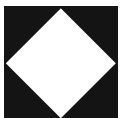


Christoph Klink

# Strategic Change

Effects on Accounting Performance and  
Implications of Board Succession and  
Compensation



**Nomos**

**Vahlen**



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is edited by

Prof. Dr. Stefan Dierkes, Georg-August-Universität Göttingen  
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Prof. Dr. Burkhard Pedell, Universität Stuttgart

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## Foreword

Dealing with disruptive changes represents a major challenge for companies. The success of companies is significantly influenced by how businesses deal with these changes. In Germany, this can be observed in numerous recent examples. For instance, utilities have responded differently to the turnaround in energy policy, or publishers to the digitization of the media. Different strategies have led to different consequences for the companies concerned. Ability to implement strategic change is therefore an important determinant of corporate success.

There are, therefore, numerous studies which examine strategic change scientifically. Nevertheless, many questions have not been answered satisfactorily. These include the impact of strategic changes on the company's performance, the importance of changes in senior management for strategic change, or the effect of different forms of executive compensation on strategic change.

In relation to these questions, based on two different data sets, the present study empirically examines the causes and the consequences of strategic change, partly in German and partly in US-listed companies. Firstly, the author analyzes the question of which short and medium term performance impacts strategic change has on the company under consideration. Secondly, the author considers the successor situations for CEO and CFO. He examines how such successor situations affect the intensity of strategic change in subsequent years. Thirdly, the author examines the relationship between different components of compensation and strategic change.

All three main chapters of the thesis are complete works, which display a high degree of individual achievement. The empirical analyses are based on a carefully developed framework of hypotheses. The underlying data were collected with a high degree of effort and precision, in part completely unassisted. The empirical analysis is highly structured and technically refined. All results are fully comprehensible. Both the research design as well as the results of all three main chapters are interesting and innovative enhancements to the previous literature. They are partly based on very latest research findings in the field of strategic change, and take it a significant step further. They provide future research in the areas of stra-

*Foreword*

tegic change, corporate governance, and executive compensation with important stimuli and may help board members better to understand the basics of their monitoring work.

Munich, December 2015.

Gunther Friedl

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## List of Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMO	Chief Marketing Officer
COO	Chief Operating Officer
CSO	Chief Sales Officer
CO <sub>2</sub>	Carbon Dioxide
COO	Chief Operating Officer
DAX	Deutscher Aktienindex (German)
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBT	Earnings Before Taxes
EVA	Economic Value Added
EU	European Union
EUR	Euro
GLS	Generalized Least Squares
HHI	Herfindahl–Hirschman Index
IBM	International Business Machines Corporation
MDAX	Midcap-DAX
NPV	Net Present Value
OLS	Ordinary Least Squares
PP&E	Property, Plant and Equipment
R&D	Research and Development
RBV	Resource-Based-View
RoA	Return on Assets
ROCE	Return on Capital Employed
RoS	Return on Sales
RPE	Relative Performance Evaluation
SG&A	Sales, General and Administrative (Expenses)
SFAS	Statement of Financial Accounting Standards
SIC	Standard Industrial Classification



*List of Abbreviations*

TRS	Total Return to Shareholders
U.S.	United States of America
USD	United States Dollar
VIF	Variance Inflation Factor
VorstAG	Gesetz über die Angemessenheit der Vorstandsvergütung
VorstOG	Vorstandsvergütungsoffenlegungsgesetz
xtscc	User-written module in STATA 13