

Leadership Succession Planning: An Examination of Sole Proprietor Estate Surveying and Valuation Firms in Lagos Metropolis, Nigeria

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Abstract—This paper reports the results from a survey of 38 small sole- proprietor estate surveying and valuation firms in Lagos, Nigeria. A 45% questionnaire retrieval rate was achieved while CEOs/owners of estate surveying and valuation firms were interviewed. Descriptive statistics were used to analyze the respondents' general characteristics as well as their attitude toward business succession planning. The study found that sole-proprietor firm owners desired that their firms outlive them through transferring of the firms' businesses to their next generation. However, majority of these sole proprietors' next generation were not keen on pursuing real estate business related courses in their undergraduate days in view of their exposure to modern technology and the influence of peers. Also, the study found that the owners of these firms have not, as a matter of policy, planned for their succession because of the cultural and attitudinal beliefs and values, which forbid thoughts about death or incapacitation about a living soul. As a result, the study indicated that only 5% of sole proprietor estate surveying and valuation firms in this category have continued to the second generation in the study area. This outcome has serious implications for small professional service businesses' economic and job creation potential for Nigeria.

Keywords—*Succession Planning, Sole Proprietor Firm, Estate Surveying and Valuation Firm*

I. INTRODUCTION

Professional advices, more than ever before, are daily becoming more challenging in various ways. Integrity is dwindling among employees as much as in employers of labour, real estate business inclusive. Academically, standards are fallen as certificates obtained in some educational institutions are subject to doubts based on the performance of a few of their products. In view of the glaring poor performance in the past twenty years, heavy political upheavals and election re-runs, poor economy and the ever increasing unemployment situation in Nigeria coupled with inability of the monthly entitlements of State government employees, the economic landscape in Nigeria has actually changed. The identified disruptive tendencies have produced changing customer expectations therefore for any service industry to survive or compete and win in today's business world, such service firm needs to cultivate executive talent and teams that can recognize and seize strategic opportunities in constantly shifting

conditions. Succession planning can help minimize the disruptive tendencies occasioned by unplanned leadership change.

Westhead [1] explained that the reason of succession failures is mainly the lack of planning and preparations since people claim that the operational demands of running a service firm can be all-consuming, forgetting that it is very vital that business leaders take the time needed to assess their organization's business succession planning. As a business grows, the long-term survival of the business and the preservation of the wealth that has been saved will likely depend on getting ahead of those changes through strategic succession planning. For owner-managed business, a solid succession plan can stimulate the growth of the business, reduce taxes, and set the stage for retirement. No one would go through the troubles of establishing a service firm, bearing the risk associated and making the necessary sacrifices without hoping that the business outlives him. Knowing and relentlessly building value that endures is the dream that motivates entrepreneurs but, surprisingly, in many businesses, too little of that work goes into determining who will take over when the founders leave the stage later or sooner than anticipated. In the words of Gersick et al., [2], succession is the final test of any business outfit because if business becomes large, continuity becomes a unifying interest and if the enterprise is passed on while it is profitable and in good condition, it will be the main driving force for the new generation of leaders.

II. SUCCESSION PLANNING IN ESTATE SURVEYING AND VALUATION FIRMS

Most estate surveying and valuation firms are small scale enterprises. Berryman [3] defined a small enterprise as a business in which one or two persons are required to make all the critical management decisions such as finance, accounting, personnel, purchasing, processing or servicing, marketing and/or selling, without the aid of internal specialists and with specific knowledge in only one or two functional areas. They are smaller, more localized firms which constitute a significant proportion of the industry and provide tailored services to smaller customers in their geographic area.

Hillman [4] noted that such firms are of sole proprietorships adapting to fit the needs of the changing market through business specialization. Bucher and Stelling [5] found that the professionals in such service firms tend to resist traditional roles, highly spontaneous and more competitive and politically active as they aspire to become recognized and relevant in business.

