ROLL OF SUCCESSION PLANNING ON SURVIVAL OF SMALL AND MEDIUM FAMILY ENTREPRISES AFTER RETIREMENT/DEATH OF THE FIRST GENERATION ENTREPRENEURS IN KENYA

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ABSTRACT

Small and Medium Family Enterprises (SMFEs) are engines of economic development through contribution of jobs and poverty reduction. Currently, the SMFEs sector in Kenya contributes over 70% of the country's GDP. Despite the importance of SMFEs in the economy, they have high collapse rate. In Kenya, 3 out every five collapse within 3-5 years of operation leading to loss of jobs. In Kenya, more often than not, families make applications in court to bar their family members from running or interfering with the running of family business. Many studies have been conducted on SMEs but little has is known about the contributions made by a well organized process of succession planning to survival of SMFEs in Kenya. The role of succession planning on survival of SMFEs 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.

The sample size was 71 respondents. The study used primary data collected using questionnaires which were given to the respondents at their places of businesses. Quantitative data collected was analyzed by SPSS and presented through tables, figures, charts, percentages, mean, /and standard deviations. In addition, a multivariate regression model was applied to determine the relative importance of each of the four variables with respect to SMFE growth.

The study found that capability of the successor had the greatest effect on the survival of SMFEs after retirement/death of first generation entrepreneur, followed by entrepreneurial orientation, and then mentoring while level of training had the least effect to the survival of SMFEs after retirement/death of first generation entrepreneur.

The study recommends that the owners/managers of the SMFEs should propose a successor for their business in good time so as to allow enough time for mentoring that could see their business survive through several generations. The study also recommends that the owners/managers should be trained on the importance of being innovative, proactive and how to take calculated risks in the business operations that would go a long way in enhancing business success.

Key words: Small and Medium Family Enterprises, Succession planning.

Introduction

The study seeks to establish the role of succession planning on the survival of SMFEs after retirement/death of first generation entrepreneur. The contribution of small and medium enterprises (SMEs) to employment, growth and sustainable development is widely acknowledged.

Globally SMEs account for 99% of business numbers and 40% to 50% of GDP (Brown & Harris, 2010). Studies indicate that in both advanced economies and developing countries SMEs contribute on average 60 percent of total employment (Ayyagari, Beck, and Demirgüç, 2007). The SMFEs that continue to succeed despite the departure of strategic leaders are those that prepare in advance—they have key players in place and they have implemented well-defined, comprehensive development programs, formal management training programs, and succession plans. Developing a comprehensive, long-term succession plan is a critical element for continuity and success of SMFEs. Such plans start with talent: finding, growing, and retaining leadership-in-waiting. Having the best people in pivotal leadership roles, prepared to step in at any time, is essential for future success. The succession challenges may be due to failure to plan for the future of the business. The research seeks to establish the role of succession planning on the survival SMFEs in Kenya after retirement/death of the first generation entrepreneurs.

Purpose of the study

Many a time family owned businesses does not survive long enough after the retirement/death of the first generation entrepreneurs. 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.

The study offers valuable contributions from both theoretical and practical points of view. Theoretically it contributes to the general understanding of the role of succession planning on survival of SMFEs after the retirement/death of the first generation entrepreneur. From the practical standpoint, the study reveals how poor succession planning can affect the survival of SMFEs after the exit of the first generation entrepreneurs in Kenya.

This study answers the following questions: 1) what are the effects of mentoring the successor on the survival of SMFEs after the retirement/death of the first entrepreneur in Kenya? 2) What are the effects of entrepreneurial orientation of the successor on the survival of SMFEs after the retirement/death of the first generation entrepreneurs in Kenya? 3) What are the effects of level of education of the successor on the survival of SMFEs after the retirement/death of the first generation entrepreneur in Kenya? 4) What are the effects of capability of successor on the survival of SMFEs after the retirement of the first generation entrepreneur in Kenya?

Background of the study

Small and Medium Family Enterprises plays important roles in Kenya economy. According to 2009 Economic Survey Report, the sector contributed over 50% of job creations in the year 2008 (Memba, Gakure & Karanja, 2012). However, according to Kenya National Bureau of statistics 2011, 3 out of 5 SMFEs fail within the first few months after the retirement/death of the first generation entrepreneurs.

