EFFECTS OF SUCCESSION PLANNING PRACTICES ON ORGANIZATIONAL PERFORMANCE: A CASE OF SONY SUGAR COMPANY IN MIGORI COUNTY

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A Research Project Submitted to the Board of Undergraduate Studies in Partial Fulfilment of the Requirement of the Award of Diploma in Business Administration, School of Business and Economics, Kisii University

NOVEMBER, 2017
DECLARATION AND RECOMMENDATION

DECLARATION

This Research Project is my original work and has not been presented for examination in any other institution of higher learning or University for Diploma or Degree.

………………………………….                                                              ………………………….
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RECOMMENDATION

This Research Project has been submitted for examination with my approval as University supervisor.

…………………………                                                   ………………………………
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ACKNOWLEDGEMENT

I would like to express my appreciation for the support, advice and guidance I received from my supervisor Mr. Steve Nyanamba of Kisii University. I thank him dearly for the time he devoted to this Research Project. I would like to thank Kisii University for providing me with the learning facilities that facilitated the success of this Research Project. Last but not least, I would like to acknowledge the efforts put by my colleagues for the support they offered me throughout this period.
ABSTRACT

The main objective of this study was to assess the effect of succession planning practices on organizational performance with reference to Sony Sugar Company Limited. The specific objectives of the study was to find the extent to which human resource planning affects performance of Sony Sugar Company Limited, to determine how employees development affect performance of Sony Sugar Company Limited, to find out how employees management affect performance of Sony Sugar Company Limited. Descriptive research design was used in the study. The study was conducted in Sony Sugar Company Limited in Migori County. The target population of the study was 201 employees of Sony Sugar Company Limited which involved both senior and junior employees. Stratified random sampling procedure was used to select a sample size of 60 employees which is 30% of target population. Questionnaire was used as tool in collecting data. Closed ended questionnaire was used in data collection. Reliability of the instrument was ensured by pre-retest method while validity of the instrument was ensured by seeking expert opinion of University supervisor. Collected data were analyzed by use of weighted average and percentages then presented inform of frequency tables and charts. The study found that, human resource planning in Sony Sugar Company Limited is based on succession opportunities. This indicates the management of the company plan for human resources towards succession. The most frequently used employee development in the company is employees training. There is equal training opportunity for all employees in the company limited through implementing the training included in the succession planning. The most effective performance appraisal used by the company in succession planning is management by objective. The company improves current employee performance by using results of the performance appraisal to identify training needs and development plan. It was concluded that human resource planning, employee job security and performance of employees have effect of organizational performance. It was recommended that, the human resource planning policies should be implemented towards succession planning. Training and development opportunities should be availed to all employees and ensure there is continuous skills improvement of the work force. Appraisal and individual accountability plans should be used as a basis for identifying skill and competency gaps in each and every employee and recommending appropriate trainings to prepare employees’ for succession.
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<td>Chief Executive Officer</td>
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<td>HR</td>
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CHAPTER ONE
INTRODUCTION

1.1 Background of the Study
Organizations today are facing a number of challenges arising out of competition in the business environment. This scenario demands that organizations put in place the best management practices in place. The essence is to achieve succession planning in order to avoid power vacuums created by transfers, promotion, and other job related issues. This practice has been used for many years without giving it the emphasis it deserves in most organizations; however, in the recent times it has become an important tool for organizational success (Armstrong, 2012). Organizations are now realizing that there is need to expand the scope of succession planning, not only to cover the top executives but also the key persons in the entire organization. More recently succession planning has expanded yet again whereby enlightened corporations are integrating this practice into their strategic planning processes and corporate policies (Eshiteti, 2012).

Succession planning is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement. It is a process that helps to ensure the stability and tenure of personnel. It 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 (Rothwell, 2005). The notion of succession planning ranges from any efforts to plan for top management succession to an expansive view of systematic internal talent development (Froelich, McKee, & Rathge, 2011).

Succession is no longer just about replacing key executives. Successful succession management comprises strategic talent management, in which an organization ensures it has the global human capital to perpetually adapt, respond, and succeed in an evolving business environment. It focuses on key talent pools regardless of leadership level whose performance makes the organization effective in the marketplace. Strategic talent management embraces selection, development, and performance to recognize potential and keep a steady supply of people moving up and across the organization. Statistics show that an overwhelming number of organizations do
not have a meaningful succession plan. In fact, 50 percent of organizations with revenues greater than $500 million do not have a working succession plan (Personnel Decisions International Corporation, 2011).

At a global level, succession planning in the recent past has received more attention not only as a concern for the management of human resources, but also as institutional strategic management component for ensuring performance and growth. The main reasons for having succession planning programmes are attributed to the challenge to maintain a pool of potential successors. In Jordan, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Latvia and Lebanon, the value of succession planning is not understood. In Atlanta Canada the biggest long term issue is lack of talent management strategies and the relationship with changing demographics. The situation is the same in the United Arab Emirates where telephone operators have not carefully considered succession planning in this era of economic changes. Regionally, succession planning is still a critical issue among organizations (Rothwell 2010).

Most countries in Sub-Saharan Africa, companies have suffered greatly due to lack of proper succession plan for management and critical positions. On a recent review assignment, it was discovered that a large multinational, did not have a working succession plan. This had created several different situations. Succession planning must be a key business strategy i.e. it is necessary to build a sustainable pipeline of potential successors due to factors such as skills shortage that is plaguing the country. In Kenya, a recent study done by Christian Organizations and Nongovernmental organizations pointed out that; every organization will lose key or high performing staff at all levels for all kinds of reasons: family, promotion, external calls, resignations and even sudden death. Succession management that has become recently very fashionable is about making provisions for the replacement of such staff in an intentional manner by a concerned management. Key to effective succession management is thinking ahead as fundamental management principle and practice (Christian Organization Research and Advisory Trust of Africa, (2010).

