

# Assessment of Mentorship Opportunities for Real Estate Developers in Ghana

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## Abstract

Effective mentorship usually guides and steers young professionals towards path of success in their professional career development. Majority of infant real estate developers in the developing countries including Ghana do not tap into mentorship opportunity to sharpen their professional tools due to the limited knowledge they have in the concept of mentorship. In spite of the limited empirical research conducted in real estate mentorship, this study serves to break grounds by assessing the opportunities and challenges existing in real estate industry. To achieve this purpose, study materials such as books, academic articles, theses and other documented sources were gathered to examine literature on the subject matter. Interviews were further conducted among some selected real estate developers in Ghana with the basis to establish the key facts and factors associated with the challenges and opportunities mentorship provides to mentees. It was discovered through this study that majority of the real estate developers (mentees) lack funds to undertake projects due to the difficulty they face to secure affordable funding. They also frequently face land litigation issues. The study suggests that the emerging real estate developers in Ghana could build their capacities to remedy such findings through mentorship opportunities available to them.

**Keywords:** Challenges; mentorship; mentors; mentees; real estate developers; opportunities.

## 1. Introduction

Mentorship in real estate industry today involves both formal and informal developmental partnerships where employees receive guidance, information, and advice from experienced professionals within an entity having expertise with a strong desire to assist others to grow in their career pathways [12]. Mentoring may entail sharing of ideas and more importantly, transferring knowledge, skills and wisdom to the mentees [12,13].

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Sometimes, a mentor can be nominated from different entity or organisation. The mentee communicates freely to the mentor. For example, new or infant real estate developer can find an experienced developer who will mentor them for a certain period with the purpose of gaining industry root. This may help the new developer to avoid venturing into riskier property development projects that may luck-up his/her finances.

Mentoring differs from other forms of discrete assistance such as teaching and coaching. In mentoring, the mentor takes the mentee's 'interest as his complete priority [18]. In real estate professional practice, new professionals may help their mentors to undertake some work either in the same organisation or another organisation. Some mentees may also share creative and new technological skills with mentors while mentors shares their professional experience with mentees. Such mutual benefit could propel positive professional career growth.

Mentorship is a dynamic tool to stimulate mutual learning and social interaction between mentors and mentees [25]. Nowadays, many mentoring programmes are initiated in large organisations to transfer industrial skills to employees in attempt to promote professional career development [12]. This approach may give new professionals opportunity to acquire hands-on skills the industry needs for productivity.

New real estate developers (NREDS) require mentorship to advance their business operations. It is against this background that a number of literature has been examined in attempt to establish barriers associated with mentorship [22,11]. Authors including [24] view mentorship as the large institutional and organisational perspectives instead of narrowing it down into only relationship building.

This paper aims to examine challenges and opportunities associated with mentorship in real estate industry and also to establish the synergy that exists between mentorship and professional growth.

## **2. Literature Review**

To undertake an academic study such as this, literature review is paramount. Therefore, this section outlines the key areas review of literature covers based on the purpose of the study.

### ***2.1 The Concept of Real Estate Development Mentorship***

Mentorship is defined as the professional development process where knowledge and other supports are transferred to another person [12,5]. The medium of such transfer could be both formal and informal interactions. The mentor is perceived to have deeper knowledge, skills and experience while the mentee is perceived to have little or no knowledge and experience [23]. Mentor serves to stand tall in providing the needed professional support to the mentee. This kind of professional mentorship usually exists in many industries including property development. Real estate development is one of the industries by which a proactive and strategic approach of mentorship could be of significance in rising through the career ladder [12]. It is evident that mentoring in rare cases is viewed as partnership learning among the professional peers. For example, business mentoring helps individuals to get grounded with the fundamental skills necessary to succeed. The adoption of mentorship in real estate development business turns to groom new entrants of professionals to

improve their capabilities and at the same time could reduce risks when executing property development projects.

Successful industry mentoring programmes match mentors with experienced staff employees in order to speed up competency-building while transferring knowledge through internal human capabilities and talents [4]. Developing internal professional capabilities and talents enhances project efficiency [19]. Real estate development mentorship programme may be viewed as a forum for observation, gaining experience, mastering professional thinking skills, communication, decision-making and teamwork building [12]. [9] maintains that mentoring relationships are normally static in nature, unlike relationships built by mere human beings who may change over time. Similarly, our effort to realise the importance of professional mentoring in property development business cycles is meant to share more light in the various specialised consulting where professional advice to the property developers can be looked at [4].

## **2.2 Challenges and Opportunities Available For Reds**

In practice, it has been observed over the years that property development in Ghana has its own compelling challenges and opportunities. Such challenges may include issues relating to lack of financing, land acquisition, non-availability of qualified and experienced skilled labour force among others. This section reviews to evaluate whether such challenges can be managed and addressed by the new property developers through mentorship opportunities available to them.

