Consideration of the Effect of Succession Planning on the Basis of Management on Knowledge of Employees' Satisfaction

1Jamshid Ali Nasab and 2Majid Sadeghi

1Department of Industrial Management, Najaf Abad Branch, Islamic Azad University, Isfahan, Iran
2M.A. of Industrial management, Islamic Azad University, Najaf Abad Branch

ABSTRACT

The most important aim of each organization is achieving knowledge management and developing human resources; and managers do various kinds of tasks to achieve this aim. Amongst them is using succession planning system to raise experienced employees' motivation toward training efficient human resources. In applying succession planning system for knowledge managing manner of motivating employees should be considered. Present paper had been considered the effect of using succession planning system on maintenance and development of talents and knowledge management by method and assumed statistical test. A new model is suggested to help managers' decision makings toward knowledge management in organizations through relation between the amount of knowledge management and succession planning system.

INTRODUCTION

Today, organization tries to maintain or absorb talents, manage the knowledge and develop human sources, while they are faced to arising challenges. Current labor flow, changing technology, and increasing necessity for achieving to more qualitative thing with higher speed and lower cost are causes of lack of time for training (Hutcheson, 2006). In every organization, current generation seeks to transfer his experiences to the next generation. Organizations' problem is not lack of human resources; there are many organizations which their increasing advancements are behold to their employees, but by their exit, organization faced to many problems which its main reason was absence of proper successions (Clawson, 1996).

In today knowledge – based economics, competitive interest is found for facilitating informational process rather than availability to specific markets or sources. Therefore, knowledge and mind capitals are considered as the primary basis of main merits achievements for superior functions. In reaching to sustainable competitive interests, paying attentions to present knowledge, the way of effective use and structure making for using new information are considered vital and crucial fact which organizations should bear in mind.

Management of succession planning is a subject that makes organization to reconsider their function managements in today global economic. To increase organization's efficiency and be sure of favorable results, it is recommended to manage succession planning and organizational knowledge. Therefore, knowledge management is the integral part of succession management. The purpose of this study is to describe the role of knowledge management in succession management.

It is important to offer some definitions of present terms to be sure that there is common sense for each of them (Bhatt, 1998).

2. Review of Literature:

1.2. Knowledge:

Scholars have been divided knowledge in to different types. So it can be said that there are more than one type of knowledge. Knowledge classification is presented as follow:

- Human knowledge
- Social knowledge
- Structured knowledge

Human knowledge means a type of knowledge that human is aware of that or knows how he should apply it. Such knowledge can be based on previous experiments or learning.
Social knowledge mostly is implicit in which individuals share their feelings, experiences and mental patterns; such knowledge is achieved by individual's social interactions.

Structured knowledge is originated from organizational systems, procedures, principles and paths; and it usually is called explicit knowledge (Danskin, 1995).

2.2 Knowledge management:
Knowledge management has different definitions from managers' point of view:

Charles Armstrong knowledge management means improvement of organization's conductibility in order to promote ability of costumer absorbance. To do so, position, time and statue should be prepared in a way that reasonable approaches and behaviors that affect our behaviors can be appreciated.

Knowledge management is an attempt toward revealing hidden capitals inside members' minds, and transforming these capitals to organization capitals to be available for all employees (Prusak, 1998).

Knowledge management includes discovering organizing and summarizing information in a way that improve employees' knowledge (Davenport, 1998).

The intend of knowledge management is making ever changing knowledge available, and providing implicit and explicit knowledge in employees' minds, and increasing power of overcoming crisis by creating "wisdom" (Shannon, 2001).

Knowledge management is the procedure of creating, absorbing, and reemerging organizational and individual knowledge. The emphasis of this definition is on procedure (Kuryntas, 2000). Knowledge management is a sample as a conceptual term and is set of solutions in answering organizational requirements as a technical term (Kowly, 2003).

In today competitive markets that their main feature is uncertainty; those companies can compete that create new knowledge, distribute it and transform it to goods and services. Therefore, knowledge makes competitive advantages and gives the ability of solving problems and catching opportunities. So, knowledge not only is considered as a source of competitive advantage, but also is the only source of it.

Knowledge management sustains and supports following functional elements (Bose and Sugumaran, 2003):
- The procedure of discovering or creating new knowledge and filtering existed knowledge (creating knowledge).
- Sharing knowledge among individuals across the organization boundaries (managing knowledge flow).
- Creating and using knowledge as a part of daily task and as a part of decision making process (making knowledge applicable).

2.3 Succession planning:
Advanced and successful companies have various differentiate aspects in comparison with other companies and enterprises. One of these aspects is that in all superior companies, there are tidy and serious plans for managers' succession planning. Recognizing and training future managers, are crucial solutions for organization survival and development. In such procedures, some aims are followed such as motivating for grow or survival, making healthy competitive environment in organization atmosphere and making meritocracy atmosphere in organization (Kalenz, 2005).

