

BINDURA UNIVERSITY OF SCIENCE EDUCATION

IMPLEMENTING A WORKING SUCCESSION PLAN FOR MAKONI SHOPPING CENTRE

BY

TAMARE KAMWANZA

B231372B

A DISSERTATION SUBMITTED TO THE BINDURA UNIVERSITY OF SCIENCE EDUCATION IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR A MASTER OF LEADERSHIP AND CORPORATE GOVERNANCE DEGREE, GRADUATE SCHOOL OF BUSINESS BINDURA, ZIMBABWE

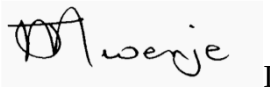
DECEMBER 2024

APPROVAL FORM

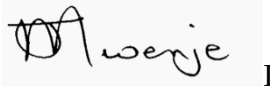
The undersigned certify that they have read and recommended to Bindura University of Science Education (BUSE) for acceptance a Dissertation entitled "**IMPLEMENTING A WORKING SUCCESSION PLANNING FOR SMES A CASE SUDY OF MAKONI SHOPPING CENTRE**" by TAMARE KAMWANZA B2321372B in partial fulfilment of the requirements for the degree of Master of Leadership and Corporate Governance (MLC).

Tamare Kamwanza ……. Signature:  Date: 11/12/24

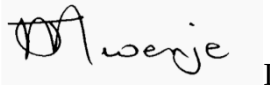
Student

Dr J. Mwenje ..... Signature:  Date: 11/12/2024

Supervisor

Dr J. Mwenje …… Signature:  Date: 11/12/2024

Program Coordinator

Dr J. Mwenje ..... Signature:  Date: 11/12/2024

Faculty Chairperson

…… Signature: …… Date: ……..

External Examiner

RELEASE FORM

NAME OF AUTHOR: TAMARE KAMWANZA

TITLE OF DISSERTATION: IMPLEMENTING A WORKING SUCCESSION PLANNING FOR SMES A CASE SUDY OF MAKONI SHOPPING CENTRE

DEGREE: MASTER OF LEADERSHIP AND CORPORATE GOVERNANCE

YEAR DEGREE AWARDED: 2024

Permission is hereby granted to the Bindura University of Science Education Library to produce copies of this dissertation for private, scholarly, or scientific research purposes. The author reserves other publication rights for the dissertation or extensive extracts from it to be printed or otherwise reproduced without the author's written permission.

Signature:  Date: 11/12/24

Permanent Address:

E-mail:

Cell Number:

DECLARATION

I TAMARE KAMWANZA do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the acknowledgments, bibliography, references, and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.



11/12/2024

…… ……..

STUDENT SIGNATURE DATE

DEDICATION

This work is dedicated to my parents. Husband, children and sisters, for always wanting more for me and encouraging me to continue climbing the academic ladder. My mother for not giving up on life , enduring all the health hurdles just to be there to see us evolve and excel.

ACKNOWLEDGEMENTS

I would like to thank God, for His grace without Him this project would have been impossible.

A special thanks to Dr. Judith Mwenje, my supervisor who helped me with consistence, passionate, indispensable guidance, patience, and encouragement during the course of this study even when I was losing hope. Thank you for helping me rise to the challenge and helping me to realise the potential in me and the project.

I thank my fellow students at Bindura University, for the moral support.

To my husband Jeff, my children, parents and sisters for believing in me and for your encouragement.

ABSTRACT

Building a resilient organization is essential for achieving continuity in business across generations; however, this is not easily accomplished. Therefore, a model for implementing successful succession and financial planning was developed. The objective of the study was to examine the factors affecting small business continuity from the perspective of succession planning and financial management among Zimbabwean SMEs, using the case of Makoni Shopping Centre in Chitungwiza. The specific objectives were to investigate succession planning and financial best practices in SMEs; analyse the challenges faced by SMEs in succession and financial planning; ascertain sustainable solutions to enhance successful succession and financial planning; and develop a comprehensive framework for SMEs to improve their succession and financial planning efforts. A quantitative research design was utilized, targeting a population of 300 SMEs at Makoni Shopping Centre. A sample size of 171 SMEs, both formal and informal, was selected, with 159 responding to the survey. The research was conducted in the context of Zimbabwean SMEs in Chitungwiza, chosen because it is the largest dormitory town in Zimbabwe. Data were collected through a survey method, and implementation interviews were conducted to assist the SMEs. The data were analysed using SPSS. The findings indicated that less than 50 percent of companies adhere strictly to succession and financial planning. The study concluded that poor communication can lower morale and complicate the management of financial risks associated with transitions. New leaders must navigate existing business cultures while ensuring that departing leaders convey critical expertise. A clear succession plan aligned with long-term organizational strategies is crucial, and involving all stakeholders is vital for fostering commitment and ownership in the succession process. Additionally, there is a need to develop contingency plans to address unforeseen challenges during transitions. Recommendations were made emphasizing the need for significant efforts in mentoring and the establishment of policies that support sustainability, ensuring a better future for these companies.

Keywords: Financial planning, Succession planning, Organisational strategies

Contents

APPROVAL FORM i
RELEASE FORM ii
DECLARATION iii
DEDICATION iv
ACKNOWLEDGEMENTS v
ABSTRACT vi
CHAPTER 1 1
1.0 INTRODUCTION AND BACKGROUND OF THE STUDY 1
1.2 Problem Statement 3
1.3 Primary Objective of the Study 3
1.3.1 Secondary Objectives 3
1.4 Primary Research Question 4
1.4.1 Research Questions 4
1.5 Significance of the Study 4
1.6 Limitations of the study 5
1.7 Delimitations 5
1.8 Chapter Summary 5
1.9 Dissertation Outline 6
CHAPTER 2 7
LITERATURE REVIEW 7
2.0 Introduction 7
2.1 Theoretical Framework 7
2.2 Conceptual framework 9
2.3 Empirical evidence 10
2.3.2 Incorporating Employment Relations Perspectives in succession 12
2.6 Chapter Summary 16
CHAPTER 3 17
METHODOLOGY 17
3.1 Introduction 17
3.2 Research Philosophy 17
3.3 Research Approach 17
3.4 Research Strategy 17

3.5 Study Population 18
3.5 Sampling Techniques 18
3.6 Sample Size Determination 18
3.7 Data Collection Methods 19
3.8 Data Analysis 19
3.9 Ethical Considerations 20
CHAPTER 4 21
PRESENTATION OF THE RESEARCH FINDINGS AND DISCUSSION 21
4.1 Introduction 21
4.1.1 Research objectives revisited 21
4.2 Response rate 21
4.3 Reliability test 21
4.4 Descriptive Statistics 24
4.5 Factor Analysis 31
4.5 Discussion 39
Chapter Summary 41
CHAPTER 5 42
CONCLUSIONS, AND RECOMMENDATIONS 42
5.0 Introduction 42
5.1 Summary of findings 42
Proposed Model for Implementing Successful Succession planning and financial planning in SMEs 45
5.2 Recommendations 47
REFERENCES 51
APPENDIX. A 56

CHAPTER 1

1.0 INTRODUCTION AND BACKGROUND OF THE STUDY

The study focused on implementing succession and financial planning for SMEs. The background information, justification, problem statement, research questions, and concept explanation are all included in the introduction chapter. The study's limitations, the scope of the research, and their scope are briefly outlined. As a result, the study was both descriptive and explanatory in nature. The case study and explanatory research designs are used as the research techniques

Small and Medium Enterprises (SMEs) are critical to the economic landscape of Europe, accounting for approximately 99% of all businesses in the European Union and employing around two-thirds of the workforce. They serve as the backbone of the European economy, driving innovation, job creation, and economic growth. However, despite their significance, many SMEs face substantial challenges, particularly regarding succession planning. The absence of structured succession strategies can lead to instability during transitions, particularly as business owners approach retirement or consider exiting their enterprises.

Research underscores that effective succession planning is essential for the longevity and prosperity of SMEs. As noted by Adadevoh et al. (2024), succession planning not only ensures continuity but also fosters career development opportunities for employees, enhancing overall organizational resilience. In this context, studies in Nigeria reveal that many family-owned businesses lack formal succession plans, which can result in abrupt leadership changes and jeopardize the business's future. Dr. Egberi A. Kelvin and Okorie Chiyem's research emphasizes the necessity for SMEs to establish clear succession laws and merit-based selection processes to facilitate smoother transitions.

Transitioning to the African context, particularly in Zimbabwe, the research by Shumbambiri (2023) highlights that many indigenous family businesses struggle to survive after the founding owners pass away due to the absence of formal succession planning policies. Key challenges include reluctance to choose successors, family tensions, and poor communication, which collectively undermine the sustainability of these enterprises. This is further supported by findings from Zambia, where Museta and Mwanza (2023) identified critical factors impacting family

business continuity, including the successor's educational background, interest in the business, and the importance of mentorship in preparing the next generation for leadership.

In Ghana, Korang and Osman (2021) conducted a quantitative study revealing that nearly 50% of an SME's chances for survival depend on effective succession planning. Their findings indicate that many SME owners often delay succession planning until a crisis arises, highlighting a prevalent issue across developing regions where familial relationships and cultural factors significantly influence succession dynamics. Moreover, the need for structured succession strategies becomes even more pressing in the context of economic uncertainty and competitive pressures facing SMEs.

Furthermore, studies conducted in the V3 countries (the Czech Republic, Slovakia, and Poland) by Luštický and Musil examine the role of regional authorities in supporting family business succession. Their research indicates that while family businesses are vital contributors to regional economic stability, many lack the necessary support structures for effective succession planning. This gap in strategic support underscores the importance of tailored approaches to succession that consider the unique cultural and economic contexts of family businesses.

Given these insights, it is imperative to explore the implementation of effective succession planning within specific SMEs, such as the Makoni Shopping Centre in Zimbabwe. This study aims to analyze the unique challenges and opportunities that arise in the succession planning process for SMEs in this region, drawing from both local and international contexts. By understanding the intricacies of succession planning—encompassing factors such as family dynamics, leadership skills, and organizational structures—this research seeks to provide actionable recommendations for fostering sustainable growth and ensuring the longevity of family-owned businesses. The goal is to create a robust framework that not only addresses the immediate needs of succession but also contributes to the overall resilience and adaptability of SMEs in Zimbabwe's evolving economic landscape.

1.2 Problem Statement

Despite the critical role of Small and Medium Enterprises (SMEs) in economic development and job creation, many face significant challenges related to succession planning, which jeopardizes their long-term viability and sustainability. In Zimbabwe, specifically within the context of family-owned businesses such as the Makoni Shopping Centre, there is a notable absence of formal succession strategies. This deficiency leads to instability during leadership transitions, often resulting in business decline or failure, particularly as founding owners approach retirement.

Existing literature highlights that effective succession planning is essential for ensuring organizational continuity and preserving the legacy of family businesses. However, research indicates that many SMEs neglect to implement structured succession plans, often due to emotional barriers, lack of awareness, or inadequate knowledge of best practices (Motwani et al., 2006; Shumbambiri, 2023). Furthermore, cultural factors and familial relationships significantly influence succession dynamics, complicating the planning process (Korang & Osman, 2021).

Given these challenges, there is a pressing need to investigate the specific barriers to effective succession planning within SMEs in Zimbabwe. This study aims to identify the critical factors that hinder the implementation of robust succession strategies at the Makoni Shopping Centre. By examining the interplay between family dynamics, leadership competencies, and organizational structures, this research seeks to provide actionable insights and recommendations that will enhance the sustainability of family-owned SMEs in the region.

1.3 Primary Objective of the Study

Implementing a working succession planning for Makoni Shopping Centre

1.3.1 Secondary Objectives

The specific objectives of the study include:

To investigate succession planning best practices in SMEs.

To analyse the challenges faced by SMEs in succession planning.

To ascertain sustainable solutions that will enhance successful succession planning.

To develop a comprehensive framework for SMEs to enhance their succession planning efforts.

1.4 Primary Research Question

What strategies can be implemented to develop an effective succession planning framework for Makoni Shopping Centre?

1.4.1 Research Questions

1. What are the current succession planning best practices employed by SMEs in Zimbabwe?
2. What are the primary challenges that SMEs encounter in their succession planning processes?
3. What sustainable solutions can be implemented to improve succession planning in SMEs?
4. What components should be included in a comprehensive framework to effectively guide SMEs in their succession planning efforts?

1.5 Significance of the Study

To Academics

The importance of improving the body of knowledge on succession and financial planning in SMEs in Zimbabwe progressively plays a crucial role in promoting economic and social improvement. A working model on ways for SMEs to enhance their succession and financial planning efforts is of paramount importance.

This dissertation aims to contribute to the existing body of knowledge by providing insights into the critical importance of succession and financial planning in SMEs. By identifying challenges and proposing actionable frameworks, this research seeks to empower SME owners and managers to adopt practices that enhance organizational resilience and ensure long-term success in an increasingly competitive landscape.

