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School of Commerce

Department of Human Resource Management

**Assessment of Succession Planning Practices and Challenges in Private
Limited Companies:**

(The Case of Droga Group Companies)

A THESIS SUBMITTED FOR PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR MA. DEGREE IN HUMAN RESOURCE
MANAGEMENT

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DECLARATION

I, Yosan Chari, hereby declare that this thesis has been carried out independently under the supervision of Dr. Abdurazak M. This thesis has not been submitted, either in its current form or in any other version, to any other academic institution or examining body for the purpose of obtaining a degree. All sources and contributions of others have been properly cited and acknowledged. I take full responsibility for any errors or shortcomings that may be found in this work.

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CERITEFICATION

This is to certify that the thesis prepared by Yosan Chari entitled: Assessment of Succession Planning Practices and Challenges in Private Limited Companies: The case of Droga Group submitted in partial fulfilment of the requirements for the degree of Master of Human Resource Management, compiles with the regulations of the College and meets the accepted standards with respect to originality and quality.

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ABSTRACT

This study examines the succession planning practices and challenges within Droga Group Companies, a private limited conglomerate in Ethiopia. Recognizing the growing importance of leadership continuity and strategic talent management, the research explores how succession planning is implemented and aligned with organizational goals. Using a mixed-methods approach, including structured questionnaires and document review, data were collected from management personnel and identified successors. The findings reveal that while Droga Group demonstrates a strong cultural and managerial commitment to succession planning, practical barriers such as time constraints, limited resources, and inconsistent development programs hinder its effectiveness. Key variables such as organizational culture, management support, resource availability, and strategic alignment were found to significantly influence the success of succession planning initiatives. The study concludes with actionable recommendations to strengthen leadership pipelines and ensure sustainable growth, offering insights applicable to similar private sector organizations in developing contexts.

Key words: *Succession Planning, Private Limited Companies, Leadership Transition, Organizational Challenges, Business Continuity, Talent Management, Strategic Planning, Corporate Governance, Leadership Development, Change Management*

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ABBREVIATIONS AND ACRONYMS

CEO- Chief Executive Officer

HR- Human Resources

HRM- Human Resource Management

KPI - Key Performance Indicator

MA- Master of Arts

PLC- Private Limited Company

SPSS- Statistical Package for the Social Sciences

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CHAPTER ONE

INTRODUCTION

1.1 Background Of the Study

In the dynamic business environment of the 21st century, organizations consistently faced pressure to maintain a competitive edge, ensure sustainability, and achieve long term growth. Among the various strategies employed to secure their future, succession planning emerged as a critical practice, particularly within private limited companies (PLCs). Succession planning referred to the deliberate and systematic effort to identify and prepare suitable candidates to assume key leadership roles in the event of retirement, resignation, or unforeseen departures. This process not only promoted organizational continuity but also preserved institutional knowledge and built a resilient leadership pipeline (Rothwell, 2020).

Private limited companies played a pivotal role in global and local economies (Conger & Fulmer, 2003), contributing to innovation, employment, and wealth creation. However, their unique organizational characteristics such as limited shareholders, close knit management teams, and restricted ownership—introduced both opportunities and challenges for effective succession planning. Unlike larger publicly traded corporations, PLCs often lacked formal governance structures and dedicated leadership development resources, which rendered the succession planning process more complex and less structured.

Despite the recognized importance of succession planning, many PLCs struggled to implement robust and effective practices. Challenges such as a predominant short term business focus, reluctance to engage in leadership transition discussions (Groves, 2007), and limited access to planning tools and HR infrastructure frequently hindered progress. In the context of family-owned PLCs, additional complexities—such as emotional dynamics, generational transitions, and conflicts between personal and business interests—further complicated the succession process. Non-family-owned PLCs similarly faced obstacles, including limited strategic HR capabilities and the tendency to prioritize immediate operational demands over long term planning (Miller et al., 2020).

The literature consistently indicated that the absence of structured succession plans could lead to considerable organizational disruptions. These included the loss of institutional knowledge, decreased employee morale, and, in severe cases, business failure (Garman & Glawe, 2004). Conversely, organizations with well-established succession planning systems experienced smoother leadership transitions, greater stability, and improved overall performance. Succession planning, therefore, was regarded as a cornerstone of strategic human resource management mitigating risks and ensuring the continuity of leadership, particularly in PLCs where leadership stability was essential for sustained competitiveness (Smith & Jones, 2019; Rothwell, 2015).

This study explored the state of succession planning practices among private limited companies, with a particular focus on the challenges encountered in the Ethiopian business environment. By examining the structural and cultural dynamics specific to PLCs, the research aimed to provide practical insights and recommendations for strengthening leadership pipelines. In doing so, the study contributed to a deeper understanding of succession planning as a strategic tool for fostering sustainable organizational growth amid increasing uncertainty and market volatility.

1.2 Back Ground Of the Organization

The Droga Group is a diversified conglomerate with a robust portfolio of companies that operate across various sectors, including pharmaceuticals, export trade, and consulting services. Each company within the group plays a critical role in contributing to the group's overall success, driven by a shared commitment to quality, innovation, and sustainable growth. The group is headquartered in Ethiopia, with operations extending to regional markets, and each company within the group is aligned with the overarching goal of creating value for stakeholders, fostering economic growth, and meeting the needs of diverse communities.

Founded in April 2015 by a group of healthcare professionals with extensive experience in the pharmaceutical sector, **Droga Pharma** focuses on increasing the accessibility and affordability of quality medicines and healthcare products in Ethiopia. The company engages in the importation, wholesale, and retail of pharmaceuticals and healthcare products, targeting both the public and private health sectors. Droga Pharma works closely with international manufacturers, acting as a local agent to register and license global healthcare products in Ethiopia. Additionally,

the company represents major international manufacturers in government, non-government, and relief organization tenders. With a strong commitment to serving the healthcare sector, Droga Pharma has established a distribution center in Addis Ababa and plans to expand its network of warehouses in major cities across Ethiopia.

EMA Import and Export Pvt. Ltd. was established in 2019 and focuses primarily on the export business, with a strong emphasis on Ethiopian agricultural products. The company exports some of the best quality products, including **Ethiopian coffee, oilseeds, and pulses** such as sesame seeds, Niger seeds, haricot beans, chickpeas, beans, green mung beans, and red kidney beans. EMA Import and Export Pvt. Ltd. is dedicated to showcasing Ethiopia's rich agricultural heritage on the international market and contributing to the country's economic growth by promoting its agricultural exports to global distributors.

Based in **Debrebirhan**, Ethiopia, **Trust Pharmaceuticals Pvt. Ltd. Co** is a private limited company engaged in the development, manufacturing, and export of generic pharmaceutical products. The company offers a range of dosage forms, including tablets, capsules, oral liquids, and sachets. Trust Pharmaceuticals is committed to serving both domestic and international markets by delivering affordable, high-quality medicines. With a focus on continuous improvement and leveraging technology and innovation, Trust Pharmaceuticals operates with a philosophy of “Serving the People” and is driven by a commitment to meeting the healthcare needs of both Ethiopia and the wider international community.

In addition to its pharmaceutical and export divisions, the Droga Group also includes **Droga Consulting Services**, which provides specialized consulting and advisory services to organizations across various industries. Droga Consulting aims to support businesses in enhancing their operations, strategic planning, and organizational development. By leveraging the expertise within the group, Droga Consulting offers tailored solutions to clients seeking to improve efficiency, manage growth, and adapt to market changes. The company plays a key role in fostering business development and providing insights that drive innovation within Ethiopia and beyond.

1.3 Statement Of the Problem

In today's competitive business environment, the sustainability and continuity of organizations are largely influenced by their ability to effectively manage leadership transitions. Succession planning is widely recognized as a strategic process through which organizations identify, develop, and prepare individuals to assume key leadership positions as they become vacant (Rothwell, 2015). Despite its recognized importance, numerous private limited companies continue to face substantial challenges in implementing effective succession planning practices.

In the Ethiopian context, the absence of formalized succession planning frameworks is a persistent issue, particularly within private limited companies. Many organizations demonstrate a tendency to prioritize short-term operational needs over long-term leadership development initiatives, rendering them susceptible to leadership gaps and disruptions during periods of transition (Dejene, 2015). Additionally, governance challenges such as centralized decision-making and minimal stakeholder engagement further exacerbate the situation (Chilot, 2013).

Preliminary assessments indicate that numerous Ethiopian private limited companies, including Droga Group Companies, lack well-structured processes for identifying and developing potential successors. Factors such as insufficient training and development programs, limited support from top management, and constraints related to financial and human resources significantly undermine the effectiveness of succession planning efforts (SMUC Repository, 2023). These challenges raise concerns about the preparedness of such organizations to handle future leadership transitions and to align their succession planning processes with long-term strategic objectives (Capital Ethiopia, 2024).

A specific concern facing Droga Group Companies is the recurring difficulty in replacing key management members when turnover or unforeseen absences occur. The lack of a ready and capable internal talent pool has frequently led to delays in filling critical leadership roles, causing operational inefficiencies and strategic disruptions. Furthermore, the average seniority level across the organization has been declining due to the resignation of several experienced and long-serving employees. This erosion of institutional knowledge and leadership maturity is weakening the company's capacity to mentor new talent, preserve organizational culture, and ensure continuity in decision-making.

Operating in a dynamic and competitive environment, companies like Droga Group depend heavily on skilled and visionary leaders to drive growth and adapt to shifting market demands. In response to these challenges, this study assessed the succession planning practices of Droga Group Companies, identified key obstacles to effective implementation, and proposed actionable recommendations to enhance these processes. By addressing this gap, the study contributed to the growing body of knowledge on succession planning in private limited companies (Cappelli & Keller, 2014) and supported the long-term sustainability and strategic development of Droga Group Companies.

1.4 Research Questions

- a. What is the existing succession planning practices implemented by Droga Group Companies?
- b. What challenges do Droga Group Companies face in the implementation of succession planning?
- c. How aligned are the current succession planning practices with the strategic goals of Droga Group Companies?
- d. What factors influence the effectiveness of succession planning within Droga Group Companies?
- e. What strategies can be recommended to improve succession planning practices in Droga Group Companies?

1.5 Objectives Of the Study

1.5.1 General Objective:

To assess the succession planning practices and challenges within Droga Group Companies and provide recommendations to enhance their effectiveness.

1.5.2 Specific Objectives:

1. To examine the existing succession planning practices implemented by Droga Group Companies.
2. To identify the challenges encountered in the implementation of succession planning.
3. To evaluate the alignment between succession planning practices and the strategic goals of Droga Group Companies.

4. To analyze the factors affecting the effectiveness of succession planning within the organization.
5. To propose strategies and recommendations for improving succession planning practices in Droga Group Companies

1.6 Significance Of the Study

This study held significance for several key stakeholders. Primarily, it was relevant to Droga Group Companies, as it provided valuable insights into the strengths and weaknesses of the organization's existing succession planning practices. By identifying these areas, the findings supported the company in addressing critical challenges and informed the implementation of more effective strategies aimed at ensuring leadership continuity and long-term organizational sustainability.

For management and HR practitioners, the research served as a practical resource. HR professionals and management teams within private limited companies benefited from the recommendations outlined in the study, which offered guidance on enhancing succession planning efforts. Furthermore, the research emphasized the importance of aligning succession planning with the broader organizational vision and long-term strategic objectives.

From an academic standpoint, this study contributed to the relatively limited body of literature on succession planning, particularly in the context of developing countries. It helped bridge a notable knowledge gap and provided a foundation for further inquiry, encouraging future research on succession planning practices across diverse organizational and industry settings.

Finally, the study offered value to policymakers and industry stakeholders. The evidence-based recommendations presented in the research had the potential to inform the development of policies and institutional frameworks aimed at strengthening leadership development and succession planning in the private sector. Collectively, these contributions enhanced both the theoretical understanding and practical application of succession planning, benefiting not only Droga Group Companies but also the broader field of human resource management.

