



THE PREFERRED METHOD OF IDENTIFYING BUSINESS SUCCESSORS AMONG SMALL AND MEDIUM ENTERPRISES IN GHANA

ABSTRACT

Across the globe, Small and Medium Enterprises (SME) drive economic growth both in developed and developing economies. Sadly, most SMEs do not exist pass the first or second generation due to poor business succession management to ensure the business continuity. In effect, there is the need to understand the issue of succession planning among SMEs so as to promote the effectiveness of SMEs. In effect, this paper sought to examine the preferred method of identifying business successors among Small and Medium Enterprises in Ghana. The paper used the pragmatic research paradigm and mixed methods approach. The cross-sectional survey was utilized to gather data from SMEs domiciled in five regions of Ghana. The survey precisely targeted middle level employees, management staff, Human Resource and Admin departments, as well as CEOs. The study utilized 237 valid quantitative data for analysis. More so seven respondents (i.e. CEOs, HR/Administration Managers) were purposively selected and interviewed on the subject matter. Using both quantitative and qualitative data analysis techniques, the result indicated that employee performance evaluation rating(s) is the most preferred indicator used in identifying potential business successors among the SMEs. The paper recommends that SME owners and management should proactively invest and engage in effective succession planning so as to ensure their growth and survivability

The preferred method of identifying business successors among Small and Medium Enterprises in Ghana

1.1 Background of the Study

The effectiveness of every organization in the quest to achieve its corporate goals is heavily reliant on leadership. This owes to the fact that functional leadership translates into prudent managerial practices, customer satisfaction, improved corporate image, and delivery of quality services, as well as a happy and healthy workforce. Nonetheless, the problem that plagues most organizations is leader/manager selection when vacancies occur.

Strategically, managers work to create shared value for all by driving their organizations toward a profitable and successful future. This is normally a result of managers engaging effectively in various forms of organizational planning (Tetteh, 2015). Again, employees are the mainstay of organizations, thus successful organizations do not attain such heights by chance, but rather through a competitive workforce resulting from effective planning and successful implementation of plans (Ingram, 2014).

According to Taylor (2002), there are three main types of planning used by organizations to achieve their long-term corporate goals/objectives. Amongst them is succession planning which is the subject matter in this article.

Succession planning has generated tremendous attention among practitioners and academia across the globe, thus there is a surfeit of conceptualization and/or definition for the construct. For instance, Sambrook (2005) defined it as the “attempt to plan for the right number and quality of managers and key-skilled employees to cover retirements, death, serious illness or promotion, and any new positions which may be created in future organization plans” (p. 580). Again, succession planning is the process of identifying the key leadership positions within each department in an organization and developing employees within to assume these positions (Robinson, 2013).

Research has it that companies that take the understanding of succession planning and translate it into a pragmatic strategy to ensure the selection of the right people for global roles and development of those people in the right ways will have a significant competitive advantage (Elms & Low, 2013).

For this study, the researcher defines SMEs as those enterprises that employ fewer than 10 to about 250 employees, with annual sales and/or total assets not exceeding USD 67 million. SMEs play a dominant role in both developed and developing economies by shaping their industrial destiny and the path of their economic growth (Rangarajan, 2012). They are vital to the stability of economies as no economy have a success story without it. Tracing the root of a significant number of modern products,

it was found that their origins lay with the SME sector of economies. Further, they serve as the nursery for nurturing the entrepreneurial skills of individuals and as well generate employment and promotes industrial development (Rangarajan, 2012). The importance and dominance of SME across the globe cannot go unnoticed.

In Europe, SMEs makeup 99.8% of all firms, providing employment for about 75 million people (representing 67.4% of total employment) and contributes to the overall economy at the rate of 58% (Eurostats, 2012). Zooming in, the sector is responsible for tremendous employment avenues and increase in Gross Value Added (GVA) even in smaller countries such as Denmark, Norway, and Finland (Airaksinen et al., 2015). Also, the sector significantly accounts for 43% of GVA in Germany and employs 34% of the active workforce (Eurostat, 2012). Besides, in the United Kingdom, the SME sector employs 24.3 million people and incurred a combined turnover of £3,300 billion (Ofori-Amanfo, 2014). In addition to the above, SMEs employs 14.4 million people have a combined turnover of £1,600 billion in the USA (Morris, 2014). The Canadian economy is also dominated by SMEs as about 90% of all business therein are SMEs (Industry Canada, 2013).

