# THE ASSESSMENT OF BANKING SUCCESSION PLANNING IN ENSURING ITS CONTINUITY: A CASE OF MKOMBOZI COMMERCIAL BANK PLC

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN RESOURCE MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA

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## CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for acceptance of this research paper titled: "**An Assessment of Banking Succession Planning in Ensuring its Continuity"** in partial fulfillment of the requirements for the degree of Master of Human Resource Management of the Open University of Tanzania.

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Dr. Chacha Matoka

(Supervisor)

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Date

## COPYRIGHT

# **DECLARATION**

I, Belinda Mungele Mkama, declare that this research project is my own work and that it has not been presented and will not be presented at any other University for similar or any other award.

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Signature

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Date

## DEDICATION

This research project is dedicated to my family and friends for their support. May the almighty God who sees in secret bless them all.

# ACKNOWLEDGEMENTS

# ABSTRACT

This study was carried out to evaluate the implementation of succession planning in ensuring continuity.  Although, succession planning is essential to the future survival of organizations, in most cases organizations continue to select the leaders through crisis management. Many organizations in Tanzania are reluctant to have formal succession planning and do not have resources to invest in succession planning implementation.  This case study was conducted at Mkombozi Commercial Bank Plc. The implementation of succession planning was evaluated in terms of objectives, top management participation and support, needs-driven assessment provision of mentoring programs, focus on individual attention and extension to all levels of the organization. The study employed questionnaire and interview in data collection.  The data were analyzed using descriptive statistics such as percentages and means. The results of study showed that majority of the respondents are highly satisfied with the way succession planning is implemented in their organization.  For a successful implementation of a succession plan; whether formal or informal, management support is important from its initial stages. Provision of mentoring services and involvement employees at all levels ensures the continuity of succession planning. It is recommended that before drafting succession planning policies and procedures it is important for an organization to clearly define the objectives of succession planning and management.

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**CHAPTER ONE**

**1.0  INTRODUCTION**

**1.1  Introduction**

Most organizations found that they must rely on their employees as the only way to become stable in this competitive age. Organizations, like Mkombozi Commercial Bank Plc (MKCB) need to develop their employees' knowledge, skills, talents and capabilities in order to remain competitively.  To do this Mkombozi Commercial Bank Plc must use succession planning to develop and maintains powerful leadership and other key employees to make sure the address all the skills and competencies required for the economic environment in the future. Succession planning can help MKCB to find the appropriate people needed for leadership position and other key positions in the bank. This being the case this chapter is about the background of the study, statement of the problem, research questions, and significance of the study.

**1.2  Background of the Study**

Succession planning has become an important talent management initiative at companies around the world. For some companies, succession planning is a strategic process that minimizes leadership gaps for critical positions and provides opportunities for top talent to develop the skills necessary for future roles. With other companies, succession planning is a constant struggle, viewed as an administrative exercise rather than as a competitive advantage (Toor and Ofori, 2008). In strong economic times, it is easier to ignore deficiencies in the succession planning process but in the current economic downturn, the need to identify and develop top talent for critical roles has never been more important.

Whether restructuring, or engaging in a merger, acquisition, divestiture or bankruptcy, companies must rethink how they structure, source, manage and develop talent (Schrader, 2006). Furthermore, companies have to be selective during layoffs, retaining those with the skills to move the company forward. Boards of directors tend to bring in fresh leadership during times of trouble. This change in leadership *(generally in the CEO suite)* has an impact on business plans and growth initiatives. Given the high unemployment rate, hundreds of candidates may apply for a single position, which can be costly.

To avoid the expense of recruiting external talent, companies turn inward to fill vacancies. As such, building bench strength has never been more important. Companies now look at succession planning for both professional and management roles in addition to new ways of moving talent across their organizations, not just from bottom to top.

Effective succession planning enables companies to react quickly to change and endure difficult times. At its best, succession planning allows a company to seamlessly merge its employees' capabilities and career aspirations with the company's business strategy and talent needs. It believed that people serve as the most vital resource for many organizations and the banks is no exception (Yankov and Kleiner, 2001).

Banks relies on individuals from the bottom up but none are more important than the executives that establish and guide their companies (Yankov and Kleiner, 2001). These critical individual leaders are a scarce resource in today's banks development;

development of these leadership skills requires time, planning, and preparation (Toor and Ofori, 2008). Human resources such as potential leaders are even limited more in small banks like Mkombozi Commercial Bank that make up the majority of many banks (Schrader, 2006).

Many of these banks today have an aging generation on the brink of retirement that has various levels of leadership responsibilities (Chavez, 2011). The succession of these leaders is an inevitable change that will impact many banks in the near future (Miller, 1993), proper succession planning is critical for their survival. Miller *et.al.* (2010) show that an immediate impact most often negative is involved with leadership transition in some way or another.

Only 30 percent of bank businesses survive leadership transition from the first generation to the second generation, even fewer of the banks survive to the third generation (Beckhard and Dyer, 1983). A bank like Mkombozi Commercial Bank Plc can proactively prepare itself for its leadership transition and minimize the negative impacts that correlate with leadership in the future.

## 1.3    Statement of the Problem

Different Organizations are faced with challenges of employing good employees in order to gain a competitive edge over their competitors in the same industry. It should be noted that the worst of any organization is to put wrong people in the right positions at the right time (Rothwell, 1995). An important issue for the corporation, its shareholders, and employees, is the question of succession - who will lead the

corporation in future. Although the notion of succession planning is well established in human resource management it does not seem to be established as a key human resource activity (Rothwell, 1995).

Obviously, succession planning is essential to the future survival of organizations. In addition, numerous surveys have highlighted the importance of succession planning and management. In most cases organizations continue to select the leaders through crisis management; Mkombozi Commercial Bank Plc is no exception on this. Many organizations in Tanzania are reluctant to have formal succession planning and do not have resources to invest in succession planning implementation. Thus, succession planning and leadership development has inadequate focus on midlevel managers.

Despite its importance, succession planning has received relatively little attention in Tanzania's banking industry. Therefore, because of this there is a need to find out how Mkombozi Commercial Bank Plc implements its succession planning for its future particularly in minimizing the impacts that come from leadership transition.

While several studies have attempted to reveal the value of succession planning and management using various sources of data little research has been devoted to studying the nature and implementation strategies of succession planning in a financial institution. For example, Friedman (1984) investigated succession planning in relation to its financial performance. Zajac (1990) studied the effects of succession planning on a firm's financial performance while Huang (2001) analyzed the effect of succession planning on human resource outcomes.

## 1.4 General Objective

The main objective of this study was to evaluate the implementation of succession planning in Tanzania's banking industry.

### 1.4.1 Specific Objectives

Specific objectives of this study include:

(i)     To establish the objectives of succession planning and management

(ii)    To determine whether top management participates and supports succession planning and management

(iii)   To examine whether the organization performs assessment of competency levels of current employees in order to address the workforce gaps and surpluses

(iv)    To investigate whether the organization provides mentoring programs for its employees

(v)     To investigate whether succession planning provides for leadership continuity at all levels within the organization

## 1.5 Research Questions

In order to achieve the above objectives, the following questions guided the study

(i)     What are the objectives of succession planning and management?

(ii)    Does management participate and support succession planning and management?

(iii)   Does the organization perform assessment of competency levels of current employees in order to address the workforce gaps and surpluses?

(iv)    Does the organization provide mentoring programs to its employees?

(v)    Does succession planning provide for leadership continuity at all levels within the organization?

## 1.6    Significance of the Study

This study contributes to our understanding of how organizations can successfully implement succession planning and requirement for firm-specific human capital influence succession planning. The policy makers in the service providing institutions may find the study useful in formulating appropriate policies and programs that will create a good environment for proper succession planning. Lastly, it may to lead to enhanced favorable competitiveness of the Mkombozi Commercial Bank Plc over other competitors in the same industry.

