

## Influence of Executive Succession Planning On the Sustainability of SMES in Nigeria.

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### **Abstract:**

**Background:** Business competition in the recent times has witness a turn, in the sense that, influx of innovations through available technologies has necessitated evolving of new businesses, therefore, there is no constant branding. Unlike centuries ago, when firms exhibit monopoly over goods and services, this century is marked by increased competitions among firms producing same products. Therefore, organizations with great and past performance are presently being challenged by news ones. It is therefore expedient that, firms especially SMEs who are believed to lack longevity and scarcely survive a few generations have proper executive succession planning to boost survival and continuity of businesses. The study examines the influence of executive succession planning on the sustainability of SMEs in Nigeria.

**Materials and Methods:** This research adopted quantitative research approach using cross-sectional design. The population of the study included all registered SMEs/MSMEs in Nigeria as contained in the SMEDAN database. The SMEs/MSME situated in Lagos with inclusion of those within the Lagos and Ogun State boundaries. Two hundred and fifty (250) SMEs/MSME, with not less than 10 years since commencement of operations or incorporation were selected using stratified sampling technique. However, two hundred and twenty-one (221) were valid for the analysis. Primary data was utilized for the study. This is structured questionnaire adapted from two different scale. Data were analyzed using Descriptive statistics, while the hypotheses were tested using linear regression.

**Results:** Findings from this research revealed low implementation of some key components of executive succession planning in the overall strategic plan of small and medium businesses. A finding in this study revealed that, there is a significant influence of executive succession planning implementation on economic sustainability in business among SMEs in Nigerian. This study revealed that, there is a significant influence of executive succession planning implementation on social sustainability in business among SMEs in Nigerian. This finding revealed that, there is a significant influence of executive succession planning implementation on environment sustainability in business among SMEs in Nigerian.

**Conclusion:** Based on the findings of this study it is an irresistible fact that, economic social and environmental sustainability among SMEs could be significantly influenced by good executive succession planning. More so, influence of executive succession planning on social sustainability would be mostly significant.

**Key Word:** Executive succession planning, sustainability of SMEs, economic sustainability, social sustainability and environmental sustainability.

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### **I. Introduction**

The Small and medium scale enterprise (SME's) sector represents the pillar of most developed economy, as well as a significant contributor towards high employment index. In developed countries, SMEs contribute immensely to consistent economic growth and development. In some Africa countries, such as South Africa, SMEs account for 91% of companies, 60% of jobs and contribute 52% of total GDP (Mukole 2010). Data from the Nigeria Bureau of Statistics, NBS (2014) shows that, small and medium scale enterprises (SMEs) in Nigeria contributed about 48% towards national Gross domestic product (GDP), accounting for 96% of businesses and 84% of jobs. This accounted for 50% of industrial jobs and approximately 90% of the manufacturing firms (National Bureau of Statistics, 2014). However, despite the celebrated contributions of SMEs to the economic growth among developing countries, such as Nigeria, most SMEs face similar market sustainability challenges. These challenges have been the main reasons most SMEs have short existence. Succession planning is therefore necessary for sustainability of SMEs.

After Grusky's initial research in 1960, succession planning has been widely accepted as a necessary source of instability. Consequently, past research has offered several different perspectives and methodologies to contribute to more efficient succession planning, but only little empirical research has been done to assess the degree to which succession planning strategies are being applied on SMEs, especially in this part of the world.

Njigua (2014) stated in her study conducted in Kenya that, a significant level of enterprises who planned succession, don't implement it in their overall business strategy. There is also no appointed committee in most SMEs to establish and drive effective succession planning process.

Furthermore, a few studies have theoretically explored the impact of succession planning on sustainability of SMEs. More so, literatures do not address the moderating effect of succession planning on business sustainability. In other to bridge this gap, the present study investigates the influence of succession planning on sustainability of SMEs in Nigeria as well as to assess the level of implementation of succession planning practices in the overall business strategy among SMEs in Lagos, Nigeria.

### **Research Objectives**

The general objective of this research was to examine the influence of executive succession planning on the sustainability of SMEs in Nigeria. The specific objectives however are to:

1. Explore the implementation level of executive succession planning among SMEs in Nigeria.
2. Examine the influence of executive succession planning implementation on economic sustainability among SMEs Lagos State, Nigeria.
3. Investigate the influence of executive succession planning implementation on Social Sustainability Practices among SMEs Lagos State, Nigeria.
4. Assess the influence of executive succession planning implementation on Environmental Sustainability Practices among SMEs Lagos State, Nigeria.