To the entrepreneurs

The study aims to assist entrepreneurs to understand the significance of succession and financial planning. The outcome of the study contributed to enhancing best practices in SMEs financial and succession planning. It is important for the growth of the economy as the SMEs contribute to gross domestic product in terms of employment and other factors.

Methodological contributions

The research methods and approaches adopted in this study will assist future researchers who would wish to investigate similar or related phenomena in this research area. To achieve these objectives, a mixed-methods approach was employed, incorporating both qualitative and quantitative data. Surveys will be distributed to SME owners to gather insights on their practices, while case studies will be conducted to explore in-depth examples of successful planning.

1.6 Limitations of the study

Some challenges the researcher faced included the respondents' unwillingness to participate. To mitigate this issue, the researcher approached employees after work to create a more relaxed environment for answering the questions. Additionally, the researcher structured the questionnaire to be easily understandable and concise, ensuring that it would not take much time for the participants to complete.

1.7 Delimitations

The study is delimited to the following parameters:

Geographical Scope: The research is limited to SMEs located in the Makoni Business Centre in Chitungwiza, Zimbabwe. This focus allows for a concentrated analysis of local business practices and challenges.

Business Size: The study specifically targets small to medium enterprises (SMEs). This delimitation is important as the dynamics and challenges faced by larger enterprises may differ significantly from those of SMEs.

Sector Specificity: The research will primarily focus on family-owned businesses within the SME sector. This focus is intended to explore the unique succession planning challenges faced by family enterprises.

Participant Demographics: The research will include owners, managers, and employees of the SMEs, providing diverse perspectives on succession planning and financial practices.

1.8 Chapter Summary

Chapter 1 highlights the critical importance of succession planning for Small and Medium Enterprises (SMEs), focusing on family-owned businesses like the Makoni Shopping Centre in

Chitungwiza, Zimbabwe. It outlines the challenges these businesses face in implementing effective succession strategies, which are essential for long-term sustainability. Additionally, the chapter presents the primary research question along with supporting questions that will guide the analysis. It also establishes the delimitations of the study, focusing on SMEs in the Makoni Business Centre, specifically small to medium-sized family-owned enterprises.

1.9 Dissertation Outline.

The study comprised of chapter one which outlined the introduction, the background of the research, the research problem, the research objectives, the research questions, the research hypothesis, the rationale of the study, the scope of the study and the limitations experienced during the study.

Chapter two represents the literature review of the aspects of Succession planning and financial planning. Scholarly reviews were used to discuss and analyse the key concepts related to the area of study.

Chapter three involves the research methodology. The chapter comprises of research approach, the research strategies, sampling methods, the data collection methods, the research philosophies and the issues regarding research ethics.

Chapter four represents the findings of the study, analysis and interpretation. Statistical package of Social Sciences (SPSS) was used in analysing the data collected.

Finally, chapter five comprises the findings, conclusions, recommendations, contribution of the study, and recommendations for further studies.

CHAPTER 2

LITERATURE REVIEW.

2.0 Introduction

Eighty percent of small businesses that were started between 2005 and 2017 survived their first year, according to the Small Business Administration America (SBA 2024). Only roughly half, though, make it to their fifth anniversary, and only about one in three make it to ten. Although this data pertains specifically to the United States, comparable patterns have been noted worldwide.

Given that, according to the World Trade Organization (2021), small and medium-sized firms (SMEs) make up over 90% of businesses, 60–70% of jobs, and 55% of GDP in both developed and developing countries, these figures are concerning. Additionally, according to a 2017 OECD analysis, SMEs in emerging nations can account for up to 45% of all employment and 33% of GDP.

Although there are many reasons why SMEs fail, financial management performance and abilities are usually mentioned as the main causes. The importance of this research on succession and financial planning management stems from the critical role that small and medium-sized businesses (SMPs) can play in helping these businesses navigate an unpredictable operating environment.

2.1 Theoretical Framework

The article "Bandura's Social Learning Theory and Its Importance in the Organizational Psychology Context" by Virginia Koutroubas and Michael Galanakis provides an in-depth examination of Bandura's Social Cognitive Theory and its relevance to modern organizational settings. The authors trace the evolution of Bandura's ideas from the original Social Learning Theory to the more comprehensive Social Cognitive Theory, emphasizing key components like self-efficacy, which are essential for understanding employee motivation, behavior, and the implementation of effective succession planning.

Self-Efficacy and Succession Planning

Self-efficacy, defined as an individual's belief in their ability to achieve desired outcomes, plays a crucial role in succession planning within organizations. Bandura (1977) introduced this concept,

asserting that self-efficacy influences how employees approach tasks, cope with challenges, and engage in career development opportunities. In the context of succession planning, cultivating self-efficacy among potential successors is vital. Employees who believe in their capabilities are more likely to seek out leadership roles and embrace development opportunities (Bandura & Locke, 2003).

Research shows that organizations that foster a culture of high self-efficacy can enhance their succession planning efforts. For instance, organizations that provide mentorship and training programs can help employees build confidence and prepare for future leadership roles (Lunenburg, 2011). The implementation of Bandura's principles in succession planning can include structured mentorship programs where current leaders model desired behaviours and competencies, thereby enhancing the self-efficacy of potential successors.

Triadic Reciprocal Causation Model

The authors discuss the "triadic reciprocal causation" model, which posits that personal influences, behavioural factors, and environmental contexts interact to shape learning and behavior (Christiansen & Tett, 2013). In succession planning, this model can be applied to identify how potential leaders are influenced by their experiences, the feedback they receive, and the organizational culture they are part of. For example, a supportive environment that encourages open communication and feedback can significantly enhance an employee's self-efficacy and readiness for leadership roles.

Vicarious Learning and Organizational Development

The article highlights the importance of vicarious learning, where employees observe and learn from the behaviours of others. This mechanism is particularly relevant in succession planning, as potential successors can learn from the experiences and actions of current leaders (Bandura, 1986). By implementing structured observation opportunities, such as job shadowing or leadership workshops, organizations can facilitate vicarious learning. This approach not only enhances the self-efficacy of potential leaders but also prepares them for the challenges they will face in higher positions.

Addressing Challenges in Succession Planning

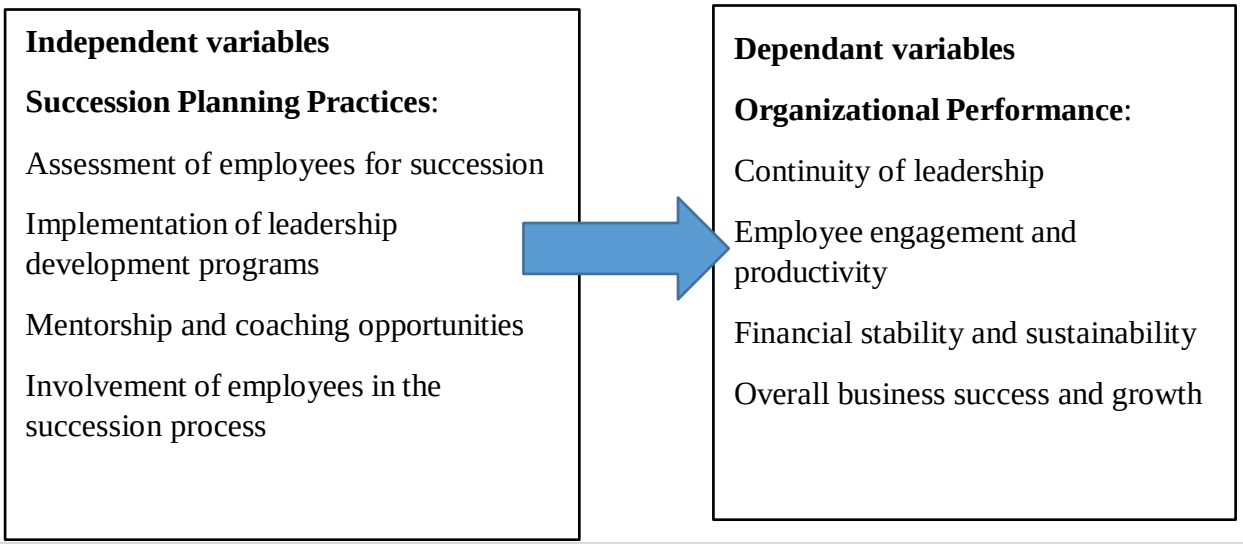
The article also addresses the challenges organizations face in succession planning, particularly in times of crisis such as the COVID-19 pandemic. The transition to remote work has created unique challenges for leadership development and employee engagement. Koutroubas and Galanakis emphasize that virtual mentoring and support systems have become essential in helping employees maintain motivation and develop skills in isolation. By leveraging technology to create virtual learning environments, organizations can continue to implement effective succession planning strategies even in challenging circumstances.

Bandura's Social Learning Theory and its evolution into Social Cognitive Theory offer valuable insights for organizations looking to implement effective succession planning. By fostering self-efficacy, utilizing the triadic reciprocal causation model, and encouraging vicarious learning, organizations can prepare their future leaders more effectively. Successful succession planning not only ensures the continuity of leadership but also enhances overall organizational performance and employee satisfaction. As noted by Locke and Latham (2002), integrating these psychological principles can significantly reinforce goal commitment and performance motivation, leading to a more robust and resilient organizational structure.

2.2 Conceptual framework

Below is the conceptual framework indicating the relationships between independent and dependant variables.

Fig 1



2.3 Empirical evidence

2.3.1 Best Practices for Succession Planning in SMEs

For small and medium-sized businesses (SMEs) to succeed and remain sustainable over the long run, succession planning is essential. To guarantee successful succession planning, follow these recommended practices:

Planning for succession well in advance of any transitions is an essential part of a proactive approach (Bolzani & Luppi, 2021). This gives plenty of time to find and nurture possible successors. Instead of being a one-time event, succession planning should be approached as a continuous process that involves frequent plan revisions.

One important best practice is identifying critical positions and capabilities (Man, Lau, and Chan 2022). identifying the roles that are essential to the company's success and giving them top priority in the succession plan. It is crucial to identify the competences and skills needed for each important function and make sure that successors are prepared to meet these demands. A study found that a number of competencies specifically, analytical, innovative, operational, human, strategic, commitment, learning, and personal strengths have a direct or indirect impact on the performance of SMEs (Man, Lau, and Chan, 2022). Because it encompasses a variety of attitudes, knowledge, and abilities that improve business success, entrepreneurial competence is especially crucial for company executives. Fostering entrepreneurial attitudes and behavioural abilities, which form the cornerstone of economic growth, requires this competency.

One important best practice is identifying critical positions and capabilities (Man, Lau, and Chan 2022). identifying the roles that are essential to the company's success and giving them top priority in the succession plan. It is crucial to identify the competences and skills needed for each important function and make sure that successors are prepared to meet these demands. A study found that a number of competencies—specifically, analytical, innovative, operational, human, strategic, commitment, learning, and personal strengths—have a direct or indirect impact on the performance of SMEs (Man, Lau, and Chan, 2022). Because it encompasses a variety of attitudes, knowledge, and abilities that improve business success, entrepreneurial competence is especially crucial for

company executives. Fostering entrepreneurial attitudes and behavioural abilities, which form the cornerstone of economic growth, requires this competency.

To improve employee and future successor competencies, internal training and development is essential (Bolander et al., 2021). The organization should constantly consider investing in professional development opportunities and training programs to help future successors advance their knowledge and abilities. forming mentoring ties between prospective successors and present leaders in order to promote personal development and knowledge sharing.

Bolzani and Luppi, (2021) stated that creating a clear succession plan is important. Developing a formal, documented succession plan that outlines the process, key roles, and timelines for transition is a key best practice. Clearly define the criteria for selecting successors, ensuring transparency and fairness in the selection process. It is also critical to ensure that critical knowledge and processes are documented and accessible to successors. Provide opportunities for potential successors to shadow current leaders to gain first-hand experience and insights into their roles.

As a best practice, Bolander et al. (2021) assert that the continuity and clarity of business success depend on the involvement of all stakeholders. To encourage a sense of dedication and ownership, include family members, important staff members, and other stakeholders in the succession planning process. Another crucial best practice is keeping the lines of communication open regarding the succession plan in order to foster preparedness and trust among all stakeholders. In order to prepare for the unavoidable transitions of important personnel and managers at all levels, succession planning is fast becoming a crucial strategic instrument for human resource management. While focusing on competency development (Arokiasamy et al., 2022), its goal is to help firms manage and retain their talent pipeline (Bolander et al., 2021). But a lot of

While focusing on competency development (Arokiasamy et al., 2022), its goal is to help firms manage and retain their talent pipeline (Bolander et al., 2021). But a lot of companies don't aggressively look for possible successors. Some do make an effort to develop a strong pool of applicants so that the best person can fill the position of successor when it becomes necessary.

Establishing a clear timeline for succession planning activities, including milestones for training, assessments, and transitions is another important best practice. Scheduling regular reviews of the succession plan to assess progress and make necessary adjustments.

