

UNDERSTANDING THE EFFECT OF SUCCESSING PLANNING ON ORGANIZATIONAL SURVIVAL IN CORPORATE FIRMS IN RIVERS STATE

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ABSTRACT

This paper investigated the effect of succession planning on organizational survival in corporate firms in rivers state. The study used a structured questionnaire to obtain data from 158 employees of the different organizations under the study. Statistical package for social sciences (SPSS) version 23.0 was utilized for data analysis. Findings from the study revealed that the effectiveness of an organization and its survival in a competitive environment depends on how strategically a firm develop, place and position their key staff to meet certain challenges in a key position in the organization. It was recommended among others that effort should be made by management to early spot out key employees in the organization and provides hem/her necessary skills, resources, motivation etc that will facilitate his/ her leadership process.

Keywords: Succession, Organization, Employees, Survival.

1.0 BACKGROUND TO THE STUDY

In this age of globalization, organizations are struggling to retain, plan and develop their human resources making them face two major challenges; which are the loss of key experienced talent and secondly changing trends in the skilled market (Pandey and Sharma, 2014). These provided the clear notion of retaining and developing the employees as a top priority for every organization, competing in the talent market. The major rationale of succession planning is that it is proactive and tailored to fit-in in the organizational general strategy (Rothwell (2010).

For decades now, the goal of every organization has been the satisfaction of customers, maximization of profit and continuity in business. However, due to the challenges that are characterized in the vast competitive business environment, organizations are beginning to re-strategize by ensuring that their most vital resources (employees) are prepared for advancement and the changes that may occur in the organization in future. This strategic move by management which involves identifying recruiting, training and developing, motivating and mentoring the employees in the organization so as to be competent enough to mount on a leadership role in any level of management which is considered strategic to the firm's survival is known as human resource planning. SP is to ensure that the organization at any point in time, there are an identified quantity and quality leaders who has the capacity and are ready to contribute to the effectiveness of business enterprise performance in the future (Guin, 2000) . According to Robb (2006), from the organizational perspective, succession planning entails assessment in key positions, minimizing risk through suitable compensation, recognition and management, and assuring the readiness of successors by identifying and training high potential employees. This is because it will help management to be prepared and manage situations when there is a deficit of manpower in a particular essential activity, role, processes and duties in the organization. Looking at succession planning from the risk management perspective, Worrell and Davidson, (1987) noted that it actually hedge against risk, as management tends to be more satisfied when they immediately appoint an internal successor within the organization.

According to the Chartered Institute of Personnel and Development (CIPD), view succession planning is a means adopted by organizations in identifying future potential leaders to fill key positions. This was confirmed by (Farley, 2005) who was of the opinion that in practice, what organizations tend to do is to prepare their employees for future advancement, this is to ensure the continuity of the organization and also encourage high and quality performance among the employees when successors advance to key positions following exits (retirement, promotion, departure, death or removal) of incumbents. In most cases also, there might be a change in the organizational plan due to certain factors such as promotion, death or illness and voluntary resignation by key employees which may create a vacuum in the firm. This calls for the need for the adoption of a succession plan to cover such a vacuum. SP as noted by (Wellins 2001, Rothwell 2010) increases employees satisfaction, commitment retention and serves as a tool for organizational learning.

(Johnson and Brown, 2004) pointed out that through SP better-quality employees are recruited, and afterwards their knowledge, skills, and abilities, are developed which helps the employees for advancement or promotion for the more challenging future task and to withstand the ever challenges in the environment. Moreover, organizations in most cases do lose their highly skilled human resource much more sooner than they can afford to replace them, it is therefore of utmost importance for success-seeking organizations to develop strategic succession plans for the total organization as these will help sustain the corporate structure in the competitive business environment.

Although traditionally, SP emphasis has been on the exact people, not skills and talents, who are needed for the organization's future (this set of people are considered as owners of the business and top leaders in the organizational hierarchy) Garman and Tyler (2004) . This day, due to the changes in the business environment, there has been a shifting paradigm as firms

now need high potential people at all levels of their organizations. Thus, organizations have seen the need to generally develop competencies, creating flexibility and create leadership potential at all levels in the organization (Mamprin, 2002).

McConnell, (1996) however, have noted that as a firm tends to expand more in size and capacity, the more likely it is to have a formal succession planning program in place. This is because an increase in size simply suggests that some critical and strategic position will emerge resulting in mounting pressure to introduce formalized measures that plan succession processes. Therefore Ali et al (2014) have suggested that SP should be studied in large organizational settings. This will give a perfect picture of the functionality of SP.

