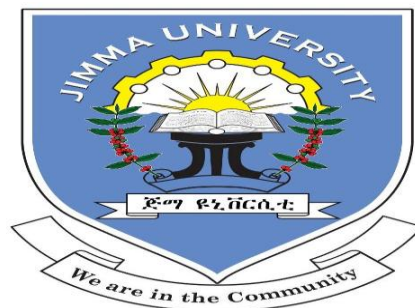


***THE EFFECT OF SUCCESSION PLAN ON
ORGANIZATIONAL PERFORMANCE: AT MINISTRY OF
REVENUES: THE CASE OF JIMMA BRANCH OFFICE,
ETHIOPIA***

***A Thesis Submitted to the School of Graduate Studies of Jimma
University in Partial Fulfillment of the Requirements for the Award of
the of Master's Degree in public management (MPM)***

BY:

TOLERA GONFA DAKSISA



**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTERS OF PUBLIC MANAGEMENTPROGRAM**

**AUGUST, 2020
JIMMA, ETHIOPIA.**

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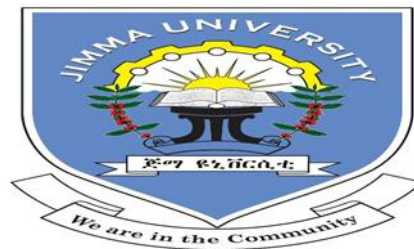
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Under the Guidance of

Dr. Zerihun Ayenew

And

Mr. Demise Beyene



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**AUGUST, 2020
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DECLARATION

I hereby declare that this thesis entitled “*The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia*” has been carried out by me under the guidance and supervision of Dr. Zerihun Ayenew (PhD) and Mr. Demise Beyene.

This thesis is my own original work and has not been submitted to any university or institution for the award of any degree or diploma.

CERTIFICATE

This is to certify that the thesis “*The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia*” submitted to Jimma University for the award of the Degree of Master of Public Management (MPM) and is a record of research work carried out by Mr. Tolera Gonfa, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any university or institution for the award of any degree or diploma.

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JIMMA UNIVERSITY

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MPM PROGRAM

Board of Thesis Examination

Approval Sheet

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Abstract

*The general objective of the study was to assess The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia. This study adopts both descriptive and explanatory research design. Primary data were used and this study employed a quantitative approach. The data for the study were collected using questionnaire. The target population was 142 employees Ministry of Revenues Jimma Branch. Data were analyzed using descriptive statistics. The descriptive statistics parts of the variables were analyzed using means, standard deviation, percentage and Pearson correlation and multiple regression to determine the influence of independent variables on the dependent variable. Statistical Package for Social Sciences (SPSS) software was used to analyze the data. The overall response the findings indicate that the Poor training and development opportunity and my input is not appreciated has a negative effect on the organizational performance. The internal retention has ability to motivate and retaining key employees and internal retention has positive effect on the performance has a positive effect on the Organizational performance. Also the overall response indicates that the sufficient talent positions in the organization, ability to motivated and retain key employees, Most Helpful in Preparing Employees for Promotional Opportunities and succession planning will affect the professional Development of employees of positive effect on the Organizational performance. Regression and correlation analysis to test the relationship between the study variables significant positive relationship for each other's, very strongly, positively correlates with each other's and significance. The study therefore concluded that succession planning is an important Organization strategy which every Organization should embrace in order to understand Organization success. Furthermore, the recommendations of formulate a clear succession planning process and talent pools provides adequate training, in adequate reward and recognition and Organization if used employees stronger externally observable and experts to act as mentors and coaches and given that bench strength readiness positively relates to organizational performance. To ensure that they have an adequate human resource pool ready for promotion focuses on sufficient talent position in the organization, related to current position. Prepares Bench Strength Employees for Promotional opportunities. **Keywords:** Succession planning, bench strength readiness, internal versus external replacements, turnover of staff, and organizational performance.*

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DEDICATION

I dedicate this work to the Almighty God, the strength, wisdom and gift of life for putting together this thesis. I also dedicate this thesis to my mother Fentaye Tedese, my father Gonfa Daksisa, my wife Tejitu Bekena, my daughter keekooti Tolera, lelise Bekena and all my brothers and sisters for their immense support for my education and success in life. I appreciate the expenses you have to make to bring me this far.

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LIST OF ACRONYMS AND ABBREVIATION

EMoR	Ethiopian Ministry of Revenues
HR	Human Resources
HRM	Human Resources Management
M	Mean
SP	Succession Planning
SD	Standard Deviation
ANOVA	Analysis of Variance

CHAPTER ONE

INTRODUCTION

This chapter deals with the background of the study, statement of the problem, objectives of the study, Significance of the Study, Scope of the Study, limitation and organizational study

1.1. Background of the Study

Public Service organizations worldwide are under pressure to increase efficiency in delivery of services (Chemengich, 2013). Succession planning is considered one of the best mechanisms for ensuring constant supply of competent and experienced successors to various positions in an Organization in order to overcome performance challenges resulting from human resource turnover due to various reasons such as retirement, termination, death and other methods of separation from employment (Wilkerson, 2007).

However, it is argued that while succession planning in the private sector continues to increase, there is lack of strong public sector models of succession because many leaders in the public sectors have long possession of service and believe that no one different can lead the organization (Wilkerson, 2007). Thus it is argued that succession planning is rarely used in the public sector because of the characteristic nature of bureaucracy and meritocracy (Jarrell and Pewit, 2007).

Succession planning can be defined as the process of identifying and preparing suitable employees through mentoring, training and job rotation, to replace key players within an organization as those key companies leave their positions for whatever reasons such as retirement, advancement and attrition (Rodrigo, 2013).

According to Zulqurnain (2014), succession planning is the manner of shaping the future managerial needs of an organization and developing the skilled pool of employees to meet the potential needs of the organization. Succession planning involves identifying and preparing employees through mentoring, training and job rotation. It also enables employees to be promoted to higher positions when an organization promote for positions (Rodrigo, 2013). According to Ajay and Erich (2012), an organization can do succession planning in two ways; by developing talent or buying talent. Buying talent is when an organization gets employees from outside labor market.

Through this, organizations can adapt to prevailing market changes, and have employees who are innovative with specialized skills. Succession planning is a useful tool that can be used by

organizations to identify talented employees. In difference, organizations that have succession plan have not effectively implemented it.

Internal/external hiring which involves the recruitment of individuals from within/outside the organization to assume leadership/managerial positions that arise when key personnel leave the organization Bernthal&Wellins, (2013) and bench strength readiness which refers to the percentage of management that has been identified as ready for promotion (Avanesh, 2011).

Other constructs of succession planning but which are closely associated with HR elements include staff training (equipping the staff with necessary knowledge and skills), performance management (measuring employee outcomes against set goals) and staff compensation (rewarding of employees based on their contribution to the organization) (Jantti& Greenhalgh, 2012).

Performance refers to the competencies such as the skills, knowledge, attitudes and behaviors which describe how employees achieve the firm's wanted results. In other words it can be refer to as accomplishment of a given task measured against preset standards correctness, completeness cost and speed that lead to effectiveness and efficiency. Employees have to be willing to make the best use of all the internal resources and of their own capabilities and initiative.

1.2. Statement of the Problem.

Today, Succession Planning is no longer just about replacing the key executives but also involves strategic talent management, in which an organization ensures the availability at all times of a competent work force that can help it to continually adapt, respond and succeed in a dynamic business environment Nwosu, (2014). Succession Planning today seeks to enable organizations develop general competencies and leadership potential at all levels of the organization for their survival and growth (William, 2015).

The implementation of succession planning may be limited in today's more flexible and fast changing organizations where difficult succession plans become out-of-date as soon as they are complete. Most organizations put a lot of focus on talent management and development processes forgetting that talented and determined employees do not like to wait for long to secure management positions Armstrong, (2012). Today, majority of firms do not implement succession practices which are future to help them create "a feeder system" of high potential employees into management positions Downs, (2012). This makes them struggle to fill vacancies particularly at the management level and slopes to lead into deep dissatisfaction among employees resulting to poor performance and low retention of talented employees (Eshiteti et al, 2013).

At the center of successful succession planning exists a firm commitment to leadership development programs that go beyond the normal staff development activities and interventions Gandhi & Kumar, (2014). For succession planning to yield the desired outcomes, it must focus on organizing organizational knowledge and skill amongst organizational employees, empowering employees to follow development paths, and inspiring learning within the organization (Ali *et al.*, 2014).

Succession planning can best be understood as any effort designed to ensure the continued effective performance of an organization through the development, replacement and strategic application of its key personnel over time (Mohammad &Prized, 2016).

Succession planning is critical to an organization's continued existence as it involves the selection of talented employees to replace key organizational personnel who leave the organization because of retirement, reassignment or other reasons (Bolton & Roy, 2014).

The selected studies have focused on the effects of succession planning on organizational performance. For example, Wang'ombe (2013) among International NGOs in Kenya; Adhiambo (2014) among selected health service NGOs in Win am Division in Kisumu

County; Nekesa (2013) on Nzoia Sugar Company, Kenya and Oden go (2016) on Kenya Power and Lighting Company with these studies reporting a positive and significant relationship between succession planning and organizational performance.

While studies by the likes of Avanesh (2011), Mehrabani and Mohammad (2011), Ishaket *al*, (2013), Ali *et al*. (2014) and Wang'ombe (2013) reported a strong positive correlation between succession planning and organizational performance, studies by Nwosu (2014) and Pandey and Sharma (2014) reported that succession planning had a negative impact on employee productivity which in turn led to decreased organizational performance.

Although the fact that many studies have been conducted on succession planning, most of them were carried out in Asian countries like Iran and other developed countries particularly European countries (Basina and Watt, 2005).

The study findings indicate that few studies were done in the developing countries. Erasmus (2009) researched on the effectiveness of succession planning in SARS enforcement Port Elizabeth, South Africa.

According to Kebede and Sambasivam (2013), human knowledge increasingly becomes a crucial factor for competitive success understanding factors that contribute knowledge to workplace environment are essential to every organization. Ethiopian Shipping and Logistics Services Enterprise is one of the government enterprise which starts succession planning for its key employee since 2014 by identifying various pools for its key position starting from the top level management up to the lower level management and other non-managerial position but which are very critical position useful for the overall. The enterprise provides various types of technical and development training for all polls based on their assessment. The study findings indicate The Enterprise did not correctly practice the positive effect of human resource succession planning (Eyobe Hailu, 2018).

However, in Ethiopian context, Oromia region, Jimma zone, the study was different in that it was based on at Ministry of Revenues Jimma branch office, Ethiopia. This study aims at fulfilling these research gaps while answering the research question; to recommend for better performance; to determine what the effects of succession plan on the organization performance at Ministry of Revenues Jimma branch, Ethiopia?

First the effect of Turnover of staff on organizational performance: like Poor training and development opportunity, input is not appreciated, Work load by employing more workers, Turnover increasing work stress to present workers, unsatisfied with the salary getting in organization, Lack of Employee Assistance Programs, unsatisfied with working conditions,

Staff members are not involved in decision making and in organization there is no opportunity for career advancement.

Second, the effect of internal versus external replacements on organizational performance: Like internal retention has ability to motivate and retaining key employees, internal retention has positive effect on the performance, internal retention has sufficient information about employees, external replacement results in bringing focused roles and responsibilities across a career plan, external replacement will have stronger externally observable indicators of ability, such as experience or education, external replacement has limited information about employees and external replacement has sufficient talent pipeline.

Third, the effect of bench strength readiness on organizational performance: Like ability to motivate retain key employees, sufficient talent position in the organization, most helpful in preparing employees for promotional opportunities, succession planning will affect the professional development of employees, considered preparation of a succession plan for employees, focusing on roles and responsibilities across a career plan, availability of effective company vision and addressing future needs of the organization and attracting and recruiting the potential employees.

1.3. Research Objectives

1.3.1. General Objective

This study aims to examine the effect of succession plan on organizational performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia.

1.3.2. Specific Objectives

- I. To investigate the effect of turnover of staff on the organizational performance.
- II. To explore the effect of internal versus external replacements on the organizational performance.
- III. To examine the effect of bench strength readiness on the organizational performance.

1.4. Research Questions

1. What is the effect of turnover of staff on the organizational performance?
2. What is the effect of internal versus external replacements on the organizational performance?
3. What is the effect of bench strength readiness on the organizational performance?

1.5. Significance of the Study

At the end of the research study, it is expected that the person who reads were educated on the importance of succession plan in the organization performance, which was highlighted through its influences on the workers and organization's performance. Moreover, the study was involved in an attempt to add to knowledge on previous researches that have been performed on management succession planning. The findings of this study may benefit the policy makers (that is, the government) by providing visions as to the role of succession planning on the performance in the organization.

1.6. Scope of the Study

This study attempt to assess the Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia. Thus, among the objectives, the study was focuses on Succession Plan varieties turnover of staff, internal versus external and bench strength readiness. This study was limited to perceptions of full-time employees as long term effects of succession plan on organizational performance is usually observed on their physical, psychological and behavioral characteristics which in turn effect of succession planning. This study was delimited according to the variables mentioned in research objectives i.e. effect turn of staff, the effect of internal versus external replacements and bench strength readiness on the Organizational performance assessed accordingly through the study.

Methodologically, was organization empirical and theoretical studies were develop; Based on the research area, the researcher believes that those variables are critical effect to the succession planning in organizational performance at The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia. The study were assessed using quantitative approach and survey research design through questionnaire by considering the time, As the target population is 142, energy and financial resources required to accomplish the study.

Geographically, the study was carried out in The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia, and Oromia Regional State, of Jimma Zone in Jimma city.

