



***How important is a strategic succession plan in an  
organisation?’***

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## **Abstract**

This dissertation set out to explore the importance of strategic succession plans in organisations in Ireland. In order to do so a qualitative phenomenological research design was undertaken this involved interviewing two senior management figures from two Irish companies. The first was a diary company which was a subsidiary of a UK owned group while the second was a family owned law firm. The interviews were undertaken in June of this year in order to ascertain the importance of strategic succession plans within these companies. Additionally a review of literature was also undertaken in order to identify the evidence base available concerning the prevalence of succession planning, its importance internationally, the benefits accrued to organisations in planning for successors, the challenges faced and best means of improving succession planning within organisations. The finding of the primary research was situated within the existing evidence base. The interviews articulated a divide in Irish companies concerning the importance of succession planning with the first company engaging in strategic succession planning and the second company not engaging in any formal planning. This is consistent with evidence from PwC (2016) which suggests that only slight more than half of Irish family owned companies engage in any succession planning. The findings noted a difference between the perceived value of succession planning and its actual practice within Irish organisations and this too is reflected in international research. Differences were also identified between family owned businesses and larger organisations and MNEs. Recommendations are provided in order to assist in both future research and improved evidence based practice within Irish companies operating across industries.

## **Submission of Thesis and Dissertation**

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## Table of Contents

<b>Abstract</b> .....	<b>1</b>
<b>Declaration</b> .....	<b>1</b>
<b>Acknowledgements</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>1</b>
<b>List of Appendices</b> .....	<b>1</b>
<b>Chapter One: Introduction</b> .....	<b>1</b>
1.0. Introduction.....	1
1.1. Background.....	1
1.2. Justification for topic chosen.....	1
1.3. Gap in literature identified .....	2
1.4. Main research questions.....	2
1.6. Organization of study .....	3
1.7. Conclusions.....	4
<b>Chapter Two: Literature Review</b> .....	<b>5</b>
2.0. Introduction.....	5
2.1. Search Strategy .....	5
2.2. Definition of the Irish context .....	6
2.3. Importance of succession planning by organizations .....	8
2.4. Benefits of succession planning.....	9
2.5. Challenges to succession planning.....	11
2.6. How to improve succession planning.....	11
2.7. Conclusion, summary and gap in research identified .....	13
<b>Chapter Three: Methodology</b> .....	<b>15</b>
3.0. Introduction.....	15

3.1. Research Question, Aim and Objectives .....	15
3.2. Methodological approach.....	16
3.3. Philosophy drawn upon .....	16
3.4. Cases .....	17
3.5. Data Collection Tools .....	18
3.6. The Interviews.....	18
3.7. Access.....	19
3.8. Data Analysis.....	19
3.9. Ethical Considerations .....	19
3.10. Reliability .....	20
3.11. Limitations .....	21
3.12. Conclusions.....	21
<b>Chapter Four: Findings .....</b>	<b>22</b>
4.0. Introduction.....	22
4.1. Background.....	22
4.2. Objective One .....	22
4.3. Objective Two.....	23
4.4. Objective Three.....	23
4.5. Objective Four.....	24
4.6. Objective Five .....	25
4.7. Peripheral Findings.....	26
4.8. How important is succession planning to organizations? .....	26
4.9. Conclusion .....	27
<b>Chapter Five: Discussion .....</b>	<b>28</b>
5.0. Introduction.....	28
5.1. Findings One.....	28
5.2 Findings Two .....	29

5.3. Findings Three .....	30
5.4. Findings Four .....	31
5.5. Findings Five .....	32
5.6. Conclusion .....	33
<b>Chapter Six: Conclusion &amp; Recommendations .....</b>	<b>34</b>
6.0. Introduction.....	34
6.1. Main findings .....	34
6.2. New Insights .....	36
6.3. Limitations of study.....	36
6.4. Audience and value of research.....	37
6.5. Recommendations for future research.....	37
6.6. Recommendations for future practice .....	38
6.7. Conclusions.....	38
<b>Reference List .....</b>	<b>40</b>
<b>Bibliography .....</b>	<b>45</b>

## **List of Abbreviations**

CEO	Chief Executive Officer
EU	European Union
FOB	Family owned business
MNC	Multi-national corporation
MNE	Multi-national enterprise
MP	Managing Partner
NCI	National College of Ireland
SME	Small Medium Enterprise

## List of Appendices

<b>Appendix One:</b> Braun & Clarke (2006) Six Stages of Analysis .....	47
<b>Appendix Two:</b> Interview Questions .....	48
<b>Appendix Three:</b> Invitation letter to prospective participants .....	49
<b>Appendix Four:</b> Information leaflet for research participants .....	51
<b>Appendix Five:</b> Participant Consent Form .....	54
<b>Appendix Five:</b> Interview Transcript One – Dairy Company .....	55
<b>Appendix Six:</b> Interview Transcript Two – Law Firm .....	58

# Chapter One

## *Introduction*

### **1.0 Introduction**

This dissertation sets out to identify the importance with which a strategic succession plan has to an organisation. This introductory chapter sets out to provide an introduction to this dissertation by outlining the background to the research topic and the justification for the topic chosen. In doing so this chapter will outline the gap in the literature which this author is hoping to fill and highlight the main research questions which they hope will be addressed. Finally this chapter will provide an outline of the dissertation and an insight into each chapter which will make up the study.

### **1.1. Background**

The area of interest underpinning this investigation involves exploring the issue of succession planning in corporate organisations operating in the Republic of Ireland. Specifically the title is *‘how important is a strategic succession plan in an organisation?’* Succession planning is defined by Nadler-Moodie & Croce (2012; p. 357) as a process of identifying and developing in-house talent with people who have the potential to fill the key positions in an organisation with such a process increasing the availability of experienced and capable people who are prepared to assume such roles if and when they become available. It is seen as a *‘critical’* part of any business strategy and seeks to manage the smooth transition between the current and future owners or management of a business (Small Firms Association, 2017; Staehr, 2015). Succession planning is an intentional and systematic way to prepare for the future and helps to anticipate and plan for the impacts of any transition in ownership or personnel (Pandey & Sharma, 2014; Simoneaux & Stroud, 2014; Lussier & Sonfield, 2012). The advantage of adequate succession planning is that at all levels organisations can ensure a smooth, well-orchestrated transition (Simoneaux & Stroud, 2014; Ip & Jacobs, 2006). Ultimately literature strongly attests to the fact that succession strategies are one of the most important tasks which management can undertake (Simoneaux & Stroud, 2014; Caruso, 2014; Appelbaum et al, 2012).

### **1.2. Justification for topic chosen**

This topic has been chosen because succession planning has been identified as *‘perhaps the most important job of corporate boards’* (Wadson & Ciccotosto, 2013; p. 177). An Irish study conducted by Deloitte (2012) found that within 120 family run businesses in Ireland only 17%

of these had formal succession plans in place while 33% had no formal or informal plans at all. While this focuses on SME's and family run businesses no comparable research has been carried out on larger companies operating in Ireland (Deloitte, 2012). In addition to the importance literature has placed on succession planning in the corporate world this research question has been chosen because this student researcher is quite interested in the topic and is keen to learn more about the issue given their interest in human resource management. They hope that such an investigation will help contribute to their own knowledge development and that it can address gaps in the available research from an Irish perspective as identified in our literature review. In undertaking this empirical research study this researcher proposes to adopt a qualitative phenomenological research study drawing upon interviews with a range of firms operating in the Republic of Ireland. This will be carried out in order to understand the importance which is placed on succession planning in contemporary Irish operations with the hope that this will provide a unique insight into the place which succession plans have within companies operating in Ireland particularly considering the value placed on such plans (Delves, 2011).

### **1.3. Gap in Literature**

The findings of the literature review highlight a lack of Irish research on succession planning. Only one Irish study by PwC (2016) of one hundred Irish small family run businesses on succession planning was identified. However this is not subject to peer review and so we are missing sound Irish empirical evidence on practices within family owned businesses in Ireland. A second, more influential Irish study however was identified which focused on multinational enterprises (MNEs) foreign and Irish owned, operating in the republic of Ireland (McDonnell et al, 2010). While it included a large study of 414 MNEs McDonnell et al's (2010) research is now seven years old. Consequently there is a gap in the literature with regard to up to date qualitative research in Ireland on succession planning practices in SMEs, MNEs and family run businesses operating in Ireland. This dissertation then hopes to undertake a qualitative study of Irish businesses in order to extrapolate the importance which strategic succession planning has for them.

### **1.4. Main Research Questions**

The main research questions which this dissertation hopes to answer are;

- How important is a strategic succession plan in an organisation?

- Is there a difference between businesses and family run enterprises with regard to succession planning?
- Is there a need for succession planning?
- How is succession planning carried out?
- How can succession planning be improved upon in organisations?

### **1.5. Organisation of the study**

This section will provide a brief overview of this dissertation in order to provide an outline of how it will be organised.

#### ***Chapter One: Introduction***

As demonstrated above, this introductory chapter had set out to provide a background to the topic under exploration. It also sought to provide a justification for its adoption and outlined the gap in the research which this dissertation aims to address. This introductory chapter also highlighted the research questions which this researcher hopes to address in the study and provided an overview of the chapters in this dissertation.

#### ***Chapter Two: Literature Review***

This second chapter will provide a critical exploration of literature pertinent to the topic of succession planning. Key themes will include the differences between succession planning in family run businesses and corporate enterprises, the benefits of succession planning, importance of succession planning, challenges of successive planning and measures by which succession planning can be improved upon. This will provide a theoretical underpinning to the dissertation and provide context for the ensuing study.

#### ***Chapter Three: Methodology***

The methodology chapter will set out to outline the methodology that this author hopes to employ in carrying out this research study. This will involve a critical exploration of the methodological approach employed; that of qualitative phenomenological research. It will also explore why interviews were chosen as the most appropriate data collection tools and will provide an account of the sample drawn upon in the study. Finally this chapter will also provide an account of the data analysis that shall be employed and ethical considerations made when planning and carrying out this dissertation.

#### ***Chapter Four: Analysis of Findings***

This chapter sets out to analyse the findings of the primary research undertaken in order to identify key themes emerging from the data alongside the implications of these findings from both academic and practitioner perspectives.

#### ***Chapter Five: Discussion***

This penultimate will explore the findings of the research study and relate it back to what is already known in the literature. This author will then draw out the implications of this for organisations in Ireland.

#### ***Chapter Six: Conclusions & Recommendations***

The final chapter of this dissertation will explore the implications of the findings for the research questions, aims and objectives articulated earlier in the study. It will articulate recommendations which this author has for organisations today on the basis of the findings derived from both primary and secondary research. Finally this chapter will also outline suggested areas for future avenues of research.

### **1.6. Conclusion**

This dissertation seeks to explore the importance with which a strategic succession plan has to an organisation. This chapter sets out to provide a background and context to the topic under exploration. It also sought to provide a justification for its adoption and outlined the gap in the research which this dissertation aims to address. This introductory chapter also highlighted the research questions which this researcher hopes to address in the study and provided an overview of the chapters in this dissertation. The next chapter will provide a literature review in order to deliver further context to the topic under exploration.

