Investigation of Succession Management in Private and Public Sectors (With an Emphasis on Cultural Organizations)

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Abstract—Current age, is age of organizations and their custodians are mans. So it can be named “human resource” as the most important source in organizations. In competitive world of today, only organizations can be surviving that develop and training their human resource, especially key managers and employees. In current article, first addressing to the concept of succession management and its differences with replacement planning. Then, discussing about succession management and its differences in public and private sectors. Finally, investigating the succession management in cultural organizations as example of public organizations.

Index Terms—Management, Succession Planning, Private Sector, Public Sector, Cultural Organization.

1 INTRODUCTION

In current competitive world organizations can survive that have planning and realistic forecasting of future challenging events. No longer be entrusted to the fortune and cannot be achieve to development by trial and error and routines. In increasing environmental challenges and more value of intellectual capitals, more than ever appears the necessity for continues management and promotion of employees. These facts make succession management one of the most important topics in scientific and managerial centers of developed countries over the past two decades. Always appointment and appropriate staffing for managerial positions are primary tasks of human resource departments, these important tasks carry out with different systems, which one of the most important is succession management. Although succession management in its most basic definition is defined as a “determine of future leaders”, but in fact this planning as same as voluntary process for certainty from continues leadership in key positions, maintain and development of spiritual and scientific capitals for future, and encourage of people to development, stem from macro strategy of human resource (Helton & Jackson, 2007, p.6).

In this systematic process personal and professional training synthesize with strategy and make certainty that organization has readiness to fill vacant important positions with relevant staff (christie, 2005, p.4-23). Filling managerial vacant is main goal of succession management system, and if organization don’t wise to it, go off rate of managers in long term due to development need, organizational expansion, structural changes and organizational culture type will make problems.

2 SUCCESSION MANAGEMENT IMPORTANCE

No longer with Managerial motto of “hire from outside and promote from insight of organization” fill key positions in organizations. Evidence suggests that, in seven hundred rich histories of utopian companies, only in 4 cases, taking the responsibility for managing has been entrusted to outside the organization. Whatever distinct the utopian companies from other companies isn’t the quality of leadership, but is leadership in consistency of quality. Utopian companies have given more important to training and promoting managers than other companies, and it is institutionalized in their organization.

Organization that don’t regarding the future, afloat to problems in achieving its objectives and ultimately fails. Prospective Organization is an organization that seeks to succession management efforts. According to scientists like Charles Hindi and Peter Drucker, Organizations of the third millennium, speaks the concepts such as knowledge managers, organization learning and knowledge creating. Therefore, wisdom in this era, create greater ability and managers should be trained not to be born. In assessing the importance of succession management among the important issues that companies are faced in the next five years, according to a survey after financial and strategic issues, the succession management is regarded as the third most important issue. Yet conducted researches on the issue of succession management and talent in organizations are very limited, and few literatures which are available about this issue are not completely representing all aspects of succession management plans (Huang, 1999, Hunte-Cox, 2004, Mandi, 2008).

3 SUCCESSION MANAGEMENT APPROACH

There are three main approaches that companies use to manage succession: short-term planning or emergency replacements, long-term planning or managing talent, and a combination approach. A short summary of these main approaches
will highlight the differences.

4 SHORT-TERM OR EMERGENCY REPLACEMENTS

Although not the preferred method, this is the most common succession management approach. Short-term replacement planning is focused on an urgent need caused by a sudden development within the organization, an example of which is when a talented employee unexpectedly exits the organization. Emergency succession planning can come into play any time the organization expands in a new direction or discovers the talent gaps to fill the required managerial role. Generally, human resources functionaries will try to fill the role from within the organization, but they often turn to external recruitment, if no suitably trained or capable replacement can be identified within the organization.

5 LONG-TERM PLANNING OR MANAGING TALENT

Talent management is future oriented and focuses on the future needs of the organization. Working within the strategic framework of the company’s future goals, employees are invited to take part in an assessment process in order to identify successors in a more scientific manner. The advantages of such an approach include: talent pools with possible successors for every critical role, defined future skills required for the success of the organization, motivated employees due to involvement in their career growth, and retention. Some of the disadvantages of this approach point to the fact that it is expensive and time consuming, the existing employee-base may not have the required skills and experience for the critical job roles and outside hiring can lead to resentment.

6 COMBINATION APPROACH

A combination approach allows senior management to plan for the long-term growth of both the organization and employees within the organization and prepare for emergency replacements to ensure that business is not affected by knowledge loss or lack of skilled employees. The organization should therefore focus on promoting talent from within as well as drawing talent from the workforce. This provide balance in terms of promoting experienced incumbents based on corporate views, policies and plans as well as benefiting from the diverse perspectives, fresh knowledge and a drive to change from new recruits (Stadler, 2011, p.265).