## 1.7    Limitation of the Study

This was a case study which was conducted at Mkombozi Commercial Bank Plc. However; the researcher faced some limitations that include: unwillingness of some respondents to be interviewed and to fill in the questionnaires because they had no enough time especially during working hours. This limitation resulted into delay of data collection, analysis and dissertation production. In this situation the researcher had to collect data after working hours. This was also possible because the researcher is working with the chosen organization. Another limitation was insufficient resources particularly limited funds and time. The lack of resources forced the researcher to opt for a case study so as to be able to work within the limited budget line and had she had to use most of her private time before and after working hours to work on the research. Because of this limitation, the findings of this cannot be generalized to other organizations in the banking industry.

# CHAPTER TWO

## 2.0  LITERATURE REVIEW

### 2.1    Introduction

This chapter covers both the theoretical and empirical literature review of the existing research in succession planning. It covers the distinguishing factors that influence succession and how it's impacted depending on the characteristics of the company. Best practices are found in a critical review of the existing research in succession a brief explanation of the best practices is also included. The research gap is the last of this research

### 2.2    Definitions of Concepts

These are definitions of key terms in this research.

### 2.2.1   Succession Planning

Sambrook (2005) defined succession planning as the attempt to plan for the right number and quality of managers and key-skilled employees to cover retirement, death, serious illness or promotion and any new positions which may be created in future organization plans. Succession planning includes the organization's attempt to prepare for transition of all management positions (Rothwell, 2010).

The typical succession plan includes four phases (Sobol, *et al*, 2003):  Understand the vision of the company's future and needs; analyze and select the best candidate, prepare a development plan for the candidate and transition individuals into new positions.  Although these basic steps summarize succession planning in four steps,

each company's plan will be different in various degrees of complexities to minimize the impact of transition.

### 2.2.2 Succession Management

Rothwell (2001) defines succession management as the process that helps to ensure the stability of personnel tenure. It is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time.

According to Kim (2006) "the need to extend the definition of succession management beyond the management ranks is becoming more important as organizations take active steps to build high-performance and high-involvement work environments". Succession management can be regarded as a way to ensure the continued cultivation of leadership and intellectual talent and manage the critically important knowledge assets of organizations (Rothwell, 2005). Therefore, succession management is to match the organization's available (present) talent to its needed (future) talent.

### 2.2.3 Banking Industry

A bank industry is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is the connection between customers that have capital deficits and customers with capital surpluses. Due to their influence

within a financial system and an economy, banks are generally highly regulated in most countries.

Most banks operate under a system known as fractional reserve banking where they hold only a small reserve of the funds deposited and lend out the rest for profit. They are generally subject to minimum capital requirements which are based on an international set of capital standards, known as the Basel Accords.

### 2.2.4 Bank Continuity

It can be defined as a process where Bank develops and continually revises business continuity plans for functions such as circulation of banknotes and operation of payment and settlement systems, in order to carry out its responsibilities in times of disaster. The bank trains its staff and conducts emergency drills on a regular basis to ensure a timely and appropriate response.

The bank coordinates with relevant parties for effective business continuity planning at payment and settlement systems, at the market level, and in the financial system as a whole. For example, the Bank tests contingency procedures with market participants and with related administrative institutions, based on various scenarios including large-scale earthquakes.

### 2.3    Theoretical Literature Review

There are two commonly used models in practice to study succession planning and management. These are The Seven-Pointed Star Model (Rothwell (2001, 2005) and Byham *et al.* (2002).

### 2.3.1 The Seven-Point Star Model

Rothwell (2001, 2005) explained that organizations go through a life cycle of development in their succession planning and management programs. At each generation, organizations gain sophistication about what to do and how to do it.

The model has distinct seven steps: in first step, the organization's decision-makers should commit to systematic succession planning and management and establish it as a program. In the second step, decision-makers normally assess the present work requirements in key positions. Only in that way can individuals be prepared for advancement solidly grounded in work requirements. In this step, decision-makers should clarify where key leadership positions exist in the organization and should apply one or more approaches to determining work or competency requirements.

The third step involves critical evaluation of how well individuals perform in their jobs, because most succession planning programs assume that individuals must be performing well in their present jobs in order to qualify for advancement. As part of this step, the organization should also begin establishing an inventory of talent, thereby establishing a clear idea of the available human assets.

In step four, competency requirements in key leadership positions in the future need to be identified. This is done by decision-makers through assessment of future work requirements and competencies. In that way, future leaders may be prepared to cope with changing requirements.

The fifth step concerns the assessment of individuals' future potential and its match to their future work requirements. The organization should establish a process for

assessing future individual potential. That future oriented process should not be confused with past- or present-oriented employee performance appraisals.

In the sixth step, the organization should establish a continuing program for leadership development to cultivate future leaders internally. Decision-makers should also explore alternatives to traditional promotion-from-within methods of meeting succession needs.

Finally, to improve, the succession planning and management program must be subjected to continual evaluation to assess how well it is working. That is the seventh and final step of the model. Figure 2.1 illustrates the seven steps of the model.
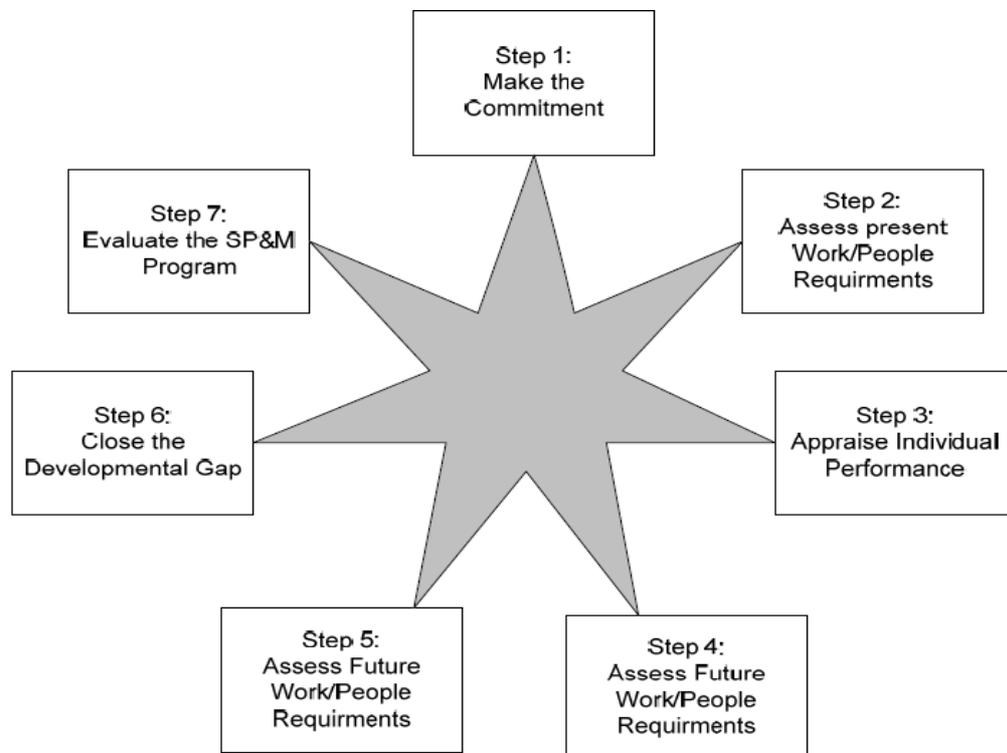


**Figure 2.1: The Seven-Pointed Star Model of Succession Planning and**

**Management**

**Source: Rothwell, (2001)**

### 2.3.2    Acceleration Pools Model

Pointing out that replacement planning is far behind the times, Byham *et al.* (2002) suggested a different approach to grooming executive talent. Rather than targeting one or two hand-picked people for each executive position, an Accelerate Pool emphasizes the development of a group of high-potential candidates for executive positions in general. The model highlights the accelerated development of pool members through stretch jobs and task-force assignments that offer the best learning, including mentoring, coaching, training, and special developmental activities such as university executive programs and in-company action learning sessions, and highest visibility opportunities.

