



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT
MANAGEMENT

ASSESSMENT OF IMPLEMENTATION OF SUCCESSION PLANNING

(A CASE OF COMMERCIAL BANK OF ETHIOPIA)

A Thesis Submitted in Partial Fulfillment of the Requirements for the
Degree of the Masters of Public Management and Policy (MPMP)

BY:

LIYA HAILEZGY

ADVISOR: ABEBE YITAYEW (PhD)

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STATEMENT OF CERTIFICATION

This is to certify that this project work, “assessment of implementation of succession planning: in case of commercial bank of Ethiopia”, undertaken by Liya Hailezgy for the partial fulfillment of the degree of Masters of public management and policy at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University.

Advisor: Abebe Yitayew (PhD)

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STATEMENT OF DECLARATION

I, Liya Hailezgy, do hereby declare that this work entitled “assessment of implementation of succession planning: in case of commercial bank of Ethiopia”, is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Masters in public management and policy (MPMP)

Liya Hailezgy

Signature _____

Date _____

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ACRONYM

BOD	Board of Directors
BSC	Balanced Score Card
CATS	Customer Accounts and Transactions
CBE	Commercial Bank of Ethiopia
CEO	Chief Executive Officer
HR	Human Resource
HRD	Human Resources Development
HRM	Human Resources Management
SP&MC	Succession Planning and Management Committee
SP&M	Succession Planning and Management
VP	Vice President

ABSTRACT

This study aims to assess the implementation of succession planning in commercial bank of Ethiopia. The researcher has used stratified and simple random probability sampling. Primarily and secondary data were used. There were a total 162 populations out of which 115 samples were selected. The researcher analyzed the data by using table. Statistical Package for Social Sciences (SPSS) was used in data analysis. The data was analyzed using descriptive statistics (number and percentage) with tables. Qualitative and quantitative method was used for the analysis of data that was collected through questionnaires and interviews. The sources of data are both primary and secondary data. The researcher was using the scoring method (linkert scale) to rate the respondent's response. As the finding indicates that, most of employee's stated the extent human resource SP practices as fairly done but employees were not satisfied with the implementation of succession planning. In addition many challenges were identified in the Implementation of SP. Positive factors that lead effective succession planning implementation were identified.

Keywords: succession planning, Human Resource, CBE

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

In the course of human history, succession planning has been prevailing in different forms. Royal families of the United Kingdom committed many evils to appoint successors. From the time of Industrial Revolution, organizations adopted methods to plan the changes in their leaders in order to protect their organizations. In recent decades, formalized and concentrated methods of succession planning were introduced and such methods led to the development of a new field for succession planning (Darvish & Temelie, 2014).

In the early twentieth century, the French industrialist and writer Henri Fayol argued that management consists of a set of activities that are common to all organizations. In 1916, he published his experience in the book *Administration Industrielle et Générale*, where he developed his fourteen principles of administration. Fayol claimed that management has the responsibility to ensure the long-term stability of tenured personnel and that if that stability were ignored, then key positions in an organization would be filled with ill-prepared workers. That claim is as true today as it was in 1916: The strength of an organization lies within its people, and when people become more skilled and prepared the organization benefits (Estedadi, Shahhosein & Hamidi, 2015). Nowadays, organizations try to apply succession planning to fill key positions with competent individuals. The purpose of succession planning is to minimize the gap appearing in the operations of the organization, when key personnel retire (Darvish & Temelie, 2014).

Most organizations found that they must rely on their employees as the only way to become stable in this competitive age. Organizations need to develop their employees' knowledge, skills, talents and capabilities. One of the human resource tools which can help the current and future need of organizations, is succession planning. Many organizations use succession planning to develop and maintain powerful leadership and other key employees to make sure that they address all the skills and competencies required for the economic environment. Succession planning is a helpful approach to find the appropriate people who are needed for leadership positions or other key positions in the organizations (Mehrabani & Mohammed, 2011).

Succession planning is the process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through succession planning process, one organization recruit superior employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion in to ever more challenging roles of the organization. As the organization expands, loses key employees, provides promotional job opportunities and increases sales, succession planning guarantees that there are employees on hand ready and waiting to fill new roles (Heathfield, 2016). Companies need to upgrade and redefine their succession planning initiatives to ensure that their process will benefit both the individual and the overall strategy of the company (Aberdeen group, 2006).

Succession planning is considered a difficult endeavor for three reasons: (1) different Human Resources (HR) sectors are not independent of each other; these sectors, working in concert to support line activities, face more challenges in executing strategic plans since they can be managed by a single manager. Long-term and optimized succession planning is a strategic process which involves executing a long-term plan. (2) Succession planning needs time and resources, which many managers don't have at their disposal. (3) Succession planning may not be equally desired in different countries. This is because the workforce in some countries may appear to remain constant and governments feel that they won't have to face the retirement crisis in the near future (Tabatabee, Lakeh &Tadi, 2014).

Succession planning process includes three main components. The first component is selection of candidate based on previous experience and background among and formation of talent pool. By this, we make sure that each key position has alternative potential successors and each talent has multiple potential promotion paths. Identifying development plans and follow-up is a mandatory part of process. The plan should be tailored to the individual needs and interests of successor. The third component of SP process is change management and process management, including function and sub-processes like strategic view of Succession Planning, management commitment, implementation considerations etc.(Rothwell, 2010).

CBE has been able to fill key jobs that would be included in an SP&M program to this point using existing informal and non-systematic methods. However, as part of its goal to become world-class, it understands that to best prepare leadership to achieve its vision, it must start now to develop its future leaders. An SP&M program is a long term program. The results

related to improvements in business outcomes are best measured in approximately seven to ten years from implementation(CBE succession planning report, 2011).

CBE has been growing and changing at the most rapid rate in its recent history and faces an increasingly competitive banking environment. In the last two years, the most significant leadership talent loss has occurred in the top and middle level management roles. As a result, greater leadership skills are required at lower levels, and top leadership talent must be retained. The CBE's leadership team must expand not just in number alone but also in their skill, competency, and training and development requirements (CBE succession planning report, 2011).

1.2. Statement of the problem

Historically, organizations only paid attention to replace the employees exactly before they were to leave the organization and the decision about the people who would replace them usually was made by the chief executives or board of directors. The focus was on replacing the employees, not to develop them and in many cases it did cost a lot for the organizations. In fact, in today's dynamic world where competition is high, work is fluid, environment is unpredictable, organizations are flatter, and the organizational configuration frequently changes, the old view of succession planning by defining specific people for the specific job does not work. Nowadays, organizations found the alternative way. They discovered that in order to be certain of having proper talents for the future needs, they must train leaders and key employees (Mehrabani& Mohammed, 2011).

The purpose of succession planning is to ensure that the key positions, which have been left by the related personnel, are filled using this planning effectively. Succession planning is not merely a promotion, rather a set of processes including experimenting, training, coaching, evaluation, testing, communication, understanding, and active achievement of the organization's objectives. Succession planning is not a provisional process, rather an annual permanent one beginning from the employer of personnel, since the future managers of an organization are among the personnel employed today (Darvish & Temelie, 2014).

The need for effective succession plans is increasing in the organizations, but many companies and organizations do not pay enough attention to such plans and many of them are facing many challenges and barriers in the process of these programs (Mehrabani & Mohammed, 2011).

Today's organizations are facing higher demands in a global market with the retirement of the employees and the widening talent gap. The home-grown and paper-based succession planning that companies relied on in the past is no longer meeting the needs of today's workforce (Aberdeen group, 2006). The employees are retiring and leaving gaps in organizations, which are employed at all levels of organizations from front line positions to technical experts, sales managers, and administrative executives. The gaps left by these Retirements impact all sectors from business and industry to health care, education and government. For the past 30 years, succession planning and management has been used by business and industry to address these gaps by developing internal talent to fill potential leadership and administrative openings (Estedadi et.al, 2015).

Despite the fact that many studies has been carried out on succession planning, most of them were carried out in Asian countries like Iran and other developed countries particularly European countries. The study's findings indicate that few studies were done in the developing countries (Mwemezi, 2011). Regardless of different researches were done to cover succession planning in different organizations and different counties like Tanzania and Kenya. Succession planning is not known in Ethiopian banking industry. Therefore, this study intends to study succession planning in Ethiopia banking sector. Succession planning began being implemented recently in Ethiopia. CBE is currently implementing succession planning; this study aims at assessing the implementation of succession planning in case of CBE.

1.3 Objective of the study

1.3.1 General objective

The general objective of this study was to assess both quantitatively and qualitatively the challenges and opportunities that CBE faces in implementation of succession program in its HR policy. Mainly to examine succession planning culture, strategic planning, lack of training opportunities, manager's commitment, organizational readiness and manager's competence that lightly influences the implementation of succession planning in CBE.

1.3.2 Specific objective

The specific objectives of the study include:

- ❖ To determine the extent human resource management implement succession planning in CBE
- ❖ To determine the major factors that hinders the implementation of succession planning in CBE
- ❖ To determine the positive factors that lead effective succession planning implementation in CBE

1.4. Research question

1. To what extent human resource management implement succession planning in CBE?
2. What are the major factors that hinder the implementation of succession planning in CBE?
3. What are the positive factors that lead effective succession planning implementation in CBE?

1.5. Significance of the study

This research was conducted in commercial bank of Ethiopia. Hence succession planning is new concept there are only a few organization applying the concept in Ethiopia. Commercial bank of Ethiopia is currently implementing succession planning.

This research has the following significance:

- It delivers accurate information to the HRM of commercial bank of Ethiopia by analyzing the overall implementation of succession planning.
- Although this research recommendation will be applicable to Ethiopian commercial bank, the recommendations may also help to other private banks which are planning to begin implementing succession planning.
- It may help as reference for new researchers on related topics in doing their research.

1.6. Delimitation and Limitation of the study

The scope of the research was delimited to the Ethiopian commercial banks, in which the main part of the research was in human resource department of the bank.