One of the major problems faced by family owned enterprises is the transfer of leadership/ownership and management to the next generation (Astrachan, Klein & Symronois, 2002). In Kenya a number of families have gone to court with intentions of barring other family members from taking control of the family businesses or barring them from getting a share of the family estates after retirement or death of the first generation entrepreneurs.

Several studies have been conducted in other countries in relation to succession in family businesses (Sharma, 2001) but in Kenya there is limited empirical research studies on role of succession planning on survival of SMFEs after retirement/death of first generation entrepreneurs, hence the essence of this study.

Shumpeterian Theory of Innovation

Schumpeter (1934) is especially known for his dynamic theory of innovation and entrepreneurship. He developed a theory where a company's ability to innovate was mainly connected to its size. This theory investigated the effects of entrepreneurial orientation on the survival of SMFEs after the retirement/death of the founding owners.

McClelland Theory

David McClelland and his associates proposed McClelland's theory of Needs / Achievement Motivation Theory (McClelland 1961, 1985). This theory states that human behavior is affected by three needs - Need for power, achievement and affiliation. Need for achievement is the urge to excel, to accomplish in relation to a set of standards, to struggle to achieve success. This theory investigated the effects of entrepreneurial orientation on the successor after retirement/death of the founding owners.

Theories of Learning in Educational Psychology

Maslow's theory is based on the notion that experience is the primary phenomenon in the study of human learning and behavior. He placed emphasis on choice, creativity, values, self-realization, all distinctively human qualities, and believed that meaningfulness and subjectivity were more important than objectivity. This theory investigated the effect of level of education/training on survival of the SMFEs after retirement/death of the founding owners.

Competency Models (CM) of Succession Planning

The successor's competency surrounds knowledge, skills, abilities, traits and behaviors to allow a person to perform a task in a particular job (Vathanophas & Thaingam, 2007). Competency Models (CM) is a framework that identifies a combination of the skills, knowledge and behaviors and for these models to be considered useful, the competencies must comply with the job activities of individuals (Lindner, 2001).

Research Design and Sample Size

Exploratory research design was used in this study. The research design was both quantitative and qualitative with the aim of determining the relationship between the succession planning and survival of SMFEs in-term of output. This research study used a stratified random sampling method to select 30% of the respondents Mugenda & Mugenda,(2003). The study therefore selected 71 respondents from Kariobangi.

Sampling Frame

	Target population	Ratio	Sample size
Salon& Barber	14	0.3	4
Hotels, Fast food joints & bars	49	0.3	15
Jua Kali	34	0.3	10
Retail store/supermarkets	53	0.3	16
Electronics and repair	22	0.3	7
Furniture	19	0.3	6
Clothing	37	0.3	11
Pharmaceutical/cosmetics	9	0.3	3
Light manufacturing companies	5	0.3	0
Total	**237**	**0.3**	**71**

Data Analysis

The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS). Descriptive statistics includes mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. In addition to measures of central tendencies, measures of dispersion and graphical representations were used to tabulate the information.

Questionnaire was used as the data collection tool in the study. The part of the questionnaire measured the general characteristics of the respondents such as gender, age, number of years worked, number of employees, ownership of the business and survival of the business. The second part measured the mainly the study variables that are in line with the above stated models.

Analysis of variance (ANOVA) was used to investigate the degree of relationship between the variables of the study indicating the strength and the direction of association of each variable.

Results and discussions

The study targeted 237 respondents in collection of data with regard to role of succession planning on survival of small and medium family enterprises after the retirement/death of first generation entrepreneurs in Kenya. From the findings, 66.1% of the respondents were male while 33.9% of the respondents were female. The study also sought to know for how long had the respondents worked in the enterprise. From the findings it shows that majority of the respondents (28.6%) had worked for between 6 – 10 years in the enterprise, 23.2% had worked in the enterprise for between 2 – 4 years, 17.9% had worked in the enterprise for between 10 – 15 years, 16.1% had been in the enterprise for above 15 years, 12.5% had been in the enterprise for between 4 – 6 years while 1.8% had worked in the enterprise for 1 – 2 years.

The study also sought to establish the number of employees in the enterprise. According to the findings, the majority of the enterprises (67.9%) had Less than 50 employees while 32.1% had 50 -100 employees.