1.7 Scope Of the Study

This study focused on assessing the succession planning practices and challenges within Droga Group Companies, including its subsidiaries such as EMA Import Export, Trust Pharmaceuticals Manufacturing, and Droga Technology. It examined the extent to which these practices were aligned with the organization's strategic objectives and identified the key factors influencing their effectiveness. The research encompassed the operations of the organization across its various branches and subsidiaries to ensure a comprehensive analysis.

The primary respondents for the study included members of management, human resource professionals, and employees who were either directly involved in or affected by the succession planning processes. The research investigated succession planning practices and trends over the previous three years, thereby providing a current and relevant understanding of the organization's approach to leadership continuity.

The scope of the study was deliberately limited to Droga Group Companies and did not extend to other organizations or industries. This focused approach was intended to generate practical and actionable recommendations that were specifically tailored to the unique context, structure, and strategic priorities of Droga Group Companies.

1.8 Limitation of the Study

This study was limited to exploring succession planning practices and challenges within the specific context of Droga Group Companies. While it provided valuable insights, several limitations were acknowledged that may have influenced the generalizability and scope of the findings.

First, the research focused exclusively on Droga Group Companies, with particular attention to its operations and subsidiaries located in Ethiopia. This geographic and organizational limitation implied that the findings may not fully represent the diversity of succession planning practices across different regions, industries, or organizational cultures.

Second, the study targeted only management staff and identified successors within the organization. Consequently, it did not capture the perspectives of other employees who, although not directly involved, may have had indirect influence on or been impacted by succession planning initiatives. The exclusion of these voices may have limited the depth and comprehensiveness of the analysis.

Finally, the study relied heavily on self-reported data collected through questionnaires. This method introduced potential limitations related to personal bias, subjective interpretation, and the possibility of socially desirable responses. Such factors may have influenced the accuracy and objectivity of the data, thereby affecting the overall reliability of the conclusions drawn.

1.9 Definition of Terms

- **Succession Planning:** A deliberate and systematic process used by organizations to identify and develop employees with the potential to fill critical roles, ensuring leadership continuity and sustained organizational performance (Rothwell, 2015).
- **Private Limited Company (PLC):** A business entity with a limited number of shareholders, whose shares are not publicly traded, often characterized by a close knit management structure and limited ownership (Companies Act 2006, UK).
- **Leadership Pipeline:** A structured approach to identifying, developing, and preparing potential leaders within an organization for future leadership roles (Charan, Drotter and Noel, 2011).
- **Talent Management:** The strategic process of attracting, developing, retaining, and deploying individuals with the skills and potential to meet organizational goals (Cappelli, 2008).
- **Organizational Sustainability:** The ability of an organization to maintain its operations and performance over the long term, adapting to changes in the business environment while preserving resources (Dyllick and Hockerts, 2002).
- **Leadership Continuity:** The uninterrupted availability of competent leaders in key organizational roles, ensuring smooth transitions and minimal disruption (Rothwell, 2015).

- **Barriers to Succession Planning:** Challenges or obstacles that hinder the effective implementation of succession planning, such as lack of top management support, insufficient resources, or organizational culture issues (Groves, 2007).
- **Mentoring Programs:** Structured initiatives within organizations where experienced employees (mentors) guide and support less experienced employees (mentees) in their personal and professional development (Kram, 1985).
- **Strategic Goals:** Long term objectives that guide an organization's actions and decisions, aligning resources and efforts toward achieving sustainable success (Kaplan and Norton, 1996).

1.10 Organization of the Study

This study was organized into five chapters, each addressing a specific component of the research. Chapter One, *Introduction*, presented the background of the study, articulated the research problem, and outlined the research questions and objectives. It also highlighted the significance and scope of the study, thereby establishing the context and rationale for the research.

Chapter Two, *Review of Related Literature*, provided an in-depth examination of both theoretical and empirical literature related to succession planning. It explored key concepts, frameworks, challenges, and best practices, and concluded with the development of a conceptual framework that guided the study.

Chapter Three, *Research Methodology*, described the research design, data collection methods, sampling techniques, and data analysis approaches employed in the study. It also detailed the population and sample size, and explained the measures taken to ensure the validity and reliability of the data.

Chapter Four, *Data Presentation and Analysis*, presented the research findings using tables, charts, and narrative explanations. This chapter provided an analysis and interpretation of the results in relation to the research objectives and questions.

Chapter Five, *Summary, Conclusions, and Recommendations*, summarized the key findings, drew conclusions based on the analysis, and offered practical recommendations for enhancing

succession planning practices within Droga Group Companies. It also identified potential areas for future research to build upon the findings of this study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The literature section of the research study encompasses the following components: the first part offers a theoretical review, the second part examines the empirical literature, and the third part outlines additional conceptual aspects that have contributed to the completion of the study.

2.1 Theoretical Review of Succession Planning

2.1.1 Definition, Objective, Benefits, Types and Elements

Definition

Succession planning involves identifying employees with the potential to fill key roles within an organization and preparing them for these responsibilities (Belcourt and McBey, 2007). This process is closely linked to ongoing programs designed to nurture and develop the identified talent. Similarly, succession planning is described as a "deliberate and systematic effort by an organization to ensure leadership continuity in critical positions, retain and cultivate intellectual and knowledge capital for the future, and foster individual growth" (Rothwell, 2010). It is argued that succession planning is no longer confined to top management; rather, there is an increasing need to plan for successors across all roles in the organization, particularly with the growing involvement of employees and the distribution of decision-making power among empowered employees.

Objective of Succession Planning

Recently, the importance of succession planning has been recognized not only by business organizations but also by various types of organizations, including educational institutions and government offices. These organizations have acknowledged the need for effective succession planning tailored to their specific needs. Kim (2006) outlines several objectives of succession planning, including: addressing future organizational needs, ensuring the fulfillment of future requirements, strengthening the internal leadership pipeline, developing candidates for promotion to key positions, filling critical open positions and minimizing potential negative

impacts, enhancing diversity within the organization, and accelerating the development of potential leaders.

Benefits of succession planning

The implementation of a formalized succession planning process offers several key benefits to an organization. Firstly, it reduces the time and costs associated with filling vacancies by ensuring that potential candidates whether internal or external are already identified, thereby eliminating the need for expensive recruitment methods such as advertisements or third-party agencies. Secondly, it enhances organizational preparedness in the event of the sudden departure of key personnel due to unforeseen circumstances like illness or resignation. Having pre-identified temporary or long-term replacements minimizes business disruptions and maintains operational stability. Thirdly, succession planning aligns staffing processes with the organization's long-term strategic objectives, ensuring that critical positions and qualified candidates are in place to support initiatives in areas such as marketing, innovation, and technology. This strategic alignment enables the company to remain competitive in the global market. Additionally, formal succession planning contributes to reduced staff turnover by signaling to high-potential employees that they are valued and integral to the organization's future, which enhances their loyalty and sense of ownership. Lastly, succession planning increases the organization's appeal to both investors and prospective employees by showcasing its commitment to long-term sustainability, strategic workforce development, and employee-centric growth.

Types of Succession Planning

Succession planning can be categorized based on the underlying motives driving its implementation within an organization. According to Surdej and Wach (2010), in the context of family-owned businesses, succession planning typically falls into two distinct types. The first is defensive succession, which occurs when the family prioritizes maintaining control over the enterprise above all else. In this type, efforts are focused on ensuring that leadership remains within the family, often regardless of the potential impacts on growth or efficiency. The second type is transformative succession, where the primary goal is to maximize the family's wealth, even if it means reducing or relinquishing direct family control over the

business. In this approach, the organization may undergo significant changes, including bringing in external leadership or adopting new business models, all aimed at enhancing long-term value for the family. These two types reflect differing strategic priorities preservation of control versus maximization of value and highlight the complex decisions involved in succession planning, especially within family enterprises.

Elements of Succession Planning

Based on a review of existing literature and the elements of a successful succession plan as identified by Sharon Ley (2002), five major categories are essential to effective implementation. The first is **Top Management Participation and Support**, where full backing from executive and management staff is crucial. According to Ibarra (2005), succession planning must be aligned with the organization's strategy and supported by senior leadership; otherwise, it risks failing to take root in the organizational culture. Ley (2006) emphasized that lack of senior management support can hinder access to leaders, discouraging interest in succession planning. Moreover, executives and managers are best positioned to evaluate the business needs and define the human capital required to meet those needs effectively (Emmerichs, 2003). They are also responsible for creating criteria for the succession plan and fostering an environment where future leaders can be identified and developed (Diamond, 2006), while also communicating transparently to avoid fear among current employees that might sabotage the process.

The second element is a **Needs-Driven Assessment**, which involves evaluating the competencies of current employees to identify key positions and understand gaps in the workforce. This assessment enables organizations to align recruitment, training, and strategic planning accordingly, often using tools such as competency checklists with levels like advanced, intermediate, beginner, or none.

The third category is the integration of **Mentoring Programs**, which are essential for developing employees' skills and knowledge. Datta (1994) emphasized that functional track experience is a key characteristic of top managers, and organizations should offer opportunities such as job rotation, training, and assignments to build this experience. Kowalewski et al.

(2011) added that mentoring enhances leadership, professional skills, and personal fulfillment for both mentors and mentees, making it a powerful developmental tool.

The fourth key aspect is a **Focus on Individual Attention**. Performance-based systems should allow employees to be placed on leadership tracks through targeted assignments that foster growth (Larson, 2005). By offering career paths and listening to employee aspirations, organizations help individuals take ownership of their career development. As the Australian Public Service Commission (2003) noted, employees are ultimately responsible for meeting developmental objectives and should be encouraged to select training that aligns with their goals. Clear advancement criteria should be established to ensure accountability (Personnel, 2006).

Lastly, **Extension to All Levels of the Organization** is vital. While succession planning traditionally centered on top leadership, it must now ensure leadership continuity across all organizational tiers (Garman & Glawe, 2004; Cooke, 1995). A dedicated project planner should oversee the succession process to keep it current and inclusive. Instead of preparing staff for specific roles, organizations should focus on equipping them for leadership progression in general, thereby enhancing the sustainability and effectiveness of succession planning efforts.

2.1.2 Succession Planning Practice

M^oCathy (2013) says that companies that do it right as measured by bottom line results seem to follow all if not most of the following ten best practices in implementation of succession planning. These include:

- 1) Commitment and involvement of the CEO and Board,
- 2) Regular talent reviews,
- 3) Identifying viable successors for key positions,
- 4) Taking a “pipeline” approach to development,
- 5) Holding the executive team accountable,
- 6) Aligning the succession plan with business strategy,
- 7) Managing the irrational, political, and emotional dynamics of succession,
- 8) Assessing performance of potential successors,

9) Integrating succession planning with performance management, recruitment, selection, development and rewards and

10) Making a serious commitment to development in terms of time and resources.

Molina (2013) cites three succession planning best practices geared towards growth and business continuity namely: **Benchmarking, looking into the future** and **keeping it dynamic**.

In summary, the below succession planning practices are discussed in details as follows:

Human Resource Planning

Bulla and Scott (1994) define human resource planning as the process in which human resource requirements of an organization are identified and plans are made for satisfying them. According to Reilly (2003) human resource planning is a process in which an organization attempts to estimate the demand for labor and evaluate the size and nature of the sources of supply which will be required to meet the demand. Torrington et al (2011) say to enhance recruitment and retention, organizations need to make themselves attractive to talent and current thinking focusing on employer branding through marketing the organization to their employees and potential employees in the same way they market their brands to customers. They cite that human resource planning requires talented people to be matched to the right jobs at the right time doing the right things.

According to White (1999) the primary means of achieving a diverse workforce requires a company to expand its recruitment efforts. However, the key challenge for human resources is not only the attraction of the right candidates to the right jobs but also retention of diverse employees in the organization.

Talent Management

Stuart Kotze and Dann (2008:2) say there is no shortage of talented people but there is a shortage of people who know how to identify, develop, recruit and retain talent. As defined by CIPD (2007f) talent consists of those individuals who can make a difference to the organizational performance, either through their immediate contribution or in longer term by demonstrating the highest levels potential.

