THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Current Status and Factors Affecting Succession Planning of Small-Medium Scale Enterprises in Bono Ahafo Region of Ghana

Dr. Vida Korang
Senior Lecturer, Department of Economics and Business Administration,
Catholic University College of Ghana (CUCG), Ghana
Dr. Moses Kwaku Golly
Lecturer, Department of Hospitality & Tourism,
Sunyani Technical University (STU), Ghana

Abstract:
Small and Medium Enterprises (SMEs) play an essential role in the national economic development of any country. However, SMEs face one major challenge, which is the lack or inefficiency/ineffectiveness of succession planning. Therefore, this quantitative correlational study sought to investigate the Current status and factors affecting succession planning of Small and Medium Enterprises (SMEs) in the BrongAhafo Regions. The study used a quantitative correlational research design to achieve the research purpose. Data were collected from 140 respondents involved in SMEs from nine Municipal and District Assemblies from the BrongAhafo Region of Ghana. The result revealed that most SMEs in the BrongAhafo region (70%) had experienced succession planning, and they have a policy that guides them on succession planning practices. The study's findings further established that 60% of the management of SMEs in the region has shown commitment to succession planning, and 50% of them involved their staff in succession planning decisions. It was also identified that 60% of SMEs in the BrongAhafo region identified and groomed potential employees for future leadership positions, and 58.7% of the successors were selected based on merits, almost 50% (49.3%) of the owners of the SMEs prefer their family members as business successors. The results also indicated that five (5) component factors were obtained from the twenty variables presented to the respondents.Further analysis reduced the components into three (3), namely, internal, external, and successor's factors. A reliability test was run on these latent variables. The result showed reliability factors of 0.854, 0.798, and 0.862, respectively, implying that the three variables satisfy the essential requirement of a Cronbach alpha measure more than 0.7 with high internal consistency in the variables.The study recommends that much emphasis should be put on internal organizational improvement through coaching, mentoring, and empowering of employees by the current leadership to improve on the relationship among organizational members. If the internal factors are well managed by management as recommended, it will reduce the adverse effects of external factors that may affect succession planning.

Keywords: *Succession, planning, SMEs, enterprise,Ghana*

1. Introduction

Small Medium Enterprises (SMEs) are essential in the development of every nation. Over one hundred and fifteen thousand small and medium enterprises exist in Ghana(General, 2015). There is growing evidence worldwide that SMEs play an essential role in the national economic development of any country(Pisani, & Yoskowitz, 2003). They play a significant contribution to achieving the Gross Domestic Product (GDP) of a nation; they represent an important source of workplaces for a number of people, have a considerable number of employees and they easily adapt to changes generated by the business external environment (Nicolau, 2015). SMEs provide the majority of new jobs and produce much of the creativity and innovation which energies economic development (Akpan, et al.,2017). SMEs solve the problem of unemployment, poverty, and regional differences (Lanka, 2011). There is evidence of countries such as China achieving economic transformation through encouraging and promoting entrepreneurship activities among its SMEs.According to Wang, et al (2018), there were 40 million small and medium-sized enterprises (SMEs) in China as of 2017. This they noted accounted for 99% of the total number of companies, 60% of the Chinese GDP, 50% of tax revenue, and 80% of urban employment. Jain and Jain (2014) noted that in Indian Micro Small Medium Size Enterprises (MSMEs) continue to contribute to the country's economic growth and employment generation because of their large numbers and geographical spread. The total projected revenue of registered MSMEs in India was 31 million in the financial year 2011 to 2012 (Jain & Jain, 2014). An analysis of China's Enterprise Management Project Industry report on China presented that there were 40 million small and medium-sized enterprises (SMEs) in China as of 2017. This they noted accounted for 99% of the total number of companies, 60% of the Chinese GDP, 50% of tax revenue, and 80% of urban employment. Thus, SMEs play an important role in supporting the Chinese economy (Wang et al., 2018). SMEs play a crucial role in the growing Hungarian

economy as they rapidly adapt to changes in the environment and their role in providing employment (Eszter Bogdany, Agnes Balogh, 1994). Thus, development in a country cannot be achieved without the significant involvement of SMEs.