2.0 RESEARCH PROBLEM

Most corporate organizations in port Harcourt are still at the point of a dilemma as the majority barely outlive their founders. While most indigenous medium size organizations within this region are shutting down operations, due to the non-implementation of this plan, most large and multinational companies are still surviving as they have long incorporated SP into their strategic plan which has been deeply rooted into their organization's goals, visions, and objectives. The lack of a successor to take over a strategic role has constituted major challenges to the indigenous companies within this coverage. Unlike their foreign counterpart who has long embraced this approach and is growing every day, the indigenous company is finding it difficult to remain competitive in the environment. Hence the reason to ascertain the effect of succession planning on the survival of corporate medium-size firms in Rivers State.

2.1 The objective of the study

The following are the objectives of the study

- I. To determine the effect of succession planning on the organizational survival incorporate organizations in Port Harcourt.
- II. Investigate the effect of succession planning on employees' leadership performances in corporate organizations in port Harcourt.
- III. To investigate the impact of succession planning on employees commitment in corporate organizations in Port Harcourt.

2.2 The hypothesis of the study

The following hypothesis was raised

- I. Succession planning has a significant effect on the survival of the corporate organizations in Port Harcourt.
- II. There is no significant effect succession planning has on employees leadership performances in corporate organizations in Port Harcourt.
- III. Succession planning has no significant relationship with employee's commitment in corporate organizations in Port Harcourt.

3.0 LITERATURE REVIEW

3.1 The Concept of Succession Planning

Succession planning simply means a systematic approach adopted by an organization to make sure there is continuity in key leadership positions, retention and development of intellectual and human knowledge capital for the future and the encouragement of employees (Rothwell, 2010). Here, organizations map out plans on how to strategically position their employees to meet future demands on key leadership roles. It is an organizational preparation for changes in a managerial leadership position by doing a comprehensive evaluation of organizational human resource skills, knowledge, capacity know-how etc and preservation of it, so as to enable the transfer of such, to the next regime Schall (1997). According to (Rothwell, 2001), who explained that in an absence of SP, there is high tendencies of managerial key positions to be filled with incompetent and unprepared employees in the future. SP prepare individuals in the organization for future purposes. According to Henri Fayol, there is a need for organizations to adopt succession planning, this is true because it has been revealed by scholars that it is necessary for organizational survival in businesses today (Tichy and Cohen, 1997; Vouglas, 1998; Wellins and Byham, 2001). Succession planning allows for continuity of leadership, which is necessary for business enterprises to survive as the C-suit and higher-ranking Management positions become vacant as a result of retirement. Succession planning allows organizations to strategically place the right people in the right leadership positions for the future (Rothwell, 2001).

The succession planning process consists of three key components. One is the selection component, as posited by (Rothwell, 2010), here, the selection of candidates is based on previous experience and background among and formation of the talent pool. In the words of (Byham et al., 2002), the objective here is to ensure that each vital position has alternative potential successors and each talent has multiple potential promotion paths. Secondly, after the identification of skill sets, competencies and knowledge bases that are needed for these strategic positions, the next is a method or plan for giving employees the opportunity for professional development. Having this developmental plan aids the organization to identify positions and individuals to train, develop and follow up (Rothwell, 2002). According to (Patton and Pratt, 2002), this plan should be strategically modified to accommodate the individual needs and interests of a successor. Groves (2007), was of the opinion that for the goal of the developmental plan or method to be realized, the following approach as 360-degree feedback, executive coaching, mentoring, networking, job assignments and action learning should be adopted. The third component of the succession planning process is regarded as change management and process management, which including function and sub-processes such as strategic view of succession planning, management commitment, implementation considerations etc. Succession plan ensures that a business enterprise has access to required human resources, quantitatively and qualitatively.

3.2 Employee's leadership

Employee leadership refers to an employee's capacity to evolve into a leader. Rothwell, (2001) observed that in the past, businesses preferred to promote people based on excellent achievements and performance; nevertheless, these employees were frequently discovered to lack leadership qualifications after being promoted. As a result, it was proposed that if the firm wants to sustain a solid development trajectory, managers should evaluate not just the

performance of their employees when making promotions, but also their potential as leaders. According to Ukeje and Okorie (1990), leadership determines the difference between success and failure, profit and loss, and the development or underdevelopment of any organization or company. Leadership has the potential to influence others to achieve desired results

3.3 Employee's commitment

Schall (1997) viewed commitment as "a psychological condition that describes an employee's connection with the organization and has implications for the decision to maintain participation in the organization." When skilled and dedicated people are involved, organizations achieve their goals. Getting dedicated workers who are skilled and willing to give their all in pursuit of the organization's goals has been one of the most difficult challenges for most businesses. According to Mamprin, (2002), workers are considered devoted to an organization if they continue to work there freely. High levels of effort expended by personnel with high levels of organizational commitment would result in higher levels of individual and organizational performance and effectiveness.