1.7. Limitation of the Study

In the process of carrying out this study, the researcher came across some difficulties while trying to get some personal information from the respondents since they deemed such

information private while information pertinent to the At Ministry Of Revenues: The Case Of Jimma Branch Office, Ethiopia might be somehow regarded confidential, hence postponing the researcher in gathering adequate information for the study.

At the time of carrying out the study, most of the respondents were in the course of carrying out their routine jobs and as a result, finding time to fill in the questionnaires was difficult. This called for constant communication between the researcher and the offices so as to find the right fit in terms of time which would allow for collection of data from all the respondents. Another limitation of this study is brought about by the fact that this study was focused only in Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia.

1.8. Organization of the study

This study organized in to five chapters. These are:

Chapter One- Introduction: Background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, and organization of the study.

Chapter Two- Literature Review: theoretical part, empirical study part and conceptual framework par.

Chapter Three- Research Methodology: Research design, approach, design procedure for data collection, variables, statistical analysis and tool.

Chapter Four- Results & Discussion: describing the demographic characteristics, measuring organizational performance, succession planning, correlations among the variables, questions testing, and relationship between organizational performance and succession planning, and summary of findings and discussion and the last

Chapter Five - Conclusion, and Recommendation, and suggestion for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical framework of the study, empirical review based on the study objectives, conceptual framework of the study and operationalization of study variables.

2.2 Theoretical Review

2.2.1 Resource Based View Theory

The Resource Based View (RBV) theory can be traced back to the work of Birger Wernerfelt who developed an article titled “A Resource-Based View of the Firm” in 1984. However, elements of the RBV theory can be found in earlier research work by authors such as Coase in 1937, Selznick in 1957, Penrose in 1959, Stigler in 1961, Chandler in 1962 and Williamson in 1975 where emphasis was put on the importance of firm resources and its implications for firm performance (Armstrong & Taylor, 2014). The RBV theory argues that organizations should not try to achieve strategic fit with the external environment but aim to maximize their internal resources to create and dominate future opportunities (Saqib & Rashid, 2013). The theory’s central proposition is that if a firm is to achieve a state of sustained competitive advantage, it must acquire and control valuable, rare, inimitable and non-substitutable resources and capabilities (Peteraf & Barney, 2012). Within this theory people are viewed as an investment and not a cost and learning, knowledge sharing, innovation and experimentation are encouraged with the employees being involved in decision making (Wright, Dunford & Snell, 2011).

This theory assumes that an organization’s workforce is a unique and inimitable resource that can generate a competitive advantage for the organization if effectively harnessed (Saqib & Rashid, 2013). Ali *et al.* (2014) argues that a resource based view approach to strategic human management focuses on satisfying the human capital requirements of the organization. Wright *et al.* (2011) suggests that human resource policies and values of an organization constitute an important non-imitable resource and this is achieved by ensuring that; - the firm has higher quality people than its competitors, organization learning is encouraged, organization-specific values and a culture exist which bind the organization together (and) gives it focus, and the unique intellectual capital possessed by the business is developed and nurtured.

Critiques of this theory argue that the effectiveness of the resource based approach is inextricably linked to the external context of the firm and that the resource based approach provides more value when the external environment is less predictable. Other critiques have argued that the theory's valuable, rare, inimitable, and non-substitutable proposition is neither necessary nor sufficient for a firm's sustained competitive advantage (Armstrong & Taylor, 2014). This theory was relevant to the current study as employees' talent can be a valuable resource to an organization's performance. Thus, retention of high value (potential) employees should be an integral element of an organization's succession planning policies.

2.2.2 Human Capital Theory

Human capital theory was proposed by Schultz in 1961 and later developed extensively by Becker in 1964 as cited in his publication titled "Human Capital: A theoretical and Empirical Analysis to special reference to education". Human capital theory was developed on the realization that the growth of physical capital was only a small part of the growth of organizational income (Tan, 2014). Economist Theodore Schultz introduced return-on-investment, which highlighted the cost-benefit analysis of staff training and education. Based on Schultz's research on return-on-investment, Becker introduced the concepts of general-purpose human capital and firm-specific human capital that are widely used by human resource development practitioners worldwide to date (Josan, 2013).

Human capital theory suggests that employees' education or training raises their productivity by imparting useful knowledge and skills. This theory postulates that expenditure on training and education is costly, and should be considered an investment since it is undertaken with a view to increasing personal incomes. The human capital approach is often used to explain occupational wage differentials (Campbell, Coff & Kryscynski, 2012). In Becker's view, human capital is similar to "physical means of production", e.g., factories and machines meaning one can invest in human capital (via education, training, medical treatment) and a firm's output depends partly on the rate of return on the human capital one owns. Thus, human capital is a means of production, into which additional investment yields additional output (Armstrong & Taylor, 2014). Therefore by investing in human capital through staff training and development, the organization is able to retain talented workforce who will feel motivated to be part of the firm hence leading to better organizational performance (Rothwell, 2010).

However, there is criticism to this theory based on its assumption that education in fact guarantees employee retention. The theorists clearly did not take into account the transfer of

learning. Is the duration of education and training an assurance of retaining the employee in the organization? Certainly this notion is ideal, but questionable. This is because a highly skilled employee could as well look for a much more paying job (Tan, 2014). This theory was relevant to the current study given that decisions on whether to recruit from inside or outside are informed by the level of employees' skill and knowledge existent in an organization. Thus, where the required competencies are available in-house, then replacement of key personnel can be done through internal hires while if the required competencies are not available in-house, then replacement of key personnel is likely to be done through external hires. In this respect, the current study sought to explore the effect of internal versus external replacements on the performance of selected At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia.

2.2.3 Goal-setting Theory

Goal-setting theory was developed by Latham and Locke in 1968. The theory highlights four mechanisms that connect goals to performance outcomes, including: i) direct attention to priorities; ii) stimulate effort; iii) challenge people to bring their knowledge and skills to bear to increase their chances of success; and, iv) the more challenging the goal, the more people will draw on their full repertoire of skills (Locke & Latham, 2013). The basic premise of goal setting theory is that a person's conscious intentions (goals) are the primary determinants of task related motivation since goals direct our thoughts and actions'. Having goals impels individuals to review the consequences of their behavior. If they conclude that their goals will not be achieved by their current behavior, they will either modify their behavior, or choose more attainable goals (Locke & Latham, 2013).

This theory underpins the emphasis in performance management on setting and agreeing objectives against which performance can be measured and managed. Goal theory supports the agreement of objectives, feedback and the review aspects of performance management (Seniwoliba, 2015). Goal-setting theory asserts that people with specific and challenging goals perform better than those with vague goals, such as 'do your best', specific easy goals or no goals at all. Thus, goal setting theory assumes that there is a direct relation between the definition of specific and measurable goals and performance: if managers know what they are aiming for, they are motivated to exert more effort, which increases performance (Locke & Latham, 2013). The reason why goal-setting has a positive effect on performance is that a specific high goal affects choice, effort and persistence. In other words, a specific goal or target increases a person's focus on what is to be accomplished as opposed to putting it off

until a later date. Commitment to a specific high goal also leads to persistence until the goal is achieved (Armstrong & Taylor, 2014).

A good performance management system needs to be underpinned with good objective setting, and organization structure. Individuals need to be clear on what the key results areas are for each position and what is expected of them. Goal setting must also facilitate a bottom-up process, whereby individuals are given the opportunity to agree the goals through open dialogues, and to formulate their own goals within the overall performance management framework (Jackson & Sirianni, 2012). This theory was relevant to the current study given that the study sought to explore the effect of bench strength readiness on the performance of Selected at Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia. Assessment of bench strength readiness, which represents the percentage of management identified as ready for promotion, is usually based on identified persons' ability to meet certain specified organizational goals making performance evaluation an important element of assessing a firm's bench strength readiness.

2.3 Empirical Review

2.3.1 Turnover of Staff and Organizational Performance

Cook (2015) did a study of succession planning in a Global Electronics Company in the United Kingdom. The researcher adopted a case study research design. Data was obtained through semi-structured interviews of 5 organizational leaders who were responsible for succession planning at the company. Upon analysis of the semi-structured interview data using triangulation with the company's succession planning matrix documents, a primary theme emerged around the relationship between succession planning, talent management strategy and organizational strategy. A close positive relationship was found between talent management strategy and success of the company's succession planning programmed. The study recommended that the company should develop strong and effective talent management strategies with the focus of enhancing its succession planning efforts.

Pandey and Sharma (2014) investigated succession planning practices and challenges among Indian organizations. The study adopted a descriptive survey design and targeted senior management employees of the selected organizations as the study respondents. Study data was collected using interviewer-administered questionnaires and analyzed using both descriptive and inferential statistics. The study noted that talent retention was a primary concern in majority of the Indian organizations studied and recommended that the organizations should develop sound employee retention strategies aimed at retaining highly

skilled personnel and at the same time building up on under-performers. Lack of advancement opportunities, poor work-life balance, inadequate reward and recognition were identified as common reasons for departure among all employees.

Ishak, Ismail and Abdullah (2013) studied CEO succession and firm performance using evidence from Publicly Listed Malaysian firms. A match-paired t-test and Wilcoxon signed-rank test were used to determine if there was a change in firm performance following CEO succession. The overall results showed that performance improved following post-succession. The study found significant improvements in the performance of the Publicly Listed Malaysian firms that experienced turnovers and subsequently selected new talents as successors. The study noted that CEO turnovers that were followed by internal successions enhanced firm performance. On the elements of succession planning that greatly influenced firm performance, talent retention strategies ranked highly. The study concluded that as CEO succession impacted firms' future performance, the succession planning process should be a priority for the firms.

Nwosu (2014) did a study on succession planning and corporate survival of selected Nigeria firms. The population of the study was the staff of five blue-chip companies from different sectors in Nigeria Stock exchange while the sample size was determined using Taro Yemini formula. Weighted mean and Z-test were used as methods of data analysis and hypothesis testing. The study results revealed that there was a significant positive relationship between talent retention and survival of Nigerian firms. The study also found that staff mentoring, effective communication within the organization, proper delegation of duties and authority and sound staff welfare programs can help enhance talent retention in Nigerian firms.

Owusu (2012) did a study on an examination of the effects of employee retention strategies on the performance of selected rural banks in Ashanti Region in Ghana. The study aimed at identifying the causes of employee turnover, to examine the various employee retention strategies available at the selected rural banks and to assess the effects of the retention strategies on the performance of the selected rural banks. The study was based on primary data collected through questionnaires. Both simple random and purposive sampling approaches were employed to select the study respondents. The study revealed that the management of the rural banks used competitive salary package, guaranteed job security, challenging and interesting job opportunities and good training and development opportunities were the main strategies to retain employees in the banks. Adhiambo (2014) did a study on the influence of succession planning practices on performance of selected health

service non-governmental organizations in Winam Division of Kisumu County in Kenya. The study adopted a descriptive survey research design. The study targeted employees of nine NGOs in Winam Division. Purposive and stratified sampling techniques were used in sample selection. Study data was collected using a structured self-administered questionnaire. The study used descriptive statistics to analyze quantitative data using Statistical Package for Social Science (SPSS) application version 19 while qualitative data was analyzed through content and context analysis. The study found that there was a significant and a strong positive relationship ($r=0.794$) between human resource planning attributes such as talent retention and performance of health service NGOs in Winam Division. The study concluded that human resource planning was a key SP practice that enhanced organizational performance.

2.3.2 Internal versus External Replacements and Organizational Performance

Garg and Van Weele (2012) studied succession planning and its impact on the performance of small micro medium enterprises within the manufacturing sector in Johannesburg, South Africa. The study adopted a survey research design and utilized a combination of both qualitative and quantitative methodologies to get responses from 15 companies. The study identified succession planning as one of the most pressing issues for the small micro medium enterprises within the corporate governance sphere in South Africa. The study found that there was a gap between perceived and actual status of succession planning in the small micro medium enterprises studied and there was major room for improvement in this area. Further the small micro medium enterprises did not put plans in place to groom, train and develop their top managers in-house and hence resorted to hiring from outside. The study pointed that good succession planning can add value to the small micro medium enterprises, making them become more sustainable.

Ali *et al.* (2014) did a study on the impact of succession planning on employee's performance using evidence from Commercial Banks of Pakistan. The study was based on a survey to explore a conceptual model linking succession planning and employee's performance in commercial banks of Pakistan. The banks' staffs formed the study respondents with questionnaires being the research tools. Five point Likert scales were used to measure the response from the respondents. The study applied a quantitative approach to investigate the relationship between the study variables. The study results showed a significant positive

relationship between internal replacement of the banks' core staff and the performance of employees.

Cheng (2016) in a review of preparing for top management changes with a special focus on the relationship between succession planning processes and succession outcomes established that companies that continually prepared their employees to take up higher roles and responsibilities were more likely to experience lower turnover rates among non-managerial employees. He further asserted that, a firm would further reduce its labor turnover rate if it applied a non-discriminatory promotion policy to more employees across the organization. Similarly, in a study of the trends in leader development and succession, Bernthal and Wellins (2013) asserted that effective succession management calls for organizations to adequately equip their core workforce with necessary skills and competence required to assume managerial roles that may fall vacant. They further argued that internal recruitments of senior management staff increase worker motivation and commitment to the organization, reducing their tendency to think about other job opportunities.

Mehrabani and Mohamed (2011) investigated succession planning as a necessary process in today's organizations. The study was premised on the argument that today's environment is changing rapidly making organizations to face serious unpredictability and uncertainty. The study argued that, in this unstable environment, organizations need to rely on the most important assets: their people. The study noted that organizations need to strategize to motivate and connect their employees in order to create a competitive advantage and achieve higher profitability. The study further noted that organizations may consider methods like succession planning and management to promote their employees' knowledge, skills, talents, and capabilities to tackle problems created by the challenging environments. Succession planning can greatly reduce the skills gap within companies as management can identify potential skills gaps and develop employees accordingly.

