Factors Influencing Business Succession Planning among SMEs in Tanzania

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Abstract

The study intended to investigate factors influencing business succession planning among Small and Medium Enterprises (SMEs). It assessed how demographic characteristics, business size, and family related factors influence business succession planning. The research methodology involved surveying 25 SMEs and among 104 interviewed owners/supervisors, only a sample of 88 was analyzed by Chi-square to establish the relationship between independent and dependent variables. The findings show that the higher the age of SMEs owners, the higher the possibility of preparing the business successors. Also, males are associated with more chance of being involved in business succession planning, the sons having a big chance of being the successors. Furthermore, increase in the level of education of SMEs owners has a positive influence in preparing the successors. Similarly, business size has a positive influence on business succession planning, the bigger business being given the first priority. In contrary, increase in involvement of family members in SMEs has no influence on business succession planning. Lastly, increase in communication among family members has a positive influence on business succession planning. The study concludes that SMEs owners don't prepare the business successors while still energetic. It further concludes that gender has an effect on business succession planning and that the owners who have low level of education die with their businesses because they rarely prepare the successors. The study recommends that the owners of SMEs should prepare the right business successors in time to make their businesses remain sustainably.

Key words: *Business succession planning, demographic characteristics, SMEs*

1. Introduction

Although the SME sector is important to the socio-economic development of Tanzania, studies have revealed that it is largely informal and very much under-performing due to a multitude of constraints facing it (Mutambala, 2011). SMEs have not been surviving to the second, third and fourth generations due to different challenges in Tanzania including human and non-human factors. Several studies have been conducted on non-human factors such as lack of finance and market as the main factors affecting sustainability of SMEs in Tanzania (Mashenene *et al.*, 2014). A few studies have been done on human factors such as lack of commitment, trustful and education while running SMEs. However, none of these studies have touched on factors affecting the choice of a business successor. Sustainability in businesses contributes to sustainable economic growth and development elsewhere in the world. The presence and sustainable development of SMEs is believed to contribute greater impact on the economy as SMEs constitute a significant proportion of family-owned businesses in many countries, including Tanzania. Similarly, expansion and development of SMEs over generations are highly viewed as crucial for economic activities, economic growth and wealth creation. They are, indeed, "the backbone" of the economy of many countries, developed and developing countries alike (Abdullah, 2011). In African countries, SMEs account for significant share of production, employment and income generation, and are therefore directly connected to poverty alleviation (World Bank, 2002). In Tanzania, it is estimated that about 2.75 million SME owners own and manage about 3.16 million SMEs and the sector is estimated to contribute TZS 6.9 Trillion or about 27% of the country's GDP (URT, 2012; REPOA, 2008). Indeed SMEs development is closely associated with more equitable distribution of income and thus important as regards poverty alleviation. At the same time, SMEs serve as a training ground for emerging entrepreneurs (Chijoriga, 2007). According to national statistics, SME sector in Tanzania is estimated to generate about third of GDP, employs 20% of Tanzanian labour force and has greatest potential for further employment generation (URT SMEs Policy, 2003).The contribution is significant since a formal public sector can no longer absorb all job seekers. It is estimated that public sector employs only about 26% of new entrants to labour market (Machiya, 2010). This means that most of the remaining labour force finds its way into SMEs sector. Since most of SMEs in Tanzania have not been documented, there is great possibility that their contribution is even higher than the estimated one (Mpogole, 2007).

In view of the acknowledged importance of SMEs, there is a need to promote their survival and continuity. The businesses which continue to survive and grow have greater contribution to economic development. Normally a lot of efforts to support SMEs are directed to business start up and subsequent growth of the firm but little is done to assist owner at final stage of ownership life cycle (Mnemai, 2013). However, most SMEs especially in

