CHALLENGES FACED IN SUCCESSION PLANNING AT SAROVA HOTELS

BY

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any University.

Signed:_____ Date:_____

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(D64/77190/2015)

This research project is submitted with my approval as university supervisor.

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DEDICATION

I dedicate this research project to the Lord as a sign of gratitude to enabling me achieve this milestone and my family who strongly supported me both emotionally and financially.

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LIST OF ABBREVIATIONS

GDP   Gross Domestic Product

HR   Human Resource(s)

CEO   Chief Executive Officer

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ABSTRACT

The purpose of the study was to find out what challenges are faced in succession planning at Sarova Hotels. The theories guiding the study were: Transformational Leadership Theory (MacGregor 1978), Contingency Theory (Fiedler 1960) and Trait Theory (Allport, 1936). The study adopted a case study research design. It was a case study of Sarova Hotels, the respondents were 18 senior managers in the hotels who included: Directors, Head Office Executives, General Managers and Lodge Managers. The data collection instrument was an interview guide with interviews to be administered in person to all the respondents. Data analysis was done through content analysis. Graphs were used to analyze general information whereas quotes from the interviewees were used in presentation of the main findings. The findings reveal that succession planning is practiced and there is a general understanding of what it is in the organization. In addition to this, the findings also revealed the major challenges being size of the organization, financial resources, lack of proper mentorship and training of successors as well as their predecessors, unprofessionalism in the process of succession planning, lack of involving all key stakeholders, micromanagement of successors and lack of seriousness in implementation of the process. Recommendations from the study were: there is need for clear guidelines on identification of successors; successors should be continuously engaged through tailor-made trainings and mentorship; ensuring better pay for successors to avoid leaving; regularly review of succession plans; ensuring all relevant to the process are involved and finally avoid stereotyping of candidates and positions. It is evident that the organization is faced with challenges in succession planning; however, it can overcome the same by paying more attention to the process and treating it with seriousness. There is need for further in this area of succession planning and further research on challenges facing succession planning in other hotels would help draw a better conclusion in the hotel industry.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The quality and effectiveness of leaders is what sets apart a company's performance. Aided by succession planning, majority of organizations seek to implement change in leadership in a well laid manner. However, the more advanced the position, the more challenges of succession planning become (Landau, 2010). Firms that are more complex in structure spend more when candidates recruited externally are hired to fill key leadership positions (Naveen, 2006). This is due to high costs of transferring organization-specific knowledge to a new successor (Sweeney, 2012). Succession planning helps in recruitment of the best fit people to take over future key openings, it also helps in development of the skills, knowledge and abilities of the successors while preparing them for a promotion. An active involvement in succession planning ensures continuous development of employees to fill vacancies in the organization. As an organization grows, key staff leave, promotions are offered and sales increase, having a succession plan ensures there are readily available employees who will take over upcoming new roles (Heathfield, 2016).

The study will be guided by leadership theories due to lack of a dominant theory focusing solely on succession planning. The theories are: MacGregor's (1978) Transformational Leadership Theory. The theory emphasizes on leadership that is designed to bring about change that is positive to the followers by taking care of every individual's interests and making decisions that are of benefit to the entire group; Fiedler's (1960) Contingency Theory that is about the effectiveness of leadership styles varying depending on the situation and Allport's (1936) Trait Theory which is based on identification and measurement of individual personality characteristics.

Hotel industry is a major player in the development of any nation's economy. According to Heywood (2009) he describes a hotel as an establishment providing accommodation paid for a short-term. Kenya's growth in economy and continual increase in revenue from tourism has led to the expansion as well as new investments in Kenya's hotel industry (Billy, Edwin, Oscar & Lucas 2010). An extensive share of the national GDP comes from domestic travelers. Some of the

centers and towns around tourism destinations have also become more recognized (Jameel, 2016). Hotels have been losing key talent to competitors, this leaves the company exposed due to the difficulty in filling these key positions. With the industry rapidly growing, it is important for organizations to identify their critical positions and identify suitable people who can take over in case of exit from the company by the key position holders. With new hotels entering the market, loss of key talent is expected in the current leading hotels.

1.1.1 Succession Planning

Succession planning is an approach that is systematic. It helps build a talent pool for leadership to ensure continuity in the same, it also helps develop an organization's successors whose skills fit the organization and strengths that are merged, it also helps identify candidates for different positions. The return on investment is greater when resources are concentrated well (Zargar, 2013). Fayol introduced succession planning and he believed that if needs of succession planning were ignored, transition for organizations would be affected (Rothwell, 1994). It paves the way for any sudden loss of an individual in an organization. It ensures continuity in culture and retention of key skills in organizations (Blaskey, 2002). Succession planning is a critical component for HR planning. All critical and key positions ought to be identified and future succession plans put into place to avoid loss of key talent and experience. Succession planning should not only focus on senior management positions but all positions that would be difficult to replace (Howe, 2004).

