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# THE EFFECT OF SUCCESSION PLANNING ON EMPLOYEES' PERFORMANCE

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## ABSTRACT

The focus of this research work is on the effect of succession plans on employees performance. In order to achieve effectiveness and efficiency in an organization there is need for the recruitment or employment of the right and capable personnel to fit into the key areas/unit in a given organization. Succession planning today enables organizations to identify talented employees and provide education to develop them for further higher leach and broader responsibilities. This essay examines the need to identify and understand developmental needs of employees, which ensure that all key employees understand their career paths and theories as a potential managers. In this regard the research is to see how succession planning helps in the performance of employees and how it will impact on organizational activities. While the case study of this research work was the Bag Manufacturing Company, Ikeja, Questionnaire/ interview were deployed as the instruments for data collection. Also in the course of the research work some recommendations were made like, succession strategies should create corporate social identity, where employees sees themselves as partners with the employer in order to make the organization progress.

**Keyword:** Succession planning, Employees' performance, Organizational success, organizational experience.

## L'EFFET DE LA PLANIFICATION DE LA RELÈVE SUR LA PERFORMANCE DES EMPLOYÉS RÉSUMÉ

Ce travail de recherche porte sur l'effet des plans de relève sur le rendement des employés. Afin d'atteindre l'efficacité et l'efficience d'une organisation, il n'y a besoin pour le recrutement ou l'emploi du personnel droit et capable de s'intégrer dans les principaux domaines et unités dans une organisation donnée. Planification de la relève aujourd'hui permet aux organisations d'identifier les employés talentueux et dispenser un enseignement pour les développer et les lessiver encore plus élevé et de plus larges responsabilités. Cet essai examine la nécessité d'identifier et de comprendre les besoins de développement des employés, qui s'assurer que tous les employés clés comprennent leurs cheminements de carrière et les théories comme un gestionnaires potentiels. À cet égard, la recherche est de voir comment la planification de la relève contribue à la performance des employés et quel sera l'impact sur les activités de l'organisation. Bien que l'étude de cas de ce travail de recherche a été réalisée sur l'usine de fabrication de sacs basée a Ikeja. Les questionnaires entrevue ont été déployés comme les instruments de collecte de données. Également au cours des travaux de recherche quelques recommandations ont été formulées comme, stratégies de relève devraient créer une identité sociale corporative, où employés se considère comme des partenaires avec l'employeur afin de réaliser les progrès de l'organisation.

**Mots clés :** planification de la relève, performance des employés, succès de l'organisation, l'expérience organisationnelle.

## BACKGROUND TO 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. McCabe, (2007)

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.

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 caution 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).

#### **STATEMENT OF RESEARCH 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.

#### **SIGNIFICANCE OF THE STUDY**

At the end of the research study, it is expected that the reader will be educated on the importance of succession planning in the organization, which will be highlighted through its influences on the workers and organization's climate.

Moreover, the study will be involved in an attempt to add to knowledge on previous researches that have been performed on management succession planning.

Lastly, the study will arouse the interest of organization's management to embrace and

implement thorough and efficient succession planning programmes in their organizations.

## **PROCESSES OF SUCCESSION PLANNING**

Succession planning is a process of determining critical roles within the company, identifying and assessing possible successors, and providing them with the appropriate skills and experience for present and future opportunities, McCabe (2007).

In other words succession planning comprises of these important steps:

1. Recruitment and placement - you recruit superior and right employees.
2. Training and development - you train the employees to develop their knowledge, skills and abilities.
3. Performance and compensation management - prepare them for advancement or promotion into more challenging roles.
4. Talent management - you are prepared to retain or replace superior employees.

Typical activities covered by succession planning include:

1. Determine what roles and skills are critical for the growth of the company.
2. Analyze and address the gaps revealed by the planning process.
3. Identify and understand the developmental needs of employees to fill these positions.
4. Ensure that all key employees understand their career paths and the roles they are being developed to fill.
5. Train people for skills and positions that do not presently exist in the company.
6. Understand the time needed to backfill key roles.
7. Enrich succession plans through regular executive discussion of people and posts.
8. Identify top performers in all departments and make sure that they are engaged and satisfied to stay with the organization for a long period.



9. Continually review and check the process of succession planning and whether planned individual development has taken place (McCabe, 2007).

Succession planning is a process by which successors are identified for key positions throughout an organization including vital roles in each department of the organization. It should take into account the strategic vision and objectives of the organization. With good succession planning in place, employees are ready for new leadership roles. So, when someone leaves the company, another is skilled and ready to step-up to that position. Succession planning can also help develop a diverse workforce, by enabling senior management to recognize the future goals of the organization as a whole. Therefore, the key issues the Human Resources professionals should consider while developing a succession plans are:

- a. Strategic plans and future goals
- b. Workforce requirement
- c. Knowledge retention and critical roles
- d. Talent management strategies

Categorically, succession planning entails three steps.

- a. A decision-making stage
- b. The gradual transfer of minority stock holdings and ownership.
- c. Management responsibilities to the successor (Jean-Pierre 2002).