### **Research Questions**

To achieve the purpose of the current study, the following research questions have been formulated:

1. What is the level of executive succession planning implementation among SMEs Lagos State, Nigeria?
2. Are SMEs in Lagos State, Nigeria economically sustainable?
3. Are SMEs in Lagos State, Nigeria socially sustainable?
4. Are SMEs in Lagos State, Nigeria environmentally sustainable?

### **Research Hypotheses**

The current study tested out three hypotheses.

H<sub>0</sub>1: There is no significant influence of executive succession planning implementation on economic sustainability in business among SMEs Lagos State, Nigeria.

H<sub>A</sub>1: There is a significant influence of executive succession planning implementation on economic sustainability in business among SMEs in Lagos State, Nigeria.

H<sub>0</sub>2: There is no significant influence of executive succession planning implementation on social sustainability in business among SMEs in Lagos State, Nigeria.

H<sub>A</sub>2: There is a significant influence of executive succession planning implementation on social sustainability in business among SMEs in Lagos State, Nigeria.

H<sub>0</sub>3: There is no significant influence of executive succession planning implementation on environment sustainability in business among SMEs in Lagos State, Nigeria.

H<sub>A</sub>3: There is a significant influence of executive succession planning implementation on environment sustainability in business among SMEs in Lagos State, Nigeria.

## **II. Conceptual Review of Literature**

### **Executive Succession Planning**

Executive Succession simply means taken over from predecessor at a point, while planning would connote strategic measures arranged for implementation after critical considerations. Succession in practice refers to the process of transferring control from one generation of leaders to the next. It includes the dynamics preceding the actual transition as well as the after-math of the transition (Adedayo, Olanipekun and Ojo, 2016). Therefore, succession planning is a mechanism whereby appropriate and eligible applicants are selected and trained with the potential to occupy key executive post in a company. Succession planning starts from moment the company begins, and it increases the availability of competent and able workers who are willing to take over these positions as they become available.

Succession planning considers level of leadership and managerial skills necessary for continuity of various successes recorded in companies towards meeting its mission and vision. Similarly, Ip and Jacobs (2006) held the view that, succession planning encompasses not only top-level managerial change, but also cut across length and breadth of other factors such as talent hunt within the firm and family members of management. It also covers factors such as, procedures necessary for successful transfer, legal and financial considerations, psychological factors, leadership development and exit strategies. Succession planning begins with a proactive measure to facilitate a seamless transition of businesses from the proprietor to a chosen

successor. Hence, the success of succession from one leader or generation to another is significant to development competitive edge and sustainability of any organization regardless of the nature of ownership (Akpan & Ukpai, 2017). It is note-worthy that SMEs are have high- performing employee to ensure that every leadership level has an abundance efficient hands on desk (Charan, Drotter & Noel, 2001).

### **Succession Planning and Sustainability of SMEs**

Succession planning is an approach that enables transition of business from predecessor most likely owners to a successor through effective training. It includes making policies and plan that guides management of SMEs through the process of ensuring succession of businesses. However, when proper succession planning isn't available, such SMEs might be faced with termination of businesses after the first generation, especially if owners leave businesses upon retirement or as a result of death. Akpan and Ukpai (2017) puts it that, the future of any firm depends on vigor of today's succession planning. Similarly, Ayyagari et al (2007) opined that, SMEs that continued to succeed despite absence of strategic leaders, are those that prepare in advance. Those SMEs have key players in place and have implemented well-defined, comprehensive development programs, formal management training programs and succession plans. Developing comprehensive and long-term succession plan is a critical element for survival of the small-scale enterprise (Akpan and Ukpai (2017). An effectively succession plan provides a smooth transition in management of businesses (Chrisman et al., 2009).

Sustainability among SMEs depend on effectiveness of succession and SMEs capacity building, which is lacking in most developing countries. Referring to the results of research conducted by the Family, Firm Instituted Family Business Review. Hall and Mattias, (2008) cited in Buang, Ganefri, and Sidek (2013) held that, only 30% of the companies owned by family survive transition between first generations and second generation, while only 12% survive to the third generation. In some instance, 3% survived to the fourth generation and beyond. Moreover, Connecticut Business & Industry Association (2013) stated that, only 1% from fourth generation get involved in family business and 12% from third generation.

Failure to engage in succession planning early in the organizations, may impact negative decisions, which could lead to discontinuity after first generation. Therefore, with increasing attrition rate, succession planning has become imperative to be considered by every SMEs. succession plan is also necessary in mitigating risk and enhancing smooth running of organizations. Therefore, effort should be made by leaders of organizations to recruit, develop and retain employees with leadership competencies, capable enough to implement present and future organizational goals (Leibman et al., 2006).