7 SUCCESSION PLANNING VS. REPLACEMENT PLANNING

Historically, the organizational deliberate was onreplacing key employees exactly before they leave the organization. Replacing employees and not developing them was a big and common mistake by organizations. In addition, there are many problems arising from the replacing process. For example, in many cases, it is hard to find the right employee for a new vacancy in a short period of time. Furthermore, if organizations could not find a right person inside their organization, they must hire him/her from outside, and this will cost more for the organization. Through the years, organizations have realized that they can discover their future managers and leaders inside their own organizations. They also, find out that using tools such as succession planning can help them be confident on having their future potentials’ needs (Mehrabani & Mohamad, 2011, p.371).

Comparison between succession management and replacement planning shows that although succession management focuses on organizational needs forecast, replacement planning focuses on filling vacancies. Replacement planning is the traditional approach to promote people within the organization and is not associated with the development and training of leadership. Replacement planning linked to organizational position that right now needs someone to fill it. Succession and talent management are linked to potential and developing these potential for preparation of qualified candidates for future responsibilities (Rothwell, 2010, p.32). On the other hand, Wolf argues that replacement planning focus on risk management and is ideal for dealing with crises. While succession management planning is in direction of continuous leadership and making talent for organization, so organizations survived with its planned knowledge and insight (Wolf, 1996, p.16).

8 LEADERSHIP SUCCESSION PLANNING AND MANAGEMENT IN THE PRIVATE SECTOR

Leadership succession planning and management has been a topic of concern in the private sector, since the 1980s. Friedman stated: Contrary to general opinion as recent as a decade ago, it is now widely accepted that in order to meet the demands of a complex, turbulent environment, organizations must have effective human resource strategies. Friedman’s research found that only having a formalized succession system in place was not enough. In addition to a formalized system, there must be an ongoing control of the system reflecting a high priority placed on succession issues. Friedman referred to the management of leadership succession as an important human resource strategy seen as essential for private organizations to compete in an increasingly competitive and complex environment.

Thoughts about leadership succession planning and management evolved from replacement planning. Replacement planning requires the identification of anticipated openings and locating individuals who are seen as viable replacements for those vacating their positions. Rothwell offered: In its simplest form, replacement planning is a form of risk management . . . The chief claim of replacement planning is to limit the chance of catastrophe stemming from the immediate unplanned loss of key job incumbents.

Succession planning and management includes replacement planning; however, it also involves the development of leadership capabilities with an emphasis on change and teamwork explained: It is proactive and attempts to ensure the continuity of leadership by cultivating talent from within the organization through planned development activities. It
should be regarded as an important tool for implementing strategic plans (Zepeda & et al, 2012, p.139).

9 LEADERSHIP SUCCESSION PLANNING AND MANAGEMENT IN THE PUBLIC-SECTOR

Succession planning and management has been identified as a critical practice in public sector organizations. Most notably, succession planning and management has been studied in the healthcare professions, particularly in the area of nursing (Zepeda & et al, 2012, p.140). An essential employee in a public sector agency unexpectedly resigns leaving the organization with a substantial gap in institutional memory, knowledge, and leadership. Institutional personnel, community leaders, and stakeholders are asking critical questions. How long will it take to have a replacement? Are there internal candidates? Where can the right person be found? Why is someone not ready for this job? Why didn’t the organization plan for this occurrence? According to Blunt (2000), growing the next generation of public sector leaders may be “the single most critical responsibility of senior public service leaders today”. The natural ebb and flow of human events—retirement, career mobility, ill health, termination, or even death—require institutional responses to the leadership gaps all organizations inevitably face (Lynn, 2001, p.114).

Increasing turbulence in the public sector environment, characterized by organizational restructuring, funding uncertainties, and increasing program complexities, has substantial effects on the ways public sector organizations respond to leadership replacement.

Other research has focused on the nature of succession planning within federal agencies. Acknowledging the somewhat disjointed, often transitory nature of service at the executive levels of federal service, survey results from 54 public sector organizations lend support to the contention that succession management has been largely absent from strategic human resource planning at the federal level (NAPA, 1997). According to the survey, only 28% of government respondents had implemented or planned to implement a succession management program. Yet at the same time, over half of all respondents believed their organizations did not have sufficient leaders to meet emerging changes (NAPA, 1997). Even where an agency emphasized the leadership development model, only 11% of the NAPA respondents linked succession efforts to strategic plans; only 15% prioritized succession management efforts as part of ongoing fiscal commitments. Scant public sector research centers on efforts using succession management as an ongoing human resource process or as a strategic management strategy (Lynn, 2001, p.121).