The study found that 67.9% of the businesses in Kariobangi were owned by a sole proprietor, those owned either by family members or by partners were represented by a 14.3% in each case while

those owned either by spouses alone or by spouse and children was represented by a 1.8% in each case.

4.3 Survival of the SMFE

Table 4. 1: Trend of the of various aspects of survival in the family businesses for the last five years

	Mean	Std. Deviation
Market share	4.0357	.60194
Profitability	4.0714	.59870
Number of employees	3.8571	.69879
Sales turnover	4.0179	.58748

The study sought to know about the trend of the business in line with the above aspects on survival of SMFEs after retirement/death of first generation entrepreneurs in Kenya and the findings were that majority of the respondents were of the view that profitability, market share, sales turnover and number of employees had improved for the last five years as shown by a mean score of 4.0714, 4.0357, 4.0179 and 3.8571 respectively.

Figure 4. 1: Whether the respondents have a proposed successor for their business

The study found that there was an equal number of respondents who had a proposed successor for their business and those without (50%).

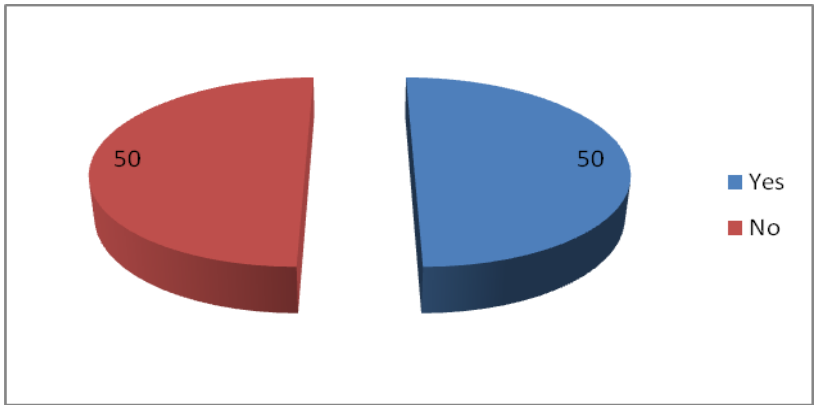
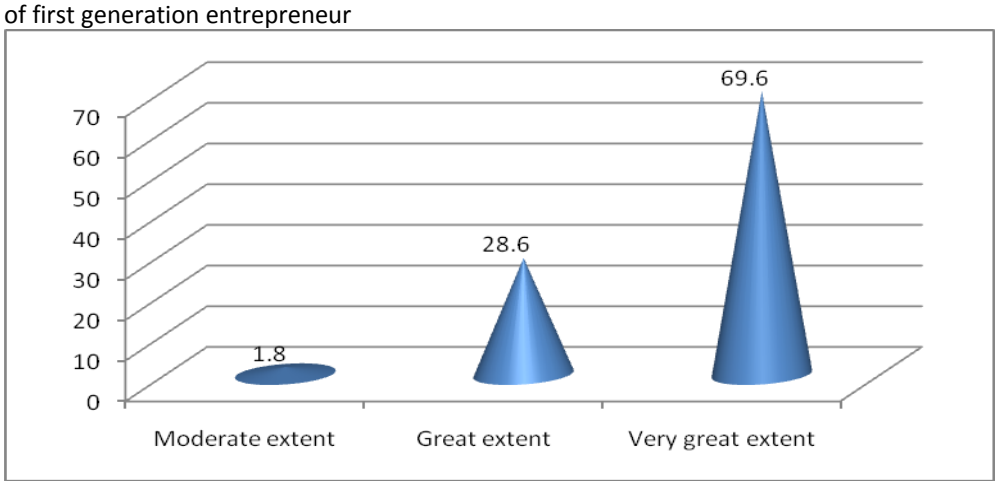


Figure 4. 2: Extent that the degree of mentoring affects the survival of SMFES after retirement/death of first generation entrepreneur