Since it is obvious that any study is not without question free from limitation, the researcher has faced some challenges. Those challenges were reluctant of respondents, lack of material in succession planning in Ethiopian case and also absence of respondents from their work place because of training, promotion and leave of absence.

1.7. Organization of the paper

The research paper was organized into five chapters. The first chapter provided a general introduction, statement of the problem, the research objective, significance, scope and limitation of the study. The second chapter contains review of literature relevant to the research. The third chapter covers the research methodology (research design, source of data, sample, sample size, sampling technique, and data collection instruments and data analysis). The fourth chapter describes major findings of the research. The final chapter contains conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Literature

2.1.1. What is Succession Planning?

According to Rothwell (2010), Succession Planning “is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time.” Succession planning is concerned with identifying posts that are critical to success and how best to satisfy future requirements and developing strategies to determine the optimum mix of internal and external recruitment (Cannon & McGee, 2011).

Succession planning involves the identification and development of potential successors in an organization. This planning prepares for future critical vacancies of management positions by forecasting the talent necessary for these roles to provide the groundwork and understanding of the characteristics needed to maintain a company’s strategic plan. Historically, succession planning concentrated on upper level management. Today, companies are utilizing this planning for all levels of their organization. It is important to continually evaluate and update the tools utilized to track, mentor, and train future leaders for an organization as employees retire, find jobs elsewhere, are promoted from within, are terminated, leave the workforce (Kowalewski, Moretti & McGee, 2011).

Organizations cannot plan for everything, but existing software tools streamline the tasks associated with succession planning. Regulatory changes and, to a degree, competition can be monitored; with strategic planning at the forefront. This strategy must be forward thinking, anticipating the advances in technology that are possible and the changes in society that are probable. Decisions need to be determined about the qualifications and skills not only for the present, and for the future of the organization. Succession planning considers these areas, in conjunction with the company’s mission, vision, values, goals and desired outcomes. Succession planning is not only useful in large global corporations, all companies (large and small) can benefit from the process (Kowalewski et.al, 2011).

An analysis of the recent literature establishes the presence of ten elements of an effective succession planning management process. The ten elements identified include the articulation of expectations via organizational commitment; transparency of the process; assessment of organizational needs; establishment of knowledge, skills and abilities; assessment of individual talent; development of individual growth plans; individual feedback; accountability; evaluation of process; and integration of process throughout the organization (Estedadi et.al, 2015).

One of the critical elements of the succession planning and management process is the identification of key positions within an organization. Rothwell (2005) identifies six strategies that may be used to identify key positions within an organization. These six strategies include the analysis of the consequences as a result of a vacancy, organizational charting, discussions with senior leaders, previous experience as vacancies occurred, network charting (tracing communication pathways), or a combination of two or more of the approaches.

The main dimensions of a succession planning system are the following (Tabatabaee et.al, 2014):

- 1- Organization's strategy, which is at the heart of a succession planning organization. Succession planning is simultaneously associated with HR and the organizations strategic direction, and joins the two fields. This role makes succession planning a critical component for achieving future goals of the organization as per its strategies.
- 2- Supporters who play a key role in both the success and the adoption of the system. Support of succession planning systems must be focused in the highest level of the organization. However, this support for the system is not one-sided i.e. succession planning systems provide support for the organization by training competent managers.
- 3- Talent identification and creating a talent pool involves identifying individuals with potential. The evaluations in these systems are directly based on performance, potential, and a set of desirable management and organizational capabilities
- 4- Training potential candidates.

2.1.2. Human Resource Management

HR management can in turn be defined as: ‘The process of analyzing and managing an organization’s human resource needs to ensure satisfaction of its strategic objectives’ and ‘The policies and practices involved in carrying out the “people” or human resources aspects of a management position, including recruitment, screening, training and appraising’ (Itika, 2011).

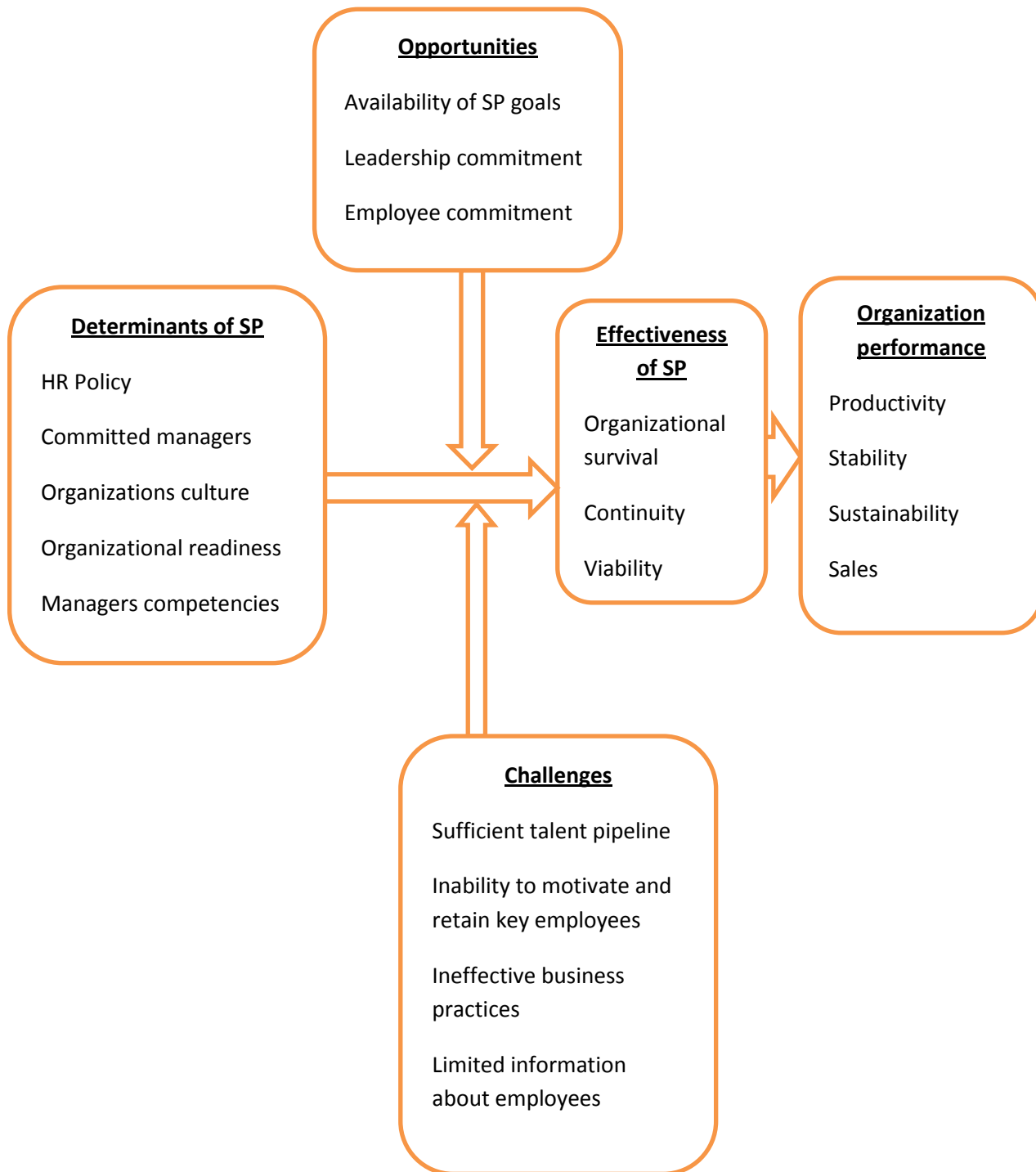
The history of HR management can be dated back to the 19th century, when some enlightened industrial companies in the US and Europe employed welfare officers to look after the wellbeing of workers, especially women and children. In the 1920s and 1930s companies employed labor managers to handle pays, absences, recruitments and dismissals. By the late 1940s labor management and welfare work had been integrated under the banner of ‘personnel administration’. As the importance of people to the success of firms was increasingly recognized throughout the 1970s and 1980s, personnel administration became ‘personnel management’ and eventually ‘human resource management’. Today some companies refer simply to the ‘people’ function and call their most senior HR executive the ‘chief people officer’ (Coyle-Shapiro, et.al, 2013).

Human resource management, as a discipline and practice in the management of people in an organization, has evolved and developed into different areas. These disciplines and practices have gone through a process of trial and error, theory building and testing of various concepts by practicing managers and academics. The underlying forces behind the evolution and development of human resource management have been (and still are) mainly environmental, and the quest for knowledge of better ways of acquiring and utilizing labor. The changing organizational environment in the marketplace pushed managers to improve efficiency in the production and service delivery processes by increasing their ability to use the best practices of people management at the time. That is, employee management techniques or methods that would improve production, reduce service delivery costs, and at the same time ensure sustained availability of competent staff in the organization (Itika, 2011).

2.1.3. Conceptual Model for Succession Planning

This conceptual model was designed by Mwemezi (2011) and it takes into account many aspects in relation to the factors affecting human resources succession planning. This include determinants of succession planning; effectiveness of succession planning; challenges facing succession planning, organization performance as well as available opportunities for enhancing human resource succession planning. Effectiveness of succession planning is indicated by Organizational survival, Continuity and viability. Determinants of succession planning include HR Policy, Committed managers, Organization culture, Organizational readiness, Managers competencies e.t.c. Challenges of succession planning include Sufficient talent pipeline, Inability to motivate and retain key employees, Ineffective business practices, Limited information about employees, Failure to address company future needs e.t.c where organization performance being indicated by Productivity, Stability, Sustainability as well as Sales. Therefore, in totality of the above components the exercise of human resource succession planning can be achieved as planned (Mwemezi, 2011).

