























As illustrated in table some respondents served the company for 1-3 years. While minority of respondents served in the Company between 4-7 years. Additionally, more than half of the respondent served the company for eight years and above. In the table, young employees with fewer years of experience in the organization who could easily move on to another job (Cobbina, 2014) were in the majority (73%). However the elderly often would not want to change job as expressed by (Michel 2015) because of their age formed only 11.2 percent. The implication of this trend on most SMEs means that if management do not put in place structures such as succession planning to entice the young ones to work hard and for a long time to change the current trend most SMEs could become a training ground for employees who work a few years, gain experience and move on.

### **Summary of findings**

#### ***Objective One: Methods of identifying 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 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 was 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 on Table 3.1 below.

**Table 3.1 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 3.1 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, job holders' interest was found to be of most importance majority of the respondents (56 employees) in identifying business successors. Further, supervisor nomination and head of department as methods of identifying business successors the majority of the respondents indicated that they are 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.

***Objective Two: Effectiveness of the methods of developing employees for succession planning among SMEs in Ghana.***

To ascertain the effectiveness of the various methods used in developing employees to succeed their superiors in an SME, the researcher identified a couple of these methods and asked the respondents to rate on a 5-point Likert scale how effective they deem these methods. The mean ranking was used in analyzing the data to find out the most effective method – where the method with the highest mean is the most effective. The Liker scale used ranged from 1 (most important) to 5 (least important), therefore the closer the mean score is to 1 the more important/effective it is and the closer it is to 5 the less important/effective. The results are presented below on Table 4.1.

**Table 4.1 Effectiveness of methods of developing business successors among SMEs**

| Method         | Mean | Standard Deviation |
|----------------|------|--------------------|
| Job Rotation   | 1.01 | 14.56              |
| Coaching       | 1.35 | 19.41              |
| Mentoring      | 1.74 | 24.96              |
| Job Enrichment | 1.74 | 24.96              |
| Training       | 2.03 | 29.12              |

Source: Field Data (2015).

As shown on Table 4.1, the results indicated that job rotation is the most effective or important method of developing business successors among SMEs in Ghana as it recorded a mean value of  $M = 1.01$  ( $S.D. = 14.56$ ). In the descending order of effectiveness, coaching is the next effective ( $M = 1.35$ ,  $S.D. = 19.41$ ), followed by mentoring and job enrichment both with a mean score of 1.74 and standard deviation of 24.96. Training was found to be the least effective method among the others ( $M = 2.03$ ,  $S.D. = 29.12$ ).

***Objective Three: To investigate the impact of Succession Planning and performance management on SME's business sustenance***

This objective sought to find out from the interviewees whether or not succession planning and performance management is a reason for the continued sustenance of their business. In effect, qualitative data was gathered from the appropriate individuals. The data was analyzed using the thematic analysis. The results are presented below: The findings pointed out that succession planning has a positive impact on the sustenance of a business. This means that the more effective a business succession plan is, the better the chance for it to be sustained beyond the first generation. As the managers or business owners are able to identify the most suitable candidate for their business succession and offer them the needed knowledge, skills and experience, they increase the survivability of their businesses. This is because these successors will have the competence to be in the helm of affairs whenever the business owner or prospective predecessor is unable. The impact of performance management according to respondents cannot be taken for granted in the survivability of SME's. Majority of the respondents indicated that

performance evaluation ratings serve as another important method used in identifying potential successors in their organization. Ivancevich (2002), advised SME owners to improve performance management in their organization by training employees to become more effective users of the organization's performance management system. This finding is echoed in the following quotes of the respondents

*"... succession planning is of importance, without it there will be no guarantee for the sustainability of my business" [Interviewee 2]*

*"... yes, to me the informal means are enough to carry on the business" [Interviewee 4]*

*"... succession planning is the reason for my businesses continued sustenance sine it helps me to have a low employee turnover" [Interviewee 5]*

*"... succession planning is the reason for our continued existence" [Interviewee*

## Discussion

### **Methods of identifying potential successors for succession planning among Ghanaian SMEs**

The first finding of the study showed that among the various methods of identifying successors, the use of employees' performance evaluation rating as an indicator of his/her ability to function effectively in a higher position in the future, was found to be the most dominant. Job holders' interest and referrals from heads of departments and supervisor nomination were also found to be 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 spot 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/manager 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 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 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.