Succession planning management, points to procedures that specific talents of employees are identified to give them key and proper position in future, and prepare them by specific training programs. Since future organizations will face to competitive challenges and needs for deserve and efficient managers will increase, "talents managements" and "succession planning management" will gain increased importance in prospective organizations (Kaplan and Norton, 2005).

Succession planning and succession management will lead to preservation of young and talented forces in the situation that senior managers are near retirements; it is obvious that for organizations that haven't any young resources, there isn't any brilliant future (Kafman, 2003).

3. Description of under studied case:
"Hamkaran System" company was established by 3 hard working entrepreneurial to provide managerial needs of enterprises through emerging IT – based solutions. Rapid market recognition, production and presentation of standard software made basis of rapid stabilization of this company in software's market. In the following of development path, this company could transformed to one of the most valid companies by offering specialized and comprehensive solutions for various industries and developing products' baskets on the basis of concentration on information.

Today, after 2 decades of successful activity in offering efficient services and products, this company continues its activities as a valid partner for country's enterprises to provide costumers needs by relying on modern IT – based solutions. It develops managerial capabilities of enterprises by mixing modern and unique technologies, specialized services and business management methods. This company has developed a set of technical, regional and licensed companies to move toward extension of network for costumer services and
complementation of the chain. Productive, investigative and development sections of company absorb and train creative and efficient labors in different fields such as analysis, design and application of systems. It also develops wide range of business resolves such as financial and administrative systems, providing chain management, production planning and management, human source management and intelligent systems by emerging world latest technology; it has a network which consists of 60 technical companies that are regional or business partners with more than 1000 personnel, the responsibility of this company is offering, establishing and supporting of solutions. There are about 6000 organizations and enterprises which use software solutions of "Hamkaran System", this indicates wide range of this company's function.

Hamkaran system has gotten the highest score among private section's companies and has been selected as the superior informatics company.

The most important fields of activities of "Hamkaran system" are listed as follow:
- Offering business solutions in software format that were correspondent with operational procedures of middle and big organizations in main, productive, service and commercial industries.
- Offering specific IT solutions for governmental organizations.
- Offering establishment and supportive services for offered software solutions.
- Offering advanced networks engineering services and services that are related to information security.

4. Identification of suggested model:

In some organizations, employees attempt to change their occupations, because organization attention doesn't pay attention to requirements of its human sources. If employees of an organization feel lack of attention by their senior managers, they will decide to change their job. Therefore, organization will lose those expenses that had spent for employees' training in one hand, and will make to pay extra costs for new employees' training in the other hand.

Regarding organizational findings in "Hamkaran system" company, and by considering continuum improvements of employees' functions, a model for succession management is identified on the basis of knowledge management which is on the basis of 3 principles of training, continuum improvement of functions, and development of organizational knowledge.

Important indexes for defining succession planning model are listed as follow:
1. Recognition of employees' potential talents in different fields regarding to their educations and individual abilities.
2. Recognition of employees' trends for training fields.
3. Definition of professional area for employees
4. Definition of job domain by determine some criteria in each domain
5. Formation of training teams for improving employees equally.
6. Periodical assessment of employees by using proper assessment models
7. Preparation of suitable feed backs and analysis of functions' results.
8. Continuous schematization for training and improving employees' skills and knowledge.

Eventually for maintain and developing organization of knowledge, "Hamkaran system" established succession planning system. First, for identifying this system, training classes were held to provide correct definition of succession planning and knowledge management, then for improving novice employees a trainer was identified for each section. After that, training cycles were planned according to proper time table of employees. For assessing each cycle, an exam was designed and some documents were issued for those who passed each cycle successfully. By forming active teams, individual experiences were interacted and knowledge of experienced employees was shared among others. Moreover, for recognizing employees' talents and trends, direct interviews were done, and their results were presented as a data package to executive managers. Finally, for receiving proper operational feed backs of this system, employees' functions were observed and amount of employees' satisfactions were assessed by questionnaire.

4.1. Validity of model:

In present study a questionnaire was used and 2 groups of respondents (supportive experts and staffs) answered to them. The statically community of this research was all the 860 personnel of Hamkarn System Company, among them 560 persons were supportive employees and 310 persons were staffs.

To select proper sample volume Morgan table was used and 28 persons among supportive employees and 20 persons among staffs were calculated. But to reduce error amount 50 persons were selected among both communities. The data collection instrument was a 12 – item questionnaire each of which some who was related to the employees' satisfaction. It was designed in Likert 5-scale format. Questionnaires were distributed in 3 continues seasons. It should be mentioned that if the number of respondents is more than 30, we can use normal distribution in mean comparison test of 2 statistical communities (Azar, 2010).