In the African continent, SMEs are notably the engines that drive economic development. The businesses account for almost 90% of businesses in both leading and developing economies through job creations, employment, tax provision and contribution to Gross Domestic Product (GDP) (Muriithi, 2017). Precisely, in South Africa, SMEs contribute 56% of private sector employment and 36% of Gross Domestic Product (GDP) (Statistics South Africa, 2009).

As aforementioned, SME businesses offer great opportunities for economic development. Nonetheless, they are faced with some hurdles/challenges all across the globe that severely disrupt the flow of business and will continue to do so. As reported, the challenges include leadership, culture, strategy and strategy execution, productivity, performance management, political changes and so on (Dickinson, 2016). These challenges are dire and could wreck SME businesses as they can consequently lead to growing revenues, staff turnover, diminishing profitability and return and eventual collapse of the business if things are not put into perspective. The survival and longevity of SME businesses are a cause for concern as they are a major contributor to social and economic wellbeing (Shingirai et al., 2012). Research has pointed to the fact that more SME are unable to make it to the second generation and even worse most do not survive the third generation in spite of the genuine desires of most owners to see the continuation of their businesses (Industry Canadian, 2013; Tanzwani, 2010).

The cost of business failure, especially SMEs has adversely affected the social and economic growth of the African continent. The high failure rate among these first and second generations SMEs is attributed to the inability to manage ownership and succession (Sikomwe, Mhonde, Mbetu, Mayhiki, & Mapatere, 2012). This clearly reiterates the fact that succession planning is a challenge among SMEs thus, owners

are mostly unable to put in place any effective system to ensure the survival and continuity of their business following their exit from the business. This situation is alarming as SMEs are increasingly becoming the dominant form of business enterprise in both developed and developing economies and as well play a vital role in the economic and social arena. Therefore, there is the need for businesses to ensure a successful succession transfer plan that will handle any matters arising as a result of the exit of a business owner in the SME sector (Masango & Marinova, 2014).

Paying particular attention to Ghana, studies allude to the fact that many businesses collapsed with founders due to the absence of effective succession planning and improper forecast on the part of the founder. For instance, companies such as Astek Fruit Processing Limited, King of Kings Transport, Apia Menka Soap and a host of others have collapsed due to the reluctance on the part of their founders to share the business vision with others thus, their demise means eventual liquidation (Nekesa, 2013). Nevertheless, there is some existing Ghanaian business that started as a small family business and have flourished into bigger multination companies such as Jospong Group of Companies, Group Ndoum, Despite Group of Companies and others. Their success has somehow been attributed to effective management practices such as succession planning.

Given the benefits/importance of succession planning and the value of the SME sector in Ghana, it is imperative for academics and practitioners to understand the concept of succession planning within the sector.

1.2 Statement of Problem

This article researched on the most preferred methods of identifying business successors among SMEs in Ghana. Research has shown that issues such as lack of institutional commitment to succession planning; lack of training for prospective and identified successors, coaching and mentoring, lack of transparency on the part of most entrepreneurs; lack of good leadership and lack of organizational structures critical to corporate succession planning have contributed to the failure of the Ghanaian SME sector as a whole (Heinecke, Kloibhofer, & Krzeminska, 2014).

The long-term survival of a business and the preservation of the wealth will likely depend on getting ahead of these changes through strategic succession planning. Succession planning issues are pertinent to organizations irrespective of size, sector and geographical location. In effect, Ghanaian SME leaders should not take issues of succession for granted.

Researchers and practitioners in an attempt to examine the subject matter and find feasible solutions that will help demystify the issue of succession planning in Ghanaian SMEs found a gap in literature.

The above background calls for the empirical study of the subject matter so as to gain meaningful insight into it. Extant literature in the Ghanaian context (such as Mensah, 2012; Saan, Boateng, & Kamwine, 2013; Yakubu, 2015) lack managerial focus and have not been extensive enough in scope to cover the significant parts of the country, thus the findings cannot be extrapolated to the whole SME sector of the country. In effect, this gives rise to another limitation in the literature which this study seeks to tackle. Also, given the various empirical studies on succession planning in the SME sector, just a few of them adopted the concurrent mixed-methods approach (see Yakubu, 2015), thus a limitation in literature worth tackling which this study would. In addition, taking a critical look at the extant literature on succession planning in SMEs across the globe, there is a paucity of studies within the sub-Saharan African region and Ghana as well, resulting in another limitation in literature. Against the above background and the identified lacunas in literature, this study seeks to examine succession planning in SMEs in the Ghanaian context to help fill these gaps and advance the literature in the area.

