CHAPTER 1

INTRODUCTION

In the era of globalisation of business and commerce, deregulation and the
advances of information technology and communications, no organization can afford to
be left behind in the corporate rat race. The market place is ruthless and unforgiving,
favouring the fitter, more agile and more responsive organizations. In the current
competitive environment; products, services, processes and technology can be easily
imitated but human capital (i.e. employees) cannot. A successful organization, therefore,
looks at people as a business asset and understands how its human resource contributes to
its bottom line. Thus, many ways have been adopted by management to rectify the
scenario and as well as to refrain its potential employees being ‘snatched’ by other
players in the industry and considering all affected factors, succession planning may be
the panacea.

Fortunately, after the economic crisis in the late 90s, most Malaysian companies
have come to realize this phenomenon and know that in today’s world of stiff
competition, no one can afford to lose their valuable human capital, especially the
ambitious, creative and innovative ones. It is no longer the employer’s market. A
valuable employee is spoilt for choice these days with the offers from not only local
organizations, but foreign firms a well. Company need to realize the value of the
employee and find ways and means to attract and more importantly, sustain the right
people. Malaysian firms can no longer sit back and reap the benefits of a peaceful
country with abundant resources and numerous opportunities and not face the
consequences. Customers are more educated and competitors are being more aggressive. A sleeping giant will not survive the next decade without making innovative and creative decisions to ensure its market share is not only maintained but grows.

One of the key elements of ensuring sustainability and survival is having competent, hardworking, innovative and dynamic employees. With this realization comes the awareness that sort of employees described above require more than just a regular monthly salary. In today’s world of idealist, materialist and spiritualist, employees are no longer content with having just a regular paycheck. Some are looking for the work-life balance, while others are demanding more empowerment, money and position as well as recognition. Employer must be able to meet the need of employees without jeopardizing its own bottom line.

This chapter describes the likely issue of how organizational culture and leadership influence the implementation of succession planning. Spoor (1993) quoted that succession planning was then a luxury but now has become an emerging issue. The notion supported by Fancher (2007) whereby she highlighted that organizations nowadays are faced with a multitude of complex challenges and succession planning is one of critical requirement of organizational longevity. She also highlighted that organizational culture as a contextual factor in succession planning has not been rigorously researched whereby it is an important area for study and theory generation.

Leadership is one of the most salient aspects of the organizational context. Leadership contributes significantly in the success and failure of an organization (Lok and Crawford, 2003) thus, its characteristics will definitely influence all internal business
processes; in this context - succession planning process. It is crucial for leaders to be
instilled with good leadership traits, as they, somehow, will influence their subordinates
to work on their ways.

    Quote by anonymous, good leaders are made not born. If one has the desire and
willpower, he can become an effective leader. Good leaders develop through a never
ending process of self-study, education, training, and experience. This guide will help
them through that process. Hence, to inspire workers into higher levels of teamwork,
there are certain things you must be, know, and, do. These do not come naturally, but are
acquired through continual work and study. Good leaders are continually working and
studying to improve their leadership skills; they are NOT resting on their laurels.

Problem Statement

    The challenges that organizations face today are remarkable and likely to increase
in scope and complexity. Looking at the current trend, having a fast track employee as an
heir apparent is no longer a relief to a company. The head-hunter agencies always
peeping for opportunity to steal the heir thus the management can no longer afford
lengthy internal development. Succession planning is perhaps one of the strategies for
retention. Nevertheless, little research was conducted on the influence of organizational
culture on the implementation of succession planning. However there were a lot of
researches findings showed how succession planning contributes to sustainable of an
organization in the market. Recent research points to those who do internal succession
well, with little disruption and ready change depend on their ability to execute plans
Charan and Colvin (1999) and Conger and Nadler (2004) stated that the reason that many plans don’t work, lies in their execution.

Let’s suppose that one key person of a company unexpectedly resigned. Who are the potential internal candidates? Why don’t we have someone ready for this position? Where can we find the right person? How long will it take to have a replacement in place? These are questions that always been asked by the management should the circumstance occur. Definitely, by looking at the coherent complexity, succession planning is the solution, the knight in shining armour.

Unfortunately, employees in Malaysian companies have a tendency to inherit the so-called “government” mentality where the red tapes are plentiful and seniority is normally the sole consideration for a promotion. It would be rare to have an executive with the three years of working experience to be promoted to a managerial position in any Government Linked Companies (GLCs) in Malaysia. If a managerial position were to be open, the likely candidates would be employees with at least five to seven years of experience with an adequate or non-controversial performance track record. It is little distressing to see a lot of potential ingenious young minds be demotivated by this sort of situation and instead persevering, they either leave the organization for greener pastures or sadder still, conform to the cultures and practices already deeply ingrained within these organizations and become “one of them”.

When asked if their organization has a succession plan, most of the HR practitioners will say “yes”. However, how true or how effective the succession planning has been implemented in an organization. According to anonymous (2008) some
organizations are engaged in a closer process closer to replacement planning then true succession planning. The goal of replacement planning is to identify a “back up” to fill the job when it is vacant. The focus is on past performance and demonstrating skills to fill a particular role. By contrast, the goal of succession planning is to identify a “talent pool” that can be developed in preparation for future responsibilities and considers not only past performance but the future potential of the individual.

Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes, such as beliefs, values, ethics, characters, knowledge, and skills. Although your position as a manager, supervisor, lead, etc. gives you the authority to accomplish certain tasks and objectives in the organization, this power does not make you a leader, it simply makes you the boss. Leadership differs in that it makes the followers want to achieve high goals, rather than simply bossing people around.

Asking my own self, what makes a person want to follow a leader? Simply because people want to be guided by those they respect and who have a clear sense of direction. Nonetheless, to gain respect, they must be ethical. A sense of direction is achieved by conveying a strong vision of the future.
**Objective of the study**

The primary focus of this investigation is:

To study the influence of organizational culture on the implementation of succession planning.

The specific objectives of the research are:

- To examine whether or not, the organization practices the succession planning process from its employees’ point of views.
- To make a sound evaluation of the influence of the organizational culture on the implementation on succession planning in local organization.
- To further test the impact of leadership behaviour on succession planning implementation
- To gain insights that can be used for management to deliberate the process of succession planning.

**Significance of the study**

Previous empirical findings have shown that the success of executing succession planning can give a great impact to the well being of both an heir within the organization and the organization itself. Hence, this study of implementation of succession planning subsequent to the organizational culture influence will provide valuable insight to the management; particularly companies that are seriously trying to create the idea internal equity culture and solidarity within their organization. The findings can be used as a
guide to improve on the existing succession planning process and the overall evaluation environment.

The results of this study could prove to be beneficial in more ways than an employer may realize. Therefore, if level of intervention from CEO or Head of Division so as their favourite successor or human resource division in term of its planning process is continuously wrecked the results, the debilitating effect could escalate from somewhat disturbed to completely devastating.

In summary, the study aims to gain a comprehensive view on the effect of the organizational culture on the implementation of succession planning.

**Assumptions of the study**

There are a few assumptions used in this study. Firstly the study examined the respondents regardless of their educational background such as local or overseas graduates, and diploma, degree, or higher qualifications.

Secondly, the sample chosen for the study are executives who have been working in the company at least twenty years and currently resuming positions in HR division of the organizations for the senior management position and eight years for the rest of respondent.

Finally, since the research model and instrumentation are adopted from the western literature, it is assumed that the model and the instrumentation are suitable and applicable for use in the Malaysian context.
Limitations of the study

The results of the study are limited to a few factors, which will confine the ability to generalize the findings. Firstly, this research focuses on executives from two organizations with their own unique cultures and practices which may limit the utility of the overall findings. Replication of similar research to other organizations will further expand the understanding of the relationships.