### **2.2.1 Financing challenges**

Financing real estate development projects may be a pressing challenge that confronts many property developers. However, a theoretical concept of financing per literature reveals that the two fundamental sources of financing available for property development are equity and debt financing [14]. Debt financing is briefly defined as loans borrowed from organisations such as banks to support operations of businesses [8]. It can also be obtained from other sources including family members, micro-finance entities, development partners and government institutions.

Choosing a source of financing may depend on the nature of the subject property to be developed. Most times, debt financing is used to develop properties that have higher profit margins [1]. Experience has shown that most of the debt financing requires collateral securities. But then, cut-throat loans (loans with high interest rate) bring financial stress to property developers especially, when there is a slight market slow after development. This may mean that NPDs as mentees in the industry has to inquire or discuss with their mentors (senior developers) the various sources of debt financing which in effect could assist them to go about in securing affordable financing.

Equity financing on the other hand occurs where the property developer uses his or her own capital to undertake the development. [5] is of the view that equity can be obtained by companies through external and internal sources. If a developer uses equity to undertake a development, it gives him a total control on the property. There is a saying which states that “*equity has no redemption duration and it possesses an indefinite term for*

*maturity.*” In this context, it can be also viewed that a developer loses money in using 100% equity financing due to the fact that he or she may be expected to pay full tax on the total income generated from the property after development. This causes the developer to reduce his capital share. Hence an experienced real estate developer would be in a better position to share more insights with the new real estate developer on how to go about to establish profitable financial restructuring in this regard.

### ***2.2.2 Land Acquisition challenges***

Land acquisition challenges are on-going processes in a number of African countries and, it has presented itself as a live issue in many articles written by land administration scholars and experts [9]. Ghana is of no exception. Access to land acquisition for commercial property development in cities such as Accra and Tema in Ghana is a serious challenge [19]. It has been estimated that approximately 80% of Ghana's total land size is owned by customary (chiefs and families) with allodial titles [6]. Some of these owners lack proper legal documentation to cover their land ownership and title. Customary landowners' poor record-keeping concerning land sale causes multiple sales and leases. This may have a direct link to the current land tenure system we experience in Ghana [26].

Land tenure system is described by [25] as a system that clearly defines how land access is granted for usage, control, and ownership. This definition does not always hold in some of the cities in Ghana due to the reason that land holdings are left in the hands of individuals to control. The co-existence of customary and statutory laws for land administration are quite opposite [17]. This causes people to develop land haphazardly without making provision for roads, streets and reserve of land for future development as exist in other developed countries.

To address land issue and its associated challenges, private partnership among young and experienced property developers can be encouraged. This may pave a way for new developers to learn and experience techniques involved in acquiring land free from encumbrances. It further promotes urban regeneration and development as a source of providing infrastructure supply characterised by the active involvement of business entities in municipal level governance [2].

### ***2.2.3 Qualified and skilled labour work force challenges***

Property development is a global industry known to provide huge jobs that need different skills at professional levels but the industry is still short of qualified and experienced personnel [19]. Skill shortages occur when employers are unable to find workers with the required skills in the labour market [20]. For example, construction skill labour shortages have been recently announced worldwide [18, 20]. A study presented by [1] affirms that there is a shortage of skilled workers in UK, USA and Hong Kong. This issue by extension seemly affect property development industry.

Lack of qualified and experienced trade men such as plumbers and carpenters as well as construction project managers in Ghana continues to become a pressing issue negatively affecting property development industry in practice. However the experienced property developers who have already grounded in the industry over a long

time have gained mechanisms and ways to source and train their labour work force.

### **2.3 Mentorship opportunities**

According to [10], there are quite a number of activities which may constitute mentorship. Some scholars believe that mentorship involves in provision of career development and assistance [9]. One of the opportunities the NPD is likely to receive from his or her mentor includes but not limited to the short and long term advice as well as sector knowledge sharing [3]. The sharing taught platform can even grow in a longer period to create network structure between the two based on the interest of the parties [28].

Partnership is viewed as a strong tool to capture large market share in business. Empirical evidence shows that partnership agreements among small manufacturing companies in Japan gleaned great successes in moving toward buyer supplier transactions [17]. In the same direction, mentorship relationship between the experienced property developer and the new developer could build a lee way strategy in partnering to undertake development projects together. This can help the NPD to develop his professional confidence. Mentorship is not only for the purpose of cultivation but also for professional identity [14]. Hence the consistent mentoring supports individuals receive contribute immensely towards their career development [10].

In simple terms, there are other benefits the NPDs may receive from their mentors. Such benefits are professional experience and partnership opportunities and this will help mentees to manage and share risks that emanate from property development projects due to their complexity in nature (Botha, 2013). The sharing of professional experience with the mentees may enable them to minimise many mistakes and errors that lead to losses in the development process.

Hence, this study also sought to draw insights on the opportunities new property developers may be exposed to in adopting mentorship approach through their professional career pursuits.