However, these SMEs face a number of challenges that affect their effective contribution to the national economic development. One of such challenges is the lack of succession planning. The importance of succession planning in ensuring the wellbeing and continuity of the business cannot be ignored (Akpan., 2017). Bogdany et al. (2014) claimed that one thing that small business owners can give to society is to have a good succession plan. However, succession planning among SMEs is often not given serious consideration and is left for nature to take its cause. Saan R. et al. (2018) presented that the European Commission estimates about 1.5 million small businesses in Europe have a high risk of failure due to succession problems.

Thus, the continuous existence of SMEs in contributing to the development of the nation after the retirement or death of the original owner is in most cases ignored. Again, there is a significant difference between succession planning of large businesses and that of small businesses. Whiles a much regulated and a former system characterized large businesses, succession planning of SMEs is often not regulated and is left to chance (Bogdany et al., 2014). The perception is that little or no attention is paid to this aspect of business among SMEs in Ghana. The study, therefore, intends to delve into the continuous survival and growth of SMEs after the death or the retirement or incapacitation of the original owner. Minichilli et al. (2014)posited that success without succession will eventually lead to collapse. This means that it is of no value to be successful in one's business without succession.Many (over 70% in Ghana) businesses do not survive as key players leave the business upon retirement or death due to improper successions planning (Domfeh, 2011;Saan R. et al., 2018). Most SMEs are also dependent on their owners as manager(s) for the day-to-day management of their business and may not be able to run even for a few days in the absence or unavailability of the owner (Jain & Jain, 2014). This dependence they noted has a serious impact on the longevity of the business once the owner is permanently unavailable due to retirement or death as there may not be a successor to take over the management of the business effectively thus rendering the efforts of the original owner useless(Jain & Jain, 2014). Jain and Jain (2014) further presented that, only 30 percent of the SMEs survive to the second generation and less than 17 percent to the third generation of the original owners as a result of ineffective business succession.

In the UK, the Small Business Service Department estimated in 2005 that businesses without plans for generation change had some 400,000 employees likely to be unemployed (Scholes, Westhead, & Burrows, 2008). Hayes, Chawla, and Kathawala (2015) identified that in America, two out of three small businesses willfully ignore succession planning and that a mere 35% of small businesses have a succession plan. In a developing country such as Ghana, this data is not even available. Ogundele et al. (2012), as cited by Ifekwem (2018), observed that the exit of a business owner through death, retirement, or disability presents a significant challenge for a business if there is no business succession plan in place. They presented instances in Nigeria where successful businesses such as Ojukwu Transport, Ugo Foam, Sanusi Brothers, Osondu Transports, Henri Fajemirokun, Ekene Dili Chukwu Motors Bashorun M.K.O Abiola in the fifties, sixties, and seventies are also no more due to inadequate plan for succession. Ifekwem (2018) again noted that the continuous existence of successful businesses like the Dangote Group, Ibeto Group, Innoson Motors, Chisco Transport, and Cutix Industries, among others, will depend on the extent to which successors are being prepared.

For a country like Ghana, especially in the Ahafo, Bono, and Bono East Regions,it was evident thatmost businesses that are found are of the most recent origin. For instance, an interaction with a 70-year-old Kyeremeh, a prominent businessman who has over 7 SMEs and was the winner of 'Business Personality' for the then BrongAhafo Region for the year 2014, revealed that most of the businesses that existed in the 1960s in the then BrongAhafo Region are no more. Mr. Kyeremeh could enumerate a number of such companies as Nyame Tease Construction limited, S. Y. Barnie Company Limited, and E. T. Nkrumah Company Limited (Field Survey, 2018). From our literature search, no little information exists on SMEs' succession planning, which forms the basis for this study. The study set out to examine the current state of succession planning. These factors affect succession planning of the SMEs and identify the challenges confronting SMEs as they undergo succession planningin the Ahafo, Bono, Brong East regions of Ghana.

2. Materials and Methods

2.1. Research Design

This study used a descriptive and quantitative research design to achieve the research objectives.The philosophical perspective of this study is in line with the empiricist position.This study, therefore, formulated a hypothesis, made observations, reviewed documents, collected data, analyzed the collected data, tested it, and made conclusions. Knowledge gained from this research is based on observation and pursuing scientific methods. Our position as researchers is therefore in line with that of the empiricist.