Another limiting factor is the data are drawn from the respond of the selected respondents through a series of interview session. Therefore their views and opinions are restricted to answering the semi-structured interview sessions only.

Definition of terms

Succession Planning

According to Rothwell (1994), succession planning was first introduced by Henri Fayol who believed if succession planning need were ignored, organizations would not be prepared to make necessary transitions. Rothwell (1994, p.28) also posits that Human Resource succession planning is “a deliberate and systematic effort by an organization to ensure critical personnel continuity in key positions and encourage individual advancement”.

Succession planning allows an organization to prepare for the absence, departure, death, retirement, or termination of an individual. It provides for continuity of culture and the evolution of necessary skills for an organization (Blaskey, 2002; Schein, 1999; Swanson, 1994).
The term succession planning refers to the processes by which an organization identifies and develops potential candidates for leadership and management positions within an organization. However, a more comprehensive definition of succession planning is the process of ensuring a suitable supply for current and future key jobs successors, so that career of individuals can be managed to optimize the organization’s needs and the individuals aspirations (Dessler, 2000).

The literature suggests that the definition of the succession planning process is unique within each organization and therefore questions remain as to the impetus, stages, length of time, participants, support, outcomes and measurement of the success of the process (Karaevli & Hall, 2003; Kesner & Sebora, 1994; Vancil, 1987).

However, in other publication, Friedman and Olk (1995) suggest that succession begins when candidates and selection criteria are considered and ends with a new CEO in office. Kur and Burning (2002) state that the process has only two steps: 1) identification of candidates and 2) development.

Organizational Culture

According to Ott (1989), organizational culture consists of the beliefs, values, norms, customs and practices of the organization. Schein (1992) defined the concept as a system of norms, shared values, concerns, and common beliefs that are understood and accepted by the members of the organization. The members of the organization accept these as valid, follow them and teach them to incoming members as a pattern to be followed for problem solving and as required thinking style and behavior.
The values, mission, and vision of an organization are artifacts of the organization's culture. The values of the organization speak to the beliefs of the organization and are influenced by the people who make up the organization. The mission speaks to the purpose of the organization. The vision speaks to the future goals of the organization. Together, these play a role in how the culture of the organization is defined. A simple definition of organizational culture is offered by Fairfield-Sonn (2001) as "how we do business here" (p. 38).

Langfield-Smith (1995) affirmed that organizational culture is shaped and articulated not just by individuals but also by new and old organizational features. The organizational structures, routines, command and control expectations, and operational norms all have influence. Hofstede (1991) defined culture as the collective programming of the mind which distinguishes the members of one group from another.

**Leadership**

Bass' (1989) theory of leadership states that there are three basic ways to explain how people become leaders. The first two explain the leadership development for a small number of people. These theories are:

- Some personality traits may lead people naturally into leadership roles. This is the Trait Theory.
• A crisis or important event may cause a person to rise to the occasion, which brings out extraordinary leadership qualities in an ordinary person. This is the Great Events Theory.

• People can choose to become leaders. People can learn leadership skills. This is the Transformational Leadership Theory. It is the most widely accepted theory today and the premise on which this guide is based.

In summary, the basis of good leadership is honourable character and selfless service to your organization. In employees' eyes, your leadership is everything you do that effects the organization's objectives and their well-being.

According to Drucker, the only definition of a leader is someone who has followers. In order to gain followers requires influence but does not exclude the lack of integrity in achieving this. Indeed, it can be argued that several of the world's greatest leaders have lacked integrity and have adopted values that would not be shared by many people today.
CHAPTER 2

LITERATURE REVIEW

The purpose of this chapter is to review current literature related to the topic of succession planning in the context of organizational culture.

According to an Accenture research, 80% of global leaders think “people issues” are more important today than seven years ago, and 68% believe that retaining talent has become more important than acquiring new blood.

The study conducted jointly by Accenture and the Conference Board highlighted the importance of people issues among CEOs. The following tables summarise the findings:

<table>
<thead>
<tr>
<th>All Companies</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty - retention</td>
<td>27%</td>
</tr>
<tr>
<td>Increasing flexibility &amp; speed</td>
<td>24%</td>
</tr>
<tr>
<td>Competing for talent</td>
<td>29%</td>
</tr>
<tr>
<td>Reducing costs</td>
<td>26%</td>
</tr>
<tr>
<td>Managing mergers, acquisitions, alliances</td>
<td>24%</td>
</tr>
<tr>
<td>Increasing innovation</td>
<td>22%</td>
</tr>
<tr>
<td>Engaging employees in company’s vision, values</td>
<td>21%</td>
</tr>
</tbody>
</table>

Table 2.1 Source: Accenture & The Conference Board (2001), The CEO Challenge: Top Marketplace and Management Issue 2001
Organizational Culture as a Contextual Factor in Succession Planning

Kesner and Sebora (1994) has done comprehensive review of succession planning, they called for future research which directed the synthesis and clarification of all that has been done gradually to date. The authors used the metaphor of a puzzle without a place to describe the culmination of research efforts with regard to succession (Fancher, 2007).

The succession process is defined as “calculated, systematic and political” (Kesner and Sebora, 1994) yet we know little more about the specifics of the process than this (Kesner and Sebora, 1994; Pitcher et al., 2000).

**Figure 2.1**: A conceptual model which represents a comprehensive review of the literature as it pertains to succession planning research was done by Kesner & Sebora in 1994 (Kesner & Sebora, 1994, p.364)
Kesner & Sebora’s (1994) model of succession (see Figure 2.1) attempts to consolidate previously researched succession variables in hopes of gaining a more cohesive understanding of the process as well as to spur further research. Their model was formed by grouping variables identified through succession research into one of four categories: 1) succession antecedents 2) succession events 3) succession consequences or 4) contingencies which serve as mediators or potential predictors to succession process outcomes. Using this model, Kesner & Sebora (1994) list organizational culture as a “contingency” placing it under the realm of organizational issues which can affect the succession antecedent, event, and/or outcome. A review of the tables used to summarize the studies, however, does not identify the term “culture” as a specific context in which succession planning was studied. Nevertheless, organizational climate, organizational context (e.g., impetus or the degree of need for change), and shared beliefs (e.g., consensus and politics) were listed.

**Succession Planning and business performance**

Researchers generally agree that business performance is a valid indicator to assess the effectiveness of succession (Morris et al., 1997; Goldberg, 1996). Wang et al. (2004), Sharma et al. (2001) and Morris et al. (1997), suggests that well developed succession plans can increase the likelihood of co-operation among stakeholders in businesses, therefore enhancing the chance of a smooth and effective succession. Nonetheless, converse to the significant concern on planning, business owners and managers rarely outline their future succession (Sharma et al., 2000, 1996).
Seymour (2008) mentioned that succession planning can boost business value, rather than only being a way of averting the dangers of a foreseeable motivational and management vacuum, it can be an opportunity to refresh, revitalised or reposition a staid enterprise in a rapidly changing world. He added that businesses can move forward by optimising the contribution of the existing management, staff and workforce.

**Succession Planning and Leadership development**

According to a study by the Hay Group, a global management consultancy, there are 75 key components of employee satisfaction (Lamb, McKee, 2004). They found that:

- Trust and confidence in top leadership was the single most reliable predictor of employee satisfaction in an organization.
- Effective communication by leadership in three critical areas was the key to winning organizational trust and confidence:
  1. Helping employees understand the company's overall business strategy.
  2. Helping employees understand how they contribute to achieving key business objectives.
  3. Sharing information with employees on both how the company is doing and how an employee's own division is doing - relative to strategic business objectives.
Therefore, in a nutshell – a leader must be **trustworthy** and be to be able to communicate a vision where the organization needs to go.