Wang'ombe (2013) did a study on the effects of succession planning strategy on the performance of International Non-Governmental Organizations in Kenya. The study adopted a descriptive research design utilizing both primary and secondary data. Data analysis was carried out using qualitative and quantitative techniques with the aid of SPSS 20. The study results revealed that internal recruitment of senior management staff as a SP strategy had a positive relationship with the performance of the International Non-Governmental Organizations in Kenya. In conclusion, the study findings indicated that internal hiring of required expertise as a succession planning technique was a major contributor towards the

performance of International Non-Governmental Organizations in Kenya. The study thus recommended that International Non-Governmental Organizations in the country should consider granting their internal staff first priority in their SP endeavors especially in cases where the required competence is available within the organization.

Oden go (2016) studied the influence of succession planning practices on performance of Kenya Power Limited Company (KPLC). The study adopted a descriptive research design. The study had a target population of 1000 KPLC employees and a sample size of 100 employees of KPLC. Primary data was collected through the administration of questionnaires. Data analysis was conducted through descriptive statistics such as frequencies, percentages, means and standard deviation and inferential statistics - correlation and regression analysis using the Statistical Package for Social Sciences (SPSS). The study established that both internal and external hiring of top management team formed an integral component of succession planning strategies at KPLC.

2.3.3 Bench Strength Readiness and Organizational Performance

Avanesh (2011) did a study on succession planning and its impact on organizational performance in the IT sector in Bangalore India. A descriptive cross-sectional design was applied. The study targeted employees of IT firms in Bangalore as study respondents. Data collection was done using questionnaires. Two-tailed t-test and Pearson correlation coefficient together with a simple linear regression were employed in data analysis. The study findings showed that succession planning in the studied population was rather weak. Moreover, the study established that the percentage of management staff that would be identified as being currently ready for promotion within the studied firms was small. As such the study called for enhancement of succession planning practices among the IT firms in Bangalore India.

Adwoa (2014) investigated succession planning as a tool for organizational development using a case of University of Education, Winneba - Kumasi Campus in Ghana. The study employed descriptive case study research design. Quota sampling technique was adopted in choosing the study respondents. Data were gathered with the aid of questionnaires and interviews. Both qualitative and quantitative techniques were adopted in analyzing the data. The study revealed that University of Education, Kumasi Campus had a succession plan policy in place to fill key roles in the institution. The University was able to achieve this mainly through continued staff training and development and performance evaluation programmes that ensured that its core staff had the requisite competence to assume higher

positions. Succession planning implementation was found to be integrated in the University's organizational policy.

Akinyele (2015) did a study on succession planning and its impact on organizational survival in Nigeria using the case of Covenant University. The study adopted both case study and cross-sectional research designs. The study targeted top and middle level management staff of Covenant University as the study respondents. Study data was gathered through questionnaires and personal interviews. Pearson correlation coefficient was used for testing the study hypotheses. The study results showed that succession planning had a significant impact on organizational survival in Nigeria. The study confirmed that internal recruitment of key personnel as an element of succession planning had a significant positive impact on the organizational survival of Covenant University.

Mkama (2013) did a study on the assessment of banking succession planning in ensuring its continuity using a case of Mkombozi Commercial Bank PLC in Tanzania. This was a case study where the staff of Mkombozi Commercial Bank Plc. formed the study respondents. The implementation of succession planning was evaluated in terms of organizational objectives, top management participation and support as well as top management recruitment sources at various levels of the organization. The study employed questionnaires and interviews in data collection. The data were analyzed using descriptive statistics such as percentages and means. The results of study showed that majority of the respondents were highly satisfied with the way succession planning was implemented in their organization. This was mainly attributed to the bank's staff being offered an opportunity to assume higher responsibilities that arose within the bank.

Adhiambo (2014) did a study on the influence of succession planning practices on performance of selected health service non-governmental organizations in Winam Division of Kisumu County in Kenya. The study adopted a descriptive survey research design. The study targeted 480 employees of general and management staff of nine NGOs in Winam Division. The study used purposive and stratified sampling techniques in sample selection. Data was collected from study participants using a structured self-administered questionnaire. The study used descriptive statistics to analyze quantitative data using Statistical Package for Social Science (SPSS) application version 19 while qualitative data was analyzed through content and context analysis. The study established that there was a positive relationship between external recruitment of core personnel and performance of health service NGOs in Winam Division.

Oden go (2016) studied the influence of succession planning practices on performance of Kenya Power Limited Company. The study adopted a descriptive research design. The study had a target population of 1000 KPLC employees and a sample size of 100 employees of KPLC. Primary data was collected through the administration of the questionnaires. Data analysis was conducted through descriptive statistics such as frequencies, percentages, means and standard deviation and inferential statistics used both correlation and regression analysis using the Statistical Package for Social Sciences (SPSS). The study findings revealed a strong positive relationship between internal replacement of key staff and the performance of KPLC. Internal replacement of organization's core personnel was thus identified as a critical SP practice at KPLC.

According to a study by Abolaji and Kolade (2011) on succession planning and organizational survival using empirical evidence in Nigerian private tertiary institutions, the study noted that decisions on whether to recruit from inside or outside are not always a straight forward matter. The study concluded that it is not always easy to tell whether an internal or external replacement of key management personnel will have a positive or negative effect on organizational performance due to other variables that may come into play. Similarly, according to a study by Ali *et al.* (2014) on the impact of succession planning on employee's performance using evidence from Commercial Banks of Pakistan, there is contestation regarding whether to replace core management staff from within or outside. The effect of either an internal or external recruitment of a senior manager replacement on organizational performance could go either way – positive or negative.

2.4 Knowledge Gap

Existing literature provides a mix of results regarding the influence of SP on organizational performance. While studies by the likes of Avanes (2011), Mehrabani and Mohamed (2011), Ishak *et al.* (2013), Ali *et al.* (2014) and Wang'ombe (2013) reported a strong positive correlation between SP and organizational performance, studies by Nwosu (2014) and Pandey and Sharma (2014) reported that SP had a negative impact on employee productivity which in turn led to decreased organizational performance. On their part, Magasi (2016) and Garg and Van Weele (2012) reported that SP did not have any significant effect on organizational performance. This illustrates lack of consensus among the empirical studies as to the effect of SP on organization performance and hence there was need for further research on the subject.

Locally, a number of studies have focused on SP and organization performance. For instance, Adhiambo (2014) on selected health service non-governmental organizations in Winam Division, Kisumu County, Kenya; Nekesa (2013) on Nzoia Sugar Company, Kenya; Oden go (2016) on Kenya Power Limited Company and Rotech (2014) on family-owned supermarkets in Nairobi County. Whereas these studies enriched the researcher’s understanding on the subject of SP and organizational performance, none of the studies focused on The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia Which is the research gap that the current study sought to fill.

2.5.1 Conceptual Framework

2.5.2 Operationalization of Variables

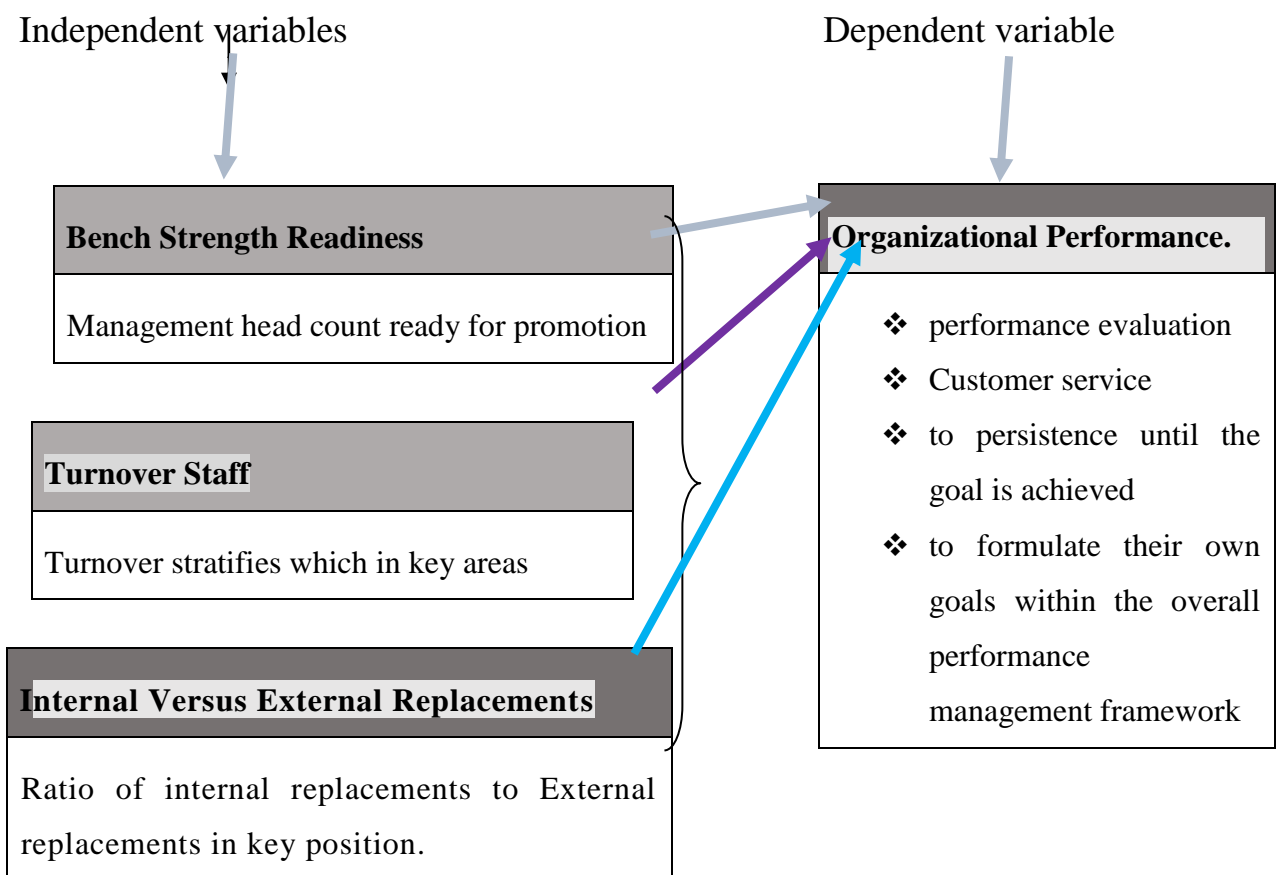


Fig 2.1: Conceptual Frame works of the Model
 Source: Author generated from empirical studies reviewed 2020

CHAPTER THREE

RESEARCH METHODOLOGY

Method of the study has been focused on the data needed, method of data collection, data collection technique and method of analysis and interpretations.

3.1. Research Design

This study adopts both descriptive and explanatory research design as then their importance of the Organizational variables in which questionnaires were administered to collect data from respondents with regards to potential that cause of turnover of staff, the effect of internal versus external replacements and bench strength readiness at EMoR Jimma branch office.

The process of descriptive research was investigated certain areas in depth with the overriding aim of describing issues as accurately as possible. Explanatory research not only indicates that a relationship exists between variables, but also indicates the direction of the relationship in a causal relationship. This research design used to low cost, even when the universe large and widely spread geographically. Respondents have adequate time to give well answers for questionnaires.

3.2. Target Population

According to Saunders, *et al.* (2003), a population is the full group of potential participants to whom the researcher wants to conduct the research for the study. Those were target population include of all employees working at Ethiopian Ministry of Revenues Jimma branch.

According to Kothari (2004), all items in any field of inquiry constitute a ‘Universe’ or ‘Population.’ A complete enumeration of all items in the ‘population’ is known as a census question, it can be presumed that in such a question, when all items are covered, no element of chance is left and highest correctness is obtained. However, it needs to be focused that when the universe is a small one, it is no use selecting to a sample survey.

Therefore the total populations of employees of the EMoR, Jimma branch are only 142 employees (male 105 and female 37) were used for survey as its small population in size.

The source lists of the total number of employees were obtained from the human resource department.

These employees of census were familiar with the operation of the organization and able to give the researcher more information about the effects of succession planning in

organizational performance through the structured questionnaires that were administered. Therefore, the census survey methods were used to administer the questionnaires to 142 employees of at Ethiopian Ministry of Revenues Jimma Branch.

3.3. Research Approach

This study employed a quantitative approach since the investigation process was done in a way that focuses on measurement of data. With regards to procedure, as true in most of research work and surveys, the usual approach happens to make generalizations about the limits of populations. Some part of the employees on the base of which judgments was made to be selected. because the current study were required doing things in a way that concentrate on measurement of quantitative data, this approach allows sample statistics such as sample mean or standard deviation, balanced estimates of employees parameters, and the researcher total populations.

3.4. Data Types and Sources

In this study, Primary data was collected from employees of Ethiopian Ministry of Revenues Jimma Branch.

3.5. Data Collection Method

The data for the study were collected using questionnaire, consisting of mainly structured or quantitative (close-ended) questions was used to collect the primary data for the study from the total populations in order to take the opinions of employees on the effect of succession planning on the organizational performance at Ethiopian Ministry of Revenues Jimma Branch.

All questionnaires were distributed to the total populations and the researcher personally collected all complete questionnaires from the respondents at their respective organization. Being a cross-sectional survey, the data were collecting at just a point in time, however, within a period of one week.

3.6. Data Processing and Analysis

The process of analyzing, cleaning, transforming, and modeling data collected is called data analysis (Wagner, Halley & Zain 2011). In each questionnaire except for demographic, summated scales (or Likert-type scales) were developed by utilizing the item analysis approach where in a particular item were evaluated on the basis of how well it discriminates between those persons whose total score were high and those whose score were low. The respondent indicates his agreement or disagreement with each statement in the instrument.

