

Influence of Succession Planning Practices on Performance of Local Non-governmental Organizations in Kenya

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Abstract: Succession planning in the recent past has received more attention not only as a concern for the management of human resources, but also as institutional strategic management component for ensuring performance and growth. The purpose of this study therefore was to establish the succession planning practices on performance of non-governmental organizations in Kenya. The study was motivated by recent collapse in non-governmental organizations in Kenya owing to leadership wrangles after the exit of key officials. A correlational research design was adopted for the study. The data was obtained from the council of NGOs in Kenya. The target population consisted of ten local non-governmental organizations located within Nairobi County. The unit of analysis was the employees working with these Non-governmental organizations. A sample of employees was drawn from the population. The study used purposive and stratified sampling to sample ten non-governmental organizations from which simple random sampling was used to get the sample size. The main instrument for collecting primary data was a questionnaire. Each participating organization filled 10 questionnaires. The statistical analysis included; descriptive statistics and inferential statistics to determine the strength of a relationship between variables to establish the strength of association between dependent and independent variables.

Keywords: Performance, Succession Planning, Non-governmental Organizations, Stratified Sampling, Human Resource Management

1. Introduction

Succession planning (SP) as understood today began in the late 1960s and early 1970s, when leading organizations adopted formal succession planning methods [1]. For decades, the concern of succession planning was about the exact people, not skills and talents, who are needed for the organization's future [2]. Over that period, the only purpose of SP was to tag and identify the needed successors to replace the outgoing key staff for a specific job [3]. The target of SP in this ancient perspective was the top leaders and business owners in the large organizations [4]. This affirms that, in the early corporate years, succession planning was not accorded the attention it deserves in light of the critical role that employees play in an organization's success

[5].

Today, SP is no longer just about replacing the key executives but also entails strategic staff management in terms of their skills and abilities to deliver according to the expectation of the organization. This assures the organization of the availability at all times of a competent labor force that can help it to perpetually adapt, respond and succeed in a dynamic business environment [6]. In today's business environment where competition is stiff, work is fluid, environment is unpredictable, organizations are flatter, and the organizational configuration frequently changes, the old view of SP by defining specific people for a specific job does not work [7]. For organizations to survive and excel in today's highly dynamic and competitive business environment, they must have a dynamic and high potential

group of employees at all organizational levels [8]. SP today seeks to enable organizations develop general competencies and leadership potential at all levels of the organization for their survival and growth [4].

The demographic reality in organizations in Kenya today is that they will have a shrinking pool of labor from which to draw on their key staff [9]. This could be due to the fact that most of the senior positions in the organizations are held by persons nearing their retirement yet the organizations have not invested adequately on suitable successors. This will significantly impact on their operations at all levels [10]. It is this reality that has pushed SP to be an important issue in today's organizations [11].

1.1. Statement of the Research Problem

SP is today treated as an investment that can increase an organization's competitive advantage and hence is integrated into the organizational strategy [12]. SP requires considerable commitment from executive leaders, but if well implemented it can result in an organizational environment with increased staff aptitude [13]. However in the Kenyan context succession planning is a practice that has not been fully implemented [14]. This is evidenced by the recent collapse of large scale retail businesses such as Nakumatt stores and Tuskys retail stores. This is majorly attributed to the exit of senior officials and the internal wrangles by shareholders on the succession plans after exit of the officials. Local non-governmental organizations have been affected as well. This paper therefore seeks to investigate the influence of succession planning among non-governmental organizations in Nairobi County in Kenya.

1.2. Objective of the Study

The objective of this study was to determine the influence of succession planning on organizational performance of local non-governmental organizations in Kenya.

2. Literature Review

This paper reviews the Human capital theory [15]. An individual's human capital, such as skills and experience as well as his / her social capital, such as contracts with external constituencies and professional networks, can add substantial resources to an enterprise [16]. In particular economies with limited capital and small labor markets, a successor who has high levels of human and social capital can reduce the enterprise's dependency on its external environment, thereby attenuating the uncertainty it faces and enhances its prospects for survival.

Different people have different perception about succession planning. Some simply see it as planning who will be the next senior team. To others it's about helping people cross-skill so there are well equipped pool of suitably experienced talent for internal recruitment. For some it is more of an organization-wide strategy that is focused on ensuring the organization is future-proofed – it will have the

right skills in place to be able to grow and perform in a future that is increasingly unpredictable. It is all these things – but to simplify, it is doing all you can to ensure you have the right people in the right jobs at the right time [17].