Indeed, Kur and Burning’s (2002) recent review of succession planning and leadership development practices argued that “corporate leadership can no longer simply rely on planning the replacement of existing leaders” (p.761) and that organizations must focus on developing the leadership function rather than individual leaders. Unfortunately, many organizations confuse effective talent management with replacement planning, which is focused narrowly on identifying specific back-up candidates for given senior management positions and essentially functions as a forecast (Kesler, 2002). Conversely, highly successful organizations focus on creating a comprehensive set of assessment and development practices that support the entire pipeline of talent across the organization (Charan et al., 2001).

Groves (2005) introduced a best practices model for integrating the leadership development and succession planning process through optimal utilization of managers and a supportive organizational culture. The specific practices that organizations and management development professionals must execute to effectively build their leadership pipeline are summarised below:

- develop the organization’s mentor network by fully engaging all managers in mentoring relationships with direct reports and high potential employees in other work units;
- ensure active manager participation in the organization’s method of identifying and codifying high potential employees;
• fully engage managers at all levels in leadership development activities, including teaching courses and creating projected-based learning experiences (e.g. stretch assignments and action-learning projects) for high potentials;

• ensure a flexible and fluid succession planning process by avoiding heir apparent designations, frequently updating lists of high potentials based on project-based performance, and basing succession decisions on a diverse pool of candidates;

• create organization-wide forums (e.g. leadership academy) for exposing high potentials to multiple stakeholders, including senior executives and board members;

• establish a supportive organizational culture through active CEO and senior management participation in development programs and performance appraisal and reward systems that reinforce managerial engagement; and

• evaluate the effectiveness of leadership development practices through empirical studies that model program theory and assess knowledge, behavior, and results outcomes.
Figure 2.2: How an integrated leadership development and succession planning requires active manager participation was done by Groves in 2005 (Groves, 2005, p.246)

Leadership Pipelines

Conger and Fulmer in *Developing Your Leadership Pipeline*, an article which presents leadership development strategies used by several Fortune 500 corporations suggested key concepts concerning the choice and cultivation of future leaders are presented, and the authors suggest that strongest leadership benches are developed when succession management; a combination of succession planning and leadership development is strategized and implemented at all organizational levels. Leadership development is a process that occurs over time, and which uses multiple methods and approaches that vary according to the organizational culture, mission, individual interests, and support and resource systems in place.
In this model, effective succession management happens when corporations adopt a talent finding mindset that occurs when (a) corporate leaders make time for in-depth talent assessment; there is a process in place that differentiates between strong and weak performers; high-potential managers are identified and (b) challenging assignments are given to inexperienced but high potential managers.

The guidelines for building a leadership pipeline are:

• **Focus on development:** Integrate succession planning with leadership development to ensure that you know what skills future leaders need as well as how they can learn these skills. Pair classroom training with all-important work experiences that solve real organization problems while enhancing budding leaders’ general management expertise. Mastery of general competencies in all areas of business is essential.

• **Identify linchpin positions:** Determine which middle to senior management positions are essential to your organization’s long-term health. Keep a full pipeline for those linchpin positions by regularly identifying high potential candidates, then increase their leadership skills by giving them linchpin assignments coupled with team support, training, and/or mentoring. Also, regularly evaluate performances of linchpin incumbents to determine their potential for even more challenging assignments.

• **Make it transparent:** A stronger leadership bench is created when you openly tell managers where they stand on the performance and potential ladder, and what they need to do to advance. To make the succession management process more transparent, consider web-based succession management tools that allow easy and secure access to information for developing leaders and their managers.
• **Measure progress regularly:** Development is a long-term process, so it’s important to know whether the right people are moving at the right pace into the right jobs at the right time. Measurement helps you see where the pool of candidates is too shallow and when the number of attractive jobs is too limited to retain your highest potential managers. Measurement of holes in leadership pipelines can use the following metrics:

  - How many important positions have been filled with internal candidates?
  - How many succession plans have two or more “ready now” candidates?
  - How many of the same employees are “ready now” candidates on more than three different succession plans?

**Perception of male versus female leaders**

Dawley et al., (2004) stated that historically men have been perceived as being better suited to become leaders than women. Traditional gender stereotypes are major reason for negative perception of female leaders. Traditional gender stereotypes depict women as deficient in attributes believed necessary for managerial success (Eagly et al., 2003; Vecchio, 2002). According to Dodge et al. (1995) and Ruble et al. (1984), these traditional gender stereotypes have been very resistant to change. A study of business undergraduate students published in 1988 still showed a preference for a male boss by both men and women (Frank, 1988). These traditional gender stereotypes, when applied to work settings, affect subordinates’ perceptions of female leaders.

In other study, Appelbaum et al. (2003) found that women’s leadership styles are different from their male counterparts, but men learn to adopt and both genders learn from each other. The same researchers conclude that women’s leadership styles are as
effective as men’s, perhaps more so in team-based organizations. The effectiveness of a woman’s leadership style is driven by socialization of that style over time.

Mortality and Leadership Succession

Kotter (1995, p. 61) lists “developing the means to ensure leadership development and succession” among the eight steps required to transform an organization. Conger (1990) cites the failure to identify a successor as being among the eight potential problems associated with visionary leaders.

According to Santora and Sarros (1995) leaders in complex organizations must learn to identify a successor and convey their thoughts as soon as they reach a level of comfort in their leadership position. Leaders need to recognize their own limitations and mortality. Coherently, Lahaie (2005) posits that with attrition there is an inherent loss of corporate memory.

Demographic and Characteristic of a CEO

In the aspiration to find the perfect candidate to succeed as CEO, there have been many studies of the links of demographics and characteristics to strategy, performance, industry and organizational fit (Bigley & Wiersema, 2002; Datta & Rajagopalan, 1998; Fancher, 2007; Fondas & Wiersema, 1997; Keiser, 2004; Shen & Cannella Jr., 2002; Smith & White, 1987; White et al., 1997). The majority of these studies were conducted by auditing public sources of corporate records to indicate links in education, tenure, previous industry experience, age, etc. with conflicting results. In many cases, socio-
political systems, powerful coalitions, and even the degree of socialization proved to mediate the results (Denis et al., 2000; Fondas & Wiersema, 1997; Friedman & Olk, 1995).

Heir apparent development

According to Peak (1997) and Vancil (1987) scholars and CEOs agree that it remains the primary responsibility of the incumbent to produce a qualified successor candidate. Furthermore, a succession that is deemed successful in the eyes of stakeholders is an indication of the overall performance of the incumbent. Much of the research surrounding executive development suggests that there needs to be more involvement of the incumbent, the Board, the top management team, human resources and even the front line managers (Cappelli, 2000; Charan, 2004; Friedman, 1986; Hall, 1989; Karaevli & Hall, 2003).

Although much of the literature already mentioned suggests ideal executive development approaches and programs, we know little about the actual practice of them, when organizations begin executive development programs, how candidates are chosen, how long the development process is, what it entails and how it is utilized in the selection process.

Insider versus outsider selection

Shen and Cannella Jr. (2002) suggest that the context under which a leader successor is hired can affect the impact the successor has on organizational performance. One contextual factor that may affect the impact of leader successor on organizational
performance is successor origin; and successor origin has been dichotomized into insiders and outsiders (Dawley et al., 2004). An insider comes from within the organization. An outsider has no current employment ties with the organization. There are advantages and disadvantages associated with both. An insider already has knowledge of the organization and is assumed to be in a better position to step in and take control since they already “know-the-ropes” (Zajac, 1990). For example, a board of directors might prefer an insider replacement for this reason and also because they are already familiar with his or her background (Zajac, 1990).