2.2. Population and Sampling Strategy

Data for the study was drawn from SMEs within the BrongAhafoRegions. Business owners, relatives of the business owners, and employees were considered for this study. The sectors of the businesses were in the field of commerce, Agriculture, manufacturing, and construction, and media. These businesses were selected from the database of the Ghana Revenue Authority (GRA). These were made up of 2000 active taxpayers as of 2015 at the GRA (GRA- STO, 2015).The sample frame was the SMEs in BrongAhafo Region. First, the 2000 SMEs who were active taxpayers in the database of Ghana Revenue Authority (GRA) as per 2015 were targeted. A first purposive selection resulted in 200 SMEs. The purposive sampling method was used because the selection was based on SMEs that have seen transition or gone through a change of leadership, have long-serving employees, or employees that have worked for the previous

administration for institutional memory purposes. To attain a representative sample size, the researcher chose a sample size of 140 calculated using the formula of Yamane (1967)as cited in Adam, A. M. (2020),yielding a sample size of 134, which was approximated to 140 distributed as in Table 1 below.

Municipality/District Assembly	Frequency	Percentage
Asutifi South	3	2.14
Tano North District Assembly	3	2.14
Berekum Municipality	21	15.00
DormaaAhenkro Municipality	21	15.00
Tano South Assembly	7	5.00
Tain District Assembly	6	4.29
Kintampo Municipality	11	7.86
Asutifi North District Assembly	11	7.86
Sunyani Municipality	23	16.43
Techiman Municipality	19	13.57
Wenchi District Assembly	15	10.71
Total	140	100.00

Table 1: Sampled Municipalities and District Assemblies for the Study
Source: Field Data, 2017

2.3. Research Instrument

The study employed a questionnaire as the main instrument for data collection. The use of questionnaires gave a lot of advantages to the researcher. The questionnaires were completed anonymously and also inexpensive to administer.Again, it was administered to many people in a short period hence a great deal of data was gathered in a short time (McCusker&Gunaydin, 2015).The instrument for the study went through the processes of both face and content validity.Pilot-test was done with ten (10) SMEs to subject the research instrument to field testing with a population similar to that of the sample for the study in the Sunyani West Assembly using a purposive sampling technique. The piloted data was analyzed using SPSS obtaining a Cronbach alpha of 0.87. The rule of thumb states that Cronbach Alpha of 0.6 or more indicates the instrument's internal consistency (Pallant, 2013). The Cronbach Alpha of 0.87 obtained is far above the required minimum threshold of 0.6.

2.4. Data Collection Method

A survey was conducted using self-administered questionnaires for business owners and entrepreneurs who were purposely selected from SMEs in Ahafo, Bono, and Bono East Regions. To support the data collection, field enumerators (5) were trained on administering the questionnairewho availed themselves to the respondents at their places of business to answer questions that bordered respondents. The questionnaires were delivered, answered, and collected on the same day. This resulted in a 100% response rate.

2.5. Ethical Consideration

The participants were assured that all their responses would be kept confidential and their identities were not be disclosed for any purpose. Participants were informed with a letter in which the basic information, such as the purpose of this research was indicated. They were given a consent form to sign stating they either accept or reject participation in the research. Thus, participants were not to participate in this research under duress.

2.6. Data Analysis

The responses to the item on the questionnaires were analyzed using Statistical Package for Social Science (SPSS) Version 20. To ensure consistency, the responses in the questionnaires were edited and coded. The responses for the open-ended questions were grouped based on common ideas that the respondents expressed. The results were analyzed using descriptive and inferential statistics.

Research Questions	Statistical Techniques	Reasons for the Technique Used
Research Question One		
What is the current state of succession planning in the SMEs in the BrongAhafo Region?	Proportion, means, and Standard Deviations	Descriptive tool to find the state of succession plan in SMEs.
Research Question Two		
What are the factors influencing succession planning among SMEs?	Factor Analysis; Principal Component Analysis	Factor analysis was used as a data reduction method.