Byham *et al.* (2002) explained the process of the Acceleration Pool in five phases: Phase one involves nominating and identifying high potentials.  What are specifically done are the business units or functions to nominate a potential pool of candidates. The executive resource board (ERB) screens candidates and makes final decisions and the pros and cons are explained to candidates who make decisions to either enter or not enter the pool.

Phase two concerns diagnosing development Opportunities. Assessment of strengths and development needs is carried out using an acceleration centre. The results of the assessment are publicly released. In phase three, solutions to development opportunities are prescribed. The ERB makes decisions on pool members' assignments, special training or executive coaching and monitors progress and completion. This is followed by framing of development goals on current or new job

assignments relative to diagnosis. The pool members develop target areas and strategies with the help of their managers and mentors.

Phase four insures that development takes place and is fully documented. Five activities take place in this phase. First, pool member develops needed behavior and knowledge through training and executive coaching. Second, pool members apply behavior or knowledge in assignment or short- term experience.

Third, each pool member is required to measure and report the results of application of new behavior or knowledge. Lastly, each pool member starts building a career development portfolio and meets with manager and mentor to review progress and set new development goals. Phase five concerns reviewing progress and new assignment. Basically, the ERB audit pool members' progress and decides on new or next assignment.

### 2.3.3   Replacement Planning

Succession planning should not be confused with replacement planning, though they are compatible and often overlap (Rothwell, 2001). Traditionally, succession planning equates with replacement planning (Charan, Drotter, and Noel, 2001). In the simplest form, replacement planning is a form of risk management (Rothwell, 2001), which focuses on the actions that ideally should take place if a key executive should leave (Burdett, 1993). The chief aim of replacement planning is to reduce the chance of catastrophe stemming from the immediate and unplanned loss of key job incumbents (Rothwell, 2001).

For decades, replacement planning has concentrated on pre-selecting 20 backup people for key positions and then charting a series of job assignments to prepare them to fill the positions (Byham, Smith, and Paese, 2002). This was not an appropriate system when organizations were stable, large, and hierarchical: few changes occurred in job titles, job responsibilities, or organizational direction. Organizations employed many middle managers, most of whom had time for assignments outside their regular job duties. Technical and competitive changes occurred much more slowly.

Human resources staffs were large, and control of the personnel system was more centralized. Succession planning was largely an HR-managed means for knowing who would replace departing leaders. People changed jobs and moved to new towns when asked to do so. In such an environment managers could tolerate a forms driven system that consumed days or even weeks of their time each year (Byham, Smith, and Paese, 2002).

Today conceiving of devoting even a fraction of that much management time to replenishing managerial talent or other related HR activities is impossible. In today's business world, organizations are flatter, with horizontal career paths taking on increasing importance in addition to vertical paths. With fewer middle managers, those who remain have multiple demands that compete for the time required to develop themselves or coach and mentor their direct reports (Byham, Smith, and Paese, 2002).

In addition, mergers, acquisitions, downsizing, globalization, and the Internet are profoundly impact organizations, causing previously important jobs to become less

so or even unnecessary. In this environment, replacement planning makes little sense (Charan, Drotter, and Noel, 2001). In short, while replacement planning sets in motion action that limits damage from unpredictable events (Burdett, 1993), succession planning is proactive and attempts to ensure the continuity of leadership by cultivating talent from within the organization through planned activities (Rothwell, 2001).

### 2.3.4 Succession Management

Succession planning has evolved over the last 30 plus years since its first inception as replacement planning. Increasingly, the process has expanded to encompass a broader scope, from organizational reviews to leadership development (Leibman, Roth, and Maki, 1996). To meet the challenges of today's organization, corporations need to develop strong leadership teams for strategic tasks rather than focusing on the right person for the right position at the right time.

Leading a corporation requires a constellation of skills and talents resident in more than one person and in more than one strata of an organization. To re-engineer succession planning appropriately for today's dynamic environment, which makes succession planning flourish, a much more active orientation is required, one that is better characterized by succession management and its emphasis on ongoing and integrated processes (Leibman, Roth, and Maki, 1996).

Succession management assumes a more dynamic business environment. It recognizes the ramification of the new employment contract, where corporations no

longer (implicitly) assure anyone continued employment, even for competent functioning.

It is the process by which organizations assure that they have sufficient, capable, and experienced people to fill senior management and executive positions (Byham, Smith, and Paese, 2002). While the terms "succession planning" and "succession management" are often used interchangeably, they are different.

Succession planning is defined as any effort designed to ensure the continued effective performance of an organization, department, or work group by making provisions for the development and replacement of key people over time. Succession management goes a step further. It is more encompassing. Succession management is defined as a deliberate and systematic effort by an organization to encourage individual advancement and ensure continuity in key positions, including management, technical, and professional specialist roles (Nova Scotia Public Service Commission, 2005).

### 2.3.5 Types of Succession Planning

Succession planning can be classified into different groups basing on the motive behind its implementation in an organization. Surdej and Wach (2010) identify two different types of succession in family owned businesses. First type is called a defensive succession, in which family tries to preserve the control over enterprise at all costs. Second type might be called a transformatory succession, in which the company is transformed so as to maximize the wealth of family even at the cost of reducing the family control.

It seems that the first type of the succession dominates among SMEs (Micro-, Small and Medium-Sized Enterprises) as they operate undiversified business and the firm's success depends very much on the use of idiosyncratic knowledge – tacit and informal knowledge which has been acquired over long time and their use is of limited application elsewhere. This might explain why small firms try to find the successor among family members, relatives or close friends

### 2.3.6   Importance of Succession Planning

Succession planning involves the identification and development of potential successors in an organization. This planning prepares for future critical vacancies of management positions by forecasting the talent necessary for these roles to provide the groundwork and understanding of the characteristics needed to maintain a company's strategic plan.

The most obvious benefit is that it ensures a seamless transition. The new manager is less likely to make costly mistakes if she has already acquired the human capital required for that position (Naveen, 2000). Organizations could therefore adopt a succession plan to reduce the potential for costly errors. For example, Parrino (1997) suggests that developing the talents of insiders would "increase the amount of valuable capital possessed by insiders, thereby reducing the costs of inside succession." Another benefit of having a succession plan is that it gives employees incentive to invest in firm-specific human capital. The greater the firm- specific human capital required for the managerial posts, the greater will be the expected benefit of having a succession plan.

### 2.3.7 Costs of Succession Planning

Succession planning could impose costs on the organization. According to Naveen (2000) one potential cost is the actual time spent by the incumbent CEO in selecting and grooming a suitable successor.

Also, if firms cannot credibly convey that they will appoint the heir apparent as the CEO, then succession planning is not effective at promoting investment in firm-specific human capital. Firms that do not place a premium on firm-specific human capital have a potentially larger pool of candidates to choose from, in the external labor market. Such firms could engage in opportunistic behavior by appointing an heir apparent (thereby inducing him to exert effort) and then appointing an outsider as the new CEO.

Employees of such firms could also behave opportunistically by using the firm's resources to improve their top management skill levels and then leaving the organization. Since their skills are more easily transferable, they would have better opportunities to find outside jobs. Given the higher possibility of such opportunistic behavior ex-post, these firms would be less likely to engage in succession planning ex-ante.