In choosing a successor, there is no need to force a member to assume unwanted responsibilities. However, it is necessary to find out whether he or she is willing and able to assume the role. Then, make sure there is an agreement that a moderately paced transition will provide the best environment for the company's bottom line and overall stability.

Throughout deliberations, it might be noticed that the burden of managing the business requires the skills of a professional with few or no ties to the entrepreneur's family.

Where such a person is already in the employment of the organization, his or her ascent to leadership may prove more advantageous to the business than carrying on a "family tradition" of employing someone from the family.

Most organizational management and behavioural experts in the field of succession planning suggest imploring the following steps to pave the way for a suitable successor:

1. Set a target date as the last day with the company and start shifting responsibilities ahead of time to the chosen person.
2. Set standards that take into consideration the needs of the successor.
3. Decide whether to offer stock to retain key employees after the transition.
4. Provide for buying out of company's stock, where necessary [Armstrong 2006].

#### **SHORT-TERM OR EMERGENCY REPLACEMENTS**

This is the common model of succession planning and serve 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.
- b. Defining and building future skills required for the success of the organization.
- c. Motivating and retaining employees by involvement in their career growth  
(McCabe, 2007).

## **SUCCESSION PLANNING AND ORGANIZATIONAL SUCCESS**

Leadership has always been a relatively scarce commodity within companies. First, there is need to analyze what has made the business successful, and whether the success relies on skills or knowledge of the leader that intends to leave. Second, look at the future of the company; i.e. what the goals and objectives of the organization are and what skills would be required to get the goals and objectives met. Moreover, there is need to consider whether the needed talent(s) is currently in the leadership team. Other important factors to consider are; existing and future market competition, required technology, talent pool of existing employees, management hierarchy and reporting structure. Herein lies the basic for decisions on whether the business can continue without the leader, how it would continue without the leader, who lead and how ready they are (Armstrong, 2006).

The recruitment of top talent is too expensive due to rising executive search costs and increased hiring contract requirements, not to mention the lack of knowledge about company culture and inner workings. Recent research has shown that companies develop more effective leaders by developing from their internal talent. A careful and considered plan of succession ensures that the least possible disruption to the successor's responsibilities and therefore the organization's business and efficiency (Seymour, 2003).

Succession planning plays a vital role and is necessary when a key executive or employee is:

- i. Unwilling to continue the role within the organization.
- ii. Accepting an offer from another organization which will terminate or lessen their value to the current organization.
- iii. Indicating the completion of a short-term project or task assigned.
- iv. Moving to different position and different set of responsibilities within the organization.

The industrial environment is currently witnessing the impact of an emerging and direct necessity of the new trend of succession planning and talent management systems. Human resource professionals should not just perform the replacement of talent, but also focus on development skills sets and knowledge of employees within the organization and how they can cope with the wider roles and responsibilities which are in-line with the company's goals (Stewart, 1997).

Succession planning helps you take a more strategic approach to leadership development, employee skill assessment and perhaps even more important preserving critical organizational knowledge. With the incumbents ready to leave the organization or where an expected or unexpected change occurs in the organization, the organization can ensure business continuity at all levels of the organization. Organizations use succession planning to achieve a number of objectives like:

1. Improve recruitment process for key positions.
2. Active development of long-term prospective successors by ensuring their career growth and analyzing work, responsibilities, skills and knowledge required for the future.
3. Audit the 'talent pool' of the organization that helps in allocation of responsibilities and development strategies and filled the identified talent gaps.
4. Build a 'key talent resource' of employees who share key skills, knowledge, experiences and values seen as important to the future of the organization (Whitmore, 2006).

Summarily, the main advantage of succession planning in an organization is the active development of a strong 'talent resource' for the future of the organization which is vital to attract and retain the best people which will help in present and future growth of the organization. Having the right people with right skills in the right job doing the right things at the right time, leads the organization to success, continuity and survival.

The purpose is to match the needs of the organization to the goals of the individual. Keeping talented people in place by providing them with opportunities they may not receive elsewhere will create a stronger and more loyal group of future managers and executives, thus saving the company's recruiting and hiring costs over the long-term (Stewart, 1997).

### **SUCCESSION PLANNING AND ORGANIZATIONS EXPERIENCES**

Obviously, leadership succession is inevitable for any surviving business but successful succession is a reality that must be planned. An increasingly important factor in this ever-changing economy is the imminent retirement of an entire generation of leaders. Consequently, succession planning is becoming an increasingly distinct strategic imperative. Viewing it as a proactive approach to leadership management, best practice, companies are gaining much more from their succession plan than just a strategy for loss and preparing for the worst.

The National Association of Corporate Directors found that 45% of companies worth over 500 million US dollars did not have a clear succession plan. Orrin Ritter, (a Canadian corporate lawyer who specializes in succession planning), explains that the denial of mortality causes many people to avoid this issue, especially when it triggers the same emotions as planning a will. But aside from preparing for traditional tragedies, accidents and illnesses, business leaders are learning that well thought out succession plans also prepare their organizations for a different kind of loss.