Armstrong (2009) refers to talent management as the process of identifying, developing, recruiting and deploying the talented people in an organization. On the other hand, talent relationship management is a process of building effective relationships with people in their roles with an aim to achieve talent engagement where talented employees remain committed to the organization.

Story (2007) says talent management has various meanings both theoretical and in practice. In its broad sense it is concerned with identification, development, engagement, retention and deployment of „talent“ within a specific organization’s context (CIPD 2006 P.1). Talent management is also presented as a new way of managing succession planning, forecasting on fast tracking career opportunities of high potential employees (CIPD 2006).

Career Management

Inkson (1995) defines a career as a succession of related jobs arranged in a hierarchy of prestige, through which persons move in an ordered more or less predictable sequence.

According to Armstrong (2009) career management encompasses recruitment, personal development, lateral moves, and special assignments at home and abroad, development positions, career bridges and support for employees who want to develop. He lists several career management practices as formal mentoring, career counseling, performance appraisal, assessment centers, succession planning, retirement preparation, career workshop amongst others.

According to Wilensky (1961:523) some of the career management interventions in organizations include internal vacancy notification, clear career paths, career workbooks, career planning, workshops, computer assisted career management, opportunities for training and development, personal development plans, career action centers, development centers, mentoring programs, job assignments and rotation and outplacement career planning.

Kanard (1988) says before coaching and counseling, it is important to identify characteristic career path that the employee tends to follow. He says career paths should be established and must have four basic elements namely: real progression, be flexible to respond to job content changes, organization structure and management needs and should include specific

skills, knowledge, educational training and career development experience and other attributes required.

Performance Management

Cascio (2006) defines performance as working effectiveness, that is, the way in which somebody does a job, judged by its effectiveness. Armstrong (2009) says a principal feature of performance management is that it connects the objectives of the organization to a systematic work target for individual employees.

Effective performance management can make a major contribution towards the achievement of business objective while maximizing the contribution of employees Cornelius, (1999). Tom Watling (1977) states that performance appraisal provides a record of how each employee has performed against set objectives. The employee should be allowed to express his or her ambitions and ideas as to how they are progressing in their careers.

Schuler et al (1992) say good managers therefore should encourage and coach the middle aged potential employees so as to ensure that there is stability within the organization. A good performance appraisal system can help enhance employee performance and such a system should be objective not subjective, relevant to the job and fair to all employees.

Training and Development

Reid and Barrington (2001) suggest that organizations that have a reputation for training find it easier to recruit high quality staff. This is because trained workers are likely to be more flexible and able to undertake a range of jobs within the organization. Trained employees may also be more committed to the organization and less likely to leave for other jobs.

Robbins (2005) says organizations should develop training programs to equip employees and managers with the skills to be more effective in working with and leading diverse teams.

Raymond et al (2011) say many approaches on employee development fall into four broad categories: formal education, assessment, job experiences and interpersonal relationships. Assessment as a development initiative entails collecting information and providing feedback to employees about their behavior, communication style or skills. Some

organizations organize for assessment centers where employee's performance is assessed using multiple raters while offsite.

Cox (1993), Griggs and Louw (1995) suggest that diversity training and development programs should be integrated with the organization's diversity strategy. This is because diversity training helps to create awareness to employees hence developing a greater sensitivity to the challenges and opportunities presented by working in an increasingly dynamic, global and diverse organization.

Management Involvement

Benson et al (2006) define high involvement work practices as specific set of human resource practices that focus on employee decision making, power, and access to information, training and incentives. Armstrong (2009) says the underlying hypothesis is that employees will increase their involvement with the company if they are given the opportunity to control and understand their work. In this case, employees are treated as partners of the business whose interest is respected and who have a voice on matters that concern them.

Armstrong (2010) says that gaining line management support requires a thorough analysis of the benefits that will accrue when they support any new human resource practice. By and large, gaining support from all top and line management will always entail market research, networking, creativity, innovation and flexibility at implementation.

Rewards Management

According to Thompson (2002) reward management is concerned with the formulation and implementation of strategies and policies the purpose of which are to reward employees fairly, equitably, transparently and consistently in accordance with their value to the organization and to help the organization to achieve its strategic goals. Equity is achieved when people are rewarded appropriately in relation to others within the organization. A consistent approach to the provision of rewards means that decisions on pay should not vary arbitrarily and without due cause between different people or at different times. They should not deviate irrationally from what would be generally regarded as fair. Transparency means that people understand how reward process operates and how they are affected by them.

Diversity Management

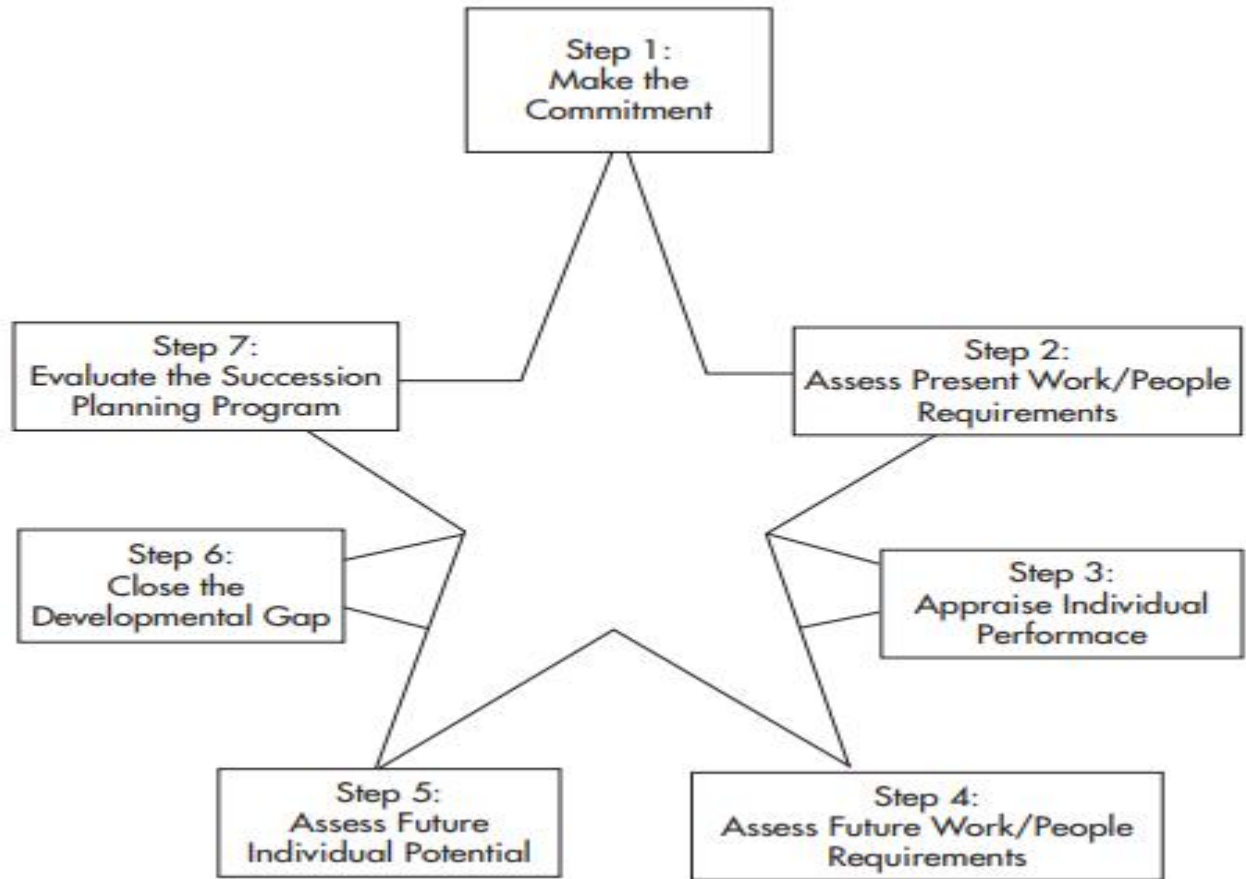
Managing diversity refers to systematic and planned commitments on the part of the organization to recruit and retain employees from diverse demographic backgrounds Thomas, (1992). He says that one of the prime aims of managing diversity is to ensure that all the talent within the company work force is appropriately harnessed towards company objectives. According to Gormley and Linda (2003) implementing a diversity management program successfully is a long-term process that takes time, commitment and dedication. They say successful diversity management requires human resource managers to possess skills in leadership, organizational development, change management, psychology, communication, measurement and assessment.

Organizations that have put in place diversity management practices have remained relevant amidst the contemporary challenges Hayles and Mendez, (1997). Thompson (1992) says that benefits of diversity management include: increased adaptability, attraction and retention of highly qualified and committed staff, increased morale of staff, increased productivity, improved decision making, enhanced problem-solving skills and legal protection.

2.1.3 Models in practice to study succession planning and management

The Seven-Pointed Star Model is a famous model developed by Rothwell (2001) to achieve the systematic succession planning and management. Seven steps in this model are: Make the commitment, assess the present work/people requirements, appraise individual performance, assess the future work/people requirements, assess individual potential, close the development gap, and evaluate the succession planning and management program.

Figure 2.1 The seven-pointed star model of succession planning and management



**Source: Rothwell,
2001**

In this model, he gave details of each step in these orders:

In the first step, the organization’s decision makers should commit to systematic succession planning and management.

In the second step, decision makers should consider the present work requirements in key positions. This is the only way for individuals to be prepared for advancement stability grounded in work requirements. In this step, decision makers should explain where key leadership positions exist in the organization and should apply one or more approaches to determine work or competency requirements.

In the third step, evaluating that how well individuals carry out their jobs is very important, because most succession planning and management programs suppose that

individuals must be performing well in their present jobs in order to succeed for advancement. Hence, in this step, the organization should begin establishing a list of talents, to have a clear idea of the existing human assets.

In step four, competency requirements in key leadership positions in the future need to be identified. To do this, decision makers should make an effort to assess future work requirements and competencies. In that way, future leaders may be ready to cope with changing requirements.

The fifth step, concerns the assessment of individuals' future potential and its match to their future work requirements. The organization should create a process for assessing future individual potential. That future oriented process should not be confused with past/present oriented employee performance appraisals.

In the sixth step, the organization should establish a continuing program for leadership development to grow future leaders internally. Alternatives to traditional promotion from within methods of meeting succession needs should also be searched by decision makers.

Finally, to develop the succession planning and management program, it must be subjected to continual evaluation to determine how well it works. That is the seventh and final step of the model, and the results of the evaluation should, in turn, be used to make program refinements and to maintain a commitment to systematic succession planning and management.

2.1.4 Barriers and challenges of succession planning

Barriers of succession planning

A successful succession planning process must be integrated with other organizational processes, aligning with the strategic business plan to ensure effectiveness (Rothwell, 2015). It should guide development, career planning, hiring, and staffing, drawing insights from performance appraisals, feedback, and employee capabilities (Groves, 2007). However, a lack of top management support can hinder its success, as strong leadership endorsement ensures alignment with business strategy and industry trends (Cappelli, 2008). Additionally, failing to communicate succession

plans to high potential employees may lead to unnecessary turnover, as these individuals seek recognition for their future role in the organization (Charan, Drotter, & Noel, 2011). Organizations often underestimate internal talent, relying on external hires rather than developing existing employees, which can lead to increased costs and inefficiencies (Rothwell, 2015). Another common mistake is focusing solely on technical skills, overlooking crucial soft skills like leadership and adaptability that contribute to long term success (Groves, 2007). Furthermore, organizations must actively provide training and development opportunities rather than expecting employees to seek them independently, utilizing structured programs such as mentorship, job shadowing, and lateral moves (Cappelli, 2008). Lastly, succession planning should extend beyond leadership roles to include lateral moves, ensuring business continuity across all critical positions (Charan, Drotter, & Noel, 2011).