### 2.3.8 Objectives of Succession Planning

Recently, not just business organizations, but all types of organizations, including educational institutions and government offices, realized the necessity of succession planning and implementation of effective succession planning that fit their own

organizations. Kim (2006) identifies various objectives of succession planning such as: meeting the future needs, fulfilling needs of organization in the future, strengthening internal leadership bench, building leadership bench strength by managing and developing candidates who can be promote to key positions, filling the position, filling key open position(s) and minimizing the potential negative effect cause by it, enhancing diversity, enhancing diversity in organization and to accelerate development

### 2.3.9  Elements of Succession Planning

Based on a review of the existing literature and the elements of successful succession plan as identified by Sharon Ley (2002) the following categories: top management support, needs-driven assessment, provision of formal professional development opportunities, focus on individual attention and extension to all levels of organization.  All elements identified above are covered in Ley's (2002) ARP. Ley did not look specifically at the issues associated with succession planning in publicly funded agencies, as her study focused on private or quasi-public, yet privately funded, agencies.

### 2.3.10  Top Management Participation and Support

Before succession planning can be implemented in any agency, it must obtain the full support of the organization's executive and management staff. "A commitment by the city or county manager and alignment with organizational strategy" is a necessary element to any succession plan (Ibarra, 2005). Without this support, even if a succession plan is identified, the plan will never take flight within the culture of the organization.

As Ley (2006) found in her study, "a lack of senior management support… hindered open access to the organization's leaders," and thus limited interest in succession planning at the agency in her study. Executives and "managers are uniquely positioned to assess how their business will be carried out and to identify the human capital capabilities needed to do so effectively" (Emmerichs, 2003). It is the responsibility of agency leaders to set the standard for implementation of the program by leading through example, thus instilling the importance of the plan. An agency's management can ensure the "organizations buy-in and support" of succession planning (Washington State Department of Personnel, 2006, 11).

Management is responsible for determining the criteria of an organization's succession plan. "A good succession planning program allows existing senior executives to observe people over time and train them to be of use to the company, its needs, and its culture" (Diamond, 2006). Furthermore, "executives must communicate with current employees to ensure that" fear or insecurity of losing their positions "sabotage the plan" (Diamond, 2006).

### 2.3.11  Needs-Driven Assessment

One way to determine which positions are a key or critical is to perform an assessment of the competency levels of current employees. This will help in determining "the number of those available and capable of fulfilling future functional requirements," as well as "what recruitment, training, and other strategies need to be deployed to address workforce gaps and surpluses." An effective way to conduct this assessment is through a checklist including ratings of competency levels "such as:

advanced, intermediate, beginning or none." Ideally, "each manager and employee [should] conduct the assessment, and then collaborate on the results" (Washington State Department of Personnel, 2006). Another method of conducting the assessment is through "capability templates," which can be used "as a basis for benchmarking the skills required for critical roles and guiding learning and development of those individuals identified as having potential (Australian Public service commission, 2003).

### 2.3.12 Mentoring Programs

Beyond identifying what skill sets and knowledge bases are required for key positions, it is crucial that a succession plan provide a method or plan for providing employees the opportunity for professional development, as it has been determined that a background characteristic of top managers which has attracted attention in the strategic leadership literature is functional track experience" (Datta, 1994).

In other words, since experience and job knowledge are highly valued for succession, it is necessary that organizations provide employees with the opportunity to develop and advance these skills. These opportunities "can be accomplished through job assignments, training, or job rotation, and it is one of the best ways for employees to gain additional knowledge and skills."

According to Kowalewski *et al,* (2011) mentoring enhances sense of self-esteem; leads to fulfillment of development needs-satisfaction in leaving part of themselves to the next generation; improves professional, leadership and collaborative skills;

makes mentors better listeners; helps reaffirm own successes, and the mere fact of being asked to be a mentor is a powerful compliment"

### 2.3.13  Focus on Individual Attention

In a "performance based selection system individual" employees "can be put in a leadership track by being given a special assignment that allows him or her opportunity to grow" (Larson 2005, 16). Often, leadership tracks are guided by career paths, which provide employees with a road map or stepping stones allowing them to move from their current position to their desired promotion.

In providing employees with career paths and listening to their career goals and desires, an agency places a personal responsibility on the employee to ensure that their career goals are achieved (Diamond 2006, 38). Ultimately, "individuals are responsible for their career and accountable for meeting developmental objectives and gaining and demonstrating new capabilities;" therefore, employees should be enabled to choose training that suits their career goals (Australian Public Service Commission, 2003).

In order to make employees accountable for this developmental responsibility, advancements in the career path should be explicitly outlined (Personnel 2006). During the performance evaluation, "individuals and managers should discuss employee performance evaluation (SAO, 2006). In the performance evaluation, employees can be credited for their individual competencies, which are those competencies "that each employee brings to his or her function" (Washington State Department performance, potential and development and contribute constructively to

the implementation of development plans" (Australian Public Service Commission 2003).

### 2.3.14 Extension to all Levels of the Organization

Succession planning has been used to describe a wide variety of activities that involve planning for key transitions in leadership within organizations (Garman and Glawe, 2004). The term succession planning has traditionally referred to planning for leadership continuity at the CEO level, but today succession planning provides for leadership continuity at all levels (Cooke, 1995). As with any program, a succession plan should have a project planner assigned to oversee it and ensure that the plan stays current and covers all levels in an organization. Without full coverage to all levels it is likely that the program will not be sustainable. In order to have a successful succession planning for any organization the focus should be on preparing staff for assuming a higher leadership level" or career path, rather than on preparing staff for a specific position.

### 2.4 Empirical Literature Review

Rhodes and Walker (1984) reported a survey research, called the TPF and C (Towers, Perrin, Forster and Crosby) study, which involved 30 large corporations. In their study they reviewed and analyzed the management succession and development planning practices at that time. They identified four different approaches to management succession and development planning: informal, decentralized, centralized, and integrated.

Furthermore, they found that the selection of the approaches is affected by organizational structure and management style, size and wealth of the organization,

and the company's growth rate. They also explained the six techniques used in implementing the programs: 1) senior management involvement, 2) information requirements, 3) assessment, 4) management review, 5) developmental techniques and 6) educational training. They related each approach to management succession and development planning with the employed procedure. They emphasized the importance of developing and implementing a program that fits each organization's characteristics and culture (Rhodes and Walker, 1984).

In a study on succession planning, Vancil (1987) uses data on 227 randomly chosen large corporations from 1960-1984, but relies on case studies to draw many of his inferences. He finds that the most common type of succession in firms, which he terms as relay succession, involves selection of a successor, or an 'heir apparent', a few years before the turnover. The heir apparent and the incumbent CEO then work together until the incumbent CEO steps down (usually to become the Chairman of the board) and the heir apparent takes over.

Huang (2001) researched succession planning and management systems and human resource outcomes. The study examined whether local firms with a more sophisticated succession plan achieved more favorable human resource outcomes than those with a less sophisticated plans in 100 U.S. owned companies, 150 Japanese-owned companies, and 400 local companies in Taiwan. Although the results of the study found no significant difference in human resource outcomes between companies which adopted succession planning and those that did not adopt it, in detailed results, a significant relationship appeared between the level of

sophistication with which succession plans were carried out and human resource outcomes. Some of the characteristics, such as line-manager involvement, non-political succession criteria, the credibility of succession planning staff, review and feedback, and effective information systems, affected the performance of human resources.

The work of Shen and Cannela (2003) described a form of succession planning within the corporate environment. The authors analyzed the effect of relay succession planning on the shareholder response. This article demonstrated that the devotion of resources to ensure that management is prepared for turnover is directly proportional to shareholder satisfaction. This research shows that the sudden death of a key executive can negatively influence the shareholder wealth. This loss can be mitigated if a new successor is put into place within a short period.

Bower (2007) and Davis (2008) point out that both insiders and outsiders have strengths and weaknesses in entering new positions. Employees know the company and its inner workings, but may not recognize the need for change. New ideas can come from the outside, but many times these newcomers do not know the company well enough to foster the changes needed.

A report by Cutting Edge Information (Howe, 2004) reported that over two thirds of organizations do not currently have a formal succession planning process; almost half of these organizations have no approach in developing their next CEO (as cited in Succession Planning Facts and Fantasies, 2005).

