

The Influence of Executive Succession Planning on Sustainability of Small and Medium Enterprises (SMEs) in Lagos, Nigeria

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Abstract

One of the problems faced by small and medium businesses in Nigeria and others globally has been planned succession by way of purposeful transfer of operational, management and ownership controls to the next generation from the proprietors. At the same time, there is a growing chorus on the necessity for older professionals to develop, groom and integrate the younger professionals into additional responsibilities to increasingly take over the business practices to ensure continuity. Current dynamics in the business environment also demand that organizations attract, retain and internally develop potential partners/talent as key to the organization's future success. Yet, notwithstanding the decision for generational transfer of leadership and therefore the market dynamics, succession management has for the most part remained on the back burners. This study was however undertaken to fill the research gap that exists by elucidating the influence of executive succession planning on sustainability of Small and Medium Enterprises (SMEs) in Lagos, Nigeria. The study adopted a survey design with a population of study limited to small and medium businesses in Lagos state Nigeria, that are licensed by the Small and Medium Scale Enterprises Development Association of Nigeria (SMEDAN). A stratified sampling technique was used to select the businesses, from where a random sample of 40 was selected. Descriptive statistical tool and Pearson's Product Moment Correlation were used to analyze the data. The research reveals that the implementation of succession planning processes by SMEs influences firm sustainability. Likewise, there is a moderating effect of both internal talent mobility and stakeholder engagement on the relationship between succession planning and firm sustainability. The study therefore concludes that succession planning implementation, internal talent mobility and stakeholder engagement are some of the key determinants of business sustainability in small and medium enterprises therefore, there is the urgent need for organizations to establish effective succession planning capable of building a pool of talents from within while actively engaging all of its stakeholders.

Keywords: *Executive, Succession Planning, Small and Medium Enterprises, Sustainability.*

Introduction

The importance of small and medium businesses (SMEs) was somewhat overlooked in most developing and emerging economies around the world. Their true value and contributions have only started to gain appreciation with the arising challenges of unemployment and poverty. SMEs unfortunately, lack longevity; very few businesses survive to the second generation and considerably less continue to the third (Bareither & Reischl, 2003). A large number of SMEs fail because of succession failure (Ibrahim & Ellis, 2004) mainly as a result of the inability of small businesses to manage this complex process of transferring ownership and management to the next generation and lack of management to sustain a small and medium business (Bareither & Reischl, 2003).

Succession planning is about more than filling the top spots. It is a smart, talent management strategy that can drive retention of talent throughout the organization – and ensure that the organization has the skills it needs in place, or on hand, to respond to the rapidly shifting sands that make up today's business environment (Hills, 2009). The importance of ensuring effective succession has been widely recognized in literature. With succession planning, organizations develop the right people with the right mentality to take over the leadership, management or ownership of the business so that the organization will fulfil its mandate of being a going concern.

A lot of factors have been observed by researcher to be contributing to the sustainability of business, one of the most important is succession planning. (Ward 2006), posits that the long-term health and sustainability of any business rely upon its capacity to envision and react to change.

Research problem

The SME sector is the backbone of major developed economies, as well as important contributors to employment, economic and export growth. In South Africa, SMEs account for 91% of businesses, 60% of employment and contribute 52% of total GDP. According to the Nigeria Bureau of Statistics, small and medium scale enterprises (SMEs) in Nigeria have contributed about 48% of the national GDP in the last five years, account for 96% of businesses and 84% of employment. With a total number of about 17.4 million, they account for about 50% of industrial jobs and nearly 90% of the manufacturing sector, in terms of number of enterprises.

Despite the acclaimed contributions of small and medium businesses to growth of various economies, Nigeria inclusive, majority of SME's are confronted with similar challenge in the area of business sustainability (Onyeukwu et al, 2019). Since the initial research by Grusky (1960), succession planning has been widely accepted as a necessary source of instability. Past research has consequently provided many different perspectives and methodologies to lead to more effective succession planning, but there has been just little empirical research measuring the extent of implementation of succession planning practices on SME's. Njigua (2014) indicated in her study in Kenya that a significant number of businesses do have a succession plan in place but do not implement it in their overall business strategy. Also, in most SMEs there are no constituted committee to develop and drive the succession planning process to success.