There are three types of succession planning [18]. The first type of succession planning is replacement planning, which is a reactive approach to staffing that involves identifying replacements for key positions, usually at the senior levels of the organization. The second type is referred to as developmental succession planning which provides for development of individuals to meet the challenges of organizational performance by grooming them for advancement possibilities and for exercising increasing technical proficiency and lastly talent pool planning which identifies possible internal replacements for critical positions and provides for developing groups of people to meet that challenge of future organizational change.

Organizations have two options in their quest for succession planning. One option is to wait until a vacancy occurs and then quickly put in place a selection process to seek out the best available person. A second, more proactive option is the development of a succession management plan designed to ensure that people are well prepared to fill a vacancy when one occurs [19]. However, most organizations go for the former option as most organizations have either no succession plans or their plans are not meaningful. Previous studies have shown that failure to have succession plans in place have left many organizations in wrangles over leadership and this has negatively affected organizational performance.

3. Methodology

The present study explored the causal relationship or mechanism of succession planning on organizational performance among local non-governmental organizations.

A positivism research philosophy was adopted. This allowed the use of a quantitative research method in this study. The quantitative method emphasizes on quantifying data and establishing causal relationships [20]. Furthermore, quantitative methods involve gathering and analyzing information using mathematical methods, which are powerful technologies in understanding causal mechanisms [21].

A target population of 442 employees was in the study. The target population was drawn from 10 local non-governmental organizations based in Nairobi County, Kenya. Stratified sampling is recommended when the population is heterogeneous [22]. From the target population, a sample of 210 employees was obtained and stratified sampling was used to select the respondents. Primary data was obtained from the respondents. The respondents filled questionnaires that had questions relating to succession planning. The Questionnaires were likert scale questions.

Both descriptive and inferential statistics were used to analyze the quantitative data. Descriptive statistics describe and summarize the data in a meaningful way using bar charts, and frequency tables while inferential statistics conclude the

analyzed data thus helping in the making of inferences [23]. Descriptive statistics was used to obtain the mean frequency counts and standard deviation. Pearson's correlation coefficient examined the relations between the variables under study. Predictions based on the results of the analysis were made and the results generalized on the population of the study.

4. Findings

Descriptive statistics was used to understand important indicators of succession planning practices. The indicators were employee retention, retaining corporate image, Retaining institutional knowledge and Employee satisfaction.

The results were presented in figure 1.

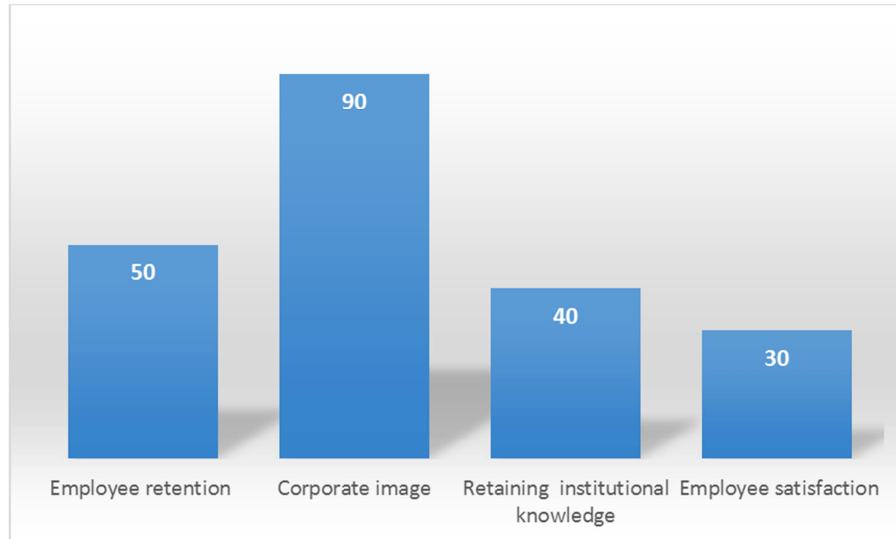


Figure 1. Ranking of the indicators of succession planning characteristics.

The results presented in figure 1 indicate that most local non-governmental organizations are focused on building corporate image while little attention is paid to employee satisfaction, employee retention and retaining institutional knowledge. Many employees exit these organizations

because they are not satisfied with the organizations. Previous studies have indicated employee satisfaction and motivation is a key indicator as to why employees exit their work places. The questionnaire responses were analyzed and presented in table 1.