Figure 1: Conceptual Model for Succession Planning



Source: Mwemezi, B. D, 2011

2.1.4. Factors Influencing Implementation of Succession Planning

Succession planning is a vital process that organizations cannot afford to ignore. Organizations lose workforce all the time. The workforce might be replaced in a short time, but what they are actually losing is a large quantity of company memory and essential skills (Mehrabani & Mohamad, 2011). There are many factors which influence succession planning to be successful and effective, even though each organization will be quite unique in its specific features.

Meharabani & Mohamed (2011) came up with the following factors as part of their research findings: Training: Training plans help the employees to learn new skills and knowledge and therefore, give them new abilities. Trained people are more empowered. Therefore, they are available for any succession. Management Support: In order to implement a successful succession planning system, there is a need for a lot of support from the managers. Clarifying the career path is another factor where an organization clarifies the career path that would eventually help employees to better understand the career objectives and also help them towards a better implementation of succession planning. Another factor is creating a positive vision which will help create a positive insight towards succession planning programs thus removing fear in employees who think succession planning is a threat to their positions in the organization. Having a strong organizational culture which provides values, beliefs, standards and paradigms for all employees, also affect effective succession planning. Employees can consider these values, beliefs, standards and paradigms as a guideline for their everyday performance.

The following key points draw upon experience and best practice to indicate important factors for a company to consider in its program design and execution (Craft & Mershon, 2014).

- It is absolutely critical to have the complete commitment of top management if the program is to be successful. This means that successful implementation of the succession planning and leader development system is viewed as a strategic priority. The CEO initiates the program, promotes it, supports it and spends appropriate time in its implementation and operation.

- There should be a vision of the organization’s future that can guide the development of leadership competencies. A clear mission and business purpose that can be communicated and can shape the development of talent. A defined understanding of what the organization will be and how it is going to compete.
- A model of key leadership competencies that will be needed in the projected future is important. These defined competencies, based on business needs and organizational values and strategies, will focus the activities and experiences to be used in the leadership development programs.
- A systematic and consistent process to identify “fast track” high potential (HiPo) employees. This will be the responsibility of line management and will be done regularly and systematically.
- There must be formal assessments of extant talent and monitoring of the progress of HiPo employees at regular intervals. Assessments of current talent availability and projections of future needs have to be considered.
- Individual development plans must be designed and created for each HiPo employee to enhance his/her mastery of necessary competencies, to facilitate familiarity with the organization and its challenges, and to test the candidate in regard to growth expectations.
- There must be continual monitoring and assessments of results of the individual actions and the overall development programs. Hard measures (metrics) of program success and the accountability of individual managers will be important to make the system work.

These factors are the key elements of a framework that can be used to establish and implement a successful succession planning and leader development system. Indeed, establishing a succession planning system may require organizational changes and the redirection of executive time and other resources. However, the evidence is clear. In the emerging hypercompetitive markets of the 21st century, those organizations with leadership depth and critical leadership competencies to respond to the new competition will be the long-term winners (Craft & Mershon, 2014).

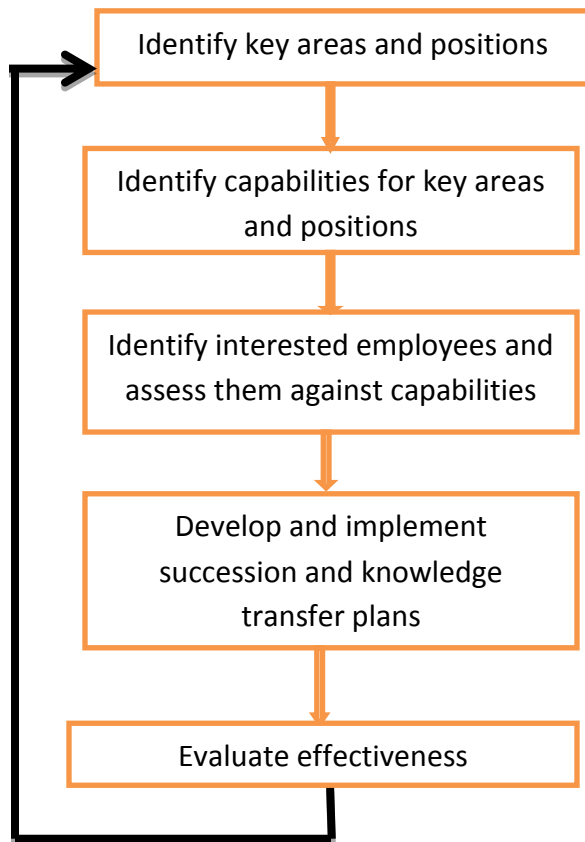
2.1.5. Succession Planning Process

It is important to acknowledge that succession planning will vary slightly between organizations. Different resources, different organizational designs and different attitudes all mean that succession planning should be flexible and adaptable in order to accommodate varying needs and achieve business continuity. The process of a succession plan begins with the premise that effectiveness depends largely on what we know and how we use this knowledge to address organizational challenges. There should be a focus on giving future leaders the tools, techniques, and expertise to be problem solvers. There needs to be an emphasis on how we learn, knowing how to ask the right questions, how to master new information quickly, and how to exercise judgment in complex and uncertain situations. The talent management of progressive organizations develops learning agility, and equips leaders with the tools of problem analysis, creative thinking, and decision-making (Cross, 2009).

The process should be simple, making it user friendly, and reducing advanced preparation and paperwork. If the succession planning process leads to the creation of a big binder containing the plans for development of each high potential manager, then the succession plan is too complex. The use of elaborate forms and processes can dominate the key function of developing leadership talent. The succession planning process should be decentralized, offering a basic tool for each unit to tailor to their individual culture, needs, and core competencies (Cross, 2009).

However, there is a general framework that departments can use as the basis and guide for their succession planning activities.

Figure 2: steps in succession planning



Source: succession planning and management guideline, 2008

Step 1 – Identifying Key Positions or Key Groups

To identify critical positions that can potentially impact business operations due to retirement, attrition and voluntary/involuntary separation. Two important criteria that should be considered are criticality and retention risk. A critical position is one that, if it were vacant, would have a significant impact on the agency’s ability to conduct normal business. These positions may be managerial, technical or a support in nature that can be occupied or vacant (Ohio, 2011).

Retention risk refers to positions where the departure of an employee is expected (e.g. retirement) or likely (e.g. history of turnover). By examining these criteria on a low-to-high

scale, an organization can determine what positions require short- or long-term planning(succession planning and management guideline, 2008).

Step 2 – Identifying Competencies

All positions have a requisite set of knowledge, skills and abilities that are expected of employees who are filling that function. Thus, knowing the competencies of a job is a mandatory component of recruitment, serving as a general baseline to measure against interested potential candidates. However, succession planning provides an opportunity to review the competencies traditionally associated with jobs, particularly with respect to current goals and objectives (succession planning and management guideline, 2008).

Step 3 – Identifying and Assessing Potential Candidates

The key purpose of identifying and assessing employees against core job competencies is to help focus their learning and development opportunities in order to prepare them for future roles in the organization (succession planning and management guideline, 2008).

Modern approaches to succession planning suggest that transparency and accountability are the best practices for an organization. Recruitment in the public service is based on merit, fairness and respect, and these concepts are maintained and supported by the succession planning process. To provide tools and resources to capture, retain, and transfer institutional knowledge. This ensures that key institutional knowledge and information is transferred appropriately to successors (Ohio, 2011).

This step of the succession planning process is closely related to regular recruitment practices, but succession planning goes one step further by helping interested candidates develop the requisite skills prior to the formal recruitment process that begins once a position becomes vacant(succession planning and management guideline, 2008).

Step 4 – Learning and Development Plans

Some key points to remember when developing learning and development plans are: Plans should focus on decreasing or removing the gap between expected competencies and the current knowledge, skills and abilities of candidates, Manage expectations – modern

succession planning is based on learning and development to fulfill employee potential, rather than merely filling a vacancy, There are a wide range of learning and development opportunities to consider, which can include: Job assignments that develop and/or improve a candidate's competencies; Job rotations; and Formal training, Ensure appropriate strategies are in place to support the transfer of corporate knowledge to candidates for key jobs, which can include: Mentoring, coaching or job-shadowing; Documenting critical knowledge; o Exit interviews; Establishing communities of practice(succession planning and management guideline, 2008).

Step 5 – Implementation and Evaluation

Evaluating succession planning efforts will help to ensure the effectiveness of the process by providing information regarding: How the process operates – the relationship between inputs, activities, outputs, and outcomes, Impact of the process relative to stated goals and objectives, Functional strengths and weaknesses, Potential gaps in planning and assumptions, Cost-effectiveness and cost-benefit(succession planning and management guideline, 2008).

The succession planning team must continuously monitor and collect data to whether the strategies are meeting the department's needs. The following are key roles and responsibilities of the team: holds quarterly succession planning review meetings; tracks selections from "*talent pool*"; receives leader's feedback on success of internal talent and internal hires; analyzes satisfaction surveys from customers, employees, and stakeholders; assesses response to changing requirements and needs; and evaluates succession planning outcomes based on established metrics (Ohio, 2011).

2.1.6. Effectiveness of Succession Planning

An effective succession planning and management effort must consider the individual's development needs for all job categories. One of the most important aims of succession-planning program is to maintain talent by keeping employees motivated and engaged. (Fulmer & Conger, 2004) asserted that an effective succession planning system can help talented people to move their tracks faster and more appropriate.