### **3. Research Methodology**

Methodology employed for this study was purely qualitative where interviews were conducted to draw results from experienced real estate developers (practised more than 5years) and the new real estate developers (practised below 5years) through snow-balling technique since respondents have been scattered in different regions in Ghana. The total number of developers as study population was 240. Ninety-two (92) were considered to have practised for more than 5years while 148 have practised for below 5years. For the purpose of this study, all the developers practised for more than 5years are considered as potential mentors and, those practised below 5years as potential mentees. This helps to distinguish the two respondents' categories.

Out of these figures (92 and 148), 20 potential mentors representing 21.7% were selected and interviewed. Similarly, 31 potential mentees (20.9%) were also interviewed. Interviews were conducted on face to face approach by the research team with the respondents. Some of the main interview questions posed to the potential mentees were; what are the challenges do you usually face? Do you believe that mentors can help you to address most of the challenges you face? Comparatively, questions posed to the potential mentors were; what

were the challenges you faced during your first five years in practice? How did you solve those challenges?

Data collected were transcribed and reviewed to eliminate errors by the research team as proclaimed by [18]. Thereafter, themes were drawn from the data collected with the use of emergent and priori coding methodologies. Subsequently, data drawn out were put into paradigm whiles description strategy was used to conduct examination through scale-narratives according to [8]. Themes established throughout the narration as far as mentorship opportunities are concerned were analysed relative to the interview questions posed to the two respondent categories (potential mentors and potential mentees). The purpose was to establish the views of the interviewees concerning the challenges and the opportunities of mentorship as discussed by [25].

#### 4. Results and Discussion

This section discusses the results obtained based on the interview questions posed before the two study respondent categories.

##### 4.1 Questions for prospective mentees

###### 4.1.1 What are the challenges do you usually face?

Most of the respondents (95Nr out of 148Nr) indicated that their main challenges were; lack of securing affordable funding to undertake projects, land litigation and lack of getting skilled labour to employ. This number of respondents view covers 64.2% as majority. Thirty percent (45Nr) stated that their main challenges are lack of affordable fund, land litigation and lack of getting partnership. The remaining 5% (8Nr) respondents declared that their challenges mainly include lack of getting professional advice, funding, lack of getting skilled labour and land litigation issues. Respondents view to indicate that they face lack of securing affordable funding, lack of getting skill labour to employ and land litigation issues confirms with what [1] expressed in literature.

###### 4.1.2 Do you believe that mentors can help you to address most of the challenges you face?

Table 1 provides the results obtained from the 148 respondents interviewed.

**Table 1:** Mentorship assistance

No. of respondents	Response	Percentage (%)
91	Yes	65
43	No	29
14	Not applicable	6

Table 1 shows that most of the respondents (65%) support the view that mentors can help them to address their challenges they face while 29% held the opposite view. It is therefore imperative that mentorship could be seen as a way to ensure career growth [2,14].

## **4.2 Questions for prospective mentors**

### **4.2.1 What were the challenges you faced during your first five years in practice?**

Sixty-nine (69Nr) out of 92 respondents said that their typical challenge was on lack of raising and securing funds to undertake projects and, this represents 75%. Twenty (20Nr) representing 21.7% said that their major challenge was on how to get skilled workers to employ. This result confirms that the industry is still short of qualified and skilled workers over the years (Oseghale and his colleagues, 2015). Furthermore, three (3Nr) respondents answered that their challenge was on lack of getting professional advice. This agrees Allen and his colleagues. (2006) claim that long term advice helps NPDs to share knowledge.

### **4.2.2 How did you solve those challenges you faced?**

Most of the respondents (73Nr) mentioned that they were able to solve their challenges based on the advice received from their mentors. It is stated earlier in the literature that some scholars believe that mentorship promotes career development and assistance to young entrepreneurs (Ghosh and Reio, 2013). Fifteen (15Nr) respondents indicated that they used their knowledge acquired through continual professional development programmes to address their challenges. Four (4Nr) respondents remained also stated that other stakeholders such as financial institution gave them financial guidelines to address their financial challenges.

## **5. Conclusion**

It has been discovered through this study that majority of the potential mentees lack funding and also face land litigation issues. Furthermore, most of the potential mentees pointed out that mentorship can help them to address such challenges. Potential mentors also confirmed that their main challenges they faced during their first to five years in practice were lack of securing affordable funds. The above observation may imply that mentorship in the arena of real estate development industry may mount a great opportunity to the new entrants as far as professional development and success are concerned. In reference to above, it can be recommended that new real estate developers in Ghana need to take mentorship approach as an opportunity to ensure growth in their professional career.

This study findings is strictly based on the respondents' views and understanding on mentorship in Ghana's real estate industry. It may be suggested that further research can be taken into the key sections such as residential, commercial development in the industry that new developers should be mentored on.

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