Many researchers support the notion that an outsider is chosen during times of poor performance to bring about necessary change resulting in improved firm performance (Dalton & Kesner, 1985; Lauterbach et al., 1999). Others suggest that firm performance is unrelated to the decision of outsider versus insider and that either choice can result in improved performance (Bickford, 2001; Cannella Jr. & Lubatkin, 1993; Shen & Cannella Jr., 2002). More recently, research suggests that the selection of an insider successor leads to improved performance (Zhang & Rajagopalan, 2004).

Another recent research suggests that perhaps insider selection remains less risky, less disruptive and more beneficial than outsider selection (Charan, 2004; Conger & Nadler, 2004; Friedman, 1986; Karaevli & Hall, 2003). Regardless of the excess of studies as to insider versus outsider selection, there remains a lack of empirical evidence to support the decision as one which leads to definitive success.
Theoretical Framework

The dependent variable in this study is Succession Planning which is the variable of primary test, the variance in which this study will attempt to explain by the independent variables of organizational culture. The more conducive organizational culture the lower possibility for the deterioration of the implementation of succession planning.

The study will attempt to determine the extent of influence that the organizational culture has on the dependent variable of study. It is expected that the organizational culture does has an influence on implementing succession planning in Company A and Company B. The relationships between the organizational culture and succession planning are diagrammed in Figure 2.3.

Figure 2.3: Schematic Diagram for the theoretical framework
CHAPTER 3

RESEARCH METHODOLOGY

Aims and Propositions

The main aim of this study is to investigate the influence of organizational culture on succession planning implementation. Also of interest is the influence of other characteristic (in organizational context) with the dependent variable – succession planning.

This study explored the apparent influence of organizational culture on the implementation of succession planning in an organization. This study employs the case-study approach and adopted two Malaysian Government Linked Companies (GLCs) in their respective industries to be analysed. The two GLCs are Company A and Company B. The main criteria used for selecting the two GLCs is:

1. Company A was then a department or SBU of government sector and later was incorporated in 1987, whereby Company B was established in 1974. Company A, in such a way, inherited the so-called ‘government culture’ whilst Company B developed and established its own organizational culture without ‘government culture’ intervening.

The cases are analysed by investigating the following propositions:

**Proposition 1**: There is a strong influence of organizational culture on implementation of succession planning in the companies involved
Proposition 2: The succession planning process challenge the apparent organizational culture

Proposition 3: Leadership is the perceived influence of organizational culture on the way succession planning is implemented in an organization

Qualitative inquiry seeks to understand human and social behaviour from an insider’s perspective or what is called an “emic” perspective (Pike, 1966). The emic perspective is that which is lived by participants in a particular social setting such as an organization. A perspective as the researcher, an “etic” perspective, sought to understand what is really going on within the culture through description, explanation and interpretation.

Sackmann (1991) offers a theoretical framework which best employs both of emic and etic approaches. Sackmann’s work has been utilized successfully most recently in a similar study of the role of culture in the implementation of succession planning (Magee, 2002). This model fulfills the grounded theory and it utilizes four categories of knowledge: Dictionary (What is occurring?); Directory (How is it occurring?); Recipe (What should occur?); and Axiomatic (Why is it occurring?).

Data Collection

Primary data were collected using an interview method. During the first round, qualitative data were collected by conducting semi-structured interviews with senior
member in human resource department of each company. The aim was to obtain an initial stage of understanding the issues and the overall answer from management perspective. In the second round, the same set of questionnaires was used in the interviews that attempting those who have been working with the company more than eight years and the idea was to get support for the findings from the first round interview. A few series of interviews were conducted through telephone call and the purpose was to obtain further inputs which accidentally missed and uncovered during the earlier rounds.

In qualitative research, the researcher is the research instrument. Interview guides should be regarded as flexible and open to change as the research proceeds (Taylor, S. J. & Bogdan, 1998).

Five respondents were selected from each company. They are named as respondent A1, A2, A3, A4 and A5 for those respondents from Company A whilst for respondents representing Company B; they are named as B1, B2, B3, B4 and B5. Both of respondent A1 and B1 are representing the Senior Management positions, ‘the think tank’ of their companies and have a vast experience of more than 20 years in human resource field. The rest of the respondents are those who have been working for more than eight years in their companies and have involved in the succession planning process directly or indirectly and they are representing various divisions and fields in their companies. Follow-up interviews were also conducted through telephone and email. Secondary data were obtained from Annual Reports and companies’ corporate websites.
Data Analysis

A “pattern matching” approach introduced by Yin (2003) was adopted in analyzing data involving generalizing a particular set of results to theoretical propositions. A pattern matching involves predicting a pattern of outcomes based on theoretical propositions to explain what researcher expects to find.

The analysis of result thus relied on *analytical* generalization (Yin, 1984) and not on *statistical* generalization as utilized in most survey research (Nazari and Kwee, 2003). However, the quantitative data would be helpful to support the results of the qualitative data.

Background Information of Respondent Companies

*Company A*

Company A was incorporated in 1987. Its principal activity is telecommunication. Company A, Malaysia’s leading integrated information and communications group, offers a comprehensive range of communication services and solutions in broadband, data and fixed-line. As a market leader in the broadband and fixed-line businesses, Company A is driven to deliver value to its stakeholders in a highly competitive environment. The Group places emphasis on continuing customer service quality enhancements and innovations.

With its extensive global connectivity, Company A is poised to position Malaysia as a regional Internet hub and digital gateway for South-East Asia. In line with this,
Company A is evolving into a Next Generation Network service provider enabling the Group to enhance its efficiency and productivity while providing enriched products and services.

On the Corporate Social Responsibility (CSR) front, the Group has always been a major corporate contributor towards responsible activities in the belief that these practices are a fundamental tenet of good corporate governance. The Group promotes 3 major platforms i.e. education, sports development and community/nation-building. Under education, Company A has spent some RM800 million to develop its university into one of the top universities in Malaysia with more than 20,000 students. Company A has also provided scholarships to over 10,000 graduates pursuing academic programmes locally and overseas. On the sports front, Company A is actively contributing towards the upliftment of football at all levels while under the community/nation-building platform, the Group contributes towards causes that bring value to the community and nation at large. Company A was awarded the prestigious STAR-BIZ ICRM Corporate Responsibility Award under the workplace category for 2008.

Company B

Company B was incorporated on 17 August 1974 under the Companies Act 1965. It is wholly-owned by the Malaysian government and is vested with the entire ownership and control of the petroleum resources in Malaysia through the Petroleum Development Act 1974.
Over the years, Company B has grown to become a fully-integrated oil and gas corporation and is ranked among FORTUNE Global 500's largest corporations in the world. Company B has four subsidiaries listed on the Bursa Malaysia and has ventured globally into more than 32 countries worldwide in its aspiration to be a leading oil and gas multinational of choice. The earliest officially recorded oil find in Malaysia was made in July 1882 by the British Resident of the Baram district in Sarawak. The oil was used by the local residents for medicinal purposes and later for lighting lamps and waterproofing boats. Commercial exploitation only began in 1910 when the Anglo-Saxon Petroleum Company, the forerunner of the present Sarawak Shell which was granted the sole right to explore for petroleum in Sarawak, struck oil in the town of Miri, marking the start of the Malaysian petroleum industry. The Miri success encouraged further attempts to discover other onshore fields. However, only traces of petroleum were found, and these were not large enough to justify drilling activities.

