Analysis of knowledge management in successful Succession Planning (The Mediating Effects of Organizational Factors)

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INTRODUCTION

Nowadays, knowledgeable community or knowledge based economy is determined by some factors such as enhancement of competition, technological innovations or markets’ universal entities. In such as a community, organizations should pay more attention to knowledge when they are administrating their venture as a key factor that causes competitive profit. In addition, in recent years knowledge is considered as an important organizational factor and is paid attention more than before. So knowledge management is converting to one of the research primaries in academic community and is a zone which most of the organizations allocate more cost for administrating it (Massa & Testa, 2009).

In this environment, the relation between employees and organization is vital and organizations' human resource strategies are changed completely to another relation – based approach. KM literature expresses that organizations know development of long term programs, which provide there requisite, more profitable than short term programs.

In this long term program that mostly is on the basis of employees’ knowledge, knowledge management and improvement of succession planning, not only organization’s ability to make an interaction is important but also absorbance and improvement of employees and their ability to develop their own knowledge gain importance (Nicolas and Cerdan, 2011). 

By an overview an related papers, lots of papers were found that analyze vital role that knowledge management factor plays as a determinant component of succession planning success along with other components organizational atmosphere, satisfaction, employees' motivation that will be described later.

Nevertheless, there is absence of understanding about the effect of these components on succession planning success. Moreover, lots of papers were found that show high rank of failure during application of this plan. Therefore, there isn't comprehensive and conceptual framework for directing organizations to apply this system successfully. As a conclusion, our research questions are listed as follow:

- Whether knowledge management is a determinant and main factor in successful application of succession planning?
- Are there any other related factors?
- What is their role in successful succession management?

To answer above questions, the relation between KM and succession planning system will be reviewed, and then a conceptual framework which suggested that KM and other factors are related to succession planning

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success will be considered. In addition it will be studied that whether KM is the most related effective factor to succession planning success by the means of primary data of an empirical study or not. The main section this paper is suggestion of an integrated framework of effective factors on succession planning success.

Review of Literature:
2.1. Knowledge:
S lohars 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 customer 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 exist 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).

2.4. KM and succession planning:

Recently, organizations have mixed succession planning and knowledge management, since they understand that knowledge management plays a key role in successful succession planning. As knowledge management determines wide range of indexes among current employees, recognition of valuable human resources is a complex task. Absorbing human resources cooperation requires a strong understanding of implicit knowledge exchange; and predicting new employees' needs can be offered by statistical methods and technology. But this was done correctly when the aspect of implicit knowledge exchange and cooperation is established. Therefore, succession processes are grounded on the basis of huge amount of knowledge (Beijerse, 1999).

Succession planning is about management of employees' knowledge to understand and improve their performances.

Succession definitely is related to organization of knowledge management; therefore, presence of sufficient and up-to-date knowledge is vital for an effective succession planning system. Although knowledge management systems play important roles in current business atmosphere, they suffer from lack of comprehensive and simple framework for mixing features of traditional succession planning systems with knowledge application and management of human resources (Chang et al., 2005).

Therefore, knowledge management is seen a sub processes of succession planning, because organizations should develop capabilities of employees' knowledge management to have an effective succession management. Though, repetition of such capabilities is difficult, it can be a source for competitive advantages. From modern point of view, employees knowledge will be a rare and valuable capital for business, which allows organizations, correspond with ever changing atmosphere more quickly. While seeking for competitive benefits is a key factor for current strategic management, data gathering about human resources in a knowledge – based relation also will be a key benefit, which rarely will repeat. It is wondering that in spite of data or information, knowledge in inside the human's brain not in information technology (Zablah et al., 2008).

The method that people achieve, share and interpret knowledge is important in the operational and strategic activities. In this issue Swan et al. (2000) found some items about individuals' management instead of IT development, which explain KM limitations. They chained that, there is an over focused on IT management in KM literature, KM needs a mixture of experts, business processes and IT.

To summarize, currently the relation between arrangement in succession system with organizational culture and KM are knows as research fields for further studies. Moreover, several authors believe that KM vital role in research is going to be known, while traditionally succession planning studies focused on academic aspects. As a conclusion, it can be said that the relation between succession planning and KM is an important issue in managerial studies.

