

# Management Competencies of Selected Family Owned SMEs in NCR: Basis for Development of Filipino Succession Planning Framework

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## Abstract

Small, and Medium Enterprises (SMEs) in the country are Family-owned (FO), run and managed by families and their members. Management competencies are vital for SMEs as managers need to be equipped with skills and capabilities to support business succession and survival amidst business challenges. The study aims to determine the vital role of management competencies: planning, task organization, leadership, creativity/innovation, and delegation as basis for Filipino succession planning framework. The study was conducted among 400 owners/managers of FO MSMEs in the 16 cities in NCR. Stratified random sampling was used in selecting the respondents. The results of the Structural equation model revealed that management competencies except task organization have a positive effect on succession planning among family owned MSMEs. FO MSMEs should conduct assessment on the competencies of current owners/ managers and evaluate practices to develop business capability to address business challenges and prepared them for business succession.

**Keywords:** SMEs, Family-owned business, Management Competencies, Succession Planning

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## Introduction

Small and Medium Enterprises (SMEs) drive economic growth. SMEs have created many jobs, indicating their importance to the country's development (Techwireasia, 2020). NCR is home to most SMEs (DTI, 2021). Nearly 85% of publicly listed companies in the

Philippines in 2016 were family owned MSMEs (Espejo, 2017).

Managers utilize management approaches to improve the organization's efficiency. Learning doesn't end with a degree; thus, a manager must be trained (Luenendonk, 2017). The organization implements best practices to promote efficiency, effectiveness,



standardization, and consistency (Kerzner, 2010). Small-company owners and those nearing retirement must plan for business succession. Early business succession planning helps owners secure a smooth transition and avoids corporate losses.

The researcher aims to identify management competencies of Selected SMEs in NCR as the basis for the development of Filipino Succession framework. The study aims to generate new insight into the complexity of family owned (FO) businesses in NCR in terms of family enterprise management competencies and management challenges.

## Theoretical framework

This study utilized the Resource Based View Theory (RBV) and Business Development Theory to determine the relationship between management competencies and business continuity. The RBV helps build key organizational capabilities that give a firm a long-term competitive edge (Barney, 1991). RBV theory connects internal candidates, retention, diversity, and team approach to the firm's human assets, which include management competencies: planning, task organization, leadership, creativity/innovation, and delegating that enable business continuity.

The management competencies based on RBV theory are required to help MSMEs improve their business performance and ensure business continuity by focusing on key elements affecting business survival as well as improving support and participation in the family business, spouses, or team in the organization (Chumpong, 2020). Jantti and

Greenhalgh (2012)'s Business Development Theory makes effective use of business planning to drive profitable management. It helps in determining an individual's skills and abilities that may be used in a business continuity strategy to ensure that the organization continues to operate using management standards and norms. RBV and Business Development theory work together to establish an organization's business continuity plan. The RBV theory views competencies as a business asset, while the business development theory identifies business capability in addressing business difficulties and producing capable managers/owners in managing the business for growth and survival. It also recognizes FOB human resources as company competences (Pearson et al., 2008).

## Review of related literature

### Family owned MSMEs

SMEs are important despite no uniform definition. Size is determined by revenue, ventures, and units (Kiveu and Ofafa, 2018; Brockhaus, 2019). A family business might emphasize business, family, or both. Basco and Pérez Rodríguez (2019) observed that when a family business focused on both the family and the business, family achievement increased, and business achievement remained steady.

According to Brockhaus (2019), a family-owned firm involves individuals of various ages. A family-owned business must be 51% family-owned. Lee (2016) found that FOB face more challenges than non-FOB. Lee (2016)



proposes that FO businesses face the greatest challenge of continuity, with the administration or CEO role being the most contentious. Not all family members can make a meaningful contribution to their organizations. Maybe their dedication to their organizations pays for their fitness (Aldrich and Cliff, 2018).

## Management competencies

Ademiluyi (2017) identified management competencies essential for profitable entrepreneurship as organizing, assembling, coordinating, regulating, propelling, staffing, driving, office administration, planning, and business knowledge. Ekpenyong and Ojo (2018) distinguished the preceding management competencies for entrepreneurial success: (i) Design, coordinate, and oversee small or medium-sized businesses; (ii) Hotspot for small business assets. (iii) Ability to keep small-business accounting records; (iv) Ability to manage human and material assets; (v) Ability to plan and execute large-scale projects (vi). Capacity coordinates business skills; (vi) awareness of market changes and specialized patterns; (vii) business ethics; (viii) market data deciphering; and (iv) time management.

Gibson (2016) likewise distinguished the accompanying management competencies expected of entrepreneurs. Martin and Staines (2018) examined management skill in small firm success. Lack of managerial experience, skills, and individual characteristics, as well as unfriendly financial conditions, misguided business plans, and asset starvation are the main reasons new firms fail. Training, preparation, and

experience of heads separate high- and low-growth small enterprises. These competencies allow a corporation to align its resources with its procedures for a positive outcome (Botella-Carrubi & González-Cruz, 2019)

## Planning

Hosseini et al. (2018) states that efficient execution of succession through practices can eliminate waste of business talents and develop the management process. Managers must acquire human and conceptual skills. Initially, many small-business players are considered as human capital, not human potential. Lack of human talents in the organization caused this (Masry, 2017).