Lewis (2009) asks the question as to why more organizations are not instituting succession planning if there are so many benefits. Succession planning has been shown to boost employee retention leading to increased employee performance. Planning decreases recruiting costs because recruitment can be completed during periods of lowered stress, recruiting the "best" talent, not a body to fill a seat. He exudes the importance of good talent planning set these organizations up for success, not failure. Recruiting talent from a local area may not meet the needs of the organizations requirements. As Lewis notes, "we must realistically cast a wider net".

Kowalewski *et al.* (2011) examined succession planning utilized by the 2010 "Best Companies to Work for in New York". The results of study showed that in the smaller business, only the CEO or the position of president may be included in the strategic plan for succession planning purposes. As the business becomes larger, middle and senior level positions could also be included.

For any strategic plan to be successful, the entire organization needs to be aware of the plan and be familiar with the parts of the plan that they are responsible for in order to achieve results. Information about the organization must be gathered both internally and externally. Competition, technology, regulatory changes, company priorities, market trends, the economy, turnover, retirements, promotions, and retention efforts are just some of the challenges that influence succession planning. The factors that affect the pool of available talent do not just come from within the company's corporate headquarters, but in this modern marketplace, are global.

The succession issue has been identified as one of crucial factors for the functioning and growth of family firms. Surdej and Wach (2010) studied succession planning in

Polish family business and found that 85 out of 496 family firms surveyed had accomplished the succession process. The results also showed that in 147 cases the initial founders of family businesses were planning the succession to their heirs.

Rothwell (2010) has stated that analyzing, selecting and developing the right candidate are a large part in succession planning if these steps are not made the likelihood that leadership transition will be successful decreases. The selection of an unprepared or inappropriate successor can create damaging impacts after leadership transition.

## 2.5    Research Gaps

The literature review has demonstrated that planning succession is an enormous organizational responsibility and unless effective succession planning is urgently integrated into organizational culture, most organizations will find themselves on the verge of a leadership transition crisis in the near future.

It can be seen from the discussion of the literature succession planning is a complex task that must be viewed as an ongoing strategic process.  For the perpetuation of future success agencies must devote considerable time and resources to mapping out a comprehensive plan for identifying and making the best use of available human resources.

However, the literature did not show how an organization evaluates the extent of implementation of succession planning in the context of predetermined objectives. This being the case the researcher conducted this study in order to fill gap.

## 2.6    Conceptual Framework

According to Ndunguru (2007), conceptual framework refers to an assembled set of research concepts cum variables together with their logical relationships often presented in form of diagrams, charts, graphs, pictographs, flow charts, organogram or mathematical equations. Ndunguru continues to argue that conceptual framework unveils a studied phenomenon of conceptual cum variables into simple set of relationship that can be easily understood, modeled and studied.
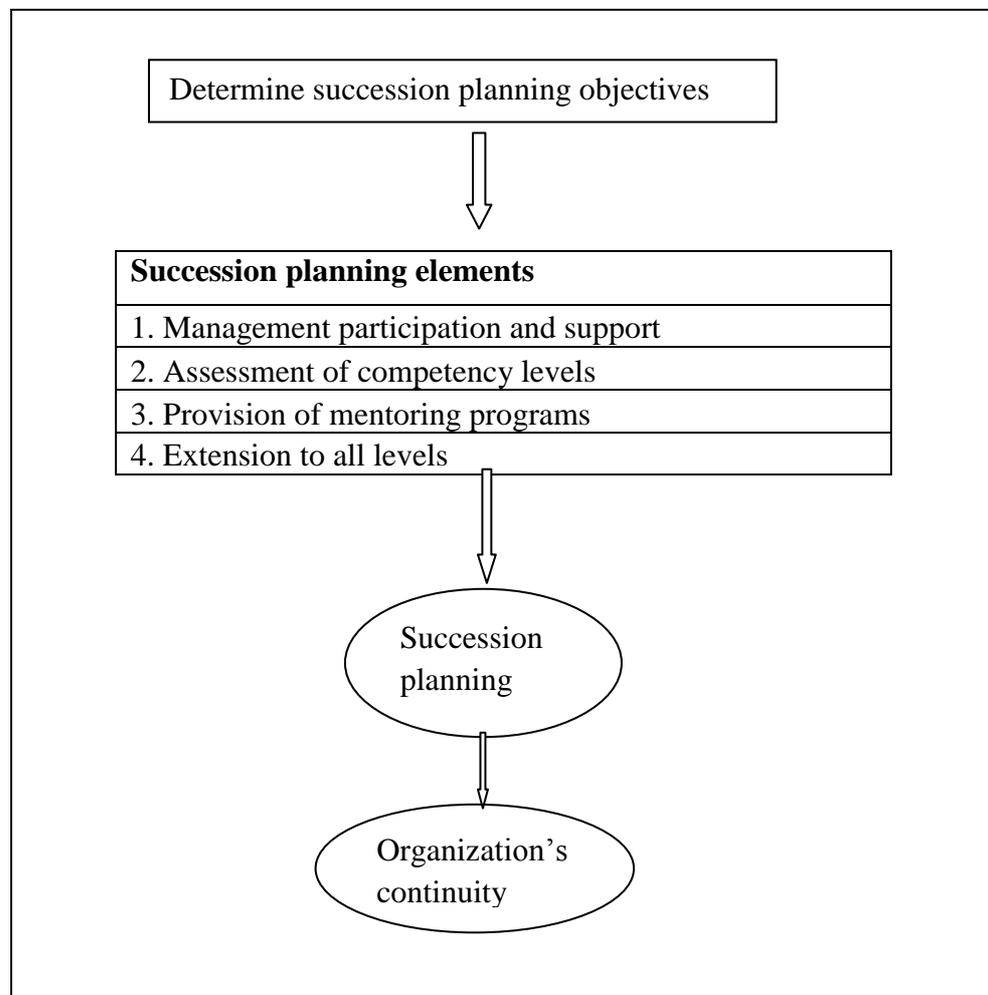


**Figure 2.2: Conceptual Framework for Assessment of Succession Planning Activities in an Organization**

**Source: Researcher, 2013**

However, this conceptual framework seeks to describe research concepts cum variables as isolated but in a unified system of relationships. Based on the literature review and guided by the Seven-Point Star model and Acceleration Pools Model, a conceptual framework is developed (Figure 2.2) to assess the implementation of succession planning programme in Mkombozi Commercial Bank Plc.

The assessment is based on five aspects or variables, namely: objectives, top management participation and support, needs-driven assessment provision of mentoring programs, focus on individual attention and extension to all levels of the organization. The organization establishes the objectives that it seeks to achieve from implementing succession planning. Once the organization has decided what it wants to achieve, then organization identify a range of areas (succession planning elements) that might enable the organization to achieve the objectives. This means objectives determine succession planning elements.

The four elements of succession planning discussed above are important areas that guide the implementation of succession planning within organization. The way the four factors are combined and the importance attached to each factor determine the success of succession planning the continuity of an organization, department, or work group by making provisions for the development and replacement of key people over time.