Table 1. Summary responses of succession planning practices.

Statement	Mean Score	Standard Deviation
The strengths and weaknesses of the staff and managers are linked to the future strategic goals of the organization.	2.72	1.032
Operational plans exist in the organization to transfer employees to different positions to train them and equip them with the necessary expertise.	3.70	.994
A database of the skills and qualifications of employees exists in the organization's plans.	3.14	1.578
A succession plan exists in the organization that directs the planning process for leadership positions.	3.81	1.207
The organization uses software to help management track individuals' progress in the succession plan.	3.42	1.343
There is an established means in the organization to track developmental activities for high potential employees that prepare them for advancement.	3.98	.920
average	3.461667	1.179

Results of table 1 indicate that on the statement that the strengths and weaknesses of the staff and managers are linked to the future strategic goals of the organization, the mean was 2.72 and the standard deviation was 1.032. On the statement that Operational plans exist in the organization to transfer employees to different positions to train them and equip them with the necessary expertise, the mean was 3.70 and the standard deviation was 0.994. On the statement that a database of the skills and qualifications of employees exists in the organization's plans, the mean was 3.14 and the standard deviation was 1.578. On the statement that a succession plan exists in the organization that directs the planning process for leadership position, the mean was 3.81 and the standard deviation was 1.207. On the statement that

the organization uses software to help management track individuals' progress in the succession plan, the mean was 3.42 and the standard deviation was 1.343. On the statement that there is an established means in the organization to track developmental activities for high potential employees that prepare them for advancement, the mean was 3.98 and the standard deviation was 0.920. The overall mean was 3.4616 and the standard deviation was 1.179. This implies the respondents somewhat did not acknowledge that there was enough effort made by the management to improve succession planning practices. Previous studies have also shown that many organizations fail to put succession planning into practice [5, 14, 24].

Inferential analysis was then conducted. The results are

presented in table 2.

Table 2. Influence of succession practices on organizational performance.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
	.268	.072	.067	.53372		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	4.285	1	4.285	15.043	.000
	Residual	55.262	194	.285		
	Total	59.547	195			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.970	.144		20.660	.000
	Succession characteristics	.163	.042	.268	3.879	.000

Dependent Variable: organization performance

The results in table 2 indicate that the Pearson correlation coefficient was 0.268 hence an indication that succession characteristics had a weak relationship with organizational performance. Succession characteristics has a 26.8% influence on organizational performance.

The results on the analysis of the variance (ANOVA) indicate that the model fitted on the data was statistically significant. Further, the results imply that succession characteristics is a good predictor of organizational performance of NGOs in Kenya. The F-statistic was 15.043 on 1 and 194 degrees of freedom with a P-value (0.000) which indicates that the influence of succession characteristics was significant. The regression analysis was performed to discover the amount of contribution of succession characteristics on organization performance. The results showed that an increase in succession characteristics by 0.163 would lead to an increase in performance by 1 unit ($\beta = 0.163, t = 3.879, P = 0.000 < 0.05$).

5. Conclusions

Succession planning practices was found to have significant effects of stakeholder's outcomes that is a component of organization performance. Keeping up-to-date with advances about what works (does not work) to improve performance, employees have high level of understanding of organizations strategic orientation, stakeholders consider organizations work relevant, communities taking ownership of the projects and programs implemented and financial and narrative reports clearly indicate activity outcome, are all important aspects of organization performance that can be promoted with succession planning.

However, succession planning effects on internal business process was found to be very important. On the contrary, adopting best practices of internal business process is always geared towards ensuring that appropriate processes and structures are in place to direct and manage an organization's operations and activities, and to ensure that they function well. The ultimate goal of good internal business practices as

an aspect of organization performance is to ensure the effectiveness, credibility and viability of the organization is maintained.

6. Recommendations

There is need for top management to be sensitized on the potential influence of succession planning practices and organizational performance to win their commitment and support.

There is need for the NGOs to have well documented human resource plans as well as mechanisms to operationalize them; this should be done with the participation of all the staff and frequent feedback taken for possible modifications. There is need for top management to be sensitized on the potential influence of succession planning practices and organizational performance to win their commitment and support. There is need for the NGOs to develop succession planning practices and have each and every employee develop meaningful individual accountability plans clearly outlining their objectives and their career aspirations in line with the guidelines.

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