

A Comparative Study on Leadership Succession Planning in Different Companies and Institutions

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ABSTRACT: *A comparative study of different companies and institutions confirms that leadership succession planning should follow a methodical procedure to ensure a smooth transition. Again, leadership succession planning requires the allocation of resources and a chronological approach to the development of upcoming leadership. Incidental, sudden, and non-formal leadership succession implementation suffocates organizational continuity. Leadership succession planning demands Chief Executive Officers and managers to put up a structure for leadership succession planning monitoring and evaluation. The practical examples presented are a panacea for leadership succession planning for all organizations. The empirical evidence presented in this paper shows that leadership succession planning is crucial for the survival of every business and institution.*

KEYWORDS: *leadership succession planning, Apple Company, IBM Company and Council of Chaplaincy Ministry*

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I. INTRODUCTION

Korn/Ferry International (2010) conducted a global survey of executives registered with the center from more than 60 countries representing a wide spectrum of industries and found that while 98% of the respondents considered succession planning important, only 35% had a formal programme in place for the position of CEO, with even fewer programmes for other leadership positions. A 2010 National Healthcare Leadership Survey showed that approximately, 3% of healthcare systems engaged in succession planning or a similar talent management process for their top administrators. The survey also indicated that only 17% of the administrators and 9% of the nurse leaders participated in a programme to prepare them for leadership. Landry, Hernandez, Shewchuk, and Garman (2010) conducted a similar study using a sample of CEOs from the American Hospital Association; approximately 78% stated that succession planning was not routinely done while 21.9% indicated that it was routinely done.

II. LITERATURE REVIEW

This study used the literature review methodological approach. Some of the reviews include books and online articles on leadership succession planning. The literature review begins by giving summation of leadership succession planning in public sector. Further, the review progresses with leadership succession planning in academic institutions particularly in higher education. Additionally, the review continues with leadership succession planning in business world. Furthermore, the review include leadership succession planning in International Business Machines (IBM) Company. To add, this article highlights leadership succession planning for Apple Company which gives the synopsis on how companies can make intentional and deliberate leadership transitioning can be accomplished through personnel capacity building.

III. SUCCESSION PLANNING IN PUBLIC SECTOR

Leadership succession planning in government and other institutions has two key differences. First, from the legal perspective, government institutions legally do not allow prior naming of successors without competitive job searches (Rothwell, 2010:51). In other words, the law in in some government institutions prohibits advance identification of successors (Rothwell, 2010:52). Second, unlike other institutions, leadership succession planning in public sector faces the challenge of political appointments. Hence, leadership succession planning is at the discretion of politicians. For example, the position of director in public sector is a political appointee who carries the will of an elected official. This is not so in business sector where the CEO meets the demands of the clients (Rothwell, 2010:52). In most governments of Africa, leadership succession planning is always accidental, circumstantial and politically motivated. Citing the example of cabinet officials of different governments in

Africa, succession is at the discretion of the President of many nations. This creates a huge barrier in identifying successors in advance in public sector. A practical example of public sector failure in leadership succession planning is that of a minister and deputy minister. Although a minister and deputy cabinet minister are both appointed by the President, there is no surety that the deputy minister will automatically succeed the minister. From the aforementioned example, this ascertains the fact that leadership succession planning in public sector remains theoretical because of political influence. As a result, because of such challenges, civil servants are seen to be the custodians of the public sector. Hence, leadership succession planning in public sector is only applicable to civil servants on the premise that they do not change because of political election. Like Council of Chaplaincy Ministry, there are no formal leadership succession planning in public sector which makes this study relevant.

IV. SUCCESSION PLANNING IN ACADEMIA

The need for leadership succession planning in academia such as tertiary institutions like university colleges cannot be overlooked (Mattone, 2013:62). Leadership succession planning for every learning institution should be established fitting the requirements of that specific institution. Leadership succession planning in public universities is mainly done by University Councils. University Councils play a pivotal role in the transition of power for the outgoing and incoming Vice Chancellor. This means that University Councils play a significant role in selecting and mentoring potential candidates for succession of the Vice-Chancellor's position. For example in South Africa the same with Malawi, the University Council make recommendations to the President of the republic for the possible candidate (Richards, 2009:43). Richard argues on leadership succession planning that the President of the Republic has the sole obligation of setting the goals and direction of tertiary education institutions.