Table 2: Statistical Techniques for the Study

3. Results and Discussion

3.1. Demographic Statistics

The regional breakdown of the registered SMEs selected from 9 municipal and District Assemblies is displaced in Table 3 below. The highest respondents (26) came from the Sunyani municipality, with the least respondents (7) from Tano North District. Sunyani Municipality recorded the highest number of respondents as Sunyani is one of the oldest capital townsamong the three regional capitals, given it the opportunity to host most of the SMEs in the region. Tano North district is a newly created district in the newly created Ahafo region and has limited facilities and business opportunities.

Region	**Municipality/District**	**Frequency**	**Percent (%)**
Ahafo	Tano South District	7	5.00
	Tano North District	3	2.14
Bono	Sunyani Municipality	26	18.57
	Sunyani West District	17	12.15
	Berekum Central Municipal	21	15.00
	Dormaa District	21	15.00
Bono East	Kintampo Municipal	11	7.86
	Techiman Municipal	19	13.57
	Wenchi Municipal	15	10.71
	Total	140	100.00
Variable, *N (140*)	Category	Frequency	Percent (%)
Age	20 to 29 years	42	30.00
	30 to 39 years	42	30.00
	40 to 49 years	41	29.29
	50 and over	15	10.71
Sex	Male	90	64.29
	Female	50	35.71
Level of Educational	Basic Education	27	19.29
	Secondary Education	42	30.00
	Vocational/Technical	15	10.71
	Post-Secondary	4	2.86
	Tertiary	52	37.14
Type of industry	Service	112	80.00
	Manufacturing	28	20.00
Age of Organization	Less than 10 years	76	54.30
	Between 10 &20 years and over	64	45.70

Table 3: Regional Breakdown of Registered Smes and Profile of Respondents (Field Data, 2017)

Table 3 shows detailed information on the respondents based on variables such as age, sex, level of education, the position of the respondents in the SMEs, the number of years of operation, the type of industry, and the size of the enterprise.With respect to the age of respondents, it was identified that the majority of the respondents, 122 (87%), fell within the age range of 20 to 49 years. This reflects the active working population of most countries, of which Ghana is no exception. The Ghana statistical service gave the working population of the country to be from 18 to 60 years. A majority of the respondents (66%) were married, 37% were never married, and the rest were either divorced, widowed, in informal /consensual union, or separated. Again, a majority of the respondents (37.14%) had attained tertiary education, followed by secondary education (30%), whereas Middle/Junior Secondary School leaver's were19.29%. The rest of the respondents were either vocational education (1.71%) or post-secondary (2.8%) leavers. Furthermore, a majority of the respondents (66%) had been in service for up to 9 years with 37% from 10 to over 20 years (Table 4). Concerning employment status, the majority (79%) of the respondents were permanently engaged in their organizations while the others were either on a contract or casual engagement. Regarding the age of the organizations, 33.09% of respondents' organizations had been in existence for between 5 and 9years,followed by 20 and over (17.9%), then 0 to 4 years(17.27%), 10 to 14 years (16.55%), and the lowest was 15 to 19 years (11.51%).

3.2. Examining the State of Succession Planning among SMEs the three Regions

This section sort to assess the current situation of succession planning in SMEs in order to provide more understanding in the area and ensure an effective and efficient way of managing it. To achieve this, variables such as policy on succession planning, organizational commitment, staff involvement, identification and grooming of employees, among others for succession plan were analyzed using descriptive as presented in Table 4 below.

The result in Table 4 indicates that the majority (98 out of 140) of the SMEs have gone through a succession plan, representing 70% of the respondents. The result also indicates that 98, representing 70% of the SMEs, have policy

guidelines on succession planning. The table further shows that 84, representing 60% of the management of SMEs,show commitment to succession planning. With respect to staff involvement in the succession plan, 50% of SMEs involve their staff in succession plan decisions. Table 4 also reveals that 60% of SMEs in the BrongAhafo region indicated that potential employees are identified and groomed for future leadership positions, and 58.7% of them said that the selection is based on merits. On the issue of family members succeeding the current leaders, 61 respondents representing 43.6% disagreed, while 53 representing 37.9 was in agreement. Lastly, the result shows that 69, representing 49.3% of the owners of the SMEs, prefer their family members as business successors.