Top management participation and support is necessary for the success of any succession plan. Mentoring is concerned with improving and imparting the additional knowledge and skills and improvement of and professional and leadership

skills.  Without full coverage to all levels it is likely that the program will not be sustainable.   The indicators of each the five variables used to evaluate the implementation of succession planning in MKCB Plc are shown in Table 2.1

**Table 2.1: Measurement Variables of Succession Planning Elements**

| Variables | Indicators | Sources |
|---|---|---|
| Objectives | 1. To meet the future needs<br>2. To strengthen internal leadership bench<br>3. To fill the position<br>4. To enhance diversity<br>5. To accelerate Development | Kim (2006) |
| Management participation and support | 1. Management encourages staff to follow succession plan<br>2. Management participates in determining criteria of succession plan<br>3. Management ensures that a succession plan is followed once implemented | Emmerichs (2003); Ibarra(2005) |
| Assessment of competency levels | 1. Organization assesses  core competencies to determine gaps<br>2. Organization assesses core competencies to determine future needs<br>3. Organization conducts capability assessment to benchmark skills required for critical roles and further development | Australian Public Service Commission 2003, Ley 2002 |
| Mentoring programs | 1. Organization has a formal program for professional development for its employees<br><br>2. Organization has a informal program for professional development for its employees | Australian Public Service Commission (2003); Ley (2002) |

| | | |
|---|---|---|
| | 3. Organization provides employees with opportunity to develop and advance skills through job assignments<br><br>4. Organization provides employees with opportunity to develop and advance skills through training<br><br>5. Organization provides employees with opportunity to develop and advance skills through job rotation | |
| Extension to all levels | 1. Within the organization there is identification of talent at all levels<br><br>2. There is open communication and knowledge of succession plan<br><br>3. Strategic plan determines which positions will be in succession plan | Australian Public Service Commission (2003); Ley (2002) |

**Source: Field Data**

## CHAPTER THREE

## 3.0  RESEACH METHODOLOGY

### 3.1     Introduction

This chapter discusses the methodology that the researcher followed in data collection for the purpose of evaluating succession planning in MKCB. It will include the research design, population, sample and sampling techniques, data analysis, validity of data, reliability of data, and ethical issues.

### 3.2     Research Paradigm

This study employs a deductive approach which is defined by Hussey and Hussey, 1997 as "a study in which a conceptual and theoretical structure is developed which is then tested by empirical observation; thus particular instances are deducted from general influences."  Deductive research can be referred to as progressing from general to the particular and is a process in which theory is tested by empirical observation (Hussey and Hussay, 1997).  Both qualitative and quantitative approaches were used in this research. The researcher used the two approaches in order to get a holistic view of the topic under study. Using both approaches may be expensive and time consuming but it allows for the topic under study to be assessed comprehensively (Babbie, 2007).

### 3.2.1   Research Design

This study employed a case study research design which focuses on a single area and allows variety of data collection method to be deployed.  This type of study design allows the researcher to intensively explore and analyze information over the life of a

single unit (Tripath 2002). On the other hand, Saunders et al (2009) observe that, case study research is concerned with the complexity and particular nature of the case in question. Case study entails the detailed and intensive analysis of a single case. However, one major criticism of using case study research design is that; the findings generated from it can be generalized however its generalization can be hasty and thus it is difficult to get magnitude of the problem.

### 3.2.2   Area of Study

This study was carried out at Mkombozi Commercial Bank Plc (MKCB).  MKCB is owned and founded by the family of the Catholic Church in Tanzania in August 2009. The bank was established as a local initiative to support the emerging Tanzanian businesses for provision of financial services. In order to accomplish this MKCB provides high quality and integrity banking services to the following sectors ;small and medium sized enterprises such as; Companies, SACCOS, Schools and Universities. MKCB started with a single branch at plot No. 40, Mansfield Street, behind St Joseph Cathedral in Dar es Salaam and has opened another branch in Mwanza, Nyerere road near BOT .The bank plans to build a branch network throughout Tanzania (MKCB, 2012).

Mkombozi Commercial Bank Plc was chosen to be a case study because it is the first bank owned by the church in Tanzania. Its major role is to ensure that Tanzanian business community   gets competitive, quality and affordable financial services. The researcher believes that the findings generated would give the answers to the settled objectives as would be collected from the right place.

### 3.2.3 Population of the Study

Population can be defined as a group which the researcher is interested in gathering the information from, as well as drawing conclusion on (Crowl, 1993). In this study, the target population was employees of Mkombozi Commercial Bank Plc at headquarters and branches. The current population is 99 employees and its breakdown is outlined in Table 3.1.

**Table 3.1: Number of employees at Mkombozi Commercial Bank Plc**

| Location | Men | Women | Total |
|---|---|---|---|
| Head Office | 36 | 24 | 60 |
| Mzimbazi branch | 8 | 5 | 13 |
| Kariakoo branch | 7 | 6 | 13 |
| Mwanza branch | 6 | 7 | 13 |
| **Total** | **57** | **42** | **99** |

**Source: Field Data**

### 3.2.4 Sample Size and Sampling Procedures

The sample size was 45 participants drawn from different sections of the organization. The sampling techniques in this study were purposive and random techniques at different points in time. Purposive sampling technique was used to ensure that key informants involved in succession planning are included in the research. Both purposive and random samplings were used to select the sample from all areas identified. In purposive sampling, the researcher purposely chose a person who, in her judgment about some appropriate characteristics required of the sample

members, is relevant to the research topic and easily available to him (Rwegoshora, 2006). The simple randomly selected sample was used for quantitative analysis in which case, questionnaires were administered to them. Table 3.2 below shows the distribution of respondents.

**Table 3. 2: Distributions of Respondents**

| Level | Number | Percentage (%) |
|-------|--------|----------------|
| Senior staff | 10 | 22 |
| Middle class level | 16 | 36 |
| Low cadre level | 19 | 42 |
| **TOTAL** | **45** | **100** |

**Source: Field Data**

### 3.2.5   Data Collection Methods

In this study, data was collected from both primary and secondary sources. Primary data was collected from the field through questionnaires and structured interview guides. Further, secondary data was collected from documentations such as scholarly papers, publications and the relevant documents.

### 3.2.6   The Questionnaires

The questionnaire is the quite popular, particularly in case of big enquiries (Kothari, 2008). In this study Questionnaire was used to capture overviews and general information about succession planning and management. This technique has various advantages, it has the nature of inclusiveness as well as the ability to collect large

amount of data in short period of time, but also it covers the wider geographical area, it gives respondents great freedom to express their views the way they want hence the chance of being bias is very minimal. This method minimizes costs and the similar data which is collected can be interpreted and compared hence the possibility of getting the accurate and reliable data is high. However as pointed out by Kothari (2008) this method has its shortcomings of low rate of return of the dully filled in questionnaires, possibility of ambiguous replies as well as difficult to know whether willing respondents are truly representatives.

### 3.2.7  Interviews

Interview was used to test the attitude and correctness of the subject (Rwegoshora, 2006). This method can be used through personal interviews and if possible through telephone interviews. The structured interviews were supplement questionnaire during the exercise of gathering data. In this style interviews are supposed to read out questions exactly and in the same order as they are printed on the schedule (Bryman, 2008). This technique have its advantages, as more and detailed information can be obtained,  but again the interviewer can control who can answer questions depends on what information he wants together.

### 3.2.8  Secondary data sources

Secondary data means the data that are already available, the data which have already been collected and analyzed by someone else (Kothari, 2004). They are not original because they have already been processed by others. These may either be published or unpublished materials. One of the major sources of secondary data is

documentary review; this method entails the use of various relevant documents. In this study documents like various reports patterning to this study were consulted. Apart from relevant reports, other documents like files, publications, journals, magazines and other office records were reviewed. Documents like policy and strategy were also used as a secondary data. More details about system originality and its functionality were reviewed so as to know the current status of succession planning.

## 3.3    Data Analysis

After data being collected, the first stage was data editing. This procedure was done purposely to detect errors so as to omit and correct those errors. The completed questionnaire were carefully scrutinized so as to be assured with the accurate, consistent, uniformly and completed so as to be ready for arranged coding and tabulation.

After editing process be completed the data were coded. According to Kothari (2008), Coding refers to a process of assigning numerals or other symbols to answers so as responses can be put into a limited numbers of categories or classes. Coding allows efficient analysis and through it several replies may be reduced to small numbers which contain the critical information required for analysis.

Classification of data followed after data being coded, this is because data collected are the raw ones so they have to be reduced into homogeneous groups so as to bring meaningful relationships. Data of the same or common characteristics were arranged into groups or classes.

