SUCCESSION PLANNING IN ORGANIZATIONS; IMPACT ON WORKPLACE PRODUCTIVITY

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ABSTRACT

Succession planning today enables organizations to identify talented employees and provide education to develop them for further higher leach and broader responsibilities. The purpose of this study was to investigate the effect of succession planning on workforce productivity in Kenya. The study adopted desk based methodology. Specifically, the paper identified documentary evidence in the form of already completed studies that focused on succession planning and the impact it has on employees and the organizations at large. The study findings indicated that most organizations are engaging in formalized succession planning in order to offer the knowledge to help high potential employees fit into management positions. Therefore, succession planning programs have emerged as a strong factor influencing staff retention and thus improved productivity. Thus, organizations investment in their staff and improvement contributes to a pool of talent, which benefits the whole organization through retention. The study found that existing level of employee’s performance can be enhanced through providing more development opportunities to employees for strengthening their skills to work in synergy in the firms to compete with the challenges of the world. The paper recommends that succession planning should include those strategies that assist in acknowledging the need and form of value generating skills and knowledge that the organization would need, and transforming these values to competitive advantage(s) for the organization. Succession strategies should create corporate social identity for the organization, where employees sees themselves as owners or partners together with the employer, therefore they strive to make the organization progress.

Keywords; Succession planning, Employee Performance, Productivity, Workplace

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1. INTRODUCTION

Background of the Study

Organizational management is fundamental to creating an environment that supports continuous improvement of individuals and their organizations to better provide for the communities they serve. Every organization needs a leader with a clear understanding of the issues facing his/her organization and is prepared to implement them while maintaining operational functions, developing employees’ skills, and managing organizational resources.

According to McCabe (2007), one of the lessons of delegation in the organization and an integral part of management function is the ability to know when to 'bow out' and get a replacement.
Many owner-managers with successful businesses cling to the details of management when they should be relinquishing executive duties in favour of the successor. The problem is further aggravated because the owner fails to distinguish his personal desires and the need of the business. This poses a challenge to the owner-manager’s personal assumption to be able to achieve an acceptable and satisfactory solution. Succession planning enables the organization to identify talented employees and provide education to develop them for future higher level and broader responsibilities. Succession planning helps to build bench strength and decide where people belong.

In today’s highly competitive environment, human capital constitutes an organization's most important asset, often differentiating highly successful businesses from those which struggle. Yet, in the ongoing effort to develop a strong and capable workforce, many organizations focus almost entirely on hiring and training staff. This is at the expense of managing succession planning which may be considered to be the most essential ingredient in building an organization that is capable of achieving its strategic goals (Troon, 2009). Most studies have shown that organizations with succession planning programs have a higher human capital retention rate and a remarkable reduction in recruitment and compensation costs. This thus enables an organization to achieve its strategic goals.

Most managers fail to integrate succession planning in their operations until it needs to be implemented. Suddenly there is a void at the top and nobody has been primed to fill it. Leadership transitions in business affect the entire organization’s continuity, employee retention, client retention and returns on investment. It is essential to create and implement a process that create and implement a process that creates visibility, accountability and greater integration of all facets of the business. Organizations are now realizing that there is need to expand the scope of succession planning, not only to cover the top executives but also the key persons in the entire organization (Aikens, 2001). More recently succession planning has expanded yet again whereby enlightened corporations are integrating this practice into their strategic planning processes and corporate policies (Troon, 2009).

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill key roles within the organization. With succession planning process, recruiting superior employees, developing their knowledge, skills and abilities and preparing them for advancement or promotion into even more challenging roles becomes achievable. Succession planning involves having senior executives periodically review their top executives and those in the next lower level to determine several backups for each senior position. This is important because it often takes years of grooming to develop effective senior manager. There is critical shortage in companies for middle and top level leaders. Organization will need to create pools of candidates with high leadership potentials.

With Baby boomer, retirement waves looming and the economic climate creating a real urgency to retain and develop the best and the brightest, succession planning is still an imperative business issue in preparing for tomorrow. Well known succession planning expert Rothwell (2001) in his book “Effective succession planning,” identifies the benefits of succession planning such as increased opportunities for high potential workers; identifying justifiable training, employee education and development opportunities/needs among others. Through succession
planning, retaining superior employees becomes possible because they tend to appreciate the
time, attention and development that are invested in them. An effective succession planning in
the organization must identify the organization's long term goals and then hire the necessary
staff. There is need to identify and understand the developmental needs of employees. Moreover,
there is need to ensure that all key employees understand their career paths and the roles they are
being developed to occupy. There is need to focus resources on key employees retention. And
cautions must be taken to become aware of employment trends in the environment so as to know
the role that takes difficult time filling externally (McCabe, 2007).