Theoretically, a few studies have investigated the influence of a number of succession planning variables on business sustainability. To our knowledge, past literature did not empirically address the moderating effect of variables such as 'Internal Talent Mobility' and 'Stakeholder Engagement' on the relationship between succession planning and business sustainability. Therefore, to bridge this gap, the present study proposes to investigate the influence of 'Internal Talent Mobility' and 'Stakeholder Engagement' on the relationship between executive succession planning and sustainability of SMEs in Nigeria as well as to examine the extent of implementation of succession planning practices in the overall business strategy of SMEs in.

Research objectives

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

1. Examine the influence of succession planning implementation in the overall strategic plan on sustainability of Nigerian SMEs;
2. Establish the influence of Internal Talent Mobility on the relationship between succession planning and sustainability of SMEs in Nigeria.
3. Establish the influence of Stakeholder Engagement on the relationship between succession planning and sustainability of SMEs in Nigeria.

Thesis statement/hypothesis

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

1. Is there a significant influence of succession planning implementation in the overall business strategy on sustainability of SMEs in Lagos, Nigeria?
2. Does internal talent mobility influence the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria?
3. Does stakeholder engagement influence the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria?

To answer the research questions that have been highlighted above, the current study tested out six hypotheses.

1. **H₀1.** The implementation of succession planning processes in the overall business strategy of SMEs in Lagos, Nigeria does not influence firm sustainability.
2. **H_A1.** The implementation of succession planning processes in the overall business strategy of SMEs in Lagos, Nigeria influences firm sustainability.
3. **H₀2.** There is no moderating effect of internal talent mobility on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.
4. **H_A2.** There is a moderating effect of internal talent mobility on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.
5. **H₀3.** There is no moderating effect of stakeholder engagement on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.
6. **H₀3.** There is a moderating effect of stakeholder engagement on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.

Literature review

Succession planning and business sustainability

Succession management is the key to business sustainability and the best companies groom talented employees for positions of leadership. Collins (2009) even went further to show that most fallen companies had chief executive officers and leaders who fail the process of succession planning and as such set their companies on a path to decline. Failure to engage in succession planning early on causes organizations to make decisions based on informal judgments, which are often problematic with negative results in most cases.

With the attrition rate for companies increasing, it has become an inevitable strategy to be considered by every organization. To mitigate risk and to enhance quality of life of an organization, succession management is highly necessary. Effort are made by leaders of organizations to recruit, develop and retain individuals with a range of leadership competencies capable of implementing current and future organizational goals (Leibman et al., 2006).

Several studies have also ascribed most proprietors' hesitancy to make succession plans, to factors such as the proprietor's strong passion and emotional attachment to the enterprise, retirement, incapacitation or death phobia, financial insecurity and absence of interest. It is therefore not unexpected that most small business owners rarely retire from their own businesses, but prefer dying while still managing the business.

Internal talent mobility and business sustainability

Employees don't expect to spend a lifetime with an employer; leaving when a better opportunity arises and returning again if situations are right to do so. With visibility into the market place, individuals that possess "in demand" skills and knowledge have ready access to employment opportunities creating the need to make internal opportunities as appealing. (SAPinsider, 2014).

Sherman (2015) posit that candidates brought in from outside tend to cost more because they often give up existing career options, which may include equity positions, bonuses and more. They also have a long learning curve, even if they come from the same industry, because they don't know how their new company works. Internal candidates, on the other hand, having a background at the firm, typically don't require as much additional compensation and are more stable. According to research from the Wharton School of the University of Pennsylvania, external candidates are 61 percent more likely to be fired and 21 percent more likely to leave a company than internal candidates. This position aligns with findings made by Njigwa (2014) that majority of SMEs have directors who are founding members or where new appointments had to be made, majority also made appointments and promotions from the senior management teams.

Charan et al (2001) argued that a crisis in leadership is a result of a company-wide breakdown rather than the actions or failure of one person and finding a new CEO does not in most cases solve the crisis nor does going outside to fill the vacant CEO role. They stressed that going outside would in fact be an admission of failure which hides the truth that the establishment has failed to develop a pipeline of internal who can step in and manage the bigger challenges of the day. Kowalewski, Moretti and McGee (2011), pointed out that both insiders and outsiders have strengths and

weaknesses in entering new positions - employees know the institution and its inner workings, but may not recognize the need for change. New ideas can come from the outside, but many times these newcomers do not know the institution well enough to foster the changes needed.