There are many factors which help succession planning system to be successful and effective, even though each organization will be quite unique in its specific features. Some of these factors explain as follows: At first the executives and top managers should be committed to the concept of succession planning and must support implementation of the system. Staff also, have to support the activities of the plan. In addition, a link between succession planning systems with other human resource systems and activities is needed. Adequate human resources information system is also needed. Moreover, an appropriate organizational structure and job engineering to protect experiential learning is required. Furthermore, organizational commitment for promotion from within is needed as well as training in coaching, mentoring, and giving feedback and other methods in training. Additionally, accountability for implementation of developmental plans should be obviously stated. Evaluation of the system and plan also must be considered in the human resources duties. A main factor which influences the succession planning is the role of human resource development, which includes organizational development, career development and the learning and development of potential successors. Some practices which can help the success of succession planning efforts. These factors include: clarifying the aim and the desired results of the effort, determining the requirement of the current performance, measuring the performance, determining the performance which is needed for the future, assessing the potential, establishing a way to narrow the gaps, following up, documenting competence, making and maintaining rewards for developing people, evaluating results and leading from the front (Mehrabani& Mohammed, 2011)

Think of implementing systematic succession planning as making a long-term organizational change. Succession planning requires more of a commitment to a longer-term, strategic view of how to meet talent needs than short term, and sometimes panic-driven, efforts to fill vacancies as they occur. It can be established and operated using ten key steps that have been field-tested in many organizations, industries, and economic sectors.

2.1.7 Why is Succession Planning Important?

The key elements of the process allow organizations to address their top talent management challenges, which in turn provide a platform for their risk management strategy in relation to

staffing. In addition to this, well implemented SPM programs have been shown to increase productivity and financial returns (Cedar Crestone, 2008).

With pending retirements and other anticipated changes, Succession Planning is a key process and tool in helping agency leadership identify what competencies are needed to execute the agency business strategies, and how to best develop and retain talent. Succession Planning is a living process and should be used as a continual checks and balances by the agency to identify what talent is currently available, what talent may be leaving, and how to prepare to capture necessary knowledge and disseminate to it to future successors. A good succession plan is supported by other key HR systems such as Learning and Development of key talent, Recruitment and Selection of internal/external talent and Performance Management to drive competency excellence in identified talent. These HR systems will enable a successful execution of the succession plan (Ohio, 2011).

Some of the main objectives of succession planning are: developing people to increase their managerial power; recognizing high potential employees and providing them with a developmental opportunity, reducing the time needed to fill management positions, attracting and maintaining individuals who are highly competent. When managers know that organization is committed to develop them using succession planning system, they will work with high morals. Such a system makes it also clear that there are career paths available in the organization (Mehrabani & Mohammed, 2011).

The benefits are wide-ranging, including: improved employee engagement and resulting cost/benefits, development of a qualified pool of candidates ready to fill key areas and positions, better appreciation of employees on the part of managers, strategies to transfer corporate knowledge, gains toward meeting employment equity and official languages goals, increased ability to achieve business goals, a more efficient and effective Public Service. (Succession planning management and guide, 2008)

Rothwell (2010) stated 12 reasons for organization to support succession planning and management program. Those are; contribute to implementing the organization's strategic business plans, identify replacement needs as a means of targeting necessary training, employee education, and employee development, increase the talent pool of promotable

employees, provide increased opportunities for high-potential workers, tap the potential for intellectual capital in the organization, help individuals realize their career plans within the organization, encourage the advancement of diverse groups, improve employee morale, improve employees' ability to respond to changing environmental demands, cope with the effects of downsizing, decide which workers can be terminated without damage to the organization, reduce head count to essential workers only.

Succession planning is vitally important for ensuring the continued success of any business, in identifying and developing the talent which will fill your critical roles in the future, or in times of crisis. Organizations of all sizes are now focusing on succession planning to ensure the leaders of the future are in place. It would be very bad business to not succession plan for the future. A strong succession plan can identify and put together an agenda to train and mentor the right people to step into leadership positions. Typically, businesses would put together short, medium and long term succession plans. Succession plans should also form part of a structured Business Continuity Plan. It's important for management, in particular directors and shareholders, to remember that a limited company is an entity on its own, it is not only the interest of the shareholders - all decisions should be made on behalf of the business, rather than the benefit of one or more invested parties. Increasingly, succession planning should be a consideration not just for high-level senior managerial roles, but also for technical roles requiring a great deal of expertise. If there's just one person in a business-critical position with the breadth of knowledge to keep that business moving – for example, a high level scientist or technical position – then this needs to be looked at too (Grundy, 2017).

2.1.8 Basic Principles of Successful Succession Planning

According to Carter McNamara (2016) basic principles of successful succession planning include:

1. Do not wait until the employee will be leaving. Start planning now.

Succession planning is a matter of strong practices in personnel management, not a matter of sudden crisis management. Start attending to those practices now.

2. Focus on policies, procedures and practices, not on personalities.

Succession planning is being able to effectively and promptly re-fill a role, not replacing a certain person. Be sure all key positions are defined well, and then look to

find the best person to fill the position. Do not look for someone who is just like, or a lot different than, the previous employee.

3. Succession planning is a responsibility of the management, not just the employee.

The best succession planning results from a working partnership between management and employees to accurately define the employee's role and current priorities, and the employee ensuring that management has the information and resources to refill the role.

4. Succession planning should be in accordance with up-to-date personnel policies.

Hiring of new employees must be in accordance with up-to-date personnel policies to ensure fair, equitable and legally compliant employment practices.

5. Quality in managing succession is proportionate to the quality of the new employee.

The best way for management to promptly convey expectations of high quality to a new employee is to convey that high-quality in how the employee was hired. The more thorough and careful that management does the succession, the more likely that the organization will get a new employee who successfully fills the position for the long-term.

On the other hand succession planning and management guide, (2008) stated succession planning key principles as follows.

- **Succession planning and management is aligned** with business plans and broader human resources planning process and linked to performance management; training, learning and development; staffing and recruitment; diversity and employment equity; official languages.
- **Succession planning and management extends to all levels:** Succession planning and management considers all key areas and positions within an organization: it is not limited to executive-level positions.
- **Succession planning and management is about creating a pool of talent:** Planning for current and future needs involves helping employees to develop the skills and competencies to ensure that the organization has a pool of talent for key areas. It is not about identifying individual candidates for specific positions.

- **Succession planning and management is values-based and well communicated:** There is collaboration among key players; the process is well communicated and fair, accessible and transparent.
- **Succession planning efforts are monitored, measured and evaluated:** Processes are established to monitor performance and progress in achieving the objectives outlined in both the succession plan and employees' learning plans.

2.1.9 Challenges of Succession Planning

Few organizations today have effective succession plans. And there are several reasons why. These reasons amount to challenges that must be overcome if succession plans are to succeed.

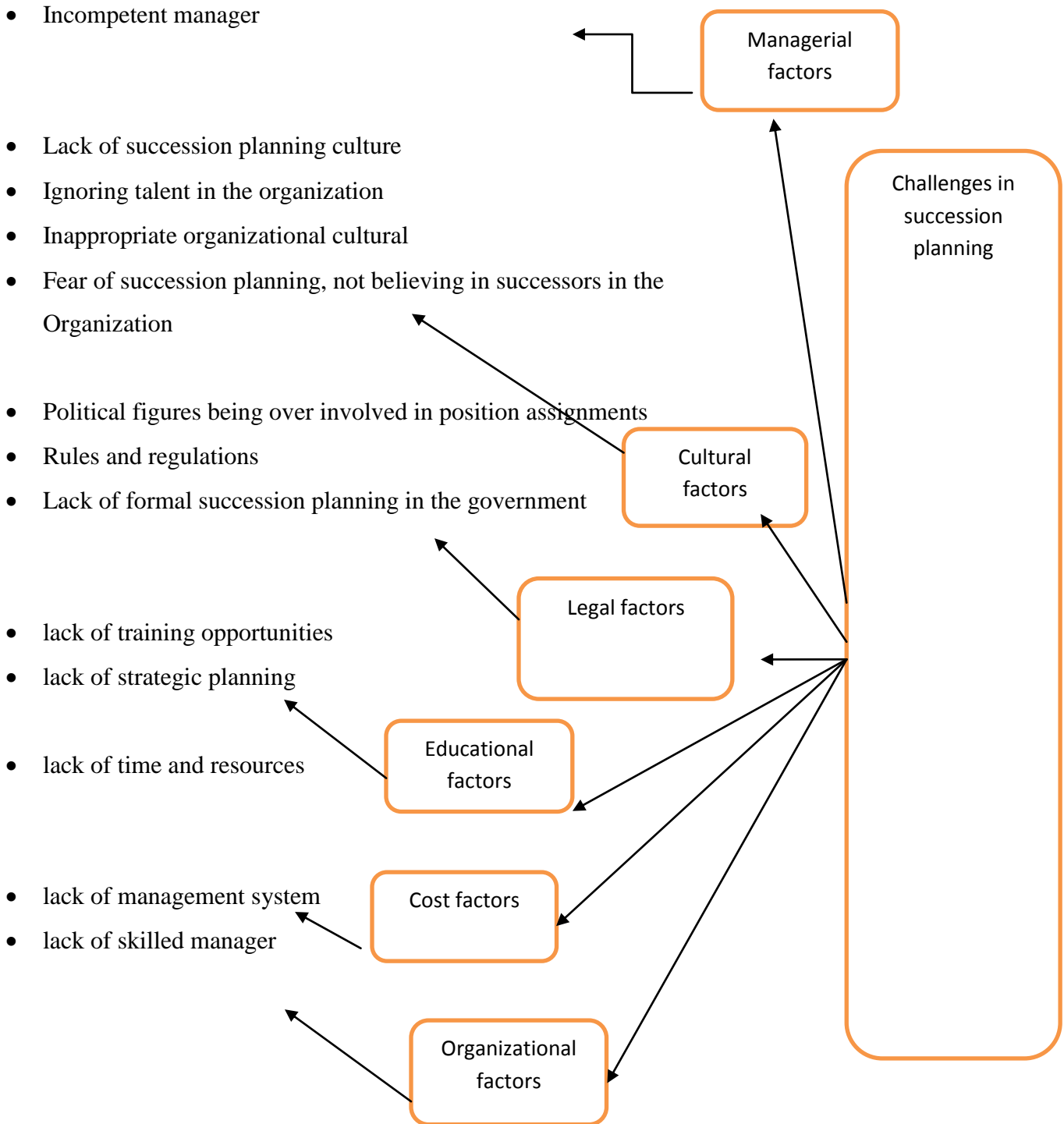
The first challenge is that succession planning prompts people to think of their own mortality. When people think about succession planning, they too often associate it with their own retirement, death, disability, or resignation. The second challenge is that many managers often mistakenly assume that success at one level on the organization chart guarantees success at higher levels. Promotion is sometimes considered a reward for hard work or loyalty to the organization. The problem is that promotions should not be rewards; rather, employee selection decisions should be driven by who is likely to do the best job. A third challenge in succession planning is overcoming the “like me bias.” Well documented in selection is the temptation of hiring officials to pick people like themselves. Men pick men; women pick women; engineers pick engineers; and so forth. A fourth challenge in succession planning is overcoming the “like us bias.” Just as one hiring official is biased for someone who is a clone, groups of people do the same. If all top managers are men, they will be reluctant to choose a woman for a top management spot (Rothwell, 2010).