Despite the growing awareness that succession planning is an essential process with numerous benefits, a recent study titled "Effective Succession Management (EPS)" found that only one percent of surveyed organizations rated their succession-management plans as "excellent" and as much as two-thirds described them as "fair or worse".

In order to develop a comprehensive succession strategy, organization leaders should recognize that each organization has to develop a strategy that fits its own specific needs and to this end, both large and small businesses are increasingly seeking the assistance of outside expertise. The EPS study also identified the basic criteria required for any succession plan to succeed.

1. Best-practice organizations make succession plan management part of an overall drive to develop managers at all levels.
2. Successful planning requires the ongoing commitment of high-level management
3. Leadership skills, and the quantity of management talent required, have to be dictated by an overall organization strategy.
4. Clearly define the specific behaviours, skills and values that leaders need in order for them to succeed now and in future in that organization.
5. Assessment tools such as assessment centers, tests, interviews and a performance-appraisal process allow an organization to make accurate leadership placement and development decisions.

6. Integrate succession management with recruiting, selection, retention and development systems.

More than just a backup plan for qualified successors, a succession strategy is a valuable tool used by best practices companies to grow their own leaders and to ensure continuous development within a shifting global economy. Success by succession planning is an investment that business leaders are recognizing as an important strategy in achieving the long-term vision of their organization.

#### **AREA OF STUDY**

This research study examined the influence of succession planning to the performance of the organization. The study was confined to Bag Manufacturing Company Nigeria Plc. The study covered the management and employees at the Head Office of the organization.

#### **RESEARCH DESIGN**

For the purpose of the research study, the survey research was used. This was due to the fact that the nature of the study required basic contact[s] between the researcher and the subject(s)/respondents for data collection. The gathering of information and data was through the questionnaire and the interview methods.

#### **SUMMARY OF FINDINGS**

The research carried out analysis on the 70 questionnaires, which were successfully retrieved out of a total of 100 copies of questionnaires earlier administered.

It was discovered that there was significant statistical relationship between succession planning and management of the organization. This implies that succession planning have impact on the way and manner in which the organization is controlled, coordinated, planned and organized. This however was opposed to the work of Whitmore, (2006] that succession planning involves planning for the smooth

continuation and success of a business which depends greatly on the availability of competent people. For Whitmore, 2006 all organizations (whether private or public) need to take seriously the issue of planning for a successor to manage the affairs of the organization, to drive the organization and preside over continuation when the leader leaves either by choice or by circumstances. Interestingly, it is getting the right people, which make things happen in the organization. But when the leader retires (whether by old age, disability or choice) or dies, the organization must still continue to make progress.

It was discovered that there was significant statistical relationship between succession planning and employees' performance. This implies that succession planning have little or no impact on the way and manner in which the workers in the organization perform their duties and tasks and how they meet up with set targets in the industry. This however negates the work of Stewart, 1997 that the main advantage of succession planning in an organization is the active development of a strong 'talent resource' for the future of the organization which is vital to attract and retain the best people which will help to preserve and achieve future growth of the organization. Moreover, having the right people with the right skills in the right jobs doing the right things at the right time, leads the organization to success, continuity and survival. The purpose is to match the needs of the organization to the goals of the individual. Keeping talented people in place by providing them with opportunities they may not receive elsewhere will create a stronger and more loyal group of future managers and executives, thus saving the company's recruiting and hiring costs over the long-term.

It was discovered that there was significant relationship between succession planning and organizational productivity. This implies that the commitment and performance of succession planning in the organization can improve the general performance and efficiency of the organization. This however supports the work of Seymour, 2003 that companies develop more effective and performing leaders by developing from their internal talent pool. Thus, a careful and considered plan of succession ensures the least



possible disruption to the successor's responsibilities and therefore guarantees the organization's business and efficiency. More than just a backup plan for qualified successors, a succession strategy is a valuable tool used by best practices companies to grow their own leaders and to ensure continuous development within a shifting global economy. Success by succession planning is an investment that business leaders are recognizing as an important strategy in achieving the long-term vision and goals of their organizations.

## CONCLUSION

The study was conducted to examine the influence of succession planning on the performance of the employees [such as individual and group efficiency, employees' skills and abilities, etc.] in the workplace. The study identified the influence of well-developed and performed succession planning on the management of the skills and performance of employees and their involvements in the organization. The study also examined how the element of succession planning affects the skill managing the organization's resources as well as industrial productivity. However, it was concluded that organization should acknowledge the importance of succession planning to industrial productivity, skill efficiency and high performance assurance within the organization. Owing to the need for and importance of the management in the prosperity of the organization, there have been substantial appeal to organizations, to be effective and efficient in their function of acquiring and retaining the best performers and skills for the managerial positions of the organization.

## RECOMMENDATIONS

In view of the observations and findings from the research study, the researcher wishes to proffer the following recommendations.:

- (1) 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.
2. 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 manager 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 to contribute to the improved performance of the organization.
3. 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.
4. 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.
5. 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

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