As regards to leadership succession planning in tertiary education institutions, the University Councils have the mandate to appoint the Vice Chancellor of the University. For example in Malawi, it is very clear that institutions of higher learning are managed by University Councils chosen for fixed term contracts. This justifies the need for leadership succession planning because tertiary institutions are headed by the Chancellor and Vice Chancellor while departments headed by Deans. Under such environment of organogram, leadership succession planning can be accomplished if Deans can be mentored to be the next Vice-Chancellors (Rothwell, 2010:53).

V. SUCCESSION PLANNING IN THE BUSINESS WORLD

Succession planning, as a formal concept, was initially related to family businesses and how management of the business was to be passed down through the generations. With the rise of corporations and the demand for continuity in leadership to reassure stakeholders of an organisation's stability, succession planning became formalised in business. Corporations developed structures for the identification of future leaders, for evaluation of the performance of these individuals, and to assess readiness for new responsibilities (Mintzberg, 2008). Succession planning provided an important mechanism by which s could rapidly adapt to a changing competitive environment. The primary function of the CEO was to ensure that a reasonable succession plan was in place for interim leadership in the event of an unexpected change (Charan, 2005).

According to Greer and Virick (2008), well-managed firms, such as GE, Hewlett Packard, and Bank of America, place great importance on developing and promoting talent from within the organisation (p. 352). Ready and Conger (2007) contend that s should be "talent factories," focusing on functionality and vitality; functionality is the process of putting the right person in the right job and vitality is the attitude or mindset of the people responsible for developing the talent from the bottom to the top of the organisation, both important attributes in the survival of companies. Corporations such as Dell, Dow Chemical, Southwest Airlines, Whole Foods, and EliLilly have been able to withstand turbulent times by promoting from within and by linking leadership development to succession planning (Greer & Virick, 2008, p. 352). For the purpose of this study for the Council of Chaplaincy Ministry in Malawi, leadership succession planning is the process of having the right people in place at the right time by developing talent from within (Beyers, 2006; Coughlin & Hogan, 2008; Glasgow et al., 2009).

VI. SUCCESSION PLANNING AT IBM COMPANY

One explicit and good example of long-term leadership succession planning is that of International Business Machines (IBM) Company based at Armonk in New York, USA. The company created a smooth long-term leadership succession planning. Using transformational leadership succession theory, Virginia Rometty was promoted to Chief Executive Officer (CEO) as a successor for Samuel Palmisano in 2011. Virginia Rometty who succeeded Samuel Pamisano started working for IBM at entry level leadership position before her ascendancy to the position of the CEO of the company. It took over 30 solid years before Virginia Rometty was promoted to the position of CEO. This is a clear manifestation that leadership succession planning requires patience, hard work, perseverance and enough experience. This helps to have both the tacit knowledge and institutional heritage of the company (Hansen, March 22, 2023).

In leadership succession planning of IBM, former President, Chief Executive Officer and Chairman Samuel J. Palmisano writes that being CEO is not the brand or about you as CEO. Any leader should realize that they are temporary stewards of a wonderful enterprise hence should ensure to leave the organization in a better shape than you found it. Despite the retirement of Virginia Rometty in 2020, IBM long term leadership succession planning continued through the successor in the name of Arvind Krishna. Using Echelon leadership theory, Trait theory, Charismatic theory and Transformational theory, IBM Company has managed to maintain leadership succession planning despite the Volatile, Uncertainty, and Complex and Ambiguous (VUCA) situations (IBM, 2020). This has been achieved through professional development of upcoming leaders, cultivating positive leadership succession planning culture and allowing personnel to compete at the same level.