4.0 THEORETICAL FRAMEWORK

The theoretical foundation of this study rests on Resource-Based View (RBV). According to Barney, (1991), A sustainable competitive advantage of an organization is attainable only when business enterprises possess a human resource pool that is valuable, rare and cannot be imitated or substituted by other organizations. Strategically, a well-managed organizational "human resource deployments" have the potential to meet these conditions and thus provide the firm with an advantage in terms of its human, social and intellectual capital (Nahapiet and Ghoshal, 1998).

According to this theory, organizations are to constantly evaluate their workforce and develop them to make sure that they have the right people with the right skills in the right places to ensure sustained competitive advantage. Furthermore, Neeraj (2012), supported this theory, stating that organizations can only enjoy and generate a good human capital advantage when they recruit, place and retain exceptional workers.

5.0 EMPIRICAL REVIEW

Ali et al. (2014) empirically studied the relationship between succession planning and workers performance in the service sector. Their findings suggested that performance appraisal and succession planning are significantly associated with employees' performance.

Govender (2010) studied succession planning in the banking sector by performing a case study method. It was discovered that succession planning develops the worker's career paths which result in motivation among workers and reduce the turnover rate.

Payne et al. (2018) conducted research on succession planning in the public health sector and stated that succession planning supports leadership continuity which brings success and sustainability to the organization

Phillips et al. (2018) investigated the cost and benefits examination of succession planning among nurses' managers and suggested that the implementation of a succession program significantly minimizes the cost of replacement and produces an internal pipeline of future leaders.

Johnson et al. (2018) investigated the role of succession planning in small and large firms from the practical view of business firms that mentioned that succession planning allows the organization to predict their sustainability beyond leaders' tenure for capturing the competitive edge.

6.0 METHODOLOGY

The study was conducted in rivers state with the use of a descriptive survey research design and a well-structured questionnaire to obtain data from 180 employees of the selected organization in rivers state.

However, due to the unavailability of a large population of employees in the firm visited due to the 2020 Covid-19 pandemic, a purposive sample technique was used to select a sample of 20 staff in each organization. A total of 180 employees were selected from all of the organizations above for this study. However, only 158 respondent was found useful for further analysis. In totality, 158 employees constitute the sample of the study. The questionnaire was structured in five (5) sections (Section A – E). Section A composes the demographical variables of the respondents, Section B contains five (5) vital questions on succession planning, Section C contains relevant questions on employees performances, Section D contains relevant questions on organizational survival, E contains relevant questions on employees leadership performance . Data were analyzed with the help of SPSS 23.0. Descriptive analysis was adopted to analyze the demographical characteristics of the respondents while simple regression and Pearson Moment Coefficient Correlation and was adopted to test the three raised hypotheses in the study.

7.0 DATA ANALYSIS AND INTERPRETATION

7.1 Statistical Test of Hypothesis

The three hypotheses used for the paper was tested at 95% confidence level (or 5% level of significance) and the probability value (PV). The decision rule is that, if the PV is less than 0.05, we reject the null hypothesis and accept the alternate.

Hypothesis One: Succession planning has a significant impact on the survival of the corporate organizations in Rivers State.

Table 1. Correlations

		SUCCESSION PLANING	ORGANIZATIONAL SURVIVAL
SUCCESSION PLANING	Pearson Correlation	1	.441**
	Sig. (2-tailed)		.000
	N	158	158
ORGANIZATIONAL SURVIVAL	Pearson Correlation	.441**	1
	Sig. (2-tailed)	.000	
	N	158	158

** . Correlation is significant at the 0.05 level (2-tailed).

7.2 Interpretation

The Pearson correlation value of the hypothesis is 0.441 (44.1%). It shows that there is a moderate and positive relationship between the dependent and independent variables with an r-value of 0.441(44.1%) with a significant level of 0.000 which is greater than 0.05 (5%). Hence, it is concluded that there is a significant relationship between Succession planning and survival of corporate organizations in rivers state

Therefore, the decision would be to accept the null hypothesis (H1). This suggests that the effectiveness of an organization and its survival in a competitive environment , depends on how strategically a firm develops, places and position its staff to meet certain challenges in key positions in the organization(succession planning) . Furthermore, it also means that successful business performance is a function of the caliber of employees who have transited from one level of the organization to another with much expertise. Succession planning contributes 44.1 % to organization survival thus, increasing the business operational performances. This is inconsistent with the work of Payne et al. (2018) whose finding suggested that succession planning supports leadership continuity which brings success and sustainability for the organization.