Succession planning enables alignment of talent in the organization vis-a-vis the needs of the organization; it also boosts morale of the identified successors. It is important for key people occupying these positions to pass down their knowledge and wisdom to the identified successors. It helps in creation of a healthy work environment (Zargar, 2013).Organizations ensure that employees with right skills are employed and their talents developed to ensure in case of vacancies, key positions are filled through proper succession planning. Since the late 1990s, the awareness of the need for formalized strategic planning of workforce at all levels has been emphasized to HR professionals and decision makers. Succession planning helps in planning for the required number of

quality and qualified managers with the right and special skills required to fill in key positions in case of loss through retirement death, promotions or even terminal illness (Sambrook, 2005).

There are various degrees of complexities that each company's plan will differ in order to reduce the transition impact. All succession plans are unique and no single succession plan is similar to another (Hadelman, 2005). All roles in any organization, especially key roles need to be planned for to avoid any position gaps in the future. Employees will always leave organizations but succession plans will ensure thatgaps are filled with the help of an effective succession planning process (Heathfield, 2016).

1.1.2 Challenges of Succession Planning

Succession planning traditionally is left for HR departments and the CEO by the boards of companies and organizations to act upon and think about. Just as accounting mistakes or an oversight in paying salaries would cause a threat to a company, is the same way a lack of development of leadership would cause harm. This view is rather shortsighted. A lack of prioritization of the succession planning process would lead to a company's loss of key talent and staff with specialized skills (Cohn, Khurana & Reeves, 2005).

Businesses owned by families have few people who are either members of the family or employees of the business who understand how succession planning works in any organization, succession planning rarerl occurs in these kind of businesses and might occiur once in a while in different generations (Fox et al, 1996). One of the serious problems experienced in these businesses is how power shall be passed on to the next person (Kuratko, 1993). Succession planning is a process of transferring powers from one individual to another in an organization (Bachkaniwala et al, 2001).

Family businesses face a challenge of getting leaders from the family who are competent and can easily drive the business forward (Birley, 1986; Ward, 1987). Successions are often poorly done creating a bigger problem (Miller, Steier, & Le Breton-Miller, 2003). The talent pool in these businesses is usually small having a lack of key talent to draw, this brings about complications in emotions and affecting the incumbent, and this

destroys some of the family ties (Dyer, 1986; Lansberg, 1999; Miller, Steier, & Le Breton-Miller, 2003).

1.1.3 The Hotel Industry in Kenya

Kenya is amongst one of the most searched global destinations hence attraction rate of foreign arrivals due to the advancement in online technology. Kenya has been a great investment destination attracting international hotel brands such as the Marriot, Hemingways, Accor Hotels and Kempinski and amongst other brands. The hospitality industry in Kenya is growing rapidly with more digital growth even abroad (Jameel, 2016). The government of Kenya is actively involved in Kenya's hospitality sector, the government understands the importance of tourism which contributes greatly to the economy. The government has issued grants to some hotels as a support to the industry (Hillary, 2016).

The years 2014 to 2015 were challenging years. Internal and external factors such as clashes in Kenya's coastal region, the outbreak of Ebola in the western parts of Africa and the rampant acts of terrorism contributed to this. Diplomatic acts such as the United Kingdom lifting its ban on visits to Kenya (July 2015), the visit of President Obama and international conferences gave great endorsements to Kenya's security which had been a great issue. The dynamic economy of Africa has also been a booster. Kenyans have boosted the industry by promoting local tourism hence the growth of the industry with getaways such as Naivasha which are a favourite especially during weekends. The Kenyan coast is another big destination for locals mostly during Christmas and Easter festive seasons (Estielle, 2016). Local tourism is still growing, however, most Kenyans do not travel frequently especially without specific obligations. The major players such as the hospitality industry, the government, travel agents amongst other interested parties are encouraged to work together and enlighten people on the little known destinations to help boost the local tourism in the country(Estielle, 2016).

Tourism is a key revenue generator for the country and also supports many families. The industry has recently been affected by continuous terrorism acts and the competition is growing. A couple of countries had given travel advisories between 2013 and 2016 which

resulted to a tremendous drop in tourists from other countries, many hotels shut down and a lot of staff laid off. Tourists are opting for other options such as South Africa, Dubai, Asia and the East (PWC, 2016).