1.3 Objectives of the Study

1. The main objective of the study was to examine the methods of identifying a potential successor for a succession planning among SMEs in Ghana.

1.4 Research Question

Based on the objective of the study, the research question was directed at the study:

1. What are the methods of identifying a suitable candidate for succession in SMEs in Ghana?

1.5 Significance of the Study

The study will be of significance on three fronts: literature, practice, and policy. Just like all other studies, the study will contribute to the body of literature on succession planning in SMEs across the globe. Again, it will serve as a form of reference for future researchers. Further, the findings of the study will inform managers and business owners in their quest to design and implement proactive strategies in dealing with succession planning in their organizations. By so doing, the survivability of these SME businesses is assured resulting in national development, as they will contribute tremendously to the GDP of the country. More so, the findings of the study will inform policy makers and as well serve as a catalyst that will spur the stakeholders to enact and implement policies that will serve the better interest of SMEs in Ghana.



LITERATURE REVIEW

2.1 Introduction

This research is underpinned by an extensive literature review that synthesizes relevant literature and serves as the basis for advancing the various arguments of the study.

2.2 Defining Small and Medium Scale Enterprises (SMEs)

Across the globe, the SME sector is a significant contributor to the socio-economic development of countries; nonetheless, it is significantly underutilized to champion the course of sustainability (Garg & Weele, 2012). Despite the tremendous benefits of SMEs, they are amorphous in nature as their definition or conceptualization is context-specific (i.e. how it is defined or conceptualized in the US is different from that of Ghana). In effect, there is no universally accepted definition adopted for SME due to the fact that the definition is dependent on who and the context within which it is being discussed (Ward, 2005). For the purpose of this study, a couple of these definitions as propounded by some scholars or organizations were considered.

The European Commission's (EC) definition of SMEs takes into cognizance the following criteria: the number of employees, annual turnover and annual balance sheet total and focuses on three different enterprises – the large, medium and small enterprises (European Union, 2015). With respect to the EC, an enterprise is labeled as a micro, small and medium-sized enterprise if the enterprise is able to fulfill the criteria as spelled out in the recommendations summarized in Table 2.1 below. The staff headcount criterion is fundamental to EC's determination of an SME, thus an enterprise is tagged as an SME when it meets the staff headcount ceiling and either the turnover ceiling or the balance sheet ceiling but not necessarily both (Ngui, 2014).

The Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC) also use quantitative indicators in defining an SME. These indicators are employee headcount, total asset, and total annual sales. In view of this, MIGA and IFC's definition of a small enterprise asserts that they are those enterprises that meet at least two of these three conditions: (i) employ less than 50 employees (ii) have less than \$3 million total assets (iii) have less than \$3 million total annual sales (Dababneh & Tukan, 2007). On the other hand, MIGA and IFC define medium enterprises are the ones that also meet two of the following conditions: (i) less than 300 employees' (ii) less than \$15 million total assets (iii) less than \$15 million total annual sales (USAID, 2007).

Secondly, there is a small-scale industry that employs between 11 and 100 workers or has a total cost of N50 million including working capital but not the cost of land. More so, a medium scale industry is one that has staff strength between 101 to 300 employees or a total cost exceeding N50 million but not more than N200 million with working capital inclusive but not cost of land. Lastly, there is the large scale industry where the labor size is more than 300 workers or the total cost of the enterprise is over N200 million including working capital but excluding the cost of land (Udechukwu, 2003).

Narrowing the focus to Ghana, Kayanula and Quartey (2000) hinted that SMEs have been variedly defined both in the local and global context. Nonetheless, the most underlining criterion used in the Ghanaian business milieu is the staff complement of the enterprise. This instance often seems confusing with respect to the arbitrariness and cut off points used by the different official sources in the country. According to the National Board for Small Scale Industries (NBSSI) in Ghana, a firm is considered as SME depending on the number of employees employed in the firm and the value of fixed assets owned by the firm (Nkuah, Tanyeh & Gaeten, 2013). In view of this, NBSSI asserted that microbusiness is an enterprise that has staff strength of 5 or fewer employees with a capital base of up to US\$10,000 (excluding land and building). Also, an enterprise that employs between 6 to 29 employees with a capital base of up to US\$100,000 (excluding land and buildings) are labeled as small enterprises (Nyarku & Oduro, 2018; Obeng, 2007).