developing countries face challenges of continuity after their establishment. Many family owned businesses do not survive long enough after the retirement/death of the first generation entrepreneurs. It is estimated that about 70 percent of SMEs in Africa collapse within the first five years of establishment (Mazrui, 2012). One of the major problems that contribute to lack of continuity and growth of SMEs in Tanzania is inadequate succession planning (Mori, 2014). For example, (Akinyele, 2007), cited business succession, as one of the critical managerial skills lacking in Africa. It is argued that when the former owner(s) retire, SMEs face difficulties since new management are likely to have irrelevant skills, knowledge, experience and attitudes on them (Wahjono, 2014). Besides, we see family members file court cases to bar other members of their families from running or interfering with the management of an enterprise after the exit of the first generation owners (Karanja, 2012), and the course of all these could be due to lack of succession planning by the first entrepreneurs. Consequently, most SMEs collapse especially after retirement of the owners. This uncovers that in order for SMEs to continue surviving beyond the founder's/owner's life, effective succession planning s inevitable.

From the empirical researches above, business succession planning has been underestimated in Africa. Mnemai (2013), reports that a lot of efforts are concentrated at business start up but little in succession planning but didn't state why succession is planning not being done. Mori (2014) and Akinyele (2007) did the researches and revealed that business owners fail to make succession planning due to irrelevant skills, knowledge, experience and attitude on those businesses but considered only few factors. Previous studies on SMEs (Mpogole, 2007) concentrated on SMEs creation, growth and access to finance. There is no any known acknowledged comprehensive and empirical study in the reviewed literature that has been undertaken in Tanzania on succession planning in SMEs. This study was undertaken to consider the factors affecting business succession planning notably age, gender, education, business size, involvement of family in the business and communication among family members.

2. Literature Review

2.1 Meaning and Importance of Business Succession Planning

According to (Sabbaghian, 2015), there are several research studies which provide comprehensive definitions of the term 'succession planning' in family-owned businesses (Mutunga, 2013; Gumbo, 2012; Taruwinga, 2011 ; Abdullah 2011). These articles include topics such as the need to plan for succession (Karanja ,2012; Motwani, 2006), and consideration of important elements involved in the succession planning process (Terdpaopong, 2013 ; Moha 2011) among others. Succession Planning is a process where firms plan for the future transfer of ownership. In fact, it occurs when the firm owner wishes to exit from the firm nevertheless wants the business to continue. The motive behind this is to transfer ownership of the firm to any of the family members rather than shutting down the business altogether (Mutunga, 2013).

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enough to facilitate successful succession (Kimuyu, 2008). Therefore, family business owners planning for succession need to consider culture and values surrounding them.

2.2 Theoretical Foundation
There are different theories on strategic succession planning, each identifying own paradigm and concept on family owned businesses. Some of these theories include; Game Theory of Succession Planning, Leadership Model Succession Theory and Requisite Organization Theory.

2.2.1 Game Theory of Succession Planning
Game theory is the branch of decision theory concerned with interdependent decisions. The theory was developed extensively in the 1950s by many scholars. The theory is a study of mathematical models of conflict and cooperation between intelligent rational decision-makers. The problems of interest involve multiple participants, each of whom has individual objectives related to a common system or shared resources. One of the most significant 10 challenges to enduring businesses is the process of passing the leadership of a firm from one generation to another. Game theory positions itself as a model for examining succession as a set of rational but interdependent choices made by individuals about a firm's leadership. The primary contribution of game theory is to demonstrate the application and understand the decisions and outcomes of succession events (Dunemann , 2004).

2.2.2 Leadership Model Succession
This theory proposes that to ensure leadership succession is in place, the company should maintain redundancy in management structure to maximize coverage, plan ahead for retiring executives by appointing a successor before the current leader leaves, groom selected internal candidates by allowing them to shadow the current leaders and finally prevent conflict by making leadership changes swiftly (Ibrahim, Soufani, & Lam, 2001). The theory is seen in the business world with companies promoting from an existing leadership structure to retain control of business strategies and organizational direction. Successful businesses have the potential to survive their founders. Because leadership styles and models differ widely, succession models also vary based on the way an organization has been managed (Bjuggren , 2001).