Variable	**1**	**2**	**3**	**4**	**5**
	f (%)	f(%)	f(%)	f(%)	f(%)
Organizations have gone through succession planning	10(7.1)	13(9.3)	19(13.6)	47(33.6)	51(36.4)
Organizations have a policy on succession planning	10(7.1)	10(7.1)	22((15.7)	57(40.7)	41(29.3)
Management in your organization is committed to succession planning	18(12.9)	8(5.7)	30(21.4)	54(38.6)	30(21.4)
The staff of your organization are involved in succession planning	9(6.4)	24(17.1)	37(26.4)	54(38.6)	16(11.4)
Potential leaders are identified and groomed to be future leaders	18(12.9)	8(5.7)	30(21.4)	54(38.6)	30(21.4)
Identification of potential leaders is done objectively- based on merits	14(10.0)	18(12.9)	26(18.6)	60(42.9)	22(15.7)
Organizational leaders prefer their family members to succeed them	39(27.9)	22(15.7)	26(18.6)	26(18.6)	27(19.3)
Business owners prefer family members to take over their business as successor	39(27.9)	19(13.6)	13(9.3)	29(20.7)	40(28.6)
Summary					
Variables	**N**	**Sum**	**Mean**	**Std. Dev.**	
Organizations have gone through succession planning	140	536	3.829	1.223	
Organizations have a policy on succession planning	140	529	3.779	1.157	
Management in your organization is committed to succession planning	140	512	3.657	1.168	
The staff of your organization are involved in succession planning	140	464	3.314	1.087	
Potential leaders are identified and groomed to be future leaders	140	490	3.500	1.255	
Identification of potential leaders is made objectively- based on merits	140	478	3.414	1.193	
Organizational leaders prefer their family members to succeed them	140	400	2.857	1.491	
Business owners prefer family members to take over their business as successor	140	432	3.086	1.616	

Table 4: The Current Level of Succession Planning among SMEs in BrongAhafo Region
Key: 1=Strongly Agree, 2 = Agree, 3 = Neutral, 4= Disagree 5= Strongly Disagree
Source: Field survey, 2017

To provide further explanation and more understanding on the current state of succession planning in SMEs, the study provided a summary, means, and standard deviations to examine the level of agreement and variability as far as these variables are concerned, and the results are shown in Table 4 above.

The results as per Table 4.5 show that all the variables have means above the average of 3.0, except one variable, organizational leaders prefer their family members to succeed them, with a mean of 2.857, which is below 3.0 and has a standard deviation of 1.491, indicating relatively wide variability. It can also be inferred from the table that the highest mean is 3.829, suggesting that most SMEs in the BrongAhafo region have gone through succession planning, with the corresponding standard deviation of 1.223, indicating relatively high dispersions among the respondents. These results implied that most SMEs in BrongAhafo Region agree to the variables used to examine the state of succession planning.

3.3. Factors Influencing Succession Plan in SMEs

This section presents information on the variables that influence succession planning decisions in SMEs in the BrongAhafo region. The various factors or variables reviewed in the literature regarding succession planning were used as a benchmark for this assessment. Some of the variables include goals of the organization,employees' security, trust in the prospective successor,commitment of the successor, and employee retention (Table 5).To determine the factors influencing succession planning decisions in SMEs, Factor Analysis, specifically Principal Component Analysis, was employed (Table 6). Based on the literature reviewed, twenty (20) variables were identified and used in the

questionnairefor the SMEs to indicate their level of agreement, which were analyzed using SPSS version 20.0 and the results obtained include Kaiser Meyer-Olkin Measure of Sample Adequacy (KMO) and Barlett's test, Total Variance Explained, and Component Matrix in Table 5 below.