Currently, most succession plans for managerial positions in the organization are informal and planning is almost non-existent. Succession planning is only considered when key positions remain empty. Thus, succession planning is mostly done on the basis of high performance (if identified and evaluated). Moreover, in some organizations, HR experts avoid succession planning due to claims that the organization is not based on competence. It is believed that if organizations ignore succession planning and training top HR managers, their plans will be futile (Tabatabaee et.al 2014).The challenges in this area can be divided into two groups:

- 1- Technology challenges
- 2- Process challenges

These challenges are not the same as the ones historically facing companies. Succession planning has changed dramatically over the past ten years. New trends are emerging and top-performing companies stay ahead of the curve by revamping their initiatives and altering the way they view their employees. Over half of these companies evaluate their succession planning programs annually, quarterly and monthly compared to the rest of the market that never evaluates their programs or that does on an ad-hoc basis (Aberdeen group, 2006).

Figure 3: model of challenges in succession planning



Source: Tabatabaee, Lakeh &Tadi, 2014

2.2 Empirical Literature

Succession planning has been widely researched on by numerous researchers. Many aspects of succession planning have been observed into ranging from succession planning in various types of industries e.g. IT, banking, energy industries; different types of organizations, non-profit & profit organizations, family businesses. This section of the literature review will look into various researches done concerning succession planning and the end results of the researches.

The study conducted by Mwemezi (2011), aimed in assessing factors affecting human resource succession planning in the Tanzania public and private organizations. The study findings indicate that majority of the respondents did not have knowledge on the concept of human resource succession planning and how it works in their organizations. Few organizations surveyed conducted succession planning but how effective and regularly done in the organizations remained questionable. She showed that human resource succession planning played an important role for the organization development. Hence, all organizations should understand the paramount role played by human resource succession planning for their survival.

Furthermore, the study findings revealed that there were a number of challenges the organization encountered in conducting effective human resource succession planning. These include lack of awareness among the majority of stakeholders, lack of effective company vision, lack of willingness among the senior employees in carrying out succession plans and increasing tight labor markets was raised to be some of the challenges facing human resource succession planning. During the study, She also tries to identify various strategies of enhancing human resources succession plans: - Attracting and recruiting potential employees, Effective leadership and management development and improving budget was among the strategies identified in enhancing effective human resource succession planning in the surveyed organizations (Mwemezi, 2011).

Mwemezi (2011) explains, given the current environment for many organizations, no one can afford to attract, invest in and then lose its high potential employees. The best way to address these challenges is to retain and develop its potential employees. This means that organizations

need to work to develop awareness on the succession planning and look for organizational messages that feed and grow the behaviors.

The goal of Kowalewski et.al (2011), paper is to examine succession planning in relation to organizations. The results of a survey of the “Best Companies to Work for in New York” conducted for their paper concur with previous suggestions and strategies related to succession planning in the U.S. This study was designed to evaluate consistencies or inconsistencies regarding succession planning data as reported by “Best Companies”. A broad array of companies were represented; insurance, financial services, manufacturing, health services, retail, and higher education. Kowalewski et.al (2011) discusses the human resource professional has come a long way from just monitoring policies and procedures to being a strategic partner in the plan of an organization. Succession planning focuses on growth through natural forces, but in times of uncertainty a reduction in the workforce is a common occurrence.

Kowalewski et.al (2011) suggests that when an organization is cutting back, it must ask some of the same questions when eliminating positions: Is management well equipped to carry out the procedure? How will the company justify its actions? What is the goal, short-term benefits or long-term advantages? Kowalewski et.al (2011) concludes that whether the economy is experiencing a peak or a valley, every organization needs a successful strategy for acquiring, developing and retaining talent. As the talent pool shrinks, business leaders need to continue to recognize that employees are their most important assets.

Froelich et al., (2009), researched on succession planning in non-profit organizations. Their desire for such organizations was the lack of enough study that will cover these organizations yet management of such organizations can be more difficult due to shortage of experienced executives in the market, lower salaries and lack of organizational infrastructure which are less lucrative to younger generation. From the study, Froelich et al., (2009) found that non-profit organizations are doing little about succession planning yet they consider it important. Internal candidates are preferred in about half the organizations while about two-thirds report no viable internal candidate. Moreover, extent and level of effort in leadership development activities was not high. Finally, organizations rather strongly prefer their next chief executive to come from a similar type of organization.

The study conducted by Odhiambo et.al, (2014), “effects of succession planning practices on organization performance among the non-governmental organizations in Kenya” shows, the practice of succession planning in the surveyed NGO’s conform well to the integrated model and guidelines established. The degree of compliance with the guidelines of the integrated model varied mainly between important and very important as being practiced. Throughout succession planning characteristics, human resource management programs such as recruitment, training and development, performance management, talent management and reward managed are considered very important.

Both strategic HRM programmed and succession planning share development as a means to an end but approach it from different directions: HRM programs tends to be bottom up (from individual to organization); succession planning tends to be top down. Succession planning practices was found not to have significant effects of stakeholder’s outcomes that are a component of organization performance. Keeping up-to-date with advances about what works (does not work) to improve performance, employees have high level of understanding of organizations strategic orientation, stakeholders consider organizations work relevant, communities taking ownership of the projects and programs implemented and financial and narrative reports clearly indicate activity outcome, are all important aspects of organization performance that can be promoted with succession planning (Odhiambo et.al, 2014).

However, succession planning effects on internal business process was found to be very important. On the contrary, adopting best practices of internal business process is always geared towards ensuring that appropriate processes and structures are in place to direct and manage an organization’s operations and activities, and to ensure that they function well. The ultimate goal of good internal business processes as an aspect of organization performance is to ensure the effectiveness, credibility and viability of the organization is maintained. Institutional growth is a key component of organization performance. It is the case in this study that, indeed succession planning contributes positively to institutional growth based on teamwork where work teams frequently review and evaluate processes, incidents, decisions and innovations to derive as much learning as they can from both success and failure through performance appraisal and promoting committed to the organization for growth and development as well as career development within the organization (Odhiambo et.al, 2014).

2.3 Succession plan and management in CBE

2.3.7 Succession Planning Practices in CBE

The planning practice in CBE before 1996 was that of the top-down approach where gross roots units (operational) were not involved in the process. It was a ridged and non-responsive plan that the exercise lack either dynamism or comprehensives in its contents. Due to this it used to relay on the accomplishment of given objectives irrespective of the developments in the external business environment. Little attention was also given to the internal situation that would have been used as the core sources of information enabling the implementation process move smoothly (CBE succession planning report, 2011).

Against to this background the bank has introduced a new planning approach – strategic planning process- that suits the prevailing business orientation. Strategic planning has reversed the previous practice to a state of being responsive to the developments happening in the external business and macro-economic situation. Not only has the planning approach, the management of the bank already turned its management style that offers a dynamic operational procedure to envision the business of the bank. As the result the business objectives of the bank are now consistent not only with ultimate needs of the bank but also with derivatives originating from the assessment made on the developments of business and the stockholders interest (CBE succession planning report, 2011).

2.3.8 Roles and responsibilities in SP&M

Everyone has a role to play in the SP&M, as it extends throughout all levels of the organization. The BOD is responsible for ensuring that the program operates successfully. In addition, the BOD is directly responsible for the SP&M of the president and chief risk and compliance officer. The BOD should establish an SP&M committee for this purpose.

The president is also responsible to ensure successful program operation and holds ultimate accountability for success of the SP&M. The success or failure of the SP&M in any organization is directly tied to the amount of commitment and hand-on involvement on the part of the president, and the CBE is no exception. It is the president that holds the rest of the executive management team, and the rest of the organization, for the matter, accountable for filling the leadership pipeline. The president is personally involved with the SP&M. He leads

by example in assisting the board in selecting his own successor(s) and then by developing the successor(s). The president also establishes and chairs an SP&M committee that is responsible for all positions except those for which the BOD has accountability.

2.3.9 Policy and Procedures in SP&M

In order to ensure a continuous supply of prepared leadership talent that will enable the bank to attain its vision and effectively response to business needs, the CBE has established a SP&M system that identifies and develops competent, vibrant and tenacious participants for managerial and key professional positions. It is the CBE's policy to identify and evaluate its leadership needs to ensure that qualified leaders are selected who represent the ethnic and gender diversity of our nation and support organizational vision, mission, and objectives with essential skills and competences. The bank is committed to assisting employees in maximizing their potential and relevant career aspiration so that they may assume positions and responsibilities that meet organizational requirements. The president is responsible for the CBE's SP&M system and chairs the SP&MC which also includes the chief Legal and Loan Recovery Officer, VP of Human Resources Management, VP, CATS and other members of the executive team as deemed appropriate. In cases where the position considered reports to the Board (e.g. President, Chief Internal Auditor, Chief Risk Compliance Officer), at least two Board Members are invited to attend the SP&MC meeting and provide input regarding such positions, SP&M members may need to recuse themselves from discussions that pertain to them individually (CBE succession planning report, 2011).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This section covers details in research design, source of data, sampling technique and data analysis.