Headd [6] studied small businesses in America and found that they represent a significant portion of the global economy, employing one-half of the entire work force while Anonymous [7] confirmed that they represented 99 percent of all businesses in America. Although small business ventures contribute to the local economy and are a source of growing capitalism around the globe yet they face a number of challenges in areas such as acquiring resources, obtaining and retaining clients. Research by Klein [8] found that about 50 percent of small businesses fail in the first five years of existence owing to poor organization occasioned by ineffective management of the transition from one life cycle stage to the next.

World Bank [9] study on small and medium enterprises in Africa showed that problems that existed among small local markets included undeveloped regional integration and very difficult business conditions. These difficult business conditions include cumbersome official procedures, poor infrastructure, poor legal systems, inadequate financial system and unattractive tax regimes. The World Bank [9] defined succession planning as a process that takes years of careful decision-making to set the stage bearing in mind, the forces of at play in succession planning. The supply element is focused on assessing and developing talent along defined principles so that the people you see as your successors will be ready for their future roles, while the demand element considers compensation planning to make sure those rising leaders know you appreciate them, so they either join or remain with the company long enough to play those roles.

A. Leadership Types, Characteristics and Outcomes

Various researchers identified twelve types of leadership. These types of leadership and the researchers concerned are: Responsible leadership [10]; Stakeholder leadership [11]; Ethical leadership [12]; Servant leadership [13]; Authentic leadership [14]; Transformational leadership [15]; Charismatic leadership [16]; Spiritual leadership [17]; Virtuous leadership [18]; Stewardship theory of leadership [19]; Relational leadership [20] and Shared leadership [21].

Many factors lead to the challenges faced in succession planning. First, is the inability to pin down very few members of staff or any of the firm's owner children with requisite skills and attributes. Second, Managers are often to blame for failing to cultivate leadership talent in the junior managers. Most people pay little attention to structuring job experiences, do little to furnish appropriate models and rarely provide

ongoing reinforcement and support for the skills and competencies available via training. In a few cases, individuals who truly want to develop and bring positive change to a firm may ultimately be misconstrued of their intention and thus leave in frustration. According to Rahman [22], highly skilled workers are not often comfortable with the traditional autocratic leadership styles hence 'job hopping has become a trend among young highly qualified and experienced people.

B. Leadership Competencies and Traits

Leadership is commonly seen as an important variable affecting organizational performance. Leadership is a process by which an individual influences a group of individuals to achieve common goals. Yukl [23] found several traits that were related to leadership effectiveness which include a high energy level and tolerance for stress, self-confidence, including self-esteem and self-efficacy, an internal locus of control orientation, emotional stability and maturity, and personal integrity. The skills approach suggests that while leadership abilities can be developed, whereas traits are more inherent in an individual.

Leadership competencies have been defined as "the combination of knowledge, skills, traits, and attributes that collectively enable someone to perform a given job" [24]. Yukl [23] offered some general suggestions for applications on leadership styles. These styles include maintaining self-awareness, developing relevant skills through continuous learning and leadership development, noting that strength can become a weakness in a different situation, and compensating for weaknesses by using delegation or staff with complementary skills.

Attitudes are a complex combination of things we tend to call personality, beliefs, values, behaviors, and motivations. An attitude includes three components: an affection (a feeling), cognition (a thought or belief), and behavior (an action). Attitudes help us define how we see situations, as well as define how we behave toward the situation or object. According to Yuki [23], leaders who want to be great must think about the future most of the time by thinking about where they are going rather than where they have been, maintain a positive attitude and think about the opportunities which tomorrow may avail rather than focusing on the problems of the past and finally maintain a positive attitude in addition to being long-term thinkers. At all things and in any situation, one of the most important leadership qualities is the acceptance of personal responsibility. Leaders never complain, never explain and instead of making excuses, they make progress and accept responsibility for either success or failure of any action taken.