### **Effective methods of developing employees for succession planning among SMEs in Ghana**

The second finding pointed out that job rotation was the most effective method of developing the identified candidate for succession planning among Ghanaian SMEs. Coaching was also found to be more effective whereas mentoring and job enrichment were effective. The results indicated that training was the least effective means of developing the capacity of prospective business successors in Ghana. This means that amongst the various methods of developing employees in relation to succession planning as reported by literature, the most effective one that produces the best results for business owners in the SME sector of Ghana is job rotation. Job rotation offers business owners the chance to place employees on varied jobs in the organization thereby exposing them to different experiences and a wider variety of skills to enhance job satisfaction and the cross-training of these employees (Fogg, 2015).

It is generally held that experience-based learning is more effective as compared to classroom training in the quest to prepare potential candidate to assume future roles as it offers them pragmatic knowledge and skills on the job. This could be a reason why job rotation was preferred to other methods like training (which might take the form of classroom learning) by the respondents. This finding is congruent with that of Half

(2016) which indicates that job rotation strengthens succession planning as it is not only an avenue to identify future leaders but to also offer them essential training that will stand them in good stead for their future endeavors when they take up roles with greater responsibilities. Also, the finding alludes with the assertion Juneja (n.d.) pointing that job rotation enhances succession planning among organizations as it offers businesses the chance to replace retired or resigned employees with a high-worth employee from within the organization who is already attuned to the vision and mission. Further, Badawy, Alaadin and Magdy (2016) linked job rotation and other methods such as coaching and mentoring to successful succession planning as reported by this study.

Again, coaching was found to be a more effective method of developing employees. This is because it is an avenue where an identified successor's potentials are unlocked to promote improved performance. With this, they are assisted in learning rather than teaching. (Whitmore, 2002). It is understandable for the respondents to report that coaching is a more effective method of developing their business successors. This is because it capitalizes on the strength of experienced leaders to build the capacity of younger less experienced talents (Janet, 2017). Coaching is strategic tool used for staff improvement, development and skills transfer, thus it is a very prudent means that business owners/managers will use in the bid to develop potential business successors, hence such results from the study. This finding is in line with other studies that averred that development methods such as coaching and mentoring can be of progressive benefit to organizations in relation to succession planning (Badaway et al., 2016; Groves, 2007; Gudewich, 2012; Rothwell, 2007)

Taking the finding into consideration, it implies that management of SMEs must promote an environment where employees can be attached to experienced leaders in the organization. So the experienced leaders can coach and help to nurture them for career exploits. Another implication is that SMEs must have clearly defined job roles/positions promote team work among the employees so that employees can actually be effective when being rotated on the acquired skills and knowledge from other departments.

### **The importance of succession planning to Ghanaian SMEs**

The findings indicated that succession planning is a management system which is of utmost importance to the SMEs. This means that the SME owners/managers place so much premium in it. This could be due to the numerous benefits it offers businesses that engage in it. The assertion by Ayres (1990) is indicative of the reason why the respondents deemed succession planning as a very important management system to them. According to Ayres (1990), the effective management of succession planning is the most lasting gift a business generation bequeath on the next generation. A plausible reason why succession planning is important to SMEs could be due to the fact that it boosts performance among those organizations that effectively engage in it. Succession planning offers employees the chance to increase their skillset and build leadership strengths (Ang, 2017), hence there is increased productivity and myriads of creative ideas as these developed employees apply their KSAOs to the job. Aside, it ensures that businesses are always ready to deal with any unpredictable disaster that might strike the

organization in the future, since there are always contingencies in place to keep the organization functioning, hence no dip in productivity.

This finding implies that some SMEs are tremendously investing in succession planning to ensure the smooth running of their businesses albeit the exit of some significant employees. The succession planning system might not necessarily be top-notch in this local organizations due to resource constraints, however, they are putting in considerable efforts to make things work. Succession planning is context specific and not a single fit all system thus these SMEs might be engaged in some succession planning exercise which may differ from others. The argument is here that irrespective of the nature or form of the succession planning that SMEs implement, they do appreciate the importance or value it, hence engaging in it.

### **The nature of succession planning among SMEs in Ghana**

The fourth finding of the study pertaining to the nature or form succession planning takes among Ghanaian SMEs showed that most of those SMEs that engage in it practice family-oriented succession planning. This is the case where most business owners tend to bestow ownership of their businesses to their offspring when they are retiring from the job. In such a situation, they mostly indulge their wards in the business as and when necessary so they can hone the requisite skillset to take on the management of the business. Such succession planning system is only existent among family firms and smaller businesses where there is no board of directors (or they are existent with relatively little power with regards to decision making) who inform critical decision

making such as who succeeds CEOs (Bagby, 2004; Motwani, Levenburg, & Schwarz, 2006).