Most recently the corporate world was watching keenly how National Bank and Safaricom were going to handle the exit of its CEO. More so, in the Education sector and the civil service succession is an issue at hand. According to Education Watch by Tindi, vol 26, August –
September, 2008), he argues that succession has not been addressed during college takeovers and mergers. The persons to take the positions of principals have been put due to political influence. In the Public Service there has been lack of succession planning. It’s the Prime Minister’s office which advocated for proper succession management so as to avoid cases where star workers were prevented from promotion. In Nzoia Sugar Company if the vacancy is left for long it will interfere with performance of work since they will not have a qualified employee at hand(Dorothy, 2013).

1.2 Statement of the Problem
Succession Planning is a very important management strategy that enables organizations to achieve organizational goals and objectives effectively and efficiently. The current scenario in most Kenyan organizations is that this component has been ignored. This is evidenced by at times managers being politically appointed and in most cases they have been picked from fields that are not related to organizations where they are meant to manage. Many studies have been conducted on how succession planning affects organization performance for instance Odhiambo, Njenga & Zakayo (2014) conducted study on effects of succession planning practices on organization performance among the non-governmental organizations’ in Kenya and found that, succession planning have significant effects on internal business and significantly contributes to institutional growth of Non-Governmental Organisations (NGO) but has no influence on the realization of stakeholders expectations. Otieno (2014) analyzed the influence of succession planning practices on performance of selected health service Nongovernmental organizations in Winam division, Kisumu County, Kenya and established that there is a significant relationship between career development, human resource planning and performance of health service NGOs in Winam Division. It is evident that limited studies have been conducted on succession planning practices like human resource planning, career development and performance management with how they affect organizational performance more especially performance of Sony Sugar Company Limited. The study therefore sought to fill this gap by assessing how succession planning practices affects organizational performance with reference to Sony Sugar Company Limited.
1.3 Objectives of the Study
The main objective of the study was to assess the effect of succession planning practices on organizational performance. The study was guided by the following specific objectives:

i. To find the extent to which human resource planning affects performance of Sony Sugar Company Limited.
ii. To determine how employee development affect performance of Sony Sugar Company Limited.
iii. To find out how employee management affect performance of Sony Sugar Company Limited.

1.4 Research Questions
i. To what extent does human resource planning affects performance of Sony Sugar Company Limited.?
ii. How does employee development affect performance of Sony Sugar Company Limited.?
iii. How does employee management affect performance of Sony Sugar Company Limited?

1.5 Significance of the Study
The study would assist manufacturing organizations maintain high performance through focusing on employees retention through effective succession planning practices. The study will assist human resource managers in the manufacturing organizations to implement human resource planning, employees development, management diversity and performance management which will contributes to high organization performance. The findings of the study will provide a broad knowledge to human resource managers of Sony Sugar Company Limited on how they can effectively achieve high performance through succession planning in their company. It will aid in further theory formation and add up to the existing bank of knowledge. It may also benefit other scholars and students of human resource management who may use the findings for academic purposes. The findings of the study will provide information that will be used to come up with new ways of improving succession planning to the managers and other stakeholders in organizations.

1.6 Scope of the Study
The study addressed the effect of succession planning practices on organizational performance with reference to Sony Sugar Company Limited. The researcher specifically assessed how
human resource planning, employee development and employee management affect organizational performance. The study relied on information from various employees in Sony Sugar Company Limited including managements as key informants.

1.7 Limitations of the Study
The study was limited to the effect of succession planning practices on performance of Sony Sugar Company Limited; therefore its findings were not generalized to other manufacturing organizations in Kenya. Some employees did not contribute to the study due to organizational pressure from work and fear of giving organizational information. The study did not assess other succession planning strategies therefore the researcher only relied on how human resource planning, career development and performance management affect organizational performance.

1.8 Assumptions of the Study
It was assumed that the respondents were available during the study and gave their honest opinion concerning the research questions. All factors that might interfere with the research exercise for example weather conditions were constant. It was also assumed that succession management policies in Sony Sugar Company Limited did not change during the study. All the employees from Sony Sugar Company Limited had knowledge on succession planning practices and how it affects organizational performance.
1.9. Operational Definition of Terms

<table>
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<th>Term</th>
<th>Definition</th>
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<td><strong>Employee development</strong></td>
<td>The lifelong process of managing life, learning and work. It involves individuals planning and making decisions about education, training and career choices as well as developing the right skills and knowledge.</td>
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<tr>
<td><strong>Human resource planning</strong></td>
<td>The process in which human resource requirements of an organization are identified and plans are made for satisfying them. According to Reilly (2003) human resource planning is a process in which an organization attempts to estimate the demand for labour and evaluate the size and nature of the sources of supply which will be required to meet the demand.</td>
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<td><strong>Organization performance</strong></td>
<td>An analysis of organizations as compared to goals and objective of filling the gaps left by other employees who have left the organization for whatever reason. Past studies have used financial and non-financial metrics to measure organizational performance. The financial measures include profit, sales, and market share. Non-financial measures include productivity, quality, efficiency, and the attitudinal and behavioural measures such as commitment, intention to quit, and satisfaction.</td>
</tr>
<tr>
<td><strong>Performance management</strong></td>
<td>An evaluation and grading exercise undertaken by an organization on all its employees either at times or annually, on the outcomes of performances based on the job content, job requirement, and personal behavior in the position so as to determine who needs what training, and who will be promoted, demoted, retained, or fired.</td>
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**Succession planning**  
Succession planning is the process of identifying the key leadership positions within each department and developing employees within state government as well as private organizations to assume these positions. It is a comprehensive plan to address both current and future leadership needs while maintaining the existing merit principles. The right leadership at the right place at the right time with the right skills.