According to Arokiasamy et al., (2022). establishing metrics to evaluate the effectiveness of the succession plan and the readiness of successors is a critical best practice that should be noted. Furthermore, this can be done through implementing a feedback system to gather insights from stakeholders about the succession process and outcomes, allowing for continuous improvement.

Another crucial best practice, according to Bellou (2023), is encouraging staff members to assume leadership positions and responsibilities by cultivating an organizational culture that supports leadership development at all levels. The need of succession planning is also emphasized by praising and rewarding those who exhibit leadership potential. According to Bellou (2023), organizational culture is the sum of the interactions among employees in a company and the interpretations they make of such interactions. Language, gestures, vision, conventions, symbols, beliefs, and habits are just a few of the components that make up this culture. Every organization has a unique culture that affects how well it performs, and its procedures should reflect this culture, claims Schein (2020). The purpose of this study is to investigate how organizational culture influences small and medium-sized businesses' succession planning.

2.3.2 Incorporating Employment Relations Perspectives in succession

Families own the majority of small SMEs. Family firms are intrinsically complex since they have to deal with the wants and goals of the owning family in addition to the usual commercial issues. This can make long-term governance more difficult (Ward, 2020). According to statistics, just 30% of family businesses make it past the second generation, 10% make it to the third, and only 4% are still in operation by the fourth. However, family enterprises have some positive characteristics (Ward, 2020). Family business leaders frequently stay in their roles for long stretches of time, which helps to ensure the stability and continuity of the company. These companies place a higher priority on continuity, careful management, and controlled growth than just profits. Because of their long-standing ties to the family, they also have a tendency to cultivate loyalty among executives and staff.

Because shareholder expectations and demands might vary from generation to generation, boards of directors in SMEs must explicitly define succession plans and evaluate their implications for corporate strategy. The stage of the company's life cycle has a direct impact on the choice to form a board (Brenes et al., 2020). Based on the family generation and the company's maturity, Brenes, Madrigal, and Molina found common traits that affect the makeup and function of boards (Brenes

et al., 2020). In the first generation, where the owner runs the company directly, boards are usually non-existent. Since entrepreneurs frequently perceive little need for a decision-making support framework, the owner takes all decisions in this situation without being held accountable. However, when the second generation starts working in the family firm, the founders frequently think about creating a board to help them deal with the difficulties of expansion and the tensions that come with having their kids involved.

According to Brenes et al. (2020), family firms frequently establish a supplemental structure that consists of two extra entities: the business council and the family council. The family council, which is made up of present and prospective family shareholders, meets at least once a year to discuss matters pertaining to the family's responsibilities to the business, propose projects, and share ideas. The business council, on the other hand, is made up entirely of family members who work closely with the company. This council informs the family council of the company's success and evaluates family expectations for the business, including new ventures, projects, and investments. The results are then shared with the CEO and the board of directors.

Beyond research on small and medium-sized businesses (SMEs), there hasn't been much investigation into family businesses in the realm of employment relations. Collective bargaining has significantly decreased during the last three decades, especially after the Employment Contracts Act of 1991 abolished the award system (Blumenfeld & Donnelly, 2019). Because of this, many businesses have had a fair amount of freedom to create their own employment relations frameworks (Rasmussen et al., 2021). This is especially true for SMEs, where unions have traditionally had a little role. According to Foster and Farr's (2018) study on productive employer-employee relationships in SMEs, for example, the majority of employers took a paternalistic position and used participatory approaches sparingly.

Whether this trend holds true across different sizes of family-owned businesses remains an intriguing research question yet to be investigated. Additionally, the flexibility that employers currently enjoy may be restricted in the future, as recent governments since 2017 have increased statutory minimums and collective bargaining rights, including the forthcoming legislation on Fair Pay Agreements set to be introduced in 2021. Overall, it is important to note that there is a scarcity of research comparing the employment relations practices of family businesses with those of non-family businesses.

2.3.3 Recruitment and Promotion of Employees in succession issues

Nepotism is commonly associated with family firms, where succession is often determined by the founder's family (Baù et al., 2020). Younger generations can explore career possibilities, find their entrepreneurial talents, and gain expertise that can help the family business in these enterprises' unique environment (Baù et al., 2020). The majority of the material now in publication focuses on family employees' leadership transitions and succession planning. Nonetheless, scholars like Baù et al. (2020) have focused on non-family members, examining the kinds of non-family hires in family businesses and the selection criteria they employ. Family businesses frequently promote people who "look or behave" like family members, according to Baù et al. (2020). This identity overlap has a big impact on their hiring practices because a lot of family enterprises have the same name as the family (Block & Wagner, 2024).

2.3.4 Training and Growth Opportunities

In family-owned or controlled businesses, younger generations are frequently indoctrinated to work in the industry from a young age (Teixeira et al., 2020). As a kind of "everyday training," they observe and take part in their family's efforts to establish and maintain the business, which helps them build firm-specific skills, encourage long-term dedication, and develop aspirations for the expansion of the company (Tabor et al., 2018; Teixeira et al., 2020). However, Tabor et al. (2018) noted that non-family personnel frequently have restricted prospects for training and advancement within family firms. Teixeira et al. (2020) said that family businesses frequently face insufficient training and remuneration for non-family employees, resulting from personalized policies, despite Kang & King (2020) suggesting that family businesses generally invest more in employee-friendly policies. Because family firms have a distinct culture, the talents learned there are typically firm-specific. This may result in less motivation from non-family workers, indicating a lack of knowledge about how family biases impact hiring and training procedures in family businesses (Tabor et al., 2018).

2.3.5 The Moderating Role of Organizational Culture in Succession Planning

Rabie (2020) points out that SME owners have not made substantial investments in staff development, despite the benefits of training and development. Employees' possibilities to get

current information that could improve succession planning, boost SME performance, and increase their potential for growth and sustainability are limited by the SME sector's lack of training.

According to Kehinde (2022), a large number of SMEs have not adopted basic talent management techniques to develop the competencies of future leaders in their companies. Because of poor talent management methods, which impede efficient succession planning and pose problems for the future, the SME sector frequently falls short in today's business environment, which is fuelled by innovation fuelled by information, employee creativity, and the search of new ideas.

Empirical proof of how talent management factors can help SMEs transition into generational businesses is essential. Compared to those who are not properly motivated, motivated individuals are typically more effective, productive, and dedicated to reaching company objectives. Many firms, especially smaller ones, do not completely understand the power of reward programs, according to San, Theen, and Heng (2022). Similar to this, Muogbo and Chineze (2020) noted that companies frequently neglect to implement suitable reward schemes that suit the preferences of their workers, which restricts their ability to attain the best results. As a result, there are conflicting findings regarding incentive management as a succession planning component and in SMEs, which adds to the persistent difficulties in this field.

2.3.5 The Importance of Succession Planning

Regardless of how secure the future appears to be, succession planning is an essential component of business management. In stable times, it's simple to put off planning, but this is a bad idea. Succession planning cannot and should not be postponed for the following reasons:

Disasters' unpredictable nature. A team cannot completely plan for unforeseen events, no matter how skilled they are in forecasting revenue or economic conditions. The necessity of a succession plan is evident, regardless of the cause untimely illness, natural calamities, or the sudden retirement of a CEO (Tabor et al., 2018). Although disasters are beyond your control, you may set up a number of backup plans to keep your company afloat in the event of unanticipated difficulties.

The idea of succession planning has changed along with company practices. A succession plan can now be used proactively rather than only being implemented when leadership changes. It can help the company navigate daily market swings, develop strong leadership, and force executives to evaluate and support the organization's present objectives.

By giving them a voice, succession planning empowers your co-workers. This procedure enables family members to voice their demands and worries in a family business, which promotes a sense of accountability throughout the company a crucial component of successful succession planning. It's crucial to fight the impulse to take on the full responsibility of creating and sustaining the plan by yourself.

Additionally, a succession plan can assist control spending and guarantee a consistent income. Since expenditures must be covered and most people do not want to work for no pay, financial talks should take precedence (Kehinde 2022). In addition to outlining potential costs that may occur when you leave your leadership position, a well-structured succession plan can help you and your employees understand the income requirements. Take into account things like your yearly salary, benefits like health and dental coverage for you and your dependents, life insurance premiums paid by the company, car expenses, professional associations, and other costs associated with running your business.

Moreover, succession planning provides a broader perspective. Some organizations mistakenly concentrate solely on replacing top executives. However, an effective succession plan goes beyond this by encouraging a comprehensive approach to leadership transitions.

2.6 Chapter Summary

The literature elaborated various facets and best practices that might assist in financial planning and succession planning. The review concludes that a holistic approach combining succession and financial planning is vital for fostering leadership continuity and organisational success. Future research is encouraged to explore best practices and innovative strategies in this integration.

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology employed in this quantitative study. It details the research philosophy, approach, strategy, sampling techniques, sample size determination, and data collection methods. By adhering to a structured framework, the study aims to ensure the validity and reliability of the findings. The methodology is informed by Saunders et al. (2016), which provides a comprehensive guide to research design in the social sciences.

3.2 Research Philosophy

The research philosophy underpins the entire study and influences how data is collected and interpreted. This research adopts a positivist philosophy, which asserts that knowledge is derived from observable phenomena and measurable facts. Positivism emphasizes the use of quantitative methods to gather data that can be statistically analysed. This philosophy aligns with the study's objective of examining the effects of leadership transitions on organizational performance through measurable variables.

3.3 Research Approach

The study employed a deductive approach, which involves testing existing theories and hypotheses against empirical data. This approach is characterized by the formulation of hypotheses based on prior research, followed by data collection and analysis to confirm or refute these hypotheses. The use of a deductive approach is appropriate for this research as it validated established theories regarding the implications of leadership transitions.

3.4 Research Strategy

To achieve the research objectives, a survey strategy was implemented, utilizing structured questionnaires as the primary data collection tool. Surveys are effective for collecting quantitative data from a large number of respondents and allow for statistical analysis of the results. This strategy facilitates the gathering of relevant information regarding the impact of leadership transitions on various organizational outcomes, such as employee engagement, productivity, and financial performance.

3.5 Study Population

The concept of 'population' refers to the entire group of people, events or objects of interest that the researcher wishes to investigate (Nguyen, Doan, and Nguyen 2020). Al-Faryan, (2024) concur by defining a population as a group of elements, cases, individuals, events or objects that conform to specific criteria. The population for the study included 300 estimated Small to medium Shops including tuckshops.

3.5 Sampling Techniques

3.5.1 Sampling Frame

The sampling frame consisted of employees from small and medium-sized enterprises (SMEs) across various sectors. SMEs were chosen due to their unique challenges in managing leadership transitions compared to larger organizations.

3.5.2 Sampling Technique

Random sampling technique was employed to ensure that everyone has a chance of being selected without any bias. This method enhances the generalizability of the findings and ensures that diverse perspectives are incorporated into the data.

3.6 Sample Size Determination

Determining an appropriate sample size is crucial for the reliability of the study. The calculation was as follows.

The population 300 estimated Small to medium Shops including tuckshops.

Standard error is 0.05

The sample was determined by use of Yamane (1967) formula for calculating sample size.

The formula is n= N/1+N (e) 2

Where n = sample size, N = population size e = error term

Sample size was 171

3.7 Data Collection Methods

3.7.1 Instrument Development

A structured questionnaire was developed as the primary instrument for data collection. The questionnaire consisted of closed-ended questions designed to measure the key variables related to leadership transitions, and financial planning.

Closed-Ended Questionnaires were used in this research to fulfil the quantitative side of the research. Closed-ended questionnaires are survey tools that provide respondents with specific options to choose from when answering questions. These options can include multiple-choice answers, rating scales, or yes/no responses. For this study Likert scale was used. On Likert Scale respondents indicate their level of agreement or satisfaction on a scale (e.g., 1 to 5, where 1 = Strongly Disagree and 5 = Strongly Agree). This format allows for easier data analysis and comparison across responses.

3.7.2 Pilot Testing

Before the full-scale survey, a pilot test was conducted with a small group of participants (n=30) to evaluate the clarity and relevance of the questions. Feedback from the pilot test was used to refine the questionnaire, ensuring that it accurately captured the intended constructs and was user-friendly.

3.7.3 Data Collection Procedure

Data collection was conducted utilizing physical survey to distribute the questionnaire to participants. Participants were assured of the confidentiality of their responses, and informed consent was obtained prior to their participation.

3.8 Data Analysis

The collected data were analyzed using statistical software (e.g., SPSS or R). Descriptive statistics were employed to summarize the demographic characteristics of the respondents and the main variables of interest. Inferential statistical techniques, such as correlation and regression analysis, were utilized to test the hypotheses and examine the relationships between leadership transitions and organizational outcomes.

3.9 Ethical Considerations

Ethical considerations were paramount throughout the research process. Participants were informed about the purpose of the study, and their right to withdraw at any time was emphasized. Anonymity and confidentiality of the participants' responses were maintained, and the research was conducted in accordance with established ethical guidelines.