## **Chapter Two**

### ***Literature Review***

#### **2.0. Introduction**

This literature review seeks to critically explore international literature on succession planning in order to contextualise this subject. This dissertation sets out to explore the importance of a strategic succession plan to organisations in Ireland but with limited data available in Ireland, this requires a broader international investigation to help define and articulate the central tenets of succession planning. A comprehensive search of academic and scholarly databases was undertaken with key themes identified and extrapolated. Five key themes identified including the importance placed on succession planning, benefits of succession planning, challenges associated with strategic succession planning, how to improve succession planning in contemporary business organisations and cultural differences between corporate and family businesses in relation to succession planning. The findings of the literature review highlights how there were very few qualitative available on the subject of succession planning with two being limited in their scope (Lowan & Chisoro, 2016; Wadson & Ciccotosto, 2013). For instance one focused solely on one company (Lowan & Chisoro, 2016). Most importantly the majority of studies focused upon either multi-national enterprises (MNEs) or small family businesses with a lack of focus directed towards SMEs. Only two Irish studies by PwC (2016) and McDonnell et al (2010) on succession planning were identified. PwC (2016) was not subject to peer review and so we are missing sound Irish empirical evidence on SMEs and family run businesses operating in Ireland. Consequently there is a gap in the literature with regard to both quantitative and qualitative research in Ireland on succession planning practices in SMEs and family run businesses operating in Ireland.

#### **2.1. Search Strategy**

Prior to selecting the research question and research objectives which would underpin this study, this researcher undertook a review of literature in the field. In doing so an extensive search strategy was employed drawing upon a combination of the following key words; '*important*', '*value*', '*strategic*', '*succession*', '*plan*', '*planning*', '*strategy*', '*in*', '*an*', '*organisation*', '*business*', '*company*'. Databases which were drawn on were ABI/INFORM Global, Academic Search Complete, GeoBase, Business Source Complete and Emerald Management Xtra. In addition a Google.ie search was also carried out to identify any grey literature that may not be present in academic literature which would have been pertinent to

our inquiry. For instance PwC published their Irish Family Business 2016 survey which is highly relevant to our analysis and so was included in the review to provide a greater depth of information on succession planning practices in Ireland. Inclusion criteria for this review included all empirical research studies from between 2007 and 2017 inclusive, qualitative and quantitative studies, literature reviews, systematic reviews and meta-analyses, all of which are peer reviewed and contain a full methodology. In the case of grey literature this would be limited to government reports, policy statements, issue papers and economic papers from reputable publishers which have published methodologies. The rationale behind this is a concern for enhancing the reliability, validity and trustworthiness of the studies identified. In total twenty five pertinent studies and papers were identified and included in this literature review. Five key themes identified including (1) the importance placed on succession planning, (2) benefits of succession planning, (3) challenges and barriers associated with strategic succession planning, and (4) how to improve succession planning in contemporary business organisations. The studies identified emerged from Ireland, the UK, the USA and South Africa.

## **2.2. Defining the Irish context**

Succession planning is defined by Nadler-Moodie & Croce (2012; p. 357) as a process of identifying and developing in-house talent with people who have the potential to fill the key positions in an organisation with such a process increasing the availability of experienced and capable people who are prepared to assume such roles if and when they become available. It is seen as a '*critical*' part of any business strategy and seeks to manage the smooth transition between the current and future owners or management of a business (Staehr, 2015; Ryan & Power, 2010). Succession planning is an intentional and systematic way to prepare for the future and helps to anticipate and plan for the impacts of any transition in ownership or personnel (Pandey & Sharma, 2014; Simoneaux & Stroud, 2014; Lussier & Sonfield, 2012). An Irish study of 100 family businesses in Ireland conducted by PwC in 2016 highlighted how Irish family businesses contribute more than 50% of Ireland's GDP and employment (PwC, 2016). The Irish study was a small element within a larger study of over 2,800 global family businesses. The study found that only 51% of family businesses surveyed said they had a succession plan in place in contrast to the global succession planning rate of 57% amongst family businesses (PwC, 2016). Of this 51% only 14% have a plan in place which is robust, documented and communicated (PwC, 2016).

In a previous study carried out by PwC in 2014 they found that 55% of family businesses in Ireland did not have a succession plan in place for key senior roles which suggests that

succession planning has increased slightly amongst such businesses in the two years between the studies but a high number of family businesses do not have succession plans in place (PwC, 2014). PwC (2016) suggest that Irish family businesses place slightly less emphasis (6%) on the importance of succession planning than their international peers with the numbers engaged in succession planning internationally being higher. However unfortunately PwC do not provide a thorough methodology for how they approached the study and therefore this limits the generalisability of the study and the reliability of its findings. An Irish study by McDonnell (2010) identified 491 foreign owned and 72 Irish owned multi-national enterprises (MNE) in Ireland which met their inclusion criteria. A sample of 414 was identified and surveyed regarding their succession planning practices and took place between 2006 and 2007 (McDonnell et al, 2010). This was carried out using a structured survey through interviews with one representative from the company. The study found that 148 companies interviewed had a global succession plan for high potentials in place while 104 did not (McDonnell et al, 2010). Global succession planning was found to be the most commonly used approach with six percent of MNEs stating that their Irish operations were covered while a further six percent had local succession planning in place which was a system devised by local Irish managers which covered Irish operations (McDonnell et al, 2010). However 35% of MNEs in the study had no formal succession planning in place (McDonnell et al, 2010). Consequently the study found that MNEs were less likely to have a formal succession planning system but most likely to have a local system in place which suggests that succession planning does tend to be a corporate driven global process in multinational companies operating in and from Ireland (McDonnell et al, 2010). The significant advantage of this study is the large sample drawn upon and the detailed methodology included which enhances the reliability of the findings and the transferability of the study to other situations.

The public sector has demonstrated a poor adherence to succession planning as noted in the Public Service Reform Plan (2014-2016) (Department of Public Expenditure and Reform, 2014; p. 30). It recognised the weakness in talent management and succession planning in the civil service in Ireland and the SPS Leadership Development Strategy 2013-2015 sought to tackle this by presenting a number of proposals including executive coaching and mentoring, networking events and communities of practice (Department of Public Expenditure and Reform, 2013).

### **2.3. Importance of succession planning by organisations**

As already discussed both PwC (2016) and McDonnell et al (2010) provide us with tentative figures for the importance placed on succession planning by organisations with a majority having succession plans in place. Overseas literature has placed strong emphasis on the need for succession planning by small-medium enterprises (SMEs), corporations and family owned businesses (FOB). A Welsh study based on a focus group with two small business owners and two employees of small businesses in Wales highlighted the important role in which succession planning does play particularly for the business owners (Sambrook, 2005). However, a limitation of this study is the small sample drawn upon which limits the reliability of the findings and its generalisability across the population of business owners. An English research paper by Flatt et al (2013) based on 241 companies in the Fortune 2007 and 2008 ratings highlighted differences across countries and regions with most of the 2000-2009 successions coming from company insiders. Japan saw 96% of all successions from those working from inside the company while North America saw 80%, Europe (73%) and the rest of Asia (72%) (Flatt et al, 2013). Drawing on the available literature, there appears to be disconnect between the value which corporate boards and management's place on succession planning and their actual adoption of it in practice. This was identifiable in a US quantitative study by Galbraith et al (2012) which carried out a survey of 34 libraries to investigate their opinions about the importance of succession practices. The study identified a pertinent gap between the perceived importance of succession planning and the actual implementation of succession planning principles. While 47% did have a succession plan somewhat established 41% noted that their succession plan was not well-established. The strength of this paper was its detailed methodological section which enhances the transferability of the study design. Similarly Hooijberg & Lane (2016) undertook a survey of 124 board members of global (primarily non US based) organisations with respondents largely being comprised of directors of public companies, privately owned companies and nongovernmental organisations. 51% of respondents stated that they did not have an emergency CEO succession plan while 45% said that they did not have a long-term succession plan but both agreed that they should have one (Hooijberg & Lane, 2016). Only 10% stated that they have a strong emergency succession strategy while 13% had a long-term succession plan in place (Hooijberg & Lane, 2016). 7% stated that they did not have an emergency succession plan while 9% said they did not need a long-term succession plan (Hooijberg & Lane, 2016). The limitation of this study however, is that it does not clearly account for its methodological design which delimits the transferability of the study as well as its reliability despite the study being included in a peer-reviewed journal.

In addition the study focuses only on CEO succession and not on any other important roles within a company which further limits its usefulness.

A US quantitative study by Motwani et al (2007) of 368 family-owned SMEs sought to examine the importance of succession planning and found that it was identified as the single most important topic requiring the attention of the firm's leadership (47%) in contrast to other areas of planning such as an organisation plan (23.9%) and business investments (22.8%). 85% of respondents felt that explicit efforts should be made to train and mentor potential successors while 78% noted that a formal plan should be put in place concerning succession issues (Motwani et al, 2007). A limitation of this study is as above; the focus is on family run businesses and SMEs. However, a strong strength is that it has a detailed methodology section which enhances the validity, reliability and generalisability of the findings. Jain and Jain (2014) note in their Indian study the importance of business succession planning to the owner-manager is one of the key determinants of the extent of succession planning in a company. A small qualitative (case study) was undertaken on Kwalita Business Consultants, in Johannesburg, South Africa in 2010 which sought to establish the importance of succession planning to the organisation as well as determine factors which inhibit successful succession planning (Lowan & Chisoro, 2016). The study found that all seven interviewees thought succession planning was highly important but when pressed they noted that their organisation did not actually have one in place and so no strategic planning was being carried out (Lowan & Chisoro, 2016). The limitations of this study however is that it was carried out on only one company so we cannot generalise the findings across the population.

Drawing on an Irish study by McDonnell et al (2010) we find from the results that US owned MNEs are the most likely to undertake succession planning (at 67%) followed by European owned enterprises (at 62%). The study found however that German and Irish owned MNEs were the least likely of all nationalities to engage in succession planning (McDonnell et al, 2010). Traditional manufacturing MNEs in Ireland have the highest level of global succession planning at 68% while high tech manufacturing have the lowest at just 51% (McDonnell et al, 2010). This too is recognised by

#### **2.4. Benefits of strategic succession planning**

When it comes to the value and importance of succession planning a literature review by Hall-Ellis (2015) notes that poor succession hires can reduce productivity, result in lost time spent on recruiting and training replacements, negative morale among current employees and reduced services to patrons as well as cost 25% to 200% of the salary allocated to that position. An English study by Flatt et al (2013) based on the 2007 and 2008 Fortune rates of 241 companies found that CEO successions improved reputations on average. In their South African study Lowan & Chisoro (2016) identified a range of benefits to succession planning including increased opportunities becoming available to high potential workers, identification of replacement needs which helps improve training, education and employee development, increasing the talent pool of promotable employees. It also helps individuals realise their career plans within the organisation, improves employee morale and their ability to respond to changing environmental demands as well as aiding with downsizing (Lowan & Chisoro, 2016). This too was echoed by a qualitative study by Wadson & Ciccotosto (2013) who noted that benefits include developing pivotal talent, retaining employees, supporting long-term growth, and overcoming recruitment shortages. Without a strategic succession plan drawbacks include loss of expertise, business knowledge, competitive advantage and business continuity and damaged client relationships and the time needed to recruit and train replacement employees (Wadson & Ciccotosto, 2013). The advantage of this study was that it drew upon semi-structured in-depth interviews with ten principals of ten separate accounting companies which allowed for a much clearer insight into succession planning strategies than previous studies identified above. Despite its clear methodology a limitation of qualitative studies such as this one is that they cannot be generalised across the population while this particular study only focuses on accounting firms which further limits the findings. An English study by Pollitt (2005) but based on surveys received from 115 international organisations found that succession plans positively impacted commercial success. 46% of the company's surveyed reported annual turnovers in excess of one billion dollars across nineteen industries (Pollitt, 2005). Moreover 90% of respondents were based in the US with the remainder in the UK, France, The Netherlands, Switzerland, Canada, Russia and central and Eastern Europe (Pollit, 2005). A drawback of the study is the low numbers involved in a global survey which limits the generalisability of the findings. In sum though, it is evident from the literature available that there are specific and measurable benefits to the adoption of formal succession planning for organisations, as it is found to enhance the commercial and financial success of the business as well as promote sustained competitive advantage by ensuring that high performing staff are retained within the company moving forward. Indeed Pollit (2005) found through his survey

that respondents were less assured of the future viability of their company when they had to recruit external successors to lead the organisation going forward.