In 2004, the country registered a boom despite the challenges. The industry however continues to be vulnerable to different dynamics that affect tourism globally and most players see the need of bolstering the country's economy against the volatility being felt. The players in the industry together with the government have increased marketing, provided incentives to boost local tourism as well as target tourists from different locations, these are amongst the measures put in place so as to be at par with the demands in the market and place themselves strategically, most investors are having internal business changes to help increase both their capacity and make processes better. Such growth requires a partner that is a professional (PWC, 2016).

1.1.4 Sarova Hotels

Sarova Hotels Kenya was formed in 1974 with Hotel Ambassadeur, Nairobi as their first property. They later acquired Sarova Whitesands Beach Resort & Spa in 1976 and Sarova Stanley in 1978. In 1984 Sarova Mara Game Camp opened in Maasai Mara Game Reserve, Sarova Lionhill opened in 1986 in Lake Nakuru National Park and in 1989 opened Sarova Shaba Game Lodge at Shaba Game Reserve in Samburu. In 1992, Sarova Panafric joined as Sarova's second Nairobi property. In 2007, Sarova Taita Hills & Sarova Salt Lick Game Lodge were added to the portfolio. In 2016, Sarova signed a management contract with Sarova Woodlands Hotel, the most recent addition based in Nakuru town (onesarova.com).

Sarova is one of the largest independently owned and managed hotel group in Kenya.It boasts of its exemplary culinary experience and takes its clients through a journey of Kenya's different cuisines. It has a CSR arm known as Sarova Cares and has had tremendous contribution in different areas such as Education, Health and the Environment. It is a leader in banquets spearheaded by the section Kitchens of Sarova who have hosted State banquets and major events such as the IAAF U-18 World Championship held in Nairobi. Sarova Stanley carries the history of Nairobi: In 1922 the

first tusker beer was served at Sarova Stanley. In 1952, hours before Queen Elizabeth ascended to her throne, Sarova Stanley had hosted her for a banquet.The Exchange Bar at Sarova Stanley was home for Nairobi's Stock Exchange (superbrandseastafrica.com). Sarova Hotels has employed a total of 1700 staff across the country (onesarova.com). Managing the company and ensuring continuity in its outstanding services and products delivery, there is need to ensure high potential staff are well motivated and there is proper plan in continuity hence the need of succession planning.

1.2 Research Problem

With succession planning, an organization understand the critical jobs and positions that need not be left vacant as they can cause a serious breakdown in the system, such jobs can only be done by the most qualified people. Well done succession planning ensures there is a process that is clear and effective in identifying, developing and also retaining of top talent and leadership in an organization (Zargar, 2013). Family businesses face a challenge in succession planning due to members getting emotionally attached and involved. All the members know that death is an inevitable event but choose to keep away from the thought. They end up avoiding succession planning which is a very critical issue (Manikutty, 2011). Due to the patriarch culture in family owned businesses, there is an assumption that upon the passing on of the business owner, the eldest child mostly a son will automatically take over. The bigger challenge arises when this heir turns out to be incompetent and are incapable of managing the inherited business (Ankitta, 2012). Sibling disputes and rivalry are bound to occur where tough decisions have to be made. Top positions of these businesses are usually given to members of the family. The larger pool of talent seeking jobs who are not members of the family tend to keep off from such businesses. This makes the choosing of a successor a family affair regardless of their lack of experience or technical knowhow in the process of succession planning (Ankitta, 2012).

At Sarova Hotels, Succession planning is a key function of the human resource department. Various techniques are used to ensure continuity of the business while trying to replace lost talent for key positions. This however has not been very successful. A majority of senior positions and key positions take a long while before they are filled

after exit of the previous position bearer. This is majorly attributed to the assumption that the holders of these key positions will not leave the company. It is also a challenge due to lack of proper mentorship across the board and too much inbreeding which causes reluctance on the management as well as junior managers who assume that upon exit of the senior managers, the positions will be given to them automatically.

Berzon (2007) in his study on Practical Strategies for Comprehensive Succession Planning and Knowledge Management at California's Union Sanitary District, points out the steps to follow to ensure that staff are well trained and groomed for senior positions. The study however does not show how to retain this talent to ensure availability in case of loss of talent. Muhoho (2014) did a study on challenges that face succession planning in organizations in Tanzania: The case of public and private work organizations based in Dar-es-salaam region. The findings reveal that some of the challenges included ineffective business practices, company lacking a vision that is effective, inactive periodical succession plan being among the challenges that face succession planning in work organizations in Tanzania. This study only points out the challenges with inconclusive solutions hence the importance to delve further to try and diagnose the succession planning problem and come up with viable solutions.