Chapter Summary

This chapter has detailed the research methodology employed in this quantitative study, including the research philosophy, approach, strategy, sampling techniques, sample size determination, and data collection methods. By adhering to a structured methodology guided by Saunders et al. (2016), the study aims to generate reliable and valid findings that contribute to the understanding of leadership transitions in SMEs. The next chapter will present the results of the data analysis and discuss the implications of the findings.

CHAPTER 4

PRESENTATION OF THE RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The study's findings are presented in this chapter. The findings include descriptive and explanatory data as well as the demographic traits of the respondents. In this chapter, results on succession planning in SMEs will be discussed.

4.1.1 Research objectives revisited

To investigate succession planning best practices in SMEs.

To analyse the challenges faced by SMEs in succession planning.

To ascertain sustainable solutions that will enhance successful succession planning.

A comprehensive framework for SMEs to enhance their succession and financial planning efforts.

4.2 Response rate

159 of the 171 questionnaires that were given to undergraduate and graduate students were completed accurately and returned. This resulted in a response rate of 92.9 %, which was more than the recommended 50%, as noted by Mendenhall (2008).

4.3 Reliability test

In order to determine whether the research instrument has internal consistency, a reliability test was conducted. As the reliability coefficient, Cronbach's Alpha indicates the quality of the study items and the degree of their positive correlation with one another. A Cronbach's alpha value near 1 indicates greater internal consistency. The Cronbach's Alpha value from this study is displayed in the table below

Table 4.1 Reliability Statistics

Cronbach's Alpha	N of Items
.840	36

Source SPSS 2025

For the research tool to be considered acceptable and dependable, the Cronbach's Alpha range should have a minimum value of 0.70. According to Table 6 above, the research instrument is dependable because its Cronbach's alpha value of 0.840 is within an acceptable range.This will help in validating the objective results.

Table 4.2 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	88	55.3	55.3	55.3
	Female	71	44.7	44.7	100.0
	Total	159	100.0	100.0	

Source SPSS

On gender male population is composed of 55.3% and 44.7percent. This means that there were more men than women.

Table 4.3 Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	52	32.7	32.7	32.7
	31-40	59	37.1	37.1	69.8
	41-50	32	20.1	20.1	89.9
	51 and above	16	10.1	10.1	100.0
	Total	159	100.0	100.0	

Source. SPSS

On age between 20 to 30 there is 32.7 percent; 31 to 40 had 37.1 percent, between 41 to 50 there was 20.1 percent and 51 had 10.1 percent.

Table 4.4 Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	certificate and below	37	23.3	23.3	23.3
	Diploma	70	44.0	44.0	67.3
	Degree	43	27.0	27.0	94.3
	Any other	9	5.7	5.7	100.0
	Total	159	100.0	100.0	

Source. SPSS

Those who had certificate and below 23.3 percent; diploma had 44 percent, degree had 27 percent and any other 5.7 percent. This means the literate population was high.

Table 4.5 Duration of employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 5 years	52	32.7	32.7	32.7
	5 to 10 years	63	39.6	39.6	72.3
	10 years and above	44	27.7	27.7	100.0
	Total	159	100.0	100.0	

Source. SPSS

On statistics of duration of employment (self or employer employed) below 5 years there were 32.7 percent; 5 to 10 years 39.6 percent and 10years and above 27.7 percent. The highest was above 5 years which means there was enough experience to understand the concepts under discussion.

4.4 Descriptive Statistics
Correlation

Objective 1 and 2

Table 4.6 correlations

Correlations

Correlations

		We regularly assess employees and family members to identify high-potential candidates positions succession.	We use performance reviews and 360-degree feedback to gauge readiness.	We implement leadership development programs tailored to prepare employees and successors for future roles.	We offer mentorship and coaching opportunities.	We monitor financial health metrics (e.g., debt-to-equity ratio, profitability margins) to gauge readiness for change.	We develop financial contingency plans to address unforeseen challenges during leadership transitions	Transitions can lead to temporary disruptions in operations, affecting revenue generation and costs	Significant expenses may be incurred for training new leaders and onboarding processes.
We regularly assess employees and family members to identify high-potential candidates positions succession.	Pearson Correlation	1	.109	.012	-.010	-.007	.049	.009	-.007
	Sig. (2-tailed)		.174	.879	.905	.930	.540	.906	.930
	N	159	159	159	159	159	159	159	159
We use performance reviews and 360-degree feedback to gauge readiness.	Pearson Correlation	.109	1	.064	-.007	.134	.175*	.123	.134
	Sig. (2-tailed)	.174		.421	.849	.090	.027	.123	.090
	N	159	159	159	159	159	159	159	159
We implement leadership development programs tailored to prepare employees and successors for future roles.	Pearson Correlation	.012	.064	1	-.530**	-.008	.073	-.055	-.008
	Sig. (2-tailed)	.879	.421		.000	.921	.360	.492	.921
	N	159	159	159	159	159	159	159	159
We offer mentorship and coaching opportunities.	Pearson Correlation	-.010	-.007	-.530**	1	.006	-.105	-.029	.006
	Sig. (2-tailed)	.905	.849	.000		.939	.187	.728	.939
	N	159	159	159	159	159	159	159	159
We monitor financial health metrics (e.g., debt-to-equity ratio, profitability margins) to gauge readiness for change.	Pearson Correlation	-.007	.134	-.008	.006	1	.246**	.538**	1.000**
	Sig. (2-tailed)	.930	.090	.921	.939		.002	.000	.000
	N	159	159	159	159	159	159	159	159
We develop financial contingency plans to address unforeseen challenges during leadership transitions	Pearson Correlation	.049	.175*	.073	-.105	.246**	1	.349**	.246**
	Sig. (2-tailed)	.540	.027	.360	.187	.002		.000	.002
	N	159	159	159	159	159	159	159	159
Transitions can lead to temporary disruptions in operations, affecting revenue generation and costs	Pearson Correlation	.009	.123	-.055	-.029	.538**	.349**	1	.538**
	Sig. (2-tailed)	.906	.123	.492	.728	.000	.000		.000
	N	159	159	159	159	159	159	159	159
Significant expenses may be incurred for training new leaders and onboarding processes.	Pearson Correlation	-.007	.134	-.008	.006	1.000**	.246**	.538**	1
	Sig. (2-tailed)	.930	.090	.921	.939	.000	.002	.000	
	N	159	159	159	159	159	159	159	159

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The extreme values of -1 and 1 indicate a perfectly linear relationship where a change in one variable is accompanied by a perfectly consistent change in the other. For these relationships, all of the data points fall on a line. In this study we do not have such values.

A coefficient of zero represents no linear relationship. As one variable increases, there is no tendency in the other variable to either increase or decrease. When the value is in-between 0 and +1/-1, there is a relationship, but the points don't all fall on a line. As r approaches -1 or 1, the

strength of the relationship increases and the data points tend to fall closer to a line. Positive coefficients indicate that when the value of one variable increases, the value of the other variable also tends to increase. Positive relationships produce an upward slope on a scatterplot.

Negative coefficients represent cases when the value of one variable increases, the value of the other variable tends to decrease. Negative relationships produce a downward slope.

Firstly, there are notable positive correlations. For instance, a strong relationship exists between the use of performance reviews and 360-degree feedback and the implementation of tailored leadership development programs, with a correlation of 0.104. This suggests that organizations employing these assessment methods are more likely to invest in development initiatives, enhancing the readiness of successors. Similarly, a robust positive correlation of 0.175 indicates that organizations assessing high-potential candidates are also more inclined to develop financial contingency plans. This reflects a proactive approach to leadership transitions, ensuring that financial strategies are in place.

Moreover, there is a positive correlation of 0.073 between leadership development programs and financial contingency plans, indicating that organizations focused on leadership training are also prioritizing their financial preparedness during transitions. This comprehensive strategy is essential for successful leadership succession.

On the other hand, the analysis reveals several negative correlations that highlight potential areas for improvement. One significant finding is the strong negative correlation of -0.500 between leadership development programs and monitoring financial health metrics. This suggests that organizations concentrating on leadership training may overlook the importance of financial stability, indicating a possible imbalance in their strategic focus. Similarly, the correlation of -0.08 between mentorship opportunities and financial health metrics suggests that organizations offering mentorship may not prioritize monitoring their financial metrics effectively. This misalignment could hinder their overall strategic objectives.

Additionally, the negative correlation of -0.105 between mentorship and financial contingency plans points to a lack of integration between these strategies. Organizations providing mentorship may need to enhance their focus on financial preparedness to ensure comprehensive support for leadership transitions.

Lastly, there is a positive correlation of 0.08 between acknowledging the potential for operational disruptions and offering mentorship. This indicates that organizations aware of the challenges posed by leadership transitions are more likely to provide mentorship, reflecting an understanding of the impacts of such changes.

In summary, the correlation analysis highlights the importance of aligning leadership development strategies with financial preparedness and performance assessments. While positive correlations suggest that certain strategies reinforce one another, negative correlations indicate areas where organizations may need to improve their integration and focus. Striking a balance among these elements can lead to more effective leadership transitions and greater organizational resilience

Objective 3

Table 4.7 correlation

Correlations

		We regularly assess employees and family members to identify high-potential candidates positions succession.	We use performance reviews and 360-degree feedback to gauge readiness.	We implement leadership development programs tailored to prepare employees and successors for future roles.	We offer mentorship and coaching opportunities.	Ensuring that critical knowledge and relationships are transferred from outgoing leaders to successors can be challenging.	New leaders must align with the existing corporate culture while implementing their vision.	Poor communication during transitions can lead to misunderstandings and decreased morale.	Identifying and mitigating financial risks associated with leadership changes can be complex.
We regularly assess employees and family members to identify high-potential candidates positions succession.	Pearson Correlation	1	.108	.012	-.010	-.049	-.007	.049	.008
	Sig. (2-tailed)		.174	.879	.905	.541	.933	.540	.836
	N	159	159	159	159	159	159	159	159
We use performance reviews and 360-degree feedback to gauge readiness.	Pearson Correlation	.108	1	.064	-.007	.130	.134	.175*	.123
	Sig. (2-tailed)	.174		.421	.848	.095	.090	.027	.123
	N	159	159	159	159	159	159	159	159
We implement leadership development programs tailored to prepare employees and successors for future roles.	Pearson Correlation	.012	.064	1	-.530**	-.013	-.009	.070	-.055
	Sig. (2-tailed)	.879	.421		.000	.868	.921	.380	.492
	N	159	159	159	159	159	159	159	159
We offer mentorship and coaching opportunities.	Pearson Correlation	-.010	-.007	-.530**	1	.042	.006	-.105	-.028
	Sig. (2-tailed)	.905	.848	.000		.599	.939	.187	.728
	N	159	159	159	159	159	159	159	159
Ensuring that critical knowledge and relationships are transferred from outgoing leaders to successors can be challenging.	Pearson Correlation	-.049	.130	-.013	.042	1	.838**	.172*	.426**
	Sig. (2-tailed)	.541	.095	.868	.599		.000	.031	.000
	N	159	159	159	159	159	159	159	159
New leaders must align with the existing corporate culture while implementing their vision.	Pearson Correlation	-.007	.134	-.009	.006	.838**	1	.248**	.539**
	Sig. (2-tailed)	.933	.090	.921	.939	.000		.002	.000
	N	159	159	159	159	159	159	159	159
Poor communication during transitions can lead to misunderstandings and decreased morale.	Pearson Correlation	.049	.175*	.070	-.105	.172*	.248**	1	.349**
	Sig. (2-tailed)	.540	.027	.380	.187	.031	.002		.000
	N	159	159	159	159	159	159	159	159
Identifying and mitigating financial risks associated with leadership changes can be complex.	Pearson Correlation	.008	.123	-.055	-.028	.426**	.539**	.349**	1
	Sig. (2-tailed)	.836	.123	.492	.728	.000	.000	.000	
	N	159	159	159	159	159	159	159	159

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Starting with the negative correlations, the analysis reveals that regularly assessing employees and family members to identify high-potential candidates is linked to the challenges of transferring critical knowledge and relationships from outgoing leaders to successors, as indicated by a correlation of -0.18. This suggests that despite ongoing assessments, organizations may struggle with knowledge transfer, which is vital for ensuring continuity and effectiveness during transitions. Additionally, there is a correlation of -0.07 between candidate assessments and the need for new leaders to align with existing corporate culture while implementing their vision. This indicates that while assessing candidates is important, it may not adequately prepare them for the cultural integration necessary for successful leadership.

Conversely, a positive correlation of 0.120 emerges between the identification of high-potential candidates and the complexity of mitigating financial risks associated with leadership changes. This suggests that organizations that assess candidates frequently may also be more aware of the financial implications of leadership transitions, highlighting a proactive approach to risk management. Similarly, the correlation of 0.049 between candidate assessments and the impact of poor communication during transitions indicates that organizations recognizing the importance of candidate evaluation also understand the risks posed by communication breakdowns, which can lead to misunderstandings and decreased morale.