The overall score represents the respondent's position on the range of favorable/ unfavorable towards an issue. In a Likert scale, a respondent were asked to respond to each of the statements in terms of several degrees, usually five degrees of agreement or disagreement.

Respondents may respond in any one of the following ways: (i) strongly disagree, (ii) disagree, (iii) Not sure, (IV) agree, (v) strongly agree. SPSS version 20 computer software program was used. First the responses of the participants were coded in Excel worksheet and then exported to SPSS to analyze the findings. The raw data about the respondents' demographic and organizational variables were depicted using different table and figures.

After the respondents profile was presented, the effect of succession planning on organizational performance variables were processed using descriptive statics such as correlation, multiple linear regression and analysis of variance (ANOVA). The descriptive statics parts of the variables were analyzed using means, standard deviation, and percentage whereas questioners of the study were tested using correlation and multiple linear regressions.

3.6.1 Pearson Correlation Coefficient

According to Phyllis and his associates (2007), inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. According to Duncan C. and Dennis H (2004), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. In this study the Pearson's product moment correlation coefficient was used to determine the relationship between succession planning and organizational performance.

3.6.2 Multiple Linear Regressions Analysis

Multiple linear regressions is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. In this study multiple linear regressions was employed. This method takes into account the correlations among the predictor scores John Adams, et al., (2007). They added multiple regression analysis, which means more than one predictor was jointly regressed against the measure variable. These methods were used to determine if the independent variables were explaining the difference in dependent variable.

3.7. Model Specification and Study Variables

The equations of multiple linear regressions on this study were generally building around two sets of variables. The basic objective of using multiple linear regression equation on this study was to make the study more effective at describing, understanding and predicting the stated variables.

The data regression model used was as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \dots$$

Where;

Y = Organizational performance (which is the dependent variable)

X₁ = turnover of staff

X₂ = Internal versus external replacements

X₃ = Bench strength readiness

β₀ = Constant

β₁ - β₃ = Coefficients of independent variables

ε = Error term

3.8. Reliability and validity of the organizational performance Variables.

3.8.1 Reliability of the organizational performance Variables.

Reliability is defined by Vogt (2007) as the consistency of either measurement or design to give the same conclusions if used at different times or by different scholars. The first step in ensuring reliability was by providing clear working definitions of the variables under study. Thereafter, internal consistency was measured through internal consistency reliability Sekaran & Bougie, (2010) as well as split-half reliability using Cronbach's alpha. If R² (Alpha) value equaled to 0.7 and above, then the instrument was considered satisfactory Cronbach, 1951; and Sekaran & Bougie, (2010). A pilot study was accepted out in Ethiopian Ministry of Revenue Jimma branch offices which was not included in the total of the study. The pilot-test was conducted to test the reliability of the content. It was administered to selected respondents of 142 employees'. Cronbach's alpha reliability test was calculated after the pilot test was conducted. All items were carefully input in to SPSS version 20 and the average result found from Ethiopia Ministry of Revenue Jimma branch office respondents were (0.88)

3.8.2 Validity of the Instrument

Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the correctness of the measurement (John et.al, 2007).

All measures used to construct the instruments have shown acceptable level of construct and content validity in previous studies and are used in this study with small modification.

Checking the validity of data collecting instruments before providing for the actual study subject was the core to sure the quality of the data. To ensure validity of instruments, the instruments were developed under close guidance of the advisors and also a test study was approved out in Ethiopian Ministry of Revenue Jimma branch office which was not included in the sample of the study. It was administered to selected respondents of five employees. the pilot test provides an advance opportunity for the investigator to check the questionnaires and to minimize errors due to improper design of instruments, such as problems of wording or sequence (Adam set al., 2007).

According to Saunders (2004) validity is concern with whether the findings are really about what they are appear to be about it is extent to which data collection method accurately measure what they suggest to measure. The pilot-test was conducted to test the validity of the content. It was done with objectives of checking whether or not the items included in the instruments could enable the researcher to obtain the relevant information and to identify and remove problems in collecting data from the total population. Before conducting the pilot-test, respondents were oriented about the objectives of the pilot-study, how to fill out the items, evaluate and give feedback regarding the relevant items. To this end, draft questionnaires were distributed and filled out by the total population selected for the pilot study. After the dispatched questionnaires were returned, necessary modifications on three items and the complete removal and replacement of two unclear questions were made.

3.9. Ethical Considerations

The hard fact is that survey research is naturally intrusive and the data obtained could easily be abused. The researcher, therefore, was purposed to observe five basic research ethical principles as advocated by Drawing on (Oppenheim 1992). First, no harm should come to the respondents as a result of their participation in the research. This is the primary ethical principle governing data collection and it overrides all other considerations. Second, respondent's right to privacy should always be respected, and no undue pressure should be brought to bear. That is, respondents are perfectly within their rights to refuse to answer questions without offering any explanation, and they have the right to decide to whom and

under what conditions the information can be made available. No information can be published about identifiable persons or organizations without their permission. Third, respondents should be provided with sufficient initial information about the survey to be able to give their informed consent concerning participation and the use of data. Forth, permission to conduct the survey was being required from the Ethiopia Ministry of Revenue Jimma branch. Finally, it is the researcher's moral and professional obligation to maintain the level of confidentiality that was promised to the respondents at the onset.

CHAPTER FOUR

4.0. RESULTS AND FINDINGS

4.1. INTRODUCTION

This chapter is a presentation of data analysis, results and discussion. It has also highlighted results on demographics of the respondents such as age, gender, level of education; length worked in the organization and descriptive statistics such as frequencies, mean and standard deviations for ease of interpretation. Specifically using correlation, regression analysis to establish the significance of the model and also establish the relationships between the Effect of Succession Planning on Organizational Performance at Ethiopian Ministry of Revenues in Jimma branch offices.

4.1.1. Response Rate

Questionnaires were administered to 142 respondents filled the questionnaires. This represents a response rate of 100 %.The study found it important to establish the background information of the respondents because it forms the basis under which the researcher can judge their responses. The background information improves the understandings and description of variables. This was achieved through establishing the number of the staffs in the organization. This section presents general information of the respondents. It included age, gender, educational level, work experience and department of the respondent. The results of the findings are show in the figure.

4.1.2 Age of the Respondents

The study shown that the age distribution of the respondents chosen the less than 20 years which involved 11 (7.7 %) group between 20-30 years which comprised 106 (74.6%) of the total respondents and 31-40 years which comprised 25 (17.6 %) takes the largest share age group in the organization, the research wanted to know age distribution of respondents in order to determine their offices of the total.

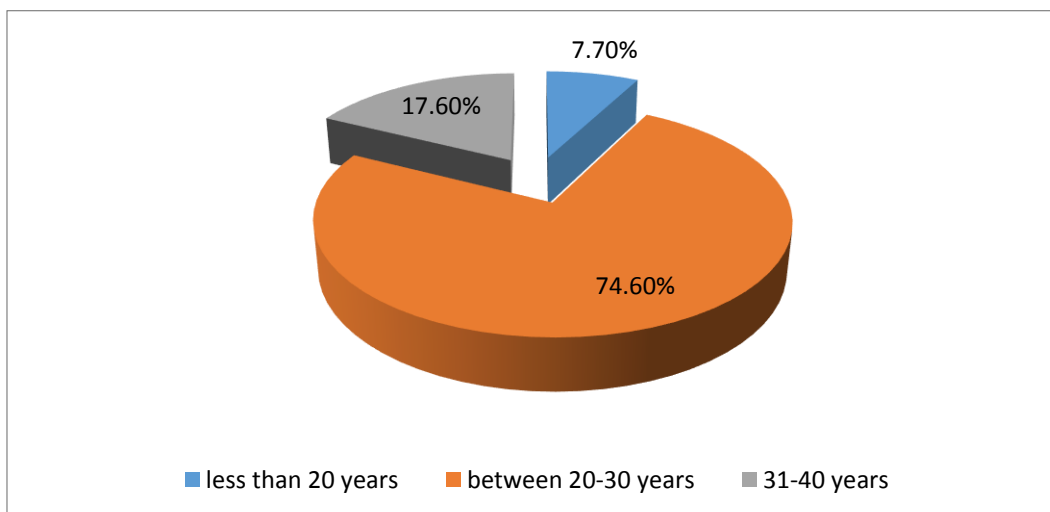


Figure 4.1: Graph showing Age percentages of respondents
 Source: Survey results, /Researcher, 2020

4.1.3. Gender of the Respondents

To investigate gender of the respondent's majority of the respondents were males accounting for 105 (73.9 %) of the population whereas females had 37(26.1%). More than half comprising of respondents were males.as shown in figure 4.2 below.

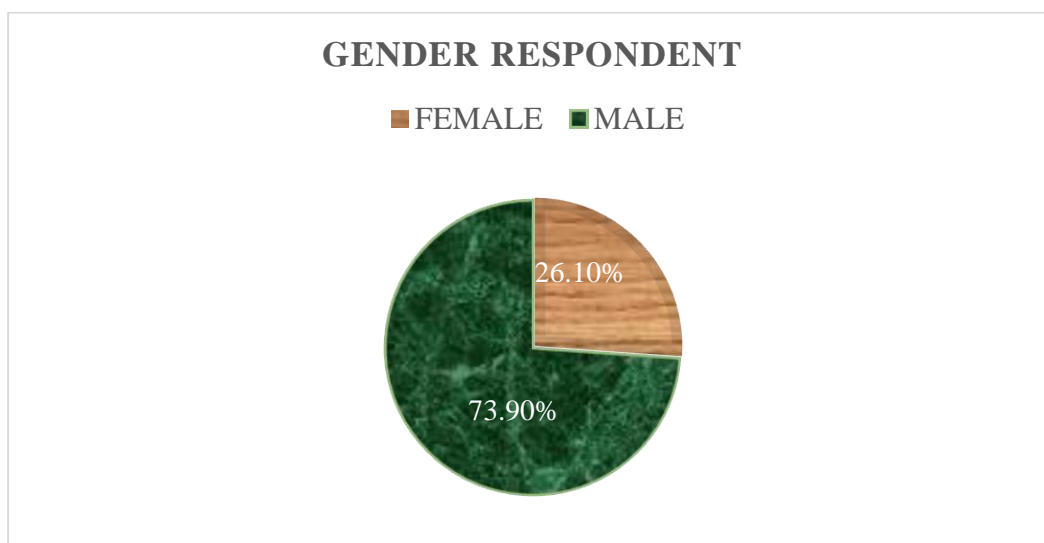


Figure 4.2: Graph Showing Gender percentages of respondents
 Source: Survey results, 2020

4.1.4. Education of the Respondents

This was because, education was assumed to have a key role in tolerating respondents to understand different questions on the effect of succession planning organizational performance in the organizations. The study found that 3 (2.1 %) of the respondents had qualifications of Preparatory complete 11-12. 12 (8.5 %) of respondents were Diploma. 127 (89.4 %) of respondents had a first degree and above. Therefore, the statistics indicate that all

categories of education were considered by the surveyed organizations during staffing. However, more than half of the respondents had a bachelor degree and above. Therefore, this statistics suggests that most of the office chosen graduates employees and respondents were asked to state their work experience in the Organizations.

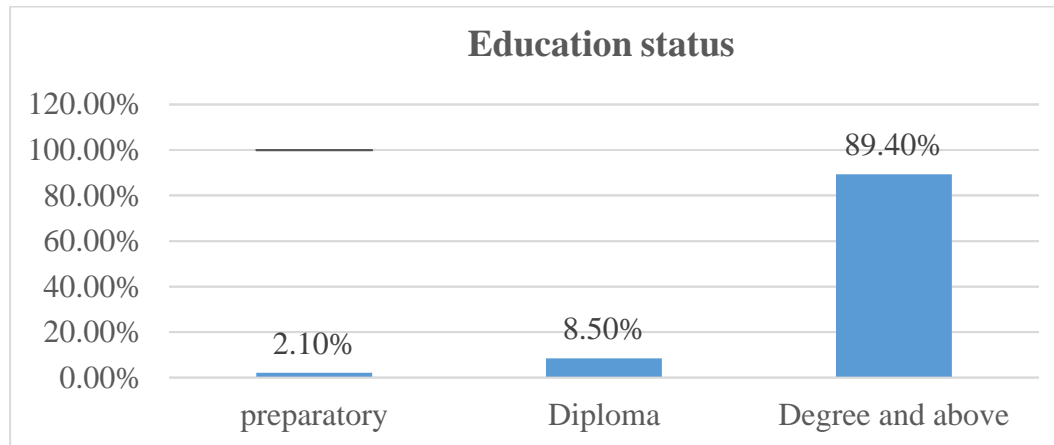


Figure 4.3: Graph showing Education percentages of respondents
 Source: Survey results, /Researcher, 2020

4.1.5. Department of the Respondents

The study shown that 8 (5.6 %) of the respondents were from the HRM. 49 (34.5%) of the respondents were from the tax operation departments. 13 (9.2 %) of the respondents were from the Tax Audit departments, 24 (16.9%) of the respondents were from the Customers Services departments, 18 (12.7 %) of the respondents were from the Finance departments, 1 (.7 %) of the respondents were from the legal departments 16 (11.3%) of the respondents were from the Cash Register departments, 8 (5.6%) of the respondents were from the women and children affairs departments and 5 (3.5 %) of the respondents were from the planning and control departments. However, the big number of the respondents was from Tax Audit departments which comprised more than half of total respondent