Challenges of Succession Planning

Organizations face several challenges when implementing succession planning strategies, including structural, financial, and communication barriers. Smaller organizations, particularly nonprofits with limited positions, may struggle to provide career advancement opportunities, causing high potential employees to seek better prospects elsewhere (Rothwell, 2015). Financial constraints also pose a significant challenge, as limited budgets can hinder talent retention and investment in employee development (Cappelli, 2008). Additionally, the shift toward project-based funding reduces the availability of long-term core staff, making it difficult to build a sustainable talent pipeline (Groves, 2007). Senior leaders who remain in their roles despite evolving job demands may further obstruct the progression of potential successors (Rothwell, 2015). Another issue arises from indiscriminately including unmotivated or incapable employees in succession plans, which wastes resources and diminishes effectiveness (Charan, Drotter, & Noel, 2011). Inadequate training and development can leave employees unprepared for leadership roles, undermining the succession strategy (Groves, 2007). Delays in promoting high potential employees may lead to talent loss, as individuals seek timely career growth elsewhere (Cappelli, 2008). Furthermore, poor communication regarding succession planning can create uncertainty and unrest among employees, leading to disengagement (Charan, Drotter, & Noel, 2011). Lastly, the uncertainty surrounding promotion opportunities, often dictated by

organizational needs rather than employee readiness, can demotivate promising talent and weaken long term succession efforts (Rothwell, 2015).

Positive Factors in HR Succession Planning

Successful implementation of a succession planning system depends on several key factors. One of the most critical elements is **training**, as organizational training programs play a vital role in equipping employees with the necessary skills, knowledge, and abilities to take on future leadership roles. By investing in employee development, organizations can better prepare individuals to seamlessly transition into key positions when needed (Rothwell, 2015).

Another essential factor is **management support**, which ensures that succession planning remains a priority within the organization. When managers actively endorse and participate in the process, they help create a culture that values leadership development and long-term workforce planning, ultimately leading to more effective implementation (Groves, 2007).

Additionally, **clarifying career paths** is crucial for employee engagement in succession planning. When organizations provide clear roadmaps for career progression, employees gain a better understanding of their professional growth opportunities. This alignment between individual career aspirations and organizational goals enhances employee motivation and commitment to succession initiatives (Cappelli, 2008).

A **positive vision** of succession planning is also necessary to encourage acceptance among employees. Some employees may perceive these programs as a threat to job security or favoritism in promotions. To address these concerns, organizations must communicate a transparent and inspiring vision of succession planning, reinforcing its benefits for both employees and the company as a whole (Charan, Drotter, & Noel, 2011).

Moreover, a **strong organizational culture** fosters a supportive environment for succession planning. When shared values, beliefs, and workplace norms align with leadership development objectives, employees are more likely to embrace and actively participate in the process. A well-established culture of growth and learning strengthens the overall effectiveness of the system (Rothwell, 2015).

Furthermore, organizations with a **flat structure** tend to experience improved communication and knowledge sharing, which are crucial for successful succession planning. With fewer hierarchical barriers, employees can access mentorship and career development opportunities more easily, facilitating a smoother transition into leadership roles (Groves, 2007).

Finally, an organization's **financial condition** significantly impacts the success of succession planning efforts. A stable financial position allows companies to allocate sufficient resources toward human resource development, including training programs and leadership development initiatives. Without adequate financial investment, succession planning efforts may struggle to achieve their intended goals (Cappelli, 2008).

By considering these factors, organizations can create a more effective and sustainable succession planning system that ensures long term stability and leadership continuity.

2.1.5 Strategies to Improve HR Succession Planning application

Succession planning is a vital component of a comprehensive talent management program. Its primary goals are to attract top talent, retain key individuals, and develop them through targeted development efforts. By doing so, succession planning strengthens the organizational "bench" to ensure long term growth, stability, and resilience (Rothwell, 2015).

Given the significant role of human resource succession planning, it must be integrated and prioritized as a strategic initiative. One of the key strategies for enhancing its application is to **set measurable goals** that align with the organization's strategic objectives. By ensuring that the succession planning program remains relevant and focused, organizations can track progress and assess the program's overall impact (Groves, 2007). Additionally, it is essential to **recalibrate the program annually** to account for shifts in competitive conditions, organizational priorities, and market dynamics. Regular reassessment allows businesses to adapt their succession strategies to evolving business needs.

Another important strategy is to **prepare clear job descriptions** that outline the responsibilities and requirements of each role. Well defined job descriptions provide clarity on what is expected from successors and help organizations identify the most suitable candidates for leadership positions. In addition, companies should **develop competency models** for different organizational

levels, emphasizing future skills required to achieve strategic goals. These competency models should be clear, measurable, and based on objective performance criteria to ensure fairness and effectiveness (Charan, Drotter, & Noel, 2011).

Engaging key stakeholders is also vital in succession planning. Organizations must **clearly define the roles and responsibilities** of all stakeholders involved, including the board, CEO, senior leaders, and managers. By assigning measurable accountabilities, organizations can ensure active participation and commitment from all parties. Furthermore, establishing **talent pools** by level allows organizations to focus on their core strengths and strategic priorities, ensuring a steady pipeline of capable individuals ready to step into leadership roles when needed.

To support this process, conducting **talent inventories** on a regular basis is essential. Reviewing individual strengths and areas for development ensures that high potential employees receive the necessary training and mentoring to prepare them for future leadership positions. Ongoing talent reviews help organizations systematically develop promotable employees over time. Additionally, organizations should **evaluate the succession planning program regularly** by conducting annual assessments. By comparing program outcomes against measurable goals, businesses can determine the effectiveness of their succession strategies and identify areas for improvement (Rothwell, 2015).

By implementing these strategies, organizations can strengthen their succession planning efforts, ensuring long term leadership stability and a continuous pipeline of qualified talent.

Would you like any further refinements or additions to tailor this to a specific organizational context?

2.2 Empirical Review of Succession Planning

Kiyonaga (2004) emphasizes that workforce and succession planning are significantly influencing human resources management, particularly in the public sector. For years, public sector organizations have relied on a standard procedure of exams and eligibility lists to fill vacancies, but the future may require a different approach. Managers and organizations will need more than the traditional methods of recruitment and retention. While the tools might stay the

same, the way they are used will need to evolve. A crucial question arises regarding the roles of HR versus line managers in workforce and succession planning. Is this responsibility solely for HR, the manager, or must it be a shared effort? Workforce and succession planning require strategic planning, which is a new concept for many public sector organizations. To address global issues affecting workforce supply, HR professionals will need to act as internal consultants. The growth of strategic workforce planning and the ability to forecast and meet workforce needs will expand HR's role, enhancing its value to line managers.

Novak (2007) examined competency-based succession planning in his paper; *Competency Based Succession Planning: A Strategic Approach to Addressing Human Capital Challenges*. He noted that over the last three decades, competency-based management has become increasingly important, particularly as many countries transition from an industrial economy to a knowledge-based economy. Intellectual capital is becoming the key differentiator for organizations, and successful companies must find ways to identify, measure, and enhance these assets. One effective approach is competency-based management.

Kumar and Garg (2010) conducted a review on the impact of online recruitment on recruitment performance. They pointed out that future competitive organizations must attract and retain top talent to remain successful. The internet allows organizations to reach large pools of candidates efficiently. Despite the rise of the internet, traditional methods like newspaper advertising for non-management and managerial/professional positions remain relevant. Their work explored internet recruitment methods and how they can enhance recruitment performance.

Wennberg et al. (2010) discussed succession in private firms as an entrepreneurial process. They argued that succession in private firms should be considered an entrepreneurial act, combining entrepreneurial exit and entry. Their research adds to the integration of entrepreneurship and family business studies. They provided a comprehensive literature review on succession over the past 35 years and identified seven key themes and three future research areas that could advance the fields of entrepreneurship, family business, and private firm governance.

Farashah et al. (2011) investigated the effects of succession planning on employee career attitudes in Iranian government organizations. Their study assessed how succession planning as an organizational level intervention impacts individual career attitudes, such as promotion

satisfaction, career success perception, and job plateau perception. A 26-item questionnaire was developed, validated, and used to measure succession planning effectiveness. Their findings revealed a significant correlation between succession planning and career satisfaction, though no correlation was found with job plateau perceptions. This study identified best practices for succession planning and provided a scale for measuring its effectiveness.

Erasmus (2009) studied the effectiveness of succession planning at SARS Enforcement Port Elizabeth, emphasizing that organizations rely on a continuous supply of competent, experienced managers. Her research aimed to identify strategies for effective succession planning. She conducted interviews and used questionnaires to assess current succession planning practices, comparing them to literature based best practices. The findings led to several recommendations for improving succession planning within SARS Enforcement.

Weekley (2005), discussed the process of developing succession planning with support from the CEO. However, the application of this process often lacked clarity. He proposed several techniques for implementation, including CEO support, line management ownership of the process, identification of future skill gaps, and regular reviews of the planning process.

Porkiani et al. (2010) reviewed succession planning in Iranian government agencies. They found that attracting and retaining qualified staff was increasingly challenging. Succession planning was presented as a solution for recruiting and developing talent for critical roles. Their study found a meaningful relationship between organizational factors, such as managerial commitment, organizational culture, and readiness, and the successful implementation of succession planning.

Clieaf (1995) discussed the changing role of boards in leadership assessment and executive succession planning. He argued that due to activist investors, succession and executive development have become top priorities for CEOs. He recommended integrating replacement planning, strategic staffing, talent development, and performance management into a unified process to address the changing demands of leadership assessment.

Kowalewski et al. (2011) studied succession planning in the 2010 "Best Companies to Work for in New York." They found that smaller companies typically focus succession planning on the CEO or president, while larger organizations include middle and senior level positions. They emphasized that for any strategic plan to succeed, all levels of the organization must be aware of

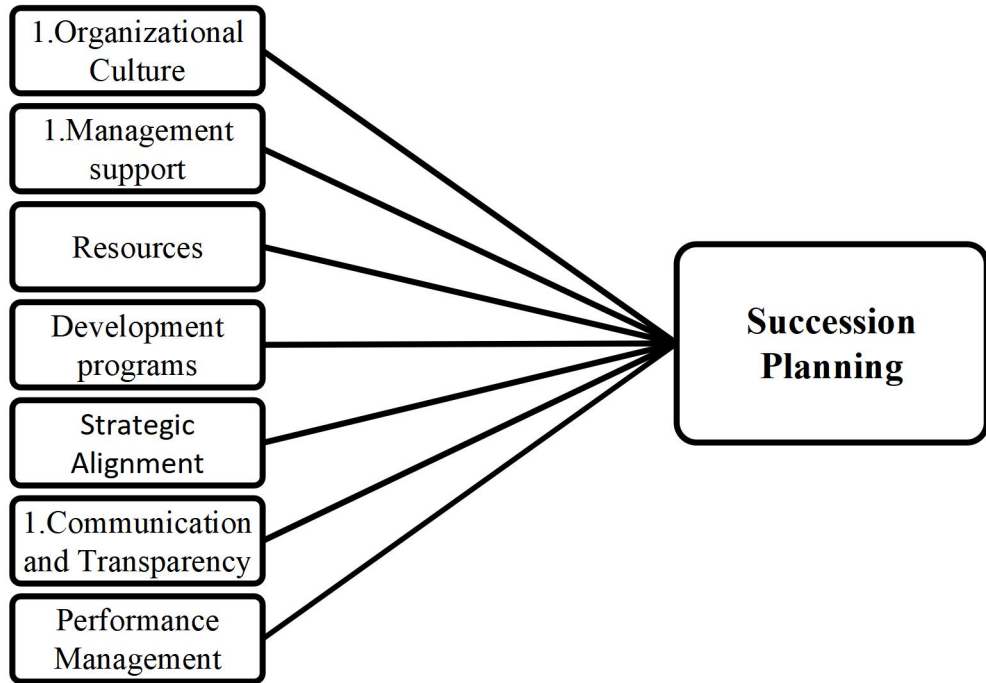
their roles and responsibilities within the plan, addressing external factors like competition, technology, and market trends.