C. Leadership Succession Planning

Winn [25] noted that a business owes its success to the drive, vision and creative energy of its owner and identified four main components to leadership succession planning. These are: identifying the potential successor; changing management style; successor training and development and selecting the successor. The sole-proprietor must be able to identify what the firm need from the future leader, what the future leader needs from sole-proprietor owner, the extent of would-be leader strategic thinking and consistent drive for results, ability to lead and build talent, entrepreneurial edge and commitment to the firm's mission and values. In the same vein, the future leader needs the support of the owner to ensure consistent drive for results, commitment to the firm's mission and values, identify opportunities for firm growth, and ensure competitive compensation and give rewards and recognition by acknowledging value of contribution of the future leader.

The role of leaders, according to George [26], in today's turbulent environment is crucial. Leaders can be identified and chosen through their skills and talents. According to Mumford et al., [27] there are cognitive, interpersonal, business and strategic skills. A future leader must be able to communicate clearly in writing or by discussion, be an active listener and be able to weather turbulent periods with less stress. It must be borne in mind that leaders, depending on their intentions, visions, experience, strategies, objectives, hidden drives and motives, education and expertise have the power to cause either significant improvement or degradation of the world around them. In the words of Hollenbeck et al., [28], a high potential leader must always seek opportunities to learn, act with integrity, adapt to cultural differences, be committed to make a difference, seek broader business knowledge, bring out the best in people, sees things from a new angle, has the courage to take risks, seek and use feedback, learn from mistakes and be open to criticism. It is through all these that a potential leader can be identified and chosen.

III. METHODOLOGY

According to Denzin and Lincoln [29], a study of succession planning of individual firms is a social phenomenon. For this reason, the researcher employed the descriptive survey method by presenting facts concerning the nature and status of a situation, as it exists at the time of the study.

According to the 8th edition of the directory of the Nigerian Institution of Estate Surveyors and Valuers (2014), there are eight hundred and forty-four (844) Estate Surveying and Valuation firms in Nigeria. From the collated list by ESVARBON office, apart from the 23 demised sole proprietors as at 12th November, 2014. There are three hundred and sixty-six (366) estate surveying and valuation firms with their head offices in Lagos State alone. Thus Lagos State accommodates about 43.4% of the entire Estate Surveying and

Valuation firms in the country. Simply put, 366 principal partners/owners of the firms would form the study population of Estate Surveyors and Valuers to be used for the study. Taking 10% of the population of 366 principal partners/owners of the firms in Lagos State as the sample size, the study sampled 8 firms in Victoria Island, Ikoyi and Lekki axis; 13 firms within Broad Street /Marina, Yaba axis; 4 firms within Surulere, Ilupeju, Anthony, Festac, Isolo axis; 12 firms within Ikeja, Maryland Magodo, Ojota, Egbeda, Magodo and 1 firm within Apapa, Ojoo axis. Thirty-eight firms were involved in the study across board. Responses to items on the each questionnaire were analyzed using several descriptive and inferential statistic methods with the use of Statistical Package for Social Science (SPSS) Version 16.0. The results of data analysed were presented with the use of tables, charts, percentages, mean and ranking.

IV. DATA ANALYSIS AND DISCUSSION

Thirty-eight questionnaires were distributed to staff of sole-proprietor estate surveying and valuation firms and monitored for retrieval between December 2015 and February, 2016. It took many personal visits to the respondents before 17 questionnaires were retrieved giving a 44.7% success rate. This could be as a result of members of staff of CEOs/Founders estate surveying and valuation firms were reluctant to commenting on their employers. All efforts to guarantee the confidentiality of any information willingly given, by any of them, fell on deaf ears. Only 17 CEOs/Founders gave express permission for their staff to fill the questionnaire.

Table 1: General Data on CEOs/Founders and Staff of Selected ESV Firms

Information	Groupings	Staff (%)
Age	Up to 30 years	7 (41%)
	31-40 years	6 (36%)
	41-50 years	4 (23%)
Academic and Professional Qualifications	(a) HND/B.Sc.	17(100%)
	(b) Probationer	3 (18%)
	(c) ANIVS	5 (49%)
	(b) ESV	
	(c) RICS	8 (27%)
		1 (6%)

Human beings tend to remember too often the so called "class or level" they belong, i.e. where they had been in the past. Again, human beings remember too often someone who had refused to 'play ball in business' forgetting that there are many competitors in business deals. These poor attitudes need to be seriously addressed to move the real estate profession forward.