10 COMPARISON OF SUCCESSION PLANS IN PRIVATE AND PUBLIC SECTORS

The importance of succession planning and management in the public sector is driven by the projected attrition rate of workers in many public-sector organizations. Principally, leader attrition in state and federal government jobs is greater than the anticipated turnover in private-sector organizations. Ibarra stated: The percentage of those eligible for retirement in state and federal governments is unknown, but it is expected to be alarmingly high. In fact, 46.3 percent of government workers are aged 45 or older. Compared to the private sector, where just 31.2 percent are 45 years or older, this fact indicates that the government sector is at the forefront of this trend.

Public organizations do not perform as well as private organizations in the area of leadership succession and management. In a survey study of 54 federal agencies and public sector organizations, the National Academy of Public Administration (NAPA) revealed that “public-sector organizations shared the same concerns as private-sector organizations in relation to having sufficient leaders to meet emerging changes in their organizations”. However, there was little attempt to manage or to plan for leader succession in the organizations that participated in the NAPA study. The findings of the NAPA survey revealed that one reason that approaches to succession are different in public-sector organizations than they are in private-sector organizations is existing barriers that are unique to public organizations. Organizational culture, low priority given by organizational leaders, insufficient resources, inadequate rewards, limited mobility, and lack of role models were cited as barriers to planning and managing the succession of school leaders (Zepeda & et al, 2012, p.140).

Public and private sector responses have involved different approaches to the identification and development of institutional leadership capacity. Public sector leadership is primarily predicated on open competition, merit, and competitive testing mechanisms or seniority (incorporating collective bargaining as a subset of a civil service personnel system).

Conversely, the private sector response to executive replacement not only includes open competition and competitive testing mechanisms but may also encompass a number of different strategies involving the early recognition of high-potential candidates, providing opportunities for professional development and ultimately advancement within the organization.

Although the initiators of organizational change may vary, public and private organizations increasingly share a common experience. Whether public or private, the ability of an institution to survive turbulent times is based on the organization’s capacity to produce sustained and high quality leadership over time. “Sustained innovation,” the ability to keep change alive, extends beyond sector characteristics and encompasses the leadership capacity of all organizations. Thus, effective and sustained leadership contributes toward an organization’s weathering storms of change, whether caused by downsizing, technology, or public expectations (National Academy of Public Administration [NAPA], 1997).

How organizations address leadership capacity building is an important indicator of an organization’s ability to develop the intellectual capacity necessary for it to thrive. This is no less the case for public sector agencies facing formidable challenges in identifying and nurturing the next generation of public service leaders. Increasingly, leadership capacity building is receiving renewed attention as governmental and other public sector
agencies face mounting pressures to ensure organizational sustainability, flexibility, and responsiveness in the face of increasing uncertainty and limitations. The inability of the public sector to meet leadership needs is similar to that of the private sector. What stands in marked contrast is the way each sector has responded to the challenge of building leadership capacity. Leadership strength within public organizations has traditionally rested on the ability of public managers to provide reliable and predictable direction in an environment characterized by incremental change and improvement (Lynn, 2001, p.115).

11 Succession Management in Cultural Organization

Today culture is considered as most important context of evolution in human societies and scholars and experts investigated the elegances and special features of leadership and management of talents. So raising some questions such as: What are the cultural models in the area of succession management? What are the effective Individual and organizational factors on succession management in this area? Or which one of the methods of succession in this area is effective and practical? Represent distinctive features of management in this area and different nature of succession management in the field of cultural organizations than other types of organizations.

There are no recent studies dealing specifically with the cultural sector that document and shed light on this issue, despite the fact that succession is regarded as a difficult step in many other sectors and is often linked to a high rate of mortality among firms.

Landy research also indicated that cultural institutions in new recruitments and retaining individuals in managerial positions faced with difficulties (Landy, 2011, p.44). One of the necessities of regarding to succession in cultural organizations stem from financing budget of these organizations from individuals or the states. So the fundamental responsibility of these organizations is to optimize use of resources and budget through planning for the future and wise use of resources. In this case, succession management will become an important and critical issue in these organizations.

From point of view Landy, succession management in cultural organizations is: Management succession is a process of leadership change, within a cultural organization, whereby a replacement is carried out in a key management position such as artistic director, administrative director or general director. This change may or may not be planned and may be either desired or imposed. The goal of succession is to facilitate the achievement of the organization’s artistic mission and strategic objectives, thus ensuring its artistic vitality and sustainability (Landy, 2011, p.44).