Furthermore, studies have ascribed reasons most proprietors don't key into making succession plans, to factors such as, strong passion and emotional attachment to firms, retirement, incapacitation or fear of death and absent minded. It is therefore not surprising that, most SMEs rarely retire from their own businesses, but prefer dying managing the business. However, SMEs with future continuity make succession planning a key aspect of their business process by integrating it as part of their overall business strategy (Rothwell and Poduch, 2004). Groves (2007) noted that, best practice small businesses effectively combine capacity building and succession planning processes by making full use of managers when improving the mentoring network of the company, recognizing as well as coding potential employees and maintaining high potential through evidence-based training, workshops, establishment of flexible and fluid succession process, creation of organizational forums for exposure of high potential employees to multiple stakeholders and establishment of organizational culture. that supports them.

### **Factors Militating against availability of succession plans among SMEs**

Unfortunately, many business owners founded and built their businesses without giving much thought to what may happen, when it is time for retirement or when they are incapacitated. Yan and Sorenson (2008) cited in Adedayo et al (2016) argued that, resistance to succession can occur at four interrelated levels in a small and medium business: individual (founder), interpersonal group (family members), organizational (nonfamily members), and environmental level. Individual level in the sense that, succession as it is, reminds founder of its death or rather remind them of those time when they would be incapacitated due to age. Therefore, some feel discouraged to even think about it, let alone make necessary plans. It could also be argued that, resistance to succession sometimes come from small business founders due to unwillingness to step aside. The founders, transfer the company to successor means not only foreseeing his own mortality, but also letting go of his power (Ogundele, 2008, Danny and Steier, 2004). This owner's unwillingness to step aside can result in successor losing interest in taking over the business. Other problems that may come up include unexpected illness or premature death of the incumbent (Demassis, Chua & Chrisman, 2008). As in family business, especially in a polygamous terrain, making plans would spring up, conflicts within the family. Where children from different mothers takes sides to protect what is their right. Also, conflict within the organization could also spring up, if succession planning is not well designed. Conflict of interest takes forms, especially when, the successor is not

the most senior staff. As touching environmental level, SMEs short life span could also hinder succession planning.

According to Oduyoye, Adebola & Binuyo (2013), there is wide consensus in Nigeria that, government policies are skewed in favor of the formal sector to the detriment of informal sector. This skewness is of great disadvantage to SMEs in Nigeria, since they are more disposed to funds from the informal sector. Commercial banks, merchant banks, and development banks provide the formal sources of finance to SMEs. The financial system in Nigeria is not in short supply of liquidity, yet banks are reluctant to grant loans to SMEs, which they regard as a high-risk sector. Most banks would rather pay the penalty imposed for not meeting the minimum exposure to preferred sectors of the economy than run the risk of being exposed to them. Therefore, some SMEs would rather focus on get fund to increase their capital base, than spending on succession planning. According to Ojo (1984) sources of investment and finance for SMEs include owner's savings, assistance from banks, government institutions, local authorities, co-operative societies, relatives and friends, and money lenders. The study shows that, almost all funds accrue to SMEs came from personal savings (96.4%) with about 3% from the informal sector and 0.21% from the formal financial institutions. This trend is further established by a 1983/84 study conducted by Nigerian institute for Social and Economic Research (NISER), which shows that, about 73% of respondents raised their funds from personal savings, while only about 2% obtained their funds from the formal financial institutions.

Akpan and Ukpai (2017) held different view as touching factors influencing succession planning on business. They spelt out roles of human resource development that includes, organizational and career development as well as training of potential successors as key factors influencing succession planning among SMEs. Citing Givannoni et al (2011), Akpan and Ukpai (2017) explained that, strategic transfer of vision for small scale business to successor is central to effective succession planning. Developing successor in the strategic planning of businesses has the potential to improve tacit knowledge and skill of the business, thereby further enhancing the realization of succession. Merwe, (2009) agrees with this view, when he opines that, although come bulk of business owner intend to have their businesses continuing when they pass to the next generation, most often, their family members, it is surprising that, such family members are not gifted with the skills required for the operation and management of the business. The place of knowledge and managerial skills in sustainability of SMEs cannot be overemphasized. Building capacity is lacking, most especially among small and medium businesses which has inhibited the formulation of sustainable plan that ensures necessary human effort that makes it possible for the survival and sustainable growth among them.

### **III. Material and Methods**

This thesis adopted a quantitative research approach. This approach was adopted to take care of complexities involved while studying small and medium enterprises with regards to executive succession planning.

**Study Design:** Cross-sectional research survey design

**Study Location:** This was a small and medium enterprise-based study carried out across the most populous state in Nigeria – Lagos State. Lagos State is Nigeria's economic hub and epicenter and shares boundaries with Ogun State which is the industrial hub of Nigeria.