## **2.5. Challenges and barriers associated with strategic succession planning**

There are a number of particular challenges identified in literature which is associated with strategic succession planning. In her small qualitative Welsh study Sambrook (2005) found differences between how both family and non-family enterprises can engage succession planning. While family firms can recruit from the family labour market in order to fill senior positions in their respective businesses non-family firms, with no family labour market to recruit from have the added challenge of having to identify and develop successors which ‘becomes more acute at the senior level’ (Sambrook, 2005). In their qualitative study Lowan & Chisoro (2016) identified a number of challenges including the fact that a potential successor may resign prior to their appointment which means another potential candidate will need to be identified. In addition most SME’s may not have the capacity to concentrate too much weight and expense at the top while in larger organisations there may be a fear of compromising the authority of leaders. In addition a lack of support from the top, corporate politics where friends and allies are supported at the expense of better candidates and a quick-fix attitude are all challenges companies face (Lowan & Chisoro, 2016). Furthermore succession planning may have low visibility where its benefits are not currently visible, while the authors also identified lack of budgeting for developing staff, no responsibility assigned to anybody to address succession planning and staff mistrust in leadership as a core challenges facing the company in being able to develop strategic succession planning (Lowan & Chisoro, 2016). While this South African qualitative study drew upon in-depth interviews which was advantageous this study had its limitations because it focused only upon seven staff in one company which means we cannot generalise the findings of the study to the broader population. Similarly, in their study Hooijberg & Lane (2016) also identified the lack of alignment for hiring criteria for the future CEO with the strategic needs of the organisation, a reluctance to antagonise the incumbent CEO by mentioning succession planning and a lack of attention to the development needs of executives below the CEO level and top team which limits the development of a talent pipeline. Challenges with strategic succession planning include that they can be overly complex and time consuming, lack focus on the future capabilities needed and that there is a limited system integration of talent and succession planning efforts (Church, 2014; Brooks, 2014).

## **2.6. How to improve succession planning**

Literature attests to a number of ways by which succession planning can be improved within organisations to enhance the firm's ability to offer a smooth transition to incoming talent. An Irish study by McDonnell et al (2010) identified a sample of 414 MNEs of Irish and foreign ownership operating in Ireland that fit their criteria. The study found that 148 companies interviewed had a global succession plan for high potentials in place while 104 did not (McDonnell et al, 2010). The study found that the majority of MNEs in the sample had a formal global management development program in place for high potentials as part of a global succession strategy emphasising the importance which talent management and management development play in developing a talent pipeline and succession strategy (McDonnell et al, 2010). However three in ten MNEs in Ireland are still without a formal program for developing high potentials with the US MNEs most likely to have formal global management development programs in place (64%) in contrast to Irish owned MNEs (McDonnell et al, 2010). 46% of MNEs have both global succession planning and formal management development programmes for high potentials in place which a further 24% have at least one of them which suggests that these MNEs are making a strategic move to manage and develop global talent pipelines (McDonnell et al, 2010). German and Irish MNEs are the most likely to have neither system in place (McDonnell et al, 2010). A Welsh study by Sambrook (2005) identified the importance of recruiting employees with potential, considering the work and career motives of potential successors and exploring ways of successfully transferring organisational and tacit knowledge from owner-manager to the successor. Another English based study by Pollit (2005; p. 38) based on feedback received from 115 international companies suggested that organisations use tools to develop future leaders including giving high potential individuals new significant roles which tax their abilities, encouraging senior executives to enter mentoring relationships with high potential individuals, provide high-potential individuals with coaching relationships and provide high potential individuals with external executive education programmes.

Hooijberg & Lane (2016) suggest that it is important to assess the needs and talents the organisation requires in a long-term CEO, create an emergency and long-term succession plan and build a strong leadership pipeline of internal talent. While the focus is on developing internal candidates, external candidates should also be assessed too (Hooijberg & Lane, 2016). While Hooijberg & Lane (2016) focus exclusively on CEO succession their advice can be adopted for other strategic positions within a company making it highly beneficial in improving succession planning within an organisation. Galbraith et al (2012) suggests that by adopting

some key principles a company can dramatically improve its ability to implement a strong strategic succession plan for key talent in their organisation. Such principles include integrating succession planning into strategic goals or initiatives, providing on-the-job leadership opportunities, providing job-specific training, and providing formal managerial or leadership training (Galbraith et al, 2012; p. 227). Jones (2015) suggests that performance management, identifying talent, formulating a strategy, engaging and retaining talent and identifying high potential employees are all critical in order to adopt an organisation wide succession plan which builds ‘a pipeline of key talent across all departments, critical functions and locations’. The importance of talent management and developing a talent pipeline for succession planning is recognised across the board including in LeCounte et al (2017) and Giambatista et al (2005).

## **2.7. Conclusion, summary and gap identified in literature**

The majority of studies explored in this literature review were quantitative in design and were focused on subjects in Europe and the USA which has reduced relevancy to Irish corporations (Durst & Wilhelm, 2012). However it does provide us with an insight into international practices. Two Irish studies were identified; one by PwC (2016) and the second by McDonnell et al (2010). The PwC survey however is not peer reviewed and we are not provided with the methodology used to arrive at the findings in contrast to the extensive McDonnell et al (2010) paper which explored MNE’s in operation in Ireland. The findings of the review overall articulate the importance placed on succession planning within the Irish and international literature (PwC, 2016; Flatt et al, 2013; McDonnell et al, 2010; Sambrook, 2005). The findings also highlighted how US owned MNEs are the most likely to undertake succession planning (at 67%) followed by European owned enterprises (at 62%) while the German and Irish MNEs are the least likely to engage in succession planning and global talent management strategies (McDonnell et al, 2010). A myriad of benefits were also tied to formal succession planning within organisations including improved talent retention, successful second and third generation survival and enhanced financial and commercial successes (Lowan & Chisoro, 2016; Hall-Ellis, 2015; Flatt et al, 2013; Wadeson & Ciccotosto, 2013; Politt, 2005). There are challenges however in developing a strategic succession plan including a lack of recognition of its value by senior management. While family firms can recruit from the family labour market in order to fill senior positions in their respective businesses non-family firms, with no family labour market to recruit from have the added challenge of having to identify and develop successors which ‘becomes more acute at the senior level’ (Sambrook, 2005). Succession planning can be improved by developing a talent management strategy and developing a talent

pipeline through the introduction of a variety of practices to hire talent, retain talent and grow talent within the organisation (LeCounte et al, 2017; Hooijberg & Lane, 2016; Jones, 2015; Galbraith et al, 2012; McDonnell et al, 2010).

This literature review identified a pertinent gap in the literature concerning qualitative studies in the Republic of Ireland. There were a limited number of studies identified which explored the importance of succession plans by organisations (Seymour, 2008). Only eight studies were qualitative and these were limited in their scope (Lowan & Chisoro, 2016). Most importantly the majority of studies focused upon small and medium enterprises (SMEs) and small family businesses with a lack of focus directed towards larger operations and corporate entities. Only two Irish study by PwC (2016) and McDonnell et al (2010) were identified with the former limited as it was not subject to peer review. The latter is now seven years old suggesting that a more up to date understanding of Irish practices is needed. In identifying a gap in the literature, this researcher is keen to fill it with a timely and contemporary qualitative investigation into the importance placed on succession planning within MNEs, SMEs and family run companies operating in the Republic of Ireland. McDonnell et al (2010)'s methodology was influential in encouraging this researcher to interview representatives from companies based in Ireland. Owing to the lack of qualitative data on family businesses and SMEs in Ireland however this researcher will deviate from McDonnell et al (2010) and include these population groups to explore succession planning practices across Irish industries.

## **Chapter Three**

### ***Methodology***

#### **3.0. Introduction**

This chapter sets out to document the methodological approach which was taken in the design and implementation of this dissertation. It will firstly outline the research question, aim and objectives of the study before exploring in detail the approach taken. In doing so, this chapter will outline the method taken, the philosophical approach drawn upon; the cases used in the review and the data collection tools employed. Additionally this chapter will account for the data analysis procedure followed, ethical considerations of the study and how the study sought to enhance validity and reliability. Finally the limitations of the methodological approach taken will be explored. This researcher will make widespread reference to scholarly research and literature to support and justify all approaches taken.

### **3.1. Research Question, Aim & Objectives**

Drawing upon a gap in existing research as identified in the literature review above this researcher will explore the importance of strategic succession planning to companies in Ireland. It is evident from the literature that there is a lack of empirical research on this topic with Irish studies being particularly limited (Seymour, 2008). In order to address this gap in literature the research question which this student researcher proposes is '*How important is a strategic succession plan in an organisation?*' The aim of the research then is to explore the importance of strategic planning to organisations in Ireland. In order to answer this question and achieve the established aim a number of objectives have been identified which involve;

1. Assessing whether succession planning is perceived as important by companies in Ireland and how they demonstrate this.
2. Identifying how Irish companies engage in succession planning
3. Exploring the benefits derived from succession planning for Irish companies today
4. Identifying the challenges and barriers posed by succession planning for Irish companies
5. Exploring the relationship between succession planning, talent management and business strategy

The outcome of the literature review provides us with an account of why this research question and objectives have been chosen while McDonnell et al (2010)'s methodological approach played an influential role in the subsequent design of this researcher's approach.