Hypothesis Two: There is no significant effect succession planning has on employees leadership performances in corporate organizations in Rivers state.

Table 2 Coefficients

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.256	.482		6.749	.000
Succession planning	.672	.051	.697	13.172	.000

a. Dependent Variable: Employees leadership performance ,b. Independent Variable: (Constant)Succession planning

R = 0.697; R2 = 0.485; Adjusted R2 = 0.483; Sig = 0.000; F Stat = 173.491

Table2 provides an explanation of the results of the regression analysis. The analysis disclose that there is a significant effect of succession planning on employees leadership performance in r corporate organizations in Rivers state; (R = 0.697; R2 = 0.485; Adjusted R2 = 0.4832; Sig = 0.000). These indicate that of the disparity in Employees leadership performances in terms of his/her judgment, work strategy, organization, goal-oriented, leadership, commitment etc organizational succession planning account for 48.5%. Thus, the managerial implication of this will be to adopt the succession planning program in the organizational corporate planning and ensure that it is carried so as to ensure the right candidate with the right leadership trait is being nurtured, mentored and developed effectively in accordance with the individual's task and future position to occupy. Also, the F-values statistics (173.491) shows that the overall equation is significant at (Sig. level=0.000; P< 0.05). Therefore, the null hypothesis (H0) which states that there is no significant effect succession planning has on employees leadership performances in corporate organizations in Rivers state, will be rejected. This is in line with the work of Govender (2010) whose finding revealed that succession planning develops the worker's career paths which result in motivation among workers and reduce the turnover rate.

Hypothesis Three: Succession planning has no significant relationship with employee's commitment to corporate organizations in Port Harcourt.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.	R	R Square
1 Regression	224.610	1	224.610	14.877	.000 ^b		
Residual	2943.969	195	15.097			0.266	0.071
Total	3168.579	196					

a. Dependent Variable: employees commitment

b. Predictors: (Constant), succession planning

Table3 shows an explanation of the results of the regression analysis. The analysis disclose that there is a significant effect of succession planning on employees commitment in corporate organizations in Rivers state; (R = 0.266; R2 = 0.071; Sig = 0.000). These indicate that of the differences in Employees commitment in terms of their devotion, willingness to exert considerable effort to task, retention, attachment, level of satisfaction, engagement etc succession planning account for 26.6%. Therefore, organizations that strategically carry out succession planning is likely to have more motivated and productive employees. This is because, when organizations train, mentor, coach and position employees, they tend to be motivated, happy and committed to their firms as they see such management programs as a contribution to their individual carrier path. The decision here will be to reject the null hypotheses and accept the alternate hypotheses. This finding is in line with Phillips et al. (2018) whose finding clearly agrees that the implementation of a succession program significantly reduces the cost of replacement and produces an internal pipeline of future leaders who are motivated and committed to their organization.

8.0 CONCLUSION

The study set to investigate the impact of succession planning on organizational survival . Having reviewed literature and much analyses, findings from the study revealed that organizations can compete and survive favourably in their competitive environment when a proper succession plan is being strategically drafted and implemented in line with the organizational broad goal. Thus, it is therefore concluded that in the world of business where there is a high level of competition, leadership gap, continuity of business, high mortality rate and risk of business survival, succession planning is pivotal. This will aid the organization in equipping the human resource in the organization to march the high level of completion by providing competent and trained leaders, to navigate the affairs of the organization.

9.0 RECOMMENDATIONS

Based on the findings of this study, it is therefore recommended that

- I. Effort should be made by management to early spot-out key employees in the organization and provide/her the necessary skills, resources, motivation etc that will facilitate his/their leadership process
- II. Management should view succession planning from a holistic perspective and streamline it with organizational goals and objectives.
- III. An adoption of a succession planning program should be early carried out using a cost minimization strategy so as to remain competitively in business.
- IV. It should also be strategically structured so as not to be seen by future leaders as a burden to a position but rather serve as a motivation to key leaders.

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