In examining performance reviews and 360-degree feedback, the analysis shows several positive correlations with transition challenges. For instance, there is a notable correlation of 0.175 between these assessment methods and the necessity for new leaders to align with existing corporate culture. This suggests that organizations employing these performance evaluation techniques not only gauge readiness but also recognize the importance of cultural fit in leadership. Furthermore, the correlation of 0.100 with the challenges of knowledge transfer indicates that performance reviews may help highlight areas where outgoing leaders need to ensure smoother transitions. Additionally, the correlation of 0.120 with the complexity of identifying and mitigating financial risks underscores the comprehensive nature of performance assessments in preparing for leadership changes.

Leadership development programs reveal a mix of correlations. Notably, there are negative correlations of -0.10 with knowledge transfer and -0.08 with aligning new leaders to corporate culture. These findings suggest that while such programs aim to prepare successors, they may not

effectively address the critical needs of knowledge continuity and cultural integration. However, a positive correlation of 0.07 with the challenges posed by poor communication during transitions indicates that these programs may help facilitate better dialogue, even if they fall short in other areas. Interestingly, the correlation of -0.055 with the complexity of financial risk management indicates that leadership development may not adequately prepare organizations for financial challenges during transitions.

Lastly, mentorship and coaching opportunities show a range of correlations. A positive correlation of 0.042 with knowledge transfer and 0.08 with cultural alignment suggests that these initiatives can support leadership transitions by fostering relationships and cultural understanding. However, the negative correlation of -0.105 with poor communication highlights a potential weakness in mentorship programs, indicating that they may not sufficiently address communication issues that can arise during transitions. Additionally, a correlation of -0.08 with the complexity of financial risks suggests that mentorship may not fully encompass the financial aspects of leadership changes.

Objective 4

Table 4.8 correlations

Correlations

Correlations

		We regularly assess employees and family members to identify high-potential candidates positions succession.	We use performance reviews and 360-degree feedback to gauge readiness.	We implement leadership development programs tailored to prepare employees and successors for future roles.	We offer mentorship and coaching opportunities.	Leadership changes can affect employee engagement and productivity, leading to potential turnover costs.	New leaders may implement changes that alter financial strategies, impacting budgets and forecasts	Leadership transitions may influence investor perceptions, potentially affecting market stability.	Employees may resist new leadership styles or changes in direction, impacting overall effectiveness.
We regularly assess employees and family members to identify high-potential candidates positions succession.	Pearson Correlation	1	.109	.012	-.010	.049	.110	-.011	.005
	Sig. (2-tailed)		.174	.879	.905	.540	.167	.892	.955
	N	159	159	159	159	159	159	159	159
We use performance reviews and 360-degree feedback to gauge readiness.	Pearson Correlation	.109	1	.064	-.037	.175*	.107	.090	.167*
	Sig. (2-tailed)	.174		.421	.648	.027	.180	.314	.035
	N	159	159	159	159	159	159	159	159
We implement leadership development programs tailored to prepare employees and successors for future roles.	Pearson Correlation	.012	.064	1	-.530**	.073	.063	-.048	.000
	Sig. (2-tailed)	.879	.421		.000	.360	.429	.548	.705
	N	159	159	159	159	159	159	159	159
We offer mentorship and coaching opportunities.	Pearson Correlation	-.010	-.037	-.530**	1	-.105	-.139	.075	-.098
	Sig. (2-tailed)	.905	.648	.000		.187	.082	.346	.228
	N	159	159	159	159	159	159	159	159
Leadership changes can affect employee engagement and productivity, leading to potential turnover costs.	Pearson Correlation	.049	.175*	.073	-.105	1	.136	.755**	.230**
	Sig. (2-tailed)	.540	.027	.360	.187		.087	.000	.004
	N	159	159	159	159	159	159	159	159
New leaders may implement changes that alter financial strategies, impacting budgets and forecasts	Pearson Correlation	.110	.107	.063	-.139	.136	1	.039	.235**
	Sig. (2-tailed)	.167	.180	.429	.082	.087		.622	.003
	N	159	159	159	159	159	159	159	159
Leadership transitions may influence investor perceptions, potentially affecting market stability.	Pearson Correlation	-.011	.090	-.048	.075	.755**	.039	1	.253**
	Sig. (2-tailed)	.892	.314	.548	.346	.000	.622		.001
	N	159	159	159	159	159	159	159	159
Employees may resist new leadership styles or changes in direction, impacting overall effectiveness.	Pearson Correlation	.005	.167*	.000	-.098	.230**	.235**	.253**	1
	Sig. (2-tailed)	.955	.035	.705	.228	.004	.003	.001	
	N	159	159	159	159	159	159	159	159

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis provides valuable insights into the relationships between strategies for identifying high-potential candidates and the challenges associated with leadership transitions.

Starting with the assessments of employees and family members, there is a slight positive correlation of 0.049 between leadership changes and employee engagement, indicating that organizations recognize the potential impact that leadership transitions can have on productivity and turnover costs. A stronger positive correlation of 0.110 suggests that these organizations are also aware that new leaders may implement changes that affect financial strategies, thus impacting budgets and forecasts. However, the near-zero correlation of -0.011 between leadership styles and overall effectiveness implies that the assessment of candidates has minimal influence on how well new leadership styles are reset, indicating a potential disconnect in this area. Additionally, a

positive correlation of 0.050 with investor perceptions suggests that organizations assessing high-potential candidates consider how leadership changes might influence market stability.

In analysing performance reviews and 360-degree feedback, a robust positive correlation of 0.175 reveals that organizations employing these methods are likely aware of the effects that leadership changes can have on employee engagement and potential turnover costs. This underscores the importance of these assessments in managing transitions effectively. Furthermore, a positive correlation of 0.070 with investor perceptions indicates that organizations using performance reviews also recognize the impact of leadership transitions on market stability. Conversely, a negative correlation of -0.107 regarding leadership styles suggests that these reviews may reveal challenges in adapting to new leadership directions, highlighting areas that require attention.

Turning to leadership development programs, a positive correlation of 0.070 with employee engagement indicates that organizations focused on these programs acknowledge the importance of managing engagement during transitions to mitigate turnover. Similarly, a correlation of 0.080 with investor perceptions suggests that leadership development is linked to maintaining market stability during changes. However, the zero correlation with leadership effectiveness indicates that these programs may not be adequately preparing successors to reset leadership styles or directions.

Lastly, mentorship and coaching opportunities reveal a range of correlations. A negative correlation of -0.105 with employee engagement suggests that organizations offering mentorship may struggle to maintain engagement during leadership transitions, potentially leading to higher turnover. A similarly negative correlation of -0.109 with investor perceptions indicates that mentorship programs may not effectively address the impacts of leadership changes on market stability. Additionally, a slight negative correlation of -0.05 with leadership effectiveness highlights a gap in how mentorship supports the adaptation to new styles or directions.

4.5 Factor Analysis

Table 4.9 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.250	28.908	28.908	9.250	28.908	28.908
2	4.611	14.409	43.317	4.611	14.409	43.317
3	3.912	12.226	55.543	3.912	12.226	55.543
4	3.032	9.475	65.018	3.032	9.475	65.018
5	2.764	8.639	73.656	2.764	8.639	73.656
6	1.074	3.355	77.012	1.074	3.355	77.012
7	1.062	3.319	80.331	1.062	3.319	80.331
8	.767	2.397	82.728			
9	.692	2.163	84.891			
10	.663	2.072	86.963			
11	.618	1.931	88.894			
12	.554	1.730	90.624			
13	.500	1.563	92.187			
14	.455	1.422	93.609			
15	.412	1.287	94.896			
16	.352	1.099	95.995			
17	.321	1.004	96.999			
18	.290	.905	97.904			
19	.274	.855	98.759			
20	.166	.518	99.277			
21	.148	.462	99.739			
22	.083	.261	100.000			
23	4.172E-16	1.304E-15	100.000			
24	1.023E-16	3.198E-16	100.000			

25	5.868E-17	1.834E-16	100.000			
26	2.822E-17	8.817E-17	100.000			
27	1.400E-17	4.376E-17	100.000			
28	-3.661E-17	-1.144E-16	100.000			
29	-4.953E-17	-1.548E-16	100.000			
30	-5.579E-17	-1.743E-16	100.000			
31	-1.880E-16	-5.876E-16	100.000			
32	-2.089E-16	-6.530E-16	100.000			

Extraction Method: Principal Component Analyses.

Initial components refer to the numbers of variables employed in Factor Analysis. Nevertheless, not all 19 variables were recalled. In this study, only 6 factors were extracted through combining the relevant variables. Eigen values refer to the variances of the factors. The first factor accounts for the most variance and therefore had the highest Eigen values. Percentage of variance signifies percent of total variance accounted by each factor. In this study the first 6 factors explain 53.517% of variance. Rotation sums of squared loading denote distribution of variance after Varimax rotation with Kaiser Normalisation. Varimax rotation attempts to maximise the variance of each and every one of the factor.

Basing on Varimax Rotation with Kaiser Normalisation, 6 factors were extracted. Each factor constituted of all the variables that had factor loadings above 0.5. 19 variables were grouped into 6 factors. The factors were drawn from 19 variables employed in the research. The 6 drawn factors explained 53.517% of the variability the brand equity elements to customer choice. This explained over half of the variability after rotation, Factor 1 explains 11.023% of the variance. Factor 2 explains 10.188% of the variance. Factor 3 explains 9.985% of the variance. Factor 4 explains 7.914% of the variance. Factor 5 explains 7.798% of the variance. Factor 6 explains 6.608 of the variance. All 6 factors combined explain for 53.517% of the variance in brand equity effect on customer choice.

Objective 1

4.10 Component Matrix

	Component						
	1	2	3	4	5	6	7
We regularly assess employees and family members to identify high-potential candidates positions succession.	-.114	.882	-.003	.356	.031	.015	.002
We use performance reviews and 360-degree feedback to gauge readiness.	.005	-.507	-.004	.679	.382	-.006	-.045
We implement leadership development programs tailored to prepare employees and successors for future roles.	.048	-.411	-.068	.761	.382	-.056	.024
We offer mentorship and coaching opportunities.	-.088	.719	.054	.337	-.033	-.004	-.050
We find it difficult to accurately assess an employee's potential versus current performance	.635	.140	.019	-.239	.567	-.152	-.071
Employees may resist new leadership or changes in roles, leading to disengagement.	.747	-.065	-.431	.135	-.213	-.021	.139
We have limited time and budget for training and development programs.	.576	-.011	.768	.120	-.221	-.005	.007
We ensure that succession planning is equitable and inclusive, promoting diverse candidates.	.431	.149	.003	-.250	.433	.392	.162
We ensure that succession planning aligns with the organization's long-term goals and strategies	.509	.053	-.195	.112	-.333	.044	-.228
We involve employees in the process to increase their commitment to development	-.013	.742	-.030	.213	.017	-.025	.189
We are prepared to adjust plans based on changing organizational needs or employee circumstances.	.058	-.319	.042	.575	.295	.192	-.165
We maintain open lines of communication about career paths and opportunities for growth.	.048	-.411	-.068	.761	.382	-.056	.024

We created a system for ongoing evaluation and feedback to refine succession strategies.	.758	-.064	-.250	.173	-.350	-.018	.028

Component 1 had the following factors on objective 1. We find it difficult to accurately assess an employee's potential versus current performance .635; Employees may resist new leadership or changes in roles, leading to disengagement. .747; and We created a system for ongoing evaluation and feedback to refine succession strategies .758. The factor with highest loading factor was on creating a system for succession planning which Small to Medium enterprises should put emphasis on.

Component 2 was supported by the following factors in relation to objective 1; We regularly assess employees and family members to identify high-potential candidates' positions succession had .882. We offer mentorship and coaching opportunities had .719 and We involve employees in the process to increase their commitment to development had.742. The highest loading factor was on the issue of assessing and identifying high potential succession candidates. This indicates the significance of this factor in building generational company.

Component 3 in relation to objective one had 1 loading factor, we have limited time and budget for training and development programs .768. This means training and development budget should be of great significance in company growth.

Component 4 in relation to objective We use performance reviews and 360-degree feedback to gauge readiness had .679 loading factor; We implement leadership development programs tailored to prepare employees and successors for future roles .761 and We maintain open lines of communication about career paths and opportunities for growth .761. training and open communication were found to be critical factors that organisations should be serious of.

Objective 2

Table 4.11

We regularly update financial forecasts to reflect changes in the business environment and organizational goals.	.219	-.042	.090	.046	.107	-.304	**.847**
We allocated budget for leadership development programs, training, and succession planning initiatives.	-.231	**.696**	.056	.386	-.011	-.105	-.056
We assess financial risks associated with leadership transitions and develop mitigation strategies.	-.091	**.668**	-.079	.229	.107	.021	-.057
We use financial management software to track budgets and performance metrics related to succession planning.	-.109	**.705**	-.067	.201	-.018	.335	.004
We implemented compensation structures that reward leadership performance and align with organizational goals.	.388	-.014	-.094	.116	-.088	**.708**	.284
We evaluate the organization's liquidity to ensure it can support transitions without financial strain.	-.054	**.664**	-.040	.212	.000	-.286	.024
We determine how capital will be allocated for development and transition costs	**.793**	.200	.032	-.218	.459	.015	-.063
We monitor financial health metrics (e.g., debt-to-equity ratio, profitability margins) to gauge readiness for change.	**.855**	.009	-.398	.091	-.232	-.041	-.041
We develop financial contingency plans to address unforeseen challenges during leadership transitions	.576	-.011	**.768**	.120	-.221	-.005	.007

Component 1 had two loading factors on objective 2 We determine how capital will be allocated for development and transition costs .793. This means capital allocation is an important metric of financial planning.