Managers should be quick at planning, able to organize and delegate tasks, excite people, and control performance. They should be enthusiastic and goal-oriented, innovative and initiator, adaptable in new situations, mindful, etc. They should have basic reasoning, relational abilities, decision making strategies and procedures, collaboration skills, expansive and non-standard reasoning, self-advancement, and self-improvement needs, mental capacity to influence people, etc. (Tovmasyan, 2017)

## Task organization

Organizing is examining what must be done and deciding who does what with satisfactory norm, building up announcing relationships among individuals as tactics for correspondence, coordination, and control. Along with organizing, a key management ability is delegating tasks to others. Managers delegate because they can't do everything. Delegation builds skills and



talents. When appointing, clearly state what is being assigned and to whom. The agent should know what usual results are and any plans for observing and reporting performance (Abass, 2017).

The task-oriented leader plans and organizes work, specifies goals, defines staff roles, and organizes task steps for completion. Leaders must provide supplies, technical assistance, and equipment (Anzalone, 2017). Notwithstanding, not all family individuals are similarly qualified or capable to make a positive commitment to their organizations. Maybe the need fitness is remunerated by their devotion and commitment toward their organizations (Aldrich and Langton, 2018)

Task-oriented leaders focus on meeting goals rather than realigning personnel. The leader dives into any assignment. The leader plans the enterprise, finds the finest methods and resources, and explains personnel roles (Forsyth, 2010). Brockhaus (2019) expressed that a family-owned business can be expressed as an entity wherein the family members are governed and influenced by the business choices. family business focused on both the family and the business, family performance increased and business achievement remained stable (Basco and Pérez Rodríguez, 2019). If the business owner prioritized the business, the family would likely have fewer assets and be less effective because the shared assets had gone to the enterprise (Stafford et al., 2019).

## Leadership

According to Pal (2015), managers, leaders, and other heads exercise

leadership. Leaders make viable decisions, ensure assets are assigned properly, guarantee ample working conditions, listen to employee complaints, offer compromise strategies, and ensure position obligations are met satisfactorily and employees are committed to achieving goals. Leaders can only supervise and lead effectively if they know their fields.

Administration and management include unusual activities or capacities. Leaders and managers both influence others by using explicit forces to achieve goals, but there are key differences (Northouse, 2017). leader role is even more important for SMEs due to their origins, size, characteristics, and the nature of their business function. SME leaders supervise almost all areas of business operations. They are often referred to as “general managers” (GM) rather than “specialist managers” (SM) (Cong and Thu, 2020).

Andriukaitien et al. (2017) explain that strong leadership can lead to successful staff activity and reduce employees' defiance to changes in unpredictable company environments. Organizations won't change without improvement. Without adjustment, the company will slip behind rivals. Unproductive companies fail (Drucker, 2017). Leadership development is a common part of succession planning, which aims to create high-quality leaders for open positions. Leadership development improves leaders' skills, abilities, and conviction (Jeff et al., 2018).

## Creativity/ Innovation

Innovation turns new ideas into profitable businesses. Creativity creates new ideas. Organizational



(corporate/business) culture affects creativity and innovation (Ali et al, 2016). Creativity and innovation are crucial for businesses' survival and success. Corporate strategy and intensity require creativity (Florida, 2019).

Creativity and innovation are similar ideas that can change managers' and organizations' fortunes. Because situation, shows, and general guidance can't be avoided in hierarchical change and development, creativity and innovation are vital in the example of reformist associations overcoming difficulty. Creativity and innovation should be seen as problem-solvers and development (Anderson, 2017).

Flexible and decentralized organizational culture aids creative action and innovation by facilitating information flow, teamwork, and idea distribution (Stojcic, 2018). It has crucial indication for business families and family firm owners as it point out how family businesses organizational flexibility can result in an innovation advantage compared to non-family owned firms (Broekaert et al., 2016).

## Delegation

Many family-owned firms have succession concerns owing to money. More research is needed to identify why family-owned business executives pick various succession planning financing (Chesley, 2017). Leaders delegate decision-making to subordinates, supervisors, and employees to achieve company goals. Despite decision-making authority, the principal is responsible for the end result (Dhiwayo, 2019).

Anthony and Vidal (2015) emphasized the importance of correspondence in

delegation to ensure messages are received and responsibilities are completed quickly. Dynamic work conditions might lead to heavy data loads. Stacking improves data management but can hurt quality. Delegation stacking should be monitored. Lara & Salas-Vallina (2017) cited delegation, or the review that team members may take decisions alone, as abilities in developing effective employee relationships. The management who delegated the duty must guarantee that the employee is careful and considerate. Effective employee performance is due to management and manager assistance (John and Judy, 2018).

## Succession planning

Managers should be swift at planning, able to organize and delegate tasks, excite people, and control performance. They should be enthusiastic and goal-oriented, innovative and initiator, adaptable in new situations, mindful, etc. They should have basic reasoning, relational abilities, decision making strategies and procedures, collaboration skills, expansive and non-standard reasoning, self-advancement, and self-improvement needs, mental capacity to influence people, etc. (Tovmasyan, 2017).