Consequently, by the 1950s, attention turned to the seas. This was made possible by new improvements in offshore petroleum technology. Marine seismic surveys were carried out for the first time in Sarawak in 1954. The shift offshore began to show results in 1962 with the discovery of oil in two areas offshore Sarawak. Other finds followed in rapid succession. In Peninsular Malaysia, petroleum exploration activities began in 1968 and the first oil field was discovered in 1971.

As in many other developing countries, oil companies in Malaysia had been operating under what was known as a concession system. Under this system, large areas were made available to oil companies under very generous terms and the Government
retained very little control. In return for these concessions, the oil companies paid a small royalty and taxes to the Government.

During the Israeli war in 1973, several Arab oil-producing countries decided to stop oil shipments to certain countries. As a result, there was a mad rush for oil, prices shot up overnight and the world experienced its first energy crisis. The 1973 oil embargo also made oil producing countries of the world realise the importance of controlling their own petroleum resources.

In Malaysia, it led to the promulgation of the Petroleum Development Act in 1974 and the formation of a national oil company to ensure that the nation's petroleum resources could be developed in line with the needs and aspirations of the nation. Article 2 of the Act vests the entire ownership in, and the exclusive rights, power, liberties and privileges of exploring, exploiting, winning and obtaining petroleum whether onshore or offshore of Malaysia in Company B.
This chapter elaborates the findings that include a description of the data categories and content that emerged from interviews. Descriptive data are separated into the following four broad categories of cultural knowledge as defined by Sackmann (1991): dictionary knowledge, directory knowledge, recipe knowledge, and axiomatic knowledge as depicted in Table 4.1. Each category is defined and described at the beginning of each section.

<table>
<thead>
<tr>
<th>Dictionary Knowledge</th>
<th>“What is”</th>
<th>Definition and labels of things and events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directory Knowledge</td>
<td>“How are things done around here”</td>
<td>Expectations about cause and effect relationship, theories of action</td>
</tr>
<tr>
<td>Recipe Knowledge</td>
<td>“How things should be done”</td>
<td>Cause and effect relationships of hypothetical events, improvement and repair strategies</td>
</tr>
<tr>
<td>Axiomatic Knowledge</td>
<td>“Why things are this way”</td>
<td>Fundamental beliefs and assumptions</td>
</tr>
</tbody>
</table>

Table 4.1: Four categories of cultural knowledge and their definitions
Dictionary Knowledge – “What Is”

This section presents data collected pertaining to dictionary knowledge or description of succession planning including definitions and labels of things and event.

*How would you describe what succession planning is in general?*

Respondents were asked, “How would you describe what succession planning is in general?” Most of respondents were unable to define it but were able to describe the concept as a process which includes identification, career path development and enhancement. Respondent A1 said,

… Succession planning is a **process** of **identifying** a candidate (I mean employee) with competency ability… behavioural competency, plan for their future career ladder… to be the best next incumbent for a critical position, say pivotal positions. [Further probe]… Well… of course training, coaching, and mentoring elements are crucial… you will need that for feedback and tracking purposes.

Respondent A3 said,

It is a process of selecting a high potential employee… cream of the cream to be groomed as a future leader…

Respondent A4 added,

… identify then select the qualified employee… later the selected employee will undergo training to equip themselves as a future leader in the company.
Respondent B1 responded,

succession planning is a process of identifying eligible and qualified candidate… then be groomed… through training, coaching, … and mentoring, which will be provided along the way in this activities… process execution.

Respondent B2 said,

Succession planning is one of company strategies to retain its potential staff. It is a process of identify and select the best employee to be deployed as a future leader…

How is it different from career development and promotion?

Respondents were probed as to how the term succession planning differed from term career development and promotion. Most of the respondents said that the terms are overlapping and running simultaneously together. Respondent A1 described it as,

I think… yeah, I think career development and promotion are a part of succession planning process… they gain experience through the process as they are prepared to take the next level of responsibility.

Respondent A2 said,

… both of the processes are intertwined along the way… you get promoted… sitting at a higher position… well, you are developing your career…
Respondent B1 described it as,

Well… both of them are… actually parts and pieces of succession planning.
Promotion, initially, is one of the ways to let candidate move one step up to take bigger responsibility.

Respondent B3 said,

… basically, promotion is one of the way ones develop in his career…

Respondent B4 described it as,

I would say career development and promotion are tangled to each other when succession planning is implemented.

When does it start and when does it end?

Finally, all respondents were asked with this question as to end the dictionary knowledge category. All of them agreed it starts as early as you are hired. Respondent A1 said,

Succession planning is an ongoing and ever ready process. [Further probed, to tell the whole process] the process starts as early as the first day of the appointment. At this stage, we will base on the academic performance… of course the first class holder will be the favourite one… [laugh] In our organization, we call them as fast trackers, may be other organizations refer them as talent pool… later; they will undergo a series of assessment center… those who fail will be dropped out from the pool. [Probed, when do people get tapped] well… when we have re-org
[laugh]… we actually just finished the second realignment after the demerger process. During this realignment, most of these fast trackers were promoted to a higher position… in line with their career path. Basically it worked well… I would rate as 85%… as most of replacements done timely… I mean for critical positions. [Further probe, when does it end?] it ends when the fast tracker has achieve the highest position in their career path…

Respondent B1 said,

[Chuckle] I must say it starts when you’re hired. For new comers… new intakes… they will undergo the induction course. During this session, without them knowing… they’re being evaluated… then been selected to be identified as our talent pool [probed, how do you know it is working well?] emmm… when the person is capable to perform the job… results will reveal… performance level will confirm that! [laugh]. Oh, yeah! It ends when you’re out of the organization… resigned or retired or… fired [grin].

As a conclusion of finding for this directory knowledge, all respondents described succession planning as a process rather than an event. Also, all of them shared a few similar terms or words when describing succession planning, for instance, process, identifying, training, coaching and mentoring. Generally, all of them are familiar with the succession planning term and able to describe the processes take place in their organizations. They shared the same opinion that promotion and career development are pieces and parts of succession planning process. They were also agreed that succession
planning starts when a person is hired and ends when a person is out from organization. Theoretically, all respondents managed to describe the dictionary knowledge—“what is” of Sackmann’s Cultural Knowledge model.

**Directory Knowledge – “How Things Are Done Around Here”**

This section presents data collected pertaining to directory knowledge or the expectations about cause and effect relationships and theories of action regarding to succession planning. Several questions were asked to solicit the gist of directory knowledge of succession planning.

*How does succession planning work here?*

When asked this question, Respondent A1 grinned and responded,

Well, I would say we are not adopting succession planning process fully. Most of the time we execute replacement plan… when retirement age triggers or departure takes place… the steps are basically the same, it starts with identifying potential candidate then, selecting the best among the best… who I would consider as high potential… should the candidate needs to be promoted, he or she will be promoted as a part of his or her career development… Emmm… as for critical or pivotal positions… that’s where the consultant will come into picture… to do the talent search or head-hunting. We usually hire consultant for top positions… not to say that we don’t have adequate talent pool but somehow management always say
that we need outsiders for refreshment… it sounds frustrating… which I personally don’t agree… yeah… we are just too accommodating… that’s why… most of the time succession planning didn’t work well… politic… conflict of interest… you know… [Probe, what to do if it doesn’t work?] Job rotation or transfer to another LOB for job enrichment… Here, the manager roles is crucial in keeping track of those who has been ‘victimised’ by the violated process.