Huang (2001) researched the relationship between succession planning and human resource outcomes in local firms. He found no significant difference between companies with or without succession plans, but there was a notable relationship between the sophistication of succession plans and HR outcomes. Key factors such as line manager involvement, objective criteria, and effective feedback systems were found to influence HR performance positively.

2.3 Conceptual Framework of Succession Planning

Ndunguru (2007) defines a conceptual framework as a collection of research concepts and variables, along with their logical connections, typically displayed through diagrams, charts, graphs, pictographs, flow charts, organograms, or mathematical equations. He further argues that a conceptual framework simplifies a studied phenomenon by presenting the relationships between concepts and variables in a way that is easy to understand, model, and analyze.

Figure 2.2 Conceptual Frame work for assessment of succession planning Activities in an organization



Source: Developed by the Researcher, 2025

However, this conceptual framework seeks to describe research concepts variables as isolated but in a unified system of relationships. Based on the literature review and guided by the Seven Point Star model a conceptual framework is developed (Figure 2.2) to assess the implementation of succession planning program in Droga Group Companies.

The assessment is based on Seven aspects or variables, namely: Organizational Culture, Management support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, Performance Management.

Hypothesis:

H₁: Organizational Culture, Management support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, Performance Management significantly influence the effectiveness of succession planning within Droga Group Companies.

H₀: Organizational Culture, Management support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, Performance Management do not significantly influence the effectiveness of succession planning within Droga Group Companies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design.

The study employed a mixed methods approach, combining both descriptive and explanatory research designs. The **descriptive component** offered a comprehensive understanding of the existing practices, processes, and challenges related to succession planning within Droga Group Companies. It identified the current state of succession planning, highlighted commonly used practices, and outlined the key barriers organizations faced.

The **explanatory component** extended the analysis by examining causal relationships among critical factors such as organizational culture, management support, availability of resources, and strategic alignment. This part of the study investigated how these variables influenced the identification, development, and preparation of potential future leaders within the organization. The aim was to uncover the underlying factors that contributed to either the success or failure of succession planning initiatives.

By integrating both descriptive and explanatory approaches, the study not only provided an overview of the succession planning landscape but also offered deeper insights into the determinants of its effectiveness within the context of Droga Group Companies.

3.2 Method of Data collection.

In this research the student researcher uses combination of primary and secondary data.

3.2.1 The primary data

The primary data for this study were collected using questionnaires as the main data collection instrument. This method was deemed appropriate given that all respondents were drawn from the Management and Successor Employee groups within Droga Group Companies. Considering their professional roles and educational backgrounds, it was assumed that the participants possessed the requisite knowledge and competence to comprehend and respond accurately to the

questionnaire items. This approach facilitated the collection of reliable and relevant data by leveraging the respondents' direct involvement in and familiarity with the subject matter of succession planning.

3.2.2 Secondary data

The secondary data for this study were obtained through a comprehensive review of relevant organizational documents. These included the company's succession planning policies, HR reports, and talent management plans. By analyzing these materials, the study aimed to gain insights into the organization's existing frameworks, strategies, and practices related to succession planning and leadership development. This method provided valuable context and contributed to a deeper understanding of the current state of succession planning within Droga Group Companies.

3.3 Validity and Reliability

Validity

Validity ensures that the research instrument accurately measures the intended concepts. In this study, content validity was established by designing the questionnaire based on an extensive review of relevant literature and ensuring alignment with the study's objectives. To further confirm its relevance and appropriateness, the instrument was reviewed by experts in human resource management as well as the study advisor.

Additionally, face validity was assessed through a pilot test conducted with a small group of respondents. This pilot test helped verify the clarity and relevance of the questionnaire items, and allowed for necessary modifications based on the feedback received.

Reliability Test

The reliability of the instrument was assessed using **Cronbach's Alpha**, which resulted in a value of **0.952** across **38 items**.

Table 1: Reliability Test

Reliability Statistics

Cronbach's Alpha	N of Items
.952	38

This indicates an excellent level of internal consistency, suggesting that the items in the scale are highly correlated and consistently measure the same underlying construct. According to widely accepted guidelines, a Cronbach's Alpha value above 0.9 is considered excellent, demonstrating that the tool is reliable for data collection and further analysis.

3.4 Data presentation and analysis

To analyze and present the collected data, both **descriptive** and **inferential statistical methods** were employed. Descriptive statistics, including frequency distribution tables and charts, were used to summarize and visualize the basic trends, patterns, and variations in the data. This provided a clear overview of respondents' answers to each questionnaire item.

In addition to descriptive analysis, **regression analysis** was conducted to examine the relationships between the independent variables such as organizational culture, management support, availability of resources, and development programs and the dependent variable, succession planning effectiveness. This analysis facilitated a deeper understanding of how these factors influenced the effectiveness of succession planning practices within Droga Group Companies. It also identified the strength and direction of these relationships, offering valuable insights into the key determinants of succession planning outcomes.

By integrating both descriptive and inferential approaches, the study not only highlighted major trends but also provided causal insights into the factors that contribute to or hinder the success of succession planning practices. This comprehensive approach enabled a thorough understanding of the current state of succession planning and its alignment with the organization's strategic objectives.

3.5 Sampling Method and Sample Size

3.5.1 Sampling Method

For this study, a **purposive sampling technique** was employed, as the research sought to gather detailed insights from specific groups of employees most relevant to succession planning. This

approach was appropriate because it enabled deliberate selection of participants with direct experience or involvement in the succession planning process, thereby ensuring that the collected data was both rich and aligned with the research objectives.

The sample included all management staff and identified successors within the selected private limited companies. By focusing on these two groups, the study comprehensively captured the perspectives and experiences of key stakeholders directly involved in or impacted by succession planning practices.

The target population consisted of management staff, first line supervisors, and identified successors, forming a critical group essential for succession planning and leadership development. Management staff comprised top level executives such as CEOs, HR Directors, and Department Heads as well as middle level managers who play significant roles in decision making and organizational strategy. First line supervisors, responsible for overseeing daily operations and managing frontline employees, were also included due to their important role in bridging strategic leadership and operational execution. Additionally, identified successors were employees formally recognized within the organization's succession planning pipeline. This group included individuals participating in structured development programs designed to prepare them for future leadership roles, thereby supporting smooth leadership transitions and continuity in key positions. Collectively, these groups represented a strategic focus on leadership sustainability and organizational growth.

3.5.2 Sample Size

The total number of participants was determined based on the organization's size and structure. Preliminary discussions and a review of organizational records indicated an estimated population size of approximately 234 individuals. This population comprised about 78 participants from top, middle, and first-line supervisor levels, representing key decision makers and operational leaders across various organizational tiers. Additionally, approximately 156 individuals were identified as successors, selected from the talent pipeline. This estimate was based on the assumption that each key position had at least two potential successors, thereby ensuring leadership continuity and reducing risks associated with succession gaps. The inclusion of leaders across all

management levels, together with identified successors, provided a comprehensive perspective on the organization's leadership development and succession planning initiatives.

3.6 Ethical Issues

This study will adhere to ethical research principles to ensure the protection of participants' rights and maintain the integrity of the research process. Informed consent will be obtained from all participants, ensuring they are fully aware of the purpose of the study, their role in it, and their right to withdraw at any stage without any consequences. Confidentiality and anonymity will be strictly maintained by ensuring that personal and organizational information is not disclosed. Data collected will be used solely for academic purposes. Additionally, the study will avoid any form of coercion, ensuring that participation is entirely voluntary. By adhering to these ethical considerations, the research will uphold transparency, respect, and fairness throughout the study process.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION INTERPRETATIONS AND DISCUSSION

This chapter presents the results of the data collected for the study on succession planning practices and challenges in private limited companies.

This chapter presents the findings derived from the primary and secondary data collected to assess the succession planning practices and challenges within Droga Group Companies. The analysis is structured around the key variables outlined in the conceptual framework, including organizational culture, management support, resources, development programs, strategic alignment, communication and transparency, and performance management.

Quantitative data obtained through structured questionnaires are analyzed using both descriptive and inferential statistical methods. Descriptive statistics, such as frequency tables and charts, provide a summary of respondents' views and the prevalence of specific practices. Inferential techniques, including regression analysis, are applied to examine the relationships between independent variables and the effectiveness of succession planning, the dependent variable.

The interpretation of findings is guided by the study's research questions and objectives, offering insights into the current succession planning landscape at Droga Group, the challenges encountered, and the extent to which these practices align with the organization's strategic goals. The results serve as a foundation for drawing conclusions and formulating recommendations in subsequent chapters.

4.1. Introduction

As stated in the methodology section, this chapter presents the analysis of data collected through a mixed methods approach, incorporating both quantitative and qualitative data sources. The quantitative data were gathered using structured questionnaires distributed via Google Forms, which allowed for efficient and wide-reaching data collection. Out of the 234 questionnaires

distributed to targeted respondents across Droga Group Companies, a total of 212 were completed and returned, resulting in a strong response rate of 90.6%. This high response rate enhances the validity and reliability of the study's findings.

The data were analyzed using the Statistical Package for the Social Sciences (SPSS), a robust software tool widely used for statistical analysis in social science research (De Coster, 2004). These statistical methods were essential in examining the relationships between independent variables (such as organizational culture, management support, and development programs) and the effectiveness of succession planning. The following sections present and interpret the quantitative findings in line with the study's research questions and objectives.

4.2. Demographic Data

In this section, the researcher presents the demographic composition of the participants involved in the study. This information not only aids in identifying trends and patterns but also ensures that the results are reflective of the diversity and representativeness of the sample. The following tables and charts summarize key demographic variables, starting with gender distribution.

Table 2: Demographic Data

Demographic Factors		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	126	55.5	55.5	55.5
	Female	101	44.5	44.5	100
	Total	227	100	100	
Age	Under 25	20	8.8	8.8	8.8
	25–34	134	59	59	67.8
	35–44	62	27.3	27.3	95.2
	45–54	9	4	4	99.1
	55 and above	2	0.9	0.9	100
	Total	227	100	100	
Position in the organization	Senior Management	15	6.6	6.6	6.6
	Middle Management	24	10.6	10.6	17.2
	Line Managers	45	19.8	19.8	37
	Successor	143	63	63	100
	Total	227	100	100	
Seniority in the Organization	Less than 1 year	46	20.3	20.3	20.3
	1–3 years	111	48.9	48.9	69.2

	4–6 years	64	28.2	28.2	97.4
	More than 6 years	6	2.6	2.6	100
	Total	227	100	100	

The demographic data reveals that the majority of respondents are relatively young and new to the organization. Most participants (59%) fall within the 25–34 age group, followed by 27.3% in the 35–44 range, indicating a youthful and mid-career workforce. Gender distribution is slightly male dominated, with 55.5% male and 44.5% female respondents.

In terms of organizational roles, a significant portion (63%) are classified as "Successors," suggesting a strong focus on leadership development or talent pipeline. Only a small percentage hold senior management positions (6.6%), reflecting a typical hierarchical structure. Regarding tenure, nearly half (48.9%) have been with the organization for 1–3 years, and 20.3% for less than a year, highlighting a workforce that is relatively new and possibly linked to recent organizational growth or restructuring efforts.

4.3. Organizational Culture

Table 3a: Organizational Culture

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	5.3	5.3	5.3
	Neutral	30	13.2	13.2	18.5
	Agree	105	46.3	46.3	64.8
	Strongly Agree	80	35.2	35.2	100.0
	Total	227	100.0	100.0	

The data shows that a large majority of respondents (81.5%) agree or strongly agree that Droga’s organizational culture supports succession planning, with 46.3% agreeing and 35.2% strongly agreeing. Only 13.2% are neutral, and a small portion (5.3%) disagree. This indicates a strong positive perception among employees regarding the organization's cultural alignment with succession planning efforts.