The problem of not including succession planning (management) in the strategic planning of
organizations has had effects on their performance. The business case for succession planning is
not new, but the business mandate has never been stronger. The labor market both the demand
and supply sides – continues to shift. In the U.S. for example, the shifting age mix of workers brings
to the fore the need for effective succession planning. We have all seen statistics like these: the Bureau of Labor Statistics (BLS) and the Census Bureau project that there will be
almost no growth in the number of younger workers (age 25 to 44) in the U.S. Labour force in
this decade. Meanwhile, the number of workers age 55 and above will grow by over 40 percent.
Besides the common sense need for succession planning given these statistics, it has also been
shown in research studies that companies who do effective succession planning have better
business results (Achua, 2013).

In Jordan, Kazakhastan, Kenya, Korea, Kuwait, Kyrkyaza, Latvia and Lebanon, the value of
succession planning is not understood. In Atlanta Canada the biggest long term issue is lack of
talent management strategies and the relationship with changing demographics. The situation is
the same in the United Arab Emirates where telephone operators have not carefully considered
succession planning in this era of economic changes. Regionally, succession planning is still a
critical issue among organizations.

Aikens (2001) in her article, titled, “How can I plan for succession?” has pointed out that in
Ghana and possibly across most countries in Sub-Saharan Africa, companies have suffered
greatly due to lack of proper succession plan for management and critical positions. On a recent
review assignment, it was discovered that a large multinational, did not have a working
succession plan. This had created several different situations. According to the article by Mamatt
(2008) succession planning must be a key business strategy. She says that it is necessary to build
a sustainable pipeline of potential successors due to factors such as skills shortage that is
plaguing the country.

On the local scene (Kenyan experience) succession planning is also an issue that many
companies have failed to address and as such it has caused a number of problems regarding
succession. Even giants have been shaken such as Kenya Commercial Bank (KCB), Housing
Finance and East African Portland Cement. For example KCB had to advertise the post of
C.E.O. Housing Finance remained for nearly a year without a CEO.
The Concept of Succession Planning

Noe (2000) defines succession planning as a process of identifying and preparing suitable high potential employees to replace key players within the organization as their terms expire. Succession planning entails identifying as well as preparing a qualified talent pool in advance of organizational needs. It enables smooth transitions at the firm. Milkovich and Boundreau (1988) asserts that regardless of the expansion or contraction of the total workforce in the organizations, the need for good managers is critical and continuous. He further stated that the availability of the right number, right kind of management staff at the right time and in the right positions is imperative. A sudden vacancy can lead to confusion and loss of efficiency as the search for a replacement is conducted. The absence or loss of an employee could cause an inconvenience that could be avoided with some anticipation to serious succession development. Therefore, planning on how one’s shoe is going to be filled when he is no longer there and even planning for knowledge coverage when one is ill or vacationing simply makes good business sense. For professionally run corporations, the single most important reason for having a sound succession plan is usually better retention because of growth opportunities and job satisfaction among employees. Therefore, for a company that wishes to enhance its performance, to allow its high potential employees turnover is not an option, but to rather arrange them in systematic successions, by enabling them to effectively perform roles traditionally reserved for managers. It also helps employees prepare for changes in their current jobs that may result from new technology, work designs or new product markets. Thus, succession planning is a necessary component of a company’s effort to improve quality, meet challenges of global competition, social change and incorporate technology advances.

Employee’s Performance

Performance oriented employees are the motivator because they have a predetermined directions to achieve positive assessment of their competence relevant by others (Heintz & steele-John, 2004; Jassen & van Yperen, 2004; Vande Walle, 2003). Strategic succession planning is very important for realization of individual and organizational objective including employee’s performance (Ooi et al., 2007). This is the point which intersects the relationship of employees and their performance. Employee’s relationship management includes employee’s job satisfaction and protection of employee’s dignity (William & Cusack, 2003). Gurman and Saks (2011) suggest that performance of employee is very crucial aspect organizational efficiency.

Schweitzer and Lyon (2008) highlighted the significance of high value relationship between employees and organization. For this to be possible, first one needs to identify all the types of potential employees and recruit them in an employment relationship which develops the employees in a way that meets the set objectives and benefits for both employees and employers. Secondly the employee ultimately increases the performance and employer enjoys the sustained competitive advantage, when employees are encouraged and provide the space to implement their abilities for creating knowledge. According to Shahzad et al. (2012) almost 60 studies between 1990-2007 have shown that strong culture of employees development of organization has a significant impact on employees performance.
Statement of the Problem

It is obvious that for every organization, achieving its long and short term goals are paramount. Hence, the management of the organizational resources becomes crucial to the attainment of the goals of the organization. However, the management of many organizations do not have to constantly and continuously be provided through efficient and effective preparations to lead the organization to achieving the set objectives. Most importantly, toiling with or paying lips service to the issue of efficient management of the organization is only a path to destruction. Succession planning is the organization's behaviour that ensures that the organization is constantly provided with efficient management.