Variables	**Component**					
	1	**2**	**3**	**4**	**5**	**6**
F1: External Factor Employment level affects succession planning	0.841					
Politics and Legal framework affect SP	0.835					
Employees' turnover influences SP	0.708					
Economic environment influences SP	0.701	.				
The trend of competition affects SP	0.545					
F2: Internal (organizational 1) Factor Training and development affect succession planning		0.699				
Employees' commitment influences SP		0.665				
Monitoring and coaching affect SP		0.626				
Organizational culture influences SP		0.604				
F3: Successors' Factor The future skill of the successor influences SP			0.895			
Interest and competence of the successor influence SP			0.839			
The present skill of the successor influences SP			0.629			
F4: Internal (organizational 2) Factor Trust in employees influences succession planning				0.804		
Customers have influence on succession planning				0.708		
Technology in used affects succession planning				0.590		
F5: Internal (organizational 3) Factor Job security affects succession planning					0.764	
Succession planning is based on goals					0.752	
Management practice relates to succession plan					0.644	
Founders play roles in succession planning						0.791
Financial projection affects SP						0.676
KMO and Bartlett's Test						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.719			
Bartlett's Test of Sphericity	Approx. Chi-Square		1905.952			
	df		190			
	Sig.		.000			

Table 5: Rotated Component Matrix, KMO and Bartlett's Test of Factors Influencing Succession Plan in Smes
Source: Field Data 2017

The KMO in Table 5 was used to check for the appropriateness of the data for the factor analysis, and the results indicate that the KMO is 0.719, which is above the minimum threshold of 0.6, and Bartlett's Test of Sphericity is significant at 0.000, which is also less the agreed maximum of 0.05. These results indicate that the data set used was appropriate for the Factor Analysis. The use of the Kaiser criterion extracted six initial factors with an eigenvalue greater than or equal to 1, and Table 6 provides at its first column the eigenvalue for each component. The results in Table 6 indicate that the eigenvalues for components 1 to 6 are 7.354, 2.009, 1.935, 1.480, 1.131, and 1.073, representing 74.91% cumulatively. This result implies that six (6) components were extracted from the twenty (20) variables. In order to confirm further the number of components that are relevant as far as the factors affecting succession planning are concerned, the screen plot was generated as part of the principal component analysis using the SPSS version 20.0, and the result is Fig. 1 below. The shape of the Scree plot (elbow) further explains that only components above the elbow are retained. The figure shows that there is a break between the fifth (5^{th}) and sixth (6^{th}) components, and it is therefore recommended that six (6) components should be retained and this is further explained in Table 5 above.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	7.354	36.769	36.769	7.354	36.769	36.769	3.474
2	2.009	10.045	46.814	2.009	10.045	46.814	2.881
3	1.935	9.676	56.490	1.935	9.676	56.490	2.444
4	1.480	7.400	63.890	1.480	7.400	63.890	2.371
5	1.131	5.653	69.543	1.131	5.653	69.543	2.062
6	1.073	5.365	74.908	1.073	5.365	74.908	1.750
7	.832	4.159	79.068				
8	.693	3.464	82.532				
9	.682	3.411	85.943				
10	.582	2.912	88.855				
11	.491	2.453	91.309				
12	.355	1.775	93.083				
13	.334	1.668	94.752				
14	.235	1.175	95.927				
15	.223	1.115	97.042				
16	.187	.936	97.977				
17	.159	.793	98.770				
18	.116	.580	99.350				
19	.075	.376	99.726				
20	.055	.274	100.000				

Factor Components and Reliability Test of External Factors Influencing Succession Plan in SMEs		
Factor Component	Latent Variable	Reliability (Cronbach alpha)
F1	External Factors	0.854
F2 (f2, f4, f5)	Internal Factors	0.798
F3	Successors' Factor	0.862

Table 6: Total Variance Explained of Factors Influencing Succession Planning among SMEs
Source: Field data 2017

Table 4.8 shows the six (6) components (factors) with items loading above 0.3 with the 1st component having five (5) items loading, the 2nd component with four (4) items loading, then 3rd, then 4th, and the 5th components having three (3) items loading respectively and the 6th component having two (2) items loading. According to Pallant (2011), for a component to be considered as a major factor, it should have at least three variables loading under it, and based on this, the 6th component with only two (2) variables loading does not satisfy the condition. This implied that five (5) components (Factors) should be retained.