2.2.3 Requisite Organization Theory
The theory propounds that an employee's potential capability is the key factor in identifying talent within a succession management strategy and is measured in the unit of time-horizon. An individual's time-horizon is the length of time into the future that she/he can plan and work. Making plans and carrying them out in the future requires an increasing amount of complex mental processing the further the distance into the future. It follows that ability to handle complexity of mental processing is proportional to potential capability. Therefore, one's ability to plan into the future, or time-horizon, is the unit by which potential capability is measured (Shepherd, 2000). Within this theory, managers-once-removed (MoRs) evaluate subordinates-once-removed (SoRs) and subordinates-twice-removed to determine potential capability. Within RO, organizations identify critical talent within a succession management strategy by plotting employees' age and time-horizon on a Potential Progression Data Sheet. This data sheet allows organizations to visualize the career trajectory of employees and select succession candidates accordingly (Bird, 2002).

2.3 Review of Empirical Studies
Many previous studies have identified a number of constraints hampering the development of this sector to include: unfavorable legal and regulatory framework, undeveloped infrastructure, poor business development services, limited access of SMEs to finance, low quality of products, inadequate business training, anti-entrepreneurial culture, ineffective and poorly coordinated institutional support framework (Mashenene *et al.,* 2014; Maziku *et al.*, 2014; Tundui, 2012; URT, 2012; Mutambala, 2011). However, such multiple business constraints identified could be difficult to address them collectively given the fact of limited available resources in Tanzania, as the result, such constraints have tended to persist.

Previous studies on SMEs (Mpogole, 2007) concentrated on SMEs creation, growth and access to finance. There is no any known acknowledged comprehensive and empirical study in the reviewed literature that has been undertaken in Tanzania on succession planning in SMEs. This area has been ignored despite the fact that there is a relationship between succession and firm performance. For example, succession exerts a significant and positive employment growth effect (Diwisch, 2007). As already highlighted, succession poses a serious problem to SMES growth and continuity which need to be explored. This study attempted to examine factors influencing SMEs succession planning in the Tanzanian context.

2.4 Conceptual framework and hypotheses
A conceptual framework explains, either graphically or in a narrative form, the main things to be covered in the study, including key factors and presumed relationship among them. The key variables are also reviewed in this defines variables as a discrete phenomenon that can be measured or observed in two or more categories. In this

study two kinds of variables are discussed; that is, dependent and independent variables. An independent variable is the presumed cause, whereas the dependent variable is the presumed effect. In this study factors influencing succession planning in SMEs are independent variables while succession planning itself is a dependent variable. The conceptual framework (figure 1) describes the relationship between independent and dependent variables.
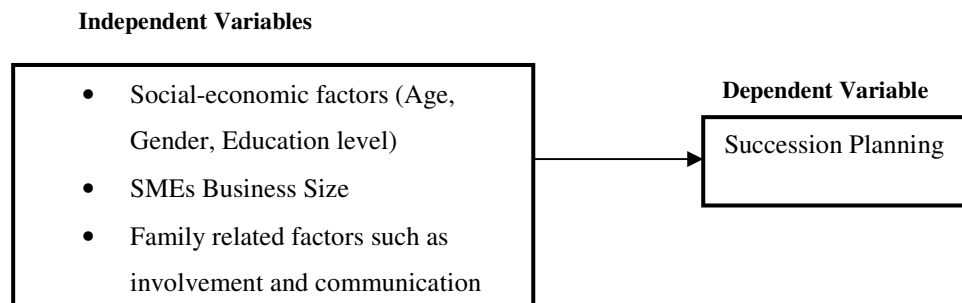
Independent Variables

- Social-economic factors (Age, Gender, Education level)
- SMEs Business Size
- Family related factors such as involvement and communication

Dependent Variable

Succession Planning

Figure 1: Conceptual Framework Showing Factors Influencing Succession Planning
Source: Literature Review (2015).

The findings from the literature have led to the development of the following specific hypotheses for testing. The research hypotheses are stated according to the predictions associated with the proposed research objectives. After each hypothesis an assumption is made. The hypotheses of this study are:

H_1: **The higher the age of SMEs owners the higher the possibility of business succession planning.** The main underlying assumption is that older SMEs owners have higher commitment in establishing the succession planning in their enterprises than younger ones.