We monitor financial health metrics (e.g., debt-to-equity ratio, profitability margins) to gauge readiness for change .855. The financial health metrics is an important factor that helps business

survive for generations. The monitoring of financial health metrics was found to be critical in the running of business.

Component 2 had the following We allocated budget for leadership development programs, training, and succession planning initiatives had .696. The goal of this investment is to build a solid talent pipeline prepared for important positions inside the company. The budget specifically funds leadership development initiatives that foster critical abilities like strategic thinking and effective communication. Regular training sessions will also give staff members at all levels the chance to learn continuously, preparing them for problems in the future. Additionally, a portion of the money goes toward succession planning programs, which identify high-potential staff members and equip them for leadership positions through coaching, mentoring, and customized development plans. All things considered, this investment shows our commitment to developing a strong workforce capable of overcoming present and upcoming obstacles, which will support the organization's long-term viability and success.

We assess financial risks associated with leadership transitions and develop mitigation strategies had .668. Assessment of financial risk was factored to be very significant and businesses should ensure its monitored.

We use financial management software to track budgets and performance metrics related to succession planning had .705. Financial software is considered a significant factor in SMEs management. For small and medium-sized businesses (SMEs) to effectively manage their finances, financial software is essential. These solutions increase accuracy, expedite procedures, and offer insightful information about financial health. Budgeting and forecasting tools, automated accounting administration, reporting and analytics features, expense monitoring, support for tax compliance, invoicing options, multi-currency compatibility, and user-friendly interfaces are some of the essential components of financial software. Financial software has many advantages, including improving accuracy by lowering human error, saving time through automation, and offering real-time data to guide decision-making. It also aids in finding areas for cost savings and is scalable, enabling it to expand with the company. Popular choices include FreshBooks, which is best suited for service-based firms; Xero, which provides an easy-to-use cloud-based solution; and QuickBooks, which is renowned for its extensive feature set. Sage, which offers strong sector-specific

We evaluate the organization's liquidity to ensure it can support transitions without financial strain had .664. In order to assess the organization's capacity to fulfil its immediate responsibilities, the current assets and liabilities are examined. We can obtain information about our cash flow situation and general financial health by keeping a careful eye on important liquidity ratios like the quick and current ratios. Having enough liquidity is essential when there are leadership changes because these times may call for more resources for on boarding, training, and even reorganization. It enables us to preserve operational stability and fund essential leadership development initiatives, reducing business activity disruptions.

Furthermore, by doing a comprehensive liquidity evaluation, we can anticipate any possible financial difficulties and take preventative action. This could entail redistributing funds, obtaining short-term funding, or modifying spending plans to

Component 3; We develop financial contingency plans to address unforeseen challenges during leadership transitions had .768. This means backup plan should always be in place for unforeseen challenges.

Component 6, We implemented compensation structures that reward leadership performance and align with organizational goals had .708. This means the issue of compensation is an important issue that needs attention in an organisation. In order to encourage leaders to pursue strategic objectives and promote an excellence and accountability culture, we put in place remuneration systems that reward leadership performance and are in line with corporate goals. These arrangements, which encourage leaders to accept responsibility for their positions, include competitive pay, stock options, performance-based bonuses, and other incentives that recognize both individual and team accomplishments. By defining precise performance metrics, we offer open feedback on accomplishments, strengthening leaders' dedication to company objectives and encouraging ongoing development. In the end, this alignment creates a driven leadership group that is better able to overcome obstacles and advance the company.

Component 7, We regularly update financial forecasts to reflect changes in the business environment and organizational goals had .847. Financial Adaptation is a critical component that requires attention in the day to day running of a business. To make sure they reflect shifts in the business climate and are in line with our corporate objectives, we update financial predictions on a regular basis. By doing this, we maintain the relevance and responsiveness of our financial planning

to outside influences like economic and market situations. We can more effectively match our financial resources with strategic goals by regularly updating our projections, which will help us make well-informed decisions. Because of our flexibility, we can proactively modify our strategy by seeing possible dangers and opportunities early. In the end, this continuous procedure strengthens our resolve to accomplish company objectives while skilfully negotiating a dynamic commercial environment.

Table 4.13

Transitions can lead to temporary disruptions in operations, affecting revenue generation and costs	**.793**	.200	.032	-.218	.459	.015	-.063
Significant expenses may be incurred for training new leaders and on boarding processes.	**.855**	.009	-.398	.091	-.232	-.041	-.041
Leadership changes can affect employee engagement and productivity, leading to potential turnover costs.	.576	-.011	**.768**	.120	-.221	-.005	.007
New leaders may implement changes that alter financial strategies, impacting budgets and forecasts	**.592**	-.009	-.364	.052	-.235	-.143	-.174
Leadership transitions may influence investor perceptions, potentially affecting market stability.	.496	-.020	**.648**	.103	-.083	-.002	-.115
Employees may resist new leadership styles or changes in direction, impacting overall effectiveness.	**.635**	.140	.019	-.239	.567	-.152	-.071
Ensuring that critical knowledge and relationships are transferred from outgoing leaders to successors can be challenging.	**.747**	-.065	-.431	.135	-.213	-.021	.139
New leaders must align with the existing corporate culture while implementing their vision.	**.855**	.009	-.398	.091	-.232	-.041	-.041
Poor communication during transitions can lead to misunderstandings and decreased morale.	**.576**	-.011	**.768**	.120	-.221	-.005	.007

Identifying and mitigating financial risks associated with leadership changes can be complex	**.793**	.200	.032	-.218	.459	.015	-.063

Extraction Method: Principal Component Analysis.

a. 7 components extracted.

On objective 3 these were factors with highest loading factors; Significant expenses may be incurred for training new leaders and on boarding processes had .855; New leaders must align with the existing corporate culture while implementing their vision .855. This means there are high expenses associated with training and corporate culture is also a significant factor. These expenses result from thorough training programs that give leaders the tools they need to succeed, such as strategic planning and leadership development, as well as the materials required for efficient on boarding, including mentorship and orientation.

In order to build trust and cooperation, new leaders must also implement their vision while integrating with the current business culture. Employee resistance and low morale brought on by misalignment can eventually impair corporate effectiveness. This emphasizes how important it is for businesses to fund leaders' technical training as well as the nurturing atmosphere required for their integration. Organizations may guarantee long-term success in a competitive environment and optimize their investment in leadership development by doing this.

4.5 Discussion

The research participants acknowledged a significant gap in their practices regarding the evaluation of staff and family members to identify high-potential candidates for succession planning. This lack of routine assessment highlights the necessity for a proactive approach, emphasizing the importance of succession planning well ahead of any leadership changes (Bolzani & Luppi, 2021). Additionally, participants noted that they do not implement leadership development programs aimed at preparing employees for future roles, which is a crucial best practice in identifying essential positions and competencies (Man, Lau, & Chan, 2022). This is particularly important given that various competencies, such as analytical, innovative, and strategic skills, have been shown to directly influence the performance of small and medium enterprises (SMEs).

The participants expressed challenges in fairly comparing current employee performance with their potential, noting that entrepreneurial competence is vital for business success. This competence fosters the entrepreneurial attitudes and behavioral skills necessary for economic growth and social employability (Bolzani & Luppi, 2021). However, they also highlighted constraints in time and financial resources for training and development, underscoring the need for internal development initiatives to enhance the competencies of both employees and future successors (Bolander et al., 2021). Furthermore, participants emphasized the necessity of aligning succession planning with the organization's long-term objectives, advocating for a formal, documented succession plan that delineates key responsibilities and timelines.

The analysis of correlations supports these findings. For instance, a positive correlation of 0.049 suggests that organizations recognizing the importance of succession planning are aware of how leadership changes can affect employee engagement and productivity, which can lead to turnover costs. Similarly, a correlation of 0.110 indicates that organizations assessing candidates are also cognizant of the potential impact of new leadership on financial strategies, which is crucial for maintaining budgetary stability.

Participants also noted a lack of regular updates to financial projections in response to changes in the corporate landscape. They reported not having specific budgets allocated for training, succession planning, and leadership development, with an emphasis on sales figures as the primary budgeting consideration (Aanya, 2021). The absence of financial risk assessments related to leadership changes, as indicated by the negative correlation of -0.105 between mentorship opportunities and employee engagement, highlights a gap in proactive financial planning.

Moreover, many participants indicated that they do not utilize financial management software to monitor budgets and performance indicators related to succession planning. The correlation data reveals that organizations that neglect these tools may hinder their financial management processes, as effective cash flow management is essential for SMEs (Ramli & Yekini, 2022). A significant finding is that while many participants create financial backup plans to handle unforeseen challenges during leadership transitions, the correlation analysis indicates that these plans are often inadequate for addressing the complexities of financial management during such changes.

In terms of operational disruptions caused by leadership transitions, participants noted that on boarding new leaders incurs significant costs, potentially affecting overall effectiveness and

productivity. This aligns with the negative correlation of -0.011 between employee resets of leadership styles and overall effectiveness, which suggests that the impact of leadership changes can be detrimental if not managed properly. Furthermore, participants emphasized the importance of effective communication during these transitions, as poor communication can lead to misunderstandings and low morale, which in turn can affect productivity and engagement.

Through this comprehensive analysis, it is evident that the participants recognize the need for a more integrated approach to succession planning and financial management. By addressing the identified gaps, such as enhancing mentorship programs and utilizing financial management tools, organizations can better prepare for leadership transitions and foster a supportive culture that promotes employee engagement and organizational resilience.

Chapter Summary

The chapter explained findings and discussion of results. The chapter stresses that investing in leadership development and creating a nurturing atmosphere are essential for ensuring long-term organizational success in a competitive environment. By addressing these challenges, organizations can optimize their investment in leadership and navigate transitions effectively.

CHAPTER 5

CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

In today's dynamic business environment, effective succession planning and financial planning are crucial for the sustainability and growth of organizations. This chapter delves into the interplay between these two critical components, highlighting conclusions, proposed model and recommendations.

5.1 Summary of findings

Objective 1

The assessment of succession planning within small and medium-sized enterprises (SMEs) highlights significant challenges. Participants reported infrequently evaluating employees and family members for succession planning, indicating disagreement regarding effective succession plans. Performance reviews and 360-degree feedback suggest these efforts are almost absent. Leadership development programs are noted to be scarce, and mentorship opportunities were found to be rare.

Challenges in assessing employee potential compared to current performance received widespread agreement. Resistance to changes in leadership roles leads to disengagement. Participants reported limited time and budget for training and development, although they expressed a commitment to equitable succession planning and alignment with long-term organizational goals.

The low score for involving employees in the development process indicates a need for better integration. Preparedness to adjust plans based on changing needs is often overlooked. Communication about career paths and growth opportunities is lacking. The need for a system for ongoing evaluation and feedback to refine succession strategies emphasizes the urgent need for improvement.

Further analysis revealed loading factors that underscore these issues. The difficulty in assessing employee potential and resistance to change were notable, while the creation of a robust evaluation

system for ongoing feedback had the highest loading factor. Regular assessments to identify high-potential candidates and the need for adequate training budgets were also highlighted.

Objective 2

The assessment of financial planning in SMEs reveals critical challenges and areas for improvement. Participants indicated a lack of robust financial forecasting systems. The allocation of budgets for leadership development, training, and succession planning initiatives suggests underfunding. Financial risk assessment related to leadership transitions indicates insufficient attention to this aspect.

The use of financial management software to track budgets and performance metrics was rated low, reflecting inadequate investment in necessary tools. However, there was more agreement on the implementation of compensation structures aligned with organizational goals. Participants acknowledged challenges in evaluating liquidity, suggesting concerns about financial sustainability during transitions.

On a positive note, determining capital allocation for development and transition costs was notably high. Component analysis highlighted the importance of capital allocation and monitoring financial health metrics as crucial for long-term survival. Budgeting for leadership development and assessing financial risks were emphasized as vital for building resilience. The need for developing financial contingency plans during leadership transitions indicates that organizations should be prepared for unforeseen challenges.

Objective 3

The assessment of leadership transitions in organizations highlights significant challenges and costs. Participants agreed that transitions can cause operational disruptions, affecting revenue generation and incurring additional costs. The need to monitor these transitions was emphasized due to substantial expenses involved in training new leaders.

Leadership changes impact employee engagement and productivity, potentially leading to turnover costs. Participants acknowledged that new leaders may alter financial strategies, affecting budgets and forecasts. Leadership transitions influence investor perceptions, affecting market stability.