3.2. Research Design

This study had used both qualitative and quantitative research methods. Quantitative research is a means for testing objective theories by examining the relationship among variables. Qualitative research is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. Often the distinction between qualitative and quantitative research is framed in terms of using words (qualitative) rather than numbers (quantitative), or using closed-ended questions (quantitative hypothesis) rather than open-ended questions (qualitative interview questions). The qualitative approach is important to assess the attitude, behaviors, experience and in depth information from respondent, whereas, quantitative approach is important to quantify attitudes, opinions and behaviors in breadth information from respondent. Mertler(2016), have described one data source being insufficient and for generalizing exploratory findings as examples of research problems that are best suited for mixed-methods research. The same approach was adopted by (Mateso, 2010) and (Magasi, 2016).

3.3. Data Collection Instruments

This study used two data collection instruments: interview and questionnaires.

3.3.1. Questionnaire

In this study questionnaires were structured with close and open-ended types. Questionnaire was selected because questionnaire is popular means of collecting data, relatively cheap and covers large number of respondent.

The researcher used the open-ended questionnaires in order to help respondents to reflect their feelings without any restriction to get full information about the issues at hand. The close

ended questionnaire helps the researcher to administer and ensure comparability of the responses.

3.3.2. Interview

Interview question was conducted to gather information on the subject from HRM department experts. Interview was selected because it is an active process which directly involves the interviewer and interviewee and is relatively free to give responses. Similarly the interview helps the researcher to obtain information that can't be gained through questionnaires. Interview permits greater depth of response which was not possible through questioners. Thus, in this study, the purpose of interview was to collect more supplementary data so as to stabilize the questionnaire response.

3.4. Type and Source of Data

The research has used both qualitative and quantitative data because using both it provide and better picture of reality to the study area. It also intends to interpret and analyze the role that commercial bank of Ethiopia plays for the promotion of succession planning. Furthermore, it helps to interpret the feelings, opinions and assumptions of CBE employees with particular reference to succession planning. Both primary and secondary sources are used to examine the issue under investigation. Secondary sources such as books, journal articles, magazines and internet sources are used.

3.5. Sampling Technique and Sampling size

The type of sampling technique that the researcher used is probability sampling. Probability sampling helps the researcher to give equal chance to elements in the sample and avoids conscious and unconscious biases in the selection process. Particularly simple random sampling and stratified random sampling are used.

The process of selecting sample was established by selecting grade four branches of CBE in Addis Ababa. There are a total of 24 grade four branches in Addis Ababa. For the expediency of the study the researcher targets employees who have taken succession planning training in those branches as strata. The researcher targeted only grade four branches because of the fact that most of the employees who has taken succession planning training are found in those

branches. In this research the strata's are categorized in to three; those are customer service managers, senior customer service officer - accounts and senior branch controllers. There researcher had distributed 5 questioners in 19 branches: one for branch controller, one for SCSO- accounts and three for customer service manager. For the rest of 5 branches: on for branch controller, one for SCSO-accounts and only two for customer service manager.

The total population of the strata's is stated below in table 1.

Table 1: Total Population

No	Respondents	Total Respondents
1	Customer service managers	120
2	Branch controllers and SCSO-accounts	42
	Total	162

Source: CBE, Human Resource Management Department, 2017

The sample size of this study was determined by the following formula (Yamane, 1967, cited by Bersisa (2015).

$$n = \frac{N}{1+N(e)^2} = \frac{162}{1+162(0.05)^2} = 115$$

Where; n=Sample size, N=Total population, e= Sampling error 5% or 0.05 at 95% confidence level. According to the above formula the determined sample size was 115. The proportion is calculated by the ratio of $fn/N=115/162=0.7$.

The researcher used random sampling techniques to distribute questionnaires for employees who have taken succession planning training in selected branches.

3.6. Analysis of Data

The researcher collected information needed through deep interview in order to gather different idea that would be relevant. So the data analysis was undertaken through analysis of interview and questioner. This study used descriptive method to analyze the data. Statistical Package for

Social Sciences (SPSS) was used in data analysis. The data analyses are made by using descriptive method to identify the characteristics of the sample and make judgment about the total population. The study had also used tables for effective data analysis and presentation.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the main parts of this study by interpreting, presenting and analyzing the collected data on assessing the implementation of succession planning in commercial bank of Ethiopia. Both qualitative and quantitative data were collected from both primary and secondary source through questionnaire, interview and document review. Based on the research objective, problem statement of the research and research questions; the presentation, detailed interpretation and analysis of the data was made. To analyze the data descriptive statistics (frequency and percentage) were used. Interviews were made with three key informants selected from human resource department.

4.2. Response Rate

About 115 questionnaires were distributed across succession training takers in CBE, out of which 94 were completed and returned successfully, representing 82% response rate. 21(18%) of the respondents did not respond.

4.3. General information of the Respondents

Table 2: sex, age, educational qualification, and work experience and job assignment

variables		No of respondents	Percent
sex	Male	55	58.5
	Female	39	41.5
	Total	94	100
Age	20-30	41	43.6
	31-40	53	56.4
	41-50	-	-
	>50	-	-
	Total	94	100
Educational Qualification	Technical school graduate	-	-
	College diploma	-	-
	BA/BSc degree	71	75.5
	Master's degree	23	24.5
	PhD and above	-	-

	Other	-	-
	Total	94	100
Work Experience	<4	-	-
	4-10	59	62.8
	11-14	29	30.9
	>14	6	6.3
	Total	94	100
Current Job Assignment	Branch Manager	-	-
	Customer Service Manger	61	64.9
	Senior Branch Controller	18	19.1
	SCSO- ACCOUNTS	15	16
	SCSO- CASH	-	-
	Other	-	-
	Total	94	100

Source: Researcher’s Survey

The data collected on the sex of the respondent indicates that 55(58.5%) of the respondents were male and the rest 39 (41.5%) of the respondents were female. This indicates that more than half of the respondents are male. This implies that there is gender balance at the gap between the genders is minimal. Despite the fact that socio- economic factors still exist, CBE is trying to fill the gap. This finding is shown in the below Table 2.

Age of the respondents was considered to be important in assessing the implementation of succession planning in case of commercial bank of Ethiopia. The reason behind this is succession planning training program was designed for employees who are under 49 because of the fact that employees above that age are close to retirement, the cost of training and also other expenses are fruitless. So the researcher wants to make sure that the trainees are under the given age group. The study revealed that the age distribution of the respondents favored the group between 31-40 years which comprised 53 (56.4%) of the total respondents. Whereas 41(43.6) are between 20-30 years age group. From this we can easily understand that most employees who have taken training on succession planning are young to do a lot in the futurity of the organization. On the other hand it indicates that there was no employee above the age of 49. This finding is shown in the below Table 2.

Education level was considered as an important attribute when assessing the implementation of succession planning in CBE. This help in order to see the level of knowledge each respondent holds and also to see if they fit in the position they are given in their current education level. 71 (75.5%) of respondents were degree holders. 23 (24.5%) of respondents had a master degree. However, two third of the respondents had a bachelor degrees. The findings imply that CBE recruit employees with varying educational qualifications which ensures there are diverse professional skills and expertise within the workforce. Therefore, this statistics implies that CBE preferred graduates employees. This finding is shown in the below Table2.

Respondents were questioned their work experience in the organization. The study data indicate that 59(62.8%) worked between four and ten years in the organizations. 29(30.9%) of the respondents worked with the organization for the period between 11 and 14 years. 6(6.3%) of the remaining respondents worked for the organizations for the period over 14 years. The majority of the respondents were from the average experienced employees, which imply that

the more experienced they are the more commitment they put and succession planning also needs commitment in one organization. This finding is shown in the below Table 2.

Job assignment of respondents in the organization was also important in understanding succession planning implementation. The purpose of considering job assignment was due to the fact that different employees had a different understanding on different matters related to their current job position. The study shown that 61(64.9%) of the respondents were customer service managers. 18(19.1%) of the respondents were senior branch controllers. 15 (16%) of the respondents were from senior customer service - accounts. As a result, the data above indicates that in order to inquire the information needed for the assessment of succession planning in CBE, employees who has taken succession planning training were included. But, the large number of the respondents was picked from customer service manager. This finding is shown in the below Table 2.

4.4. Findings on The Extent of Succession Planning Activities In CBE

Degree level of succession planning for CBE is presented under this part.

4.4.1. Degree level of succession planning

It was important to know the degree level of succession planning in the organization. The study findings for the degree level of succession planning in CBE indicates that only 8(8.5%) of the respondents agreed that human resource succession planning their organizations were strongly well done and satisfactory. 29(30.9%) of the respondents indicated that human resource succession planning in their organizations were well done and satisfactory. 57(60.6%) of the respondents indicated that human resource succession planning were fairly done and not satisfactory. But no respondents showed that their organizations did not have human resource succession planning in place. The study shows that majority of the respondents think succession planning is fairly done but not satisfactory. Therefore, the data imply that several respondents were not satisfied with practice of succession planning in their organization. This finding is shown in the below Table 3.

Table 3: Degree level of SP

Degree level of SP in CBE	No of respondents	Percent
Strongly well done and satisfactory	8	8.5
Well done and satisfactory	29	30.9
Fairly done but not satisfactory	57	60.6
Not done at all by the company	-	-
Total	94	100

Source: Researcher's Survey

4.5. Findings on the challenges facing succession planning

Awareness of SP challenges available and factors of succession planning challenges are discussed under this part.

4.5.1. Awareness of SP challenges in CBE

The study studied knowledge of the respondents on different challenges which were facing succession planning in CBE. The study findings show that 53(56.4%) of the respondents were aware on the number of challenges which were facing human resource succession planning in the organization. 15 (15.9%) did not consider succession planning in the organization faced any challenge. 26(27.7%) of the respondents did not know anything about the question asked. The study findings indicate that more than half of the respondents have awareness on different challenges faced succession planning in their organizations. The finding confirms that awareness on the concept itself was a problem to the employees and also the depth of their awareness is still unknown. This finding is shown in the below Table 4.