H_2: **Male owners of SMEs are associated with more chances of business succession planning.** The main underlying assumption was that male owners are more likely to have succession planning than female owners. As ratio of male owners increase succession planning practices in SMEs is expected to increase also.

H_3: **The higher level of education of SMEs owners has a positive influence on business succession planning.** The main underlying assumption was that the more educated SMEs owners are likely to have succession planning. Generally Education is acknowledged to positively affecting SMEs performance and survival of business (Sharma *et al.,* 2003).

H_4: **Growth in SMEs business size has a positive influence on business succession planning.** The main underlying assumption is that the bigger the business size, the higher the level of business succession planning.

H_5: **The higher involvement of family members in SMEs increases chances of business succession planning.** The main underlying assumption was that the bigger the number of family members in the SMEs business, the more it can practice business succession planning.

H_6: **The higher intensity of communication among family members in SMEs affects positively business succession planning.** The main underlying assumption was that the SMEs whose members communicate effectively are likely to have more effective succession planning than those who have little or no any communication at all.

3. Research Methodology

According to Kothari (1990), a research methodology refers to a systematic way applied to solve a research problem. This part presents the design and methodology that was to be adopted by this study so as to ensure that quality data were collected for the research undertaken. This part describes the research design and study area, sampling size and research instruments as well as data analysis.

3.1 Research design and population of the study

Exploratory research was employed to discover ideas and insights of interviewees. Ample flexibility was adopted enough to provide opportunity for considering different aspects of a problem under study. The target population for the study was small and medium enterprises (SMEs) owners located in Dodoma and Dar es Salaam regions of Tanzania. Dodoma region has big number of SMEs owners as a representative sample. Dar es Salaam region was selected because it has the highest population of SMEs in Tanzania (URT, 2012). The population of the study was limited to SMEs assessing the succession planning from 2010 to 2015. The SMEs owners were selected by non-probabilistic sampling. In this type of sampling, SMEs would be selected deliberately by the researcher by using strategic judgments to come with relevant data. The sample included SMEs owners of different gender, ages and levels of education.

3.2 Sample size

One hundred and four (104) respondents were involved which was calculated by using the formula: $\mathbf{n = Z^2}$. $\mathbf{Pq/d2}$…………………………………………………………………(1)
where **n** is the sample size, **Z** is the standard variate which is 1.96 for a 95% confidence level, **p** is the proportion in the largest population which is 50%, **q** is **1-p** and **d** is the degree of accuracy, set at 0.05. Then, **n = $(1.96)^2$ x (0.5x0.5)/ $(0.05)^2$ = 384**. Saunders *et al.* (2007) recommends that, as rule of thumb a minimum sample size of 30 is acceptable for statistical analysis. In this study therefore, a sample of 104 was viewed as adequate and appropriate instead of 384.

3.3 Types of data and research instruments
To achieve the objectives of the research, primary data were collected through face to face interviews, telephone interviews and questionnaires. The researcher developed an interview guide that listed the questions or issues to be explored during the interview and included an informed consent form. The same approach was adopted by (Tundui, 2012). Total number of SMEs visited was 25 and out of 104 SMEs owners/managers expected to be interviewed, only 88 were successfully interviewed and used for the purpose of this study.

3.4 Data analysis
Both qualitative and quantitative data analysis were used to analyze the data gathered in order to draw good conclusion.   Data were run through statistical software called SPSS through Chi-square as a statistical test. Results of Chi-square were used to judge the significance of population variance and the variation of observed variables in explaining the latent variable and also to test the stated hypotheses in making the conclusion of the research.

3.5 Test of validity and reliability
Reliability is the quality of consistency or replicability of a study or measurement (Kothari, 2009). In order to obtain validity and reliable measures of the variables, previously validated scales were used for all of the constructs in this study. At each stage, the factors that were considered as independent variables were included in the questionnaires. The aim was to assess the factors influencing succession planning in small and medium scale enterprises in Tanzania.