### **3.2. Methodological approach**

This research study adopted a qualitative methodological approach. Qualitative research offers an opportunity to collect a deeper insight and richer variety of data which can be used to inform

our understanding about how important a strategic succession plan is to organisations in Ireland (Stoner, 2010; Drew et al, 2008). Qualitative research draws largely upon interviews, observations and case studies which provide an opportunity to collect deeper levels of information in sharp contrast to quantitative research which offers more surface level data which lacks the depth of qualitative research that this author would need to truly understand the importance of strategic succession planning to organisations in Ireland (Engel & Schutt, 2010). Qualitative research employs a much smaller population compared to quantitative research with the drawback of this being that the findings cannot be generalised across the population (Fischer, 2009; Creswell, 2009). In contrast quantitative research draws upon scientific inquiry and a positivist paradigm which is of the view that factual knowledge can only be gained through observation including measurement (Willig, 2013; Burnard et al, 2008). In quantitative research the observer is independent while the sample is collected randomly while in qualitative research the observer is involved in the observation and there needs to be a much smaller population size (Gregory, 2003). For this reason this researcher felt confident that a qualitative approach was more advantageous for this particular study than one which is quantitative in design as it will provide a greater depth of information on succession planning practices from the perspective of those working within them. Aside from the benefits ascribed to qualitative research in this regard the rationale behind choosing this social constructivist paradigm lies in the fact that the literature review identified a lack of such studies in Ireland and around the world into strategic succession planning. In addition both Lowan & Chisoro (2016) and Wadeson & Ciccotosto (2013) provide pertinent examples of how effective qualitative studies can be in helping to explore succession planning efforts which this student researcher hopes to emulate.

### **3.3. Philosophy underpinning approach**

This dissertation employed an interpretivist approach which involves researchers interpreting key elements of a study (Willig, 2013). This philosophy assumes that reality is socially constructed and can only be understood through social constructions such as language and shared meaning (Banister et al, 2011). It was developed in response to criticisms of positivism (Banister et al, 2011). Interpretivists focus upon meaning making and reject the view that the world and its phenomena can be understood objectively independent of consciousness (Groenewald, 2004). Specifically this dissertation's approach was based upon a phenomenological philosophical perspective. Drawing upon phenomenology in underpinning this analysis involves focusing on an individual's meaning making as the core element of the

human experience (Patton, 2002). Phenomenology enables us to understand a phenomenon through the eyes of those who have experienced it and in this instance it is highly useful to understand strategic succession planning from the perspective of those who work within their respective fields within industry (Merriam, 2009). The focus of such a study is in interpreting the inner essence of the interviewees cognitive processing with respect to some common experience, in this instance succession planning (Patton, 2002). As such an interpretivist approach was more advantageous to this study than the positivist approach with the latter suggesting that only that which can be scientifically verified or which is capable of mathematical proof can be accepted (Nelson, 2009).

### **3.4. Cases**

This researcher initially chose to interview three senior management executives across three companies operating in Ireland. However one interviewee failed to attend for interview and was unable to take part subsequently. As such two interviews took place. The first was held with the Chief Executive Officer (CEO) of a dairy company with operations in Ireland. This company currently employs 265 employees in Ireland and is a subsidiary of an English owned corporation. The second interviewee was a Managing Partner (MP) of a law firm which employs 106 people in Ireland. It is an Irish family owned business operating in the East of Ireland with the MP a family member involved at senior level. The two companies and their respective representatives were chosen because they were known to this researcher which made access easier to gain. The two companies represent a subsidiary of an MNE and a family owned business (FOB) which will provide an insight into their succession planning practices.

The use of non-probability (purposive) sampling in the selection of these two interviewees is advantageous because it allowed the researcher to choose the most pertinent participants for the study through a purposive sampling approach (Willig, 2013). However a drawback of purposive sampling is that it does not allow for an equal opportunity for all the population to be selected which means that the results cannot be generalised to the population (Bailey, 1994). However due to time and resource constraints this approach is the most advantageous because the researcher can then decide who to include with this approach aligned to the qualitative paradigm in contrast to quantitative research which would always insist on probability sampling (Banister et al, 2011).

### **3.5. Data Collection tools**

There are a number of data collection tools this study could have utilised including focus groups and interviews which are aligned to the qualitative framework chosen. Surveys and questionnaires, while having their own respective benefits are aligned to a quantitative approach which is shallower in depth than qualitative research tools such as focus groups and interviews. Focus groups have many advantages as they can offer an insight into the beliefs, experiences and feelings of a variety of participants while also reducing the costs involved in having to spend time interviewing individuals separately (Stoner, 2010). Interviews are a popular method for finding out information as part of a qualitative study (Stoner, 2010). It involves one to one interviewing where the researcher asks the participant a number of questions as a way of illicit critical information pertinent to the study. Interviews usually involve one to one discussions with the researcher having a list of questions to ask the participant. The advantage of interviews is that a researcher can find out in-depth information from a participant compared to other forms of data collection such as surveys but a disadvantage is that it can be time consuming and the use of low numbers can cause problems with regard to validity, reliability and generalizability (Mitchell & Jolley, 2010). Both Lowan & Chisoro (2016) and Wadeson & Ciccotosto (2013) draw upon semi-structured interviews, which is the approach which this author took as it provided an opportunity to collect a richer level of information than other types of tools such as surveys (Groenewald, 2004). This was true too for McDonnell et al (2010) when they interviewed management executives of MNEs in Ireland. Interviews was chosen over focus groups too because the latter can be harder to arrange for everybody to get together at the same time and the transcripts can be difficult to analyse because of all the participants engaged at once (Stoner, 2010). As this researcher is working with very busy professionals from across different organisations and businesses it would have been difficult to have scheduled a time which would have suited all interviewees. Interviews then appeared to be the most advantageous approach as they allowed for more flexibility. Semi-structured interviews were chosen which included both open and closed questions as this researcher felt that such an approach affords participants a chance to provide their own insight without having to religiously follow a pre-determined script as occurs during structured interviews (Lichtman, 2014).

### **3.5.1. The Interviews**

As noted above the interviews conducted drew upon a mixture of open and closed questions. The aim and objectives of the dissertation underpin the approach taken. The questions set out to explore if succession planning had been applied to the organisation the interviewee works

with, what strategies have been successful in their view in regard to succession planning and what challenges and barriers did they feel was evident with regard to this practice within their organisation. A closed question was asked concerning whether they believed management were effective with regard to succession planning. Finally this researcher sought to identify how the organisation structures its succession planning framework and its relationship to the company's overall talent management strategy and business strategy. Each of the questions asked helped the researcher to develop a broader and more detailed understanding of the subject and helped create a more complete picture of succession planning in practice within companies in Ireland. The exact questions asked in the interviews are located in Appendix Two while a transcript of the two interviews conducted is in Appendix Six at the end of this paper. Each interview lasted approximately forty minutes. The researcher ensured that jargon was eliminated so as to enhance understanding of the questions. Funnelling was also drawn upon in order to seek out further details in response to some answers provided by participants.

### **3.6. Access**

Two interviews were conducted and recorded with each of the two selected participants in their offices around Ireland. Prior to conducting the interviews this researcher sought permission and gained written informed consent from the interviewee prior to attending for interview. This involved sending out an invitation, an information leaflet and an informed consent form to the prospective interviewee to ensure full access is agreed to prior to undertaking any interview. These are located in Appendix Three, Four and Five at the end of this paper.

### **4.5. Data Analysis**

Each of the two interviews conducted were recorded for later transcription in Microsoft Word. Data analysis was then carried out drawing upon Braun & Clarke's Six Stages of Analysis (2013) which is contained in Appendix One at the end of this paper. This tool is a highly relevant framework which is popular for analysing and exploring qualitative research as it assists in providing an opportunity to guide the analysis (Clarke, 2009). The trustworthiness of the process will be enhanced through the checking for accuracy with the participant, peer reviewing, bracketing and reflexivity.

### **4.6. Ethical Considerations**

This researcher ensured that ethics underpinned the design and carrying out of this research study. Importantly informed consent was ensured by asking each participant to sign an informed consent form prior to taking part in this study (Appendix Five). In addition the

participants received an information leaflet and were given an opportunity to ask questions throughout the process (Martella & Nelson, 2013). They were also advised that they could withdraw from the study at any time without fear of any penalties. Confidentiality and privacy was paramount and no information on any of the participants was divulged with each person's name and organisation replaced with a pseudonym (Stoner, 2010). The storage of all information on participants complied with Data Protection Laws 1988 and 2003 in Ireland and all data will be destroyed at the end of this study. This researcher will ensure that all participants are protected from harm and that their rights are protected at all times. The ethical principles that must be adhered to when conducting research include respect for persons' autonomy, beneficence, non-maleficence, justice/fairness, veracity, fidelity and confidentiality. An identified respect for autonomy and informed consent was achieved by asking participants to sign an informed consent form and giving them an opportunity to ask questions. Researchers also have an ethical duty to balance the potential benefits against potential risks and to minimize potential risks to participants. In this study there is no direct benefit for the participants themselves but they have an opportunity to tell their story which can be useful to understanding the importance of strategic succession planning for us and contemporary researchers and policy makers. Understanding contemporary practices is important in order to develop best practice and policies which could ultimately assist management in the future. Confidentiality lies at the heart of ethical research in order to ensure the protection of all involved as well as the integrity of the research collected. It also supports the development of trust between all parties which is important so that participants feel comfortable (Stoner, 2010). Reassurances were outlined in the information letter so interviewees were informed fully of data handling and the protection of their privacy. The forms collected as well as the transcripts were all put into sealed envelopes and stored securely in a locked security box. Ethical approval was also obtained from NCI prior to the carrying out of the interviews to enhance the validity of the study.

#### **4.7. Reliability**

Reliability is an important element of all empirical research as it enhances trust and faith in the findings of the study. It refers to the consistency of the tools used with the greater the consistency the more reliable the study is said to be (Lichtman, 2014). The reliability of the study was enhanced by checking the data collected in the transcripts with interviewees afterwards in order to ensure that the data collected was the truth. Additionally this researcher had asked colleagues to determine the reliability and validity of the analysis. This researcher

also drew upon existing empirical research and literature to underpin the findings of this study and triangulate the findings with existing research to validate, challenge and extend existing findings (Turner & Turner, 2009). While a pilot study can enhance the reliability of a study this was not used because of time constraints (Banister et al, 2011).

#### **4.8. Limitations**

There are a number of limitations attributed to this research study which are important to address going forward. Utilising a qualitative research paradigm has its disadvantages as the findings cannot be generalised at all. Despite this however the findings can be useful in giving an idea of the prevalence of and importance placed of strategic succession planning for organisations operating in Ireland. Another limitation is the small sample as this researcher is drawing on only two interviewees representing two different companies and sectors in the Irish industry. The researcher had originally chosen three but unfortunately the third pulled out at the last minute and this researcher was unable to find a replacement in such a short timeframe. In hindsight greater planning should have been established in order to identify an even broader sample to include in order to provide a greater insight into succession planning in Irish SMEs, MNEs and family businesses. However it is hoped that having a smaller sample will enable a deeper level of information to be collected and analysed, although it would be highly advantageous for follow up research to be carried out employing a larger sample. However due to time and resource constraints the smaller sample size has been chosen for this current study.