However, Respondent B1 came up with different stories,

Our management is very supportive in implementing succession planning process. [Further probe for steps involved] once the potential candidate is identified and selected, he or she will be groomed through on-the-job training, his or her superior will be the mentor for coaching and mentoring… which are parts and partial of the career development… Promotion will take place, as a complement along the way up. Emmm… apparently, all talents… I mean high potential have been lined according to their paths… we’ll groom them until their time comes… when the time comes, I believe all candidates are ready to resume the higher positions and perform well with all the inputs and effort given… being put up to them…

The rest of respondents were not been thrown with this question as the researcher felt that the flow of the process is more accurate when it comes from the process owner, in this case, Respondent A1 and B1.
*How did you learn about succession planning and what to do as a manager?*

Respondent A1 informed that knowledge of succession planning gained through her involvement in developing the process and later during the implementation stage; in assessment centre, which is a part of succession planning process. The process is basically known or aware by HR practitioners in her organization but not communicated throughout the organization. She said some may know or aware if they have undergone the assessment center session. Nonetheless, Respondent B1 informed that the process is well communicated throughout the organization. The HR information, which meant for employee awareness is normally disseminated via HR Bulletin, which is issued monthly, or e-mail.

Respondent A2 knows the succession process as he is one the HR practitioners in his company whereby respondent A3, A4 and A5 have undergone the assessment centre during the promotion exercise. As for respondents from Company B, they shared the same spirit of getting the information through their HR Bulletin as the process was well communicated and the information on it is being refreshed after a period of time.

At a glance, both of respondents were able to dictate their succession planning process executed by their organizations. Researcher found that both of them were in their comfort zone when explaining the processes involved, and it is found that the Company B is more consistent in implementing succession planning as compared to Company A. However, Company A exhibited a high level of tolerance in implementing succession planning. From researcher’s point of view, Company A implemented a combination of succession planning and replacement plan to accommodate requirements from
management. Generally, both of the elements, tolerance and consistent are needed in balancing the implementation of succession planning. Theoretically, through the description and explanation by both of respondents, the directory knowledge of Sackmann’s model is proven.

**Recipe Knowledge – “How things should be done?”**

This section presents data collected that pertains to recipe knowledge or statement about improvement or repair strategies relative to succession planning. Respondents were asked, “In the best of all worlds, what factors should be considered in succession planning process?” and, “Who should decide?” “If it was up to you to create a succession planning system, what one or two things would you want to be sure of?” They were also asked, “What are some of the challenges for the future of succession planning?” and, “Tell me about a succession plan that worked well.” “Tell me about a succession plan that didn’t work well and why?” When asked if there were rules within the succession planning process that just can’t be broken, both respondents asked, responded “no.” In summary, both of respondents mentioned four similar factors. These factors included ‘Promotion’, ‘Development’, ‘Tools’, and, ‘Retaining Talent’.

**Promotion**

Most of the respondents agreed that promotion is essential in succession planning process. One respondent said “Promotion is the way to tell the person… you’ve passed for the next level”. Another respondent said “… promotion is to prepare our people for
the next level of responsibility”. All respondents also unanimously agreed that leadership role is crucial in promotion exercise. Leader must be fair enough and be ready for the successor might take a lead in future. One respondent said,

... for people to succeed and step up to the next level they need to have demonstrated results in their current positions and if they’ve done that they should clear ... the level... and be considered.

The other respondent suggested that,

I would say that in the early stages of their career it was clearly based on the company’s model of you need to work in all these different kinds of things, you need to have exposure to a lot of different areas of the company you know, you do one job well and you’re on the list already of the ‘ready to be promoted’ to the next job.

*Development*

Most of the respondents said that job rotation is a key component in the development process. Respondent A2 said that development is the most challenging aspect of succession planning moving forward due to the length of the process, limited opportunities and subsequent retention of talent. She added,

I look at succession planning sort of like an iceberg. The tip of the iceberg is the identification process, the bottom part is development and that’s the part where we have our biggest challenges. We can identify people. We haven’t figured out how to properly develop them and prepare them for that transition... that’s the part
where we have our greatest opportunities for improvement. It’s the development
aspect of succession planning.

One of respondent from Company B said that there needs to be more feedback from
managers as to areas for development and she added that development should include the
assistance of a mentor or a coach and it should be tracked. Another respondent said that,
… our number one job was to develop our successor… I mean our down line…
we should manage our talent well…

Tools

Another factor to be considered is tool. All respondents stressed that tool for assessment
must be in place and ready. Subsequently, the output, usually in the form of reports
should be used in decision making. The respondents suggested that all tools used namely
360º Degree, Performance Management System and COMPASS and more others should
be linked to each other.

Retaining Talent

Most of the respondents said that retention of the best and brightest would be the biggest
challenge moving forward. Respondent A1 said that,

Challenges would be to continue to be an organization that can maintain the best
and the brightest, to be the employer of choice … to have that talented pool of
employees that you can draw from … That pool of employees obviously becomes
more and more and more valuable because there are lots of folks, that are, that are
… limited resource … So, I think it’s, it’s very important that we … are seen as and
continue to be the employer of choice; where people want to come to work for us because then you’re able to get the best and the brightest and you’re not left with what everybody else has picked through...

Respondent B4 told that,

Everyday retirement age become shorter and shorter than we think… why?

Brightest employees will be a hot stuff to other organization… you’ll not realize until he or she will send her tender for ‘early retirement’… you know what I mean… they quit from us… in way we are no longer employer of choice. It certainly frustrating…

At the end of this section, researcher was able to summarise that there are four factors that most concern by all respondents in regards to Recipe Knowledge-“How things should be done. The factors are promotion, development, tools and retaining talent. Promotion is regarded as complement along the way while development is essential in grooming and coaching the candidate for him or her to be prepared and ready for the next level of responsibility. All respondents exhibited their maturity level in expressing their level best opinion and ideas on how to promote the best succession planning process.

**Axiomatic Knowledge – “Why things are”**

This section presents data collected that pertains to axiomatic knowledge or statements reflecting fundamental beliefs and assumptions about succession planning and
the organizational culture of the organization. Participants were asked the following questions: 1) “Research tells us that most succession plans are derived from ideals instilled by the founder of an organization. Other long-tenured top executives and board members can also influence the succession plan by recognizing values which are more relevant to leadership in more recent times. Which of the CEOs or executive leaders of this company do you think have influenced the succession planning process today the most? How? Why?” 2) “Why do you think succession planning does/doesn’t work as you think it should? Are there rules that just can’t be broken?” 3) “This company has seen a lot of change in recent years going from privately to publicly-held and with the acquisitions and diversification of other companies. Thinking back, are there any aspects of succession planning being done differently as a result (now or anticipated)? Why do you think that is?” 4) “You described organizational culture as a person earlier in this interview. On a scale of 0–100, does succession planning today reflect the description you gave of this person? Why?” The following elements are presented in the order by the amount of discussion respondents had of them: culture matches succession planning; culture as personality; leaders influence; and values for personal success.

**Culture Matches Succession Planning**

When asked, on a scale of 0–100, does succession planning today reflect the description you gave of this person? Why?” Respondents of Company A described her organizational culture as accommodating, defensive and caring yet a bit reluctant to changes replied with average score of 85%. Respondents of Company B replied with
average score of 90% as they described her organizational culture as encouraging and persistent also flair.