There are several leadership succession planning lessons that we can deduce from this episode. Leadership succession planning is not hide and seek game. It has to be done in a clear and transparent environment. IBM leadership succession planning was already announced by October 2011 that Virginia Rometty would replace Samuel Palmisano on January 1st 2012. The actual process of leadership succession planning between the predecessor and the successor had already been in progress for many years. Another lesson is that leadership succession planning should not take place under fatal illness, abrupt retirement or public scandal. Instead, leadership succession planning according to IBM should follow an exemplary model of peaceful land planned transition (Hansen, March 22, 2023).

IBM demonstrated that leadership succession planning should be intentional like the way it was done with Rometty to prepare her for the big role of CEO. This means that leadership succession planning was done within a larger leadership development process. IBM unlike many companies miss this point of a larger leadership process of upcoming leaders, instead such companies focus on selecting, training a single successor. Leadership succession planning is a process of selecting and training entire employees. In other words, leadership succession planning is an ongoing process of employee development. IBM willingness and intentional investment in the capacity building of employees is the most notable at Workplace Management Initiative (WMI). WMI is the leadership succession planning process of talent identification, development, and talent assessment and performance management. IBM introduced “dual hatting” in leadership succession planning. Dual hatting model meant that there should be a strong correlation between talent management and business operations (Hansen, March 22, 2023).

Applying Upper Echelon theory, dual hatting meant that business leaders at top level must have a broader understanding on appropriate recruitment, training and development strategies. IBM leadership succession planning had a robust leadership development process which resulted in an outstanding job of selecting Palmisano’s successor. Leadership succession planning demands putting in place a system of choosing a true successor instead of a cookie-cut replacement. Another significant point to consider is level of education and area of subject matter expertise. While Palmisano had a bachelor’s degree in history and started working at IBM as a sales person, Rometty who succeeded him had a bachelor’s degree in science with high honors in computer science and electrical engineering. Rometty ascended into her leadership from an executive position in sales, marketing and strategy which prepared her for the position of the CEO (Potter, J. March 4, 2015).

Therefore, the first point to consider on leadership succession planning is that it is a process. Rometty did not succeed Palmisano the day he announced his retirement, she was trained into the top leadership role for over a period of time. This signifies IBM’s mature, intergrated and global talent management program. IBM provides the model that true leadership succession planning that takes a reasonable period of coaching and mentoring in contrast with last-minute replacement hiring. Second, leadership succession planning requires a plan. This process is not accidental or circumstantial, IBM had to take a deliberate intentional effort. This allows organisations or company to assess and develop successors with leadership skills and provide them with a platform to apply the acquired skills, build connections and gain experience. Third, leadership succession planning must be based on merit. Like the example of IBM, Rometty was appointed based on meritocracy of her proven track record of accomplishment in the past and her potential vision to carry IBM into a greater future (Potter, J. March 4, 2015).

VII. SUCCESSION PLANNING AT APPLE COMPANY

Apple Company leadership succession planning from Steve Jobs to Tim Cook is another episode worthy learning. The old adage says nobody indispensable. One day it was announced that Steve Jobs has died and someone needed to take over leadership of Apple Company. Despite Steve Jobs being extensively hailed as a founder and Chief Executive Officer (CEO) of Apple Company. In October of 2011, Steve Jobs died after 14 years as CEO, and the company had to continue without the iconic founder. Jobs left the company in the hands of his COO, Tim Cook, who commented on Jobs’ passing, saying, “Apple has lost a visionary and creative genius, and the world has lost an amazing human being... Steve leaves behind a company that only he could have built, and his spirit will forever be the foundation of Apple” (Best College Reviews, 2020).

Despite Jobs transforming both the strategy and function of personal computing devices, combining his expertise in liberal arts and technology to disrupt major industries and create entirely new ones. Jobs was a restless innovator. He led with unprecedented vision, saving Apple from bankruptcy and pushing it to become what is now the company with the highest market valuation of any business worldwide. Few people think of Apple without immediately thinking of Steve Jobs; his thumbprints are all over the products and their design (Best College Reviews, 2020).