Table 4: Awareness of SP challenge

Awareness of SP challenge	No of respondent	Percent
Yes	53	56.4
No	15	15.9
I don't have any idea	26	27.7
Total	94	100

Source: Researcher's Survey

4.5.2. Factors of SP challenge

The factors stated below are the study findings of Tabatabaee et.al (2014), which include: - Lack of SP culture, rules and regulation, lack of training opportunities, lack of strategic planning, lack of time and resource and lack of skilled managers are discussed under this section.

Table 5: Factors of SP challenge

No	factors		No of respondents	Percent
1	Lack of SP culture	Very poorly	9	9.6
		poorly	19	20.2
		I don't have any idea	20	21.3
		strongly	33	35.1
		Very strongly	13	13.8
		Total	94	100
2	Rules and regulation	Very poorly	5	5.3
		poorly	11	11.7
		I don't have any idea	17	18.1
		strongly	41	43.6
		Very strongly	20	21.3
		Total	94	100
3	Lack of training	Very poorly	8	8.5

	opportunities			
		poorly	14	14.9
		I don't have any idea	9	9.6
		Very strongly	43	45.7
		strongly	20	21.3
		Total	94	100
4	Lack of strategic planning	Very poorly	14	14.9
		Poorly	20	21.3
		I don't have any idea	17	18.1
		Strongly	31	32.9
		Very strongly	12	12.8
		Total	94	100
5	Lack of time and resource	Very poorly	16	17
		Poorly	24	25.6
		I don't have any idea	13	13.8
		Strongly	25	26.6
		Very strongly	16	17

		Total	94	100
6	Lack of skilled manager	Very poorly	14	14.9
		Poorly	16	17
		I don't have any idea	15	16
		Strongly	35	37.2
		Very strongly	14	14.9
		Total	94	100

Source: Researcher's Survey

Lack of SP culture was thought to be among the challenges. The respondents were asked to rank how the above factor affected succession planning in their organization. The study findings shows that 9(9.6%) of the respondents think lack of SP culture affect very poorly, 19(20.2%) of the respondents showed that it poorly affect, 20(21.3%) of the respondents has no idea, 33(35.1%) thinks it strongly affect and 13(13.8%) of the respondents showed that it affects very strongly. Therefore, the study findings confirm that lack of SP culture strongly affects succession planning and it can be stated as one of the challenges of succession planning. This implies that lack of SP plan can be challenge because of lack of experience the organization fails to make ready successors on time and some gap might be left .This finding is shown in the above Table 5.

Rules and regulation was thought among the challenges of succession planning in the organization. The study findings shows that 20(21.3%) indicated that rules and regulation very strongly affects succession planning in the organization. 41(43.6%) of the respondents showed that rules and regulation strongly affects succession planning. 17(18.1%) of the respondents had no idea that SP was affects or not by rules and regulation. 11(11.7%) of the respondents showed that rules and regulation poorly affects succession planning. 5(5.3%) of the

respondents showed that rules and regulation very poorly affect succession planning. Therefore, the study findings confirm that rules and regulation strongly affects succession planning in CBE. This finding is shown in the above Table 5.

Lack of training opportunities was also another succession planning challenge factor. Respondents were asked to state how Lack of training opportunities influenced succession planning in their organization. The study findings indicate that 20(21.3%) of the respondents showed that Lack of training opportunities had very strong influence as a challenge of succession planning in CBE. 43 (45.7%) of the respondents indicated that Lack of training opportunities had a strong influence as challenge of succession planning in CBE. 8(8.5%) argued that Lack of training opportunities had a very poor influence as a challenge of succession planning in CBE.14(14.9%) of the respondents indicated that fear of SP had poor influence as a challenge of succession planning. Only 9(9.6%) of the respondents did know the influence of lack of training opportunities towards succession planning. Therefore, Lack of training opportunities had a strong influence on succession planning in CBE. Training opportunities help the employees to learn new skills and knowledge and therefore, give them new abilities. Trained people are more empowered. Therefore, they are available for any succession. This finding is shown in the above Table 5.

Lack of strategic planning in the organization was another factor considered to be challenge faced by the organization succession planning. The respondents were asked to rank the influence of lack of strategic planning in CBE. The study findings indicated that 14(14.9%) of the respondents highlight lack of strategic planning very poorly affects succession planning in CBE. 20(21.3%) of the respondents shown that lack of strategic planning culture poorly affects succession planning in CBE. 17(18.1%) of the respondents did not acknowledge the influence of lack of strategic planning in the organization succession planning. 31(32.9%) of the respondents indicate that it affects strongly and 12(12.8%) indicated that it affect very strongly. The finding confirms that lack of strategic planning strongly influence succession planning in CBE. Since Strategic planning attempts to forecast organizational outcomes and study the strength and weaknesses of an organization, identify environmental opportunities and threats, enhance strengths, remove weaknesses, and use environmental possibilities to equip it for

facing environmental threats; there should be a strong strategic planning to effectively implement succession planning. This finding is shown in the above Table 5.

Lack of time and resource was also another factor considered to be challenge faced by the organization succession planning. The respondents were asked to rank the influence of lack of time and resource in succession planning. The study findings indicated that 16(17%) of the respondents indicate lack of time and resource very poorly affects succession planning in CBE. 24(25.6%) of the respondents shown that lack of time and resource poorly affects succession planning in CBE. 13(13.8%) of the respondents did not acknowledge the influence of lack of time and resource in the organization succession planning. 25(26.6%) of the respondents indicate that it affects strongly and 16(17%) indicated that it affect very strongly. The finding confirms that lack of time and resource strongly influences succession planning in CBE. Having enough budgets and allocating sufficient time for human resources is one of the most important conditions for training people. So for successful implementation of succession planning sufficient time and resource should be allocated. This finding is shown in the above Table 5.

Lack of skilled manager was the last succession planning challenge among the stated factors. The study findings shows that 14(14.9%) indicated that lack of skilled manager very strongly affected succession planning in the organization. 35(37.2%) of the respondents showed that lack of skilled manager strongly affected succession planning. 15(16%) of the respondents had no idea whether SP was affected or not affected by lack of skilled manager. 16(17%) of the respondents showed that lack of skilled manager poorly affected succession planning. 14(14.9%) of the respondents showed that lack of skilled manager very poorly affected succession planning. The large number of respondents indicated that lack of skilled manager had strongly affected their efforts in conducting succession planning. This finding is shown in the above Table 5.

Respondents in the open ended questions and interviewees replied that there were many challenges in which CBE has faced. Some of the challenges that were stated include lack of HR procedure regarding succession planning, experience is considered rather than employees'

competencies during selection, lack of sufficient data on who can be successor and problem after identification like where and when to assign which is absence of clearly defined career path for all positions, lack of knowledge about how it works.

On the other hand the major challenge mentioned in interviewees was that succession planning and performance management system being implemented at the same time. Since performance management system should be input for succession planning program, but now it is not how it is working.

4.6. Findings On Effective Succession Planning Implementation

Determinants of effective succession planning and awareness of effective succession planning implementation are discussed under this part.

4.6.1. Determinants Of Effective Succession Planning

Determinants of succession planning include HR Policy, Committed managers, Organization culture, Organizational readiness, Managers/managerial and organizational competencies are presented under this part.

4.6.1.1. Human Resource Policy

Human resource policy was one of the determinants of succession planning. Respondents were requested to rate human resource policy in determining effective succession planning in CBE. 4(4.3%) of the respondents state that human resource policy very poorly affects effective succession planning. 17(18.1%) of the respondents state that human resource policy poorly affects effective succession planning. 14(14.9%) of the respondents has no idea. 43(45.7%) of the respondents state that human resource policy strongly affects effective succession planning. 16(17%) of the respondents state that human resource policy very strongly affect effective succession planning. Therefore, the study finding shows that human resource policy strongly affects effective succession planning and also plays important role in succession planning. Since Human resource policies are the formal rules and guidelines that businesses put in place to hire, train, assess, and reward the members of their workforce, when organized and disseminated in an easily used form, can serve to preempt many misunderstandings between

employees and employers about their rights and obligations in one organization. So having a clear HR policy benefits both employees and organizations. This finding is shown in the below Table 6.

Table 6: Human Resource Policy

Human resource policy	No of respondent	Percent
Very poorly	4	4.3
Poorly	17	18.1
No idea	14	14.9
Strongly	43	45.7
Very strongly	16	17
Total	94	100

Source: Researcher's Survey

4.6.1.2. Committed Managers

Committed managers were also thought to be another determinant of effective succession planning. The respondents were asked to rank how committed managers can affect effective succession planning. 2(2.1%) of the respondents state that committed managers very poorly affect effective succession planning. 23(24.5%) of the respondents state that committed managers poorly affects succession planning. 14(14.9%) of the respondents had no idea about the question. 41(43.6%) of the respondents state that committed managers strongly affect effective succession planning. 14(14.9%) of the respondents state that committed managers very strongly affect effective succession planning. Hence, the study findings indicated that committed managers strongly affect succession planning. Direct involvement of highest level of executives is critically important aspect of succession planning program of an organization.

Because it is fact that not all managerial choices qualify as commitments. This finding is shown in the below Table 7.

Table 7: Committed Mangers

Committed Mangers	No of respondents	Percent
Very poorly	2	2.1
Poorly	23	24.5
No idea	14	14.9
Strongly	41	43.6
Very strongly	14	14.9
Total	94	100

Source: Researcher’s Survey

4.6.1.3. Organizational culture

Organizational culture was also another determinant of effective succession planning. Respondents were asked to rate organizational culture in determining effective succession planning in CBE. 6(6.4%) of the respondents state that organizational culture very poorly affects effective succession planning. 11(11.7%) of the respondents state that organizational culture poorly affects effective succession planning. 12(12.8%) of the respondents has no idea. 49(52.1%) of the respondents state that organizational culture strongly affects effective succession planning. 16(17%) of the respondents state that organizational culture very strongly affect effective succession planning. Therefore, the study finding shows that more than half of the respondents state that organizational culture strongly affects effective succession planning.