Business planning determines a company's goals, systems, and long-term actions to improve its longevity and growth through time. Business planning involves minimizing risks and maximizing profits (Peterson et al., 2015). Planning gives control. Thus, unplanned activity cannot be managed. Since control remember upkeep action for indicated project deviations (Aslani et

al, 2017)

Wroblewski (2019) found that task-oriented executives in higher education stifle innovation and creativity and generate unpleasant working conditions, making it impossible to increase business performance. A successful succession

planning, according to Cabrera-Suarez et al., (2015), ensures the business's viability, the family's integrity, and all partners' interests. The succession cycle should also address complicated emotional and social factors in huge enterprise.

## Conceptual framework

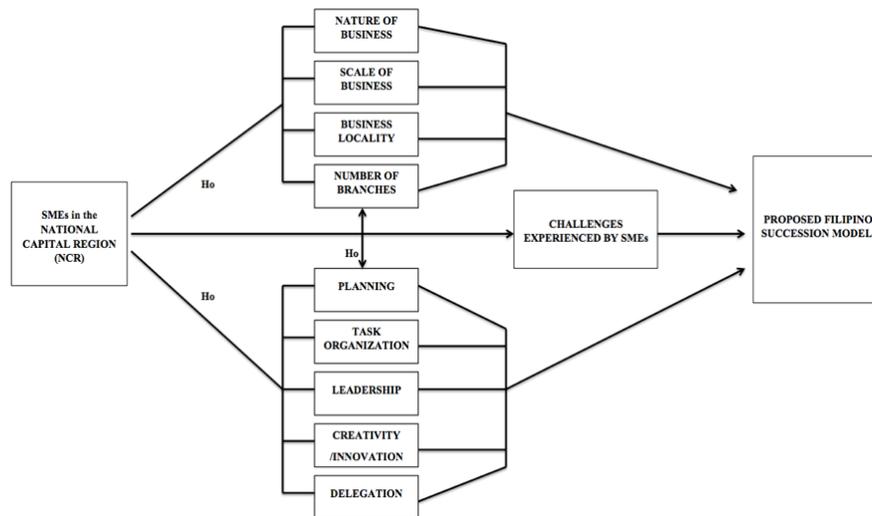


Figure 1 Conceptual Framework

The demographic profile of the FO SMEs will be determined by this study and is connected to the Management Competencies of the FO SME owners. The study will also take a look into the challenges experienced by SMEs. The Demographic profile of the SME owned by the respondents is essential also for this study to determine the significant differences on the business based on their profile. All the factors included in this study enable the researcher to determine the result and to develop the proposed

Filipino Model of Succession as the basis and the output of this study. Following the conceptual framework the following hypotheses were measured:

$H_{01}$ = There is no significant difference among FO SMEs owners/managers competencies when grouped according to demographic profile.

$H_{02}$ = There is no significant relationship between the management competencies of FO SMEs in terms of success of succession planning



# Methodology

## Research design

This study will use a combined quantitative-qualitative design. Descriptive-quantitative methods collect data for statistical analysis. It should detail demographic features in respect to a variable. Descriptive research indicates quantitative designs. The qualitative design should acquire information through interviews so the researcher may learn about respondents' experiences and issues. This mixed-method approach is ideal for this study because it allows the researcher to collect quantitative data and discuss respondent experiences to develop the desired study output.

## Subject and study site

This study's subjects are FO SME owners/managers in the National Capital Region (NCR). A family business meets at least one of five criteria: At least one additional family member was a prominent decision-maker in the business, and future family ownership was expected (Danes, Stafford, and Loy,

2007). The DTI provided a list of businesses that have renewed for 2020. The study uses two sample size (n) calculators: Creative Research System and Raosoft. 400 FO MSMEs in NCR were randomly selected, wherein 5 FO SMEs participated in the focus group discussion (FGD).

## Data measures

The 64-item self-made questionnaire evaluates demographics, management practices, and succession planning. Before doing this investigation, the researcher will test the discussed research tools in different phases.

Phase 1 is the Pilot Test, which allows the researcher to test the instrument with 50 individuals before the main study. Phase 2. Reliability Test, this test will also validate the reliability of the research instrument when used to the conduct proper of the study. Phase 3, Cronbach Alpha, tests factor fitness and scale reliability. This test assesses reliability. All instruments met the .70 Cronbach's alpha threshold.

Table 1 Reliability value

Variables	Number of Items	Reliability Cronbach's alpha	Results
Planning	10	0.794	Reliable
Task Organization	10	0.805	Reliable
Leadership	10	0.821	Reliable
Creativity/Innovation	10	0.809	Reliable
Delegation	10	0.728	Reliable
Success of Succession Planning	9	0.741	Reliable



### Data collection procedure and ethical considerations

The researcher sent individuals an intent-to-study letter. The researcher distributed a Google Forms questionnaire. 5 of 400 FOB participants were interviewed via online video conferencing. Themes were analyzed. The researcher promised respondents their data would be kept confidential. The researcher didn't reveal names, firms, or opinions. Respondents were anonymous volunteers given complete research information and free to participate.

