be equipped with attributes that influence the purchase decision of their target client. Nevertheless, the perception of those interviewed with respect to the importance of the diverse



capabilities of the company, although in general terms agreeing with the foregoing, presented some significant differences, namely the need to equip the product with the important attributes that are non-differentiating but simply allow the product to be in the market.

In addition, it was observed that the capabilities evolve with a certain independence of the competitive advantage of the company. In other words, the evaluation of the capabilities and the attention that is not always lent to its development respond to the objective of equipping the product with a specific attribute. However, the correction of the perception of the interviewees, as much of the attributes of the product as the capabilities in which they are supported, is limited by the information available.

### Company Resources

In Table 3 the contribution of the resources to the success of the company is presented. As it is possible to observe, the number of resources in which all the cases coincide is low. In the first period, only four resources were considered of high importance in all the cases: the abilities of the employees and the management team, in addition to the abilities to innovate and to manage change. For the second period, 3 resources were added to this set: the perception of the level of quality that the product must have, the service that must be given to the client and the ability to work in a team.

A second set of resources exists that, whilst not being considered unanimously of high importance, were observed to have increasing importance as in the future they would be integrated into the set of the resources considered unanimously of high importance. Amongst these resources are the following: databases, distribution networks, contact networks, management style, company reputation and value chain management in company procedures.

All of the resources mentioned are of intangible character. Nevertheless, amongst the resources that were considered unanimously of low importance are only intangible resources, such as licenses, patents, and copyrights, the reason for this being that none of the companies count on such resources. This situation reflects some of the limitations of the SMB, particularly with regards to difficulties to innovate by means of investment in Research and Development (R+D).

As far as the tangible resources, it is interesting to note that none of the categories were considered unanimously of high importance, rather as average or low. Such resources are necessary for the company but its relative importance is determined by the specific activity of the company. In general terms, the tangible resources are more important for industrial companies than for companies in the service sector. Nevertheless, two such companies, and only one manufacturer, considered of high importance the IT infrastructure, being the only tangible resource obtained in this evaluation.

In Table 4, the resources are characterized following the Barney model of strategic resources (1991). A considerable coincidence exists between the resources valuable for the company. In the first period, there was coincidence in the case of 7 resources and in the second, 4 resources more were added.

The seven resources that have been unanimously considered as valuable from the first period, besides having intangible character, mainly take their material support from the employees and the management team of the company. In addition, all these resources manifest themselves in the organizational knowledge, although not exclusively. Resources such as the abilities of the employees and the management team can be formed by different mechanisms external to the organization, but their use equally implies its incorporation into the company culture as its adjustment and specialization to the specific necessities and conditions of the organization.

Table 3: Contribution of Resources to the Success of the Company

Resource	First Period															Second Period																				
	Low					Medium					Hight					Low					Medium					Hight										
	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5	C1	C2	C3	C4	C5						
1	Employees	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1			
2	Management Team	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1			
3	Change management	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1			
4	Ability to innovate	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1			
5	Service	0	0	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1				
6	Teamwork	0	0	0	0	0	0	0	1	0	0	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1				
7	Quality	0	0	0	0	0	0	0	1	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1				
8	Databases	0	0	0	1	0	0	0	0	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	0	1	1				
9	Distribution networks	0	0	0	0	0	0	0	1	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	1	0	1	1	1				
10	Work networks	0	0	0	1	0	1	0	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	1	1	1	0	1				
11	Management style	1	0	0	0	0	0	0	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1	1	1			
12	Company reputation	0	0	0	0	0	1	0	0	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	0	1	1			
13	Value chain	0	0	0	0	0	1	1	0	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1	1	1			
14	Organisational routines	0	0	0	1	0	1	0	1	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	1	1	0	1	1			
15	Suppliers	1	0	0	0	0	0	0	0	0	1	0	1	1	1	0	1	0	0	0	0	0	0	0	0	1	0	1	1	1	1	0	1			
16	IT	0	1	0	0	0	0	0	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	1	0	1	0	1	0	1	1			
17	Product reputation	0	1	0	0	0	0	0	1	1	0	1	0	0	0	1	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	1	1			
18	Access to consumables	1	0	0	1	0	0	0	0	0	1	0	1	1	0	0	1	0	0	1	0	0	0	0	0	1	0	1	1	0	0	0	0			
19	Distributors	1	0	0	0	1	0	0	1	1	0	0	1	0	0	0	1	0	0	0	1	0	0	0	1	0	0	1	1	0	0	0	0			
20	Own point of sale	1	1	0	1	0	0	0	0	0	1	0	0	1	0	0	1	1	0	0	0	0	0	0	0	1	0	0	1	1	0	0	0			
21	Access to finance	1	0	0	1	1	0	0	1	0	0	0	0	0	0	1	0	0	0	1	1	0	0	0	0	0	0	0	0	1	1	0	0	0		
22	Special accessories	1	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0	1	1	1	0	1	0	0	0	0	0	1	0	0	0	0	0		
34	On the shelf product	1	1	0	0	1	0	0	0	1	0	0	1	0	0	0	1	1	0	0	0	1	0	0	0	1	0	0	0	1	0	0	0	0		
34	Design	0	1	1	1	1	0	0	0	0	0	1	0	0	0	0	1	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0		
25	Brand name	1	1	1	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	
26	Commercial secrets	0	1	1	1	1	0	0	0	0	0	1	0	0	0	0	0	1	1	1	1	1	0	0	0	0	0	0	1	0	0	0	0	0	0	
27	Own premises	0	1	0	1	1	1	0	1	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	
28	Tools	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	
29	Trademarks	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	
30	Machinery	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	
31	Vehicles	0	1	1	1	1	1	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	0	0	
32	Raw material	1	1	0	1	1	0	0	1	0	0	0	0	0	0	0	1	1	0	1	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0
33	Contracts	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Licences	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	Patents	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Copyright	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Franchisees	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Notwithstanding, obtaining these resources not only depends on the daily activity of the organization. In most cases, the existence of programs explicitly destined to the achievement of the resources is observed. Amongst these, the most notable are destined for the development of new skills for employees and the management team of the company. These programs are the clearest manifestation of the strategy of obtaining of resources of the company, and are not limited to support the obtaining of the resources that can be created in the same company. In fact, they also take part in obtaining of resources through the market.