The adaptation of employees to new leadership styles significantly affects overall effectiveness. Ensuring the transfer of critical knowledge from outgoing leaders to successors is another challenge, highlighting its importance. New leaders must align with existing corporate culture while implementing their vision, indicating that corporate values should not solely reflect individual personalities.

Poor communication during transitions can lead to misunderstandings and decreased morale. The complexity of identifying and mitigating financial risks associated with leadership changes indicates a need for expertise in this area.

High loading factors emphasized significant expenses related to training and onboarding new leaders, as well as the necessity for new leaders to align with corporate culture. This underscores the importance of thorough training programs and cultural integration to foster trust and cooperation, as failure to do so can lead to employee resistance and low morale.

Conclusions

Objective 1: Participants reported infrequent evaluations of employees and family members for succession planning, emphasizing the need for proactive strategies. They noted a lack of tailored leadership development programs and highlighted the identification of key positions and competencies as essential best practices. Challenges in assessing employee potential were recognized, and limited time and budget constraints hindered training initiatives. A clear succession plan aligned with long-term organizational strategies is crucial, and involving all stakeholders is vital for fostering commitment.

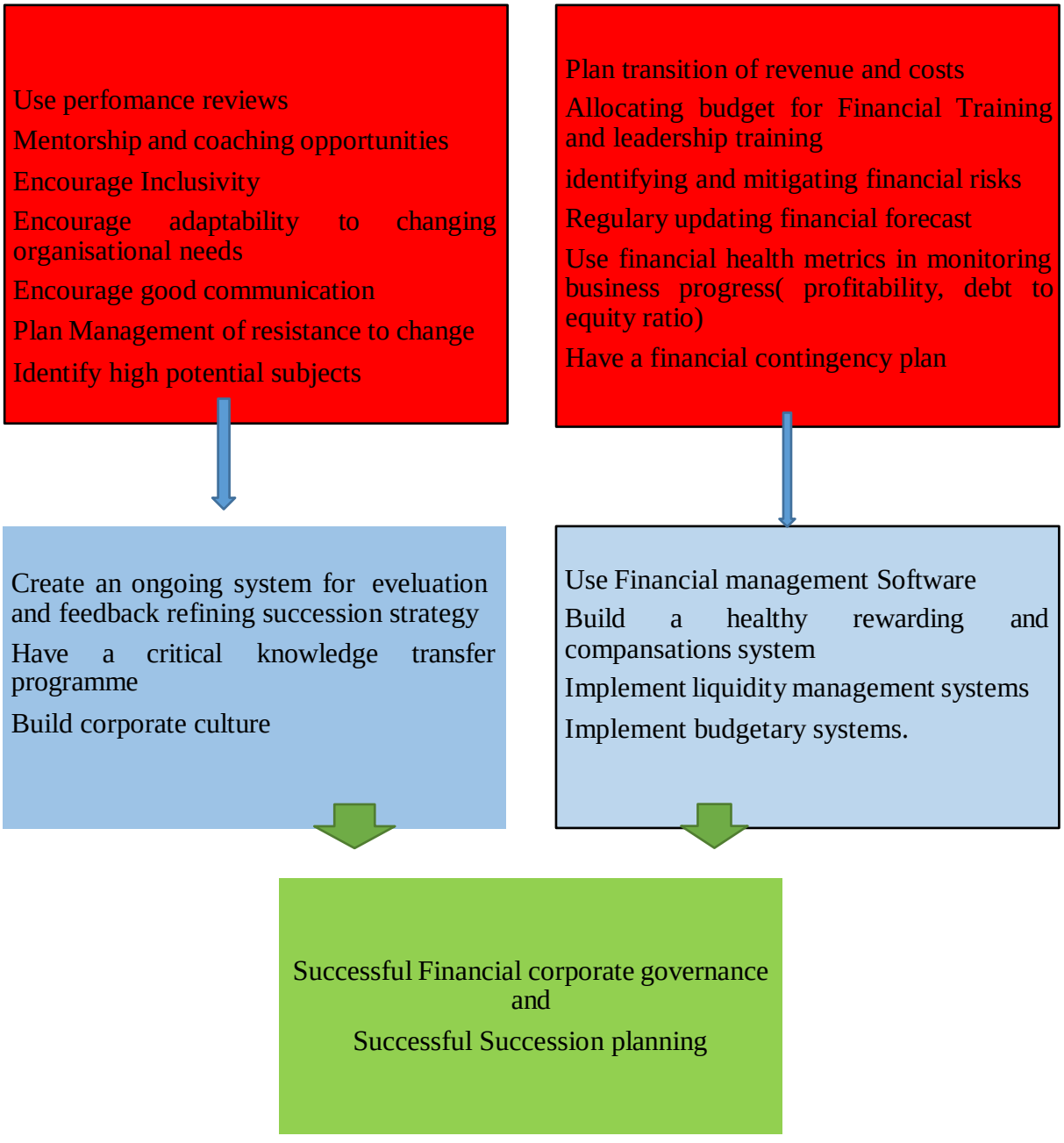
Objective 2: Participants acknowledged infrequent updates to financial forecasts reflecting changes in the business environment and a lack of dedicated budgets for leadership development and succession planning. Disagreements emerged regarding the assessment of financial risks during leadership transitions. Many SMEs do not utilize financial management software, which is recommended for effective tracking. Participants established compensation structures aligned with organizational goals and emphasized monitoring financial health metrics. There is a need for developing contingency plans to address unforeseen challenges during transitions.

Objective 3: Operations can be disrupted by leadership changes, and training new leaders can be expensive. Leadership changes may impact employee productivity and engagement, leading to

higher turnover costs and changes in financial tactics. Poor communication can lower morale and complicate managing the financial risks associated with transitions. New leaders must navigate existing corporate cultures while ensuring departing leaders convey critical expertise

Proposed Model for Implementing Successful Succession planning and financial planning in SMEs

Fig 2 The Succession and Financial Planning Model for SMEs



Source: Researcher, 2024

Model Explanation

A deliberate and all-encompassing approach is necessary for small and medium-sized businesses (SMEs) to successfully implement a succession and financial planning model. The process starts with a comprehensive examination of the existing state of affairs, in which companies should perform a SWOT analysis to determine their opportunities, threats, weaknesses, and strengths. Understanding the organization's financial situation also requires performing a financial health check by looking into cash flow, profitability measurements, and statements.

The next crucial step is to establish specific goals. SMEs must define successful succession, emphasizing efficient knowledge transfer and leadership continuity. At the same time, setting financial objectives is crucial for directing the overall strategy. These objectives include revenue targets, profit margins, and capital needs for future expansion.

This is followed by identifying important positions and possible talent within the company. Identifying key roles that are necessary for the development of the company and where succession planning is required is crucial. Finding people with the qualifications, background, and cultural fit to fill these positions might be aided by a talent assessment of current staff members.

Following the identification of critical jobs, a succession plan must be created. While specialized training and development programs can improve leadership and financial management abilities, mentorship programs will equip future successors with practical experience and direction. Effective knowledge transfer and continuity are also guaranteed by meticulous documenting of procedures, plans, and corporate culture.

Equally crucial is a strong framework for financial planning. This entails developing a thorough budget that complements business and succession planning goals and putting procedures in place for cash flow management and monitoring to guarantee liquidity throughout changes. It's also critical to define an investment plan that emphasizes reinvesting revenues back into the company for expansion or diversification.

It is impossible to ignore risk management. Small and medium-sized businesses should evaluate the risks of succession, such as the possible loss of important employees or unstable finances, and create plans for contingency, diversification, and insurance.

Stakeholder engagement is essential to this process. Transparency and buy-in are promoted by regularly informing staff, investors, and clients about succession and financial plans. Including important stakeholders in the planning process can help improve commitment to the strategy and yield insightful information.

An implementation timetable with an actionable plan and milestones must be created once goals have been established and plans have been put in place in order to monitor progress. Setting up key performance indicators (KPIs) helps gauge the efforts' efficacy and guarantees accountability.

Lastly, to keep the plans current and effective, they must be reviewed and modified on a regular basis. Regular evaluations will enable SMEs to track their progress and make the required corrections. The approach will be further improved by soliciting input from successors and other interested parties.

In certain situations, getting expert help from consultants, financial advisors, or legal specialists can improve the effectiveness of the planning procedure. Additionally, SMEs can get important knowledge and insights into best practices by joining networks or associations in the field.

5.2 Recommendations

5.2.1 To the SMEs in developing countries

A clear succession plan is necessary for SMEs in less economically developed countries (LEDCs) to ensure a seamless leadership transition. The procedure, important responsibilities, and deadlines should all be spelled out in detail in this plan, which should also be revised frequently to account for organizational changes. Targeted development activities are made possible by identifying essential positions and the competencies required for those roles.

It is essential to fund specialized leadership development programs that emphasize both hard and soft skills. In order to promote knowledge transfer, mentoring opportunities should also be established, matching up aspiring leaders with seasoned mentors. Involving stakeholders in the

succession planning process encourages dedication and a sense of ownership, and setting up feedback channels guarantees that workers' viewpoints are taken into account.

For SMEs, improving financial management procedures is essential. Making educated financial decisions is made possible by using financial management software to enhance forecasting, performance monitoring, and budgeting. Forecasts and budgets should be regularly reviewed to reflect shifting organizational objectives and business conditions.

Creating thorough financial backup plans is also essential. This entails evaluating the possible financial risks connected to changes in leadership and keeping money set aside for unforeseen costs. Organizations can better prepare for different leadership transitions and their financial effects by using scenario planning.

Effective finance and succession planning requires that these procedures be incorporated into the organization's long-term objectives and strategic framework. Investigating potential grants and financing sources, as well as establishing connections with regional corporate networks, non-governmental organizations, and government initiatives, can offer resources and support for these projects.

Lastly, it's critical to continuously assess and enhance financial and succession planning efforts. In the end, resilience and sustainable growth will be promoted by SMEs maintaining relevance and effectiveness through regular progress monitoring and responsiveness to changes in the business environment.

5.2.2 Policy Recommendations

A number of policy ideas can be put into practice to improve financial management and succession planning in SMEs in less economically developed countries (LEDCs). First and foremost, it is imperative that legal frameworks be supportive; governments should simplify compliance requirements to lessen administrative burdens and provide incentives, such tax breaks or grants, to SMEs to encourage the development of formal succession plans.

It's also critical to support initiatives for leadership development. This can be accomplished by creating mentorship networks that link seasoned corporate executives with up-and-coming talent and by creating national or regional leadership training programs. Improving access to financial resources is also essential; developing grant programs for training and development, as well as

increasing microfinance and low-interest lending facilities aimed at SMEs, can help them with their financial planning and leadership initiatives.

Additionally, SMEs' financial practices can be enhanced by providing financial management education through workshops and seminars catered to their needs. It will also be advantageous to set up resource centres that offer forecasting, budgeting, and performance monitoring tools. Best practices can be shared by promoting networking and cooperation among SMEs through business networks and alliances with academic institutions.

To determine the performance of succession and financial planning projects, monitoring and evaluation systems must be put in place. Continuous progress will be ensured by creating feedback loops and performance measures. Industry associations should push for favourable policies, and awareness campaigns can be started to emphasize the significance of these practices.

Lastly, SMEs can enhance their financial and succession planning skills by utilizing technology by promoting digital tools and e-learning platforms. Governments and stakeholders may improve the resilience and growth potential of SMEs in LEDCs by implementing these guidelines, which will also help to establish an atmosphere that supports efficient leadership transitions and prudent financial management.

5.2.3 Areas for Future Research

Future studies on financial management and succession planning for SMEs in less developed nations (LEDCs) can concentrate on a number of important topics. First, researching how succession planning affects company performance may show a clear link between sustainable SMEs and good practices. It would also be beneficial to investigate how family dynamics and cultural elements affect succession plans in family-owned enterprises.

The use of technology in financial management is another topic of interest. Research might look at the factors that encourage and hinder SMEs from utilizing financial management software and how this impacts the efficacy of their financial planning. The long-term impacts of leadership changes on worker engagement, output, and company culture could be evaluated through longitudinal research.

To ascertain how they improve the competences of possible successors, the efficacy of training programs in financial management and leadership development should also be examined.

Additionally, SMEs can plan for and lessen possible disruptions by looking into best practices for financial risk management during leadership transitions.

While examining stakeholder participation in succession planning could emphasize the significance of incorporating family members and employees in the process, comparative studies comparing SMEs in LEDCs and those in more developed countries would show important variations in planning procedures. It would also be helpful to assess how well government policies that are meant to improve these practices are working.

Last but not least, studying the ways in which financial and succession innovation adds to competitive advantage may help navigate quickly shifting markets. Future studies in these areas can greatly advance knowledge and methods for enhancing financial management and succession planning in SMEs inside LEDCs.