### Data analysis

Structural equation modelling (SEM) is used to determine if there is any significant relationship between the management competencies of FO SME and the success of succession planning. T-test and Anova are used to determine

the significant differences in the responses of the FO SMEs according to profile. In order for the researcher to determine the challenges experienced by the SME owners, the researcher shall administer the thematic and sentiment analysis

## Results

### Characteristics of the respondents

The businesses are mostly in. Manila (123, or 30.8%), Quezon City (86, or 21.5%), and Makati (44, or 11%). The bulk of businesses in the research are sole proprietorships (266 or 66.5%). Most businesses in the study are small enterprises (386 or 96.5%). Most businesses handle 1-2 branches, with 390 or 97.5%.

**Table 2** Assessment of SMEs owners/managers on Management Competencies

Management Competencies	Mean	Std. Deviation	Interpretation
Planning	4.73	.34	Proficient
Task Organization	4.69	.34	Proficient
Leadership	4.68	.38	Proficient
Creativity/innovation	4.60	.39	Proficient
Delegation	4.67	.39	Proficient

The table 2 shows the Assessment of owners/managers on management competencies. Management competencies obtained a rating of “proficient” competency. Planning had the highest overall mean score of 4.73 (SD=.34). Task organization obtained a

mean score of 4.69 (SD=.34). Leadership competency with a mean score of 4.68 (SD=.38). The delegation competency obtained a mean score of 4.67 (SD=.39). Lastly, creativity and innovation obtained a rating of 4.60 (SD=.39).

**Table 3** Test of difference in the management competencies according to the profile of FO MSMEs owners/managers

Management Competencies	T-test		One way Anova					
	Scale of Business		Nature of Business		Business Locality		Number of Branches	
	F	P-value	F	P-value	F	P-value	F	P-value
Planning	1.688	.114	1.626	0.198	0.933	0.523	0.272	0.846
Task Organization	2.299	.038*	0.358	0.699	0.984	0.469	0.368	0.776
Leadership	1.752	.103	1.235	0.292	1.342	0.18	0.703	0.551
Creativity/Innovation	1.582	.137	0.812	0.445	1.189	0.281	0.371	0.774
Delegation	1.048	.313	0.215	0.807	0.868	0.594	0.513	0.674

\*Significant at  $p < .05$

Independent samples t-test or an analysis of variance (ANOVA) will be utilized to test for the difference between the management competencies mean scores of groups based on the scale of the business. The task organization mean score ( $F=2.299$ ,  $p=.038$ ) of small enterprises was found to be significantly higher than those of medium enterprises at the 0.05 level of significance.

Mean scores of all management competencies among the categories of the nature of business ( $p > .05$ ), business locality ( $p > .05$ ), and number of

branched ( $p > .05$ ), were found to have no significant difference.

The results proved that there is enough evidence to say that hypothesis 1 (no significant difference between in the management competencies of FO SMEs owners/managers according their business profile) should be accepted. Specifically, significant difference was found in owners/managers task organization when they are grouped according to scale of the business of FO SMEs.

### Relationship between the management competencies of FO SMEs in terms of succession planning

**Table 4** Relationship between the management competency and success of succession planning

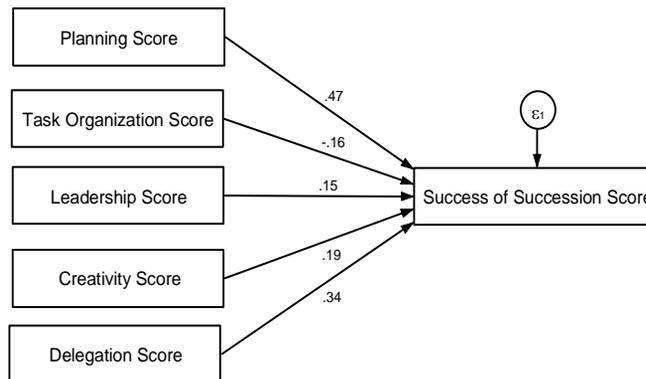
Variable paired with Success of Succession	Pearson correlation coefficient (r)	p-value	Interpretation	Decision
Planning	0.700	<0.001	Significant	Reject Ho
Task Organization	0.632	<0.001	Significant	Reject Ho
Leadership	0.708	<0.001	Significant	Reject Ho
Creativity / Innovation	0.718	<0.001	Significant	Reject Ho
Delegation	0.713	<0.001	Significant	Reject Ho

The result shows that the success of succession planning was found to be strongly correlated with all management competencies at the 0.05 level of significance therefore, reject the null hypothesis. The strongest correlation observed was with “Creativity / Innovation” ( $r=0.718$ ), while the weakest correlation observed was with “Task Organization” ( $r=0.632$ ).