2.5 Effective factors in successful succession planning:

According to wide studies on this issue, a successful model for operating developed succession planning and KM draws attentions as a main factor of success and 4 other factors are mentioned in literature:

Culture and organizational atmosphere continue training experiment of succession planning and KM technology.

Such factors can have direct or indirect effect on successful succession planning. Indirect effect is a kind of effect on successful succession planning but not directly rather through other factors. From literature reviews it is not determined that whether considered factors have direct or indirect effects. As a result, in statistical estimates, successful model of both effects will consider and factors effect will be evaluated after and before operation of succession system by considering employees' satisfaction level (Barker, 2007).

2.5.1 KM capabilities and succession's success:

KM is the ability of an organization for preserving, managing and offering confirmed and on time human resources' data to improve despondences to employees' needs and accelerate decision making on the basis of valid information.

As a result, succession planning and KM are led to on unified aim: offering continuous improvement in line with human resources (Ravishankar and Pan, 2008).

In addition, knowledge creation and transfer are been as strategic features just as basis processes which determine organizations' learning ability. As a result, KM has a determination role in application of succession planning. Moreover, released empirical studies focused on identified capabilities of KM as a variable which has more clear effect on successful succession management (Sedera and Gable, 2010). So, following hypothesizes are suggested:
Hypothesis 1: KM capabilities have direct relationship with successful succession planning.

2.5.2 Organizational variables and successful succession planning:
These variables are aspects of working with management human resources, organizational structure, and resources’ allocation. Regarding the need for changes in arrangement of an organization during application of succession planning, each model needs a measurement factor that is able to measure importance and effect of these variables on success of succession planning.

In fact, to apply succession planning systems successfully organizations need re-planning. On the basis of this strategy, organizational structure and processes of human resources’ improvement all need application of succession planning, because success in this plan relates to making cooperation between individuals and processes. In the other side, human factor is important, since even with the best identified processes and the most advanced technology, communication among individuals has a determination role in application of strategies in businesses. So that, some factors such as employees’ training stimulation, and proper reward systems can be effective on employees’ cooperation and application of such strategies (Kimble and Bourdon, 2008).

Hypothesis 2: Organizational variable have direct relationship with successful succession planning

2.5.3 Organization’s culture and success in succession planning:
Organization’s culture plays key role KM; organization’s perspective, rules, structure and reward system all are direct determination factors of knowledge transfer inside the organization, and as a result they have direct effects on successful application of innovative plans.

Dominated culture and atmosphere over organization should be considered as a key component in application of such strategies, because they determine employees’ views to application of succession planning system and its success consequently (Chen and Huang, 2007).

Hypothesis 3: Organization’s atmosphere and culture have direct relationship with successful succession planning.

2.5.3. KM technology and successful succession planning:
KM systems should be considered as a key component in application of this kind of strategy. Many human resource’s activities are impossible without proper technology.

Consequently, for successful application of succession planning and optimized process of employees’ relation, organization should have a proper technology. KM technological systems have many benefits; as they achieve unified view from employees, they can manage employees’ relations by a integrative method regardless any connected channel, and help organizations to improve their effectiveness and efficacy of their involved processes in employees’ relations.

Despite of above items, it isn’t a good idea to give over roles to these technologies. Instead, organization should consider them as a enabler of succession planning.

As a result, KM technology is considered as a necessary but not sufficient condition for success of succession planning (Tammy and Lillian, 2008).

Hypothesis 4: KM technology has direct relationship with successful succession planning.

2.5.5. Succession planning experiment and success:
Application of succession planning involves significant change inside the organization’s processes, and for an organizational change, proper management is necessary. As a result, Gashaw (2010) had a deep overview to learning processes inside the organization which involves application of succession planning system. In this process, there changes involve which are related to issue in a particular way:

- Process of data gathering about employees
- Cooperation of senior managers
- Evaluation of employees and reward system

As these changes have developed gradually, it is reasonable that by passing time from beginning of strategy operation, required learning will happen.

Moreover, using succession planning experiments, the ability of organization for achieving effective results will improve, so enhancement of efficiency and benefits of succession planning will happen by passing the time (Lindner and Wald, 2007). Therefore, following hypothesis is suggested:

Hypothesis 5: Succession planning experiment has direct relationship with successful succession planning.