Succession planning is a very important management strategy that enables organizations to achieve organizational goals and objectives effectively and efficiently. The current scenario in most Kenyan organizations is that this component has been ignored. This is evidenced by at times having managers being politically appointed and in most cases having been picked from fields that are not related to organizations where they are meant to manage. In other cases tribal considerations are used as qualifications. This paper therefore sought to assess succession planning in organizations and the impact it has on workplace productivity.

Objective of the Paper

The main objective of the study was to assess succession planning in organizations and the impact it has on workplace productivity.

2. LITERATURE REVIEW

Introduction

The chapter covers the following sections; the theoretical review, models of succession planning empirical review.

Theoretical Review

This paper was anchored on Scharmer’s theory U and Career development Theory.

Scharmer’s Theory U

Otto Scharmer (2007) came up with a succession model which is referred to as Scharmer’s Theory U Model. Scharmer argues that the top management team should embrace and act in order to implement succession planning. In the first instance, this model views succession planning as beginning from the immediate future and supports a concept of a U process of five movements that can make change possible. These movements are; Co-initiating, Co-sensing, Pre-sensing, co-creating and co- evolving.

The first movement is co-initiating. In the words of Scharmer, at this stage the organization establishes a common purpose with all stakeholders about a future event. Co-sensing is the second movement stage in which an organization sees the need at hand collectively across
boundaries. Also, at this stage new ideas and innovation occur through collective input. The third stage is Pre-sensing, whereby the leadership of organization begins to see the future they envisage in terms of succession planning. This futuristic plan establishes a foundation for change, thereby spurs an organization to an expected end. Further, at this stage, it is observed that the leadership lets go off unresolved past issues and forges ahead to a more realistic future.

The fourth stage in this model is co-creating. Scharmer (2007) argues that at this stage, the leadership of the organization explores the future and prototypes what the future might look like. He goes further to suggest that leadership should make succession planning a long-term concept rather than working on organizational immediate requirements. Kartz (2006) argues further that there is need to assess company’s strategy and policy that highlight the required qualifications of the successor in order to have a sustainable and dynamic succession plan in place. The Scharmer’s fifth movement in Theory U is co-evolving which can help an organization to embrace change and implement succession planning strategies in the context of an emerging future (Scharmer, 2007).

Career Development Theory

According to Donald Super’s (1994) Career Development Theory, vocational development is the process of developing and implementing a self concept. As the self concept becomes more realistic and stable, so does vocational choice and behavior. People choose occupations that permit them to express their self concepts. Work satisfaction is related to the degree that they’ve been able to implement their self-concepts. Similarity between one’s actual vocational behavior and what is expected for that stage of development. Career maturity includes readiness to cope with developmental tasks at a given stage. It is both affective and cognitive. Most career education programs have been affected by Super’s ideas. They provide gradual exposure to self concepts and work concepts in curriculum that represents Super’s ideas of career development/vocational maturity. Supers developmental view of career development in the context of the self allows for changes over time. This is very appropriate in the 21st Century workplace.

Models of Succession Planning

Short-Term or Emergency Replacements

This is the common model of succession planning and serves as a crucial point for all types of businesses. Short-term replacement planning is focused on an urgent need caused by sudden development within the organization, such as skilled employee leaving the company, expansion or contraction of business. Sometimes, emergency replacement planning must work to retain knowledge that is about to be lost. Emergency knowledge retention is an option to consider when the organization is about to lose specialized knowledge and does not have a successor to take the knowledge.

Emergency succession planning can be performed any time the organization expands in a new direction or discovers the talent gaps to fill the required managerial positions. Generally, human resources will try to fill the role from within the organization, but often take from the outside, where the human resources in the organization have not been trained for the job (McCabe, 2007).
Long-Term Planning or Managing Talent

Talent management focuses on the future needs of the organization. Working within the strategic framework for the company’s future goals, senior management identifies the positions necessary for growth and the best candidates to fill those roles. Some organizations invite all employees to take part in an assessment process, while others have managers identify leadership candidates.

Where companies wish to grow leaders from within their existing talent pool and have the time and resources to develop a useful program, effective talent management will become a key component of its long-term human capital strategy. The advantages of this model include: a. identifying a specialized talent pool, defining and building future skills required for the success of the organization and motivating and retaining employees by involvement in their career growth (McCabe, 2007).

Empirical Review

Tunje (2014) studied the relationship that exists between succession planning practices and employee performance in large media houses in Kenya. The study findings revealed that a positive relationship actually exists between various practices of succession planning and employee performance. The findings suggested that practices geared towards succession planning enhances employee satisfaction that in turn enables them to stay motivated to perform better at the current firm hence shun possibilities of leaving (Tunje, 2014).