Campbell (2004) in his study on Succession Planning: developing leaders for the future of the organization at Daytona Beach University College, USA, found that the major challenge in succession planning is lack of training and development. Training and development is key in terms of growing employees in preparation for key positions however, we need to also address the issue of, what next after training? The study will be different as it focuses not only on the senior positions but also key stakeholders who own the business. It will also treat the case as a combined study of a family business with existing structures that are not followed or adhered to. With the highlighted issues this study aims at filling the research gaps by attempting to answer the question, what are the challenges faced in succession planning at Sarova Hotels?`

1.3 Research Objective

This study seeks to find out the challenges that are faced in succession planning at Sarova Hotels.

1.4 Value of the Study

The research study shall make contributions to the knowledge of the human resources field. It shall assist scholars to have a better understanding of succession planning. It will add to the existing literature regarding succession planning supporting the already laid out facts as well as increase in whatever is known.

The study will be a step closer to acquiring Masters of Science in Human Resource Management Degree. The study shall also be reference material to other scholars who will need to use this document for future reference. The study shall be a guideline while developing policies on succession planning. It will especially be important to Sarova Hotels to help the organization improve in terms of succession planning. Similar organizations in the hospitality industry will also use the study as a benchmark while doing their succession planning. This will ensure improved performance of the organization.

The study will generally assist human resource practitioners in streamlining their succession plans. With effective succession planning, human resource practitioners will concentrate more in other key areas such as talent management and motivation. The outcome from this study will add onto the academic world as well as assist policy makers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews past studies and literature that will help in understanding succession planning. It will include theories that guide the study, factors that influence succession planning as well as challenges associated with succession planning. It will conclude by an empirical review on studies that have been done on succession planning.

2.2 Theoretical Underpinning of the Study

Succession planning does not have any dominant theory linked to it. However, we can link the following theories to succession planning; transformational leadership theory, contingency theory and trait theory.

2.2.1 Transformational Leadership Theory

MacGregor (1978) developed the Transformational Leadership Theory. The theory discusses about positive change that makes followers of a particular leader act in ways that are beneficial to the whole group as well as the followers, this is a result of leadership that brings about this change. The theory explains some fundamental ways in which leaders influence their followers and insists on creation of meaningful work (Purvanova, Bono & Dzieweczynski, 2006). It explains leadership as a process through which people in authority engage with others and can to create connections that result in an increase in motivation and morale by followers.

As a result, these leaders provide personalized consideration to the needs for growth and development of their followers (Bass, 1985). This theory fits into succession planning in this way, while considering an individual for succession plan, a transformational leader would be best fit because their work would result in employees that are more engaged and devoted and less self-concerned as well as in employees who perform beyond expectations (Purvanova, Bono & Dzieweczynski, 2006).

2.2.2 Contingency Theory

Fiedler (1960) developed the Contingency Theory. He states that effectiveness of styles of leadership varies depending on different situations. This theory asserts that managers should put into consideration all aspects affecting a situation before making a decision on the same situation. In relation to succession planning, the decision on who to identify as a

successor should be informed by assessing the needs of that position and the candidates adaptability.

Gareth (2007) talks about careful management so as to balance and satisfy internal needs and also adapt to the environmental circumstances. Organization by an individual relies on the environment to which one must relate (Scott, 1981). It now becomes easy to assess a candidate identified for succession planning. The way in which the candidate handles different situations and their level of adaptability, it becomes easier to make a choice on who best fits that position. It can be concluded that there is no single approach in doing things, different situations call for different approaches to handle, manage, and solve the arising issue concerned.

2.2.3 Trait Theory

Trait theory was developed by Allport (1936). This personality approach focuses on individuals differences. The combination of varying traits form a personality tailored to every individual. The theory focuses on identification and measuring individual personality characteristics. Cardinal traits according to Allport are dominant and bring out an individual's behavior whereas central traits are found in every individual while secondary traits only appear in particular circumstances.

 This theory suggests that personality determines one's greatness and efficiency in a leadership position. This insinuates that leaders are born not groomed leaving one's traits to be their greatest predictor of successful leadership (Holdford, 2003). Personality traits cannot be an independent way of selecting a successor because their prediction value is very little; other factors should be put into consideration other than one's personal traits such, factors like skills and environment.

2.3 Challenges of Succession Planning

Challenges of succession planning as highlighted in this chapter are: Size of the organization & lack of financial resources, lack of adequate mentoring & training, hesitance on grooming successors, unprofessionalism, the challenge of deciding who to promote and the challenge of biasedness while selecting a successor.