**Succession**  
Coming after another or taking over from another from another employee who has either retired, transferred, terminated or died.
CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Review

2.1.1 System Theory
A system is a collection of parts unified to accomplish an overall goal. If one part of the system is removed, the nature of the system is changed as well. A system can be looked at as having inputs (resources such as raw materials, raw data, money, technologies, and people), processes (planning, organizing, motivating, and controlling), outputs (products, services or coherent information) and outcomes (enhanced quality of life or productivity for customers/clients, productivity, appropriate decision making). Systems share feedback among each of these four aspects of the system. The Systems theory is a management methodology as of analyzing and thinking about organizations continuity. It puts forth the premise that organizations, like living organisms, are made up of numerous component subsystems that must work together in harmony for the larger system to succeed. Systems theory states that organizational success relies on synergy, interrelations and interdependence between different subsystems. As arguably the most valuable component of a company, employees make up various vital subsystems within an organization.

Rothwell, (2010) indicates that departments, work groups, business units, facilities and individual employees can all be considered component systems of the organizations. This chain creates a succession chain link for the organizational survival. The theory applied in this study in the sense that, it points on how systems play an important role when it comes to succession management by allowing clear growth and succession paths for employees which will create a synergy that will work towards creating complimentary or supplementary roles for performance achievement through having the right organizational strategy that supports the systems in place and being ready for any requisite change whenever necessitated.

2.1.2 Contingency Theory
The contingency theory of leadership was proposed by the Austrian psychologist Fred Edward Fiedler in his landmark 1964 article, "A Contingency Model of Leadership Effectiveness. Contingency theory is integral proponent in the sense that, it puts forth the premise that an ideal
structure and form of any system depends on the dynamics of its internal subsystems. Organizational structure can have far-reaching effects on companies' relationships with its future, making contingency theory highly relevant to succession management and organization performance (Paauwe, 2008). No single organizational structure is inherently better than another. Structures are architectural models that will allow success of succession management and give formulas for performance through the right leadership being applied in every situation. Rothwell (2010) emphasized that the best structure for different companies depends to a great degree in whether the structure will meet future challenges in management. He contributed to the contingency theories by focusing on the leadership bit of an organization. He emphasized a Leader-Match meaning, the theory tries to match leaders to appropriate situations and their effectiveness depends on how well the leaders’ style fits the context within which they operate. The theory informed the study by allowing analysis of how leadership in form of competence and commitment played a role in contributing towards successful succession management and hence effects on performance of the organization through the systems and practices in place if at all.

2.1.3 Resource Based Theory

The Resource-Based View (RBV) is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Rumelt, 2004). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous (dissimilar) in nature and not perfectly mobile (Peteraf, 2003). Resource-Based View (RBV) theory is also one of the theories to give support to the study in that an organization lies in a fundamental heterogeneity in its production processes. Given certain inputs, each organization will apply these inputs in different ways, resulting in different outputs or products. As a consequence, sustained competitive advantage will result from those organizations whose production process proves to be most efficient and whose outputs best meet demand. Inputs are usually divided into three categories: physical resources, organizational resources and human resources. Within the resource-based theory of an organization, human capital is one of the major resources with a factor indicator of succession management (Paauwe, 2008). The theory enlightened the study by giving emphasis on the importance of HR resource to the success of
organizational performance so as to cement practices leading to high performance into the culture of the organization.

2.2 Empirical Review

2.2.1 Effect of human resource planning on organizational performance

Bulla and Scott (2004) define human resource planning as the process in which human resource requirements of an organization are identified and plans are made for satisfying them. According to Reilly (2003) human resource planning is a process in which an organization attempts to estimate the demand for labour and evaluate the size and nature of the sources of supply which will be required to meet the demand. Torrington et al. (2011) states that, to enhance recruitment and retention, organizations need to make themselves attractive to talent and current thinking focusing on employer branding through marketing the organization to their employees and potential employees in the same way they market their brands to customers. They cite that human resource planning requires talented people to be matched to the right jobs at the right time doing the right things.

Human Resource planning enables an organization to conduct succession planning by systematically determining the future management needs of the organization and developing high potential employees to meet those needs (Mondy et al., 2006). It is not predetermining who will be promoted into a specific position, but a method of ensuring that the organization will have individuals who are ready to fill key positions when they occur. Succession planning should be integrated into the organization's business strategy (Rothwell et al., 2005).

According to Byham (2001), succession planning through human resource management has not been able to empirically demonstrate success in the retention of talented staff and effective replacement of departing senior management. Therefore, this and its lack of face validity led many organizations to discontinue its implementation. The contemporary Succession planning was subsequently developed in an attempt to overcome the shortcomings of succession planning and to align with strategic business drivers. More specifically; the goal of succession management was to come up with a systematic process that could objectively and effectively respond to contemporary business imperatives such as organizational restructures, team based work systems, diversity issues, global outsourcing, and talent shortages (Armstrong, 2012).
HR Planning involves gathering of information, making objectives, and making decisions to enable the organization achieve its objectives. Surprisingly, this aspect of HR is one of the most neglected in the HR field. HR have an enormous task keeping pace with all the changes and ensuring that the right people are available to the organization at the right time. It is changes to the composition of the workforce that force managers to pay attention to HR planning. The changes in composition of workforce not only influence the appointment of staff, but also the methods of selection, training, compensation and motivation. It becomes very critical when Organizations merge, plants are relocated, and activities are scaled down due to financial problems (Mondy et al. 2006).