In this research the quantitative data collected were analyzed by using Statistical Package for Social Sciences (SPSS). For categorical variables, simple frequency analysis and cross tabulations were deployed. On the other hand, for continuous variables descriptive analysis involving computation of percentages was used. The presentation is in the form of tables, figures, text descriptions, diagrams, bar chart and pie charts for easier interpretation and understanding.

## 3.4    Validity of Instruments

Validity is the ability of an instrument to measure the variable it is intended to measure. The process of validating instruments was done purposely to reduce errors in the measurement process. To test validity the instruments used for collecting the data for the study were pre-tested. Some questionnaires were administered some experts and colleagues in the human resource department and all items which seemed ambiguous were modified. Basically, the researcher made some changes to the instruments to incorporate their suggestions and opinions from pre-testing.

## 3.5    Reliability

Reliability refers to the extent of consistency of the results a research instrument. It is argued that the same results can be obtained when the same researcher or a different one conducts the same research repeatedly. This means that the results produced by the research instrument must be consistent when the research is repeated. So, when the a measuring instrument is design it important to ensure that it produces similar, close or the same results if that study using that instrument is repeated (Kim, 2006).

# CHAPTER FOUR

## 4.0  RESEARCH FINDINGS ANALYSIS AND DISCUSSION

### 4.1    Introduction

This chapter presents the findings of the study which answer research questions in chapter one. The study focused on evaluation of succession planning in Tanzania's banking sector.

### 4.2    Description of respondents

A total of 58 questionnaires were distributed to respondents and received 45 responses. The respondents who participated in the research were 45 and their distribution in terms of characteristics, descriptions and percentage is provided in Table 4.1 below:

**Table 4.1: Summary of Demographic and Employment Characteristics of Respondents**

| Characteristic | Description | Number | Percentage (%) |
|---|---|---|---|
| Job position | Managing director | 1 | 2 |
| | Managing manager | 1 | 2 |
| | Branch managers | 3 | 7 |
| | Human resource managers | 4 | 9 |
| | Accountants | 5 | 11 |
| | Cashiers | 9 | 20 |
| | Loan officers | 13 | 27 |
| | Marketing officers | 10 | 22 |
| Gender | Male | 24 | 53 |
| | Female | 21 | 47 |
| Age | 25-35 years | 35 | 78 |
| | 36-44 years | 8 | 18 |
| | 45-above | 2 | 4 |

 **Source: Field data**

**4.3    Research Findings**

The questionnaires consisted of two sets of questions. The first set had only one question which required respondents to choose only one objective which is the most organizational objective for implementing succession planning and management. The second set consisted of five questions whose analysis combined the scores of Strongly Agree and Agree to get a single "satisfactory score" and do the same for Strongly Disagree with Disagreement to get a single "dissatisfaction score".

The first question which addressed research objective one required respondents to choose only one objective that they think is the succession planning programme pursued by their organization.

**Table 4.2: Respondents' Opinions on the Objectives of Succession Planning and**
**             Management**

| No | Objectives | Number | Percentage (%) |
|---|---|---|---|
| 1 | To meet the future needs | 15 | 33 |
| 2 | To strengthen internal leadership bench | 7 | 16 |
| 3 | To fill the position | 14 | 31 |
| 4 | To enhance diversity | 4 | 9 |
| 5 | To accelerate Development | 5 | 11 |

**Source: Field Data**

Table 4.2 shows that the first and most frequently chosen objective was to meet future needs (33%), which refers to the fulfillment of needs such as change of business environment, companies' business strategy and demographic changes in

organizations in the future. This objective was closely related to the objective to fulfill the position (31%) which is more focused on succession planning as a strategic tool for future survival and growth of the organization. The least chosen objective was to enhance diversity (9%). The rest objectives, i.e. strengthening internal leadership bench and accelerating development each scored 16% and 11% respectively.

The second research question examined whether the management participates and supports succession planning and management. The above question was tested using questionnaire with three items and respondents were asked to select the appropriate number that represents their views. The field results of question one are shown in Table 4.3.

**Table 4.3: Respondents' Opinions on Whether Management Participates and Supports Succession Planning**

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----|------|----------------|-------|---------|----------|-------------------|
| 1. | Management encourages staff to follow succession plan | 12 | 15 | 10 | 5 | 3 |
| 2. | Management participates in determining criteria of succession plan | 10 | 16 | 13 | 6 | 0 |
| 3. | Management ensures that a succession plan is followed once implemented | 14 | 13 | 6 | 7 | 5 |
| | **Total** | **36** | **44** | **29** | **18** | **8** |
| | Average score (percentage) | 27 | 33 | 21 | 13 | 6 |

**Source: Field Data**

Table 4.3 shows that, on average 60 percent and 19 percent of respondents are satisfied and dissatisfied with MKBC management participation and support of succession planning respectively while 21 percent were neutral. Research question three examined the organization's performance of assessment of competency levels of current employees in order to address the workforce gaps and surpluses. This question consisted of three items.

**Table 4.4: Respondents' Opinions on the Extent of Assessment of Competency Levels**

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----|------|----------------|-------|---------|----------|-------------------|
| 1. | Organization assesses core competencies to determine gaps | 8 | 12 | 20 | 2 | 3 |
| 2. | Organization assesses core competencies to determine future needs | 9 | 10 | 13 | 6 | 7 |
| 3. | Organization conducts capability assessment to benchmark skills required for critical roles and further development | 3 | 16 | 14 | 7 | 5 |
| | **Total** | **20** | **38** | **47** | **15** | **15** |
| | Average score (percentage) | 15 | 28 | 35 | 11 | 11 |

**Source: Field Data**

As shown in Table 4.4, about 43% of the respondents were satisfied with the organization's performance of assessing employees' competence levels, 22% were not in agreement with the statement while 35% were neutral.

The fourth research question investigated whether the organization provides mentoring programs to its employees. Five items were used to evaluate the organization's provision of mentoring programs to its employees. The results are shown in Table 4.5.

**Table 4.5: Respondents' Opinions on Organization's Provision of Mentoring Services to its Employees**

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|---|
| 1. | Organization has a formal program for professional development for its employees | 10 | 8 | 24 | 2 | 1 |
| 2. | Organization has a informal program for professional development for its employees | 14 | 20 | 5 | 4 | 2 |
| 3. | Organization provides employees with opportunity to develop and advance skills through job assignments | 30 | 2 | 7 | 6 | 0 |
| 4. | Organization provides employees with opportunity to develop and advance skills through training | 25 | 12 | 6 | 1 | 2 |
| 5. | Organization provides employees with opportunity to develop and advance skills through job rotation | 14 | 15 | 9 | 3 | 4 |
| | **Total** | **93** | **57** | **51** | **16** | **9** |
| | Average score (percentage) | 41 | 25 | 23 | 7 | 4 |

**Source: Field data**

Table 4.5 shows that majority of the respondents (average 66%) were satisfied with the organization's mentoring programme, 11% were dissatisfied with the programme while 23% were neutral. Critical analysis of the results indicates that the mentoring programme is more informal than formal and in most cases; it is conducted through training and job assignments.

The last research question examined if succession planning provide for leadership continuity at all levels within the organization. Three items were used to measure the provision for leadership continuity at all levels within organization by the succession plan. Results of the survey are shown in Table 4.6.

**Table 4.6: Respondents' Opinions on Provision for Leadership Continuity at all Levels**

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----|------|----------------|-------|---------|----------|-------------------|
| 1. | Within the organization there is identification of talent at all levels | 10 | 13 | 7 | 12 | 3 |
| 2. | There is open communication and knowledge of succession plan | 8 | 12 | 14 | 6 | 5 |
| 3. | Strategic plan determines which positions will be in succession plan | 10 | 18 | 8 | 7 | 2 |
| | **Total** | **28** | **43** | **29** | **25** | **10** |
| | Average score (percentage) | 21 | 32 | 21 | 19 | 7 |

**Source: Field Data**

Table 4.6 show that, on average 53 percent of the responses were related to satisfaction with the way succession plan provides for leadership at all levels within

the organization. It also shows that 26% were not satisfied with the statement while 21% were neutral.