#### **4.9. Conclusion & Summary**

This paper had set out to detail the methodological approach taken in the design and development of this research study. This chapter provided justification for why a qualitative paradigm was chosen over a quantitative one. Additionally the philosophical approach of interpretivism was also explored and justification for its adoption in this study articulated. The data collection tool which shall be used in this study was explored and justification provided for why interviews were chosen. Other aspects of this chapter which dealt with the design and carrying out of this research study included an account of the analysis procedures which were undertaken as well as ethical considerations taken into account in order to ensure that all participants were protected and their data safely and securely maintained. It was important to respect their autonomy, their privacy and anonymity and full informed consent was received prior to the interview process. Limitations of the methodological process were also identified including the small sample size in order to critique the approach taken.

## Chapter Four

### *Findings*

#### **4.0. Introduction**

This chapter sets out to analyse the findings derived from the two interviews conducted during the preparation of this dissertation. The aim of the study has been to explore the importance of strategic planning to organisations in Ireland. In structuring this chapter, this researcher will explore the findings through an analysis by objective. This will involve taking the research objectives in order, presenting the data relevant to each objective and indicating how and whether they satisfy the objective in question. Recognition of the limitations of the findings as well as the implications they have from academic and practitioner perspectives.

#### **4.1. Background**

One interview was conducted with the CEO of a dairy company based in Ireland. This dairy company is owned in England and operates as a subsidiary to its parent company. Based in the East of Ireland the dairy company employs 265 employees in Ireland and the organisation focuses on sales. It works closely with farmers throughout Ireland where it collects and manages milk supplies for the Irish, Northern Irish and English markets. The company has been in operation for twenty years. For ease, this interviewee will be referred to as 'A' throughout this chapter. The second interview was conducted with a Managing Partner (MP) within a family owned law firm. This law firm is based in the East of Ireland and employs 106 employees where they specialise in family law and civil litigation. For ease, this interviewee will be referred to as 'B' throughout this chapter.

#### **4.2. Objective One: Assess whether succession planning is perceived as important by companies in Ireland and how they demonstrate this**

It is evident from throughout the interviews that succession planning is perceived as important within interviewee 'A's' company. This is evident because they have a strategic succession plan in place. 'A' recognises that they have a succession plan in place under the umbrella of a UK parent company. The current CEO has a board of directors who meet once a month. Typically a CEO will have twenty four months in this position and before the position is due to expire the board will meet to discuss the proposed nominees and elect the next CEO. While 'A' recognises the value and importance of succession planning to develop a talent pipeline within the

company this is not reflected in the second business. Interviewee 'B' notes that the family law firm works off a hierarchical system without formal succession plans in place. The managing partner works alongside other partners somewhat like a board of directors where no formal succession system is in place.

#### **4.3. Objective Two: Identify how Irish companies engage in succession planning**

When asked how their respective companies engage in succession planning and what strategies were used to do so interviewee A noted that the company has a business strategy and which that they look at the areas where the business has grown and where it will potentially grow over the next five years, what areas will be scaled back and how the company will expand through acquisitions. Our Board of Directors manage the implementation of the business strategy. While interviewee 'A' is not referring exclusively to succession plans this implies that succession planning is a part of the company's ongoing strategy. When asked how the succession planning framework was structured interviewee A noted that the company is controlled by its parent company in the UK so they follow their model and framework structure. They identify and develop potentials through their organisation structure in Ireland and align their practices with the parent companies organisational strategy. Unfortunately, though this explanation by interviewee A does not provide us with details on the actual strategies taken with regard specifically to succession planning. Unsurprisingly perhaps interviewee B denotes a hierarchical system in place for succession planning or the lack thereof. He notes that the company has a managing partner, next to this are other partners who have buy-in to the firm followed by secondary partners. Again interviewee 'B' is failing to address the actual strategies involved in succession planning but we can deduce that no formal plans actually exist. When asked about the succession planning framework and how it is structured interviewee B noted that 'it appears to be very much ad hoc'. Again it is clear that no formal system, structure or framework exists within the family law firm.

#### **4.4. Objective Three: Exploring the benefits derived from succession planning for Irish companies today**

It was clear that both A and B recognised the significant benefits derived from succession planning for companies in Ireland today. This is something that has already been recognised too in empirical literature (McDonnell et al, 2010). Interviewee A was able to provide quite a detailed account of the benefits for his organisation currently which included the fact it gave a clearer vision going forward. "This prevents time spent on recruiting and training for people to take over as we already have talent in the pipeline for when senior management retire or leave"

(A). This suggests then that a significant advantage is drawn from the fact that they can source their talent internally for senior roles which quite clearly would cut down on having to recruit externally. It also would provide greater clarity for employees and management as well as the CEO if they know there is a talent pool available should they need to be drawn on. Interviewee A recognises that this makes things smoother as it gives management and the CEO time to coach and mentor prospective potentials who are seen to have the capacity for more senior positions within the business. It also appears to be part of a larger talent management strategy within the company which is highly advantageous. As the CEO it is clear that 'A' recognises the immediate and long term value of having succession plans in place. Interviewee 'B', as a managing partner in a family owned law firm, also recognises the value implicit in succession planning. He suggests it is beneficial because it means that plans are in place in advance to ensure that the most effective and talented person is in place rather than it being decided at the last minute or based on seniority alone which is the situation presently. While it is clear that both interviewee A and B come from different backgrounds and industries it is also very clear they come from organisations that take a very different view of succession planning. However despite the lack of succession planning evident within the law firm 'B' strongly acknowledges its perceived benefits which gives rise to a contradiction between believes and actual practices within the law company.

#### **4.5. Objective Four: Identify the challenges and barriers posed by succession planning for Irish companies**

As above, interviewee A was able to provide richer amount of details concerning both he challenges and barriers posed by succession planning for their organisation. He recognised that the organisation struggled most with identifying the core competencies required for a broad range of key positions, including those that may not currently exist in the company. This then has led to different visions being illustrated from within the management team and from time to time has left confusion and unrest with the board of directors. It is evident then that planning for the future can be fraught with challenges as organisations try to lead from the front in their respective industries and therefore it is important to have the requisite skills and talents needed to do this in an ever more competitive global marketplace. A barrier to succession planning too is recognised by the 'A' as being time management. "Since the recession, leaders are asked to

do more with less and feel they are being stretched too thin” (A). The reality is that leaders and people in key management positions are being expected to spend a significant amount of time to help develop and coach new leaders but the majority aren’t held responsible for participating in those activities. The result is they often do not make time to contribute meaningfully, especially given their competing priorities. The CEO suggests too that a lack of skills from senior management, or ‘possible lack of interest’ which he puts down to communication barriers. When interviewee ‘B’ is questioned on the challenges and barriers to succession planning which is preventing his law firm from utilising it effectively, he recognises the biggest challenge has been ‘buy-in’ from the other partners as to who is next in line and not wanting to take on the responsibility of developing such plans and putting them in place. He recognises then a barrier to succession planning as being the lack of wanting to get involved and take on the ownership of the task at hand on the part of the team members or partners. It is quite clear then that there is a difference in emphasis between both the company represented by ‘A’ and that of ‘B’ with very little in the way of succession planning evident from interviewing ‘B’. Moreover ‘B’ recognises this limitation himself and highlights a lack of buy-in from senior management as the reason for this. Interestingly we can deduce too that there is also a perceived lack of ‘buy-in’ from ‘A’s description of the situation in his company as staff do not fully recognise the value of coaching and mentoring high potentials which is seen as an important means of developing talent for senior positions (Department of Public Expenditure and Reform, 2013).

#### **4.6. Objective Five: Exploring the relationship between succession planning, talent management and business strategy.**

As above interviewee A is able to provide a much richer analysis of the relationship between succession planning and the company’s business strategy. Interviewee ‘A’ - notes that succession planning plays an important role within the organisation’s overall talent management strategy and within the broader framework of resourcing, talent management and developing activities. It is led by the CEO but HR has a critical role to play in supporting and facilitating the process on the one hand. However they also expect expert input from senior management into the core activity on the other. Interviewee ‘A’ - notes that talent management becomes really only relevant and transparent when recruiting senior management within the organisation’s overall business strategy. The HR department use a ‘talent management plan’ which is closely aligned with the company’s strategic plan and overall business needs. They use goal alignment which is a tool that not only clarifies job roles for individual employees,

but also demonstrates ongoing value of employees to the organisation. The process assists management in finding better ways to support each other, as well as identify areas where they may be unintentionally working at cross purposes. In contrast to the depth of alignment between succession planning, talent management and business strategy evident in the first company this is clearly not seen in the second company as described by interviewee 'B'. When asked if and how succession planning fits into the businesses overall talent management strategy interviewee B notes that this is seen from the outset when recruiting candidates whom they know have a niche area within the company. They also include clause in contracts post qualification that employees remain in the firm for eighteen months which is 'part of the succession planning from associate to partner'. Talent management fits into the organisations overall strategy only with regard to senior management. However interviewee B does not expand upon this assertion and therefore we are left with little information as to the relationship between the two. The company takes less of a view when recruiting employees who will fulfil less decision making roles within the company.

#### **4.7. Peripheral findings**

While not directly related to the objectives set out the findings of the interviews found that interviewee A believes that management and company leaders within the first company are effective with regard to succession planning. However it is important too that they have the assistance, tools and support needed from senior management to be effective. Unsurprisingly interviewee B notes that company leaders are not very successful with succession planning and they feel that no thought has been given to the process or future planning of the firm.

#### **4.8. How important is a strategic succession plan in an organisation?**

Drawing on both interviews it is clear that both the dairy company and the law firm take very different approaches to succession planning. While it is clear that strategic succession planning is an important element of the dairy company's talent management and overall business strategy this is much less clear within the family run law firm. It is evident throughout that succession planning is strategic within the dairy company drawing upon the evidence from interviewee A but that it is not given significant thought within the family run business with a hierarchical system present. This would suggest then that the family run law firm operates on the basis of seniority with partners taking over from the managing partner when he leaves or retires. There appears to be no formal talent management system in place to develop a talent pipeline within the family run business whereas this does appear evident from interviewee A's assessment of practices within the dairy company. The dairy company however is influenced

by its parent company in the UK and so would follow policies and practices of an MNE in contrast to the family run business operating in Ireland only. The differences evident between both companies are perhaps unsurprisingly when recent reports suggest that only 55% of family run companies actually have succession planning in place whereas this figure is higher for MNEs (PwC, 2016; McDonnell, 2010). Overall then, it is difficult to answer the question regarding the importance of strategic succession planning in an Irish organisation because the evidence would suggest that succession planning is not particularly widely practiced. In saying this however we are widely limited by the inclusion of just two interviewees depicting two Irish based companies.

#### **4.9. Conclusion**

These findings point to contradictory evidence concerning the importance placed on strategic succession planning in organisations in Ireland. While both interviewees were widely positive of the benefits accrued to succession planning and its importance within an organisation the actual practices were less evident of this. While the dairy company demonstrates evidence of strategic succession planning this is not the case for the family law firm as depicted in the interviews suggesting that the application of succession planning in practice is at odds with the perceived benefits of them. There were considerable limitations to this chapter which have an important bearing on the findings. Only two interviews were carried out which limits our ability to confidently assess the importance placed on strategic succession planning in contemporary Irish organisations. We can only ascertain from the two examples above that while the importance of succession planning is recognised, its actual practice is divided with only one of the two company's advocating and practicing strategic succession planning based the interviews conducted with key personnel within both. The implications of the findings are relevant though to both academics and practitioners alike. They re-emphasise the importance of succession planning given the benefits identified above for practitioners. For academics the findings also allude to important challenges and barriers which they can work towards addressing to best support businesses in Ireland.