Culture as Personality

Respondent A1 described the culture as accommodating and caring yet a bit reluctant to changes. When further probed, she said,

Current climate in global market, many young people leads the company and my organization experiencing the same… through our fast track programme, we have as young as age of 34 years old leading the one of the LOB resuming EVP position. But there are conflicts… that middle management… in fact a few senior management, and top management too are not very happy. They feel down and somehow demotivated… you see… they still feel that the older should lead… that’s what I mean by reluctant to changes… ummm… accommodating, yes we are… sometime the decision has been made up but it can be challenged to accommodate a few factors like conflict of interest and favouritism… as I said we are ‘caring’ [laugh] . We are adapting as well as adopting the culture… well, here we are now… We are adopting the culture well… we love our company [smile]

Respondent B3 reflected her culture as encouraging and persistent, he said,

We are used to portrait ourselves as competent and exuberant. The environment is very encouraging… everybody supports one to another to ensure our company success. The veterans and young leaders working hand-in-hand… integrity… doing the right thing for the right reason… we are generally willing to support the
partners; willing to basically say, ‘O.k. since you are part of the family and part of the team, you might have messed up here a little bit, let’s don’t do it again and let’s move forward’. Each and everyone are dedicated and result driven. That is the culture ever since this organization is established… I would say everyone is adopting the culture well…

Leaders Influence

Respondent B1 said that her Executive Director of Strategic Human Capital Management is the most powerful and it is because most of the processes are well established and everyone has to adhere to the processes and furthermore, most of the time his advice is acceptable by the decision maker. Respondent A1, however, said that it depends on which position they are working on for whom to determine the final say. If the position is the critical or pivotal positions, the CEO will have the final say and the rest will be decided by the standing committee. Her statement was agreed upon by the rest of respondents from Company A.

Values for Personal Success

Respondent A3 highlighted that for a person to be successful in his or her career, they should have personal value. She believed that her commitment and dedication towards her job had brought her at her position now. Whilst Respondent B2 said that her perseverance and commitment are the personal values that contribute the most in her career development. Another respondent said that value for success came from ones parents and his upbringing,
You know, what in the world drives an individual to do something like that?
Something really special. It’s not financial... It may seem that way and in the end, it turns out to be that way; but it’s to drive that individual. It’s [the company]. It’s this company, affording you the opportunity for you to take some basic instincts that you grew up with; basic instincts that ... in my opinion ... that your parents taught you ... your parents always taught you to work hard for something right ... and it’ll come back to you.

Another respondent also the same concern,

I don’t know if ... others might not know [this about me], but I think part of it is what happened [to me] prior to coming to [the company]. You know ... the things that were instilled in me by my parents... Just work ethic, ... honesty, ... morals, ethics, those types of things. So, I think that was there before I walked in the door...

The majority of participants said they were competitive and driven to achieve results in the face of challenges. Respondent A5 said,

... Cause what I’ve learned at [the company] is that we will train you to do the job but you got to be trainable. You got to come in plain. You’ve got to set aside, ... your personal vain. I’m looking for someone that has heart. Someone that has the work ethic, ethics; someone that has discipline; someone who will do what we ask them to do. [I’m] kind of like looking for the raw recruit; someone that you’re will mold to do that job.
Culture matches succession planning, culture as personality, leader’s influence, and values for personal success are the underlying elements in ensuring the success of succession planning implementation in an organization. Culture as personality is said as deep-rooted and very much building on past success of the organization.

**Conclusion**

In general, it is found that organizational culture does influence the implementation of succession planning in both organizations. The organizational culture in this study finds its existence relying on the building and sustaining of relationship among itself and its employee. The leadership influence that somehow has some robust impact in organizational culture above all other factors.

Respondents had less to say about “What is?” level of cultural knowledge than other levels of cultural knowledge. According to Spradley (1979), subjects often are unable to articulate a concept but they can provide examples of “what is”. This result in such a way because of the unique culture establishes and adopts within each organization.

The “How to” level of culture knowledge describes the cultural knowledge relative to cause and effect relationships. Respondents share the knowledge they have with regard to how the succession planning process works within the organization. It is essential to note that respondents had the most to say about both directory knowledge and recipe knowledge versus dictionary and axiomatic knowledge. Participants consistently identified three aspects of succession planning: 1) identifying potential candidates, 2) developing potential candidates, 3) promoting potential candidates.
Respondents suggested that the following challenges and improvement be addressed in the succession planning process, 1) promotion; 2) career development; 3) tools for assessment, and last but not least a retention package to mitigate potential candidate lost.

Succession planning process perpetuates the apparent organizational culture, in which it correlates with the finding that leadership is the perceived influence of organizational culture on the way succession planning is implemented in the organizations.

The findings suggest that organizational culture was an important contextual factor in implementation of succession planning though both of the organizations have different cultures. It is found that culture in company A is quite preserved yet relaxing as the shadow of legacy of so called government culture is still vivid. Meanwhile the culture in Company B is looked as energetic and fast-paced as reflected as encouraging by its employee. This is due to the initial stage of the company incorporation whereby they inherited no legacy culture but instill their own along the establishment of the company in the industry.
CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

This study was undertaken to explore the influence of organizational culture on the implementation of succession planning. The purpose of this research was to confirm existing theory and if any, generate new theory regarding succession planning and to discuss potential implications to the practice of Human Resource Development.

Succession planning has evaded a consistent definition among organizational scholars in the literature to date perhaps because it is unique within each organization (Fancher, 2007). Many of the researches have focused on the antecedents, event and consequences, while treating it as an event rather than as a process. This approach has been the most convenient as the process is often a secretive and informal one making it difficult to acquire insider information about its implementation (Vancil, 1987). Most of the studies conducted to date are mainly supported by a quantitative rather than a qualitative approach. Thus, the internalizing of cultural knowledge is lacking as archival data is mostly utilized rather than studying succession planning within the organizational context.

This study supports theory development in that organizational culture has been found to be a significant contextual factor in not only the implementation of succession planning, but in its definition, purpose, timing and communication. This study tapped into the process of succession planning from an emic perspective. Although these respondents experienced difficulty in defining succession planning, they were intimately familiar with the process which has been in place and relatively unchanged, adhering to the original design of the founder.
This study overwhelmingly confirms the influence of the organization’s leader in the creation and perpetuation of the organizational culture. The findings support the importance of organizational culture as a necessary context with which to study succession planning. This study also suggests that organizational trust is a key determinant in the retention of talent necessary for the perpetuation of an internal succession planning process. Finally, the study of succession planning as an informal and secretive process can be best understood via qualitative studies.

**Contributions to Theory**

Kesner and Sebora’s (1994) model reflecting a review of the literature with regard to succession planning places organizational culture as a contingency in the antecedents, event and consequences (model is depicted as Figure 5.1). According to Fancher (2007), cultural alignment or the alignment of organizational values and beliefs which emanate from the founder with that of organizational processes such as succession planning is a contingency which influences antecedents and succession events. In addition, the findings of this study suggest that organizational culture plays a role in how the succession event is evaluated, and it is consistent with Friedman & Olk’s (1995) work, the event is primarily evaluated by its legitimacy as seen primarily in the eyes of the organizational members and the process’ ability to cause minimal disruption.
Organizational Culture as a Context for Succession Planning

The results of this study contribute to the recognition and understanding of organizational culture as a contextual factor in succession planning. According to Schein (1992) and Manfred (1991) leaders and top executives tend to have prescribed theories of their own about how groups should work and they usually select colleagues and those who report to them who they believe will think and act like them. What these leaders pay attention to, measure, and control become primary embedding mechanisms to create an organizational culture which supports the personal values and beliefs of the founder.
Organizational Trust as a Context for Succession Planning

The data from the study support the theory that Human Resource (HR) practices (i.e., leadership development, promotion) mediate individual trust and organizational commitment. In this study, the organization’s corporate HR department was responsible for the management of the formalized succession planning process. Mayer et al. (1995) define trust as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712).