In a similar vein, Ghana Statistical Service categorized enterprises or firm as small scale ones when they employ between 5 and 29 employees and hold fixed assets not surpassing US\$100,000 (Ackah & Vuvor, 2011). On the other hand, firms with staff strength of 30 to 99 employees are tagged as medium scale enterprises (Nyarku & Oduro, 2018).

2.3 Contributions of SMEs to Ghana's Economic Development

The SME sector is very ripe and a significant contributor to the economy of Ghana. In as much as the sector is beneficial to the country, its full benefits are yet to be realized largely due to the difficulties SMEs face over the years. This section is focused on touting the benefits of the SMEs sector in Ghana. Firstly, the SME sector in Ghana employs the largest number of the active labor force in the country. It is estimated that about 69% of the country's population is employed in the SME sector (Gilaman, & Raby, 2012). Thus, the sector provides employment for a considerable number of people both in the urban and rural areas. Statistics show that the sector accounts for more than 75% of Ghana's total employment and there is a higher tendency that the numbers will rise due to the advent of the oil and gas (Akugri et al., 2015).

Also, it is estimated that the SMEs in Ghana account for about 85 percent of manufacturing employment, which represents 90 percent of existing businesses in the country, and contributed 49 percent to the country's GDP in 2012 (Fuseini, 2013). Given the employment creation capabilities of the SME sector and the role of the private sector in the quest to reduce unemployment in Ghana, the government ought to develop and improve the capacity of the private sector so as to accelerate the growth of SMEs, hence the creation of more jobs. This is because the private sector development is critical for employment creation, growth and development of Africa (Kurokawa, Tombo, Willem, 2008).

Furthermore, the SME sector in Ghana is a significant contributor to the provision of basic goods and services, and the generation of exports and tax revenues for national socio-economic development (Agrawal, 2013). As hinted above, most of the SMEs in Ghana are in the manufacturing and service sector, hence they are engaged in the production of goods and services needed by the populace to ensure their well-being. Again, some of these SMEs do export their products which serves as a resource export revenue for the country. In addition, these enterprises pay corporate taxes as well as income taxes for their employee, which goes a long way to contribute to government revenue that is the largest source of funding for the government.

The informal sector is undoubtedly the main income provider for the majority of Ghanaians. This is because the available formal sector only employs a limited number

of the economically active labor force. Majority of jobs are created by SMEs. In some rural areas and regions in Ghana (e.g. the central, upper east and west regions), SMEs are the only main sources of employment and hence the only source of income. Thus SMEs in Ghana help in the campaign to alleviate poverty by generating income, creating jobs, creating the opportunity for children to be educated, enabling families to access quality health care, and empowering people to make the choices that best serve their needs (Boateng, It is worth noting that the chief activities of the .(2011 ,sector in Ghana are related to agriculture, manufacturing, commerce and service, hence the SME sector has a pivotal role to play in stimulating growth and development, generating employment and contributing to poverty alleviation as well as promoting the health and well-being of the populace.

Statistics indicate that more than 70% of SMEs in Ghana fail to survive the transition from founder to second generation. In other words, only 3 out of every 10 SME businesses survive into the second generation. Even with this, only half of the survivals (second generation SMEs) make it into the third generation (Ganu, & Boateng 2012). This phenomenon presents a few complexities. Succession planning certainly is the boon to this issue among Ghanaian SMEs since it is a reliable pathway for business continuity and growth. However, this is not simple in the Ghanaian context and can be complicated by several factors including practices such as matrilineal inheritance in some Ghanaian traditions (Nugent, & Lentz, 2000).

In Ghana, and possibly across most countries in sub-Saharan Africa, companies have suffered greatly due to the lack of a proper succession plan for management and those in critical positions (Nekesa, 2013). Succession planning in Ghana is based on the overall corporate strategy of the organization. It is mostly an ongoing activity, which constantly seeks to align an organization's business demands with its human capital requirements (Artkinson, 2017). A succession plan in Ghana does not operate in isolation; it is mostly linked to the human resource strategy of the organization. This strategy is defined in the systems and policies that are used to manage the human resource. These include recruitment, training & development, career development planning, and an effective performance management system (Itika, 2011).