Eshiteti (2013) studied the effects of succession planning programs on staff retention and employee performance among Kenyan sugar companies. The researchers concluded that the institution of succession planning programs strongly influences staff retention and employee performance. This is mainly because it enhances the provision of growth opportunities as well as job satisfaction to employees resulting to improved employee performance. This was made possible through the adoption of various programs including mentoring, job rotation, learning and coaching programs. In essence, employee satisfaction at the workplace as a result of adoption of various internal organizational plans enables employees to perform better since they become empowered to fully exploit their potential.

Ali et al. (2014) did a study on the impact of succession planning on employee’s performance using evidence from Commercial Banks of Pakistan. The study was based on a survey to explore a conceptual model linking succession planning and employee’s performance in commercial banks of Pakistan. The banks’ staffs formed the study respondents with questionnaires being the research tools. Five point likert scales were used to measure the response from the respondents. The study applied a quantitative approach to investigate the relationship between the study variables. The study results showed a significant positive relationship between internal replacement of the banks’ core staff and the performance of employees.

Nicholas (2012) examined the link between talent management practices, succession planning and corporate strategy among Kenya commercial banks. The study conducted a survey where all banks were studied. The study established that the studied firms had actually incorporated talent management practices as part of growth strategy. It was established that talent management is therefore critical including succession planning as it ensures that there is long term business
continuity. The study indicated the presence of a strong link between succession planning, talent management and corporate strategy.

Obaga (2010) did a study on the effects of succession management on service delivery in the ministry of Water and Irrigation in Kenya and found that career planning is an important aspect in service delivery. He found out that career planning affects recruitment, succession planning, compensation and executive development. The findings indicated that 68% of the respondents agreed that career planning improves service delivery for an employee in the Ministry.

Neetha (2011), did a study on the succession planning and its impact on organizational performance in the Information Technology sector in India and established that the relationship between practice of succession planning and organizational performance was found to be positive in Information Technology consultancy groups and Information Technology product/research groups. Australian Public Service Commission (2002) established that, institutions that observe the implementation of succession management is most likely to achieve high levels of service delivery effectiveness.

Nwosu (2014) did a study on succession planning and corporate survival of selected Nigeria firms. The population of the study was the staff of five blue-chip companies from different sectors in Nigeria Stock exchange while the sample size was determined using Taro Yamani formula. Weighted mean and Z-test were used as methods of data analysis and hypothesis testing. The study results revealed that there was a significant positive relationship between talent retention and survival of Nigerian firms. The study also found that staff mentoring, effective communication within the organization, proper delegation of duties and authority and sound staff welfare programs can help enhance talent retention in Nigerian firms.

3. RESEARCH METHODOLOGY

Research Design

A research design is the structure of research. Newing (2011) states that a research design is a general plan or strategy for conducting a research study to examine specific testable research questions of interest. The paper used a desk based methodology. As depicted by name desk research is the research technique which is mainly acquired by sitting at a desk. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. Specifically, the paper identified documentary evidence in the form of already completed studies that focused on succession planning and its impact on workplace productivity both locally and globally.

4. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Succession planning today enables organizations to identify talented employees and provide education to develop them for further higher and broader responsibilities. From the reviewed studies the findings indicated that most organizations are engaging in formalized succession planning in order to offer the knowledge to help high potential employees fit into management
positions. Therefore, succession planning programs have emerged as a strong factor influencing staff retention and thus improved productivity. Thus, organizations investment in their staff and improvement contributes to a pool of talent, which benefits the whole organization through retention.

It is evident that succession planning plays an important role in creating, maintaining and establishing a level of performance in the employees in companies. This demonstrated the importance of succession planning practices in helping firms gain from better performance of employees. The study found that existing level of employee’s performance can be enhanced through providing more development opportunities to employees for strengthening their skills to work in synergy in the firms to compete with the challenges of the world.

**Recommendations**

Succession planning should include those strategies that assist in acknowledging the need and form of value generating skills and knowledge that the organization would need, and transforming these values to competitive advantage(s) for the organization.

Succession planning strategies established in the organization must be goal-driven, for instance, place emphasis on the skills, knowledge and experience displayed by the successive managers on the job. There is need for flow of information from the organization to the candidate and from the candidate to the manager. All of these summed-up contribute to the improved performance of the organization.

Succession planning should not just be performed as a back-up plan for qualified successors to the management positions. But a succession strategy can be used as a tool for organizations to grow their own leaders within their talent pool and to ensure continuous development in the organization. Succession planning is an investment that business leaders are recognizing as an important strategy in achieving the long-term vision of their organization.

Succession strategies should create corporate social identity for the organization, where employees sees themselves as owners or partners together with the employer, therefore they strive to make the organization progress.

Finally, management is also encouraged to promote a productive environment and ensure that succession planning programmes support individual or group level decisions, which invariably translate to organization improved workings.

**REFERENCES**


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