2.5.6. Success of succession planning:
There are some problems in measuring the results of succession planning, regarding claims of other authors, despite of increasing importance of succession planning notion, there isn’t any valid scale for evaluating the results. Measuring organization’s performance is on the basis of an analysis on limited financial measurement.
But, if the aim of evaluation is the effect of an innovation on succession planning system, which seeks for improvement of employees’ relations, results measurement should involve employees’ views.

Different authors don’t suggest using only one index for measuring the results of succession planning system, therefore most of the models should use a 2-dimensional measurement scale, which involve both financial and human resource performance.

Therefore, a multidimensional approach should be applied for measuring the result of succession planning system. In this, financial perspective, measures the effect of succession planning from improved profitability or decreased costs aspect. While human resource perspective evaluate changes and improvements that this strategy creates for employees.

3. Methodology of the study:

3.1. Method:

The questionnaire was distributed in piece making level. After data gathering and analyzing exploration and confirmative factors, evaluated scale of suggested model was integrated.

Eventually, structural equation method was used empirically. The target population for empirical study involves piece making industry. The cause of this selection was that succession management and succession planning have importance in this industry. Under considered community involved 855 companies of piece making that questionnaire was mailed them through e-mail. Finally, 311 questionnaires, which were completed correctly, returned. Regarding respondent characteristics, this work was done by managers.

From 311 samples, only 49.2% (153 companies) of them were operating succession planning. Then, suggested hypothesis were tested on these 153 samples.

To confirm that achieved samples are the correct representatives of community, lack of accountability analysis was done. To do so, extrapolation method was used, which assumes that a company at the end of data gathering process is representative of those who didn't respond. Therefore, a comparison was done among dose who respondent the first and those who responded at the end. Yumen – witney test was used to determine mean differentiate in all the questionnaire's variables. There wasn't any significant difference in companies’ features, the amount of succession planning or different variables of model among 2 groups of respondents. So the result shows that bias in lack of accountability doesn't affect in this study.

3.2. Scale of evaluation:

To create a measurement scale for variable of model, different studies were done and a 117– item list was designed to evaluate.

Repetitive items were omitted from list. After this refinement process, final scale for evaluating different variables includes 42 items.

Likert 7-item scale (1=completely disagree, 7=completely agree) was used for evaluating model's variables. Except succession planning experiment which measurement the time of operating such strategy (less than 6 months, between 6-12 months, between 1-3 years, or more than 3 years), questionnaire was integrated after a pilot test which was administrated among human resources' counselors and researches.

3.3. Validity, reliability and dimensionality analysis:

After confirming that existed data is proper, to evaluate the scale, 4 basic aspects were analyzed: its operational definition, validity, reliability and dimensionality. Operational definition points to theoretical bases in development of scale. Used scale in this paper is on the basis of developed analysis of previous literature, which determines structure and entity of under considered notions.

Validity refers to the amount that evaluation process is free from errors. Validity is confirmed by considering different types of it (content, structure, homogenous, …). To be sure of its validity, a pilot test was administrate (5 KM experts and a human resource consoler participated in that test).

For structure validity, those variables that were used in previous studies were utilized. To be sure of convergent and discriminate validity, correlation matrix among questionnaire variables was checked. Finally, for external validity, accidental sampling technique provides results' generalize ability conditions.

By the means of a reliability coefficient (α Chronbach), scale reliability was analyzed. This coefficient, which is one of the most used criteria, evaluates compatibility of scale. α Chronbach was near 0.9 for all the variables, which confirms reliability of questionnaire. Finally to consider dimensionality, exploratory factor of main components was analyzed. This analysis led to a functional model included 8 factors and 42 variables.

Therefore, the results of KM and succession management are 2-dimensional; in the other word, they consist of 2 factors. Two-dimensionality of succession planning results was observed previously in theoretical level, with the notions of financial performance and human resource. In different studies, KM was considered as a multidimensional notion. Empirical results indicated 2-dimensionality of this notion. Therefore, KM is
categorized in 2 groups of factors: a question and application of knowledge, and ability to distribute knowledge. This classification will be considered while model is estimated.

3.4. Test of Model:

For final integration of scale, factors were analyzed. This analysis led to a 32-items scale, which at first showed higher level of validity and reliability, therefore it was used for estimation of model. To test hypothesis, structural equation model was used, that provided opportunity for evaluating suitability of theoretical model and considering significance of hypothesis. Data wasn't normal, so EQS 6.1 statistical package was used for estimating structural equation model. This software can be helpful for estimating goodness power of fit items. It shows K square statistical power (Satura – Bentler), which edits K square f abnormal data.