Does the organization promote a culture of learning and development?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	13	5.7	5.8	5.8
	Neutral	29	12.8	12.8	18.6
	Agree	101	44.5	44.7	63.3
	Strongly Agree	83	36.6	36.7	100.0
	Total	226	99.6	100.0	
Missing	System	1	.4		
Total		227	100.0		

Table 3b: Organizational Culture

The responses reflect a strong belief among employees that the organization values learning and development, with 81.4% expressing agreement—many even strongly so. This suggests that people feel encouraged to grow, improve, and build their skills within the organization. While a few remain neutral (12.8%) or disagree (5.8%), the overall sentiment points to a workplace culture that genuinely supports personal and professional development.

How would you describe the organization’s openness to change in leadership?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	2.6	2.6	2.6
	Neutral	47	20.7	20.7	23.3
	Agree	101	44.5	44.5	67.8
	Strongly Agree	73	32.2	32.2	100.0
	Total	227	100.0	100.0	

Table 3c: Organizational Culture

The data suggests that most employees view the organization as open to change in leadership, with 76.7% either agreeing (44.5%) or strongly agreeing (32.2%). Around one fifth (20.7%) remain neutral, while only a small minority (2.6%) disagree. This overall positive sentiment indicates that the organization is largely perceived as adaptable and receptive to new leadership, which can be vital for growth and innovation.

The survey results reflect a generally positive perception among employees regarding key organizational practices that support growth and adaptability. A strong majority believe that Droga promotes a culture of learning and development, with 81.4% agreeing or strongly agreeing, indicating that employees feel supported in their professional growth. Similarly, 81.5% agree or strongly agree that the organizational culture supports succession planning, suggesting a strategic focus on developing future leaders from within. Furthermore, 76.7% of respondents believe the organization is open to change in leadership, highlighting a sense of flexibility and readiness for leadership transitions.

4.4. Management Support

Top management actively participate in succession planning initiatives.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.3	1.3	1.3
	Disagree	12	5.3	5.3	6.6
	Neutral	49	21.6	21.6	28.2
	Agree	102	44.9	44.9	73.1
	Strongly Agree	61	26.9	26.9	100.0
	Total	227	100.0	100.0	

Table 4a: Management Support

The data shows that a clear majority of respondents (71.8%) agree or strongly agree that top management actively participates in succession planning initiatives, with 44.9% agreeing and 26.9% strongly agreeing. Meanwhile, 21.6% remain neutral, and only a small percentage (6.6%) express disagreement. This suggests that most employees perceive top leadership as being engaged and supportive in the organization’s efforts to develop future leaders, reinforcing a culture of intentional talent development and long-term planning.

Management discusses leadership development issues during strategic meetings.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	7	3.1	3.1	4.9

	Neutral	40	17.6	17.7	22.6
	Agree	108	47.6	47.8	70.4
	Strongly Agree	67	29.5	29.6	100.0
	Total	226	99.6	100.0	
Missing	System	1	.4		
	Total	227	100.0		

Table 4b: Management Support

The data reveals that a strong majority of respondents (77.4%) agree or strongly agree that management discusses leadership development issues during strategic meetings, with 47.8% agreeing and 29.6% strongly agreeing. A smaller group (17.7%) remains neutral, while only 4.9% disagree to any extent. This indicates that leadership development is perceived as a regular and important topic at the strategic level, reflecting the organization’s commitment to integrating talent growth into its broader goals and planning processes.

The management is committed to providing the resources needed for succession planning.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	15	6.6	6.6	6.6
	Neutral	27	11.9	11.9	18.5
	Agree	125	55.1	55.1	73.6
	Strongly Agree	60	26.4	26.4	100.0
	Total	227	100.0	100.0	

Table 4c: Management Support

The responses show that most employees feel confident in the management’s commitment to succession planning, with 81.5% agreeing or strongly agreeing that the necessary resources are being provided. This suggests that people within the organization not only see succession planning as a priority but also feel supported in practical ways—whether through tools, training, or development opportunities. While a few (11.9%) remain neutral and a small number (6.6%) express doubt, the overall employees recognize and appreciate leadership’s investment in preparing the next generation of leaders.

4.5. Resource

Sufficient financial resources allocated for leadership development

and succession planning.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.5	3.5	3.5
	Disagree	12	5.3	5.3	8.8
	Neutral	63	27.8	27.8	36.6
	Agree	93	41.0	41.0	77.5
	Strongly Agree	51	22.5	22.5	100.0
Total		227	100.0	100.0	

Table 5a: Resource

The findings indicate that a majority of employees (63.5%) believe the organization is financially supporting leadership development and succession planning, which may be evident to them through available programs or initiatives. However, with 27.8% remaining neutral, it's possible that not everyone clearly sees how these resources are being utilized. A small portion (8.8%) feel the financial investment is lacking. While the overall perception is positive, there's an opportunity to enhance transparency and awareness around how the organization allocates funds to develop future leaders.

The organization have the necessary tools (e.g., software, frameworks) to facilitate succession planning.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.9	.9	.9
	Disagree	18	7.9	7.9	8.8
	Neutral	39	17.2	17.2	26.0
	Agree	105	46.3	46.3	72.2
	Strongly Agree	63	27.8	27.8	100.0
Total		227	100.0	100.0	

Table 5b: Resource

The data shows that a large majority of respondents (74.1%) agree or strongly agree that the organization has the necessary tools such as software and frameworks to support succession planning. With 46.3% agreeing and 27.8% strongly agreeing, many employees recognize the presence of the right systems in place. However, 17.2% remain neutral, and 8.8% disagree to some extent. This suggests that while the organization is generally well equipped, there may be

opportunities to improve awareness, accessibility, or effectiveness of these tools for all employees.

Time constraints affect the implementation of succession planning.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	24	10.6	10.6	12.3
	Neutral	36	15.9	15.9	28.2
	Agree	96	42.3	42.3	70.5
	Strongly Agree	67	29.5	29.5	100.0
Total		227	100.0	100.0	

Table 5c: Resource

The results indicate that a significant majority of respondents (71.8%) agree or strongly agree that time constraints affect the implementation of succession planning, with 42.3% agreeing and 29.5% strongly agreeing. While 15.9% remain neutral, only a small portion (12.4%) disagree. This suggests that although the organization may value succession planning, many employees feel that competing priorities or lack of dedicated time pose a real challenge to putting those plans into action consistently and effectively.

4.6. Development Programs

Employees are provided with structured training and development programs for leadership roles.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.5	3.6	3.6
	Disagree	25	11.0	11.1	14.7
	Neutral	27	11.9	12.0	26.7
	Agree	97	42.7	43.1	69.8
	Strongly Agree	68	30.0	30.2	100.0
	Total		225	99.1	100.0
Missing	System	2	.9		
Total		227	100.0		

Table 6a: Development Programs

The data reveals that a strong majority of respondents (73.3%) agree or strongly agree that employees are provided with structured training and development programs for leadership roles, with 43.1% agreeing and 30.2% strongly agreeing. Meanwhile, 12% are neutral, and 14.7% disagree to some extent. This suggests that most employees feel the organization is actively investing in leadership development, although a small group may feel that access to or awareness of these programs could be improved.

Development programs focus on preparing employees for future leadership positions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	17	7.5	7.5	9.3
	Neutral	39	17.2	17.2	26.4
	Agree	75	33.0	33.0	59.5
	Strongly Agree	92	40.5	40.5	100.0
	Total	227	100.0	100.0	

Table 6b: Development Programs

The results indicate that a significant majority of respondents (73.5%) agree or strongly agree that development programs focus on preparing employees for future leadership positions, with 33% agreeing and 40.5% strongly agreeing. While 17.2% remain neutral, only 9.3% disagree to some extent. This suggests that most employees perceive the organization's development programs as aligned with preparing them for leadership roles, though there may still be some who are uncertain or feel the focus could be stronger.

I am satisfied with the quality of the organization's development programs.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.9	.9	.9
	Disagree	24	10.6	10.6	11.5
	Neutral	40	17.6	17.6	29.1
	Agree	90	39.6	39.6	68.7
	Strongly Agree	71	31.3	31.3	100.0
	Total	227	100.0	100.0	

Table 6c: Development Programs

The data shows that a majority of respondents (70.9%) are satisfied with the quality of the organization’s development programs, with 39.6% agreeing and 31.3% strongly agreeing. While 17.6% remain neutral, a smaller percentage (11.5%) disagree to some extent. This suggests that most employees are generally satisfied with the programs offered, although there is room for improvement or further clarity for those who are neutral or dissatisfied.

4.7. Strategic Alignment

The succession planning process aligns with the organization’s long-term goals.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	1.8	1.8	1.8
	Neutral	39	17.2	17.2	18.9
	Agree	96	42.3	42.3	61.2
	Strongly Agree	88	38.8	38.8	100.0
	Total	227	100.0	100.0	

Table 7a: Strategic Alignment

The results indicate that a large majority of respondents (81.1%) agree or strongly agree that the succession planning process aligns with the organization’s long term goals, with 42.3% agreeing and 38.8% strongly agreeing. A smaller portion (17.2%) remains neutral, and only 1.8% disagree. This suggests that most employees perceive the succession planning process as strategically aligned with the organization's vision for the future, though there may still be some uncertainty among a few.

The strategic objectives clearly communicated to employees involved in succession planning.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.9	.9	.9
	Disagree	20	8.8	8.8	9.7
	Neutral	35	15.4	15.4	25.1
	Agree	99	43.6	43.6	68.7
	Strongly Agree	71	31.3	31.3	100.0
	Total	227	100.0	100.0	

Table 7b: Strategic Alignment

The data shows that 74.9% of respondents agree or strongly agree that the strategic objectives are clearly communicated to employees involved in succession planning, with 43.6% agreeing and 31.3% strongly agreeing. Meanwhile, 15.4% remain neutral, and 9.7% disagree to some extent. This indicates that while the majority of employees feel the organization's strategic objectives are effectively communicated to those involved in succession planning, there is still room to improve clarity for those who are neutral or dissatisfied.

Succession planning effectively address future organizational challenges.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	10	4.4	4.4	4.4
	Neutral	39	17.2	17.2	21.6
	Agree	98	43.2	43.2	64.8
	Strongly Agree	80	35.2	35.2	100.0
	Total	227	100.0	100.0	

Table 7c: Strategic Alignment

The results indicate that a majority of respondents (78.4%) agree or strongly agree that succession planning effectively addresses future organizational challenges, with 43.2% agreeing and 35.2% strongly agreeing. Meanwhile, 17.2% remain neutral, and 4.4% disagree. This suggests that most employees believe the succession planning process is aligned with the organization's future needs, although there is still some uncertainty or mixed opinions among a minority of respondents.

4.8. Communication and Transparency

Succession planning goals and processes clearly communicated to all relevant stakeholders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	1.8	1.8	1.8
	Disagree	10	4.4	4.4	6.2
	Neutral	40	17.6	17.6	23.8
	Agree	109	48.0	48.0	71.8

Strongly Agree	64	28.2	28.2	100.0
Total	227	100.0	100.0	

Table 8a: Communication and Transparency

The data reveals that a majority of respondents (76.2%) agree or strongly agree that the succession planning goals and processes are clearly communicated to all relevant stakeholders, with 48% agreeing and 28.2% strongly agreeing. Meanwhile, 17.6% are neutral, and 6.2% disagree to some extent. This suggests that while the majority feel well informed about the succession planning process, there may be opportunities to improve communication for those who are neutral or dissatisfied.

Do you agree that there is transparency of decision making in the succession planning process?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.6	2.7	2.7
	Disagree	13	5.7	5.8	8.4
	Neutral	48	21.1	21.2	29.6
	Agree	110	48.5	48.7	78.3
	Strongly Agree	49	21.6	21.7	100.0
	Total	226	99.6	100.0	
Missing	System	1	.4		
Total		227	100.0		

Table 8b: Communication and Transparency

The results indicate that a majority of respondents (70.3%) agree or strongly agree that there is transparency in the decision-making process of succession planning, with 48.7% agreeing and 21.7% strongly agreeing. Meanwhile, 21.2% remain neutral, and 8.4% disagree to some extent. This suggests that while transparency is generally perceived positively by most employees, there may still be some room for improvement in ensuring full clarity for those who are neutral or dissatisfied.