## **Chapter Five**

### ***Discussion***

#### **5.0. Introduction**

This penultimate chapter sets out to critically discuss the findings and situate them within existing theoretical research and literature. It will set out to link the findings identified in interviews with the existing research base in order to compare and contrast the new evidence with existing data collected in the field. This chapter will identify any new insights or explanations which have been identified and will be reflective and critical in design. In order to do so the structure of this chapter will be on the basis of addressing each of the objectives set out at the beginning of this paper. Finally this paper will also explore the practical implications of the findings of this dissertation for various stakeholders including government policy makers, academics, business organisations, employees and management.

### **5.1. Findings One: Mixed use of strategic succession planning identified**

The findings derived from the two interviews suggest that the dairy company does employ strategic succession planning as it appears succession planning is an implicit part of their talent management strategy and business strategy. However while this is the case for the first company it was not evident in the second. According to the interviewee 'B' strategic succession planning is not practiced emphatically across the organisation with no formal succession plan in place. This is unfortunate as succession planning is seen as a 'critical' part of any business strategy and seeks to manage the smooth transition between the current and future owners or management of a business (Staehr, 2015; Ryan & Power, 2010). However the divide represented by the two Irish firms follows closely with available Irish empirical evidence. An Irish study of 100 family businesses in Ireland conducted by PwC in 2016 found that only 51% of family businesses surveyed said they had a succession plan in place in contrast to the global succession planning rate of 57% amongst family businesses (PwC, 2016). Of this 51% only 14% have a plan in place which is robust, documented and communicated (PwC, 2016). It can be deduced then that the findings from the family owned law firm are conducive to existing findings in the literature which suggest that slightly less than half of all family run firms in Ireland have no succession planning in place at all. The findings of the dairy company, as a subsidiary of an MNE reflect those found in McDonnell et al (2010) which highlighted how three quarters of the respondents did have a global succession plan in place. However a limitation of this comparison is that McDonnell et al (2010) only included MNEs which employed over 500 staff whereas the dairy company employs less than half of this. 35% of MNEs in the study had no formal succession planning in place however (McDonnell et al, 2010). Nevertheless as identified previously a limitation of our findings is the paucity of the data collected and the lack of interviews undertaken in this study. However despite this, the

limited findings do support the idea that succession planning is not widespread in industry with more research required to demonstrate this empirically.

## **5.2. Findings Two: Difference between perceived value of succession planning and its actual practice within Irish organisations**

One anomaly which was identified in the findings is that while the perceived value of succession planning was acknowledged by both parties the actual practice diverged. Both parties could identify a wide variety of benefits which were supported in existing research. For instance benefits identified by interviewee A include the fact it gives a clearer vision going forward. “This prevents time spent on recruiting and training for people to take over as we already have talent in the pipeline for when senior management retire or leave” (A). This suggests then that a significant advantage is drawn from the fact that they can source their talent internally for senior roles which quite clearly would cut down on having to recruit externally. It also would provide greater clarity for employees and management as well as the CEO if they know there is a talent pool available should they need to be drawn on. Interviewee ‘B’, also recognises the value implicit in succession planning. He suggests it is beneficial because it means that plans are in place in advance to ensure that the most effective and talented person is in place rather than it being decided at the last minute or based on seniority alone which is the situation presently. The benefits of succession planning are supported in literature. An English study by Flatt et al (2013) based on the 2007 and 2008 Fortune rates of 241 companies found that CEO successions improved reputations on average. In their South African study Lowan & Chisoro (2016) identified a range of benefits to succession planning including increased opportunities becoming available to high potential workers, identification of replacement needs which helps improve training, education and employee development, increasing the talent pool of promotable employees. It also helps individuals realise their career plans within the organisation, improves employee morale and their ability to respond to changing environmental demands as well as aiding with downsizing (Lowan & Chisoro, 2016). This too was echoed by a qualitative study by Wadeson & Ciccotosto (2013) who noted that benefits include developing pivotal talent, retaining employees, supporting long-term growth, and overcoming recruitment shortages.

However despite the obvious benefits identified by both interviews and the empirical evidence the perceived value is not matched by practices on the ground. Based on the findings of the interviews the second business does not employ strategic succession planning in managing successions despite acknowledging its value. This anomaly is articulated too in research. This

was identifiable in a US quantitative study by Galbraith et al (2012) which carried out a survey of 34 libraries to investigate their opinions about the importance of succession practices. The study identified a pertinent gap between the perceived importance of succession planning and the actual implementation of succession planning principles. All respondents noted the importance of succession planning and its value. While 47% did have a succession plan somewhat established 41% noted that their succession plan was not well-established. Similarly Hooijberg & Lane (2016) undertook a survey of 124 board members of global (primarily non US based) organisations with respondents largely being comprised of directors of public companies, privately owned companies and nongovernmental organisations. 51% of respondents stated that they did not have an emergency CEO succession plan while 45% said that they did not have a long-term succession plan but all agreed that they should have one (Hooijberg & Lane, 2016). Only 10% stated that they have a strong emergency succession strategy while 13% had a long-term succession plan in place (Hooijberg & Lane, 2016).

### **5.3. Findings Three - Identify how Irish companies engage in strategic succession planning**

One of the poorest aspects of the interviews was with regard to the level of detail provided concerning how Irish companies engage in succession planning with little information identified concerning the strategies employed concerning succession planning. This suggests a lack of knowledge concerning succession planning on the part of the interviewees. Interviewee A notes that the company follows the plans, policies and strategies set out by their parent company in the UK and that succession planning is part and parcel of the company's ongoing strategy. This is advantageous because succession planning is always ongoing and represents the need to build a talent pipeline as noted in existing literature. Meanwhile the second interviewee was also unable to provide the strategies employed by the company but this may largely be due to the fact that a succession planning framework is not formerly established in the firm. It would appear that when the managing partner steps down that a senior partner takes over. Whether this is decided by the managing partner or a vote is taken by all partners is unclear. Literature on the other hand provides a wealth of information on how companies can effectively engage in succession planning. For instance an Irish study by McDonnell et al (2010) found that the majority of MNEs in the sample had a formal global management development program in place for high potentials as part of a global succession strategy emphasising the importance which talent management and management development play in developing a talent pipeline and succession strategy (McDonnell et al, 2010). 46% of MNEs

have both global succession planning and formal management development programmes for high potentials in place which a further 24% have at least one of them which suggests that these MNEs are making a strategic move to manage and develop global talent pipelines (McDonnell et al, 2010). A Welsh study by Sambrook (2005) identified the importance of recruiting employees with potential, considering the work and career motives of potential successors and exploring ways of successfully transferring organisational and tacit knowledge from owner-manager to the successor. This is recognised as important by interviewee 'B' who notes that the HR team ensure that they recruit personnel that fit within specific niches of the business.

Hooijberg & Lane (2016) suggest that it is important to assess the needs and talents the organisation requires in a long-term CEO, create an emergency and long-term succession plan and build a strong leadership pipeline of internal talent. This is recognised by interview A who notes that the organisation continually engage in an analysis of their business strategy in order to identify the future needs of their business and to help ensure that this is both anticipated and planned for in the succession policies. Jones (2015) suggests that performance management, identifying talent, formulating a strategy, engaging and retaining talent and identifying high potential employees are all critical in order to adopt an organisation wide succession plan which builds 'a pipeline of key talent across all departments, critical functions and locations'. The importance of talent management and developing a talent pipeline for succession planning is recognised across the board including in LeCounte et al (2017) and Giambatista et al (2005).

#### **5.4. Findings Four - Lack of buy-in from senior management**

One of the most pervasive challenges identified by interviewee B was a lack of buy-in from senior management which partners not wishing to take the responsibility for developing succession plans. Additionally interviewee A recognised that his organisation struggled with identifying the core competencies required for a broad range of key positions, including those that may not currently exist in the company. This then has led to different visions being illustrated from within the management team and from time to time has left confusion and unrest with the board of directors. A further barrier is time management which has been particularly acute since the recession as identified by interviewee A. This has led to leaders and people in key management positions not being able to spend a significant amount of time to help develop and coach new leaders with a lack of accountability for doing so leading to a lack of commitment. The result is they often management do not make time to contribute meaningfully, especially given their competing priorities. Interviewee A suggests too that a lack of skills from senior management, or 'possible lack of interest' which he puts down to

communication barriers. Empirical research supports these findings. In their qualitative study Lowan & Chisoro (2016) most small scale companies may not have the capacity to concentrate too much weight and expense at the top while in larger organisations there may be a fear of compromising the authority of leaders. In addition a lack of support from the top, corporate politics where friends and allies are supported at the expense of better candidates and a quick-fix attitude are all challenges companies face (Lowan & Chisoro, 2016). Furthermore succession planning may have low visibility where its benefits are not currently visible, while the authors also identified lack of budgeting for developing staff, no responsibility assigned to anybody to address succession planning and staff mistrust in leadership as a core challenges facing the company in being able to develop strategic succession planning (Lowan & Chisoro, 2016). Similarly, in their study Hooijberg & Lane (2016) also identified the lack of alignment for hiring criteria for the future CEO with the strategic needs of the organisation, a reluctance to antagonise the incumbent CEO by mentioning succession planning and a lack of attention to the development needs of executives below the CEO level and top team which limits the development of a talent pipeline. Challenges with strategic succession planning include that they can be overly complex and time consuming, lack focus on the future capabilities needed and that there is a limited system integration of talent and succession planning efforts (Church, 2014; Brooks, 2014). As such the findings of the research conducted support existing empirical evidence.

### **5.5. Findings Five - Difference between MNEs and FOBs**

One possible reason for the lack of strategic succession planning in the family law firm as evidenced by interviewee B, in contrast to that of the dairy company may be to do with the differences inherent within both types of organisations. In her small qualitative Welsh study Sambrook (2005) found differences between how both family and non-family enterprises can engage succession planning. While family firms can recruit from the family labour market in order to fill senior positions in their respective businesses non-family firms, with no family labour market to recruit from have the added challenge of having to identify and develop successors which ‘becomes more acute at the senior level’ (Sambrook, 2005). It could be argued that the dairy company has no option but to put a succession plan in place in order to secure the lifeline of the company into the future, to address a deficit in skills in the local labour force and to ensure investors are happy. However this sort of pressure is not heaped upon a family run business because they can draw upon family members to take over positions in the company.

## **5.6. Conclusion**

This chapter had set out to discuss the findings from the interviews conducted and locate them within existing empirical research to date. It highlighted how the findings support and underpin existing research to date with regard to the benefits identified in succession planning for organisations and the challenges and barriers that are recognised in practice. No contradictory findings were identified with the evidence generally supporting the empirical research available. The findings do point to contradictory evidence concerning the importance placed on strategic succession planning in organisations and this is evident in both the interviews conducted and the existing literature. While both interviewees were widely positive of the benefits accrued to succession planning and its importance within an organisation the actual practices were less evident of this. While the dairy company demonstrates evidence of strategic succession planning this is not the case for the family law firm as depicted in the interviews suggesting that the application of succession planning in practice is at odds with the perceived benefits of them. However one possible reason for this is that the dairy company has no option but to put a succession plan in place in order to secure the lifeline of the company into the future, to address a deficit in skills in the local labour force and to ensure investors are happy. However this sort of pressure is not heaped upon a family run business because they can draw upon family members to take over positions in the company and their business strategy is not constrained by outside influences such as a parent company or shareholders.