**Study Duration:** July 2019 to June 2020.

**Population:** The population of this study includes registered SMEs in Lagos State as contained in Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) database. As at December 2018, 8395 firms were captured in the SMEDAN database. The firms include but not limited to, Manufacturing, Wholesale and Agricultural, Real Estate, Hotel and Restaurant, Mining and Quarry and Stone works, Food services, Construction, Waste Management, Water Management as well as Remediation; Agriculture business; Information and Communication; Administrative and Support Services Activities.

**Sample Determination:** This study employed stratified sampling technique. 250 SMEs/MSME not less than 10 years since operation or incorporation were selected. MSMEs were included because, most SMEs in Nigeria don't survive ten years from start. Therefore, in order to have sufficient representation and sample with high statistical power, the study included Micro, Small and Medium Enterprises (MSMEs). Sample consists of well-selected businesses who met the inclusion criteria of the study.

**Inclusion criteria:**

1. Duly incorporated.
2. Active registration with SMEDAN.
3. SMEs/MSMEs > 10 years since incorporation.
4. SME/MSMEs is situated in Lagos and Lagos-Ogun boundaries, Nigeria

**Exclusion criteria:**

1. SMEs/MSMEs < 10 years since incorporation.
2. Number of employees < 2.
3. SME/MSMEs situated outside of Lagos and Lagos-Ogun boundaries, Nigeria

**Sample Characteristics:**

**Table 1: General Firm Characteristics.**

SPECIALIZATION	MSMEs	SMEs
Number of employees	1-9	10-199
Chain of distribution: Wholesale or Retail	Retail and wholesale	Retail and wholesale
Sectors (Industries)	Real Estate, Construction, Agriculture, Information and Communication, Fashion & Arts, Other services	Real Estate, Mining and Quarrying, Construction, Education, Information and Communication, Other services
Generation is in control	1-4 <sup>th</sup>	1-2 <sup>nd</sup>
Ownership structure	Sole proprietor & partnership	Sole proprietor, partnership and Cooperatives
Capital structure	Grant, cooperative and Debt	Grant, equity and debt

**Nature of Data**

Primary source of data was utilized in this study. This is structured questionnaire adapted from two different scale based on the primary variables in this study. The questionnaire undergoes some modifications from similar relevant studies aimed at addressing the specific context. The questionnaire was divided into five sections, where each questionnaire attends to each specific objective. The instrument comprised of demographic variables such as age, experience, cadre among others.

**Procedure methodology**

The unit of analysis were small and medium scale businesses, while respondents were business owners, appointed executives or senior managers. The respondents were selected on the basis that the SMEs had been run by founding executives. Researcher used two assistants, who have been trained, administered questionnaires to selected participants. Participants were informed that the research was designed for academic purpose only. Two hundred and fifty (250) questionnaires were distributed among the respondents. However, two hundred and twenty-five (223) questionnaires representing 89.2% were valid for research analysis. Participants were assured confidentiality of their response. Individual respondents were presented with questionnaire containing 47 items in total.

**Ethical Integration**

After explaining the objective of the study to the management of SMEs, Consent was obtained at two level before collection of data. First permission of the management of selected SMEs and informed consent was also obtained from respondents.

**Data Analysis**

Information obtained from field was edited, sorted as well as processed to excel speed sheet before transfer into SPSS edition 23. Data was analyzed using descriptive. These include mean, standard deviation, minimum and maximum values respectively. The hypotheses were tested using Linear Regression at 0.05 level of significance.

Field information was explored for isolation, identification and rectification any inconsistencies after data coding, data entry and a prelude to data analysis. The survey data was screened to test for editorial errors, and analyzed to extract the variables details. All questionnaires were assigned serial numbers, and any observed irregularities were corrected at this point. Then, the correct data was entered into version 23 of IBM SPSS statistics from which the research hypotheses were tested. The analysis was conducted using descriptive statistics and linear regression. Descriptive statistics used include frequency distribution, mean, median and standard deviation, the characteristics of the firms and the respondents were summarized. Descriptive statistics was use to obtained a general understanding on characteristics of the respondents.

**IV. Result**

250 questionnaires were distributed among SMEs, 223 were retrieved and valid for analysis, while 12 were not valid for analysis. Therefore 223 questionnaires were considered and certified to meet the requirement for analysis, signifying a return rate of 88.4%.