Further, a succession plan in most SMEs in Ghana is a subset of the broader Human Resource plan, which seeks to ensure that the organization has the right people performing the right jobs all the time. Whereas Human Resource plan will be looking at the appropriate staffing numbers and skills mix for the entire organization, a succession plan will focus on ensuring that there is a steady pool of candidates with the requisite skills, knowledge and attributes to perform the identified critical roles in the organization (Aikens, 2014).

Like any organization across the globe, Ghanaian organizations cannot afford to avoid the implications of succession planning. It is common knowledge that most SMEs in the country do not have a vibrant succession-planning program. Hence, they engage in practices that have a semblance to what is termed replacement planning. Ghanaian organizations can no longer rely on a strategy that proposes the replacement of existing leaders and key employees when the need arises and in the heat of the situation. They must have a systematic strategy for identifying, assessing and developing organizational members and leaders who can occupy vacancies as they become available. Thus, Ghanaian organizations must focus on developing the leadership function of the organization over a period of time rather than developing individual leaders. Developing the leadership function ensures the continuous identification of potential organizational members with the background and expertise to replace senior level executives (Conger & Fulmer, 2003).

2.4 Factors affecting succession planning among SMEs

Literature indicates that there are several factors that impact on the execution of business succession. For instance, Magasi (2016) examined the factors influencing succession planning among SMEs in a developing country – Tanzania. The study paid particular attention to how demographic characteristics, business size, and family-related factors impact an organizations succession planning in the country. The findings showed that in relation to gender, males have an increased chance of being business successors compared to their female counterparts. Again, business size has a significant positive effect on business succession planning – meaning the bigger the business the more priority is given to succession planning. Lastly, increased effective communication among family members has a positive effect on business succession planning.

Furthermore, trust is another factor that impacts on business succession planning. Trust is essential in the selection of prospective successors due to the fact that many business owners do not trust their businesses may survive their absence (Edwards, 2016). More so, the leadership styles of the incumbent and management have a significant influence on business succession planning.

In addition, personal competence of business owners impacts on the success of effective succession planning. Studies such as Mori (2014) and Akinyele (2007) showed that business succession failure can be attributed to lack of skills, knowledge, and experience on the part of business owners. Therefore, they are unable to effectively engage in the formulation and execution of succession plans.

Heathfeild (2012) hinted that a successful succession-planning program is tied to the identification of a firm's long-term goals and the appreciation of the developmental needs of employees, thus ensuring that key employees understand their career paths and their future roles.

Mandi (2008) also revealed there are some indicators of successful succession planning which include the ability of the new leaders, the ability to develop new leaders, the ability to deliver financial success, the ability to promote a healthy organizational culture and the ability to maintain long-term viability. Succession planning includes understanding the key principles of an effective succession planning and management initiative, and working with experienced employees who have a proven record of accomplishment to mitigate failure and plan for a successor. Hence, a positive relationship between education and post-transfer profit (Zellweger & Seiger, 2012).

METHODOLOGY

3.1 Introduction

Research is basically about the creation of knowledge and this endeavor is influenced by the researcher's worldview, which is termed as research philosophy or paradigm (Silverman, 2013). Research indicates that there are several research paradigms adopted by researchers depending on what they want to study.

3.2 Research Approach and Design

Per the philosophical world view of this research and the objectives of the study, the concurrent mixed methods research approach was used. Mixed methods research is a methodology for conducting research that involves the collection, analysis, and integration of both quantitative (e.g. experiments, surveys) and qualitative (e.g. focus groups, interviews) research (Mawlood, 2017). Similarly, research has it that mixed methods research is an approach where researchers gather and assess both quantitative and qualitative data within a single study (Bowers, Cohen, Elliot et al., 2013; Creswell & Clark, 2017).

This design was deemed appropriate for the study because it allowed for the gathering of a relatively large number of data from the target population at one time. Besides, due to the fact that it is inexpensive and takes up little time to conduct, it offered the researcher the opportunity to gather a relatively large data irrespective of the time and financial constraints. In addition, it offered the researcher the opportunity to gather data on a wide range of variables (such as sex, age, educational status) to find out how they correlate or impact on the critical or main variables of interest.