Stakeholder engagement and business sustainability

Rosenthal et al. (2018) concluded in their study that most companies either avoiding succession planning altogether or are taking a dispassionate, process-oriented approach that minimizes, or even fail to address the impact of human behavior on the succession planning process nor consider stakeholder engagement. Further suggestions were made to support the stance that succession planning is most effective when it takes a “centered” approach that focuses on people first while maintaining objectivity and procedural discipline. By approaching succession planning in this way, an organization can likely make it not only an effective part of its growth strategy, but also a signature feature of its corporate culture. (Rosenthal et al, 2018).

Jacobs Drew (2015) argued that senior leadership has to be behind the succession plan in more than verbal support and agreement. They have to be willing to make the necessary decisions and support the decisions of the team which is accountable. If senior leadership doesn't support and hold accountable those in the organization, those who want to pocket veto the initiative know they have an out and the entire process limps to be ineffective the result being a waste of both time and money. (Jacobs, 2015).

Empirical review

Akpan et al (2017) examined how succession planning influences survival of small businesses operating within Makurdi metropolis. The study indicated that manpower training significantly influences longevity of small businesses; This finding implies that there is need for small business owners to put a succession plan in place to achieve desired business sustainability. The study therefore recommended that small business owners should infuse a workable succession plan in their business strategy as this will ensure the survival of the family business through several generations.

Obadan & Ohiorenoya (2013) studied the process of succession planning in small business enterprises in the hotel industry in Benin City, Edo State. The findings showed that the two small business enterprises (Hotels) have no succession plan in place and the ability and competence of successors are not considered in succession planning. The study recommended that small business enterprises should develop a formal plan for succession, communicate the identity of successor, provide basic business management education, provide training/monitoring to the incumbent Chief Executive Officer (CEO) and all stakeholders should help him in planning for succession ensuring that owners are comfortable after disengagement.

Ogbechie & Anetor (2015) carried out a study on appraisal of succession planning in family-owned businesses in Lagos State, Nigeria. The population of the study includes all family-owned enterprises in Lagos state, Nigeria. A purposive sampling technique was employed by the study to select 80 participants (owners/founders of family businesses) from the population. Data was elicited from questionnaire and analyses of the responses were done using descriptive statistics and factor analysis through the use of Statistical Package for Social Sciences (SPSS). From the findings, it indicated that the lack of a succession plan is not the significant factor responsible for the problem of succession despite the fact that most family enterprises lack succession plan. They observed that there were other factors (cultural factors like extended family system, inheritance tradition (such as preference for sons, marriage), and education responsible for the problem of poor succession in family-owned businesses in Nigeria.

Nnabuike and Okoli (2017) examined succession planning influence on sustainability of some family-owned enterprises in Anambra State, Nigeria. The study concluded that mentorship is central in ensuring the continued existence of family-owned businesses. It therefore suggested that mentorship should be embraced by family-owned businesses as an inevitable process to achieving business sustainability; family business owners should ensure that genuine interest is shown by identified successors, while the process should be seen as a process of ensuring longevity of the enterprises as against an act of relinquishing power and control.

Methodology

In this research the researcher used a quantitative research design due to the complexities involved in the study of small and medium enterprises. The quantitative design approach allows the researcher to integrate literature from academia relevant to executive succession planning and from this develop a cross sectional questionnaire which will be employed to make inferences about possible relationships or to gather preliminary data to support further research and experimentation. In this research, the phenomenon of interest was to examine the level of implementation of succession planning strategies in the overall business strategy of SMEs in Lagos , Nigeria and to determine the effect of internal talent mobility and stakeholder engagement influences on the relationship between executive succession planning and the sustainability of small and medium businesses in Lagos state of Nigeria.

By randomly selecting SMEs that had been in existence for over three years, the researcher was able to gain insights and in-depth understanding of the phenomenon of interest. The design strategy also did not try to generalize the data from a sample to a population but merely looked at gaining insight about the phenomenon studied. The data collection for this qualitative study took place during a 6-week period in October 2019 within Lagos state, Nigeria. The enquiry centered on how executive positions were filled within these organizations. The researcher made inquiries to find out if formal succession planning took place and if various element of succession planning were considered in the process or head hunting started at the eminent departure of the current executive.