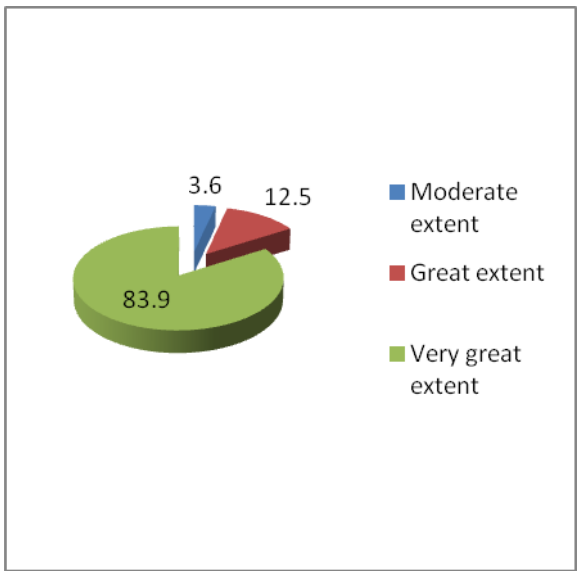
The respondents were requested to indicate the extent that the degree of mentoring affects the survival of SMFEs after retirement/death of first generation entrepreneur. Majority of the respondents (69.6%) indicated that the degree of mentoring affects the survival of SMFEs after retirement/death of first generation entrepreneur to a very great extent, 28.6% said it affect to a great extent while 1.8% indicated that the degree of mentoring affects the survival of SMFEs after retirement/death of first generation entrepreneur to a moderate extent.

Table 4. 2: Extent that various methods in mentoring successor are used in the businesses

	Mean	Std. Deviation
Involving him/her in the running of the business	4.5714	.65663
Partnering in the business	4.0893	.79262
Taking them for training	4.1607	.96816
Appointing them as directors	3.3857	.88860
Paying for them to attend workshops/seminars/exhibitions	4.1250	.97351
Propensity	4.3750	.64842
career development	4.2679	.67396
Connections and networks	4.3036	.71146
Decreasing anxiety	4.0893	.79262

The methods used by the businesses in mentoring successor to a great extent include the use of propensity as shown by a mean score of 4.3750, connections and networks as shown by a mean score of 4.3036, career development as shown by a mean score of 4.2679, taking them for training as shown by a mean score of 4.1607, paying for them to attend workshops/seminars/exhibitions as shown by a mean score of 4.1250, partnering in the business as shown by a mean score of 4.0893 and decreasing anxiety as shown by a mean score of 4.0893 while appointing them as directors was used to a moderate extent as shown by a mean score of 3.3857. This implies that most of the businesses mentored their successor by involving him/her in the running of the business and by the use of propensity.

Figure 4.3: Extent that entrepreneurial orientation affects the survival of SMFEs after retirement/death of first generation entrepreneur



The study sought to find out the extent that entrepreneurial orientation affects the survival of SMFEs after retirement/death of first generation entrepreneur, majority of the respondents (83.9%) indicated that entrepreneurial orientation affects the survival of SMFEs after retirement/death of first generation entrepreneur to a very great extent, 12.5% said to a great extent while 3.6% of the respondents felt that entrepreneurial orientation affects the survival of SMFEs to a moderate extent.

Table 4. 3: Level of agreement with statements relating to entrepreneurial orientation

Statements on entrepreneurial orientation	Mean	Std. Deviation
Our firm take calculated risks with new ideas	4.5536	.60059
The firm ventures into unknown new markets	3.9821	1.10357
Our firm starts business without adequate resources	2.8393	1.23254
Our firm walks away from possible business failure	3.9643	.87312
Our firm invests in high-risk projects which promise high returns	4.0536	.64441
Our firm use tried and true practices and techniques to explore new opportunities	4.1429	.67227
The firm initiates innovations in every situation before the competitors respond	4.3571	.69879
Changes in firm products/services are often quite dramatic	3.4464	1.02549
Firms encourage development of employees ideas for the purpose of business improvement	4.4464	.60059
Our firm usually develops creative solution to difficult problems	4.2500	.63960
Our firm actively seeks out and exploits opportunities to introduce new products or services in anticipation of future demand	4.2679	.58748
We identify needs of current and potential customers	4.5179	.50420
Our firm is involved in new opportunity identification and evaluation	4.4286	.53452

From the study findings above there was an indication that their firms take calculated risks with new ideas and identify needs of current and potential customers since both had the highest mean scores respectively.