REFERENCES

Adadevoh, L., Marfo, M., Carlo, A., Fianko Ofei, E., Asante, C., Ofei, E., & Armah, A. (2024). Succession Planning and Sustainability of Small and Medium Enterprises: The Moderating and Mediating Role of Transformational Leadership and Career Development. International Journal of Religion, 5, 2576-2597. https://doi.org/10.61707/9v0kdk36

Alviniussen, A., & Jankensgard, H. (2009). Enterprise risk budgeting: Bringing risk management into the financial planning process. Journal of Applied Finance, 19(1&2).

Asuman Atik. (2010). SME's Views on the Adoption and Application of "IFRS for SMEs" in Turkey. European Research Studies, Vol. XIII, issue 4.

Banker, Y. (2012). Advanced accounting system guide with working paper (3rd ed.). McGraw-Hill, New York.

Berk, J., DeMarzo, P., & Harford, J. (2012). Fundamentals of Corporate Finance. Pearson Education, Inc.

Bhunia, A. (2012). Association between Default Behaviors of SMEs and the Credit Facets of SMEs Owners. European Journal of Business and Management, 4(1).

Brigham, E. F., & Houston, J. F. (2010). Fundamentals of Financial Management. Cengage Learning.

Chang, C. H., Lin, H. W., Tsai, W. H., Wang, W. L., & Huang, C. T. (2021). Employee satisfaction, corporate social responsibility and financial performance. Sustainability, 13(18), 1-25.

Christiansen, N. D., & Tett, R. P. (2013). A model of the relationships among personality, self-efficacy, and career decision-making. Journal of Career Assessment, 21(2), 257-273.

Cole, S. L., & Harbour, P. C. (2015). Succession planning activities at a rural public health department. The Qualitative Report, 20(1), 148-164.

Creswell, P. (2012). Design and Methods (4th ed.). Random House, South Africa.

Czarnitzki, D., & Hottenrott, H. (2011). R&D investment and financing constraints of small and medium-sized firms. Small Business Economics, 36(1), 65–83.

Davies, M. (2009). Advanced Accounting Information System (2nd ed.). South Western College, Australia.

Denning, K. (2010). Business information technology. Prentice Hall, Southampton.

Escribá-Esteve, A., Sánchez-Peinado, L., & Sánchez-Peinado, E. (2008). Moderating Influences on the Firm's Strategic Orientation-Performance Relationship. International Small Business Journal, 26(4), 463–489.

Fiestas, I. (2011). Research methods for Business students. Pitman, London.

Folwer, P. (2013). Performances indicators in business enterprise (6th ed.). Kingston Publishers, Sydney.

Galliers, M. (2009). Business information systems: Analysis, design and practice. Workington, Addison Wesley Publishing Company, Drucker.

Hammer, P. (2009). Reengineering the corporation: A manifesto for business revolution. Allen & Alwen Publishers, Sydney.

Hayes, P. (2009). Systems Analysis and Project Management. McGraw-Hill, New York, NY.

Holland, B. (2009). Making Accounting Information system work. Struik Publishers, South Africa.

Jean, W. (2012). An introduction to quantitative and qualitative research. Thousand Oaks, Cape Town.

Jangkholam, A. (2021). Importance of financial management for the proper functioning of an enterprise with special reference to the micro and small enterprises (MSEs) of Manipur. EPRA International Journal of Economic and Business Review, 9(9), 20-28.

Jia, C., Tang, X., & Kan, Z. (2020). Does the nation innovation system in China support the sustainability of small and medium enterprises (SMEs) innovation? Sustainability, 12(6), 1-18.

Joensuu-Salo, S., Sorama, K., Viljamaa, A., & Varamäki, E. (2018). Firm performance among internationalized SMEs: The interplay of market orientation, marketing capability and digitalization. Administrative Sciences, 8(3), 1-13.

Kale, V. (2016). Enhancing Enterprise Intelligence: Leveraging ERP, CRM, SCM, PLM, BPM, and BI. CRC Press.

Khalique, M., Isa, A. H. B. M., Shaari, J. A., & Ageel, A. (2011). Challenges faced by the small and medium enterprises (SMEs) in Malaysia: An intellectual capital perspective. International Journal of Current Research, 3(6), 398-401.

Kunnathuvalappil Hariharan, N. (2020). "Rethinking Budgeting Process in times of Uncertainty". International Journal of Emerging Technologies and Innovative Research, 7(5), 1178-1185.

Ladzani, W. M., & Van Vuuren, J. J. (2002). Entrepreneurship training for emerging SMEs in South Africa. Journal of Small Business Management, 40(2), 154-161.

Laud, P. W., & Ibrahim, J. G. (1995). Predictive model selection. Journal of the Royal Statistical Society. Available at: https://rss.onlinelibrary.wiley.com/doi/abs/10.1111/j.2517-6161.1995.tb02028.x.

Leon, L. D., Rafferty, P. D., & Herschel, R. (2012). Replacing the annual budget with business intelligence driver-based forecasts. Intelligent Information Management, 4(1), 6–12.

Lim, C. H., & Teoh, K. B. (2021). Factors influencing the SME business success in Malaysia. Annals of Human Resource Management Research, 1(1), 41-54.

Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. American Psychologist, 57(9), 705-717.

Lunenburg, F. C. (2011). Goal-setting theory of motivation. International Journal of Management, Business, and Administration, 15(1), 1-6.

Maes, J., Sels, L., & Roodhooft, F. (2005). Modelling the link between management...

Maalu, J., McCormick, D., Peter, O., & Machukwu, V. (2013). Succession strategy and performance of small and medium enterprises.

Mohri, M., Rostamizadeh, A., & Talwalkar, A. (2018). Foundations of Machine Learning. Discussion Paper.

Naranjo, D. (2009). The Effect of Management Style and Management Accounting System Design on Performance. Volume 4 Number 1, RSM Erasmus University, Rotterdam.

Osibanjo, O. A., Abiodun, J. A., & Obamiro, J. K. (2011). Succession Planning and Organizational Survival: Empirical Study on Nigerian Private Tertiary Institutions. Serbian Journal of Management, 6(2), 231-246.

Rickart, Y. (2008). Accounting Information System: Analysis, Design and Practice (8th ed.). McGraw-Hill, New York.

Sadiq, M., Alamgir, A., & Ali, S. W. (2020). The Impacts of Total Quality Management, Human Resource Management, and Agility in Business on Firms' Financial Performance: Moderating Role of Emerging Business Competition. iRASD Journal of Management, 2(1), 9-21.

Shamsuddin, Z., Mahmood, S., Ghazali, P. L., Salleh, F., & Nawi, F. A. M. (2018). Indicators for cooperative performance measurement. International Journal of Academic Research in Business and Social Sciences, 8(12), 577-585.

Strassman, J. (2009). The performance of state-owned enterprises revisited. Olavide University, Seville.

Wang, J. (2011). Quality Information and Knowledge. Prentice Hall, New Jersey.

Wibowo, A., & Sukamdani, E. (2020). The Effect of Board Characteristics on Corporate Governance Disclosure: Evidence from Indonesia. Asian Journal of Business and Accounting, 13(2), 1-23.

Yadav, V., & Balakrishnan, S. (2021). The Role of Financial Management in Small and Medium Enterprises: A Review of Literature. International Journal of Management, 12(1), 55-68.

Websites

http://www.businessdictionary.com (22/09/

http://www.computerisedaccountingsystem.net (

http://www.techt.target.com (

http://www.thefreedictionary.com (

http://www.emaraldinsight.com (

http://en.wikipedia.org (

http://www.albusiness.com (

www.afropack.com (

www.financialgazette.com.zw (

APPENDIX. A

BINDURA UNIVERSITY OF SCIENCE EDUCATION

P Bag 1020
741 Chimurenga Rd, Off Trojan Road
Bindura, Zimbabwe

Direct Line: +263 66210 – 6284
Tel: +263 66210 – 7615, 7531/2, 7622/4
Cell: +263 772 749 583
gsb@buse.ac.zw
jmwenje@buse.ac.zw

GRADUATE SCHOOL OF BUSINESS
Where Great Minds Meet

27 November 2024

TO WHOM IT MAY CONCERN

REF: REQUEST TO CARRY OUT RESEARCH: TAMARE KAMWANZA B231372B

MASTER OF LEADERSHIP AND CORPORATE GOVERNANCE (MLC), PART 2.1 STUDENT

This letter serves to confirm that **Tamare Kamwanza B231372B** is a Master of Leadership and Corporate Governance student in the Graduate School of Business at Bindura University of Science Education.

The student is the final stage of study which requires her to carry out a research. Her dissertation is titled *"Implementing a working succession planning for SMEs. A case study of Makoni shopping centre."*

We would be grateful if you could give her any assistance he may require.

For more details, please do not hesitate to contact us.

Yours faithfully,

COORDINATOR
GRADUATE SCHOOL OF BUSINESS
FACULTY OF COMMERCE
PRIVATE BAG 1020, BINDURA
OFFICIAL

Dr J. Mwenje
Director, Graduate School of Business

TOPIC: Implementing a working succession and financial planning for SMEs a case study of Makoni Shopping Centre.

QUESTIONNAIRE

Instructions: Please select the answer by placing an (X) in the box with the most appropriate option

SECTION A: DEMOGRAPHIC CHARACTERISTICS.

A box represents an option, please tick the most appropriate answer where applicable

Section A: DEMOGRAPHICS

Please select the appropriate category that best describe your understanding by putting an X in the Mark column.

Variable	Category	Mark
DC1: Gender	Male	
	Female	
DC2:Age (Years)	Below 25	
	25 to 30	
	31 to 40	
	41 to 50	
	Above 51	
DC3: Education Level	School Certificate	
	Diploma	
	Degree	
	Masters	
	Doctorate	
D4: Duration of Employment (years)	Below 2	
	2 to 5	
	6 to 10	
	11 to 20	
	Above 20	

Section B: Key questions

Instructions: Please indicate your level of agreement or lack of it with each of the following items (tick the appropriate circle)

SA=Strongly Agree

A=Agree

NDA= Neither agree nor disagree

SD= Strongly Disagree

D= Disagree

A: Current Succession Planning Practices; Challenges and Considerations

	SA	A	NDA	D	SD
Theme: Talent Identification					
A1: We regularly assess employees and family members to identify high-potential candidates positions succession.					
A2: We use performance reviews and 360-degree feedback to gauge readiness.					
Theme: Development Programs:					
A3: We implement leadership development programs tailored to prepare employees and successors for future roles.					
A4: We offer mentorship and coaching opportunities.					
Theme: Challenges in Succession Planning					
A5: We find it difficult to accurately assess an employee's potential versus current performance					
A6: Employees may resist new leadership or changes in roles, leading to disengagement.					
A7: We have limited time and budget for training and development programs.					
A8:We ensure that succession planning is equitable and inclusive, promoting diverse candidates.					
Theme: Considerations for Effective Succession Planning					
A9: We ensure that succession planning aligns with the organization's long-term goals and strategies					
A10: We involve employees in the process to increase their commitment to development					
A11:We are prepared to adjust plans based on changing organizational needs or employee circumstances.					
A12: We maintain open lines of communication about career paths and opportunities for growth.					
A13: We created a system for ongoing evaluation and feedback to refine succession strategies.					

B Current Financial Practices, and Financial Readiness

	SA	A	NDA	D	SD
Theme: Current Financial Practices					
B1: We regularly update financial forecasts to reflect changes in the business environment and organizational goals.					
B2: We allocated budget for leadership development programs, training, and succession planning initiatives.					
B3: We assess financial risks associated with leadership transitions and develop mitigation strategies.					
B4: We use financial management software to track budgets and performance metrics related to succession planning.					
B5: We implemented compensation structures that reward leadership performance and align with organizational goals.					

Theme: Financial Readiness					
B6: We evaluate the organization's liquidity to ensure it can support transitions without financial strain.					
B7: We determine how capital will be allocated for development and transition costs					
B8:We monitor financial health metrics (e.g., debt-to-equity ratio, profitability margins) to gauge readiness for change.					
B9: We develop financial contingency plans to address unforeseen challenges during leadership transitions.					

C: Financial impact of a leadership transition, Challenges and Improvements

	SA	**A**	**NDA**	**D**	**SD**
Theme: Financial Impact					
C1:Transitions can lead to temporary disruptions in operations, affecting revenue generation and costs.					
C2:Significant expenses may be incurred for training new leaders and on boarding processes.					
C3: Leadership changes can affect employee engagement and productivity, leading to potential turnover costs.					
C4:New leaders may implement changes that alter financial strategies, impacting budgets and forecasts					
C5: Leadership transitions may influence investor perceptions, potentially affecting market stability.					
Theme Challenges in Leadership Transitions					
C6. Employees may resist new leadership styles or changes in direction, impacting overall effectiveness.					
C7. Ensuring that critical knowledge and relationships are transferred from outgoing leaders to successors can be challenging.					
C8. New leaders must align with the existing corporate culture while implementing their vision.					
C9. Poor communication during transitions can lead to misunderstandings and decreased morale.					
10. Identifying and mitigating financial risks associated with leadership changes can be complex.					