Poor HR Planning and lack of it in the organization may result in huge costs and financial losses. It may result in staff posts taking long to be filled. This augment costs and hampers effective work performance because employees are requested to work unnecessary overtime and may not put more effort due to fatigue. If given more work this may stretch them beyond their limit and may cause unnecessary disruptions to the production of the Organization. Employees are put on a disadvantage because their live programmes are disrupted and they are not given the chance to plan for their career development. The most important reason why HR Planning should be managed and implemented is the costs involved. Because costs forms an important part of the Organizations budget, workforce planning enable the Organization to provide HR provision costs. When there is staff shortage, the organization should not just appoint discriminately, because of the costs implications of the other options, such as training and transferring of staff, have to be considered (Bowey, 2005).

2.2.2 Effect of employee development on organization performance
Succession planning involves career development; a process that prepares individuals for more senior positions in the corporate hierarchy. Its effectiveness is enhanced by the implementation of good succession plans which enable organizations to prepare successors of leadership positions by equipping them with the relevant skills and competencies required (Campell & Smith, 2009). A good succession planning system will look for talent both internally and externally according to Marreli (2010). The taking talent from outside in extremely advantageous especially if the organization stands to benefit in terms of new ideas or even new technology (Bayham, 2010). In order to remain successful a succession management implementation gives
an organization competitive advantage over the others especially global organizations. A well
designed succession program integrated to performance will act as a very important source of
competitive advantage (Yaeger & Sorensen, 2009). The succession planning process is also
advantageous since the employees are exposed to development programs before being offered
management position and this enhances both effectiveness and efficiency (Solomon, 2009).

Meharabani & Mohamed (2011) observed that training plans help employees to learn new skills
and knowledge and therefore, give them new abilities that may be needed of them to take up new
roles. Trained people are more empowered; therefore, they are available for any succession.
Another important career planning aspects 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. Maritim (2007)
established that training and development programmes for staff influences effective
organizational performance.

Froelich et al. (2009) found that non-profit organizations are doing little in career development in
preparation of 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 because sometimes undergo some form of career development in the organization.
Moreover, extent and level of effort in leadership planning and development activities was not
high. Finally, organizations rather strongly prefer their next chief executive to come from a
similar type of organization.

Succession planning needs career development to be focused on senior management positions,
starting at the top of the organization (with particular attention paid to CEO and/or managing
director) and going at least six or seven levels down, so as to include middle management
positions (Bleakley, 2006). It is doing all you can to ensure you have the right people in the right
jobs at the right time (Hills, 2009). Succession planning also involves attempt to plan for the
right number and quality of managers and key-skilled employees to cover retirements, death,
serious illness or promotion, and any new positions which may be created in future organization
plans. According to Charan, Drotter and Noel (2001), succession planning is a process of
identifying and developing internal people with the potential to fill key business leadership
positions in the company. Succession planning increases the availability of experienced and
capable employees that are prepared to assume these roles as they become available. They further postulated that effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression.

2.2.3 Effect of employee management on organizational performance

Cascio (2006) defines performance as working effectiveness, that is, the way in which somebody does a job, judged by its effectiveness. Armstrong (2012) says a principle feature of performance management is that it connects the objectives of the organization to a systematic work targets for individual employees. Effective performance management can make a major contribution towards the achievement of business objective while maximizing the contribution of employees. Tom Watling (2007) states that performance appraisal provides a record of how each employee has performed against set objectives. The employee should be allowed to express his or her ambitions and ideas as to how they are progressing in their careers (Rao, 2005).

A performance appraisal is an evaluation and grading exercise undertaken by the organization on all its employees either at times or annually, on the outcomes of performances based on the job content, job requirement, and personal behavior in the position (Yong, 2003). Employees’ performance is evaluated for making developmental and career decisions. Successful performers are frequently good candidates for promotion. Performance appraisal also enable the assessment of the present and future potential staff and determines the training and development needs for the adoption of succession planning practices as a result and ensures organization planning in return (Fletcher2004).

According to Drucker (2004), employee appraisal is critical in succession planning in organizational setting. He explains that development appraisal is an off shoot of the Management by Objectives (MBO) approach to performance management. In this system, objectives are agreed and formulated at the beginning of the appraisal review period, and the employee is supported with the necessary assistance and training to facilitate the achievement of objectives. The achievement of these objectives is reviewed annually (or six monthly) and then new objectives are set. This enhances the commitment to bettering performance in line with organizational objectives.
2.2.4 Organizational performance
An analysis of organizations as compared to goals and objective of filling the gaps left by other employees who have left the organization for whatever reason. Past studies have used financial and non-financial metrics to measure organizational performance. The financial measures include profit, sales, and market share. Non-financial measures include productivity, quality, efficiency, and the attitudinal and behavioural measures such as commitment, intention to quit, and satisfaction. The interest in performance measurement in organizations is also due to the evolving pressure on showing effectiveness which is experienced by managers (Hubbard, 2009).