# **Chapter Six**

## ***Conclusion & Recommendations***

### **6.0. Introduction**

This final chapter sets out to provide a conclusion to this dissertation pulling together the findings and critically assessing its value for future research and evidence based practice. This dissertation had set out to originally ascertain the importance of strategic succession plans to organisations in Ireland. In order to help reach this aim a number of objectives were identified including assessing whether succession planning is perceived as important by companies in Ireland and how they demonstrate this, identifying how Irish companies engage in succession planning, exploring the benefits derived from succession planning for Irish companies today, identifying the challenges and barriers posed by succession planning for Irish companies and

exploring the relationship between succession planning, talent management and business strategy.

## **6.1. Main findings**

The main findings of this dissertation are presented below and sum up the evidence emerging from both the interviews and literature reviewed.

### *6.1.1. Objective One – assess whether succession planning is perceived as important*

The objectives of this dissertation were met in that this researcher was able to identify that succession planning is not fully perceived as important. While the dairy company included in this study as assessed by interviewee A did utilise strategic succession planning which was tied into the company's corporate strategy this was not the case for the second company – a family law firm. This is consistent with existing research which suggests that slightly below half of family owned businesses do not employ successive plans in Ireland and this is similar to the international picture (PwC, 2016).

### *6.1.2. Objective Two – identify how Irish companies engage in succession planning*

The findings of other interview suggest that the dairy company engage in succession planning by ensuring that they tie in succession plans to talent management strategies and to the wider company strategy. This was not the case for the family owned company which again is consistent with not having a formal succession plan in place. However given that only two interviews took place based on two very different organisations the findings do not provide a good indication of how Irish companies more generally engage in succession planning.

### *6.1.3. Objective Three – Exploring the benefits derived from succession planning*

### *6.1.4. Objective Four – Identifying the challenges and barriers posed by succession planning*

One of the most pervasive challenges identified by interviewee B was a lack of buy-in from senior management which partners not wishing to take the responsibility for developing succession plans. Additionally interviewee A recognised that his organisation struggled with identifying the core competencies required for a broad range of key positions, including those that may not currently exist in the company. This then has led to different visions being illustrated from within the management team and from time to time has left confusion and unrest with the board of directors. A further barrier is time management which has been particularly acute since the recession as identified by interviewee A. This has led to leaders and people in key management positions not being able to spend a significant amount of time to help develop and coach new leaders with a lack of accountability for doing so leading to a lack of commitment. The result is they often management do not make time to contribute meaningfully, especially given their competing priorities. Interviewee A suggests too that a

lack of skills from senior management, or ‘possible lack of interest’ which he puts down to communication barriers. Empirical research supports these findings (Lowan & Chisoro, 2016; Hooijberg & Lane, 2016; Church, 2014; Brooks, 2014).

#### *6.1.5. Objective Five – Exploring the relationship between succession planning, talent management and business strategy*

Interviewee ‘A’ - notes that succession planning plays an important role within the organisation’s overall talent management strategy and within the broader framework of resourcing, talent management and developing activities. It is led by the CEO but HR has a critical role to play in supporting and facilitating the process. Interviewee ‘A’ - notes that talent management becomes really only relevant and transparent when recruiting senior management within the organisation’s overall business strategy. The HR department use a ‘talent management plan’ which is closely aligned with the company’s strategic plan and overall business needs. They use goal alignment which is a tool that not only clarifies job roles for individual employees, but also demonstrates ongoing value of employees to the organisation. The process assists management in finding better ways to support each other, as well as identify areas where they may be unintentionally working at cross purposes. In contrast to the depth of alignment between succession planning, talent management and business strategy evident in the first company this is clearly not seen in the second company as described by interviewee ‘B’ which is unsurprising given the lack of succession planning evident within the company.

## **6.2. New Insights and concluding comments**

The findings of the interviews and literature review identified new insight into succession planning strategies. There is a difference between the perceived value of succession planning and its actual practice within Irish organisations. While each of the interviews identified its importance the second interviewee noted that despite this, succession planning was not adopted by the organisation. This is reflected in literature which suggests an anomaly between theory and practice which needs to be rectified (Lowan & Chisoro, 2016; Flatt et al, 2013). Differences were also identified between family owned businesses and larger organisations and MNEs. This researcher suggests that one possible reason for the lack of strategic succession planning in the family law firm as evidenced by interviewee B in contrast to that of the dairy company may do with the differences inherent within both types of organisations. Sambrook (2005) also found differences between how both family and non-family enterprises engage succession planning. While family firms can recruit from the family labour market in order to fill senior

positions in their respective businesses non-family firms, with no family labour market to recruit from have the added challenge of having to identify and develop successors which ‘becomes more acute at the senior level’ (Sambrook, 2005). It could be suggested that the dairy company has no option but to put a succession plan in place in order to secure the lifeline of the company into the future, to address a deficit in skills in the local labour force and to ensure investors are happy. However this sort of pressure is not heaped upon a family run business because they can draw upon family members to take over positions in the company. In saying that family run businesses do need to engage in succession planning in order to ensure the longevity of the business and its ability to transfer to the next generation successfully. A study by Forbes (2013) found that less than one third of family businesses survive the transition from first to second generation ownership while 50% of businesses do not survive the transition from second to third generation which is a stark reminder of the importance of succession planning.

### **6.3. Limitations of study**

There are a number of limitations attributed to this research study which are important to address. Utilising a qualitative research paradigm has its disadvantages as the findings cannot be generalised at all. Despite this however the findings can be useful in giving an idea of the prevalence of and importance placed of strategic succession planning for organisations operating in Ireland. Another limitation is the small sample as this researcher is drawing on only two interviewees representing two different companies and sectors in the Irish industry. The researcher had originally chosen three but unfortunately the third interviewee was unable to attend for interview at the last minute and this researcher was unable to find a replacement in such a short timeframe. In hindsight greater planning should have been established in order to identify an even broader sample to include in order to provide a greater insight into succession planning in Irish SMEs, MNEs and family businesses. In assessing the data collection tool it would have been better in to have expanded the questions asked in order to collect more information about the background of the company and the strategies in place to attract and retain talent. However the limitations of this study provide fertile ground for a number of recommendations for future research.

### **6.4. Audience and value of research**

The audience for this dissertation would be students, policy makers and management across industries. Apart from PwC (2016) and McDonnell et al (2010) little is known regarding succession planning in Irish businesses. While there are a number of limitations including small sample size the findings are still highly pertinent across the board. It provides support for the

growing body of Irish literature on succession planning while also providing a summation of existing international literature on the topic which is useful for students at third level. For policy makers it provides useful insight into the lack of succession planning which remains evident amongst family businesses in Ireland and this can then be used to feed into policy formation. For practitioners within management the findings also provide further weight to the need for succession planning to be adopted in companies in Ireland owing to the large body of empirical evidence in existing literature which note the benefits and value it has for organisations. Therefore, despite its limitations, the dissertation does add value because it opens up further a discussion on succession planning in Irish industry, which is only really beginning to gain widespread acceptance (McDonnell et al, 2010).

### **6.5. Recommendations for future research**

Future research should focus on expanding the sample drawn upon. It would be advisable to follow the methodology employed by McDonnell et al (2010) who conducted interviews with over 400 Irish based MNEs. Such an approach could focus on SMEs operating in Ireland as no research to date has explored SMEs and their succession planning practices. An expanded study could also be carried out on family owned businesses particularly looking at how they could best be supported to employ succession planning within their organisations. The first interviewee interviewed noted that a lack of skills was identified in senior management in their company which could support succession planning. Future research then could look at the effectiveness of developing workshops or continued professional development programmes on succession planning to best support all stakeholders in acquiring the skills needed to plan for succession in their respective enterprises.

### **6.6. Recommendations for future practice**

A number of recommendations are proposed which are relevant for government policy makers, business leaders and management.

- Policy makers should undertake comprehensive surveys of companies operating at every level of Irish industry and in every sector in order to identify the prevalence of strategic succession planning. This can then feed into policy development and formation in order to support the acquisition of succession plans given the important value they have to play for Irish businesses and thus the broader economy.

- Business leaders and management should recognise the value of succession planning. Importantly though, they should ensure that it is put into practice. This can be best achieved by ensuring there is an alignment with other HRM policies and practices and that it is imbedded within their business strategy. A talent management strategy should incorporate succession planning and it should be evident throughout a company from recruitment, reward policies and employee development. It is important to develop a talent pipeline which can support succession practices.
- Business leaders should engage in a range of strategies to support the retention and acquisition of talented high potentials including development policies, reward practices and tools such as coaching and mentoring. These should be a strategic element of practice imbedded throughout the organisation.

## **6.7. Conclusions**

This dissertation then found that there is mixed importance placed on strategic succession planning in Irish organisations, in line with international research. However Irish organisations were found to be even less likely to engage in succession planning than US or European companies (McDonnell et al, 2010). This final chapter of the dissertation sought to offer both a conclusion and recommendations for future practice. It sought to provide an insight into succession planning practices in two Irish companies. The findings of the dissertation supports existing empirical research which suggests that a very large minority of family owned businesses do not engage in succession planning (PwC, 2016). Given the benefits identified in research it is important then that all organisations are encouraged to not only value succession planning but actually put it into practice on a day to day basis in their company and in their policies to ensure that it forms a critical element of overall strategic planning. This is in recognition of the importance of succession planning to business success down through second, third and subsequent generations. The findings of the interviews and literature review identified new insight into succession planning strategies. Differences were identified between family owned businesses and larger organisations and MNEs with one possible reason for this being that family firms can recruit from the family labour market in order to fill senior positions in their respective businesses non-family firms, while businesses with no family labour market to recruit from have the added challenge of having to identify and develop successors which ‘becomes more acute at senior level’ (Sambrook, 2005). This chapter provided a number of

recommendations for further research and for practitioners in the field in order to ensure continued emphasis is placed on establishing succession planning on a more strategic footing across Irish industry.

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### **Braun & Clarke (2006) Six Stages of Analysis.**

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1. Familiarising yourself with the data, taking notes of items of potential interest.
2. Generalising initial codes complete across a data sheet.
3. Searching for themes.
4. Reviewing the themes, producing a map of the provisional themes and sub themes and relationships between them.
5. Defining and naming the themes.
6. Producing the report.

Braun V., and Clarke V., (2013) *Successful Qualitative Research. A Practical Guide for Beginners*. Sage Publications LTD. London



## **Interview Questions**

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1. Has succession planning been applied in your organisation?
2. If so, what strategies have been successful with succession planning at your organisation?
3. What/if any challenges do organisational leaders have with implementing succession planning?
4. What barriers do you think exist for leaders in developing succession plans?
5. Do you think company leaders are effective with succession planning?