**Descriptive Statistics**

**Table 2:** Shows Descriptive Statistics for Executive Succession Planning.

	N	Minimum	Maximum	Mean	Std. Deviation
The organization has succession planning as strategic among other planning processes	223	1	5	2.53	1.737
The chief executive initiates leadership legacy planning discussions with the board	223	1	5	2.52	1.494
Legacy leadership discussions include staff beyond the chief executive	223	1	5	2.52	1.439
The organization evaluates and manages employee performance	223	1	5	3.10	1.428
The organization identifies potential talent among staff at the senior and middle levels	223	1	5	2.24	1.279
Senior staff members in the organization have access to opportunities to develop their leadership potential (i.e. coaching, education, experiences)	223	1	5	2.33	1.397
Senior staff members are held accountable for coaching and developing younger ones as well as making report	223	1	5	3.39	1.354
The board evaluates its process to manage its own leadership succession	223	1	5	2.57	1.487
The board engages in self-assessment of its performance	223	1	5	3.56	1.390
The board engages in yearly assessment of the chief executive	223	1	5	2.51	1.417
The board of directors has a strategy in place for recruiting, orienting and developing new board members	223	1	5	2.51	1.352
Valid N (listwise)	223				

The table 2 presents descriptive statistics on availability of executive succession planning in SMEs. Results revealed that, an insignificant level of respondents has succession planning as strategic among other planning processes in their firm (M= 2.29; SD= 1.303), an insignificant level of respondents initiates leadership legacy planning discussions with the board (M= 2.46; SD= 1.408), an insignificant level of respondents affirmed that, Legacy leadership discussions include staff beyond the chief executive (M= 1.39; SD= .986), an insignificant level of respondents opines organization identifies potential talent among staff at the senior and middle levels (M= 2.13; SD= 1.003), an insignificant level of respondents held that senior staff members in the organization have access to opportunities to develop their leadership potential (i.e. coaching, education, experiences), (M= 2.37; SD= 1.391) also an insignificant level of respondents opines that, The board evaluates its process to manage its own leadership succession (M= 1.57; SD= .602), an insignificant level of respondents affirmed that, The board engages in yearly assessment of the chief executive (M= 2.05; SD= 1.021) and an insignificant level of respondents noted that, The board of directors has a strategy in place for recruiting, orienting and developing new board members (M= 2.26; SD= 1.036). However, a significant level of respondents held affirmed that the organization evaluates and manages employee performance (M= 3.15; SD= .812). Also, a significant level of respondents affirmed that, Senior staff members are held accountable for coaching and developing junior ones as well as making report (M= 3.38; SD= .747) and a significant level of respondents noted that the Board engages in self-assessment of its performance (M= 3.62; SD= .731).

**Table 3:** Shows Descriptive Statistics for Economic Sustainability.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The firm is experiencing consistent increase in economic growth	223	1	5	2.52	1.394
The firm is experiencing consistent increase in the average customer purchase	223	1	5	2.43	1.316
The firm is becoming more profitable and is being well-managed	223	1	5	2.32	1.249
The firm ensures prompt payment of salaries and benefits of employees	223	1	5	2.52	1.375
The firm employees/ local labor has decreased overtime	223	2	5	2.20	1.003
The firm employees are well-paid compared to the competitors	223	1	5	3.84	1.274
The firm reflects a positive attitude towards sustaining economic factors	223	1	5	3.82	1.179
The firm is well known for the quality product and services render to its customers	223	1	5	3.68	1.296
The firm has a sustainable channel to meet customer/consumer demands	223	1	5	4.47	.899
The firm has a sustainable fiscal reporting	223	1	5	2.49	1.773
Valid N (listwise)	223				

The table 3 presents descriptive statistics on economic sustainability in respondent’s firm. Results revealed that, an insignificant level of respondents were experiencing consistent increase in economic growth (M= 2.52; SD= 1.394). Also, an insignificant level of respondents was experiencing consistent increase in the average purchase/clients (M= 2.43; SD= 1.316). An insignificant level of respondents affirmed that their firm is becoming more profitable and is being well-managed (M= 2.32; SD= 1.249). More so, an insignificant level of respondents opines Their firm ensures prompt payment of salaries and benefits of employees (M= 2.52; SD= 1.375), an insignificant level of respondents held that their firm employees/ local labor have decreased overtime, (M= 2.20; SD= 1.003). Also, an insignificant level of respondents opines that the firm has a sustainable fiscal reporting (M= 2.49; SD= 1.773). However, a significant level of respondents held affirmed that their firm employees are well-paid compared to the competitors (M= 3.84; SD= 1.274). A significant level of respondents affirmed that their firm reflects a positive attitude towards sustaining economic factors (M= 3.82; SD= 1.179). a significant level of respondents also noted that their firm is well known for the quality product and services render to its customers (M= 3.68; SD= 1.296). a significant level of respondents affirmed that their firm has a sustainable channel to meet customer/consumer demands (M= 4.47; SD= .899).