Finally, a multiple linear regression model was fitted to the data to further explore the relationship between success of succession and the management competencies. The estimated coefficients and the results of the significance testing of the coefficients are shown in the table below:

**Table 5** Multiple linear regression model between management competencies and success of succession

Variables	Estimated Coefficient	Std. Error	t	p-value	VIF
Planning	.467	.055	8.550	<0.001	2.799
Task Organization	-.162	.060	-2.702	.007	3.292
Leadership	.150	.050	2.987	.003	2.922
Creativity	.186	.056	3.336	.001	3.856
Delegation	.342	.051	6.652	<0.001	3.184



**Figure 2** SEM Diagram



Table 5 shows the relationship between management competencies and success of success of succession planning using multiple linear regression as analysis tool. Looking at the column of p-value, all coefficients were found to be significant at the 0.05 level, i.e., the coefficients are significantly different from zero.

Planning ( $r=0.467$ ), Leadership ( $r=0.150$ ), Creativity/Innovation ( $r=0.186$ ), and Delegation ( $r=0.342$ ) obtained a positive relationship with success of succession planning, thus a significant relationship. The task organization obtained a negative relationship ( $-1.62$ ) with regards to success of succession planning. In relation to the previous results (table 4), the correlation coefficient of task organization ( $r=0.632$ ) with success of succession is the weakest among the management competency measured in the study.

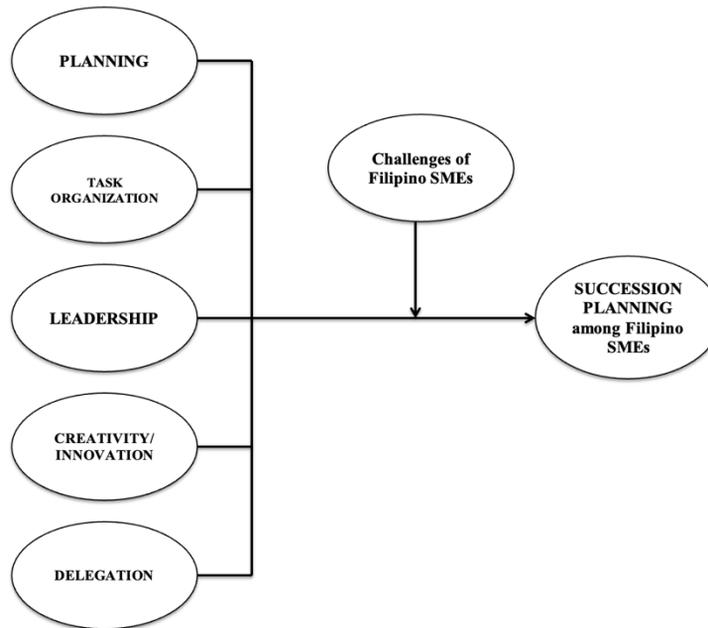
Overall, The fitted model has an r-square value of 0.678. This means that the fitted regression model with the management competencies mean scores as predictors was able to explain 67.8% of the variability observed in the success of succession mean scores, which means that the model fit is valid across different sample sized and can be validly generalized to the study population.

## Challenges experienced by the SME owners

Challenges with regards to customers, financial capacity and capability of the business, products and services, human resource management, the COVID 19 pandemic, government compliance, and the market competition. The business owners indicates that challenges with regards to customer relationship are on dealing with customer demands and preferences.

FO SMEs owners/managers see financial challenges with regards to capitalization and collection of payment as challenges. In terms of the products and services, the delay in the delivery of the orders as well as cancellation of orders. In addition to this, FO SMEs face challenges in their supply, suppliers and the transition to e commerce brought by the pandemic. Owners see the lack of manpower, employee management as well as work ethic as a challenge with regards to human resources. The pandemic as well as the policies-imposed by the government are seen as challenge in the managing the business for FO SMEs. Lastly, the intense competition in the market as wells the intellectual property issues with regards to their products are also a challenge for SMEs.

## Filipino succession planning framework



**Figure 3** Filipino Succession Planning Framework. Management competencies and business challenges effect on family owned business succession planning.

In line with the results, this study developed (figure 3) a Filipino Succession Planning Framework for FO SMEs in NCR. The proposed paradigm emphasizes management competencies in succession planning. The study found a substantial association between succession planning and planning, leadership, creativity/innovation, and delegating. Task organization has a negative association with succession planning, yet the study views it as an essential component, highlighting its value.

## Discussion

### Management competencies

Planning obtained the highest mean score, indicating that planning is vital for NCR business owners in succession planning. Gibson's (2016) study reveals how crucial goal setting is for managers and owners. As owners and managers define goals and objectives through planning, planning should be practiced in succession. The study supports Hosseini et al. (2018), which revealed that without planning, business goals are not attainable, and risk cannot be managed as managers and owners' knowledge on preparing to support and pass information to the next generation is vital.



Pal (2015) and Gibson (2016) found that the ability to arrange human and material resources for goal achievement is a significant component for managers and owners. This is especially true for family-owned enterprises when human resources include family members. FO SME owners deemed task organization vital for a manager or owner in succession planning. The study appears to support prior works (Pal, 2015; Abbass, 2017) and implies FO SME owners saw task organization as an important managerial ability for succession. A manager must plan and organize work, identify employee roles, and coordinate task steps. Leaders must provide materials, technical assistance, and equipment and appreciate the relevance of delegated tasks (Anzalone, 2017).