Table 4.4: Extent that aspects of entrepreneurial orientation affect survival of SMFES after retirement/death of first generation entrepreneur

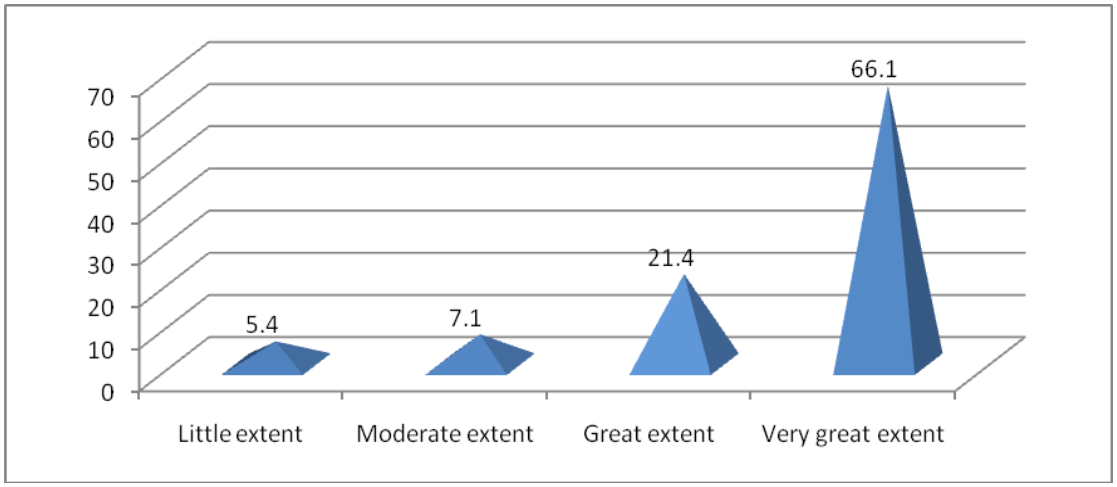
Aspects of entrepreneurial orientation	Mean	Std. Deviation
Innovativeness	4.7143	.49412
Risk taking	4.5357	.83043
Proactiveness	4.6429	.51974
Managing risks	4.6250	.55800
Creating value for customers	4.7013	.52964
Collaboration	3.9643	.85204
Off- Risk taking	2.9107	1.19509
job training	4.3393	.83724

The respondents indicated that the aspects of entrepreneurial orientation that affect survival of SMFES after retirement/death of first generation entrepreneur to a very great extent include innovativeness, creating value for customers, Proactiveness, managing risks and risk taking as shown by a mean score of 4.7143, 4.7013, 4.6429, 4.6250 and 4.5357 respectively. The respondents also indicated that job training and collaboration affect survival of SMFES after retirement/death of first generation entrepreneur to a great extent as shown by a mean score of 4.3393 and 3.9643 respectively while off- risk taking had a moderate effect as shown by a mean score of 2.9107.

4.6 Level of Education/Training

The study sought to find out what are the effects of level of education on the survival of SMFEs after retirement/death of first generation entrepreneur in Kenya?

Figure 4.4: Extent that the level of education affects the survival of SMFES after retirement/death of first generation entrepreneur



From the findings as shown by figure 4.9 above, 66.1% of the respondents indicated that the level of education affects the survival of SMFES after retirement/death of first generation entrepreneur to a very great extent, 21.4% said to a great extent, 7.1% said to a moderate extent while 5.4% of the respondents felt that the level of education affects the survival of SMFES after retirement/death of first generation entrepreneur to a little extent.

Table 4.5: Extent that various aspects of training/education affect the survival of SMFES after retirement/death of first generation entrepreneur

	Mean	Std. Deviation
Quality of Training	4.6786	.54296
Training Approaches	4.5714	.59870
Level of introduction to business training	4.5179	.63220
Training Content	4.5893	.59625
Relevance of Training	4.5122	.64360
Timing and Applicability of the training	4.3036	.82945

The study found that the aspects of training/education affect the survival of SMFEs after retirement/death of first generation entrepreneur to a very great extent include the quality of training as shown by a mean score of 4.6786, training content as shown by a mean score of 4.5893, training approaches as shown by a mean score of 4.5714, level of introduction to business training as shown by a mean score of 4.5179 and relevance of training as shown by a mean score of 4.5122 while timing and applicability of the training was found to have a great effect as shown by a mean score of 4.3036.