This simple definition does, however, raise an important issue. Many researchers interested in succession consider planning to be the key factor in success. Lebreton-Miller, Miller and Steier (2004) contend that there is consensus on this issue (Breton & et al, 2004, p.305-328).

Other authors are more nuanced in their interpretation of the importance of planning. According to Sharma, Chrisman and Chua (2003), for example, the presence of a competent successor, coupled with the incumbent’s willingness to engage in the succession, is the driving force (Sharma & et al, 2003, p.1-15).

On the other hand Morris, Williams and Nel find that successful transition resides not in the planning but rather in the relationships among the actors involved. In their survey, 60% of participants cited cooperation as a key factor in success, while only 25% mentioned the preparation level of the heir and 10% mentioned planning. (Morris & et al, 1996, p.68-81).

Also in other investigations the researchers showed similar findings and confirm the results of these researches. For example, Landy in his study refers to findings of Abruzzo with this theme that: Only 10% of American cultural organizations had a formal or informal succession plan, even though 60% of respondents cited the importance of training a replacement. The findings are similar for SMBs (St-Cyr and Richer, 2003): 66% of leaders with less than 10 years remaining before retirement had not yet identified a potential successor (Landy, 2011, p.46).

Analyzing the results of previous studies about substitution showed that methods of succession planning practices are not widespread. Landy in his researches mentions that there are three types of succession in the cultural sector: planned, emerging and spontaneous. These constitute an initial typology.

Planned succession: This type of succession entails a formal exercise similar to a business or strategic plan. It is linked to the organization’s strategy and mission. Succession is perceived as a smooth and well-organized process. It may or may not include talent development. The successor is chosen and his or her skills are fostered. There may be a period of transition from one director to the next. The model for planned succession is the Steppenwolf Theatre Company of Chicago, whose formal succession plan included the announcement of the departure of the artistic director, the selection of a successor by a committee, mentoring, and a form of artistic management that was in keeping with the organization’s mission.

Emerging succession. Here, succession is the result of the development of leadership, accumulation of experience and gradual familiarity with the organization. It is therefore perceived as emerging naturally by way of concrete actions, without any conscious preparation. A successor is not necessarily identified in advance. The model for this type of succession is the National Ballet of Canada, with its process for replacing its artistic director and administrative director. Upon the departure of the artistic director, Karen Kain, a long-time resident artist, applied for the position. Well-acquainted with the National Ballet from within, Kain was familiar with the different issues facing the company. The situation was much the same for the company’s new administrative director, who had served on the board of directors for many years. Spontaneous succession. In the case of spontaneous succession, there is no planning.

The candidate is identified and selected, based on his or skills and the requirements of the position, when a vacancy arises. There appear to be no pitfalls associated with this procedure. Various entities are consulted, including contacts,
head-hunters and networks. The model for spontaneous succession is the New York Philharmonic. While serving as director of another organization, Zarin Mehta was approached by a member of the Philharmonic’s board of directors to take over the position from the departing director. This means of filling management positions is akin to the “pick of the crop” model described by Bournois and Roussillon (1988) in their typology of methods for filling top management positions. This model entails no planning but rather a search for competent persons as the need arises (Landy, 2011, p.47). Succession in the cultural sector is a complex phenomenon characterized by a plurality of practices.

Hence, there are different ways to succession that one is succession planning that in its kind has supporters and opponents. One of the ways to take the appropriate method, referring to the organization’s strategy. As Landi also believes, the concept of organizational strategy can help to define and describe the succession in this area.

12 DISCUSSION AND CONCLUSIONS

The results of the reviewing the succession management literature indicate the importance of this issue in the survival and growth of both private and public organizations. Therefore, the importance of succession management in public and private organizations has sensed. However, the competitive and turbulent environment of private organizations led to private organizations giving greater importance to succession management as mechanisms of maintain and development of human resource and key employees. In assessing the differences of Succession management in private and public organizations, research results have shown that in private sector succession management considered in strategic planning while a few of the efforts about succession in public sector linked to the strategic plans. Research results showed that in public sector neglect succession management and its planning, and in this case public organizations don’t perform as well as private organizations. The results of one of the researchers in this area pointed out that cultural institution in new recruitments and retaining individuals in managerial positions faced with difficulties. However, investigations show that strengthening leadership in governmental organizations depends on the ability of governmental managers. Therefore, with regard to organizational and cultural conditions of the public sector, recommended that future researches focus on identifying managerial factors that influence the succession planning, including psychological and behavioral factors.

REFERENCES