First of all, primary model that merely includes direct effects of variables on success on success of succession planning was estimated by exploratory method. As it described previously, these factors affect success of succession planning directly or indirectly. Moreover, correlation between latent variables is included in the model. To evaluate fitness of structural model, significance of model's parameter was analyzed. In this case, only 2 parameters were significant in 0.05 of probable level and organizational variables that were related to success of succession planning had the most effect. By considering that structural model didn't have any satisfactory fitness, it was decided to re-determine model on the basis of achieved results and determinant theory.

Secondly, with the aim of model improvement, it was decided that organizational variables be introduced as moderator variable, which moderates the effects of KM, organizational culture and technology on success of succession planning. It was observed that reforms led to some improvements in measurement of total fitness of model. Table (1) summarized used criteria and total fitness of improved model.

Although K square wasn't significant (p≥0.05), other indexes were used to analyze goodness of model, regarding limitations of these criteria. As table shows, all the other indexes were in acceptable level. For fitness of measurement model, significances of reliability and variance of items were considered. The amounts of these indexes were more than suggested amounts; as a result fitness of measurement model was satisfactory.

Finally, by evaluating fitness of structural model, it was observed that all the estimated coefficients were significant in these equations.

Figure (1) shows estimations of standardized regression coefficients. All amounts (crisis amounts) go beyond the referent amount (1.96) for 0.05 of probable level. It means that estimated coefficients are significant from statistical aspect. Moreover, coefficient of determination of successful succession planning enhanced to 0.633, it means that 63.3% of its changes are described by improved model.

![Fig. 1: Structural model for success of succession planning](image-url)


Results analysis:
Positive results of the effect of all aforementioned factors on successful succession planning are observed (KM, organizational factors, KM technology, organizational culture and atmosphere and experiment of succession planning). Despite of this view that KM capabilities are the most important and effective factors on successful succession planning, organizational variables are identified as the most important determiners while are modifying the relation between other variables with successful succession planning. Similar to other studies, it is determined that organizational variables (strategy, supports of executive management, organizational structure, human resources) are key factors for successful succession planning.

Estimated model shows that organizational variables are introductions to succession planning and are affected by KM, culture and experiment of succession planning. Consequently the second hypothesis is confirmed.

In the other side, KM, culture and experiment of succession planning have only are indirect effect on success of succession planning; it means that they have effects on successful succession planning by effecting on organizational variables.

Therefore, first, third and fourth hypothesis are confirmed partially, since these variables affect successful succession planning indirectly. It is determined that KM process is dependent on human resources and other organizational variables.

In addition, experiment of succession planning had direct effect on successful succession planning, so hypothesis was confirmed. It is determined that, using succession planning and having experiment of succession planning, improve the ability of organization for achieving effective results from this strategy, and enhance efficiency and benefits of succession planning in long term plans.

Conclusion:
The results of empirical model confirmed the basis role of organizational factors (leadership aspects of senior management, human resources management, coherence operation and organizational structure), although review of literatures shows the focus on KM role as a determination factor in success of succession planning. According to this paper, organizational variables are the real prerequisite of this strategy, since they adjust the effects of other variables.

Founding show that, even if company has had the KM necessities, advanced technology and high organizational culture, without integrated necessities, and redesigned structure, complete cooperation of employees and proper changes, succession planning wouldn’t be successful. According to this theoretical approach, efficiency of company is the function of its abilities, skills and merits in developing resources management which stabilizes competitive benefits and improves development of human resources. In this case, results show that only when KM capabilities, KM technology and succession planning culture are integrated, organization will make an organizational capability in succession planning which reproduction and imitation of it is difficult.

Finally, model analysis indicated that experiment of succession planning (the number of years that organization has used this system) has direct effect and is a descriptive variable of successful succession planning as well. In the other word, results showed that while organization uses succession planning system, it experiments organizational training which helps in effective use of this strategy; therefore, results will improve. Consequently, these results provide empirical evidences of this issue that succession planning is a long term strategy, so while organization gets experiment in this strategy, organizational training and necessary changes is happening to benefit company from improvements in succession planning results.

REFERENCE