Leadership was rated highly agree. Numerous studies (Pal, 2015; Abbas, 2017; Northouse, 2017; Chesley, 2017) demonstrate executives in flatter organizations have more duties and tasks. A leader must be able to make excellent judgments for the firm and align the vision with commercial actions to preserve relevance and regulate competition. Leaders should base decisions on the organization's needs, not their own. Execution of plans through business operations will be coordinated if the leader can take the initiative and act by convincing subordinates to follow, participate, and share similar aims. The result supports Cong and Thu's (2020) study about the role and importance of leadership among SMEs, as the leader role for FO SMEs is even more significant given their origins, size, qualities, and commercial function. SME executives control all operations. In terms of succession, FO SMEs have

'general managers' who control the entire business activity, from product production to distribution. In terms of overseeing entire business operations for managers/owners, the study supports Andriukaitien et al., (2017) recommendation that it is not enough for leaders to have a clear vision, goals, and work tasks; they also need energy, dynamism, and determination in the face of difficulties for a successful business performance.

Delegation is an important component of succession for family-owned SMEs in the National Capital Region (NCR), which allocate duties and responsibilities based on employees' qualifications. Dhiwayo, (2019) suggest delegation as a management method for maintaining mutual respect and flexibility. Abbass (2017) and Anthony & Vidal (2017) found that delegation goes beyond job and duty assignment. It involves aligning to boost staff productivity. Delegation or the evaluation that team members can make their own decisions are competences that create productive employee interactions, according to Lara & Salas-Vallina (2017).

Creativity/innovation is rated strongly agree. The findings support Florida (2019) and Ali et al. (2016), who say creativity and innovation are key to organizational performance and management. The study shows how creativity and innovation benefit management. In planning, creativity, and innovation support long-term company performance; in leadership, the ability to foster and practice innovation within an organization by pushing administrative creativity, fabricating a clear vision, challenges, and systems; and in Ali et al. (2016), creativity and innovation support



other management competencies. Identifying non-working processes reduces waste. The study's findings also underline the importance and relevance of creativity/innovation among FO SMEs in NCR, who feel nurturing this capability helps secure manager/owner succession and problem-solving readiness beyond company concerns. Anderson (2019) concluded that creativity/innovation helps organizations expand through research and concept management. It stimulates collaboration and a higher flow of information within the firm, leading to a competitive edge through a product, service, or process that sets the company apart from its rivals (Stojcic, 2018).

Overall, the study reveals that, based on the average mean score of all managerial abilities, the presented variables play a vital role in succession for business owners. Hellriegel et al. (2018) and Ademiluyi (2017) say that management talents are required for successful entrepreneurship. This relates to succession planning because it presupposes owners and managers have management skills.

### **SMEs challenges**

Owners cited that in terms of business operation, transitioning to online ordering through use of various platforms and management of inventory as well as variations on payment channels and terms with regards to their customers. The operation of their business became limited and resulted to reduction of manpower as well as venturing in a new business. On FO SMEs products and services, majority of the owners cope up with the pandemic in terms of management of stock, to have available

stocks since restrictions prohibits on time delivery of supplies. Upgrade in production by introducing new technology/ process and updating the product line to cope up with the pandemic. Lastly, in terms of customer relationship, owners introduce new communication channels such as the use of social media (Facebook, messenger, and viber) in communicating with customers. Owners see the opportunity to assign personnel to solely handle customer concern and gather feedback from customers.

### **Management competencies on business succession planning**

Planning improves FO succession success. Managers and business owners preparing for succession should prioritize work, establish short, goal-oriented strategies, and plan their businesses. Abass (2017), Tovmasyan (2017), Peterson et al.,(2015), and Aslani et al. (2017) shows the relevance of organizational development, measuring productivity, controlling risk, and making benefits. Management succession planning is linked to a company's success. Succession is the planned transfer of management and responsibility, according to Miller et al., (2015). As such, the above planning competencies are critical to the success of succession as managers and business owners do these duties to meet and exceed expectations and achieve business goals. The study shows that preparation and training improve succession.

The weakest link between task organization and succession planning success ( $r=0.632$ ) was found among the managerial competencies



evaluated in the study. According to the findings, task-oriented managers prioritize achieving business goals over taking initiative to realign their employees, which extinguishes innovation and creativity and creates tense working conditions, making it impossible to achieve the necessary results for improving business performance (Wroblewski, 2019); therefore, affects success of succession as it caters to keeping the interest of all parties involved (Cabrera-Suarez and Martin-Santana, 2017) including its employees both family and non-family members.

The statement about "deciding about the work, identifying goals, and assigning responsibility" received a high mean score (4.77, 4.66, and 4.68) on the evaluation item for task organization, which removes initiative actions on task realignment towards employees. Aldrich and Cliff's (2018) findings regarding succession were also relevant and supported in this study; to support succession, manager/owner must maintain all employees' commitment and participation as it is essential to achieving business goals and keeping the manager/owner informed of workers' conditions.