Further examination of the results in Table 4.8 indicates that the factors influencing succession planning among the SMEs in the BrongAhafo region have been classified into three (3) major factors, which are external, internal, and the successors' factors as pertained in the literature. The internal factors have further grouped into managerial and organizational, to show the specific influence that management (leaders) and the entire organization have on succession planning. In order to determine if the variables in the five components have clear conceptual commonality, the Cronbach alpha test (reliability) was carried out, and the results for the summary scores are shown in Table 6 above.

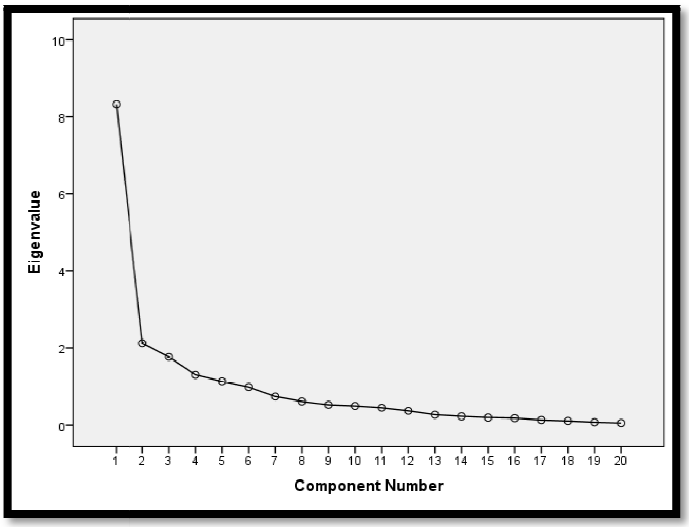

Figure 1: Screen Plot Showing Factors Affecting Succession Planning in Smes in the BrongAhafoRegion

Table 6 shows that the five components were retained and are loading high on F1, F2, and F3, with reliability factors of 0.854, 0.798, and 0.862 respectively. This indicates that all three variables satisfy the essential requirement of a Cronbach alpha measure of more than 0.7. The result implies that there is internal consistency in the variables and this suggests that the three components (variables) should be retained as factors affecting succession planning in SMEs in the BrongAhafo region. The results in Table 6 indicate that all the variables outlined are important as far as factors influencing the succession plan are concerned. Thus, SMEs are influenced by these factors in the selection of people who replace the current leaders in the event of their retirement, incapacitation, or their death. These factors of succession plan support the factors given by Kim (2017) and Rothwell et al. (2015), that effective succession planning is influenced by factors such as the purpose or the goal of the organization, the competency or the performance, the commitment, the interest and the trust of the successor.

4. Conclusion

The study aimed at examining the current state and factors influencing succession planning in SMEs in the BrongAhafo Region of Ghana. The result revealed that most SMEs in the BrongAhafo region has experienced succession planning and they have policies that guide them on succession planning practices. The findings of the study further established that of management of SMEs in the region has shown commitment to succession planning, and involved their staff in succession planning decisions. It was also identified that SMEs in the BrongAhafo region identified and groomed potential employees for future leadership positions and the successors were selected based on merits.The study also identified some factors influencing succession planning among SMEs in the BrongAhaforegionusing factor analysis and the results indicate that five (5) components factors were obtained from the twenty variables presented to the respondents. Further analysis reduced the components into three (3), namely; internal, external, and successor's factors. A reliability test was run on these latent variables and the result showed reliability factors of 0.854, 0.798, and 0.862 respectively, which implies that the three variables satisfy the basic requirement of a Cronbach alpha measure more than 0.7 with high internal consistency in the variables.The internal and successors' factors are internal to the organizational practices and relationship while that of the external factors are external to the organizational environment. It can therefore be concluded that succession planning depends much on the internal factors which are in direct control of the organizational members, such as goals, management practices relating to succession planning.The study recommends that much emphasis should be put on internal organizational improvement through coaching, mentoring, and empowering of employees by the current leadership to improve on the relationship among organizational members. If the internal factors are well managed by management as recommended, it will reduce the adverse effects of external factors that may affect succession planning.