The executive management of 44 companies in Lagos, Nigeria were used as research samples. Statistical analysis was further conducted after organizing and summarizing the original questionnaire data recovered. The questionnaire survey in this study was divided into two stages, a pilot questionnaire and a formal questionnaire, and analyzed and described, as follows:

Pre-test

The pilot questionnaire of this study was dispatched to a total of 10 senior and executive management persons of SMEs in Lagos Nigeria in October 2019 and a total of 9 valid pilot questionnaires were recovered.

Reliability test

The reliability of the items used in the research instrument was measured using Cronbach's alpha test. The test was done to assess the internal consistency or homogeneity among the research instrument items.

Table 1. Reliability statistics

Reliability statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.764	.777	16

From the table above, the computed Cronbach/Coefficient Alpha value was .764 N = 16, which means that .764% of the variance in the scores is reliable variance. as suggested by most value greater than .70 indicates a degree of internal consistency.

Formal questionnaire

In this study, data were collected by means of dispatching electronic questionnaires. In order to acquire the required information to validate the various research hypotheses, specific items were determined by inductive and deductive means; a Likert 5-point scale was implemented for item measurement indicators, from Not at all (1) to Great extent (5); the higher the score, the higher extent of the agreement of the respondent and vice versa. In addition, before dispatching the formal questionnaires of this study, the purpose and requirements of this study were explained to the respondents via e-mail, and their consent was sought.

Results analysis

Statistical analysis of sample characteristics

A total of 50 questionnaires were administered, 42 were collected which represented 84% of the total questionnaires sent out. Of this value 2 were invalidated leaving 40 as the valid questionnaires used for analysis. This represents 80% of the total questionnaires administered. The sample size of this study is 40 respondents.

The table of statistical analysis shows that male respondents account for the largest proportion (65.5%), which indicates that most Small and medium businesses in Lagos, Nigeria were founded or succeeded by males. Regarding age, respondents aged 30–40 and 40 – 50 years account for the largest proportion (48.3% and 31% respectively). This indicates that most SME executives are not thinking about retirement or handing over the reins of their businesses to a successor for another 10 years. 62% of the respondents had less than 10 years of experience in an executive position and about 38% with over 10 years' experience in an executive position. In addition, Limited liability companies represent 44.8% of the total number followed by sole proprietorship (20.7%) and partnerships (17.2%), which indicates that the structure of SMEs in Lagos do not reserve the right of strategic decision making on a sole individual.

Succession planning implementation

The study considered various indicators of succession planning implementation among respondents in SMEs. Respondents commented on their extent of agreement with implementation qualities, and issues presented to them on a Likert scale where: (5) presents Great extent; (4) large extent; (3) some extent; (2) little extent; (1) Not at all. Table 2 below shows the outcomes of that inquest.

Table 2. Descriptive statistics of succession planning implementation

Descriptive Statistics of Succession Planning Implementation							
	N	Min	Max	Mean	Std. Deviation	Kurtosis	Skewness
Succession planning vision is known company-wide	40	1.00	5.00	2.3500	.73554	3.01	0.96
Succession planning strategy forms a substantive part of the recruitment strategy	40	1.00	4.00	2.4750	.81610	-0.33	0.38
Systems exist to assess future requirements of work and competency of different executive positions	40	1.00	4.00	2.3500	.62224	0.13	0.27
My organization has mentoring and training programs	40	1.00	4.00	2.2500	.58835	1.13	0.70
Valid N (listwise)	40						
Average				2.3563		1.0075	0.5775

Source: Field data (2019).

Table 2 above shows that succession planning vision is only communicated across company to a small extent (mean = 2.35), recruitment strategy of most SMEs in Lagos, Nigeria have embedded succession plan to a small extent (mean = 2.48). It was further observed that businesses in Lagos, Nigeria organize mentoring and training programs for their employees and make provision of systems to assess future needs and competency requirements of various executive positions to a small extent (mean 2.25 and 2.35 respectively).