Do you agree that employees feel informed about opportunities for leadership development?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.5	3.5	3.5

Disagree	16	7.0	7.0	10.6
Neutral	45	19.8	19.8	30.4
Agree	107	47.1	47.1	77.5
Strongly Agree	51	22.5	22.5	100.0
Total	227	100.0	100.0	

Table 8c: Communication and Transparency

The data shows that a majority of respondents (69.6%) agree or strongly agree that employees feel informed about opportunities for leadership development, with 47.1% agreeing and 22.5% strongly agreeing. Meanwhile, 19.8% remain neutral, and 10.6% disagree to some extent. This indicates that while most employees feel informed about leadership development opportunities, there is still a portion of respondents who either feel unsure or dissatisfied.

4.9. Performance Management

Performance evaluations used to identify potential leaders.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.5	3.5	3.5
	Disagree	9	4.0	4.0	7.5
	Neutral	34	15.0	15.0	22.5
	Agree	103	45.4	45.4	67.8
	Strongly Agree	73	32.2	32.2	100.0
	Total	227	100.0	100.0	

Table 9a: Performance Management

The data shows that 77.6% of respondents agree or strongly agree that performance evaluations are used to identify potential leaders, with 45.4% agreeing and 32.2% strongly agreeing. Meanwhile, 15% are neutral, and 7.5% disagree to some extent. This suggests that most employees believe performance evaluations play a significant role in identifying future leaders, although there is still a small portion who may feel otherwise or are unsure.

The organization's performance management system support leadership development initiatives

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.6	2.7	2.7
	Disagree	6	2.6	2.7	5.3

	Neutral	21	9.3	9.3	14.6
	Agree	107	47.1	47.3	61.9
	Strongly Agree	86	37.9	38.1	100.0
	Total	226	99.6	100.0	
Missing	System	1	.4		
	Total	227	100.0		

Table 9b: Performance Management

The data indicates that a majority of respondents (85.4%) agree or strongly agree that the organization's performance management system supports leadership development initiatives, with 47.3% agreeing and 38.1% strongly agreeing. Additionally, 9.3% are neutral, and 5.3% disagree to some extent. This suggests that most employees perceive the performance management system as a valuable tool for fostering leadership development, though there is still a small group who may feel the system does not adequately support these initiatives.

High performing employees are integrated into succession planning

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	3.5	3.5	3.5
	Disagree	8	3.5	3.5	7.0
	Neutral	41	18.1	18.1	25.1
	Agree	104	45.8	45.8	70.9
	Strongly Agree	66	29.1	29.1	100.0
	Total	227	100.0	100.0	

Table 9c: Performance Management

The data shows that 74.9% of respondents agree or strongly agree that high performing employees are integrated into succession planning, with 45.8% agreeing and 29.1% strongly agreeing. A significant portion, 18.1%, remains neutral, while 7% disagree to some extent. This suggests that most employees believe high performers are considered for succession planning, although there is still a portion who are uncertain or feel otherwise.

4.10. Descriptive Statistics of succession planning

The current succession planning process is effective in ensuring leadership continuity.

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Strongly Disagree	6	2.6	2.6	2.6
	Disagree	8	3.5	3.5	6.2
	Neutral	41	18.1	18.1	24.2
	Agree	108	47.6	47.6	71.8
	Strongly Agree	64	28.2	28.2	100.0
	Total	227	100.0	100.0	

Table 10a: Succession Planning

The data reveals that a majority of respondents, 75.8%, agree or strongly agree that the current succession planning process is effective in ensuring leadership continuity, with 47.6% agreeing and 28.2% strongly agreeing. However, 18.1% remain neutral, and a smaller proportion (6.1%) disagree to some extent. This indicates a general positive perception of the effectiveness of the process, but there is room for improvement or further clarification among those who are neutral or disagree.

Succession planning significantly contributes to achieving the strategic goals of Droga Group Companies.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	1.8	1.8	1.8
	Neutral	24	10.6	10.6	12.3
	Agree	111	48.9	48.9	61.2
	Strongly Agree	88	38.8	38.8	100.0
	Total	227	100.0	100.0	

Table 10b: Succession Planning

The data indicates that 87.7% of respondents believe that succession planning significantly contributes to achieving the strategic goals of Droga Group Companies, with 48.9% agreeing and 38.8% strongly agreeing. A smaller portion, 12.3%, remains neutral or disagrees. This shows a strong consensus on the importance of succession planning in aligning with the company's strategic objectives.

The organization effectively prepares identified successors for leadership roles.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	.9	.9	.9

Disagree	20	8.8	8.8	9.7
Neutral	39	17.2	17.2	26.9
Agree	89	39.2	39.2	66.1
Strongly Agree	77	33.9	33.9	100.0
Total	227	100.0	100.0	

Table 10c: Succession Planning

The data shows that 73.1% of respondents believe the organization effectively prepares identified successors for leadership roles. Among them, 39.2% agree, and 33.9% strongly agree. Meanwhile, 26.9% either remain neutral or disagree, with 9.7% disagreeing or strongly disagreeing. This suggests a generally positive view on the organization's preparedness for leadership succession, though there is room for improvement in ensuring that all respondents feel confident about the process.

I am satisfied with the overall succession planning framework in the organization.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	2.6	2.6	2.6
	Disagree	12	5.3	5.3	7.9
	Neutral	41	18.1	18.1	26.0
	Agree	114	50.2	50.2	76.2
	Strongly Agree	54	23.8	23.8	100.0
	Total	227	100.0	100.0	

Table 1011d: Succession Planning

The data reveals that 74% of respondents are satisfied with the overall succession planning framework in the organization, with 50.2% agreeing and 23.8% strongly agreeing. However, 26% of respondents are either neutral or dissatisfied, with 5.3% disagreeing or strongly disagreeing. This indicates a generally positive response, but there is still a segment of the workforce that feels neutral or dissatisfied with the succession planning process.

The leadership pipeline created through succession planning is robust and capable of meeting future needs.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	5.3	5.3	5.3

	Neutral	37	16.3	16.4	21.7
	Agree	120	52.9	53.1	74.8
	Strongly Agree	57	25.1	25.2	100.0
	Total	226	99.6	100.0	
Missing	System	1	.4		
	Total	227	100.0		

Table 10e: Succession Planning

The data shows that the majority of respondents (79.1%) agree that the leadership pipeline created through succession planning is robust and capable of meeting future needs, with 53.1% agreeing and 25.2% strongly agreeing. However, 21.6% of respondents are either neutral or dissatisfied, with 5.3% disagreeing. This suggests a strong overall perception of the leadership pipeline, though there is still a small portion of the workforce that is not fully convinced.

4.11. Regression Analysis

Regression analysis assumption should be satisfied to maintain data validity and strength of the regressed result of the research under the multiple regression models. This study has conducted the assumption test of multi collinearity, normality, linearity, homoscedasticity, and no autocorrelation assumption

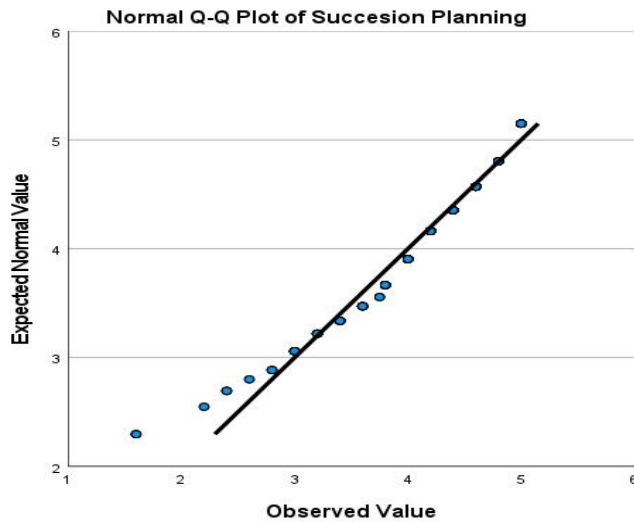
Multi collinearity

		Coefficients					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.428	.235		1.819	.070		
	Organizational Culture	.100	.064	.090	1.555	.121	.552	1.811
	Management Support	.036	.071	.034	.512	.609	.417	2.397
	Resources	.011	.060	.011	.187	.852	.531	1.884
	Development Program	.078	.050	.094	1.554	.122	.501	1.998
	Strategic Alignment	.243	.059	.242	4.088	.000	.523	1.910
	Communication and Transparency	.141	.052	.159	2.727	.007	.538	1.858
	Performance Management	.304	.054	.357	5.646	.000	.459	2.176

Table 12: Multi collinearity

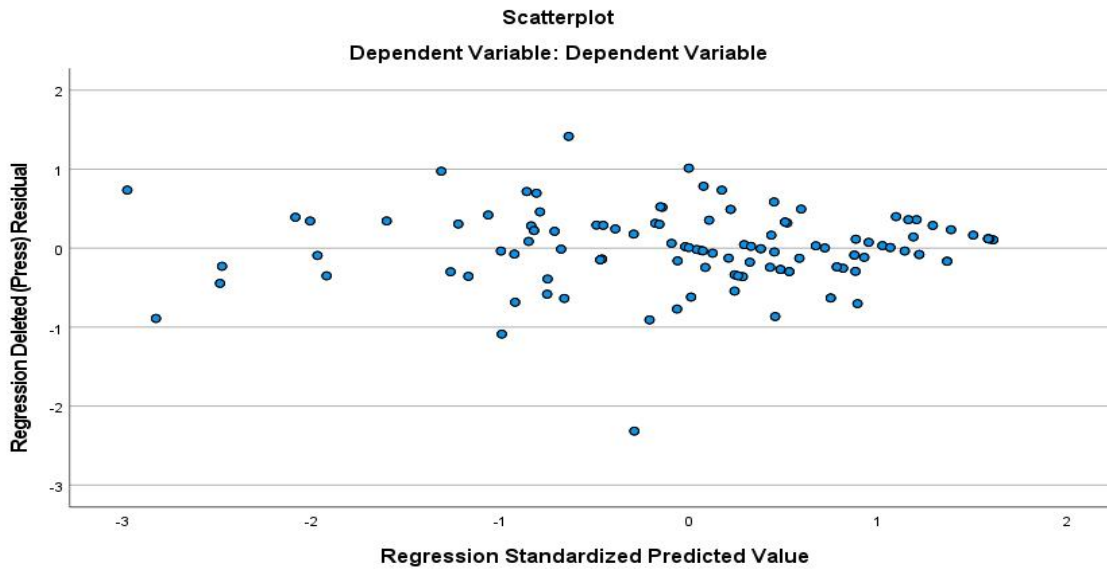
Above data shows a statistically significant relationship between the independent variables and the dependent variable, indicating that together they effectively explain variations in the outcome. The model is reliable with no signs of multicollinearity, supporting the validity of the results.

Normality



The test yielded a p value of 0.060, which is greater than the commonly used significance level of 0.05. This indicates that the residuals do not significantly deviate from a normal distribution. Therefore, the assumption of normality for the residuals in the regression analysis is met, supporting the validity of subsequent statistical inferences drawn from the model.

Homoscedasticity



Autocorrelation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.776 ^a	.601	.589	.46485	1.648

Table 13: Autocorrelation

4.12. Multiple Regression Analysis Result

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Performance Management, Organizational Culture, Resources, Strategic Alignment, Communication and Transparency, Development Program, Management Support ^t		Enter

a. Dependent Variable: Succession Planning

b. All requested variables entered.

Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.763	7	10.109	46.782	.000 ^b
	Residual	46.891	217	.216		
	Total	117.654	224			

a. Dependent Variable: Succession Planning

b. Predictors: (Constant), Performance Management, Organizational Culture, Resources, Strategic Alignment, Communication and Transparency, Development Program, Management Support

The ANOVA table shows that the regression model significantly predicts Succession Planning, with an F value of 46.782 and a p value of .000, indicating strong statistical significance. Independent Variable explains approximately 79.2% of the variance in Succession Planning ($R^2 \approx 0.792$). This suggests that the selected variables collectively have a meaningful and significant impact on Succession Planning within the organization.

Result of Multiple Regression Analysis

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.428	.235		1.819	.070		
	Organizational Culture	.100	.064	.090	1.555	.121	.552	1.811
	Management Support	.036	.071	.034	.512	.609	.417	2.397
	Resources	.011	.060	.011	.187	.852	.531	1.884
	Development Program	.078	.050	.094	1.554	.122	.501	1.998
	Strategic Alignment	.243	.059	.242	4.088	.000	.523	1.910
	Communication and Transparency	.141	.052	.159	2.727	.007	.538	1.858
	Performance Management	.304	.054	.357	5.646	.000	.459	2.176

a. Dependent Variable: Succession Planning

Table 14: Multiple Regression Analysis

The coefficients table provides insights into the individual contribution of each independent variable to Succession Planning. Among the seven predictors, **Performance Management** stands out with the highest standardized beta coefficient ($\beta = .357$) and a statistically significant p value (.000), indicating that it has the strongest positive influence on Succession Planning—when Performance Management improves, Succession Planning is likely to improve as well. Similarly, **Strategic Alignment** ($\beta = .242, p = .000$) also has a significant and positive impact, suggesting that aligning HR practices with the organization's strategic direction is crucial for effective succession planning. **Communication and Transparency** also show a significant positive effect ($\beta = .159, p = .007$), meaning open communication and clarity in organizational processes contribute meaningfully to succession efforts. In contrast, other variables such as **Organizational Culture, Management Support, Resources, and Development Program** do not show statistically significant effects (p values greater than .05), indicating that while they may be conceptually important, their individual contribution to predicting Succession Planning is not strong enough to be considered statistically meaningful in this model. This suggests that targeted efforts to strengthen performance management systems, ensure strategic alignment, and enhance communication practices can yield the most substantial improvements in succession planning outcomes.

Hypothesis Testing Result

- H₁: Organizational Culture, Management support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, Performance Management significantly influence the effectiveness of succession planning within Droga Group Companies.
- H₀: Organizational Culture, Management support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, Performance Management do not significantly influence the effectiveness of succession planning within Droga Group Companies.

The regression analysis supports the alternative hypothesis (H₁), indicating that Organizational Culture, Management Support, Resources, Development Programs, Strategic Alignment, Communication and Transparency, and Performance Management collectively have a significant influence on the effectiveness of Succession Planning within Droga Group Companies. This conclusion is drawn from the ANOVA results, which show that the overall model is statistically

significant ($F = 46.782$, $p = .000$), meaning the combined effect of these seven predictors explains a substantial portion of the variance in Succession Planning. Although not all individual variables were statistically significant on their own—specifically Organizational Culture, Management Support, Resources, and Development Programs had p values greater than 0.05—three key variables emerged as significant influencers: Performance Management ($p = .000$), Strategic Alignment ($p = .000$), and Communication and Transparency ($p = .007$). These results suggest that while the broader set of organizational factors contributes meaningfully to succession planning, particular emphasis should be placed on strengthening performance management systems, aligning HR practices with organizational strategy, and enhancing communication and transparency to drive more effective and sustainable succession planning outcomes.

4.13. Summary of Findings

The data collected on succession planning at Droga Group Companies reveals generally positive feedback, highlighting both strengths and areas for improvement. A significant majority of employees (81.5%) believe that the organization fosters a culture of learning and development, with many agreeing that succession planning aligns with the company's long term goals. The majority of respondents also feel that leadership development and succession planning are priorities, although only 71.8% agree that top management actively participates in strategic discussions on leadership development. Most employees (81.5%) feel that management provides the necessary resources, though only 63.5% agree that sufficient financial resources are allocated to leadership development programs. Tools such as software and frameworks are considered adequate, with 74.1% agreeing that the organization has the necessary tools to facilitate succession planning.

When it comes to training and development programs, 73.0% of employees feel that the organization offers structured programs for leadership roles, and 73.5% believe these programs focus on preparing employees for future leadership positions. Satisfaction with the quality of these programs is generally positive, with 70.9% of employees expressing contentment. The effectiveness of succession planning in ensuring leadership continuity is largely recognized, with 75.8% believing it addresses future organizational challenges, though 69.9% think the current

succession planning process is fully aligned with organizational goals. Communication about strategic objectives to those involved in succession planning could be improved, as only 55.8% of employees feel these objectives are clearly communicated.

While 70.3% of employees believe there is transparency in the decision-making process, 10.8% feel otherwise. Additionally, 69.6% feel informed about leadership development opportunities, which shows good transparency but also indicates some areas for improvement. Performance evaluations are widely regarded as key in identifying potential leaders, with 77.6% agreeing that high performing employees are integrated into succession planning. Furthermore, 74.4% believe the performance management system supports leadership development, demonstrating its importance in the succession planning process. Succession planning is viewed as a significant contributor to achieving strategic goals, with 87.7% believing it helps Droga Group achieve its long-term objectives, although only 73.1% agree that identified successors are effectively prepared for leadership roles.

Overall satisfaction with the succession planning framework is positive, with 74% of employees expressing satisfaction, and 79.2% confident that the leadership pipeline is capable of meeting future needs. However, there are areas for improvement, particularly in terms of financial resources for leadership development, enhancing communication and transparency in the succession planning process, and ensuring that leadership development programs are fully aligned with organizational goals. In conclusion, while Droga Group Companies has a strong succession planning framework, addressing these areas of improvement will further strengthen the process and its ability to meet future leadership needs.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

This study set out to assess the succession planning practices and the challenges encountered by Droga Group Companies, a diversified private limited company operating in Ethiopia. The research was guided by key questions focusing on existing practices, strategic alignment, influencing factors, and recommendations for improvement.

The findings reveal that while Droga Group Companies have taken commendable steps in establishing a succession planning framework, several gaps and challenges persist. Organizational culture was found to be supportive of leadership development, with the majority of employees acknowledging the promotion of learning and openness to change in leadership. Top management was generally perceived as active in succession initiatives, though a minority expressed reservations regarding depth and consistency of involvement.

In terms of resources, most respondents agreed that financial investments and technical tools are in place, but time constraints were frequently cited as a barrier. Structured development programs were acknowledged, yet some participants questioned their depth and inclusivity. The study also confirmed that succession planning is strategically aligned with the organization's long term goals, although implementation varied across subsidiaries.

Statistical analysis further revealed that key factors such as management support, organizational culture, development programs, and performance management significantly influence the effectiveness of succession planning.

5.2 Conclusion

Succession planning at Droga Group Companies reflects a growing recognition of its strategic importance. The presence of development programs, leadership involvement, and alignment with long term objectives illustrates a commitment to leadership continuity. However, despite this progress, challenges such as limited engagement of non-management employees, time constraints, and reliance on self-reported data affect the full realization of effective succession planning.

Furthermore, while successors have been identified, the sustainability of the pipeline and the preparedness of these individuals to assume critical roles remain areas that require continuous monitoring and support. Addressing these challenges is essential for ensuring that the organization maintains a strong leadership foundation capable of navigating future transitions smoothly.

5.3 Recommendations

Based on the study's findings, the following recommendations are proposed to enhance succession planning practices in Droga Group Companies:

To enhance the effectiveness of succession planning, several key actions should be taken. First, stakeholder engagement should be strengthened by expanding succession efforts to include a broader range of employees, particularly high-potential non-managers. This approach will help capture diverse perspectives and promote inclusivity.

Secondly, it is essential to institutionalize leadership development by creating comprehensive and ongoing leadership training and mentoring programs tailored to various leadership levels, accompanied by regular progress evaluations. To optimize resource allocation, organizations should address time and workload constraints by setting aside dedicated time blocks for succession planning, potentially through quarterly talent review meetings.

Additionally, improving communication and transparency is critical. Clearly outlining the succession planning process, including the criteria for identifying successors and career

development pathways, can build trust, reduce perceptions of favoritism, and encourage stronger employee commitment. Investment in monitoring and evaluation should also be prioritized by establishing a formal system to assess the effectiveness of succession plans using key performance indicators such as internal promotion rates, readiness scores, and the completion of development plans.

Finally, leveraging technology and data analytics can significantly enhance succession planning. By utilizing HR analytics tools to monitor talent readiness, performance trends, and development outcomes, organizations can make more informed, data-driven decisions.

5.4 Suggestions for Future Research

This study focused solely on Droga Group Companies, primarily within Ethiopia. Future research may consider:

Future research can be enriched by conducting comparative studies with other private limited companies across different regions or industries to identify best practices and contextual differences. Additionally, exploring succession planning in family-owned versus non-family private limited companies can provide deeper insights into how ownership structures influence planning processes. Employing longitudinal research designs would also be beneficial, as they allow for the assessment of the long-term outcomes and effectiveness of succession planning initiatives over time.

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Appendix I

Research Questionnaire

A questionnaire on Succession Planning Practices and Challenges in Private Limited Companies:

Dear Respondents, I am Yosan Chari, a post graduate student at Addis Ababa University School of Commerce. I am conducting research on “**Succession Planning Practices and Challenges in Private Limited Companies: The Case of Droga Group Companies**” in partial fulfillment of Master of Arts in Human Resource Management. I kindly request you to spend some minutes of your time in filling the questionnaire. Any information which you provide will be kept confidential. Your genuine response is highly appreciated for the outcome of the research.

Thank you for your kind cooperation in filling the questionnaire

Part 1: Demographic Information

1. Gender:

- Male
- Female

2. Age:

- Under 25
- 25–34
- 35–44
- 45–54
- 55 and above

3. Position in the organization:

- Senior Management
- Middle Management

- Line Managers
- Other (please specify): _____

4. Length of service in the organization:

- Less than 1 year
- 1–3 years
- 4–6 years
- More than 6 years

Section 2: Succession Planning

Please read each statement carefully and indicate your level of agreement by selecting the most appropriate option. Use the following scale:

Strongly Agree=5, Agree=4, Neutral=3, Disagree=2, Strongly Disagree=1

Organizational Culture		5	4	3	2	1
1	Droga organizational culture support succession planning?					
2	Does the organization promote a culture of learning and development?					
3	How would you describe the organization’s openness to change in leadership?					
Management Support						
1	Top management actively participate in succession planning initiatives.					
2	Management discusses leadership development issues during strategic meetings.					
3	The management is committed to providing the resources needed for succession planning.					
Resource						
1	Sufficient financial resources allocated for leadership development and succession planning.					
2	The organization have the necessary tools (e.g., software, frameworks) to facilitate succession planning.					
3	Time constraints affect the implementation of succession planning.					
Development Programs						
1	Employees are provided with structured training and development programs for leadership roles.					
2	Development programs focus on preparing employees for future leadership positions.					
3	I am satisfied with the quality of the organization’s development programs.					

Strategic Alignment						
1	The succession planning process align with the organization's long term goals.					
2	The strategic objectives clearly communicated to employees involved in succession planning.					
3	Succession planning effectively address future organizational challenges.					
Communication and Transparency						
1	Succession planning goals and processes clearly communicated to all relevant stakeholders					
2	Do you agree that there is transparency of decision making in the succession planning process?					
3	Do you agree that employees feel informed about opportunities for leadership development?					
Performance Management						
1	Performance evaluations used to identify potential leaders.					
2	The organization's performance management system support leadership development initiatives					
3	High performing employees are integrated into succession planning.					
Dependent Variable						
1	The current succession planning process is effective in ensuring leadership continuity.					
2	Succession planning significantly contributes to achieving the strategic goals of Droga Group Companies.					
3	The organization effectively prepares identified successors for leadership roles.					
4	I am satisfied with the overall succession planning framework in the organization.					
5	The leadership pipeline created through succession planning is robust and capable of meeting future needs.					