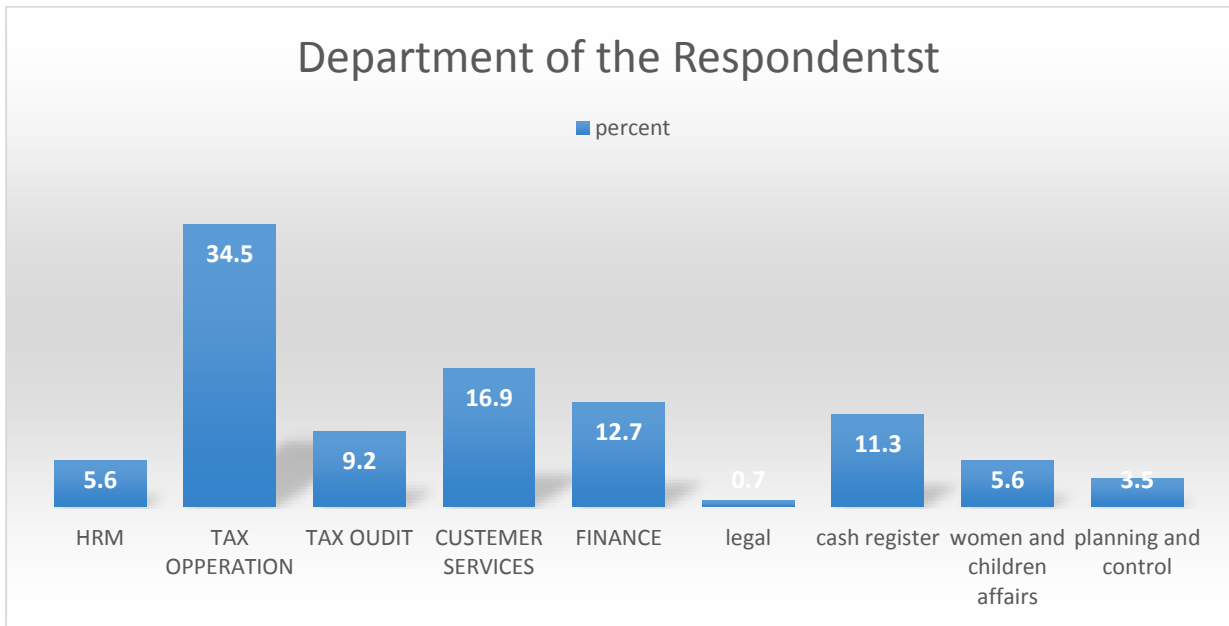


Figure 4.4: Graph showing Department percentages of respondents
 Source: Survey results, /Researcher, 2020

4.1.6. Working Experiences of the Respondents

The study statistics indicate that 10 (7.0 %) worked with their respective organizations for the period of Less than 1 year. 66 (46.5%) worked from 1 to 5 years with the respective organizations. 54 (38.0 %) of the respondents worked with the respective organizations for the period between 6 and 10 years. 12 (8.5 %) of the remaining respondents worked for their organizations for the period between 11 to 15 years. The statistics shows that there was a good combination of experienced and less experienced in the offices. However, the big number of the respondents was from the 1-5 years experienced employees which comprised more than half of total respondents.

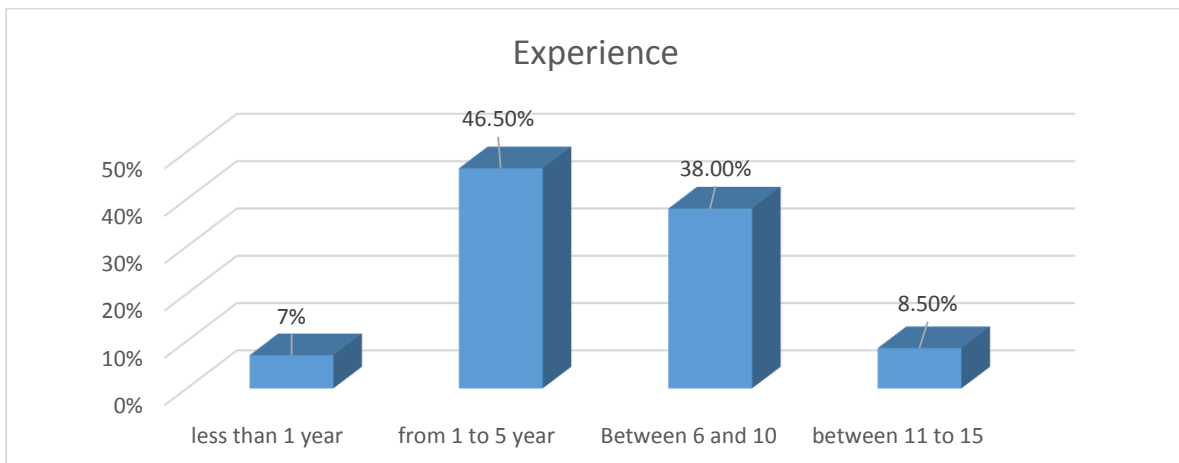


Figure 4.5: Graph showing Working Experiences percentages of respondents
 Source: Survey results, /Researcher, 2020

4.1.7. Responsibility in Organization of the Respondents

The study shown Responsibility in your Organization that 14 (9.9%) of the respondents were from Team leader, 80 (56.3%) of the respondents were from Higher officer, 43 (30.3 %) of the respondents were from officer, 5 (3.5%) of the respondents were from Plan controller and the last element was department of the respondents in the office were also Effect of Succession Planning on Organizational Performance. The aim of considering departments was due to the fact that even if the revenues identify more critical role currently it implements mostly on the branches.

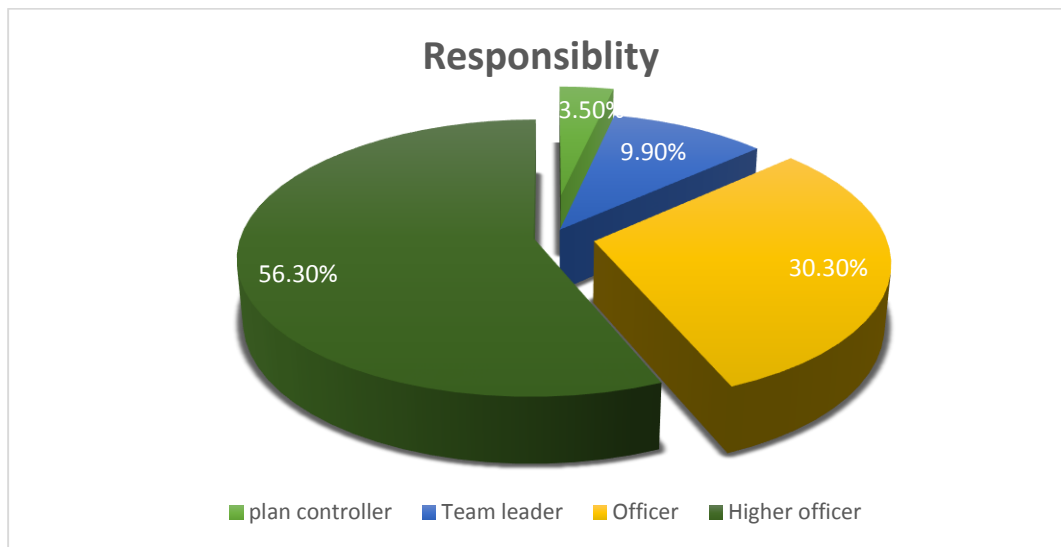


Figure 4.6: Responsibility in your Organization percentages of respondents
Source: Survey results, /Researcher, 2020

4.2. Reliability Statistics.

Table 4.2.1. Reliability Statistics

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.887	.888	29

Source: Survey results, 2020

Several authors such as, alwadaei (2010), Filed (2005), and Kothari state that even though, there is no predetermined standard; an instrument that provides a reliability coefficient of .70 is usually considered as reliable instrument, hence, in this study the internal consistency for all items of the instrument was tested using Cranach’s alpha method.

According to Allen and Yen (2002), Cronbach's alpha splits all the questions on the instrument in every possible way and computes correlation values for all of them. In the end, output is one number for Cronbach's alpha - and just like a correlation coefficient, the closer it is to one, the higher the reliability estimate of the instrument. As a rule of the thumb all items were accepted since their cronbachs alpha was above coefficients of 0.7 Before undertaking the analysis the researcher conducted a validity test using pilot test and reliability test using Cronbach's Alpha. The Cronbach Alpha for all items was **.887** which is greater than 0.70 indicating the research is reliable.

4.3. Descriptive Statistics of the Organizational performance

In the analysis to make the interpretations understandable, the mean scores are converted into percentage scores using the formula, (Rao and Abraham, 1991) cited in Mulatu Takele (2013): succession planning percentage score = (Mean value-1) x 25; where the score 1 corresponds to 0 present, 2 represents 25 present, 3 corresponds to 50 present, 4 represents 75 present and 5 represents 100 present. The percentage indicates the degree at which the particular items exist in the organization under the consideration. It is certainly desirable for the organizations to have percentage scores at least above 50 present (average) on each item to say it has reasonable succession planning. The descriptive statics of all sizes with their measurement was explained in the following sections of this study. As it is indicated in the table 4.2 below,

The respondent's opinion on the organization has performance quality has continually improved had the highest mean of 3.97 and a standard deviation of .753. This was I attend my work on time had the mean of 3.89 and standard deviation of .787. In addition, respondent's opinion I perform my duties efficiently without complaining had a mean of 3.89 and standard deviation of .931. In addition, respondents' opinion my performance is measured against customers satisfaction had a mean of 3.87 and a standard deviation of .893. In organization there is I complete my work in the time allocated on time had the lowest of mean 3.65 and standard deviation of .968

The total percentage score under this dimension were with average mean 3.85 and standard deviation 0.87 which is down average.

In general the analysis of all items under succession planning indicates positive effect on Organizational performance in ERCA Jimma branch. As shown in table

Table 4.3.1. Organizational performance

Descriptive Statistics			
VARIABLE	N	Mean	Std. Deviation
My performance quality has continually improved	142	3.97	.753
I attend my work on time	142	3.89	.787
I perform my duties efficiently without complaining	142	3.89	.931
My performance is measured against customers satisfaction	142	3.87	.893
I complete my work in the time allocated on time	142	3.65	.968
Valid N (listwise)	142	3.85	0.87

Source: Survey results, 2020

4.4. Descriptive Statistics Turnover of staff.

The respondent's opinion on the organization has a Poor training and development opportunity had the highest mean of 3.15 and a standard deviation of 1.087. This was input is not appreciated had the lowest mean of 2.94 and standard deviation of 1.225.

In addition, respondent's opinion Work load by employing more workers had a mean of 2.06 and standard deviation of .916. In addition, respondents' opinion on Work load by employing more workers had a mean of 1.98 and a standard deviation of .689. Whereas, respondents opinion on the Not satisfied with the salary getting in my organization had a mean of 1.96 and a standard deviation of .757. There is a Lack of Employee Assistance Programs had the of 1.90 and standard deviation of .819. Whereas, respondents opinion on the Not satisfied with working conditions had a mean of 1.89 and a standard deviation of .702. Whereas, respondents opinion on the Staff members are not involved indecision making. Had a mean of 1.81 and a standard deviation of .789. In organization there is no opportunity for career advancement had the lower of 1.67 and standard deviation of .681.

The overall response the findings indicates the Poor training and development opportunity and input is not appreciated to the nine items negative effect on the organizational performance as shown in table 4.4.1 below.

Table 4.4.1.Turnover of staff

Descriptive Statistics			
VARIABLE	N	Mean	Std. Deviation
Poor training and development opportunity	142	3.15	1.087
My input is not appreciated	142	2.94	1.225
Work load by employing more workers	142	2.06	.916
Turnover increasing work stress to present workers.	142	1.98	.689
Not satisfied with the salary getting in my organization	142	1.96	.757
There is a Lack of Employee Assistance Programs	142	1.90	.819
Not satisfied with working conditions	142	1.89	.702
Staff members are not involved indecision making.	142	1.81	.789
In organization there is no opportunity for career advancement	142	1.67	.681
Valid N (listwise)	142	2.15	0.85

Source: Survey results, 2020

4.5. Descriptive Statistics of the Internal versus external replacement.

The respondent's opinion on the organization has Internal retention has ability to motivate and retaining key employees had the highest mean of 3.18 and a standard deviation of 1.119. This was Internal retention has positive effect on the performance had the mean of 3.15 and standard deviation of 1.093. In addition, respondent's opinion internal retention has sufficient information about employees had a mean of 2.87 and standard deviation of 1.064. In addition, respondents' opinion on External replacement results in bringing focused roles and responsibilities across a carrier plan had a mean of 2.63 and a standard deviation of .978. Whereas, respondents opinion on the External replacement will have stronger externally observable indicators of ability, such as experience or education had a mean of 2.51and a standard deviation of 1.122. There is External replacement has limited information about employees had the of 2.49 and standard deviation of 1.016 In organization there is External replacement has sufficient talent pipeline had the lowest of mean 2.47and standard deviation of 1.177 indicates that the availability positive factors of internal replacements have strong influence in the organizational performance.

The overall response indicates that the internal retention has ability to motivate and retaining key employees and internal retention has positive effect on the performance to the seven

items which focus on the availability of positive effect influence on the Organizational performance. As shown in 4.5.1 table.