The study findings is supported by the study finding of Mehrabani & Mohamad (2011) which states strong organizational culture which provides values, beliefs, standards and paradigms for all employees also affect the effective succession planning. Employees can consider these values, beliefs, standards and paradigms as a guideline for their everyday performance. Fancher (2007), study suggests that it is the trust, identification and commitment of an organization’s members (i.e., employees) and the cultural alignment of organizational processes which ensure that the execution of the succession plan results in a “successful” successor. This finding is shown in the below Table 8.

Table 8: Organizational Culture

Organizational Culture	No of respondents	Percent
Very poorly	6	6.4
Poorly	11	11.7
No idea	12	12.8
Strongly	49	52.1
Very strongly	16	17
Total	94	100

Source: Researcher’s Survey

4.6.1.4. Organizational Readiness

Organizational readiness was also another determinant of effective succession planning. The respondents were asked to rank how organizational readiness can affect effective succession planning. 6(6.4%) of the respondents state that organizational readiness very poorly affect effective succession planning. 15(15.9%) of the respondents state that organizational readiness poorly affects succession planning. 14(14.9%) of the respondents had no idea about the

question. 45(47.9%) of the respondents state that organizational readiness strongly affect effective succession planning. 14(14.9%) of the respondents state that Organizational readiness very strongly affect effective succession planning. Consequently, the study findings indicate that organizational readiness strongly affects succession planning. This implies that organizational readiness to succession planning is a major determinant of effective implementation. This finding is shown in the below Table 9.

Table 9: Organizational Readiness

Organizational Readiness	No of respondent	Percent
Very poorly	6	6.4
Poorly	15	15.9
No idea	14	14.9
Strongly	45	47.9
Very strongly	14	14.9
Total	94	100

Source: Researcher's Survey

4.6.1.5. Mangers Competencies

Manager's competencies were one of the determinants of succession planning. Respondents were requested to rate Manager's competencies in determining effective succession planning in CBE. 2(2.1%) of the respondents state that manager's competencies very poorly affects effective succession planning. 17(18.1%) of the respondents state that manager's competencies poorly affects effective succession planning. 12(12.8%) of the respondents has no idea. 45(47.9%) of the respondents state that manager's competencies strongly affects effective succession planning. 18(19.1%) of the respondents state that Manager's competencies very strongly affects effective succession planning. From the data elicited from the respondents,

manager's competencies strongly affects effective succession planning and also plays important role in effective succession planning. This finding is shown in the below Table 10.

Table 10: Mangers Competencies

Mangers Competencies	No of respondents	Percent
Very poorly	2	2.1
Poorly	17	18.1
No idea	12	12.8
Strongly	45	47.9
Very strongly	18	19.1
Total	94	100

Source: Researcher's Survey

4.6.2. Awareness of Effective implementation of succession planning

The study aimed to discover if the respondents think there is effective implementation of succession planning in the organization. The study finding indicates that more than half of the respondents which was 50(53.2%) did not think there was effective implementation of succession planning. 28(29.8%) of the respondents think there was effective implementation of succession planning. 16(17%) of the respondents state that they have no idea on the effective implementation of succession planning. The study findings show that CBE lack effective implementing of succession planning. This finding is shown in the below Table 11.

Table 11: Awareness of effective implementation of SP

Awareness of Effective Implementation of SP	No of respondents	Percent
Yes	28	29.8
No	50	53.2
I don't have any idea	16	17
Total	94	100

Source: Researcher's Survey

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary and Conclusion

The primary objective of this research was to assess both quantitatively and qualitatively the challenges and opportunities that CBE faces in implementation of succession program in its HR policy. Mainly to examine succession planning culture, strategic planning, lack of training opportunities, manager's commitment, organizational readiness and manager's competence that lightly influences the implementation of succession planning in CBE. Specifically, the study attempted to determine the extent human resource management implement succession planning in CBE, to assess major factors that hinder the implementation of succession planning in CBE, to assess the positive factors that lead effective succession planning implementation in CBE. The study used stratified and simple random probability sampling method. Data was collected through primary and secondary data sources. Qualitative and quantitative method was used for the analysis of data that was collected through questioners and interviews. The researcher had used scoring method (LINKERT scale).

The study findings point out that the extent of human resource management implement succession planning in CBE by degree level of succession planning. This result shows that several respondents were not satisfied with practice of succession planning in their organization. Respondents think succession planning is fairly done but not satisfactory.

Moreover, the study finding reveled there were numerous challenges that CBE faced in implementing succession planning. This include lack of SP culture, rules and regulation, lack of training opportunities, lack of strategic planning, lack of time and resource, lack of skilled manager. From interviews conducted other challenges like lack of HR procedure, consideration of experience instead of competencies, lack of sufficient data on who can be successor and absences of clear career path.

Additionally the study finding indicated the positive factors that lead effective succession planning implementation. Those include HR Policy, Committed managers, Organization culture, Organizational readiness, Managers/managerial and organizational competencies.

Respondents agreed that those factors strongly affect effective succession planning implementation.

Today, succession planning is a critical component of the organization's human resources and strategic planning process, because it can guarantee continuity of leadership and as an important means of systematic internal successors for key positions nurture.

Overall the extent of succession planning is not satisfactory and more work should be done. And there are a lot of hindrances of implementation of succession planning from lack of succession planning culture, lack of strategic planning, rules and regulation, lack of skilled manager, lack of time and resource, lack of training opportunities. Positive factors that affect are HR Policy, Committed managers, Organization culture, Organizational readiness, Managers/managerial and organizational competencies.

To conclude this, succession planning in CBE is at its early stage which is not well developed and more work is expected. Experience will make practice perfect.

5.2. Recommendation

Based on the major findings and conclusion discussed above, the following recommendations were made in the implementation of succession planning.

- In order to encounter this challenges facing human resource succession planning, there should be HR procedure that is well-developed, which help employees to understand how it work, who success who, where and when to succeed
- Allocate sufficient resources & time to sustain the program. This will help for employees to have adequate training opportunities.
- Full support of senior management is needed for succession planning programs in addition to strengthening the commitment and trust of employees and senior managers. Strengthening the corporate culture will also make acceptance and institutionalization of succession planning and the administrator of the organization less subject to change or stop the program.
- Moreover, based on the respondents response succession planning is fairly done but not satisfactory. In order to have a clear understanding on what lacks on the implementation, the responsible department should implement a feedback gathering

from the trainees by distributing questionnaires, case study, observations or any other means possible.

- There should be strategic planning. This will help to know the weakness and strength and opportunities and threats that the organization faces.
- In addition strategies for enhancing application of succession planning should be identified such as defining clear career path, by giving intensive training, through categorizing employees in different pools and through allocating significant time and resource are some of the strategies.

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Appendix

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT
MANAGEMENT

Dear respondents,

This questionnaire is designed to obtain necessary information for conducting the research entitled “**Assessment of Implementation of Succession Planning In Case Of CBE**”. The purpose of the study will be to fulfill a thesis requirement for the Masters of Public Management and Policy at Addis Ababa University. Your highly esteemed responses for the questions are extremely important for successful completion of the study. The information that you provide will be used only for the purpose of the study and kept strictly confidential. Hence, your cooperation and real responses contribute a lot to this study.

- ❖ NO NEED OF WRITING YOUR NAME
- ❖ PLEASE PUT A TICK (√) MARK FOR YOUR CHOICE IN THE BOXES PROVIDED IN FRONT OF THE CHOICES.

Questionnaire

Part I: Personal information

1. Sex

a. Male

b. Female

2. Age

a. 20-30 years

b. 31-40 years

c. 41-50 years

d. Above 50

3. Educational Qualification

- a. Technical school graduate
- b. College Diploma
- c. BA/BSc Degree
- d. Master's Degree
- e. PhD and above
- f. Other (please specify): _____

4. How long have you been working at this organization?

- a. Less than 4 years
- b. 4-10 years
- c. 11- 14 years
- d. Above 14 years

5. Your current job assignment

- a. Branch manager
- b. Customer service manage
- c. Senior branch controller
- d. SCSO- cash
- e. SCSO- accounts
- f. Other-----

Part II: Succession planning

6. If you say yes for Question No. 7, choose the most right statement on the degree level of succession planning in your organization.

- a. Strongly well done and satisfactory
- b. Well done and satisfactory
- c. Fairly done but not satisfactory
- d. Not done all by the company

7. Do you think CBE face any challenge while implementing succession planning?

- a. Yes
- b. No
- c. I don't have any idea

8. If you say yes for Ques. No. 9, describe those challenges?

9. How do you rate the challenges of succession planning factors stated below?

No	factors	1	2	3	4	5
		Very poorly	poorly	No idea	strongly	Very strongly
1	Lack of succession planning culture					
2	Rules and regulations					
3	lack of training opportunities					
4	lack of strategic planning					
5	lack of time and resources					
6	lack of skilled manager					

10. How do you rate the below determinant of effective Succession Planning in your organization?

No	Items	1	2	3	4	5
		Very poorly	poorly	No idea	strongly	Very strongly
1.	Human Resource Policy					
2.	Committed managers					
3.	Organizations culture					
4.	Organizational readiness					
5.	Manager's competencies					

11. Overall, do you think there is effective implementation of succession planning in CBE?

a. Yes b. No c. I don't have any idea

Interview Questions

1. Why is succession planning needed?
2. What are the major challenges that are faced in succession planning implementation?
3. What are the positive factors that lead to effective implementation of succession planning?
4. Do you think there is effective implementation of succession planning?