An organizational performance can be measured by how well it achieves the goals it has set itself. The principle functions of performance measurement are to ensure that organizations are held accountable for their performance and actions and to facilitate learning and improve performance. Even though organizations lack pressure from shareholders to show the value created by the organization there is a pressure to show how well they perform that derives from a wide range of stakeholders. Zimmermann and Stevens (2009) studied 149 organizations in South Carolina and their findings show that the requirement from external stakeholders was the most frequent motivator and reason for measuring performance. Second most frequent motivator was in order to increase accountability and effectiveness. Performance measurement was also motivated as a mean to get more funding and to improve services (Hofer, 2003).
2.3 Conceptual Framework

**Independent Variable**
- Human resource planning
- Employee development
- Employee management

**Dependent Variable**
- Organization performance
  - Profitability
  - Competitive advantage
  - Effectiveness
  - Efficiency

**Intervening Variable**
- Organizational culture
- Human resource practices

**Figure 2.1: Effect of succession planning practices on organization performance**

*Source: Researcher (2017)*

In figure 2.1 above the study conceptualizes independent variables which are the succession planning practices that the researcher specifically assessed are human resource planning, employee development and employee management; the dependent variable is organization performance in terms of profitability, competitive advantage, efficiency and. For Sony Sugar Company Limited to achieve high organizational performance, the human resource manager has to implement on succession planning practices. The intervening variables are human resource practices and organizational culture.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design
The researcher used descriptive research design in order to gather facts on the effects of succession planning practices on performance of an organization. According to Cooper and Schindler (2003), descriptive research design defines a subject, often by creating a profile of a group of people or events through collection of data and tabulation of frequencies on research variables or their interaction. The design is deemed appropriate because there is existence of some knowledge and information on succession planning practices and organizations.

3.2 Study Area
The research was carried out in Sony Sugar Company Limited in Migori County. The county is approximately 376 Kilometers from Nairobi the capital city of Kenya. The company deals with production of sugar and is surrounded by community members who are their major suppliers of sugarcane. This makes the nature of succession planning in the company complex because choosing successors is also influenced by the community.

3.3 Target Population
The study targeted a population of 201 employees from Sony Sugar Company Limited. This comprised of senior employees, junior employees and casual employees from different departments. The head of each departments were used as key informants.

3.4 Sample size and Sampling Procedures
Sample size is the number of items involved in the study as the respondents in the study. Sampling procedure on the other hand is the scientific process through which the sample elements are selected (Mugenda & Mugenda, 2003). This research used stratified random sampling procedure to select a sample to represent the entire population. According to Mugenda and Mugenda (2003) recommendations of at least 10% sample size, 30% of target population was used to calculate the sample size and therefore 30% of the targeted employees were selected and that led to 60 employees working in Sony Sugar Company Limited. The table below shows target population and sample size for each respondent’s category.
### Table 3.1 Targeted Population and Sample Size

<table>
<thead>
<tr>
<th>Respondents category</th>
<th>Target Population</th>
<th>Sample Size (30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior employees</td>
<td>110</td>
<td>33</td>
</tr>
<tr>
<td>Senior employees</td>
<td>11</td>
<td>03</td>
</tr>
<tr>
<td>Casuals</td>
<td>80</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>60</td>
</tr>
</tbody>
</table>

**Source: Researcher (2017)**

#### 3.5 Data Collection and Procedure

The researcher adopted the use of questionnaire as a method of data collection instrument to the identified set of respondents. Questionnaire is useful in that; it is efficient use of time that is information can be collected from a large number of people and the questions can be easily analyzed, anonymity is possible and everyone gets the same questions that is, it is standardized (Orodho, 2009). Questionnaire was chosen because the sampled population is literate and they are able to read interpret and write. Closed ended questionnaire will be preferred because it enabled the researcher to get feedback according to the research objectives. The questionnaire was physically dropped to the selected respondents and picked after two weeks to give them more time to answer questions.

#### 3.6. Instrumentation

**3.6.1. Reliability of the Instrument**

Mugenda Mugenda (2003) has defined reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. To establish the reliability of the research instruments, pre-testing through piloting was done in other Kenya Sugar Factory.

**3.6.2. Validity of the Instrument**

Validity is a degree to which results obtained from analysis of data actually represent the phenomenon under study (Mugenda Mugenda, 2003). The validity of the instruments was determined by discussing the questions with the supervisors whose advice was used in making the necessary changes before proceeding to the field to collect data.
3.7 Data Analysis and Presentation

Basing on (Mugenda Mugenda 2003) recommendations on the use of descriptive statistics as a method of data analysis, the collected data was analyzed by descriptive statistics like weighted average and percentages. It was then presented in form of frequency tables. These methods were used since it’s easier for one to analyze, present and interpret the collected data from the filled.
4.1 Response Rate

Questionnaires were administered to 60 respondents and collected after two weeks. Out of this only 53 respondents filled and returned the questionnaire, yielding a response rate of 88.3% with none response rate of 11.7%. This was considered very good response for analysis. The high response rate was attributed to the continuous follow ups on the respondents. A response rate of 50% is considered adequate for analysis and reporting, 60% is good and that of 70% and above is very good (Mugenda and Mugenda, 2003). The response rate is presented in the table below;

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Category of Response</th>
<th>Frequency</th>
<th>Percentage Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Junior employees</td>
<td>46</td>
<td>76.6</td>
</tr>
<tr>
<td>Senior employees</td>
<td>01</td>
<td>1.7</td>
</tr>
<tr>
<td>Casuals</td>
<td>06</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>88.3%</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

4.2 Demographic Information

The demographic information considered in the study was age, level of education and level of experience.