3.3 Research Population

For the purpose of this study, the target population to be precise, the study focused on the middle-level employees, management staff, head of HR and administrative

Managers as well as the CEOs of SMEs in Ghana. The population was limited to the SMEs operating in the selected regions of the country: Greater Accra region, Eastern region, Ashanti region, Brong Ahafo region, Volta region, and Northern region. The reason for the choice of these regions was that there exists a relatively larger number of SMEs domiciled in these regions and commercial activities within these regions are vibrant compared to the others – thus they offer a larger pool of SMEs with diverse background from which to sample.

To ensure uniformity, the researcher adopted some inclusion and exclusion criteria for the selection of SMEs. The population consists SMEs that belong to the Association of Ghana Industries (AGI) majority of which are SMEs. In view of this, SMEs that fell within these criteria were eligible to be included in the study. . The various SMEs that featured in the study include NTHC Properties Ltd; Manet; Agya Appiah Bitters; Blue Skies Gh Ltd; Accra Compost, and Recycling Plant; Jospong Group of Companies, Zoomlion Ghana Ltd;, Savana Fruits in Tamale; ECASARD Techiman, Ghana Nuts Techiman and Wamco Takoradi. Approximately, the population size for the study was about 600 employees.

3.4 Sample and Sampling Technique

It is impractical to study the entire population of interest for research due to several identified factors, therefore, a representative sample is studied in lieu of the entire population. A sample is defined as a subset of a target population recruited to participate in a scientific inquiry (Hassan, 2015). Also, it is defined as any portion of a population or universe as representative of that population or universe (Ali, 2014). For a sample to be representative, useful and practical, it ought to reflect the similarities and differences in the total population of interest. The main purpose of selecting a sample is to study the sample and make inferences about the larger population. Sampling is essential in research as it is one of the most important factors that determines the accuracy of research findings/results (Singh, 2018). To ensure the representativeness of the sample recruited for the study, the researcher adopted the Miller and Brewer (2003) sample determination sampling formula in determining the sample size for the quantitative survey. The formula is given as:

$$n = \frac{N}{1 + N(\alpha^2)}$$

where n = sample size

N = population size, and

α = error term

With respect to this study, the population size (N) was 600, the error term (α) was 0.05, therefore substituting these values into the formula, and the estimated sample size was 240. In effect, the researcher distributed 300 survey questionnaires to the respondents. However, a total of 207 valid data were retrieved, thus a response rate of 69%. Therefore, the study made use of the 207 valid data for the quantitative analysis. In addition, the study sampled seven business owners and the head of HR/administration for the interview.

The process of selecting a fraction of the population for the purpose of investigation in relation to the research is termed as sampling (Rahi, 2017). Hall (2019) hinted that sampling method is the process used in pulling samples from the population of interest for a study. This makes the whole research activities manageable and convenient for the research.

With respect to this study, the study made use of the stratified random sampling technique which is defined as the sampling technique that entails dividing a population into smaller groups known as strata (Kenton, 2018). The researcher created homogenous strata for the sampling based on the various sectors within which the SMEs find themselves. The sectors include the manufacturing, service, construction and other sectors. These sectors were selected because they have the largest number of SMEs businesses therein.

The proportionate stratified method was then used to recruit from the various strata the expected sample size. This technique was adopted as it ensured fair representation from the various sectors. In addition, it was used because it ensured a reduction in selection bias as the entire population was stratified before randomly sampling from those strata to accurately reflect the population of interest.

3.5 Source of Data

There are basically two main sources of data – primary and secondary data – that is utilized for any study. Osorio (2014) while commenting on sources of data opined that no single source of data has an overall advantage over the other. This study utilized solely primary data. Primary data are originally obtained through the researcher's direct efforts involving surveys, interviews and direct observation. (Stephanie, 2018). The primary source of data used for this study was gathered through the use of survey questionnaires which were well structured and standardized. Again, the researcher gathered primary qualitative data using semi-structured interviews.

3.6 Data Collection Method

The study was directed by the pragmatism philosophical worldview; thus a mixed method approach was utilized. This means that both qualitative and quantitative data were gathered from the participants. With respect to the quantitative data, the researcher employed the survey questionnaire. The questionnaire was generally used to describe all the techniques of collecting data where respondents were asked to respond to the same set of questions in a predetermined order (Saunders et al., 2009).