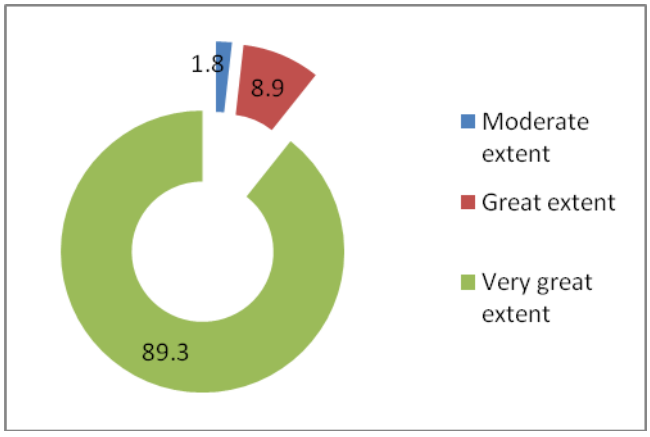
Table 4.6: Extent that various skills affect the survival of SMFES after retirement/death of first generation entrepreneur

	Mean	Std. Deviation
Managerial skills	4.7321	.55567
Technical/ administrative skills	4.5002	.71351
Financial management	4.5893	.62601
Strategic management	4.5536	.63014
Human Resource management	4.50251	.87351
Form of education	4.0893	.90004
Sales administration	4.4821	.71328
Relevance of Training	4.1964	.81842
Vocal training	3.5536	.93263
Information technology	3.9286	.82808

The study established that the skills that affect the survival of SMFES after retirement/death of first generation entrepreneur to a very great extent include managerial skills, financial management, strategic management, human resource management and technical/ administrative skills as shown by a mean score of 4.7321, 4.5893, 4.5536, 4.50251 and 4.5002 respectively.

The respondents also indicated the skills that affect the survival of SMFES after retirement/death of first generation entrepreneur to a great extent as sales administration as shown by a mean score of 4.4821, relevance of training as shown by a mean score of 4.1964, form of education as shown by a mean score of 4.0893, information technology as shown by a mean score of 3.9286 and vocal training as shown by a mean score of 3.5536.

Figure 4.5: Extent that capability of successor affects the survival of SMFEs after retirement/death of first generation entrepreneur



From the study findings of the respondents (89.3%) were in agreement that capability of successor affects the survival of SMFEs after retirement/death of first generation entrepreneur to a very great extent, 8.9% said to a great extent while 1.8% of the respondents indicated that capability of successor affects the survival of SMFEs after retirement/death of first generation entrepreneur to a moderate extent.

Table 4.7: Extent that various aspects of capability of successor affect the survival of SMFEs after retirement/death of first generation entrepreneur

	Mean	Std. Deviation
Inherent skills and knowledge	4.7679	.46675
Acquired skills and knowledge	4.6786	.50837
Mental capability	4.7857	.49412
Physical capability	3.6071	.98495
Emotional capability	4.4107	.80401
Knowledge	4.6607	.54861
Flexible capability	4.5536	.63014
logistics service reliability	4.4464	.60059

The study also sought to establish the extent that various aspects of capability of successor provided in t**Error! Reference source not found** affects the survival of SMFEs after retirement/death of first generation entrepreneur. According to the findings, majority of the respondents indicated that the aspects of capability of successor that affect the survival of SMFEs after retirement/death of first generation entrepreneur to a very great extent include their mental capability, inherent skills and knowledge, acquired skills, knowledge and flexible capability as shown by a mean score of 4.7857, 4.7679, 4.6786, 4.6607 and 4.5536 respectively. They also reported that logistics service reliability; emotional capability and physical capability affect the survival of SMFEs after retirement/death of first generation entrepreneur to a great extent as shown by a mean score of 4.4464, 4.4107 and 3.6071 respectively.

4.9 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions.

Table 4. 8: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.8895	0.7912	0.7364	0.7296

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted $R^{2,}$ also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables (mentoring, entrepreneurial orientation, level of education/training and capacity of the successor). 73.6% of the changes in the survival of SMFEs after retirement/death of first generation entrepreneur could be attributed to the combined effect of the predictor variables.