4 Findings and Conclusion
4.1 H$_1$: The higher the age of SMEs owners the higher the possibility of business succession planning.
Basing on this hypothesis, the study intended to investigate the extent to which age of SMEs owners influences their succession planning in Tanzania. The findings are as shown in table 1.
Table 1: Chi-Square test results for the influence of age on succession planning

Business succession planning		Age				Total
		Below 25 Years	**Between 26-45 Years**	**Between 45-60 Years**	**Above 60 Years**	
	Yes	6(11.1%)	16 (29.6%)	24(44.4%)	8((14.8%)	54
	No	8(23.5%)	18(52.9%)	6(17.6%)	2(5.9%)	34
	Total	14(15.9%)	34 (38.6%)	30(34.1%)	10(11.4%)	88

  Pearson Chi-square= 10.817, df=3, p= .013
  Source: Field Data (2015)
Age was an independent variable and succession planning a dependent variable. From table 1, 54 (61.36%) of the respondents agreed that age has a positive influence on business succession planning. Furthermore, the Chi-square values for observed variable age is 10.8, is higher than table value of **7.815 at 3** degrees of freedom with significant level of 0.013 which is less than the critical value of 0.05(p<0.05). This shows that an indicator age is very strong in explaining the variable succession planning. Therefore, hypothesis **H$_1$** which states that, "**The higher the age of SMEs owners the higher the possibility of business succession plans"** is accepted. The findings are similar to (Terdpaopong 2013) who revealed that as a human being, all business owners are running after age and eventually reach at a late stage of life and do need retirement or safe exit from business. Thus, it is important to prepare the business successors.

4.2. H$_2$: Male owners of SMEs are associated with more chances of business succession planning
The study intended to investigate the extent to which gender of SMEs owners influences their succession planning in Tanzania. The findings are as shown in table 2.

Table 2: Chi-Square test results for the influence of gender on business succession planning in SMEs

Business succession planning		Gender		Total
		Male	Female	
	Yes	34 (63.4%)	18(34.6%)	52
	No	12(33.3%)	24(66.7%)	36
	Total	46 (52.3%)	42(47.7%)	88

Pearson Chi-square= 28.046, df=1, p= .00
Source: Field Data (2015)

Gender was an independent variable and succession planning a dependent variable. From table 2, gender was an independent variable and succession planning a dependent variable. From table 2, 52 (59.09%) of the respondents agreed that gender has a positive influence on business succession planning. Furthermore, the Chi-square values for observed variable gender is 28.0, is higher than table value of 3.841 at 1 degree of freedom with significant level of 0.000 which are less than the critical value of 0.05($p<0.05$). This shows that an indicator gender is very strong in explaining the variable succession planning. Therefore, hypothesis H_2 which states that, *"Male owners of SMEs are associated with more chance of business succession planning"* is accepted. These findings are similar to that of (Lorunka, 2011) who has found that the gender of the founder, the amount of capital required at the time of starting the business and growth strategy of the enterprise are very important factors in predicting growth in a small enterprise. However, this is contrary to (Taruwinga 2011) who argue that it should not really be surprising that there are more similarities than differences in male and female leadership styles because gender differences that are apparent in the general population tend to be less evident because of career self-selection and organizational selection.

4.3 H_3: Influence of education level of SMEs owners on business succession planning
The study intended to investigate the extent to which education level of SMEs owners influences their succession planning in Tanzania. The findings are as shown in table 3.

