SUCCESSION PLANNING PRACTICES AND PERFORMANCE OF SELECTED FAMILY-OWNED SMEs IN QUEZON CITY: BASIS FOR A PROPOSED BUSINESS CONTINUITY MODEL IN THE PHILIPPINE SETTING

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A proper succession plan is essential to sustain a small-medium enterprise (SME). Business owners/founders need to identify the pool of potential successors, then prepare them with adequate experience and training to lead the business in the future. The paper focuses on how current succession planning practices are implemented in selected family-owned SMEs. In assessing these practices, it is imperative for a business to survive in a competitive market. The use of mixed method research evaluated if SMEs are adapting the current practices and assessed the effect of these practices to organizational performance. The study revealed that SMEs have distinct characteristics in succession planning in terms of recruitment, talent mapping, training/development and job rotation-mentoring. The SMEs according to ownership, capitalization and industry classification showed no significant differences which concludes that regardless of size, the business will adhere to these succession planning practices to continue the business. In the
same manner the relationship of these succession planning on the performance of SMEs were evaluated that resulted to positive correlation. In all discussions, three cornerstones for succession planning were identified as the basis for the business continuity model.

People, probity and plan are three components that strengthens a small to medium or even larger enterprises business longevity. People are the owners/founders/successors. Probity is the quality of family relationships and value systems passed through generations. Plan is a written document to serve as roadmap to business continuity. A business model is proposed to address the need to scale up a family-owned SME as one of the economic thrust of local government of Quezon City to lessen the failure rate of these growing SMEs.

Keywords: Succession planning, Family business, SMEs, Business continuity model, 3Ps