Another major issue of concern towards being relevant in any business setting is leadership competence. A leader, who wants to excel must be capable of maintaining self-awareness, developing relevant skills through continuous learning, remembering that strength can become a weakness in a different situation and compensating for weaknesses by using staff complementary skills through delegation of duties. All

these four competencies must be pronounced in a man who desires to be referred to as competent in his area of calling.

Table 4: An Assessment of Leadership Competencies by staff

S/N	Leadership Competencies	Scoring
a	maintaining self-awareness	Very glaring across board
B	developing relevant skills through continuous learning	Low because they refer always to years of experience
C	remembering that strength can become a weakness in a different situation	Very low and arrogant
D	compensating for weaknesses by using staff with complementary skills through delegation of duties	Yes but not rarely acclaimed

Cross sectional responses from structured interview among staff of sole proprietor estate surveying and valuation firms, in the study area, showed that maintaining self-awareness was the leadership trait considered very glaring among estate surveying and valuation proprietor-firms. This is expected because for any service oriented firm to be sustainable in a competitive environment, the leader must be able to stand shoulder-to-shoulder with others in his field of endeavour.

No man can be an island in a dynamic business such as the real estate business. Laws vary a bit across geo-political zones in Nigeria in terms of cultural differences in land ownership, land transfers, power of government at State and Federal levels, etc., the human factor in the family-owned land, community land and State land; human factor among civil servants processing land transaction documentations, among others. In doing all these things listed, the reports of estate surveying and valuation firms are compulsory and there are gifted staff in valuation of assets. Such a skill is developed over time and there are specializations. The ability of sole-proprietor estate firm's readiness, at all times, to compensate for weaknesses by using staff with complementary skills through delegation of duties, was acknowledged by respondents as being recognized by sole-proprietors but not rarely acclaimed openly. Such a situation needs to be addressed since no man can know it all. On the issue of self-examination and self-development, respondents rated owners of sole-proprietor estate surveying and valuation firms very low. On developing relevant skills through continuous learning, sole-proprietors prefer to rely always on their years of experience in practice forgetting that a lot of things do change with the advancement in technology and exposure of human beings to advanced developments globally. Also, considering or remembering that strength can become a weakness in a different situation, the memories of human beings are shallow and at the same time, they are arrogant. Until the damage is done, most people fail to learn first from the past mistakes to avoid a repeat performance.

V. FINDINGS, CONCLUSION AND RECOMMENDATION

The findings from this study showed that:

- A. members of staff of CEOs/Founders of the studied estate surveying and valuation firms were reluctant to commenting on their employers.
- B. 75% of staff in the firms surveyed concluded that leadership succession challenges rear their ugly heads where the family members of the sole-proprietor firms are divided on the issue.
- C. being stingy, greedy and selfish were considered very common while been too rigid on official and management issues were considered common among leadership of sole- proprietor firms.
- D. that the crop of leaders among estate surveying and valuation firms within the study area performed poorly because they think more about the present than the future.
- E. sole-proprietors estate firms rarely compensate for their professional weaknesses even after using staff with complementary skills through delegation of duties to achieve results.
- F. sole-proprietors rely always on their years of experience in practice forgetting that a lot of things do change with the advancement in technology and exposure of human beings to advanced developments in real estate business globally

The paper concludes that to survive and remain relevant in any professionally service business during extraordinary times, the partners in each estate surveying and valuation firm need to look critically at employees age, background, educational status, job experience, if any, marital status during interviews. This is paramount because it is from these individuals that unit heads would be chosen to manage a set of clients with their varying requests, frames of mind and expectations.

The study recommends that CEOs/Founders estate surveying and valuation firms must be conscious of inevitable change in life by taking leadership succession planning seriously and by educating the family on what he expects of his firm in the future. The real estate business can only be handled by dedicated few hands, hence the reward system, in varying capacities, must be robust to retain staff and sustain their loyalty.

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