**Table 4:** Shows Descriptive Statistics for Social Sustainability.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The firm ensures continual organizational citizenship among employees	223	1	5	4.38	1.019
The firm promotes continually work and family life reconciliation among its employees	220	1	5	3.14	1.421
The firm is necessitating employees’ professional and personal development and equality of opportunities	223	1	5	3.11	1.470
The firm has a standard process of dialogue and participation of the internal and external public in defining the issues that must be addressed in its vision of sustainability	223	1	5	2.33	1.397
The firm has relationship initiatives with its employees that allows them to be heard	223	1	5	3.39	1.354

The firm have in place a sustainable medium use to ensuring psychological capital among employees	223	1	5	2.57	1.487
The firm includes references to sustainability in the statement documents of vision, mission, and values	219	1	5	3.58	1.370
The firm is continually concerned about its supplier companies, also performing responsibly	223	1	5	3.11	1.507
The firm complies with ethical and clear criteria	223	1	5	3.27	1.345
The firm provides its employees with safe and healthy environment to work	223	1	5	4.46	.928
The firm has specific policies to deal with issues related to human rights	222	1	5	4.19	1.201
The firm provides employees with On-the-job training to carry out their operations	220	1	5	3.03	1.438
The firm complies with current local legislation related to dismissals and retirement processes	223	1	5	2.91	1.509
Valid N (listwise)	214				

The table 4 presents descriptive statistics on Social Sustainability in respondent's firm. Results revealed that, a significant level of respondents held affirmed that their firm ensures continual organizational citizenship among employees ( $M= 4.39$ ;  $SD= .986$ ). Also, a significant level of respondents affirmed that their firm promotes continually work and family life reconciliation among its employees ( $M= 3.15$ ;  $SD= 1.101$ ). a significant level of respondents also noted that the firm necessitate employees' professional and personal development as well as equality of opportunities ( $M= 3.13$ ;  $SD= 1.163$ ). a significant level of respondents affirmed that the firm has relationship initiatives with its employees that allows them to be heard ( $M= 3.38$ ;  $SD= 1.047$ ). An insignificant level of respondents affirmed that the firm includes references to sustainability in the statement documents of vision, mission, and values ( $M= 3.82$ ;  $SD= .844$ ). The firm is continually concerned about its supplier companies, also performing responsibly ( $M= 4.05$ ;  $SD= .721$ ). An insignificant level of respondents affirmed that the firm complies with ethical and clear criteria ( $M= 3.96$ ;  $SD= .536$ ). More so, an insignificant level of respondents opines the firm provides its employees with safe and healthy environment to work ( $M= 3.57$ ;  $SD= .602$ ), an insignificant level of respondents held that, the firm has specific policies to deal with issues related to human rights, ( $M= 3.62$ ;  $SD= .814$ ). Also, an insignificant level of respondents opines that the firm provides employees with On-the-job training to carry out their operations ( $M= 3.05$ ;  $SD= .921$ ). However, an insignificant level of respondents affirmed that the firm has a standard process of dialogue and participation of the internal and external public in defining the issues that must be addressed in its vision of sustainability ( $M= 2.37$ ;  $SD= 1.391$ ). Also, an insignificant level of respondents affirmed that the firm have in place a sustainable medium use to ensuring psychological capital among employees ( $M= 2.57$ ;  $SD= 1.502$ ). An insignificant level of respondents affirmed that their firm complies with current local legislation related to dismissals and retirement processes ( $M= 2.26$ ;  $SD= 1.036$ ). insignificant level of respondents affirmed that, their firm complies with current local legislation related to dismissals and retirement processes ( $M= 2.26$ ;  $SD= 1.036$ ). An insignificant level of respondents affirmed that their firm complies with current local legislation related to dismissals and retirement processes ( $M= 2.26$ ;  $SD= 1.036$ ).

**Table 5:** Shows Descriptive Statistics for Social Sustainability.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The firm ensure sustainable protection of the environment	223	1	5	2.38	1.434
The firm educates employees on possible impacts of climate change on its business	223	1	5	2.61	1.496
The firm ensure sustainable internal cleaning and waste disposal	223	1	5	3.25	1.398
The firm carries out specific initiatives to ensure recycling of waste materials	223	1	5	2.48	1.439



The company carries out specific initiatives to ensure activities that are environmentally friendly	223	1	5	3.16	1.491
The firm ensure effective time management in its business execution	223	1	5	4.16	1.094
The firm encourage and implement green policy	223	1	5	2.45	1.419
The firm promote activities that recover energy	223	1	5	2.45	1.371
Valid N (listwise)	223				