Table 4.5.1.internal versus external replacements

Descriptive Statistics			
VARIABLE	N	Mean	Std. Deviation
Internal retention has ability to motivate and retaining key employees	142	3.18	1.119
Internal retention has positive effect on the performance	142	3.15	1.093
Internal retention has sufficient information about employees	142	2.87	1.064
External replacement results in bringing focused roles and responsibilities across a carrier plan	142	2.63	.978
External replacement will have stronger externally observable indicators of ability, such as experience or education.	142	2.51	1.122
External replacement has limited information about employees	142	2.49	1.016
External replacement has sufficient talent pipeline	142	2.47	1.177
Valid N (listwise)	142	2.76	1.08

Source: Survey results, 2020

4.6. Descriptive Statistics of the of bench strength readiness.

The respondent's opinion on the organization has Ability to motivate retain key employees had the highest mean of 3.23 and a standard deviation of .965. This was Focusing on roles and responsibilities across a carrier plan had the mean of 1.81 and standard deviation of .475. In addition, respondent's opinion sufficient talent position in the organization had a mean of 3.15 and standard deviation of .977. In addition, respondents' opinion on Most Helpful in Preparing Employees for Promotional Opportunities had a mean of 3.06 and a standard deviation of 1.016. Whereas, respondents opinion on the Availability of effective company vision and addressing future needs of the organization had a mean of 1.71 and a standard deviation of .485. There is succession planning will affect the professional Development of employees had a mean of the 2.98 and standard deviation of 1.000. Addition, respondents' opinion on Attracting and recruiting the potential employees had a mean of 1.59 and a standard deviation of .521. Respondents' opinion on considered preparation of a succession plan for employees had the mean 2.60 and standard deviation of .694.

The overall response indicates that the Ability to motivate retain key employees ,Sufficient talent position in the organization , Most Helpful In Preparing Employees For Promotional

Opportunities and succession planning will affect the professional Development of employees to the eight items which focus on the availability of positive effect on the Organizational performance. As shown in table.

Table 4.6.1.bench strength readiness Descriptive Statistics

Descriptive Statistics			
VARIABLE	N	Mean	Std. Deviation
Ability to motivate retain key employees	142	3.23	.965
Sufficient talent position in the organization	142	3.15	.977
Most Helpful In Preparing Employees For Promotional Opportunities	142	3.06	1.016
succession planning will affect the professional Development of employees	142	2.98	1.000
considered preparation of a succession plan for employees	142	2.60	.938
Focusing on roles and responsibilities across a carrier plan	142	1.81	.475
Availability of effective company vision and addressing future needs of the organization	142	1.71	.485
Attracting and recruiting the potential employees	142	1.59	.521
Valid N (listwise)	142	2.5	0.79

Source: Survey results, 2020

4.7. Correlation Analysis between major variables and organization performance (dependent and independent variables)

The Pearson correlation matrix is useful for analyzing data that is non-categorical in nature and uses interval measurement scale (Field, 2009).

According to Hinkle, et.al (2003) the rules of thumb that need to be used in interpreting the R-value obtained from inters correlation analysis. Based on rule of thumb for interpreting the Size of a Correlation If the R-value Above 0.70, the relationship is Very Strong; If the R-value is 0.50 - 0.69, the relationship is Strong; If R- value is 0.30 – 0.49, it is Moderate Relationship; If the R- value is 0.10 – 0.29, Low Relationship, and If the R- value is 0.01 – 0.09 it has Very Low Relationship.

Table 4.7.1: Pearson’s Product Moment Correlation Coefficient of all variables

Correlations					
		Organizational Performance	Turnover of staff	Internal Versus External Replacements	Bench strength readiness
Organizational Performance	Pearson Correlation	1	.926**	.931**	.936**
	Sig.(2-tailed)		.000	.000	.000
	N	142	142	142	142
Turnover of staff	Pearson Correlation	.926**	1	.888**	.904**
	Sig.(2-tailed)	.000		.000	.000
	N	142	142	142	142
Internal Versus External Replacements	Pearson Correlation	.931**	.888**	1	.906**
	Sig. (2-tailed)	.000	.000		.000
	N	142	142	142	142
Bench strength readiness	Pearson Correlation	.936**	.904**	.906**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	142	142	142	142
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Survey results, 2020

The results imply that an existence of very strong and positive correlation between Bench strength readiness and Organizational Performance with a scale of 0.01)

($r = .936^{**}$, $N = 142$, $p < 0.01$). The results also indicate very strong and positive correlation between Internal Versus External Replacements and Organizational Performance with a scale of $.931^{**}$ and very strong and positive correlation ($r = .931^{**}$, $N = 142$, $p < 0.01$). Between Turnover of staff and Organizational Performance with a magnitude of ($r = .926^{**}$, $N = 142$, p

< 0.01).The observation is further reinforced by the predictor variables p-values of 0.000 signaling statistically significant positive correlation, an alpha of 0.01. This shows that all of the selected variables are very strongly and positively correlates with Organizational Performance and The results imply that an existence of very strong and positive correlation between Bench strength readiness and Internal Versus External Replacements with a scale of .906^{**}. The results imply that an existence of very strong and positive correlation between Bench strength readiness and Turnover of staff with a magnitude of .904^{**}The results also indicate very strong and positive correlation between Internal Versus External Replacements and Bench strength readiness with a scale of .906^{**} and Turnover of staff with a scale of .888^{**} So This shows that all of the selected variables are the relationship is Very strongly and positively correlates with each other's.

4.8. Multiple Linear Regressions Analysis

In addition, the researcher conducted a regression analysis to establish the combined effects of the independent variables (Turnover of staff, Internal Versus External Replacements and Bench strength readiness) on the dependent variable (Organizational Performance).

4.8.1. Assumptions of Multiple Linear Regression

Multiple linear regressions allow a more sophisticated exploration of the interrelationship among a set of variables. It can be used to address a variety of research questions and indicate how well a set of variables is able to predict a particular outcome (Pallant, 2005). In the context of this study, the researcher employed the standard multiple linear regression. In standard multiple regression, all independent variables are entered into the regression equation at once.

The assumptions of multiple linear regression tested with SPSS and identified as primary concern in this research include; multicollinearity, normality, linearity and homoscedasticity. Detailed definitions, descriptions and interpretations of these assumptions can be discussed below.

1. Multicollinearity Test

Collinearity (also called multicollinearity) refers to the assumption that the independent variables are uncorrelated (Darlington, 1968; Keith, 2006). The researcher is able to interpret regression coefficients as the effects of the independent variables on the dependent variable when collinearity is low (Keith, 2006). This means that we can make inferences about the causes and effects of variables reliably. Multicollinearity occurs when several independent

variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). Tolerance levels for correlations range from zero (no independence) to one (completely independent) (Keith, 2006). The VIF is an index of the tolerance. When a predictor variable has a strong linear association with other predictor variables, the associated VIF is large and is evidence of multicollinearity (Shieh, 2010). The rule of thumb for a large VIF value is ten (Keith, 2006; Shieh, 2010). Small values for tolerance and large VIF values show the presence of multicollinearity (Keith, 2006). Based on the above assumptions the researcher performed multicollinearity test to check the dependency of predictor variables with one another and the fitness of the model. As indicated in the table below, there is no existence of multicollinearity problem among the explanatory variables as tolerance values are greater than 0.1 and VIF values less than 10.

Table 4.8 Collinearity Statistics

Coefficients^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Turnover of staff	.138	7.236
	Internal Versus External Replacements	.134	7.453
	Bench strength readiness	.112	10.010

a. Dependent Variable: Organizational Performance

Source: - SPSS V.20 survey result 2020

2. Normality

Normality refers to the normal distributions of the residuals about the predicted dependent variable scores. This assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Keith, 2006). Normality tests are used to determine whether a data set is well-modeled by a normal distribution or not, or to compute how likely an underlying random variable is to be normally distributed (Gujarati, 2009). Normality can be checked through histograms of the standardized residuals (Stevens, 2009). Histograms are bar graphs of the residuals with a superimposed normal curve that show distribution. As depicted in the figure below; which is an example of a histogram with a

normal distribution from the SPSS software, there is no normality problem on the data used for this study.

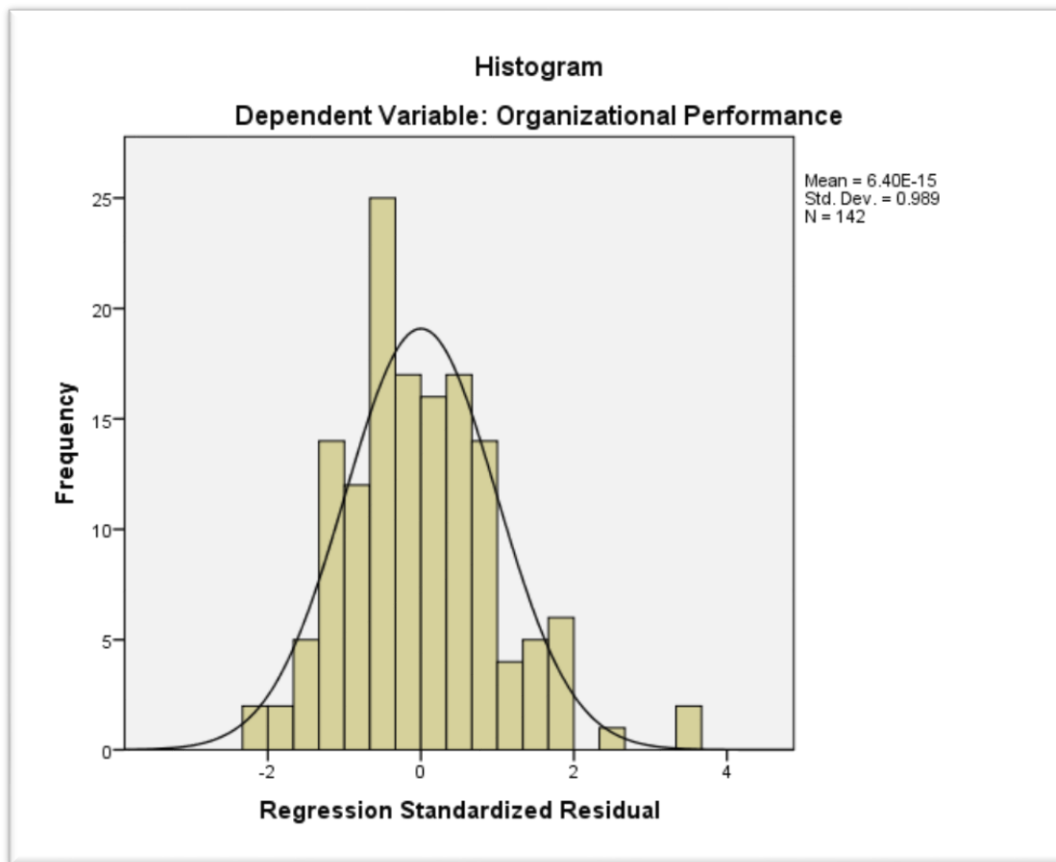


Figure 4.7 Histogram
Source: - SPSS V.20 survey result 2020

3. Linearity

Linearity has to do with the residuals should have a straight-line relationship with predicted dependent variable scores. It describes the dependent variable as a linear function of the predictor variables. Multiple regressions can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature. If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under- or over- estimate the true relationship of the variables (Osborne & Waters, 2002). According to Stevens (2009), linearity can be best checked by normal p-plot residual. As shown in the figure below, the relationship between the dependent and independent variables is linear. Hence, there was no linearity problems on the data used for this study.

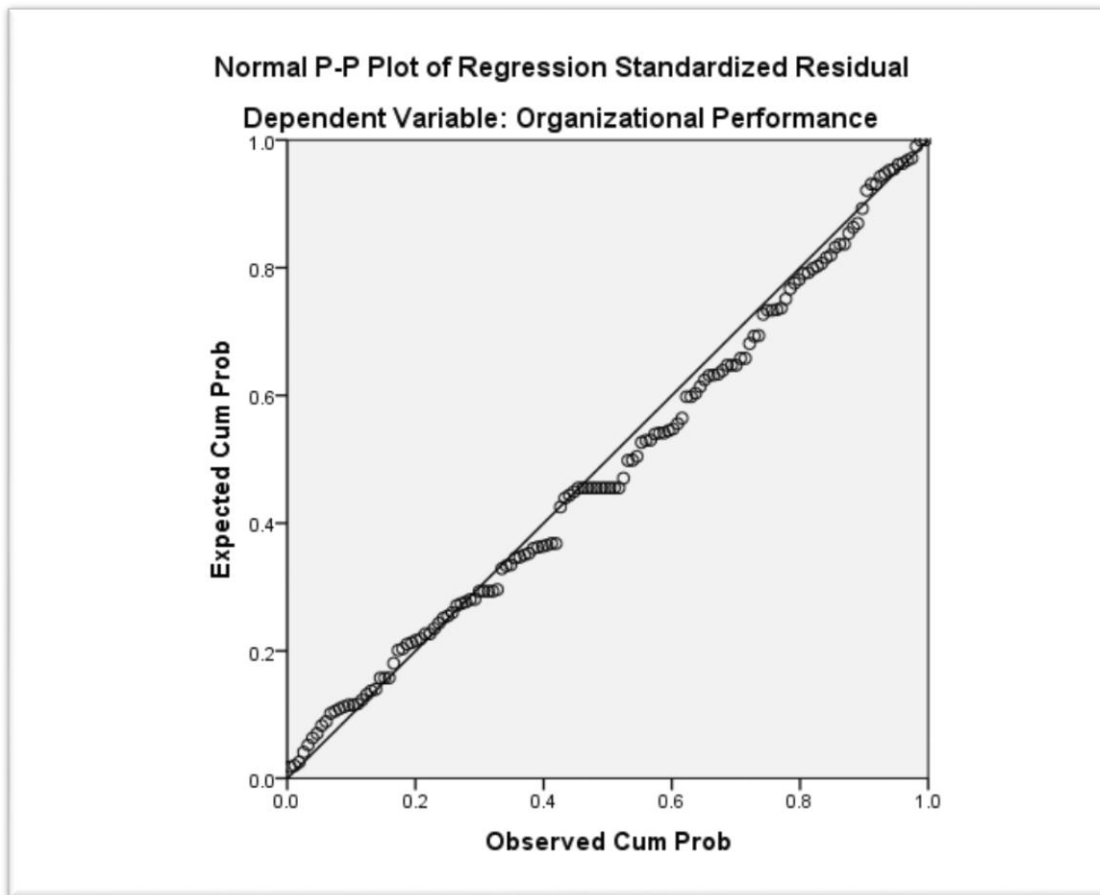


Figure 4.8 Normal P-P Plot

Source: - SPSS V.20 survey result 2020

4. Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables. Statistical software scatter plots of residuals with independent variables are the method for examining this assumption (Keith, 2006). Ideally, residuals are randomly scattered around zero providing even distribution (Osborne & Waters, 2002). To check this assumption scatter plot was generated for the model. As shown in the figure below, the error variance is constant since most scattered plot attributes are around zero and near to the horizontal line. Therefore, there is no violation of homoscedasticity assumption in this study.