It was observed that the characteristics of the management team influence the preferences of the company, whether using the market to obtain resources or to create them internally. In C3, the company that goes to the market more often, the Board of Directors is in favor of acquiring the resources that the market can provide more efficiently outside of the organization, such as advertising campaigns and external training programs. However, C5 managers prefer to control the acquisition of these resources from within the company. Some management teams prefer to centre their activity on core activities and to subcontract or to acquire such resources and complementary abilities.

Evidence demonstrates that intangible resources are difficult to obtain, and even more if it is considered that the tangible resources can be easily obtained. Furthermore, the acquirement of such resources are not always undertaken in all the circumstances since it implies elevated amount of investment, as in the case of the purchase of buildings, where the associated difficulties are also high. In fact, the evidence indicates that in the determination of the difficulties in obtaining resources, the particular characteristics of the company are more important than the mechanisms through which the resources are obtained.

Although the analysis of each individual case supports the hypothesis indicating the difficulties in obtaining intangible, idiosyncratic and specialized resources for assets that cannot be acquired in the market, the joint analysis of the cases reflects serious limitations in the validity of this hypothesis.

Previously, the characteristics of the management team that influence the choice of the mechanisms of obtaining resources used by the company have been discussed. However, in addition the size to the organization seemingly has a significant impact on the capacity of the company to obtain resources, both tangible and intangible. The analysis of the individual cases suggest that the size of the company does not affect its capacity to obtain intangible resources since these type of resources are obtained through internal mechanisms. On the contrary, the size of the company negatively affects its capacity to obtain tangible resources and to acquire the necessary financing. Nevertheless, the size of the company influences the capacity of companies to obtain resources of different form in each case. The evidence indicates that an inverse relation exists between the negative size of the company and the effects on obtaining of resources: the larger the company, the negative effect of his size acquires fewer resources and conversely, its positive effect to a greater number.

It would be appropriate to point out that the main negative effect of company size is related to the access of financing, and this is not so pronounced in the case of the greater organizations. Nevertheless, the evidence indicates that the effect of company size on its capacity to obtain resources is basically neutral or positive. In fact, their negative effects are fairly limited. These results lead us to consider that once a minimum dimension is surpassed, the size of the company is irrelevant to its capacity to acquire intangible resources.

The last aspect that is approached in this section is the existing relationship between the company strategies regarding the management of its resources and the maintenance of its subsequent capabilities.

The existence of programs to improve the use and quality of resources demonstrates that such assets constitute the basis on which the capabilities of the company are developed.

The link between improvement programs and the capabilities of a company forms part of the RBT. Nevertheless, the usual argument only places emphasis on the capabilities as determining the use of the resources, whilst the characteristics of the resources of the company are determining in the type of capabilities that it has. In fact, when the strategy of the company implements improvement programs in the use and quality of resources, it is encouraging the evolutionary process of the capabilities and with it, of the competitive advantage of the company.