6. On a scale of 1 to 5, 1 being no additional resources needed and 5 being significantly more resources needed, how would you rate your company leaders on dedicating resources to succession planning?
7. How is your organisations succession planning framework structured?
8. How/if possible does succession planning fit into your organisations overall talent management strategy?
9. Does talent management fit into your organisations overall strategy?
10. Describe anything else pertinent to the purpose of this study that was not addressed in the interview questions

<b>Appendix Three</b>
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## **Invitation letter to Prospective Participants**

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Dear (Name),

My name is Nicola McKenna and I am undertaking Master in HRM with the National College of Ireland (NCI). As part of my programme I am required to carry out a primary research study. I wish to carry out an exploration of the importance of strategic succession plans in organisations in Ireland. To enable me to do this I am asking you if you would like to participate in this research by talking to me about your company's experience of succession planning.

I am therefore writing to invite you to take part in this study. Your commitment would involve an audio taped interview with me covering the area outlined above. It is envisaged that this

would take approximately 40-50minutes. The interview would take place at a time date and location that is convenient to us both.

The information you provide will be used only in structured formats i.e production of dissertation or articles for publication. Your name will not be used at any stage. A number will identify the audio tape recording of your interview only, and after completion of the dissertation the tape will be destroyed. It may be necessary with your permission for me to clarify certain points after the interview with you.

While I would greatly value your involvement in this project, your participation is entirely voluntary and you may withdraw at any time without giving a reason. If you do initially agree and then decide to pull out you are perfectly within your rights to do so. Participation does not commit you to any further research or project connected with the National College of Ireland.

I have enclosed an information sheet which should answer any questions you may have, however, if you require any further explanation or clarification of the project please do not hesitate to contact me, you may leave a message and I will return your call.

If you would like to contribute to this important area of research, please complete the enclosed consent form and return it to be in the self-addressed envelope.

Thank you for considering this request,

Yours sincerely,

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Nicola McKenna



## **Information leaflet for research participants**

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### **What is the study about?**

The aim of this study is to ascertain the importance of a strategic succession plan to organisations in Ireland. I hope that by better understanding of these experiences we can help to improve succession planning across Irish industry. The study will involve interviewing two members of senior management in private limited companies in order to ascertain their views on succession planning within their respective companies.

### **What will your participation involve?**

If you agree to be involved, you will be asked to participate in an interview. The interview will consist of you speaking to me about your experiences as it relates to succession planning. The interview will take between 40 and 50 minutes. During the interview my role is to listen to your story, I will ask some open-ended questions, which you are free to answer in whatever way you choose. There are no right or wrong answers. My objective is to hear your views and opinions.

**Are there any benefits to taking part in the study?**

There are no personal rewards for taking part in the study except that it will give you the opportunity to share your experiences. However, I hope that the findings of this study will help to develop and improve practices related to succession planning in Irish companies.

**How often and how long will you be interviewed for?**

The interview may last approximately 40-50 minutes and will be held at a time and location convenient to you and of your choosing. The interviews will be audio recorded, as it would not be possible for me to remember or write all your contribution during the interview. It is my intention to interview you once, but I should be grateful if you would give me permission to return for a second discussion should I deem it necessary for additional clarification.

**What will happen to the information once collected?**

Once the interview is over, the information on the tape will be transcribed onto paper so I can read it and begin the process of looking at the information for common meanings between participants.

**Where will the information be stored and for how long?**

The tape recording will be stored in a locked cupboard in the researchers' office. The tape recording will then be transferred to password protected computer data. Any subsequent printed transcripts of the interviews will also be stored in a locked cupboard. At no stage, will your name appear on the interview tape or the transcript. Each tape recording and written transcript will be given a number for identification purposes. I am the only person who will know who the number corresponds too and I will not divulge this to anyone.

**Who will have access to the information?**

The only people who will have access to the tape-recording is myself, my research supervisor and the person who types up the tape recordings, whom will assure me of confidentiality in data recording and storage. At no stage, will you name appear on the tape.

**Is there any consequence if I choose not to be part of the study or if I want to opt out half way through?**

There is no obligation on you to participate in the study. If you choose to participate you are free to withdraw your consent at any time without obligation to anyone. This means you can opt out before or during or after the interview. Should you withdraw tape and transcript of your interview will be returned to you. You can also decline to answer any question during the

interview or request that the tape recorder be turned off. Participation does not commit you to any further research or project connected with NCI.

**Will people know I took part in the study?**

I will not be informing anyone that you participated in the study. Your name or that of your organisation will not appear on the tape or transcript. Information that might identify you or your organisation will be not used in any publications resulting from the study. If you wish to talk to people about the study you are free to do so.

**Are there any costs from being involved?**

The only cost of being involved in the study is the time it takes to talk about your experience.

**What do I do next?**

If you think you might like to take part in this study please return the consent form in the self-addressed envelope provided. I will then contact you to arrange an interview

If you do not wish to be involved in the study you do not have to take any further actions.

**You are under no obligation to participate in this study and deciding not to participate will make no difference to your employment**

*Thank you for taking time to read this leaflet and for considering taking part in this study should you require any further information please feel free to contact me*

*Nicola McKenna*



### **Participant Consent Form**

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I agree to participate in the research project as outlined in the attached letter and information leaflet titled 'How important is a strategic succession plan in an organisation'.

I understand that this will involve an audio taped interview with at a mutually agreed time and place. I understand that I can withdraw from the study at any time without giving a reason and that my employment/ organisation will not be affected.

**Name in Capitals:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Appendix Six**



### **Interview Transcript One – Dairy Company**

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Has succession planning been applied in your organisation?

Yes, we have a succession plan in place as we are under the umbrella of a UK company. Our current CEO has a board of directors whom they meet with once every month. The CEO completes their term, namely 24 months in the position. Before the position is due to expire the board will meet to discuss the proposed nominees and elect the next CEO.

If so, what strategies have been successful with succession planning at your organisation?

Our company have a business strategy and within that we look at the areas where the business has grown and where it will potentially grow over the next 5 years, what areas will be scaled

back and how the company will expand through acquisitions. Our board of Directors manage the implementation of the business strategy.

What are the benefits of succession planning for your organisation?

The benefits would be that it gives us a clearer vision going forward. This prevents time spent on recruiting and training for people to take over as we already have talent in the pipeline for when senior management retire or leave. This also makes things smoother for us as the transfer is more seamless and gives management time to coach employees who are seen as having the capacity for management or more senior roles. I think it also improves motivation too as people in the company know that they are supported and can achieve within the company without having to look externally.

What/if any challenges do organisational leaders have with implementing succession planning?

They have probably struggled most with identifying the core competencies required for a broad range of key positions, including those that may not even exist in the company. This has led to different visions being illustrated from within the management team and from time to time has left confusion and unrest within the board.

What barriers do you think exist for leaders in developing succession plans?

I think there are many barriers, but I do think leaders struggle with senior management most often as they themselves are struggling with time management. Since the recession, leaders are asked to do more with less and feel they are being stretched too thin. Leaders are expected to spend a significant amount of their time to help develop new leaders but the majority aren't held responsible for participating in those activities. The result is they often do not make time to contribute meaningfully, especially given their competing priorities. Often times lack of skills from senior management or possibly lack of interest which can be down to communication barriers.

Do you think company leaders are effective with succession planning?

I do if they are given the assistance, tools and support needed from senior management yes they can be very effective. The managers within our company are leaders and have excellent leadership skills.

On a scale of 1 to 5, 1 being no additional resources needed and 5 being significantly more resources needed, how would you rate your company leaders on dedicating resources to succession planning?

I would give them a 2 on scoring.

How is your organisations succession planning framework structured?

Our company is controlled by the parent company in the UK, so therefore we follow their model and framework structure. We identify and develop through our organisational structure and align same with the parent companies organisational strategy.

How/if possible does succession planning fit into your organisations overall talent management strategy?

It plays a large role as succession planning sits inside a broader framework of resourcing, talent management and development activities the role of people management professionals will be critical to its effectiveness and whilst succession is a line management activity, led by the Chief Executive Officer, HR have a critical role in supporting and facilitating the process on the one hand, but also to provide expert input into the core activity on the other.

Does talent management fit into your organisations overall strategy?

It appears to only really become relevant and transparent when recruiting senior management. The HR department use a “*talent management*” plan which is closely aligned with the company’s strategic plan and overall business needs. They use goal alignment which is a tool that not only clarifies job roles for individual employees, but also demonstrates ongoing value of your employees to the organisation. The process assists the managers find ways to better support each other, as well as identify areas where they may be unintentionally working at cross purposes. With everyone working together toward the same objectives, your company can execute strategy faster, with more flexibility and adaptability.

Describe anything else pertinent to the purpose of this study that was not addressed in the interview questions

As our company is controlled by the UK we are successful in that we follow their model as regards recruitment methods, assessments and inwards growth and development. As an employee

Management level, I feel that we have an excellent model in order to grow the company and maintain a healthy succession plan for the future.

**Appendix Seven**



### **Interview Transcript One – Law Firm**

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Has succession planning been applied in your organisation?

Unfortunately, it is still quite broad at present. We are working off a hierarchical system. So at present we have the managing partner who works alongside other partners, somewhat like a board of directors.

If so, what strategies have been successful with succession planning at your organisation?

They have the managing partner; next to follow are other partners who have buy into the firm followed by secondary partners.

What are the benefits of succession planning for your organisation?

The benefits are that we would be able to plan ahead and ensure that the most effective person is in place to lead the organisation. As it stands it is based on seniority over and above competence and there is no desire in senior management to encourage or promote talent development which is not good for the organisation overall. By having a clearer plan in place we also will not be stuck should the unexpected happen and it would provide greater clarity going forward.

What/if any challenges do organisational leaders have with implementing succession planning?

The biggest challenge is buy in from the other partners as to who is next in line and wanting to taking on the responsibility.

What barriers do you think exist for leaders in developing succession plans?

The team members lack of wanting to get involved and take on the ownership.

Do you think company leaders are effective with succession planning?

Not very successful

On a scale of 1 to 5, 1 being no additional resources needed and 5 being significantly more resources needed, how would you rate your company leaders on dedicating resources to succession planning?

1 - I feel like no thought has been given to the process or the future planning of the firm.

How is your organisations succession planning framework structured?

It isn't, it appears to be very much ad hoc. I am assuming that once the managing partner retires then another partner may take over, but I am unsure.

How/if possible does succession planning fit into your organisations overall talent management strategy?

From my role as HR Manager, I include it from the outset. We are recruiting candidates whom we know that have interest in niche areas within the firm. We also now include a clause in their contracts post qualification that they remain with the firm for 18 months, this is also part of the succession planning from associate to partner

Does talent management fit into your organisations overall strategy?

It appears to only really become relevant and transparent when recruiting senior management. The company take less of a view when recruiting employees who will fulfil less decision making roles within the company.

Describe anything else pertinent to the purpose of this study that was not addressed in the interview questions.

The only addition I would make is that it is disappointing from a manager's perspective that talent management/recruitment is fundamentally important to the firm from the outset; but that when we reach partner level we are at a standstill.