2.3.1 Size of the Organization and Lack of Financial Resources

Size of the organization can be a hindrance in succession planning especially in small firms since they have few positions and may lack the ability to offer advancement opportunities. These employees that have potential lack the opportunity for career growth with the same companies and at times forced to move to larger organizations. The talent pool from the organization to fill these positions may be too limited also to have a successful succession plan. Employees especially those with high potential tend to leave for better paying organizations due to lack of enough financial resources in their current employment (Axelrod, 2010).

Some organizations depend on funding from projects and this reflects on their manning thus having few core members of staff translating to few core positions. At times during short term contracts and projects, the staff taken work and short term contracts and fail to be include in the firm's talent pool even though they possess talent and unique skills (Zwick,1999).

2.3.2 Lack of Adequate Mentoring and Training

Lack of adequate training and development leads to an employee that is unprepared for a promotion and this leads to succession planning gaps (Howe, 2004). In an organization where promotions are not done in a timely and orderly manner leaves employees in distraught with no understanding of what succession planning is about (Robinson, 2004).

Lack of continuously developing talent in the organization inhibits a company from growing future leaders. This brings about a gap in succession planning due to lack of required skills to tackle the more senior positions. It is advised that companies need to identify high potential candidates and groom them for continuity of the business and easy succession. Most family businesses neglect provision of proper education and formal training to the possible successors identified within the family. Incompetent successors are as a result of their ignorance to the skill of training successors from an early stage whilst providing the relevant training required (Zwick,1999).

2.3.3 Hesitance on grooming successors

Ankita (2012) states that emotional involvement from members of the family make it difficult for succession planning in family businesses. They never want to discuss succession planning even though they know that owner of the business will one day die. Thus, the issue of succession planning is often avoided. Most family businesses have a very unprofessional way of handling succession planning (Luhn, 1996). Most family firms end up not doing succession planning or whenever done, it is done in confidentiality and most times leads to wrong decisions (Ankita, 2012).

The thought of replacing managers who have been in a position for long is usuaaly difficult. There are also managers who never want to leave their positions and want to remain at their jobs. Other leaders concentrate so much on retaining their jobs and forget to focus on what matters (Conger & Nadler, 2004). Implementation of a strategic succession planning process encounters barriers that once identified will bring out the importance of human resources and developing trainings in line with the training needs to create an easier platform to implement the strategic plan of the organization (Rothwell, 2005).

2.3.4 Unprofessionalism

Most family businesses have an unprofessional approach in conducting succession planning. Some family businesses ignore succession planning and fail to factor it as an integral part of HR management. For those that practice succession planning, they tend to appoint a person to that role without consultation or any set succession planning practices. Most of it is a result of a gut-feeling (Manjkutty, 2011).

Deep down, everyone worries about retirement, or redundancy. The importance of succession planning is at times undermined by the fear of discussing about moving on slowing down the strategic process. Some of the people in senior positions view the process of succession planning as a reminder of their possible exit, this is due to lack of adequate training on the importance of succession planning (Jackson, 2004).

2.3.5 Deciding who to promote

Being very good at one thing is not an automatic assurance that someone has the required skills and talents to take up a more senior position in an organization. There are employees who tend to be comfortable in their positions and would not want a promotion. Including them in the succession plan would be a mistake since they lack the drive, ambition or motivation for a more senior role. The fear of being unable to handle the pressure of more responsibility also makes them shy away from moving up the ladder (Richardson, 2006).

Loyalty and hard work could also put pressure on the human resources personnel and they are forced to give a promotion a. Promotions should not be treated as rewards; the decision on who to select should be based on which candidate is likely to perform best if given that opportunity. Different levels in an organization have different challenges and whenever an individual succeeds in one level, it is no guarantee that they will pass in the next position as lower levels have less challenges, selection should be done on the qualitative differences (Glen, 2017).

2.3.6 Biased selection

Familiarity makes people comfortable and managers are no exception to this. It is very easy for males to have a bias for males and the reverse is true. In a group where all managers are male, they will tend to have a bias in selection of a male making it difficult for a woman to get selected. This is not a bias out of intentional discrimination but because of the comfort of familiarity (Glen, 2017).

When selecting people required for different levels in an organization, the person specifications of the positions should be very clear and an objective comparison done against individuals to ensure a best fit (Stinchcomb, 2010). Stinchcomb further says that trying to fit an individual to a stereotype can affect the process and it is no longer a skill based process hence the importance of identifying required successor characteristics that will best suit the job.