Consistency of questionnaire was determined by α chronbakh.
A pilot test was applied for 30 persons and questionnaire’s items were adjusted according to attitudes and culture of community.

Data were analyzed by SPSS software particularly correlation and k-square test. In all seasons, there wasn’t any significant relation between gender, marital status and satisfaction, however there was significant relation between age and job satisfaction (P<0.05). In first month below results were achieved for determine the amount of employees’ satisfaction of succession planning system operation (table 1).

### Table 1: Mean and SD of employees’ satisfaction of succession planning system in Hamkaran Company (first season).

<table>
<thead>
<tr>
<th>Motivate factor</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supportive experts</td>
<td>Staffs</td>
</tr>
<tr>
<td>Operation of succession planning</td>
<td>2.13</td>
<td>2.44</td>
</tr>
</tbody>
</table>

Now with 99% assurance, it can be said that in first season, employees were not satisfied with succession planning system. So with 99% assurance neutral hypothesis is accepted $H_0: \mu = 3$, while $H_1: \mu \geq 3$ was rejected.

After operating needed training cycles about succession planning for all the employees, following results were achieved about employees’ satisfaction amount of succession planning system in second phase (table 2).

### Table 2: Mean and SD of employees’ satisfaction of succession planning system in Hamkaran Company (second season).

<table>
<thead>
<tr>
<th>Motivate factor</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supportive experts</td>
<td>Staffs</td>
</tr>
<tr>
<td>Operation of succession planning</td>
<td>3.49</td>
<td>3.36</td>
</tr>
</tbody>
</table>

Now with 99% assurance, it can be said that in second season, employees were satisfied with succession planning system. So with 99% of certainty, neutral hypothesis ($H_0: \mu = 3$) was rejected and $H_1: \mu \geq 3$ were accepted.

After operation of succession planning system and exhibition of its advantages to all employees in third season following results were achieved (table 3).

### Table 3: Mean and SD of employees’ satisfaction of succession planning system in Hamkaran Company (third season).

<table>
<thead>
<tr>
<th>Motivate factor</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supportive experts</td>
<td>Staffs</td>
</tr>
<tr>
<td>Operation of succession planning</td>
<td>4.21</td>
<td>3.72</td>
</tr>
</tbody>
</table>

Now with 99% assurance, it can be said that in third season, employees were satisfied with succession planning system. So with 99% of certainty, neutral hypothesis ($H_0: \mu = 3$) was rejected and $H_1: \mu \geq 3$ were accepted.

### Conclusion:

Decision making about operation of succession planning system needs preparation of some systems for reducing employees’ resistance against training of successions. According to graph 1, an analysis can be presented for showing the relation between operations of succession planning system and making knowledge management.

![Graph 1](image-url): The procedure of operating succession planning system and its effect on employees’ satisfaction.

According to graph 1, in first season after establishment of succession planning system, employees weren’t satisfied with this system and knew it as a threat.
I second season, after providing effective training and describing advantages of this system, holding team meetings, the level of employees' satisfaction increased. In third season, employees observed the advantages of this system and trusted on it more than before.

Table 4 is presented analysis of relation between succession planning system and knowledge management.

<table>
<thead>
<tr>
<th>Succession planning system</th>
<th>Knowledge management</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Second situation</td>
<td>Favorable training and advantages</td>
<td>High cost of knowledge management</td>
</tr>
<tr>
<td>Low</td>
<td>Fourth situation</td>
<td>Third situation</td>
<td>Lack of attention to human resources</td>
</tr>
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<td></td>
<td></td>
<td></td>
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</tbody>
</table>

In first situation, succession planning system is operated well, because there was favorable training and sufficient motivation in organization for developing successors and also knowledge management was operated by maintaining and developing human sources. In second situation, there wasn't proper succession planning system, but knowledge management is possible by spending heavy costs and operating heavy training cycles. In third condition, succession planning system is properly operated in the organization, but there is lake of motivation among employees for participating in the activities, so organization loses its human sources in different levels that its root is in weakness in senior manager section.

In fourth condition, there isn't succession planning system and knowledge management for preserving valuable resources because of lack of attention to talents and human sources.

In present paper, first succession planning was operated in "Ham Karan System" company by considering some arrangements to reduce employees' resistance and after polling of employees in 3 periods the following results were achieved:
1) By increasing employees' motivation in succession planning system, knowledge management and human source development are increasing as well.
2) By increasing trainings and organizational cultures, succession planning system and knowledge management is operating better.
3) Formation of job groups not only increases the amount of transferred experiences, but also can improve function and job satisfaction simultaneously.

By considering above items in a succession planning system, it can be expected that this system leads to enhancement of knowledge management level and improvement of companies' functions.

REFERENCE

Suh & et al., 2004. Effective customer relationship management by customer knowledge management handbook of customer relationship management.