The table 5 presents descriptive statistics on Environmental Sustainability in respondent’s firm. Results revealed that, an insignificant level of respondents held affirmed that their firm ensure sustainable protection of the environment (M= 2.41; SD= 1.197). Also, an insignificant level of respondents affirmed that their firm educates employees on possible impacts of climate change (M= 2.66; SD= 1.218). an insignificant level of respondents affirmed that their firms carries out specific initiatives to ensure recycling of waste materials (M= 2.05; SD= 1.474). an insignificant level of respondents affirmed that their firm encourage and implement green policy (M= 3.33; SD= 1.064). Also, an insignificant level of respondents affirmed that their firm promote activities that recover energy (M= 2.20; SD= 1.415). However, a significant level of respondents affirmed that their firm ensure sustainable internal cleaning and waste disposal (M= 3.62; SD= .990). More so, a significant level of respondents opines the company carries out specific initiatives to ensure activities that are environmentally friendly (M= 3.89; SD= .779), an insignificant level of respondents held that their firm ensure effective time management in its business execution, (M= 3.72; SD= .812).

**Test of Hypotheses**

**Table 6:** Shows Regression Model Summary – Economic Sustainability and Executive Succession Planning

Variable	β	t	R <sup>2</sup>	Rdt	F
Economic sustainability	.684	15.648	.526	.725 <sup>a</sup>	221

\*\* p< 0.01, \*p<0.05

From table 6 above executive succession planning had an influence on economic sustainability of businesses among SMEs (β= .684; t= 15.648; p <0.05). Therefore, null hypothesis 1 which state there is no significant influence of executive succession planning implementation on economic sustainability of businesses among SMEs in Nigerian was reject and the alternative was upheld. This implies that there is a significant influence of executive succession planning implementation on economic sustainability in business among SMEs in Nigerian, in such a way that availability of executive succession planning would ensure economic sustainability.

On the contributions of all components of succession planning (independent variable) to the prediction of economic sustainability (dependent variable), the outcome of the table above revealed that, all components of succession planning when pulled together yielded a twice correlation coefficient (R2) of 0.526 [F (1, 221) = 244.873, P>.05]. This is an indication that all components of succession planning contributed 52.6% of the variance in economic sustainability of firms.

**Table 7:** Shows Regression Model Summary – Social Sustainability and Executive Succession Planning

Variable	β	t	R2	R	dt	F
Social sustainability	.949	60.886	.944	.971 a	221	3707.0453

\*\* p< 0.01, \*p< 0.05

From table 7 above, executive succession planning had an influence on social sustainability of businesses among SMEs (β= .949; t= 60.886; p <0.05). Therefore, null hypothesis 2 which state there is no significant influence of executive succession planning implementation on social sustainability of businesses among SMEs in Nigerian was reject and the alternative was upheld. This implies that, there is a significant influence of executive succession planning implementation on social sustainability in business among SMEs in Nigerian, in such a way that availability of executive succession planning would ensure social sustainability.

On the contributions of all components of succession planning (independent variable) to the prediction of social sustainability (dependent variable), the outcome of the table above revealed that, all components of succession planning when pulled together yielded a twice correlation coefficient (R2) of 0.944 [F (1, 221) = 3707.045, P>.05]. This is an indication that all components of succession planning contributed 94.4% of the variance in social sustainability of firms.

**Table 8:** Shows Regression Model Summary – Environmental Sustainability and Executive Succession Planning

Variable	β	t	R <sup>2</sup>	Rdt	F	
Environ. sustainability	.353	11.210	.362	.602 <sup>a</sup>	221	125.662

\*\* p< 0.01, \*p< 0.05

From table 8 above executive succession planning had an insignificant influence on environmental sustainability of businesses among SMEs (β= .353; t= 11.210; p> 0.05). Therefore, null hypothesis 3 which state that, there is no significant influence of executive succession planning implementation on environmental sustainability of businesses among SMEs in Nigerian was upheld. in such a way that availability of executive succession planning would not ensure environmental sustainability.

On the contributions of all components of succession planning (independent variable) to the prediction of environmental sustainability (dependent variable), the outcome of the table above revealed that, all components of succession planning when pulled together yielded a twice correlation coefficient (R2) of 0.362 [F (1, 221) = 125.662, P>.05]. This is an indication that all components of succession planning contributed just 36.2% of the variance in environmental sustainability of firms.