2.4 Empirical Review

Hills (2009) conducted a study on succession planning. The purpose of the paper was to identify what succession planning actually is, and the pros and cons of buying-in or building a talent pool in the organization. The study examined the advantages and disadvantages of buying-in talent and building talent to ensure the right people are in the right places as required and at the right time within an organization. Research findings revealed that the five key strategies were: aligning succession planning with the business strategy; assessing leadership potential; involving the talent in the planning; mixing development: experience/coaching/training; and casting a wider net for succession. Her work provided new research data and an approach to succession planning and added value to HR professionals and executive teams in the companies concerned about effective succession planning and talent management.

Wennberg and his colleagues (2010) did a research study on succession in private firms as an entrepreneurial process. They argue that succession in private firms is an entrepreneurial process. In considering firm succession as the acts of entrepreneurial exit and entry, their work adds to work that is sought to integrate entrepreneurship and family business research. They provided a comprehensive literature review of succession research over the past 35 years and they identified seven thematically clusters within which succession can be understood as a distinct part of the entrepreneurial process, and three areas of particular interest for future research seeking to advance the literatures on entrepreneurship, family firms, and governance in private firms. The paper explores the theoretical, conceptual, and methodological ways of integrating these findings into the research on entrepreneurship and family business.

Farashah et al (2011) carried out a research on succession planning and its effects on employee career attitudes using a case of Iranian governmental organizations. Their work evaluated effects of succession planning as an organizational level through an intervening program on career attitudes as individual level variables. Best practices of succession planning were selected from amongst literature and compliance of succession planning system of organization to these practices was defined as extensiveness of succession planning. Perception of a job plateau did not show correlation with succession

planning extensiveness. This study recognized best practices that should be considered for design of succession planning. Also, the scale for measuring succession planning extensiveness that have been developed. It can be used to gain a better understanding of status quo of succession planning in organizations and gap analysis which is generally one of the early stages of every organizational development project.

Vikström and Westerberg (2008) did a study on succession in small Swedish family firms as may be a key to sustainability for the individual firm but also to regional growth. Their study examined how leadership succession factors associated to attitudes, norms and perceived behavioural control of leading actors in a small family firm can be related to how well the succession process works and to the firm's post-transition performance. Devotha (2011) carried out a study on challenges facing human resources succession planning in Tanzania work organizations. The study assessed the positive factors influencing human resources succession planning in Tanzania work organizations. The study also looked at strategies used for enhancing the application of human resource succession planning in Tanzania work organizations. The study findings indicate that Few organizations surveyed conducted succession planning but how effective and regularly done in the organizations remained questionable. The study finding showed that human resource succession planning played an important role for the organization development. Various strategies of enhancing human resources succession plans were identified during this study and included attracting and recruiting potential employees, effective leadership and management development and improving budget was among the strategies identified in enhancing effective human resource succession planning in the surveyed organizations.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design used which was a case study, the methodology used to collect data and how data was analyzed.

3.2 Research Design

It was a case study of Sarova Hotels, Kenya. A case study is regarded as an account of an activity, event or problem with a real or hypothetical situation such events include complex situations at the workplace. Case studies help in seeing how complexities of real life influence decisions (Kardos & Smith 1979).

Case studies majorly help in understanding different complexities and extend experience to what is already known through previous research. It lays emphasis on detailed contextual analysis of different events or conditions and the relationships derived. This method is an empirical inquiry that investigates a contemporary phenomenon within real-life context. (Yin, 1984).

3.3 Data Collection

An interview guide was the data collection tool. Data was collected from the target group which consisted of 18 senior managers. The senior management comprised of directors, general managers and head office executives who are in charge of various operational functions across the group. The researcher intends to interview all 18 managers.

The researcher obtained all the necessary documents, which included an introduction letter from school. A request to collect data from the management at Sarova Hotels will be sought and upon getting clearance, the researcher in person will request for audience with the target population of the research. Use of interviews is expected to assist get accurate information from senior management who understand the concept of succession planning.

3.4 Data Analysis and Presentation

Content analysis was used for data analysis. It is a technique that helps make replicable or/and valid inferences through interpretation and coding of textual material. Quantitative data could be derived from qualitative data through conversion after evaluation of texts

(Duriau, Reger, & Pfarrer, 2007). Content analysis analyzes material that is new and recorded by researchers, it also classifies open-ended responses for questions in a survey (Stambor, 2005). Content analysis creates objectivity in evaluation rather than a comparison of content derived based on a listener's impression.

CHAPTER FOUR: RESEARCH FINDINGS

4.1 Introduction

This chapter presents findings of the study after analyzing data collected, interpretations and the discussions of the research findings based on the research questions.

4.2 Response Rate

The target respondents were the senior management of Sarova Hotels and general managers of the various units. The respondents were 15 out of the expected 18. This translated to 83.3% response rate.