With regards to this study, the researcher personally administered the survey questionnaire used because it was cheaper and offered the researcher the opportunity to interact a relatively large number of respondents. Again, the survey questionnaire was utilized as it ensured that the study had little or no observer subjectivity due to the fact that all the participants were offered standardized stimulus (i.e. questionnaire) (Sincero, 2012).

3.7 Data Collection Measures

In gathering the primary data for the study, the researcher made use of both quantitative (i.e. questionnaire) and qualitative (i.e. interview guide) data collection instruments. With respect to the questionnaire, it was structured into two (2) main sections: section A and B. Section A focused on gathering demographic data from the various respondents of the survey. The demographic characteristics considered for this study include age, gender, marital status, highest educational qualification, job position and so on. Section B of the questionnaire focused on assessing the respondents' knowledge of business succession planning with respect to their enterprises.

In the collection of the quantitative data, the researcher made use of an interview guide to direct the interview sessions with the various respondents. The interview guide was developed by the researcher. The interview guide contained seven (7) major questions pertaining to the subject matter of the study.

DATA ANALYSIS AND RESULTS PRESENTATION

4.1 Demographic results of the respondents

The researcher gathered data on the demographic characteristics of the respondents. This is to gain insight into the background of the respondents and to ascertain if their businesses are fit to be included in the study. The demographic features considered in the study include age, gender, marital status, business sector among others.

4.1 Age distribution of respondents

Table 4.1.1 Age distribution of respondents

Age (years)	Frequency (N)	Percentage (%)
20 – 29	44	21.26
30 – 39	100	48.31
40 – 49	42	20.29
51+	21	10.14
Total	207	100

Source: Field Data (2015)

Table 4.1.1 above is the presentation of the age distribution of the respondents. The results indicated that the majority (48.3%) of the respondents were in the 30 to 39 years' age bracket, followed by the 20 – 29 years' category (21.3%). The 51 years and above category recorded the least number of respondents as just 10.1% of the respondents fell within that category. This result implies that most of the people employed by the SME sector are early adults. It is also indicative of the fact that nowadays most of the youth are going into entrepreneurship.

4.1.2 Gender distribution of respondents

Gender	Frequency (N)	Percentage (%)
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Male	123	59.42
Female	84	40.58
Total	207	100

Source: Field Data (2015)

With respect to the gender distribution of the respondents, the results in Table 4.1.2 indicated that the males were in the majority as they represented 59.42 percent of the sample. The remaining 40.58 percent were females. This finding alludes to the fact that males are also actively trying to make ends meet.

Business sector of the respondents

Table 4.1.3 Business sector of the respondents

Business Sector	Frequency (N)	Percentage (%)
Manufacturing	70	33.82
Service	87	42.03
Construction	45	21.74
Others	5	2.41
Total	207	100

Source: Field Data (2015)

The results in Table 4.1.3 above indicated that majority of the respondents for the study were from the service sector of Ghana (42.03%), followed those employed within the manufacturing sector (33.82%). Besides, 45 respondents (21.74%) were from the construction sector of Ghana. Five (5) respondents did not belong to any of the above-listed sectors. This alludes with the fact that more businesses in the service sector are sprouting up in recent times in Ghana.

4.2 Objective: Methods of identifying a potential successor for succession planning among SMEs in Ghana.

To find out the most dominant method identifying a potential successor for succession planning among SMEs in Ghana, the researcher gathered data in the regard. The researcher through literature identified some methods used for such purpose, and he asked the respondents to complete the survey on a Likert scale indicating the extent to which the various methods used in their organizations for successor identification are of importance therein. The data were analyzed using descriptive statistics by examining the degree of importance attached to each method. The importance speaks of how dominant or crucial that method is in identifying business successors. The findings are presented in Table 4.10 below.