The findings indicate low implementation levels of succession planning activities with low average mean of 2.3563 meaning that the firms implemented the succession planning process to a small extent. The study observed skewness values (Average 0.5775) to range between 1.0 or -1.0. Similarly, it was also observed that the study Kurtosis (average 1.0075) ranged between the -3.0 or 3.0 levels. The result indicates that the variable's data is symmetrical and is normal being flat topped around its mean. Therefore, the study data can be said to be highly reliable and able to determine succession planning implementation levels in the institutions.

Internal talent mobility

The study also considered various internal talent mobility indicators perceived among respondents in the SMEs involved in the study. Various indicators of the existence of internal talent mobility activities in the firms were applied. Respondents commented on their extent of agreement with Internal Talent Mobility indicators and issues presented to them on a Likert scale where: (5) presents great extent; (4) large extent; (3) some extent; (2) little extent; (1) Not at all. Table 3 shows the Internal Talent Mobility activities.

Table 3. Descriptive statistics for internal talent mobility

Descriptive Statistics for Internal Talent Mobility							
	N	Min	Max	Mean	Std. Deviation	Kurtosis	Skewness
Interconnectivity of workforce is encouraged	40	2.00	5.00	3.4250	.93060	-.79	.03
There is a great focus on high potential and high performing managers	40	1.00	5.00	2.7500	.95407	.21	.35
Employees are constantly engaged at work	40	2.00	5.00	3.6250	.83781	-.52	.00
Part of talent management strategy	40	1.00	5.00	1.9250	.85896	2.70	1.17
Frontline management are educated on the benefits of internal talent mobility	40	1.00	5.00	2.7000	1.06699	-.45	.25
The right learning and development resources are in place for employees	40	1.00	5.00	2.6000	1.00766	-.49	.27
Employees are given models and narratives for advancement	40	1.00	5.00	2.9000	.90014	-.24	-.02
Transparency in roles and promotion process	40	1.00	5.00	2.2500	.86972	1.33	.71
Valid N (listwise)	40						
Average				2.7719		.22	.345

Source: Field data (2019)

The skewness of the variables ranged within 1.0 or -1.0, an indication that the data is symmetrical or nearly symmetrical and hence considered to be normal. Similar views were elicited in the Kurtosis analysis where the data was near the 3.0 or -3.0 values indicating that the sub-constructs of entrepreneurial orientation are flat topped near the mean (average 0.345).

Stakeholder engagement

The study looked at the indicators of stakeholder engagement that the respondents commented on their extent of agreement as presented to them on a Likert scale where: (5) very large extent; (4) large extent; (3) some extent; (2) little extent; (1) Not at all. The outcomes are as shown in Table 4.

Table 1. Descriptive statistics for stakeholder engagement

Descriptive Statistics for Stakeholder Engagement							
	N	Min	Max	Mean	Std. Deviation	Kurtosis	Skewness
Needed resources are deployed to kickstart the process	40	1.00	5.00	2.9500	1.01147	-.42	-.05
Collaboration is encouraged within the organization	40	1.00	5.00	2.3250	.88831	.99	.68
Monitor all implementation stages of the succession plan	40	2.00	5.00	3.1250	.85297	-.07	.53
There is regular evaluation of the entire succession planning program.	40	1.00	5.00	3.1000	1.10477	-.62	-.09
Talent reviews are regularly conducted	40	1.00	5.00	3.5500	.90441	.50	-.48
Valid N (listwise)	40						`
Average				3.01		.076	.118

Source: Field data (2019)

The study observed that the skewness of the variables ranges from 1.0 to -1.0, (average 0.118) an indication that the data is symmetrical or nearly symmetrical, hence considered to be normal. Similar views were elicited in the Kurtosis analysis where the data was observed to near the 3.0 or - 3.0 values indicating that the constructs of stakeholder engagement are flat topped near the mean (average 0.076).

Sustainability

The study looked at various indicators of the sustainability performance of the family businesses involved in the study. Respondents commented on their extent of agreement on these performance indicators presented to them on a Likert scale where: (5) presents great extent; (4) large extent; (3) some extent; (2) little extent; (1) Not at all. The outcomes are as shown in Table 5 below.