4.2.1 Age Analysis

Table 4.2: Age Categories of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
</table>


From the table 4.2 above, age category of respondents was such that 26.4% of the respondents were aged between 18–27 years, 43.4% of the respondents were aged between 28–37 years, 18.9% of the respondents were aged between 38-47 and 11.3% of the respondents were above 48 years. This implies that most of the employees from Sony Sugar Company are young of age between 28-37. The data collected reflected information from young generation.

4.2.2 Educational Level

The respondents were requested to indicate their educational level and the findings were presented as below

Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masters</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Degree</td>
<td>20</td>
<td>39.6</td>
</tr>
<tr>
<td>Diploma</td>
<td>15</td>
<td>28.3</td>
</tr>
<tr>
<td>Certificate</td>
<td>9</td>
<td>18.9</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2017)

Table 4.3 above shows education level of respondents. From the findings it reveals that 13.2% of the respondents had masters level, 39.6% of the respondents had degree, 28.3% of the respondents had diploma level and 18.9% of the respondents had certificate. The data shows that most of the employees in Sony Sugar Company are degree holders. This indicates that they have adequate knowledge on succession planning.

4.2.3 Level of Experience

Table 4.4: Years worked in the organization

<table>
<thead>
<tr>
<th>Duration</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td>6-10</td>
<td>12</td>
<td>22.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>11-15</td>
<td>9</td>
<td>17.0</td>
</tr>
<tr>
<td>Over 15</td>
<td>22</td>
<td>41.5</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Data (2017)

From table 4.4, it shows that, 18.9% of employees have worked in Sony Sugar Company for between 1-5 years, 22.6% of the employees have worked in the company between 6-10 years, 17% of the employees have worked in the company between 11 -15 years and 41.5% of the employees have worked in the company for more than 15 years. This shows that most of the employees in Sony Sugar Company have worked in the company for long period of time (over 15 years), indicating that they have enough experience to effectively contributes to the study.

4.3 Human Resource Planning

The aim of the researcher was to find the extent to which human resource planning affects performance of Sony Sugar Company Limited. The findings are presented as shown in the tables below;

Table 4.5: Extent to which human resource planning affect organization performance

<table>
<thead>
<tr>
<th></th>
<th>Very</th>
<th>High</th>
<th>Moderate</th>
<th>Low</th>
<th>Very</th>
<th>Σfi</th>
<th>Σfiwi</th>
<th>Σfiwi</th>
</tr>
</thead>
<tbody>
<tr>
<td>extent</td>
<td>high extent</td>
<td>extent</td>
<td>extent</td>
<td>extent</td>
<td>low extent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>53</td>
<td>222</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Human resource planning in the organization is based on succession opportunities.

Organization conducts job
analysis before recruiting and promoting employees
The organization recruits employees with required skills
There is effective career planning in the organization
There is effective recruitment in the organization

Source: Field data (2017)

From table 4.4 above, it shows how human resource planning affects performance of Sony Sugar Company Limited. From the findings, human resource planning in organization is based on succession opportunities rated high of 4.2, the organization conducts job analysis before recruiting and promoting employees rated 4.0, the organization recruits employees with required skills rated 3.7, there is effective career planning in the organization rated 3.2, and there is effective recruitment in the organization rated 2.4. This shows that, human resource planning in Sony Sugar Company Limited is based on succession opportunities. This indicates the management of the company plan for human resources towards succession. Mondy et al., (2006) supports the findings that human resource planning enables an organization to conduct succession planning by systematically determining the future management needs of the organization and developing high potential employees to meet those needs.

4.4 Employee Development
The aim of the researcher was to determine how employee development affect performance of Sony Sugar Company Limited. The findings are presented as shown in the tables below;

Table 4.5: Frequency of practicing employee development in organization

<table>
<thead>
<tr>
<th>More frequent</th>
<th>Very frequent</th>
<th>Frequent</th>
<th>Less frequent</th>
<th>Not frequent</th>
<th>Σfi</th>
<th>Σfiwi</th>
<th>Σfiwi Σfi</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2017)
Table 4.5 above shows how frequently employee development is practiced in Sony Sugar Company Limited. From the findings, employee training was rated high of 4.2, career advancement rated 4.0, career mentoring rated 3.9, coaching rated 3.1 and career counseling rated 2.1. This shows that, the most frequently used career development in Sony Sugar Company Limited is employees training. These findings are in line with Maritim (2007) who established that training and development programmes for staff influences effective organizational performance.

<table>
<thead>
<tr>
<th></th>
<th>Very high</th>
<th>High extent</th>
<th>Moderate extent</th>
<th>Low extent</th>
<th>Very low</th>
<th>∑fi</th>
<th>∑fiwi</th>
<th>∑fiwi/ ∑fi</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is equal training opportunity for all employees where training is included in the succession planning.</td>
<td>28</td>
<td>12</td>
<td>8</td>
<td>5</td>
<td>0</td>
<td>53</td>
<td>222</td>
<td>4.2</td>
</tr>
<tr>
<td>Organization provides effective training opportunities that goes beyond today's job</td>
<td>24</td>
<td>12</td>
<td>9</td>
<td>8</td>
<td>0</td>
<td>53</td>
<td>211</td>
<td>4.0</td>
</tr>
<tr>
<td>Organization conducts effective training on succession planning, and</td>
<td>16</td>
<td>15</td>
<td>14</td>
<td>8</td>
<td>0</td>
<td>53</td>
<td>198</td>
<td>3.7</td>
</tr>
</tbody>
</table>
There is effective job rotation in the organization. There is effective partnership with individual employees to assess training needs.