## 4.4 Discussion of Findings

The study is aimed at evaluating how MKCB Plc implements succession planning for the purpose of achieving organizational continuity. The evaluation focused on five key areas of succession planning; objectives, management participation and support, competency level assessment, provision of mentoring programs and provision for leadership continuity at all levels. For this purpose, it was presumed as research hypothesis that the existence of the five aspects ensures organizational continuity.

The questionnaire was designed and distributed between management and employees in different sections and departments evaluate how MKCB Plc carries out its succession planning. In this section of the dissertation, the attempt is made to discuss different findings from the results obtained by the survey questionnaire.

Examining findings for Research Question 1, What are the objectives of succession planning and management in your organization? Although the five objectives are inter-related and overlapping, two objectives (i.e. to meet the future needs and to fulfill the position) scored the highest percentages than the rest. The two objectives were closely related as one objective focuses more on the future while the other on filling the current near future needs. A comprehensive corporate succession plan will identify both a company's current talent needs along with its future needs and the

organizational direction (Kowalewski *et al.,* 201). Apparently, companies which are less sophisticated in succession planning focus more on this objective (Kim, 2006). This finding is also similar to five generations of succession planning as suggested by Rothwell (2005). An earlier generation of succession planning can be similar to replacement.

The second finding answered research question two: Does management participate and support succession planning and management? Interestingly, the findings demonstrated the management's commitments in instituting and implementing succession planning.

Management's participation and support follows their realization of the importance of succession planning in organization's continuity and the costs of hiring someone from outside the organization. Organizational success depends on having the right employees ready to take over with the right competencies at the right time (Kowalewski *et al.,* 2011; Lewis, 2009). Also hiring someone from outside the organization would take long time to understand the inner workings of the company. Companies realize that to be effective, individuals have to know the business and know the players. In a fast changing, competitive world, time cannot be sacrificed (Flander, 2008).

The third finding provided answers to research question three that evaluated the extent of assessment of competency levels of current employees when they want to determine the current and future needs. This finding is a reflection of the awareness

of the organization's needs for present and future leadership skills. This assessment results in management making informed human capital development decisions that benefit the company in both the short and long-term. An organization can then recognize and optimize its human capital by creating a workforce that is and will continue to be flexible and responsive.

With implementation of succession planning, many employers now have well conceived training and development programs to be certain to have qualified employees ready to fill key positions (Kowalewski *et al.,* 2011).

To enhance leadership skills the provision of mentoring programs is necessary. The findings of this study are consistent with previous research (Husain, 2009) that has showed that mentoring enhances sense of self-esteem; leads to fulfillment of development needs, improves professional, leadership and collaborative skills; makes mentors better listeners; helps reaffirm own successes, and the mere fact of being asked to be a mentor is a powerful compliment.

A critical analysis of the findings shows that MKCB Plc runs both formal and informal mentoring programs simultaneously. However, more emphasis is placed on informal succession than the formal succession; the reason that could be related to relatively high costs of the formal succession planning. It could be inferred that with two kinds of mentoring programs running simultaneously the organization is likely to maximize the potential benefits of mentoring and achieve intended objectives at the right time.

The involvement of employees at all levels in formulation and implementing succession planning creates an environment of trust and enhances collaborative skills. The employees are highly satisfied with their involvement in succession planning activities. This finding is consistent with previous research by Kim (2006).

## CHAPTER FIVE

## 5.0 CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

The objective of this study was to evaluate succession planning in relation to insuring continuity. The study used MKCB Plc as a case. The evaluation focused on five key areas of succession planning; objectives, management participation and support, competency level assessment, provision of mentoring programs and provision for leadership continuity at all levels. The study employed questionnaires and interview to collect primary data and the sample size was drawn from staff at all levels within the organization.

The study used descriptive statistics such as percentages and tables to analyze the collected data. From the result of this study, several conclusions can be drawn: first, succession planning is an integral element in organization's continuity. This means that the success of any business depends on depends on having the right employees ready to take over with the right competencies at the right time.

Second, the results confirm that MKCB Plc's management is aware of succession planning and its potential to their success. Having a succession plan within is an organization implies that the benefits derived from succession always exceed costs. However, MKCB focuses more on informal succession than formal one. This implies that potential benefits from informal succession outweigh those from the formal succession.

Lastly, employees at MKCB Plc are highly satisfied with the overall implementation of succession planning. The high level of satisfaction with succession planning may be a result of their full involvement in all sorts of succession activities within the organization.

## 5.2    Recommendation

Before drafting succession planning policies and procedures it is important for an organization to clearly define the objectives of succession planning and management programs. Second, for a successful implementation of a succession plan; whether formal or informal, management support is important from its initial stages. The management support ensures the availability of needed resources and its continuity

Third, from the small company to the international conglomerate, leadership development is important in business. Prior assessment of competency skills should be undertaken in order to establish the deficiency and needs that will be addressed through development of trainings and other mentoring programs.

Lastly, the development and implementation of succession plans must involve all staff at different levels to ensure the continuity of the succession planning and realization of the potential benefits of succession.

## 5.3    Future Research

Future research in this area could include a larger sample size, different population and additional variables that could be used to evaluate the implementation of succession planning in different organizations.   Additional variables would add

additional depth and breadth to this area of research. A qualitative and/or quantitative research regarding the impact of succession planning in organizations would also be beneficial to organizations. Future research could include an analysis of succession planning in today's economic conditions and analysis of specific industries. In addition, completing a survey with a larger population may produce different results.

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**APPENDICES**

**Appendix I: Interview Guide Questionnaires**

Dear Respondent, I am a second year student at The Open University of Tanzania, pursuing the MBA. In order to fulfill the requirements of my degree I am doing a research on the Assessment of Banking Succession Planning in Banking Industry in Ensuring its Continuity. The answers you provided will remain confidential and be used solely for academic purpose. I kindly ask for your cooperation in answering this questionnaire.

Please indicate the extent of your agreement or disagreement by ticking the appropriate box that accurately represents your views.

1. What is the objective of implementing succession planning in your organization? (choose only one)

| No | Objectives |
|----|-----------|
| 1 | To meet the future needs |
| 2 | To strengthen internal leadership bench |
| 3 | To fill the position |
| 4 | To enhance diversity |
| 5 | To accelerate Development |

2.      Management's participation and support of succession planning

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|---|
| 1. | Management encourages staff to follow succession plan | | | | | |
| 2. | Management participates in determining criteria of succession plan | | | | | |
| 3. | Management ensures that a succession plan is followed once implemented | | | | | |

**3.**      Assessment of competency levels

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|---|
| 1. | Organization assesses core competencies to determine gaps | | | | | |
| 2. | Organization assesses core competencies to determine future needs | | | | | |
| 3. | Organization conducts capability assessment to benchmark skills required for critical roles and further development | | | | | |

**4.** Provision of mentoring services

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|---|
| 1. | Organization has a formal program for professional development for its employees | | | | | |
| 2. | Organization has a informal program for professional development for its employees | | | | | |
| 3. | Organization provides employees with opportunity to develop and advance skills through job assignments | | | | | |
| 4. | Organization provides employees with opportunity to develop and advance skills through training | | | | | |
| 5. | Organization provides employees with opportunity to develop and advance skills through job rotation | | | | | |

**5.** Provision for leadership continuity at all levels

| No | Item | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----|------|----------------|-------|---------|----------|-------------------|
| 1. | Within the organization there is identification of talent at all levels | | | | | |
| 2. | There is open communication and knowledge of succession plan | | | | | |
| 3. | Strategic plan determines which positions will be in succession plan | | | | | |