## V. Discussion

### Executive succession planning

Evidences from this research have shown low implementation of some key components of executive succession planning in the overall strategic plan of small and medium businesses. This include, initiation of legacy planning discussion among the board and exclusion of other staff which is core. Moreso, there are no provision for identification of potential talent among staff neither was there provision for development of leadership potential among staff, without plan for evaluation of succession. Although, Senior staff members are held accountable for coaching and developing junior ones as well as making relevant report and the board engages in self-assessment of its performance which is limiting factors to development. This is in agreement with the empirical work of (0.362 [ et al., 2011) carried out on family business owners in the South Eastern States of Nigeria which identified the non-evidence of succession plan implementation in most family businesses. Also aligned with Wamalwa (2010) widely argued that While there is an attempt to study executive succession in large firms, there still exist gaps in SMEs executive succession particularly in the African context. Also, Obadan and Ohiorenoya (2013) examined the process of succession planning in small business enterprises in the hotel industry in Benin City, Edo State Two hotels were sampled. The findings in this study show that most of the small business enterprises have no succession plan in place and the ability and competence of the successors are not considered in succession planning.

### Influence of executive succession planning (ESP) on economic sustainability of businesses among SMEs

A well-planned executive succession would go a long way to sustain economic activities among SMEs. This anchor on the fact that, promoting succession through adequate provision of strategic plans would guides economic by ensuring decision are made using various sustainable means such as financial reports. A finding in this study revealed that, there is a significant influence of executive succession planning implementation on economic sustainability in business among SMEs in Nigerian. The implication of this is that, availability of executive succession planning would aid economic sustainability and vice versa. This is such that, succession planning implementation would influence consistency in the increase of economic growth, average purchase/clients, profitable which would be sustain in the future. The findings agree with Adedayo, Olanipekun and Oladipupo (2016) where they affirmed that, there was a strong positive correlation between planning for succession and firm's sustainability. This relationship between economic sustainability and executive succession was emphasized in a study by Wahjono, Wahjoedi and Syafei (2014), where they revealed that, succession planning can improve family business performance; economic education in family can make succession planning in family business smoothly. Therefore, executive succession is key towards economic sustainability of SMEs.

### **Influence of executive succession planning (ESP) on Social sustainability of businesses among SMEs**

Internal and external relationship in firms gives a definite frame to businesses. This is due to the fact that, employee sense of organizational citizenship, organizational culture and behavior towards consumers/clients depend largely on available policies guiding relationship in firms. The roles of quality succession planning in ensuring good inter and intra relationship among SMEs is vital to the future success of the firm. This study revealed that, there is a significant influence of executive succession planning implementation on social sustainability in business among SMEs in Nigerian. This finding implies that, social sustainability among SMEs is mostly influence by executive succession planning. In other to ensure some components of social sustainability such as continual organizational citizenship, continually work and family life reconciliation, professional and personal development as well as equality of opportunities, psychological capital among employees, executive succession planning bearing social growth policy must be incorporated among SMEs/MSMEs. Akpan and Ukpai (2017) agrees with this finding when they revealed that, manpower training influences longevity of small-scale businesses and there was no significant difference in the mean responses of male and female entrepreneurs on influence of manpower training on the longevity of small-scale businesses in Makurdi metropolis. Also, Mensah (2012) supported this finding when he noted that, lack of trust was one of the factors affecting succession planning in SMEs. This was because many SMEs do not have clear objectives and policies of succession planning for the enterprise.

### **Influence of executive succession planning (ESP) on environmental sustainability of businesses among SMEs**

Every existing firm should ensure policies that would aid environmental sustainability such as, proper waste management and uses of renewable energy. Most studies often shy away from emphasizing the need for environmental sustainability alongside economic and social sustainability. However, businesses won't thrive in a continual degradable of environment. This same is what is been witness today in the whole world, when climatic change is posing great threat on business development. Therefore, executive succession plan that caters for environmental structure of the SMEs/MSMEs would help in securing business development in the future. This finding revealed that, there is a significant influence of executive succession planning implementation on environment sustainability in business among SMEs in Nigerian. This finding implies that, one of key area SMEs/MSMEs must pay attention to, if truly they must survive in this season and exist for generations is environmental sustainability plan. This includes, sustainable energy use, conversion of waste through recycling to save funds. Findings corroborate Nkam, Susannah and Alain (2018) seeks to determine the effect. They found that succession planning has a significant effect on the sustainability of family businesses in Cameroon. More so, SMEs/MSMEs should be able to promote good environmental behavior such that, would be environmentally friendly, like use of renewable energy which would contribute less to climatic change and must be ready for sustaining use of such energy.

## **VI. Conclusion**

Sustainability of SMEs/MSMEs is key to economic growth and economic development. However, while an all-encompassing sustainability of firm (such as economic socially and environmentally) would go a long way to ensure sustainability of SMEs/MSMEs on every sides, executive succession planning would ensure business run perpetually. Based on the findings of this study it is an irresistible fact that, economic, social and environmental sustainability among SMEs could be significantly influenced by good executive Succession planning. More so, influence of executive succession planning on social sustainability would be mostly significant.

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