Table 3: Chi-Square test results for the influence of education level on succession planning in SMEs

Business succession planning		Education level					Total
		Std VII and below	Secondary Education	Diploma	Degree or Adv. Diploma	Postgraduate qualification	
	Yes	7(12.3%)	11(19.3%)	12(21%)	13(22.8%)	14((24.5%)	57
	No	5((16.1%)	6((19.3%)	4((12.9%)	9((29.0%)	7(22.6%)	31
	Total	12(13.6%)	17(19.3%)	16(18.2%)	22(25.0%)	21(23.8%)	88

Pearson Chi-square= 65.742, df=4, p= .00
Source: Field Data (2015)

Education level was an independent variable and succession planning a dependent variable. From table 3, (64.77%) of the respondents agreed that education has a positive influence on business succession planning. Furthermore , the Chi-square values for observed variable education level is 65.7, is very higher than table value of 11.070 at 4 degrees of freedom with significant level of 0.000 which are less than the critical value of 0.05($p<0.05$). This shows that an indicator education level is very strong in explaining the variable succession planning. Therefore, hypothesis H_3 which states that, *"Increase in level of education of SMEs owners has a positive influence on succession planning"* is accepted. This study is congruent to that done by (Gumbo, 2012) who found that the role of succession planning on survival of SMEs after the retirement/death of the founding owners is influenced by four variables namely: mentoring, entrepreneurial orientation, level of education/training and capability of the successor.

4.4 H_4: Influence of the business size on business succession planning
The study intended to investigate the extent to which business size of SMEs influences their succession planning in Tanzania. The findings are as shown in table 4.

Table 4: Chi-square test results for the influence of business size on business succession planning in SMEs

Business succession planning		Size of the Business			Total
		Tzs Up 5m	Tzs Above 5m to 200m	Tzs Above 200m to 800m	
	Yes	11(19.6%)	12(21.4%)	19(33.9%)	56
	No	4(12.5%)	6(18.75%)	12(37.5%)	32
	Total	15(17.0%)	18(20.5%)	31(35.2%)	88

Pearson Chi-square= 54.438, df=3, p= .00
Source: Field Data (2015)

The size of the business was an independent variable and succession planning a dependent variable. From table 4, (63.63%) of the respondents argued that size of the business has significant influence on business succession planning. Furthermore ,the Chi-square values for observed variable the size of the business is 54.4, is higher than table value of 7.815 at 3 degrees of freedom with significant level of 0.000 which are less than the critical value of 0.05(p<0.05). This shows that an indicator business size is very strong in explaining the variable succession planning. Therefore, hypothesis H_4 which states that, *"Growth in SMEs business size has a positive influence on business succession planning"* is accepted.

4.5 H_5: Influence of family involvement in the business on succession planning
The study intended to investigate the extent to which family involvement in business influences succession planning in Tanzania. The findings are as shown in Table 5.

Table 5: Chi-Square test results for the influence of family members' involvement on succession planning in SMEs

Business succession planning		Involvement of family members in the business			Total
		1-3 people, family business	4 and above people, family business	None	
	Yes	21(53.8%)	12(30.7%)	6(15.4%)	39
	No	26 (53.1%)	15(30.6%)	8(16.3%)	49
	Total	47(53.4%)	27(55.1%)	14(15.9%)	88

Pearson Chi-square=2.470, df=2, p= 0.291
Source: Field Data (2015)

Involvement of family members in the business was an independent variable and succession planning a dependent variable. From table 5, only (44.31%) of the respondents agreed that involvement of family members in the business has a significant influence on business succession planning. Furthermore, the Chi-square values for observed variable **family involvement** is 2.47, is less than table value of 5.991 at 2 degrees of freedom with significant level of 0.291 which are greater than the critical value of 0.05(p<0.05). This shows that an indicator family involvement in the business is weak in explaining the variable succession planning.
Therefore, hypothesis H_5 which states that, *"Increase in involvement of family members in SMEs increases chances of business succession planning"* is rejected.

4.6 H_6: Influence of Communication among family members on SMEs business succession planning
The study intended to investigate the extent to which communication among family members of SMEs influences their business succession planning. The findings are as shown in Table 6.