Table 4.2.1 Methods of identifying business successors among SMEs in Ghana

	MI	I	N	LI	LEI
Self-Nomination	46	46	30	35	50
Performance Evaluation Ratings	87	47	28	20	25
Job Holders Interest	56	52	45	30	24
Supervisor Nomination	51	57	40	34	25
Head of Department	56	43	43	34	31
Management Recommendation	56	57	21	15	58

Source: Field Data (2015) **MI = Most Important** **I = Important**
N = Neutral Responses **LI = Less Important** **LEI = Least Important**

The results on Table 4.2.1 indicated that majority of the respondents (50 respondents) were of the view that self-nomination is of least importance in identifying business successors. With respect to performance evaluation ratings as a method of identifying successors, the majority of the respondents (87 employees) rated it as the most important. Also, jobholders' interest was found to be of most importance by majority of the respondents (56 employees) in identifying business successors. Further, supervisor as well as head of the department nomination as methods of identifying business successors the majority of the respondents indicated that they were important and most important, respectively. Lastly, management recommendation was relatively found to be of importance in identifying business successors. Per the findings, it is clear that in order of importance-performance evaluations rating is the most preferred method for identifying business successors among SMEs, followed by job holders' interest, head of department and supervisor nomination in that order.

4.3 Summary of findings

Primarily, the study examined business succession planning among SMEs in Ghana. In doing so, the study gathered both quantitative and qualitative data from employees and business owners of SMEs across the country. Upon analyzing the data, the findings were recorded. Firstly, with respect to the methods of identifying potential successors for succession planning among SMEs in Ghana, the results indicated that the use of employees' performance evaluation rating is the most preferred one, followed by the job holders' interest and then head of department and supervisor nomination as the least considered means.

DISCUSSION OF FINDINGS

5.1 Methods of identifying potential successors for succession planning among Ghanaian SMEs

The final finding of the study showed that among the various methods of identifying successors, the use of employees' performance evaluation rating as an indicator of a person's ability to function effectively in a higher position in the future, was found to be the most dominant. Jobholders' interest and referrals from heads of departments and supervisor nomination were also found to be the other methods used by SMEs in succession planning. Per this finding, it is clear that business owners or SMEs take employee performance into consideration when it comes to succession planning. Performance evaluation ratings of the employees offer the business owners an objective insight into the effectiveness and efficiency of their workforce. By so doing, the business owners are able to fish out the outstanding employees who have the competence and right attitude to function effectively in a higher position within the organization.

Due to the advancement in technology and the easy access to information, business owners/managers are now purview to so much information pertaining to business management. It may not be surprising if these businesses have come to appreciate the fact that succession planning is a systematic and deliberate attempt to equip an employee with the requisite knowledge, skills, abilities and other characteristics (KSAOs) to take up a higher managerial position in the future and not merely replacing an aging CEO or senior management. Thus, they may link their succession planning exercise (i.e. the critical age profile and skill related data) to key organizational objectives and future goals as suggested by Hewitt (2009). To ensure that the right candidate is identified and to avoid any premature decisions, Hewitt (2009) opined that the exercise should take at least two years, giving room for candidates to reach maximum potential/effectiveness. By so doing, the performance of such prospective candidates ought to be managed over time. Thus, it could be a reason why most of the selected organizations indicated that the performance evaluation rating of employees is the means of identifying their prospective successors.

This finding implies that managers or business owners ought to put measures in place to ensure effective performance management. As this will offer them the opportunity to proactively set objectives with employees and objectively gauge their performance which can be used as a means of identifying prospective business successors. Further, such effective performance management affords management the opportunity to ascertain whether employees require some training to hone necessary skills and qualities, thus promoting organizational effectiveness.

5.2 Conclusion

This study primary sought to examine succession planning among Ghanaian SMEs across the country by focusing on some densely populated regions. The study made use of both qualitative and quantitative data gathered from a snapshot of the population. This study was birthed by the need to understand succession planning among SMEs to ensure their survivability given the fact that they form the mainstay of the Ghanaian economy. The findings pointed out that employees' performance evaluation rating is mostly used in identifying potential successors. In view of this, managers must proactively and effectively manage employees' performance so they can be able to have a wide pool of prospects to choose from when the need arises.



RECOMMENDATION

6.1 Recommendations for Practice and Policy

The researcher made the following recommendations for both practice and policy based on the findings of the study:

1. SMEs should promote effective performance management in their organizations. The employees and the managers should both be involved in the process from the onset so they can both agree on the objectives and targets of the employees. In the same vein, timely feedback should be given by both parties so as to ensure smooth flow of information. Further, the managers

should also double as coaches who will help the employee learn and unearth their talents. By so doing, SMEs will have a wide pool of talents available to take on the business in the absence of some key leaders.



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