Table 4. 9: **Summary of One-Way ANOVA results**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.223	3	3.112	3.671	.001
	Residual	92.876	53	.641		
	Total	115.099	56			

The probability value of 0.001 indicates that the regression relationship was highly significant in predicting how mentoring, entrepreneurial orientation, level of training and capability of the successor influenced survival of SMFEs after retirement/death of first generation entrepreneur. The F critical at 5% level of significance was 3.671 since F calculated is greater than the F critical (value = 2.830), this shows that the overall model was significant.

Table 4.10: Regression coefficients of the relationship between survival of SMFEs after retirement/death of first generation entrepreneur and the four predictive variables

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	1.492	0.298		4.218	0.044
	Mentoring	0.617	0.178	0.326	5.374	0.032
	Entrepreneurial orientation	0.702	0.171	0.421	4.963	0.027
	Level of training	0.596	0.563	0.123	3.916	0.038
	Capability of the successor	0.883	.0725	0.384	4.115	0.019

As per the SPSS generated table above, the equation ($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$) becomes: $Y= 1.492 + 0.617X_1 + 0.702X_2 + 0.596X_3 + 0.883X_4$

The regression equation above has established that taking all factors into account (mentoring, entrepreneurial orientation, level of training and capability of the successor) constant at zero survival of SMFEs after retirement/death of first generation entrepreneur will be 1.492. The findings presented also show that taking all other independent variables at zero, a unit increase in the mentoring would lead to a 0.617 increase in the scores of survival of SMFEs after retirement/death of first generation entrepreneur and a unit increase in the scores of entrepreneurial orientation would lead to a 0.702 increase in the scores of survival of SMFEs after retirement/death of first generation entrepreneur. Further, the findings shows that a unit increases in the scores of level of training would lead to a 0.133increase in the scores of co survival of SMFEs after retirement/death of first generation entrepreneur. The study also found that a unit increase in the scores of capability of the successor would lead to a 0.883 increase in the scores of survival of SMFEs after retirement/death of first generation entrepreneur.

At 5% level of significance and 95% level of confidence, Mentoring had a 0. 032 level of significance; Entrepreneurial orientation showed a 0.027 level of significance, level of training had a 0.038 level of significance while capability of the successor showed 0.019 level of significance hence the most significant factor is capability of the successor.

Overall, capability of the successor had the greatest effect on the survival of SMFEs after retirement/death of first generation entrepreneur, followed by entrepreneurial orientation, then mentoring while level of training had the least effect to the survival of SMFEs after retirement/death of first generation entrepreneur. All the variables were significant ($p<0.05$).

Conclusion

The study concludes that the degree of mentoring affects the survival of SMFEs after retirement/death of first generation entrepreneur. The study further deduced that entrepreneurial orientation mainly affects the survival of SMFEs after retirement/death of first generation entrepreneur. The study also concludes that level of education/training affect survival of SMFEs after retirement/death of the first generation entrepreneurs. Finally, the study further concluded that capability of successor affects the survival of SMFEs after retirement/death of first generation entrepreneur.

Recommendations

The study recommends that since mentoring affects the survival of SMFEs after retirement/death of first generation entrepreneur, the owners/managers of the SMFEs should propose a successor for their business in good time so as to allow enough time for mentoring that could see their business survive through several generations.

Secondly, the study recommends that through entrepreneurial orientation the owners/managers should be trained on the importance of being innovative, proactive and how to take calculated risks in the business operations that would go a long way in enhancing business success.

The study further recommends that there should be a government policy on frequent training for businessmen in such areas as financial management, strategic management and human resource management that are paramount in the survival of any business.

The study finally recommends that since capability of successor affects the survival of SMFEs after retirement/death of first generation entrepreneur, formal education should be emphasized that would broaden the successor's level of knowledge and skills. The successor should also be allowed to run the businesses some times to enable them acquire the required skills hands on.

Recommendations for Further Studies

The study recommends that to add weight to this study, another study should be done to investigate the role of succession planning on the survival of small and medium family enterprises after retirement/death of first generation entrepreneur among SMFES in other areas in Nairobi and other cities to allow for generalization. A similar study should also be done on large companies since their operations are different from that of SMEs. Further studies should be done on the factor affecting succession planning in SMEs.