Source: Field data (2017)

From table 4.6 above, it shows the effect of employee development on performance of Sony Sugar Company Limited. From the findings, there is equal training opportunity for all employees where training is included in the succession planning rated high of 4.2, the organization provides effective training opportunities that goes beyond today's job rated 4.0, the organization conducts effective training on succession planning, and career related rated 3.7, there is effective job rotation in the organization rated 3.5 and there is effective partnership with individual employees to assess training needs rated 2.4. This shows that, there is equal training opportunity for all employees in Sony Sugar Company Limited through implementing the training included in the succession planning. Meharabani & Mohamed (2011) observed that training plans help employees to learn new skills and knowledge and therefore, give them new abilities that may be needed of them to take up new roles. Trained people are more empowered; therefore, they are available for any succession.

4.5 Employee Management

The aim of the researcher was to find out how employee management affect performance of Sony Sugar Company Limited. The findings are presented as shown in the table below;

<table>
<thead>
<tr>
<th>Table 4.7: Most effective employees performance management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most effective</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Management by objective</td>
</tr>
<tr>
<td>Ranking system</td>
</tr>
<tr>
<td>360 degree</td>
</tr>
</tbody>
</table>
Table 4.6 shows that, management by objective was rated high of 4.4, ranking method rated 4.2, rated 4.0, 360 degree performance appraisal rated 3.8 and graphic rating scale rated 2.0. This shows that, the most effective performance appraisal used by Sony Sugar Company Limited in succession planning is management by objective. According to Drucker (2004), employee appraisal is critical in succession planning in organizational setting. He explains that development appraisal is an off shoot of the Management by Objectives (MBO) approach to performance management.

Table 4.8: Extent to which employee management affect organization performance

<table>
<thead>
<tr>
<th></th>
<th>Very high extent</th>
<th>High extent</th>
<th>Moderate extent</th>
<th>Low extent</th>
<th>Very low extent</th>
<th>( \sum f_i )</th>
<th>( \sum f_i w_i )</th>
<th>( \sum f_i w_i )</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve my current performance, appraised results is used to identify training needs and development plan</td>
<td>24</td>
<td>13</td>
<td>11</td>
<td>5</td>
<td>1</td>
<td>53</td>
<td>215</td>
<td>4.1</td>
</tr>
<tr>
<td>Performance results are used to correct the deviations that might occur in succession planning progress</td>
<td>19</td>
<td>17</td>
<td>13</td>
<td>4</td>
<td>0</td>
<td>53</td>
<td>210</td>
<td>4.0</td>
</tr>
<tr>
<td>Appraisal feedback is used in discovering my job performance problems</td>
<td>19</td>
<td>15</td>
<td>10</td>
<td>9</td>
<td>0</td>
<td>53</td>
<td>203</td>
<td>3.8</td>
</tr>
</tbody>
</table>
Performance results is determinant of the annual compensation including salary increase, promotion.

Staffs are appraised on a yearly basis.

Source: Field data, 2017

From table 4.8 above, it shows the effect of employee management on organizational performance. From the findings, to improve my current performance, the performance results are used to identify training needs and development plan rated high of 4.1, performance results are used to correct the deviations that might occur in succession planning progress rated 4.0, appraisal feedback is used in discovering my job performance problems rated 3.8, performance results is determinant of the annual compensation including salary increase, promotion rated 3.5 and employee performance is appraised on a yearly basis rated 2.3. This shows that, Sony Sugar Company Limited improves current employee performance by using results of the performance appraisal to identify training needs and development plan. According to Fletcher (2004), employees’ performance is evaluated for making developmental and career decisions. Successful performers are frequently good candidates for promotion. Performance appraisal also enable the assessment of the present and future potential staff and determines the training and development needs for the adoption of succession planning practices as a result and ensures organization planning in return.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings
The aim of the study was to assess the effect of succession planning practices on organizational performance. The first objective of the study was to find the extent to which human resource planning affects performance of Sony Sugar Company Limited where it was found that, human resource planning in Sony Sugar Company Limited is based on succession opportunities. This indicates the management of the company plan for human resources towards succession.

The second objective of the study was to determine how employee development affect performance of Sony Sugar Company Limited where it was found that, the most frequently used career development in Sony Sugar Company Limited is employees training. There is equal training opportunity for all employees in the company limited through implementing the training included in the succession planning.

The third objective of the study was to find out how employee management affect performance of Sony Sugar Company Limited where it was found that, the most effective performance appraisal used by Sony Sugar Company Limited in succession planning is management by objective. The company improves current employee performance by using results of the performance appraisal to identify training needs and development plan.

5.2 Conclusion
From the findings, it can be concluded that, human resource planning in manufacturing companies is based on succession opportunities. Secondly it was concluded that, the most frequently used employee development in manufacturing companies is employees training where
there is equal training opportunity for all employees in the company limited through implementing the training included in the succession planning. Lastly it was concluded that, the most effective performance appraisal used by manufacturing companies in succession planning is management by objective. The companies improve current employees performance by using results of the performance appraisal to identify training needs and development plan.

5.3 Recommendations

5.3.1 Recommendations for Policy and Practice
Based on the research findings, the research recommends that, the organization should implement effective human resource planning policies towards effective succession planning. During recruitment, management should exhaust all internal talent before considering external talent especially when making promotion decisions. Clear career paths should be incorporated in the human resource planning policies and management should put more focus on career management.

It is of paramount importance that HR Managers take an initiative in identifying future leaders for their teams by taking keen interest in assisting potential leaders to grow in their careers. Training and development opportunities should be availed to all employees and ensure there is continuous skills improvement of the work force.