4.3 Demographics

This section shows general information about the respondents. It included the gender, age, highest academic qualifications and the period worked for the company.

4.3.1 Gender of Respondents

Figure 4.1 shows the gender of respondents. They were 3 Female respondents and 12 male respondents.

Figure 4.1: Gender of Respondents
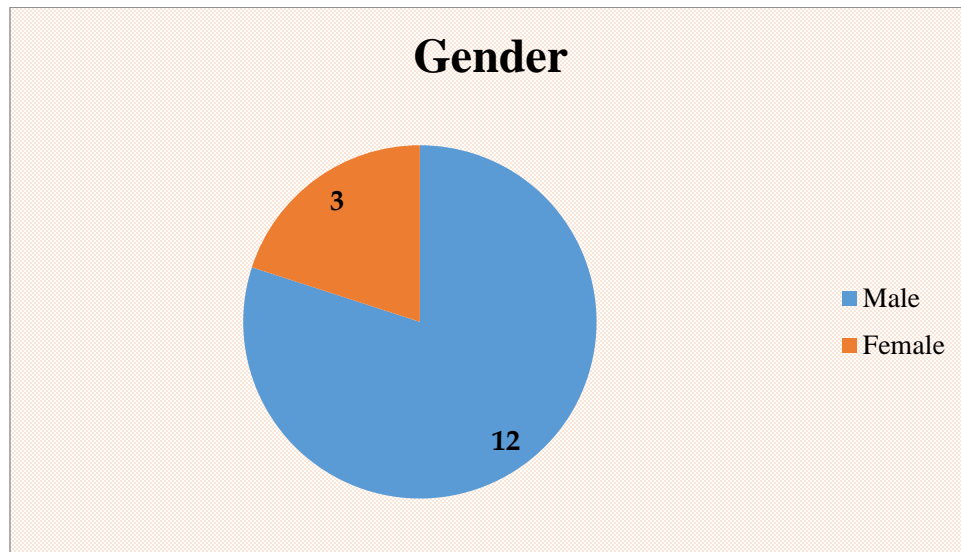
4.3.2 Highest Academic Qualifications

The researcher also sought to find out the highest education level of the respondents. Their education levels ranged from bachelor's to master's degree with 6 having masters and 9 having bachelor's degree. Figure 4.2 demonstrates the same.

Figure 4.2: Highest Academic Qualification
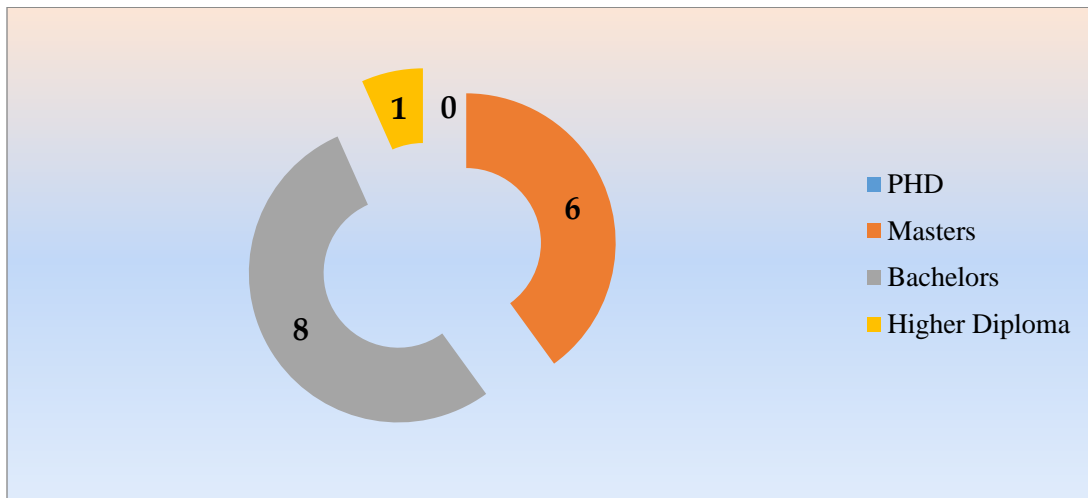
4.3.3 Length of Service in the Organization

Majority of respondents worked with the organization for over 6 years hence understood the system better. The same is represented in Figure 4.3