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Appendix II: Questionnaire

Part A: General Information
Part A: Biodata

1) Gender
   Male [ ] Female [ ]
2) Age
   Below 20years [ ] 21-25 years [ ] 26- 30yrs [ ]
   30-35 yrs [ ] 36- 40 years [ ] 40- 50 years [ ]
   Above 50 years [ ]
3) No of years worked in the enterprise
   Below One Yr [ ] 1- 2 Yrs [ ] 2-4 Yrs [ ]
   4-6 Yrs [ ] 6- 10 Yrs [ ] 10 -15 Yrs [ ]
   Above 15 Yrs [ ]

4) What is the total number of employees in your department: Please tick one
   Less than 50 [ ]
   50 – 100 [ ]
   Above 100 [ ]
5) Who owns the business?
   Family members [ ] Sole proprietor [ ]
   Spouses [ ] Spouse and children [ ]
   Cousins [ ] Partners [ ]

Survival of the SMFE

6) What is the trend of the following in your business for the last five years?

	Greatly Improved	Improved	Constant	Decreasing	Greatly decreased
Market share					
Profitability					
Number of employees					
Sales turnover					

DEGREE OF MENTORING

7) Do you have a proposed successor for your business? Yes [ ] No [ ]

8) In your own opinion, to what extent does the degree of mentoring affect the survival of SMFES after retirement/death of first generation entrepreneur?

Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Little extent [ ]
No extent [ ]

9) To what extent do you use the following methods in mentoring your successor in the business?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Involving him/her in the running of the business					
Partnering in the business					
Taking them for training					
Appointing them as directors					
Paying for them to attend workshops/seminars/exhibitions					
Propensity					
career development					
Connections and networks					
Decreasing anxiety					

ENTREPRENEURIAL ORIENTATION

10) In your own opinion, to what extent does the entrepreneurial orientation affect the survival of SMFES after retirement/death of first generation entrepreneur?

Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Little extent [ ]
No extent [ ]

11) What is your level of agreement with the following statements? Use a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree

Statements on entrepreneurial orientation	1	2	3	4	5
Our firm take calculated risks with new ideas					
The firm ventures into unknown new markets					
Our firm starts business without adequate resources					
Our firm walks away from possible business failure					
Our firm invests in high-risk projects which promise high returns					
Our firm use tried and true practices and techniques to explore new opportunities					
The firm initiates innovations in every situation before the competitors respond					
Changes in firm products/services are often quite dramatic					
Firms encourage development of employees ideas for the purpose of business improvement					
Our firm usually develops creative solution to difficult problems					
Our firm actively seeks out and exploits opportunities to introduce new products or services in anticipation of future demand					
We identify needs of current and potential customers					
Our firm is involved in new opportunity identification and evaluation					

To what extent do you agree with the following aspects of entrepreneurial orientation in relation to survival of SMFES after retirement/death of first generation entrepreneur?

Aspects of entrepreneurial orientation	1	2	3	4	5
Innovativeness					
Risk taking					
Proactiveness					
Managing risks					
Creating value for customers					
Collaboration					
Off- Risk taking					
job training					

LEVEL OF EDUCATION/TRAINING

12) To what extent do you think the level of education affect the survival of SMFES after retirement/death of first generation entrepreneur?

Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Little extent [ ]
No extent [ ]

13) To what extent do the following aspects of training/education affect the survival of SMFES after retirement/death of first generation entrepreneur?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Quality of Training					
Training Approaches					
Level of introduction to business training					
Training Content					
Relevance of Training					
Timing and Applicability of the training					

14) To what extent do the following skills affect the survival of SMFES after retirement/death of first generation entrepreneur?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Managerial skills					
Technical/administrative skills					
Financial management					
Strategic management					
Human Resource management					
Form of education					
Sales administration					
Relevance of Training					
Vocal training					
Information technology					

CAPABILITY OF THE SUCCESSOR

15) To what extent do you think capability of successor affect the survival of SMFES after retirement/death of first generation entrepreneur?

Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Little extent [ ]
No extent [ ]

16) To what extent do the following aspects of capability of successor affect the survival of SMFES after retirement/death of first generation entrepreneur?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Inherent skills and knowledge					
Acquired skills and knowledge					
Mental capability					
Physical capability					
Emotional capability					
Knowledge					
Flexible capability					
logistics service reliability					