Table 5. Descriptive statistics for sustainability

Descriptive Statistics for Sustainability							
	N	Min	Max	Mean	Std. Deviation	Kurtosis	Skewness
Market Share	40	1.00	5.00	2.5000	.93370	1.10	.99
Profitability	40	1.00	4.00	1.9000	.77790	-.12	.52
Number of employees	40	1.00	5.00	3.1000	1.10477	-.62	-.09
Sales turnover	40	1.00	4.00	2.4000	.81019	-.22	.34
Governance structure	40	1.00	5.00	3.0750	.99711	-.29	.01
Customer satisfaction	40	1.00	5.00	2.6000	1.00766	-.49	.27
Legal and regulatory compliance	40	2.00	5.00	3.7750	.83166	-.58	-.11
Technological advancement	40	1.00	4.00	2.2250	.73336	.35	.44
Valid N (listwise)	40						
Average				2.6969		-.11	.30

Source: Field data (2019)

Correlation of variables and test of hypotheses

The second and third objective of the study was to establish the influence of Internal Talent Mobility on the relationship between succession planning and sustainability of SMEs in Nigeria and establish the influence of Stakeholder Engagement on the relationship between succession planning and sustainability of SMEs in Nigeria. Pearson Correlation Product Moment Correlation analysis was done to test the strength and the direction of the linear relationship between the study variables. Table 6 presents Pearson Correlation coefficients.

Table 6. Pearson correlation coefficients

Correlations		AVGSP	AVGSI	AVGITM	AVGSE
AVGSP	Pearson Correlation	1	.528**	.581**	.130
	Sig. (2-tailed)		.000	.000	.423
	N	40	40	40	40
AVGSI	Pearson Correlation	.528**	1	.631**	.685*
	Sig. (2-tailed)	.000		.000	.034
	N	40	40	40	40
AVGITM	Pearson Correlation	.581**	.631**	1	.361
	Sig. (2-tailed)	.000	.000		.710
	N	40	40	40	40
AVGSE	Pearson Correlation	.130	.685*	.361	1
	Sig. (2-tailed)	.423	.034	.710	
	N	40	40	40	40
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

The results in Table 6 indicate the relationship between the study variables. The key correlation outcomes are those of the relationship between firm sustainability (AVGSI) and the independent variables of succession planning (AVGSP), internal talent mobility (AVGITM), and stakeholder engagement (AVGSE).

The relationship between succession planning implementation and businesses sustainability is moderate, positive and statistically significant ($R = 0.528$, $p\text{-value} = .000$). The $p\text{-value}$ (.000) is less than the value of significance (0.01). Hence, H_{01} (The implementation of succession planning processes in the overall business strategy of SMEs in Lagos, Nigeria does not influence firm sustainability) is hereby rejected while H_{A1} (The implementation of succession planning processes in the overall business strategy of SMEs in Lagos, Nigeria influences firm sustainability) is hereby accepted.

Similarly, the relationship between internal talent mobility and business sustainability is strong, positive and statistically significant ($R = 0.631$, $p\text{-value} = .000$). From the correlation matrix presented in Table 6, business sustainability has a correlation index of 0.528 when regressed against succession planning. This correlation coefficient increases to 0.631 when internal talent mobility is introduced in the model. This observation is an indication that there is an improvement in the relationship between the business sustainability and succession planning. Hence, H_{02} (There is no moderating effect of internal talent mobility on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.) while H_{A2} (There is a moderating effect of internal talent mobility on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.) is hereby accepted.

The relationship between stakeholder engagement and firm sustainability was found to be strong and statistically significant with a coefficient of 0.685 and a $p\text{-value}$ of 0.034. From the correlation matrix presented in Table 6, business sustainability has a correlation index of 0.528 when regressed against succession planning. This correlation coefficient increases to 0.685 when stakeholder engagement is introduced in the model. This observation is an indication that there is an improvement in the relationship between the business sustainability and succession planning. Hence, H_{03} (There is

no moderating effect of stakeholder engagement on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.), while H_{A3} (There is a moderating effect of stakeholder engagement on the relationship between succession planning and sustainability of SMEs in Lagos, Nigeria.) is hereby accepted. This result implies that the study variables considered i.e. succession planning implementation internal talent mobility, and stakeholder engagement plays a critical role in influencing SME sustainability.