In this part of the study it would also have been possible to approach the relationship between the strategies that the company implements in the management of its capabilities and the reconfiguration of its resources. Nevertheless, this is more complex to define, since the capabilities of a company have a complex social base, which implies that other people external to the company play a part in determining them.

The evidence found also indicates that a high level of coincidence in the existence of programs destined to improve the use and the quality of the resources exists. Among them, notably the case of programs destined to develop the skills of the employees. The strategy of the companies, unanimously as much in 1998 as in 2000, promotes the development of its capabilities by means of finding the best uses for the skills of the employees, and also by means of the improvement of their quality.

However, the strategy of the company does not only consider the skills of the employees, as all the members of the organization participate in striving to develop the quality of the product and the service that should be given the client. In the same sense, the reputation of the company practically receives unanimous attention on part of the strategy. In addition, the strategy of the company also emphasizes the advantage and improvement of links with other shareholders. The distribution networks are the second resource that unanimously received more attention by the strategy of the company. Between both periods a tendency was observed for the creation of programs of improvement in their use, principally in the quality of resources, focused on harnessing the organizational networks of the company, their routines and their value chain.

## CONCLUSIONS AND LIMITATIONS

The evidence shows that the theory of resources and capabilities is a valid explanation for the success of the SMB, and that the intangible resources are adapted in order to promote a competitive advantage. Nevertheless, the findings also show that the type of intangible asset to which these companies have access usually does not have the necessary characteristics to maintain this advantage in the long term. In fact, it was not possible to identify a unified pattern of resources and capabilities in which the SMB can maintain its competitive advantage. In this sense, each SMB will have to individually find the strategic resources for their particular case, adapted to the internal conditions and the characteristics of its market. Also, the evidence suggest that the most important intangible assets in the success of the SMB are obtained by means of organizational learning, as much by the explicit aims as by the those promoted by the strategies followed by the management of the company. Starting on this basis, the results of this study show the importance that efficiently managing process to obtain and use intangible resources has to a SMB.

In this investigation the resource profile of the company was analyzed following the criteria considered in the Barney model (1991), as well as from the possession of other important attributes for the performance of the SMB. The evidence related to these other criteria of evaluation has been sufficient to accept that the

hypotheses of this work are valid, although its fulfillment is not homogenous in all cases. It was not possible to establish a pattern of behavior that establishes a clear tendency in the valuation of the duration, or useful life, that the different resources will have before it is necessary to be substituted or transformed. However, in all cases it was possible to observe that the company maintains the use of its important resources using internal mechanisms. Also it was observed that all the resources considered unanimously important are obtained through internal mechanisms, fundamentally by means of the accomplishment of the daily tasks of the company.

As far as the maintenance of resources and capabilities to sustain a competitive advantage, whilst in each one of the studied cases it was possible to identify a set of strategic resources, when the results of the cases are compared it was observed that none of the resources considered unanimously important also unanimously possess the attributes necessary to be strategic. This is clearly not relevant to the results of this work, since in fact it has been possible to identify that the intangible assets are fundamental for the success of the SMB and that most important assets are obtained by means of organizational learning, as much explicit as by the strategies followed by the management of the company. Starting on that basis, the results of this work show the importance that efficiently managing processes of obtaining and use of intangible resources has to the SMB.

Finally the limitations of this work should be outlined. Firstly, the difficulties associated with generalizing the validity of the results of any investigation, be they of qualitative or quantitative, in a complex, heterogeneous and changing business environment such as the world of the SMB.

In this sense the results must be interpreted with care, since very considerable differences in the variables exist in determining the success of the company associated to the activity of the company, at the level of intensity in the use of new technology, in the relative size of the given company in their sector, etc. In all cases the management team and the learning processes are important for the results of the company, but they do not correlate exactly, and for that reason the interpretation of the findings must be made assuming that is necessary to fit them to each specific enterprise.

The second limitation is related to the short-term nature of the results. If one of the characteristics that define the SMB is its ability to change quickly, it is evident that the results of all investigations related to this type of company will tend to be obsolete in a relatively short period of time, as a result of this change process. For this reason it is necessary to revisit and update the studies of the SMB. In particular it is necessary to undertake more focused investigations into specific groups of SMB, allowing the limitations associated with the heterogeneity of the sector to be overcome and therefore to reach more specific and generalized conclusions by sector and type of SMB.

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