After Jobs' death, many doubted whether the company would continue to flourish in the absence of its founder. Good leadership succession planning by Steve Jobs made the Company to survive even after his death. After Jobs' death in October 2011, Apple continued to prosper. Apple brand valuation tripled more from 2011 to 2014, making Apple the highest market value of any company globally. Gross revenues also continued to increase dramatically year over year, from \$65 billion in 2010, to \$108 billion in 2011, \$157 billion in 2012, and \$171 billion in 2013 (Best College Reviews, 2020).

In 2014 Brand Finance declared Apple the most valuable billion-dollar brand in the world and Fortune/CNN Money named Apple the world's most admired company in their top 50 list. All this without Jobs at the helm (Best College Reviews, 2020). The kind of growth Apple experienced following the loss of Jobs is the mark of a robust succession plan. The company not only maintained its position in the industry, it continued on its trajectory of success. Let's take a look at how they got there. The key to Apple's continued success was an iconic succession plan that sustained Jobs' vision beyond his time as a leader.

This succession plan took the form of a close relationship with Tim Cook, Apple's COO and primary succession candidate, as well as the establishment of a world-class executive education system known as 'Apple University.' Steve Jobs became the official CEO of Apple in 2000, at which point he immediately hired Tim Cook as head of operations. Cook streamlined Apple's facilities and supply chain, dramatically increasing margins. He formed a strong partnership with Steve Jobs and acted as his right-hand-man for nearly a dozen years. Cook had a test-run as CEO in 2009, and again in 2011 while Jobs was managing his health. All of these opportunities were intentionally facilitated to give Cook a wealth of experience and equip him to step into the role of CEO when the time came (Best College Reviews, 2020).

In a quest for leadership succession planning, Steve Jobs transformative approach established Apple University as part of mentoring and coaching Cook for leadership position. This institution was a big step in leadership succession planning that went beyond developing a lone successor. The reason Apple University was purposed for retention of top talent and help Apple employees to capture the vision of the founder.

Leadership succession planning remains one of Apple's highest priorities. Apple University has grown over the years, and Tim Cook has publicly declared his commitment to ensuring there will be someone equipped to take on his role when the time comes. Further, as part of leadership succession planning Tim Cook says; "I see my role as CEO to prepare as many people as I can to be CEO." "And that's what I'm doing. And then the board makes a decision." What is certain, however, is that Apple remains a prime example of a company that values leadership succession planning and is earning the profits of the interior talent that process fosters (Best College Reviews, 2020).

VIII. CONCLUSION

In conclusion, first, comparative study reveals that leadership succession planning cannot succeed without plan. As the old adage says; failing to plan is planning to fail hence the need to plan ahead. Steve Jobs groomed Tim Cook as a successor to take over as a new Apple CEO. Leadership succession transition process allowed Steve Jobs hand in hand with Tim Cook throughout Apple's revitalization, ensuring that the company's gains were not only understood, but in part created by its future leader (Balakrishnan A. October 24, 2017).

Second, leadership succession planning in an environment where there is a shared vision. After his diagnosis, Jobs immediately began developing Apple University. Apple University was established with an aim of sharing the vision of Steve Jobs. This is the best example of how leadership succession planning can be a model for how leaders must share their vision in order for upcoming generation of leaders to take up the vision. If it were not for establishment of the University, it would have been very difficult for Steve Jobs to share the vision because most the times founders get so obsessed in maintenance of their brand. The thought of handing the reigns to someone else can be difficult to accept, but the reality is that no leader lasts forever. An organization's mission and vision must therefore be ingrained throughout the entire management team, particularly among prospective leaders (Balakrishnan A. October 24, 2017).

Thirdly, leadership succession planning becomes possible in an environment where you are able to train the tem members. The key aspect in leadership succession planning is developing a leadership channel. This channel requires organizations to attract and retain top talent, usually by providing professional development and opportunities for advancement. Apple University did a formidable job of developing the company's leaders, training their team so that they could protect their culture and promote from within (Balakrishnan A. October 24, 2017).

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