Discussion of analysis

The research reveals that most of the admired and flourishing organizations that have achieved longevity have had executive teams that prioritized succession planning as an integral part of their overall strategic plan. This seems to make sense because all the business executives will ultimately come and go, and how they come and go has a profound transition effect on their organizations, which may largely determine the difference between extended periods of failure and success. In SMEs in Lagos, Nigeria, we found that only 44.8% of SMEs have a succession plan in place with about 46.2% of this population having finalized and implemented the succession plan in their businesses. 23.1% responded that they board and management have finalized but are yet to implement while 30.8% are yet to finalize on the plan. 68.7% of the SMEs executives whose organization have no succession plan gave board prioritization as a reason for not developing one while the remaining 31.3% gave that the management's failure to initiate the process as a reason.

The result of the study agrees with the previous works of (Ifekwem et al., 2011; Ogundele and Idris, 2008; Utomi 2008), which confirms that planning for succession ensures the firm's survival and sustainability over the long run. Failure to plan for succession has been cited as the primary cause for the poor survival rate of small firms. This research is in agreement with the empirical work of (Ifekwem et al., 2011) carried out on family business owners in the South Eastern States of Nigeria which identified the non-availability of succession plan in most family businesses. They found out that 70 percent of the respondents have no plans on who succeeds them.

The result of the study further implies that when deliberate efforts are made by business owners to groom internal talents for executive positions, the firm as a whole stands a greater chance of maintaining its viability for a very long time. This finding is also in alignment with the result of Adedayo et al (2016) which indicated that a strong positive relationship exists between succession planning and the organization's sustainability, once business owners' groom and train their successor with their experience to understand the management intricacies of the business.

According to (Utomi, 2008) professionalizing business succession and planning, trust in ownership structure that makes a broad block of stakeholders committed to ensuring smooth transition of enterprise leadership from one team to another is important to ensure business sustainability. This study reveals that engaging all relevant and concerned stakeholders in the succession planning process improves the possibility of success during implementation and ultimately sustainability of the business.

Conclusions

The study concludes that succession planning, though lowly practiced in the firms, have a positive impact on the business sustainability. The research shows that executive succession planning is essential for any organization that is to achieve consistent performance. Though succession planning is critical to achieving business sustainability and competitive advantage, organizations in Nigeria do not appear to have well thought out succession plans. The absence of succession planning has resulted in the placement of square pegs in round hole, thus affecting negatively on morale and overall performance. This explains why some small and medium establishment, which did well in the past, are performing badly and almost in extinction now. It is evident from the research that executives understand the crucial role that succession planning plays in ensuring smooth transition of leadership between predecessors and successors but yet, board have not made the development of the succession plan a priority as indicated by 72% of the respondents whose organizations currently have no succession plan in place.

The research also points out that some of these establishments do not have succession plans as an integral part of their recruitment strategy. The consequences of this are obvious; talent and knowledge drain, critical skill gaps, a change in the ethos and dynamics of the business and disruptions. The study also found out that when succession planning is combined with internal talent mobility and stakeholder engagement, a higher impact on business sustainability is realized. Stakeholder engagement was a key characteristic in most of the businesses in the study, with most of these businesses applying various stakeholder engagement strategies in their operations. Furthermore, 80% of the current executives are within the age group (30-50 years) and may not have to retire nor hand over the reins of the business to a successor in the next ten years, a yet safer approach would be to kickstart the development of a systematic succession plan and management process to manage transition anxiety and fill the talent pipeline with individuals who are equipped with the specific knowledge and skills to steer the wheels of the business to success.

Recommendations

To reposition organization for effective performance and service delivery, there is the urgent need for organizations to establish effective succession planning capable of building a pool of talents from within. This will enhance leadership continuity, values, and ethos of the business. It will also facilitate the development of a strong „talent resource“ for the future which is vital to attract and retain the best and key people which will help in present and more for the future growth of the organization. Have the right people with right skills in the right jobs doing the right things. The key is to match the needs of the organization to the goals of the individual.

The study found that succession planning and internal talent mobility and stakeholder engagement are some of the key determinants of business sustainability in small and medium enterprises. However, succession planning was applied in very few SMEs. The study therefore recommends that key stakeholders in business and enterprise development should be duly engaged in providing the necessary resources required, provide support throughout the process and demand accountabilities from all talent managers during the process so as to ensure smooth transition from one leader to another. For Nigeria to be a major player in the global economic arena, we must have thousands and millions of well managed small to medium scale enterprises.

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