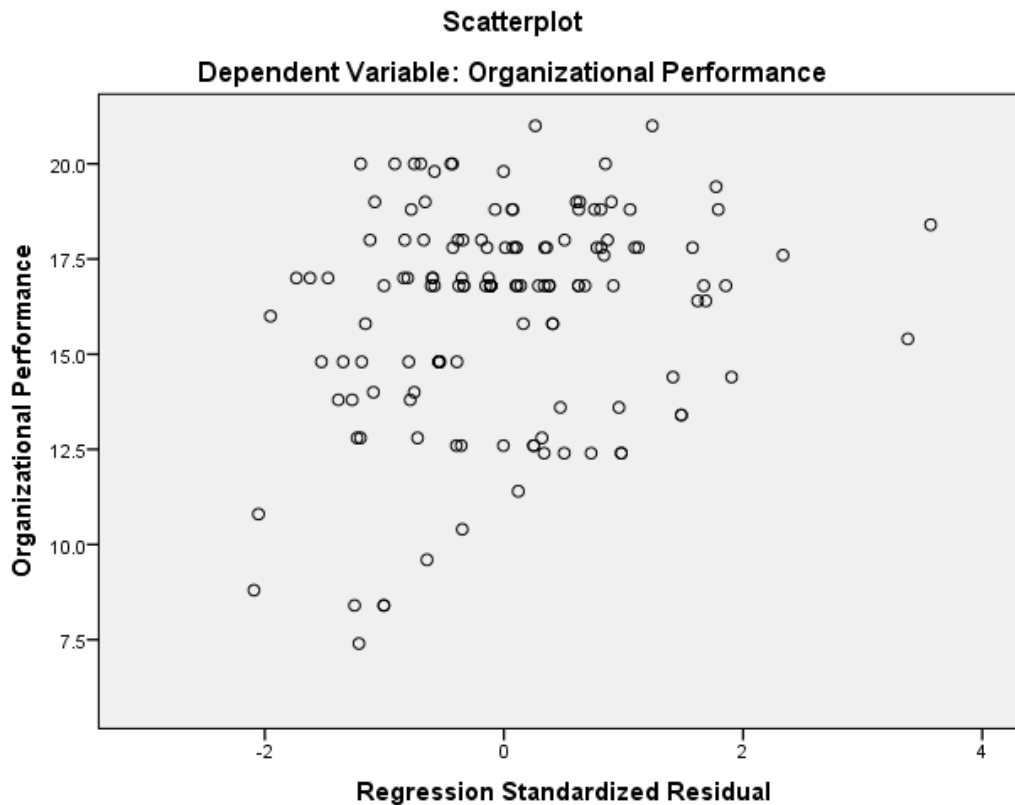


Figure 4.9:- Scatter plot
Source: - SPSS V.20 survey result 2020

4.9. Model Summary.

As shown in table 4.9.1 below the model summary of regression analysis between independent variables of (Turnover of staff, Internal Versus External Replacements and Bench strength readiness) on the dependent variable (Organizational Performance). These findings show that the independent variables in this study affect the dependent variables (Organizational Performance) up to 92% as indicated by the adjusted R Square. Thus, 92.8 percent of the variances in Organizational Performance can be explained by combined effect of the predictor/independent variables. The remaining variances on the dependent variable could be explained by other variables researcher not included in this study.

Table 4.9.1.Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.964 ^a	.930	.928	.742

a. Predictors: (Constant), Bench strength readiness , Turnover of staff , Internal Versus External Replacements

Source: SPSS output from survey data, 2020.

4.10. Depicts ANOVA

Table 4.10.1.depicts ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1003.124	3	334.375	607.630	.000 ^b
	Residual	75.940	138	.550		
	Total	1079.064	141			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Bench strength readiness , Turnover of staff , Internal Versus External Replacements						

Source: SPSS output from survey data, 2020.

The above table 4.10.1 depicts ANOVA (Analysis of Variance) of regression analysis between three independent variables including Turnover of staff, Internal Versus External Replacements and Bench strength readiness. From the analysis of variance the result of positive and significance of all values shows that model summary is significant. This is so, given F statistic of 607.630 and a probability value of 0.000 (i.e. F=607.630, p-value = 0.000). The probability value of (0.000) shows that there is a very low possibility that the statement happen. Hence, the overall regression model is significant and therefore gives a logical support to the study model.

Table 4.10.2. Multiple Linear Regressions Coefficients^a

coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.770	.401		1.921	.057
	Turnover of staff	.261	.049	.306	5.375	.000
	Internal Versus External Replacements	.282	.047	.345	5.966	.000
	Bench strength readiness	.334	.060	.347	5.594	.000
a. Dependent Variable: Organizational Performance						

Source: SPSS output from survey data, 2020.

Therefore from the equation of liner regression:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

Y = Organizational performance (which is the dependent variable)

X₁ = turnover of staff

X₂ = Internal versus external replacements

X₃ = Bench strength readiness

€ = standard error.

B₀ is the intercept/Y-Intercept term- constant which would be equal to the mean if all slope coefficients are 0.

β₁, β₂, β₃, are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables

$$\text{Organizational Performance} = .770 + .261 \text{ turnover of staff} + .282 \text{ Internal versus external replacements} + .334 \text{ Bench strength readiness (X}_3\text{)} + \epsilon$$

Therefore:

$$Y = .770 + .261 X_1 + .282 X_2 + .334 X_3 + \epsilon$$

The table 4.10.2 above regressions showed that, the correlation between the observed value of Organizational Performance and the optimal linear mixture of the independent variables (Turnover of staff, Internal Versus External Replacements and Bench strength readiness). The findings from the study showed that all variables were significant as their significance values were less than 0.05. From the model, taking all independent variables/factors constant at zero Organizational Performance had an independent of .770 the data findings also showed that a unit increase in Bench strength readiness indications to increase in the Organizational Performance by .334. A unit improved in Internal Versus External Replacements indications to an increase in the Organizational Performance by .282. A unit increased in turnover of staff indications to increase Organizational Performance by .261. Generally, this regression model shows how much each predictor variables contributed to the outcome value.

The regression analysis showed in table 4.8 above showed that out of three variables. Those variables turnover of staff related factor an Organizational Performance at significant of 0.000 level of probability and was found highly significant. The next influencing on Organizational Performance was effective Bench strength readiness as per term and .000 level of probability and was found statistically significant at 5% level of significance ($p=.000$), Similarly, Monitoring during turnover of staff was also found important factor in influencing Organizational Performance. With a p-value of .000, it was found statistically significant at 5% level

All the variables were significant ($p<0.01$) with the most significant factor being turnover of staff followed by bench strength readiness and internal versus external replacements, respectively significance.

4.11. DISCUSSION

The findings on effect Turnover of staff on the organizational performance shown that respondent's opinion on the organization has a Poor training and development opportunity had the highest mean of 3.15 and a standard deviation of 1.087. This was input is not appreciated had the mean of 2.94 and standard deviation of 1.225. In addition, respondent's opinion Work load by employing more workers had a mean of 2.06 and standard deviation of .916. In addition, respondents' opinion on Work load by employing more workers had a mean of 1.98 and a standard deviation of .689. Whereas, respondents opinion on the Not satisfied with the salary getting in my organization had a mean of 1.96 and a standard deviation of .757. There is a Lack of Employee Assistance Programs had the of 1.90 and standard deviation of .819

Whereas, respondents opinion on the Not satisfied with working conditions had a mean of 1.89 and a standard deviation of .702. Whereas, respondents opinion on the Staff members are not involved indecision making. Had a mean of 1.81 and a standard deviation of .789. In the organization there is no opportunity for career advancement had the lower of 1.67 and standard deviation of .681.

The overall response the findings indicate that the Poor training and development opportunity and input is not appreciated to the nine items negative effect on the organizational performance.

In support to this statement findings based on Ferreira and Almeida (2015) also conducted a study to investigate the relationship between employee turnover and performance in retailing businesses. To achieve this aim, the researchers used data from a single company with several comparable companies and tested whether stores with lower employee turnover have better financial and organizational results (sales and workplace accidents, respectively). This study also analyzed whether Human resources practices, such as rewards, recognition and training, affect employee turnover.

Similarly, Ahmed, Sabir, Khosa, Ahmad and Bilal (2016) conducted to a study to investigate the impact of employee turnover on the effectiveness of in an organization.

Additionally, Pandey and Sharma (2014) investigated succession planning practices and challenges among Indian organizations. The study noted that talent retention was a primary concern in majority of the Indian organizations studied and recommended that the organizations should develop sound employee retention strategies aimed at retaining highly skilled personnel and at the same time building up on under-performers. Lack of

advancement opportunities, poor work-life balance, inadequate reward and recognition were identified as common reasons for leaving among all employees

Though every public, non-governmental and private company are operating in the country, two study was selected, which are Ethiopia road authority and international rescue committee based on the availability of past study on the issue. According to Solomon (2007), Ethiopian Road Authority is one of the victims of employee's turnover. However, management who could take action to prevent it rarely considers it. The findings of the study revealed that inadequate wage level, poor moral and low level of motivation, mismatch between employee's personal value and plans with large corporate culture stated among factors contributing of employee's turnover.

The findings on Internal Versus External Replacements and organizational performance shown respondent's opinion on the organization has Internal retention has ability to motivate and retaining key employees had the highest mean of 3.18 and a standard deviation of 1.119. This was Internal retention has positive effect on the performance had the mean of 3.15 and standard deviation of 1.093. In addition, respondent's opinion internal retention has sufficient information about employees had a mean of 2.87 and standard deviation of 1.064. In addition, respondents' opinion on External replacement results in bringing focused roles and responsibilities across a carrier plan had a mean of 2.63 and a standard deviation of .978. Whereas, respondents opinion on the External replacement will have stronger externally observable indicators of ability, such as experience or education had a mean of 2.51 and a standard deviation of 1.122. There is External replacement has limited information about employees had the 2.49 and standard deviation of 1.016 in organization there is External replacement has sufficient talent pipeline had the lowest of mean 2.47 and standard deviation of 1.177.

The overall response indicates that the internal retention has ability to motivate and retaining key employees and internal retention has positive effect on the performance to the seven items which focus on the availability of positive effect influence on the Organizational performance.

In support to this statement findings conversely, employee's retention is a vital issue and challenge to all organization currently, it remains a crucial issues for the organization because of the costs associated with recruiting, selecting and training new employees (Allen, Bryant and Vardaman, 2010). Employee retention is the "effort by an employer to keep desirable workers in order to meet the business objectives" by keeping the right people on the right jobs

(Frank, Finnegan and Taylor 2004; Hassan *et al.*, 2011). A successful company often has a high employee retention rate. Organizational success depends on having the right employees ready to take over with the right competencies at the right time (Kowalewski *et al.*, 2011; Lewis, 2009). Also hiring someone from outside the organization would take long time to understand the inner workings of the company. Companies realize that to be effective, individuals have to know the business and know the players. In a fast changing, competitive world, time cannot be sacrificed (Flanders, 2008).

Additionally this also agreed with Bernthal and Wellins (2013) who argued that firms with stronger internal career progression policies often outperform those firms with weak internal career progression policies as internal recruitments of senior management staff increase worker motivation and commitment to the organization.

The third findings provided answers to research questions the effect of bench strength readiness on the Organizational performance. The respondent's opinion on the organization has Ability to motivate retain key employees had the highest mean of 3.23 and a standard deviation of .965. This was Sufficient talent position in the organization had the mean of 3.15 and standard deviation of .977. In addition, respondent's opinion Most Helpful in Preparing Employees for Promotional Opportunities had a mean of 3.06 and standard deviation of 1.016. In addition, respondents' opinion on succession planning will affect the professional Development of employees had a mean of 2.98 and a standard deviation of 1.000. Whereas, respondents opinion on the considered preparation of a succession plan for employees had a mean of 2.60 and a standard deviation of .938. There is Focusing on roles and responsibilities across a carrier plan had a mean of the 1.81 and standard deviation of .475. Addition, respondents' opinion on Availability of effective company vision and addressing future needs of the organization had a mean of 1.71 and a standard deviation of .485. In organization there is Attracting and recruiting the potential employees had the lowest of mean 1.59 and standard deviation of .521.

The overall response indicates that the sufficient talent positions in the organization, ability to motivated and retain key employees, Most Helpful in Preparing Employees for Promotional Opportunities and succession planning will affect the professional Development of employees to the eight items which focus on the availability of positive effect influence on the Organizational performance.

In support to this statement finding conversely this also agreed with Cook (2015) who observed a close positive relationship between bench strength readiness as a talent

management strategy and organizational performance. Jehanzeb, Rasheed, Rasheed, and Aamir, (2012) Organizations need to understand the factors that determine the degree to which rewards satisfy people as this contributes to their motivation and engagement.

Succession planning represents a deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital within key employees for the future, encourage individual advancement, ensure the stability or “bench strength” of key personnel, provide an overarching approach to continue effective performance of the organization, and organize concerted programmers for the development, replacement, and leveraging of key people to ensure a deep talent pipeline (Schoonover, 2011).