Lastly the study recommends that, Appraisal and individual accountability plans should be used as a basis for identifying skill and competency gaps in each and every employee and recommending appropriate trainings to prepare employees for succession. There is need for organizations to support their employees in identifying their learning needs and goals, selecting suitable learning strategies and participating in learning opportunities that place them in a better position with regard to succession planning.

5.3.2 Recommendations for Further Studies
The study mainly focused on the effect of succession planning practices on organizational performance with reference to Sony Sugar Company Limited; further study can be conducted in other similar companies on the same subject. Further research should also be conducted to find
out how human resource planning, employee development and employee management with their effect on organization performance.

REFERENCES


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Degree of master of arts in project planning and management of the University of Nairobi

Personnel Decisions International Corporation (2011). PDI, Ninth House,


AKINYI JANET TOM
KISII UNIVERSITY
P.O. BOX 408 – 40200,
KISII.
TO
HUMAN RESOURCE MANAGER
SONY SUGAR COMPANY LIMITED
P.O.BOX ………………………..
KISII
Dear Sir/Madam,

RE: REQUEST TO COLLECT DATA FROM YOUR EMPLOYEES

I am a student at Kisii University, pursuing a Diploma in Business Administration as a partial fulfillment of the requirement for Award of a Diploma. I am to carry out a research entitled; an assessment on effects of succession planning practices on organizational performance with reference to Sony Sugar Company. I am seeking your permission to collect data in your organization in order to complete my studies. The information obtained will be treated with utmost confidentiality and the result of the research will be for academic purpose only.

Yours faithfully,
APPENDIX I: QUESTIONNAIRE

Dear respondent,

I am a student of Kisii University taking diploma course in Business Administration. I am undertaking a research on an Assessment on Effects of Succession Planning Practices on Organizational Performance with reference to Sony Sugar Company. The information gathered during this research study is for learning purposes and it’s totally private, confidentiality and anonymous.

Instructions

- Do not write your name anywhere on the questionnaire
- Tick where is appropriate and provide the relevant response where applicable
- Kindly answer all question carefully

PART I: BIO DATA

1. Please indicate your age bracket

   18- 27 years
   28- 37 years
   38- 47 years
   48 years and above

2. Indicate your highest education level
3. How long have you worked in the organization?

1-5 years
6-10 years
11-15 years
Over 15 years

PART II: SUCCESSION PLANNING PRACTICES

Please tick (√) where necessary

SECTION A: HUMAN RESOURCE PLANNING

4. Do human resource planning in your organization favor succession planning?
   Yes
   No

5. If yes kindly rate your human resource planning in your organization based on efficiency and effectively

   Outstanding
   Very good
   Average
   Poor
6. To what extent would you agree with the following statement on effect of human resource planning on organizational performance?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very high extent 5</th>
<th>High extent 4</th>
<th>Moderate extent 3</th>
<th>Low extent 2</th>
<th>Very low extent 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is effective career planning in our organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is effective recruitment in our organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization recruits employees with required skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource planning in our organization is based on succession</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization conducts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: EMPLOYEE DEVELOPMENT

7. Do human resource planning in your organization favor succession planning?
   Yes
   No

8. How frequently does the following employee development practiced by your organization?

<table>
<thead>
<tr>
<th>Development</th>
<th>More frequent 5</th>
<th>Very frequent 4</th>
<th>Frequen t 3</th>
<th>Less frequent 2</th>
<th>Not at all 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career advancement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career mentoring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coaching</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. How does employee development help in promoting succession planning in the organization?
   a) Enhancing employees skills
   b) Employees promotion
   c) Filling management position
10. To what extent do you agree with the following statement on effect of career development on organization performance?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very high extent 1</th>
<th>High extent 2</th>
<th>Moderate extent 3</th>
<th>Low extent 4</th>
<th>Very low extent 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is effective partnership with individual employees to assess training needs in our organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is equal training opportunity for all employees in our organization through implementing the training included in the succession planning.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization conducts effective training on the importance of succession planning, and career related topics i.e., succession planning mechanisms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our organization provides effective training opportunities that goes beyond today’s job and has a more long-term and strategic development goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is effective job rotation in our</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION C: EMPLOYEES MANAGEMENT

11. Do employee management in your organization favor succession planning?

Yes
No

12. Which of the following types of performance management methods do you find most effective in enhancing succession planning in your organization?

<table>
<thead>
<tr>
<th>Method</th>
<th>Most effective 5</th>
<th>Very effective 4</th>
<th>Effective 3</th>
<th>Less effective 2</th>
<th>Not effective 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranking system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>360 degree performance appraisal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forced ranking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphic rating scale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance ranking method</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14. To what extent do you agree with the following statement on the effect of employee management on organizational performance?

<table>
<thead>
<tr>
<th></th>
<th>Very high extent 5</th>
<th>High extent 4</th>
<th>Moderate extent 3</th>
<th>Low extent 2</th>
<th>Very low extent 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>My performance is appraised, on a yearly basis, by my direct supervisor and the managers in top management levels</td>
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<tr>
<td>Performance results are used to correct the deviations that might occur in succession planning progress, and accordingly my individual development plan is adjusted</td>
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<tr>
<td>My performance results is determinant of the annual compensation including salary increase, promotion, and succession planning</td>
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<tr>
<td>Performance feedback is used in discovering my job performance problems and their causes.</td>
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<tr>
<td>To improve my current performance, the results of the performance appraisal are used to identify training needs and development opportunities reflected in the individual</td>
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</tr>
</tbody>
</table>
development plan

Thanks for your co-operation