Most CEOs of the sampled SMEs may be implementing family-succession plan because they may be afraid of losing the ownership of their businesses by involving someone outside their family lineage. Yonker (2018) pointed that some CEOs fail to engage in an elaborated succession planning since they often get stuck, avoid taking actions and uncomfortable decision in relation to the exercise, thus they tend to just focus on the handing over ownership to their wards in order to avoid such issues. The demographic details of the respondents revealed that most of the businesses sampled have been in existence for between two to five years, thus it could be a reason why they do engage in a family-oriented succession planning. This is because they may be more focused on stabilizing the business than implementing such management system which is not of importance at the embryonic stages of these businesses. This attests to the fact that the respondents noted that the succession plans in their organizations are not formalized.

More so, access to finance for SMEs in a major challenge in the Ghanaian context, thus businesses have inadequate funds for starting up, operating and expanding. This also affects their ability to survive, acquire new technology and increase capacity (Prempeh, 2015). In effect, these SMEs may not be spurred to expend so much of their scarce resources into succession planning albeit they been aware of its importance. Hence, they may tend to focus on family-oriented succession planning since it does not necessarily involve so much resources especially in the identification of the successors. This finding

implies that business owners need to invest so much in developing their wards whom will be taking over the business in the future since they might not be involved in the business at the point of identifying them. Also, it is indicative of the fact that businesses need education on how to embark on a comprehensive and well-thought through effective succession planning exercise so they can capitalize on the benefits and remain viable, thus contributing significantly to the country since they are in the majority.

### **The impact of succession planning on SMEs business sustenance**

The last finding of the study indicated that succession planning had a positive impact on sustaining the businesses of the SMEs. This means that as the SMEs engage in the implementation of an effective succession plan in their organization it concomitantly enhances their chances of sustaining the business. In other words the better the succession planning the better the chances of business sustenance. This could be true because succession planning significantly impacts on the performance of organizations, thus when the performance is enhanced it can transcend into ensuring the sustenance of the business since there will be enough resources to invest in the growth of the business. Research has it that the implementation of succession planning system in organization enhances the performance of their human resources, hence improvement in the overall organizational performance (Darei, Hashemi, & Amal, 2015; Huang, 2001; Maalu, McCormick, K'Obonyo, & Machuki, 2013; Nekese, 2013; Odhiambo, Njanja & Zakayo, 2014). As organizations enjoy improved organizational performance as an offshoot of an effective succession planning, the organization would now have the financial muscle to invest in developing the capacity of its workforce. Thus the availability of well-qualified and

talented replacement to take up the mantle in the event of one's exit from the organization due to retirement or death.

Through succession planning organizations are able to spot the organizational gaps in HR coverage, which informs them in developing, supporting and retaining key talents. By so doing, such organizations increases their resilience and capacity to survive negative events that may sprout, hence ensuring their sustainability (MUSE, 2014). This finding is congruent with that of Linkletter (2015) which indicate that succession planning identifies and develops potential leaders to fill pick up leadership positions in an organization, thus prevents it from becoming handicapped on talent after the exit of employees, hence ensuring the longevity of the organization. Again, this is in line with the finding of Osibanjo, Abiodun and Obamiro (2011) who reported that some HR practices such as talent retention positively impact on the survivability of organizations. In addition, this study alludes with the finding of Soltani and Moghadam (2016) who found succession planning to significantly impact on the effectiveness of organization.

This finding implies that organizations will invest in succession planning in order to enjoy the benefits especially as succession planning has been found to be germane to organizational sustenance/survivability. Besides, it should not just be the investment of financial resources into the venture but rather ensure all parties involved are committed to seeing the exercise to a successful end.

## Conclusion

This study primarily 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 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. Also, job rotation and coaching were found to be the two effective means of developing potential successors. The managers ought to ensure that the systems within their organizations are functional so as to promote the development of talents through such methods.

Succession planning as a management practice is of importance among SMEs despite the fact that most of them do not have a formal system for that. The SMEs tend to practice family-oriented succession planning. This could be out of the fear that CEOs have concerning the idea that giving out the key managerial positions to outsiders means relinquishing power and control of their businesses. Academics and practitioners within the economy should help correct this misconception if that is the case. Demystifying the issue of succession planning for SME management positions and CEOs in Ghana engenders national growth and development as they would be able to effectively



implement such systems leading to the sustenance of their businesses, hence meaningful contribution to GDP of the country.

#### Recommendation

The study recommends that SME owners and management should proactively invest and engage in effective succession planning so as to ensure their growth and survivability.

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