Zulqurnain *et al.*, (2014) highlighted that organizations that use succession planning can identify and recruit potential and talented hence develop employees to meet the set objectives and increase employee’s performance. Moreover, an organization is able to achieve a competitive advantage. Succession planning is essentially talent management. An institution that practices succession planning identifies employees with talent and potential, and giving them opportunities to develop this potential and gain additional skills, particularly managerial, supervisory, and leadership skills. Succession plans also prepare employees for positions that may not have direct managerial responsibilities, for example, highly specialized positions that require extensive training (Walker, 2011).

A previous literature suggests that the “Reward system consists of explicit policies practices and procedures which are organized and managed as a whole” Armstrong, (2008, p.133) rewarding employees makes them feel appreciated and wanted, which enhances their bond with the organization. Rewards, therefore, play a role in retention of employees by making them feel wanted and motivated which in return leads to job satisfaction and a higher probability of staying within an organization.

The respondent’s opinion on the organization has performance quality has continually improved had the highest mean of 3.97 and a standard deviation of .753. This was I attend my work on time had the mean of 3.89 and standard deviation of .787. In addition, respondent’s opinion I perform my duties efficiently without complaining had a mean of 3.89 and standard deviation of .931. In addition, respondents’ opinion my performance is measured against customers satisfaction had a mean of 3.87 and a standard deviation of .893. In organization there is I complete my work in the time allocated on time had the lowest of mean 3.65 and standard deviation of .968.

Avanesh (2011) described organizational performance measurement as a process of assessing progress towards attainment of pre-determined organizational goals including information on the efficiency with which resources are transformed into goals and services, the quality of those outputs and outcomes, and the effectiveness of the organizational operations in terms of their specific contributions to organizational objectives.

According to Garg and Van Weele (2012), organizational performance encompasses three specific areas of firm outcomes that include financial performance (e.g. shareholder return), customer service social responsibility (e.g. corporate citizenship) and employee stewardship (e.g. staff training and development). Past studies have used financial and non-financial metrics to measure organizational performance. The financial measures include profitability, liquidity, gearing and activity ratios. Non-financial measures include productivity, quality, efficiency, and the attitudinal and behavioral measures such as commitment, intention to quit, and satisfaction (Cheng, 2016).

Those variables turnover of staff related factor an Organizational Performance at significant was found highly significant. The next influencing on Organizational Performance was effective Bench strength readiness as per term was found statistically significant at level of significance Similarly, Monitoring during turnover of staff was also found important factor in influencing Organizational Performance. Turnover of staff, Internal Versus External Replacements and Bench strength readiness. that all of the selected variables are very strongly and positively correlates with each other's, and Generally, this regression model shows how much each predictor variables contributed to the outcome value.

So This shows Correlation Coefficient that all of the selected variables are the relationship is Very strongly and positively correlates with each other's and All the variables were significant with the most significant factor being turnover of staff followed by bench strength readiness and internal versus external replacements, respectively significance.

Therefore succession planning of positive effect on the Organizational performance at Ethiopian Ministry of Revenues in Jimma branch offices. The use of succession planning in an organization gives employees an opportunity of being promoted to higher positions hence improve performance (Pennell, 2010). While studies by the likes of Avanesh (2011), Mehrabani and Mohammad(2011), Ishaket *et al.* (2013), Ali *et al.* (2014) and Wang'ombe (2013) reported a strong positive correlation between SP and organizational performance, studies by Nwosu (2014) and Pandey and Sharma (2014) reported that SP had a negative impact on employee productivity which in turn led to decreased organizational performance.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

In this chapter, the findings of this study are first presented in a summary. Thus, the chapter entails four subsections this are; summery of the findings, conclusions, recommendations and areas of further studies.

5.2 Summary of the Findings

The general objective of the study was to establish the Effect of Succession Plan on Organizational Performance at Ethiopian Ministry of Revenues in Jimma branch offices.

The findings on the effect turnover staff on organizational performance, revealed that respondents responded positively that the Poor training and development opportunity and input is not appreciated to the nine items negative effect of have strong influence in the organizational performance.

The findings on the effect of internal versus external replacements on the Organizational performance revealed that respondents responded positively that the internal retention has ability to motivate and retaining key employees and internal retention has positive effect on the performance to the seven items which focus on the availability of positive effect influence on the Organizational performance.

The findings on the effect of bench strength readiness on the Organizational performance that respondents responded positively that the sufficient talent position in the organization, ability to motivated and retain key employees, Most Helpful in Preparing Employees for Promotional Opportunities and succession planning will affect the professional Development of employees to the eight items which focus on the availability of positive effect influence on the Organizational performance.

Those variables turnover of staff related factor an Organizational Performance at significant was found highly significant. The next influencing on Organizational Performance was effective Bench strength readiness as per term was found statistically significant at level of significance Similarly, Monitoring during turnover of staff was also found important factor in influencing Organizational Performance. Turnover of staff, Internal Versus External Replacements and Bench strength readiness significant.

Correlation Coefficient that all of the selected variables are the relationship is Very strongly and positively correlates with each other's. So This shows Correlation Coefficient that all of

the selected variables are the relationship is Very strongly and positively correlates with each other's and All the variables were significant with the most significant factor being turnover of staff followed by bench strength readiness and internal versus external replacements, respectively significance. Therefore succession planning is positive effect on the Organizational performance.

5.3. Conclusions

Based on the findings it can be concluded that findings indicating effect turnover staff on organizational performance, that the Poor training and development opportunity and input is not appreciated negative effect on the organizational performance. The results imply that an existence of very strong and positive correlation between Turnover of staff, Bench strength readiness, Internal Versus External Replacements and Organizational Performance and Organizational Performance. This shows that all of the selected variables are very strongly and positively correlates with Organizational Performance.

This study concluded that the organization had in the respondent's opinion on the organization has the Internal retention has ability of to motivate and retaining key employees and the Internal retention has positive effect on the performance have strong influence in the offices. It has Positive effect on the organizational performance. Those variables Internal Versus External Replacements related factor an Organizational Performance at significant of level of probability and was found highly significant Observing during Internal Versus External Replacements was also found important factor in influencing Organizational Performance. This shows that all of the selected variables are very strongly and positively correlates with each other's and Organizational Performance.

The third findings provided answers to research questions the effect of bench strength readiness on the Organizational performance. Some of these are there is respondents responded positively effect of bench strength readiness, ability to motivated and retain key employees, Sufficient talent position in the organization , Most Helpful In Preparing Employees For Promotional Opportunities and succession planning will affect the professional Development of employees there are positive effect on organizational performance. The results imply that an existence of very strong and positive correlation between Bench strength readiness and Organizational Performance. The results also indicate very strong and positive correlation between Internal Versus External Replacements and Organizational Performance and very strong and positive correlation between Turnover of

staff and Organizational Performance. This shows that all of the selected variables are very strongly and positively correlates with Organizational Performance.

So This shows Correlation Coefficient that all of the selected variables are the relationship is Very strongly and positively correlates with each other's and significance.

The study therefore concluded that succession planning is an important Organization strategy which every Organization should embrace in order to understand Organization success.

5.4. Recommendations

5.4.1. Recommendation for Improvement

To improve its turnover of staff the organization should consider and recommends that the organization, formulate a clear succession planning process and talent pools provides adequate training, in adequate reward and recognition were identified as common reasons for departure among all employees from which it can obtain high potential employees and foster employee output and commitment. Staff training (equipping the staff with necessary knowledge and skills), Staff compensation (rewarding of employees based on their contribution to the organization).Continual training and reinforcement develops a work force that is capable, providing the individual with the necessary skills to perform their job is important. Shows employees they are valuable through information or recognition rewards Proposal employee reward program, offer recreation facilities as well as various, Employee Reward Program demonstrates a positive recognition of hard working employees. Positive recognition for work increases the motivational levels of employees. Recognition can be made clear by providing awards like best employee of the month or quarter award Gifts. This study recommends that the organization had in the respondent's opinion on the organization has the Internal retention has ability of to motivate and retaining key employees and the Internal retention has positive effect on the organizational performance have strong influence in the offices and positive effect organizational performance. Therefore this study recommends that the organization should Internal retention has ability to motivate and retaining key employees, Internal retention has positive effect on the performance, Internal retention has sufficient information about employees stronger externally observable and experts to act as mentors and coaches who can help employees develop career paths. Identifying and crate talent development goals which are used to enhance knowledge, skills, attitude and abilities. Which include job rotations, stretch assignments, coaching, mentoring and classes. Organization if used internal retention has ability to motivate and retaining key

employees, internal retention has positive effect on the performance, internal retention has sufficient information about employee's positive effect on organizational performance. However, bench strength readiness there was respondent positively on Ability to motivate retain key employees, Sufficient talent position in the organization, Most Helpful in Preparing Employees for Promotional Opportunities, succession planning will affect the professional Development of employees positive effective of organizational performance. Therefore this study recommends that the organization, To more correctly identify high potential talent—employees who have the capacity to learn, develop, and assume greater leadership roles in the future—earlier in their careers. Given that bench strength readiness positively relates to organizational performance. To ensure that they have an adequate human resource pool ready for promotion focuses on sufficient talent position in the organization, Talent Identification and Development. Recognizing the correlation between your talent systems and leadership bench, use the aggregate assessment data to enhance or fine-tune your talent systems, including recruitment, hiring, performance management, leadership development, succession and retention. Organizations can accelerate the quality of their bench to the degree their talent systems are ranged. Succession planning should be motivated, in part, by recognition that employees have a stake in the organization and share its successes. The organization should provide professional development opportunities for staff Opportunities related to current position. Prepares Bench Strength Employees for Promotional Opportunities.

5.4.2 Recommendations for Further Studies

This study focused on the Effect of Succession Planning on Organizational Performance at Ethiopian Ministry of Revenues in Jimma branch offices. However, the study was not exhaustive and therefore more research is recommended to determine other factors that affect Succession Planning performance. Furthermore, this study was based on one organization and therefore recommends that a similar research is done in other organizations to determine whether the factors affecting of Succession Planning on Organizational Perform in one organization are similar to another.

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Appendix:

Questionnaire

I am a student at Jimma University pursuing Masters of Public Management. In order to fulfill the requirements of Masters I am doing a research on The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia.

Introduction

Dear respondent the answers you provided will remain confidential and will be used solely for academic purpose. I kindly ask for your cooperation in answering this questionnaire.

Please indicate the extent of your agreement or disagreement by ticking the appropriate box that accurately represents your views. You have will be selected as one of the respondents in this survey. Your answers will make great contributions in my data collection. All information provides will be used only for academic purposes and will be treated confidentially.

I am a student at Jimma University pursuing Masters of Public Management. In order to fulfill the requirements of Masters I am doing a research on The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia.

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Jimma University
College of Business and Economics
Department of Masters of Public Management

ANNEX A: RESEARCH QUESTIONNAIRE

Dear Respondent, The main objective of this questionnaire is to collect data for conducting research on the Examine The Effect of Succession Plan on Organizational Performance: At Ministry of Revenues: The Case of Jimma Branch Office, Ethiopia, to undertake a study in Partial Fulfillment of the Requirement for Masters of Public Management. Therefore, all the information collected from this questionnaire will be treated for academic purposes only and not otherwise. Please mark (√) for yes and (x) for no answer.

SECTION A:

4 Respondent's General Information

- Sex: male female
- Age: a) 0 b) 20-30 c) 30-45 d) above 45
- Education status

- 3** first degree and Above b) Diploma
c) Preparatory complete 11-12 d) High school (9-10)
e) Junior (7-8)

- Department _____
- Position in your organization _____
- For how long have you been working in this office?

- 1. Less than 1 year
- 2. from 1 to 5 years
- 3. from 6 to 10 years
- 4. from 11 to 15 years
- 5. above 15 years

○ What is the key responsibility in your organization; tick where appropriate?

- i. Branch manager 2. Team leader 3. Higher officer
 4. Officer 5. Plan controller

If none of the above please state _____

SECTION B: 2. Questionnaire's

ii. Rate the following questions by ticking. **SA (5) = strongly agree, A (4) = Agree, NS (3) = Not sure, D (2) = Disagree, SD (1) = strongly Disagree**

	Turnover of staff	1	2	3	4	5
1	Not satisfied with the salary getting in my organization					
2	In organization there is no opportunity for career advancement					
3	Not satisfied with working conditions					
4	Staff members are not involved indecision making.					
5	There is a Lack of Employee Assistance Programs					
6	My input is not appreciated					
7	Poor training and development opportunity					
8	Work load by employing more workers					
9	Turnover increasing work stress to present workers.					
3	Internal Versus External Replacements	1	2	3	4	5
1	Internal retention has positive effect on the performance					
2	Internal retention has ability to motivate and retaining key employees					
3	Internal retention has sufficient information about employees					
4	External replacement results in bringing focused roles and responsibilities across a carrier plan					
5	External replacement has limited information about employees					
6	External replacement has sufficient talent pipeline					
7	External replacement will have stronger externally observable indicators of ability, such as experience or education.					
4.	Bench strength readiness	1	2	3	4	5
1	Sufficient talent position in the organization					
2	Ability to motivate retain key employees					
3	Focusing on roles and responsibilities across a carrier plan					
4	Preparing Employees For Promotional Opportunities					

5	Availability of effective company vision and addressing future needs of the organization					
6	Professional Development of employees					
7	Attracting the potential employees					
8	considered preparation of a succession plan for employees					
5	Organizational Performance					
1	I complete my work in the time allocated on time					
2	My performance is measured against customers satisfaction					
3	I attend my work on time					
4	My performance quality has continually improved					
5	I perform my duties efficiently without complaining					

Please propose on what you think to be the effects of the Succession Plan on organizational Performance.

- i.
- ii.
- iii.
- iv.

Thank You for Taking Your Time to Fill This Questionnaire!!