According to Hofstede, (1980) people vary in their propensity to trust based on their individual developmental experiences, personality types, and cultural backgrounds. Participants in this study stated that they identified with the organization early on in their careers. According to Meyer et al. (2006), participants identity reflects a sense of self which “includes an awareness of shared characteristics (e.g., values), an evaluation of these characteristics, and positive or negative affect (e.g., pride, shame) associated with this evaluation” (p. 667). Respondents in this study found a cultural fit or value congruence with the work ethic of their organization and that which they acquired from their parents growing up.

Contribution to Methods

This study utilized a qualitative approach to the study of succession planning and organizational culture. As noted by previous scholars, there is a paucity of studies which utilize a qualitative approach to succession research (Pitcher et al., 2000). According to
Schein, (1990), organizational culture is best studied qualitatively from an insider or “emic” (Spradley, 1979) perspective. The descriptive nature of qualitative studies more readily assists in the discovery of organization’s values and beliefs as held by the members of the organization using their own language to describe them. Succession planning processes, like other organizational processes, are reflections of organizational values and beliefs about what and how the work gets done in the organization.

Sackmann’s (1991) theoretical framework was utilized which best employs grounded theory approach to research. Advantages of this model are that it is comprehensive and specific; and it combines structural aspects with culturally historic and dynamic ones to be studied (Sackmann, 1991). This model seeks to understand four categories of knowledge: Dictionary, Directory, Recipe; and Axiomatic.

The dictionary level is synonymous with espoused values while directory and recipe are concerned with norms and its reflections of rules of behavior and the “ought to” nature. Axiomatic is linked to Schein’s (1992) “basic assumptions” and is traced to executive leadership, although Sackmann (1991) suggests that it is not (in and of itself) the most important one. These four categories overcome problems of static assessments of culture and recognize the structural as well as the developmental nature of cognition employed as well as the importance of member agency.

The study of organizational culture is inherently complex. As a result, there are many scholars who have sought to manage this complexity by utilizing surveys to capture meaning (Fancher, 2007). Sackmann’s (1991) model was instrumental in revealing the cultural knowledge held by participants within the organization rather than measuring the
existence of predetermined elements indicative of culture. Additionally, this model was uniquely appropriate to the study of organizational processes in the context of culture.

**Implications for Human Resource Practitioners**

Human Resource (HR) practitioners in this study (primarily those residing in the Learning and Development function) were seen as responsible for upholding the contract between the organization and its employees. Furthermore, HR is largely responsible as facilitator of organizational culture via the implementation of policies, procedures and processes. HR can play a strategic role in the organization when it has authority to influence leadership selection decisions, development decisions, and promotion decisions. Within this study, both participants stated that the biggest challenge to a viable succession planning process lies in: 1) leadership development, and 2) talent retention. The survival of traditional means of leadership development via job rotation and special assignment are being tested in the same way that they are in other organizations (Karaevli & Hall, 2003).

HR practitioners from both organizations probably can apply findings from this study to tighten and strengthen the succession planning process in their respective organizations.
Limitations

On top of limitations mentioned in Chapter 1, another limitation includes the use of the interview guide. Both of respondents were not provided with the questionnaire a priori of the interview, all answers were impromptu and might not capture the whole idea or processes described and explained.

Future Research Consideration

Future research in the study of succession planning should include feedback from all stakeholders of the process. It would be interesting to have a qualitative study which seeks the wants needs and desires of shareholders, various levels of employees, top management team members and customers. All of these stakeholders share an identity with the organization and its leaders and would provide valuable feedback as to the design, development, implementation and ethics of a succession planning process.

Additionally, research which includes those who have been identified as “high potentials” would be fruitful especially with regard to talent retention. Future research should also incorporate the influencing role of the founder in the creation of organizational processes such as succession planning. It would also be of tremendous benefit to study other organizations of similar and dissimilar characteristics (i.e., industry, publicly vs. privately traded, maturity, size, etc.) for comparison and contrast of this study’s findings with regard to organizational culture and the succession planning process. Furthermore studies which seek to understand the role of occupational culture, industrial culture, national culture, religious culture, etc. would be fruitful in
understanding succession planning and leadership change. Moreover, studies with regard to leadership development within the context of organizational culture would be helpful to succession planning research.

Lastly longitudinal studies would lend further understanding as to the role of organizational culture in succession planning and related processes. According to Schein (1992), organizational culture does not reside in a static state but is a living, breathing and changing entity. Furthermore, it is this researcher’s opinion, based on this study, that culture is not something that an organization has, but rather something that an organization is.

Conclusion

Succession planning is perhaps one of the most discussed topics today as a result of compensation, development and implementation. Global organizations faced with fast-paced change can no longer afford long, lengthy internal development of an heir apparent. However, those organizations who seek faster, external executive hires have found it no solution as organizational culture often trumps talent and industry experience. The organization’s capacity for learning is the key to long-term success as recent research points to those who do internal succession well, with little disruption and ready change depend on the ability to execute plans (Charan & Colvin, 1999, 2001).

In this day and age of increasing questions about the value of Human Resources and furthermore, Human Resource Development, there has never been a better time to prove a strategic worth. Many organizations are replacing Human Resource executives
with legal professionals or those with legal backgrounds as a safety net to preclude unethical and illegal behavior in an effort to treat the symptom rather than the root cause. Cultural alignment of organizational processes (i.e., leadership development, succession planning) ensures an effect on the root cause in that it serves as a contingency between values, beliefs and organizational results. This is where Human Resource practitioners should spend their most effort.

This study has proven that traditional practices of large, public organizations which are seen as institutions in this country are finding themselves challenged with a younger more professional and more demanding workforce. The key to an organization’s survival lies in its ability to retain, groom and development talent which can strategically and ethically lead the organization successfully into the future.

However, the key to a “successful” succession of leadership will not be found in skill and competency fit alone, it lies in the execution of the process. All key stakeholders must buy into and support the succession planning process for the candidates to be accepted successors with minimum disruption in the day-to-day business. Furthermore, communication and consistency should not be taken for granted. The potential leaders of the future will not be satisfied with a “blind trust” in the organization to keep their best interests at heart, nor will they be as motivated by compensation alone.

Talent is perhaps best retained by: cultural alignment; a fit between organizational and individual identity; a commitment to common goals; personal relationships which link one’s individual efforts to that of the organizations; and most importantly sense of belonging of a “greater than self” idea, image, product and/or service. Researchers who wish to understand the antecedents, events, consequences and
contingencies of succession planning must take a closer look at the organizational culture, its members and stakeholders to better understand the underpinnings behind the decision making. It is this researcher’s opinion, organizational culture is not something an organization has, it is something an organization is. Furthermore, executive leadership is responsible for the maintenance of this culture.

I would like to share on the current climate. All Malaysian GLCs’ CEOs have come to consensus in their executive meeting whereby they have decided to initiate a program called Cross Assignment Program, organised by Khazanah Nasional Berhad (KNB). This program was initiated in 2007 and was implemented in 2008 whereby 10 out of 18 GLCs participated in this initiative and this year is the second cycle of the program. This program is aimed to accelerate the development of aspiring managers and senior manager (AGM level) who are seeking for exposure in his/her personal/career development within participating GLCs. It will provide an access to broad opportunities and shall be one of the platforms for the participants to acquire new experiences, relationships, challenges and new set of competencies.

Lastly, the call for HR to become a strategic partner on the executive team has perhaps never been made more loud and clear. HR is uniquely qualified to assist the organization’s leadership in the identification, selection, development and planning of their successors. While many organizations currently utilize HR in the succession planning process to manage the “what” of knowledge, HR should be motivated and encouraged to support the sharing of the “how” knowledge or tacit knowledge as a means to increase the organization’s learning capacity and ethical decision-making. The survival
of all organizations will depend on informed, smooth, timely, ethical and culturally aligned leadership transitions.

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