The negative relationship between task organization and success of succession planning shows that FO owners/managers of SMEs in NCR are "general managers," managing all business operations and decisions. The negative association suggests that task-oriented leaders are less concerned with realigning people (changing employment roles) and more concerned with solving problems to fulfill goals. The leader jumps right into any task (Forsyth, 2010).

Task organization affects success of succession as it caters to keeping the interest of all parties involved (Cabrera-Suarez and Martin-Santana, 2015). In dealing with organization structure, small business perform multiple task and structure are not defined with regards to job function and responsibilities of the members. Succession planning takes place task by the leader increase, and it possess a negative effect on the ability of the leader to manage.

For task organization to succeed, the manager/owner must effectively communicate the task and organizational structure to employees. Due to "familiness" and familiarity, family businesses miss task organization in succession planning. Work-family boundaries are unclear. Brockhaus (2019), Basco and Pérez Rodríguez (2019), and Stafford et al. (2019) found that when family businesses and their leaders focused on both the family and the business, family performance increased, and business achievement remained stable. Businesses perform better when family and work share time. According to the study, task organization will succeed if the organization considers organizational structure and performance to give the best and most competitive operational system that can endure diverse diversities.

Leadership and succession planning success are linked. FO SMEs in the NCR consider leadership as a critical component for business success, including the ability to persuade others to follow, make decisions, manage assets, exercise initiative, and appraise situations (Pal, 2015; Drucker, 2017). According to past research, succession is the deliberate transfer of management



and responsibility (Miller & Steier et al., 2016.); in this study, leadership is part of the transfer of ownership. Positive action based on realistic decisions leads to a smooth transition and succession (Pal, 2015), as the business's future, objectives, and operations are passed to a new leader. The study found that leadership training can boost succession success.

Creative and inventive thinking is vital to a company's survival, respondents said. They feel succession planning and new technology collaboration are vital (Florida 2019; Ali et al. 2016; Anderson, 2017). Innovation and creativity create new market and consumer potential. Ownership transfer comes with the responsibility of continued growth research and monitoring. According to the report, business owners that emphasize creativity and innovation when giving succession training will improve that process among FO SMEs in the NCR.

Delegation aids succession. Delegation helps business owners achieve full potential, develop teamwork and collaboration, empower staff, provide a trusting training ground, and reduce succession responsibilities (Abass, 2017; Al-Jammaal, 2015). The pair's p value (0.001) and correlation coefficient reveal a negative association between task organization and succession success.

Task organization is a managerial function like delegation, but delegation in succession allows employees to use, maximize, and expand their strengths while encouraging collaboration, teamwork, and trust between the manager and staff (Abass, 2017). Task organization focuses on task alignment to achieve corporate goals and objectives,

according to the study. Task organization helps people collaborate and utilize their ability to accomplish outstanding achievements. The outcome verifies John and Judy's (2018) argument that managers should only assign jobs to persons with relevant abilities, knowledge, experience, enthusiasm, and interest.

## **Filipino succession planning framework**

Planning, leadership, creativity/innovation, and delegation are linked to succession, according to the study. Task organization has a negative link with succession, yet the study regards it as a significant aspect in succession, highlighting its importance. In line with the negative relationship, FO SMEs owners should not only focus on accomplishing and meeting business goals, but also review task organization methods, including personnel realignment, when preparing employees for succession. Changing the nature of business duties for different departments and teams is necessary to fulfill corporate objectives. According to the data, owner task organization competency reduces succession success. Task organization should practice personnel realignment initiatives, according to the literature.

Business planning proficiency is key to succession, according to the report. Skill and human capital management help employees attain their full potential (Masry, 2017). Firm executives need the right expertise and skills. According to Hosseini et al. (2018), without planning, business goals and aspirations cannot be achieved.



Succession requires leadership since ownership and leadership are transferred. The framework confirms Cong and Thu's (2020) conclusion that FO SMEs are important for leadership roles due to their origins, size, attributes, and company functions. FO SMEs lead nearly all company operations. Managers/owners play a crucial role in change projects are consistent with the model's notion that in succession, leadership and decision change.

The framework confirms that corporate succession will benefit from having a steady stream of leaders prepared to take on new positions, as shown in the case of Jeff et al., (2018). A clear vision in the attainment of goals is required for leaders, as is seen from the study's findings, and this is evident in management practices including the ability of the leader to make decisions and influence people of the organization.

The succession model emphasizes innovation and creativity. According to Broekaert et al. (2016) family company management shifts should highlight the need to distinguish between product and method innovation. Leaders' ingenuity and innovation inspire younger generation firm leaders (Chumpong et al., 2020). This model specifies three skills: "Optimism," or the ability to view conditions and problems favorably; Time management, or the ability to prioritize and organize chores and responsibilities (Lara & Salas-Vallina, 2017).

Delegation is a key aspect in the succession process for SMEs and small business managers and owners. The manager's or owner's ability to appraise a team member's decision-making capability is a competency in developing productive employee connections,

according to Lara & Salas-Vallina (2017). In Chesley's (2017) proposed model for delegation, leaders' responsibilities and duties rise in flatter organizations.