Table 6: Chi-Square test results for the influence of communication on business succession planning in SMEs

Business succession planning		Communication among other family members		Total
		Yes	No	
	Yes	36	9	45
	No	7	26	33
	Total	43	35	88

Pearson Chi-square=40.050, df=1, p= .00
Source: Field Data (2015)

Communication among family members in the business was an independent variable and succession planning a dependent variable. From table 6, (51.1%) of the respondents agreed that education has a positive influence on business succession planning. Furthermore , the Chi-square values for observed variable **communication among family members** is 40.0, is greater than table value of 3.841 at 1 degree of freedom with significant level of 0.000 which is less than the critical value of 0.05($p<0.05$). This shows that an indicator communication among family members in the business is strong in explaining the variable succession planning.

Therefore, hypothesis H_6 which states that, *"Increase in communication among family members on SMEs has a positive influence on business succession planning",* is accepted.

Table 7: Summary of results

Hypotheses	Independent variable	Dependent variable	Accepted	Rejected
H_1	Age of SMEs owners	Business succession planning	√	
H_2	Gender of Business Owners	Business succession planning	√	
H_3	Education level of Business Owner	Business succession planning	√	
H_4	Business size	Business succession planning	√	
H_5	Family members involvement	Business succession planning		√
H_6	Communication among family members	Business succession planning	√	

5. Discussion of the Findings

Based on the findings of the research, it has been found that age of SMEs owner affects business succession planning in Tanzania. This finding is the same to Jovanovic (1982), who identified age as the main factor affecting succession in SMEs. Obviously, the older the owner, the more proximate succession is likely to be for the organization and hence, the greater the impetus for implementing a comprehensive succession planning process. With respect to the gender, it has been found that there is a significant impact of gender on business succession planning and that sons are likely to be successors than their counterpart female owners. This finding is consistent with current debate on gender issues where it is argued that women are not given equal opportunity on asset inheritance. In line with this women lie behind in making succession decision even to their own business. The two major reasons based on the sense that daughters would be married to other families and that sons are normally hard workers, aggressive and committed to their jobs. With respect to education, the research results show that levels of education of SMEs owners have positive impact on succession planning. This finding is consistence with Sam (2003). Thus business owned by entrepreneurs with high level of education consistently practice more succession planning evidenced by existence of succession plan and low rate of business closure at succession. As the owner/manager's level of education increases, so too will the extensiveness of the succession planning process. The research has further found that as business growth increases chances of business succession planning. This finding is consistent with a study by Dunemann and Barrett (2004) who considered the life stage of business and argued that stage of development and market changes may require different approaches or new skills in order to succeed hence influencing succession process. Related to the firm size, it was found that when businesses are small with few assets there is no much bother on part of owner as who will take it over, but when the business grow it became more organized giving room for planning succession. With respect to the family involvement, the findings of the research, show that there is no positive relationship between involvement of family members and succession planning in Tanzania. This finding is in contrary with Sharma (2004) and Stummer (2004) who found that the successor's level of commitment to the business was the most desirable requirement when choosing the successor. In relation to frequent communication among SMEs members, it has also been found that SMEs, whose members communicate more frequently, are more likely to practice business succession. This finding is consistent with (Hamilton, 2003) stresses the need for communication to be of a high quality if participant are to adequately explore and deal with all the issues that arise during succession planning.

6. Conclusion and Recommendations

This exploratory study has, through empirical research, examined issues related to succession planning processes in Tanzania. The fundamental issue in this research was to investigate the extent to which age, gender, education

level, business size, involvement of family members and communication influence business succession planning among SMEs. In general conclusion is that age, gender, education, and communication have strong influence on succession planning while involvement of family members have weak impact on business succession planning in the context of Tanzania. The findings of this study revealed that succession planning is important for the growth and sustainability of SMEs.

7. Implications of the findings

The research shows that there is a relationship of the findings & the proposed business succession planning model. Owners of SMEs should prepare the right business successors in time to make their businesses remain sustainably. Similarly there is a need for interventions in the areas with weaknesses as per findings.

8. Areas for Future Research

This was a pioneer study on factors influencing succession planning on SMEs as evident in its limited scope. Further studies are needed to explore more and clarify issues raised in this study. For example wide range of variables needs to be included such as ownership structures, value and culture as they dictate succession process, but, were not covered under this study.

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