5. References

i. Adam, A. M. (2020). Sample size determination in survey research. *Journal of Scientific Research and Reports*, 90-
ii. 97.
iii. Akpan, P. L., & Ukpai, K. A. (2017). Succession planning and survival of small-scale businesses in Benue State. International Journal of Scientific and Research Publications, 7(2), 408-411.
iv. Andebe, A. A. (2016). Strategic Succession Planning and Family Business Sustainability(Doctoral dissertation, United States International University-Africa).
v. Bogdany, E., Balogh, A., & Csizmadia, T. (2014). Leadership succession and the origin ofsuccessor in Hungarian SMEs. Management & Marketing, 9(3), 283.

vi. Bogdany, E., Balogh, A., Csizmadia, T., & Polak-Weldon, R. (2013). The Change in Size ofSMEs in Light of Succession. In Active Citizenship by knowledge Management & Innovation: Proceeding of the Management, Knowledge and Learning International Conference 2013 (pp. 671-678).

vii. Domfeh, J. A (2011). The fate of small and medium enterprises in Kumasi. Daily Graphic, May 22, 2011 p.16.

viii. Eszter Bogdany, Agnes Balogh, Tibor Csizmadia (1994). Leadership succession and the origin of successor inHungarian SMEs. Management and Marketing (M&M) 9(3) pg 283

ix. General, R. (2015). Registrar-General â€TM s Department - Ghana (SME Class).

x. Ifekwem, N. E. (2018). Preparing Successor and Family Business Sustainability in South-East,Nigeria. Pacific Journal of Science and Technology. 19(2):196-205.

xi. Hayes, J. P., Chawla, S. K., &Kathawala, Y. (2015). A comparative study of problems

xii. encountered in the development of small businesses in the US and Mexico. *The Journal of Developing Areas, 49*(3), 395-406.

xiii. Jain, S. K., & Jain, N. (2014). Business succession planning in Indian MSM-FOBEs: A study based on managerial-role employees. Global business review, 15(3), 517–530. http://doi.org/10.1177/0972150914535138.

xiv. Kim, Y. (2017). Succession Planning and Management in Non-profit Organizations. In theNon-profit Human Resource Management Handbook (pp. 101-121). Routledge.

xv. Lanka, S. (2011). Global Challenges for SMEs in Sri Lanka and Pakistan in Comparative Perspectives. 6(1) pg 61-81

xvi. McCusker, K., & Gunaydin, S. (2015). Research using qualitative, quantitative or mixedmethods and choice based on the research. Perfusion, 30(7), 537-542.

xvii. Minichilli, A., Nordqvist, M., Corbetta, G., & Amore, M. D. (2014). CEO successionmechanisms, organizational context, and performance: A socio-emotional wealth perspective on family-controlled firms. Journal of Management Studies, 51(7), 1153-1179.

xviii. Nicolau, C. (2015). Are SMEs still profitable in an economic crisis? Qualitative research onRomanian entrepreneurship and crisis management. Bulletin of the Transylvania University of Brasov. Economic Science. Series V, 8(2), 217.

xix. Pallant J. (2013), SPSS Survival Guide: A step by step guide to data analysis using SPSS,Australia: Alllen & Unwin.

xx. Pisani, M. J. (2015). Does Informality Impact Formal Sector Firms? A Case study fromNicaragua. The Journal of Developing Areas, 49(2), 317-334.

xxi. Rothwell, W. J., Jackson, R. D., Ressler, C. L., Jones, M. C., & Brower, M. (2015). CareerPlanning and Succession Management: Developing Your Organization's Talent-for Today and Tomorrow: Developing Your Organization's Talent—for Today and Tomorrow. ABC-CLIO.

xxii. Saan, R., Boateng, J., & Kamwine, S. (2013). Succession Planning And Family-Owned Business ContinuityIn The Wa Municipality. *International Journal of Innovative Research and Development*, *2*(10).

xxiii. Scholes, L., Westhead, P., & Burrows, A. (2008). Family firm succession: the management buy-out and buy-in routes. Journal of Small Business and Enterprise Development.

xxiv. Wang, Y., & Kondoh, T. (2018). A Study on Business Succession in Small and Medium-SizedChinese Enterprises. Chinese Business Review, 17(10), 524-531.