Delegation ensures that managers and owners achieve critical responsibilities and that other team members perform well. The success of succession depends on how effectively the organization accepts the new leader, hence this model emphasizes the leader's ability to motivate and build trust among workers. The successor felt competent of generating new products or redesigning organizational structures to get more customers and deliver value-added services.

The study found that management competencies are linked to growing managers and owners and helping individuals achieve. As evidenced by FO SMEs owners' qualitative study, these management abilities deployed in management practices help FO SMEs overcome business challenges. Managers and owners who train and practice business management may address FO SMEs' difficulties with clients, financial capacity and capability, products and services, human resource management, COVID 19, government compliance, and market rivalry.

RBV and Business Development Theory provide direction and support for the suggested model regarding the theory put forth in this study, as the RVB theory identifies that these competences give FO SMEs a competitive edge and distinguish them from non-family businesses. As human capital has the unmatched abilities and capacities that can distinguish between organizations, a resource-based view of family



organizations helps to recognize how families distinguish and develop competencies, pass them on to the next generation of leadership, and adapt these competencies when disruptions occur (Lara & Salas, 2017).

Along with the framework, the RVB theory enables the firm to see the resources that FOBs develop and make available, like human resources as competences (Pearson et al., 2008). These competences enable the manager/owner to be ready and equipped with the requisite abilities and traits to be prepared for succession, according to the Filipino succession model. These resources are also necessary for family-owned businesses to overcome a variety of difficulties during the succession process. According to Botella-Carrubi & González-Cruz (2019), these capabilities cite to a business extent to position its resources to its business processes to achieve a desirable end.

Business development theory helps assess a person's aptitude to run a firm based on the business's nature and whether they are suited for succession. It will help examine a person's abilities and attributes for succession planning to guarantee the organization uses management standards and norms. Both theories help Filipino FO SMEs succeed.

## Summary

SME owners of family-owned businesses agreed that managerial competencies are part of succession planning. The management competencies are positively correlated to succession planning except task organization as FO owners/managers should also look into job realignment based on employees'

capabilities. SMEs face issues with clients, financial capacity and capability, products and services, human resource management, the COVID 19 pandemic, government compliance, and market rivalry. In terms of health and safety protocol, corporate operation, products and services, and customer relationships were adjusted during the pandemic. Similarly, FO SMEs focuses on company operations, products and services, and customer relationships to cope with pandemic issues, as seen in the adjustments they made at the start of the pandemic. Finally, business owners perceive that their business will be passed on to the next generation of family members, ensuring family unity and familiarity within and outside the business. Relationships with clients and stakeholders, as well as family harmony, help family company owners manage their business. Consistent product quality and understanding help business owners manage their companies.

The Filipino succession planning framework of this study presents that the management competencies of family owned business in NCR are related to the succession and in preparedness of future manager/ owner of the business in managing the organization and successful transition of the business from one generation to the next. The management competencies are evident in the practices of the FO SMEs which indicated in the results that management competencies are related to the success of succession.

## Conclusion

Succession planning is vital for all types, sizes, and locations of businesses among



FO SMEs in the National Capital Region. Management competencies are crucial for business owner succession. Next-generation FO manager/owners schooled in business planning will affect the business's fate. Business planning helps owners define the company's goal, manage risk, and maximize profits. FO SME owners agreed that succession requires planning, task organization, leadership, creativity/innovation, and delegation.

The framework categorized management competencies that support succession and address FO SMEs' business challenges as it guides FO SMEs in succession training. The business and its management will face challenges during succession. Management can anticipate these challenges by practicing these management competencies. The proposed framework addresses FO SMEs' financial, pandemic, market competition, and human resource challenges.

Barney's (1991) Resource Based Perspective theory and Jantti and Greenhalgh's (2012) business development theory, which regard competencies as organizational assets that promote effective succession. Future managers/owners with these skills give organizations a competitive advantage. In support of the RBV and the framework, the family business theory explains that for a business to advance, it should be a cycle of managing tasks, finding ways to be recognized like partnerships, seeking constant innovation, developing, and improving objectives, and incentivizing and ensuring essential abilities are met; in relation to succession planning, the manager/ability owners to execute this

function. This study's grounded theories assist FO SMEs' succession-related managerial competencies. This is visible in creating competencies needed to complete tasks, meet corporate goals, create a competitive edge, and help FO SMEs execute succession planning process efficiently and effectively.

## Recommendation

NCR FO SME owners should consider succession planning skills. The importance of competencies arises from the fact that owners/managers construct the organization for the change process and, with the proper abilities, may make members of the organization, especially employees, favorably welcome the whole process. This study's Filipino succession framework relates these qualities to succession planning.

The study suggests that SME family business owners take charge of task organization and workforce realignment while focusing on targets. As shown in this study, a manager/owner should have good judgment about employees' talents and abilities to help them complete duties in the best way and time.

The study contributes to existing research by: (a) presenting a new scale for assessing family business succession preparedness; (b) diversifying business formality by introducing several management competencies in relation to succession training; (c) introducing a model for Filipino succession planning among SMEs; and (d) highlighting management practices as a driver of succession preparedness. The proposed paradigm drives family business succession planning and system interaction.



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