Figure 4.3 Length of Service
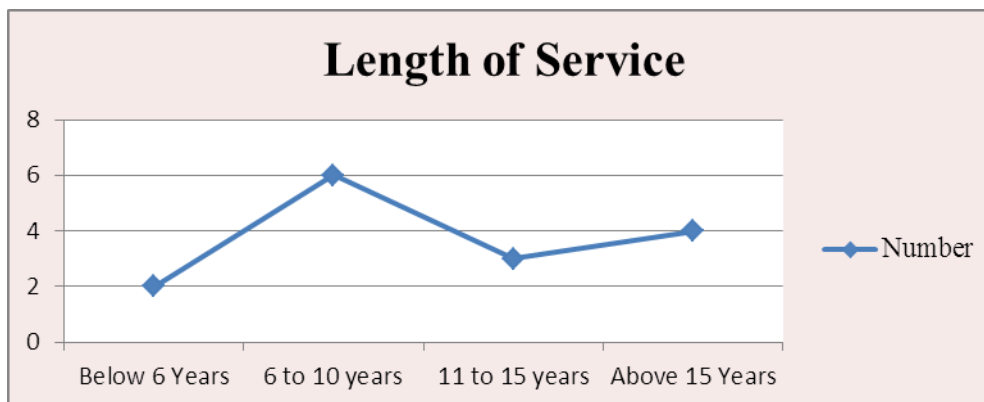
4.3.4 Age Distribution

The researcher also sought to find the ages of respondents. The data is presented in age groups. 2 of the respondents were between 30-39 years, 7 were between 40-49 years and 6 were between 50-59 years. The same is presented in Figure 4.4.

Figure 4.4: Age Distribution

Age Distribution
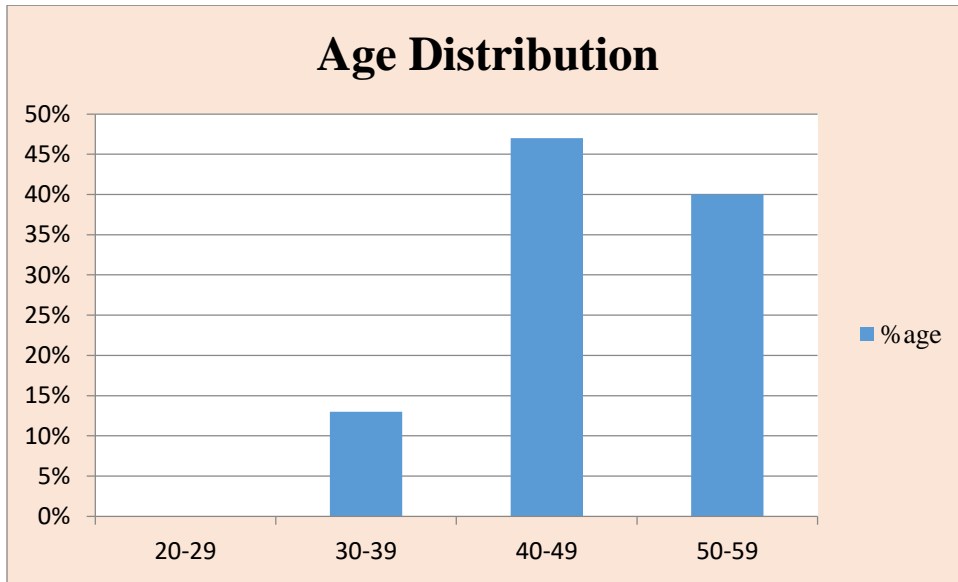
4.4 Succession Planning

This section discusses the views presented by the respondents on Succession Planning. It gives the researcher information of whether the respondents understood the concept of succession planning, its importance, their role in succession planning and the effects of succession planning. All participating respondents were aware of the process of succession planning. They all had an understanding of the process. The below excerpts were derived from the interview:

"Yes, it is a process that enables the hotel plan for future leaders and continuity of the business." (Lodge Manager, 48 years). "….it is not only about identification but also grooming and mentoring of employees who would best fit a senior role in the case of loss of the person in that position." (Group Sales Manager, 32 years). The respondents highlighted the process as a way of ensuring continuity in terms of human resources as well as improving performance. One of the respondents went ahead and explained how much succession planning increases motivation of the identified persons. "As the in charge of my department, it is my duty to identify key positions and suitable successors……my position has a successor whom I am grooming." (Reservation Manager, 39 years). The respondents were however not in sync about the period after

which they review the succession plans. 3 managers admitted to have never reviewed theirs, 3 said they reviewed their succession plans annually, 7 said they did their reviews after 2 years and 1 reviewed theirs upon need and explained that was when asked by the directors to do so or whenever a key person from their department left.

4.5 Challenges in Succession Planning

The major objective of the study was to find out the challenges facing succession planning at Sarova Hotels. The researcher mentioned some of the challenges identified through previous research so as to find out whether the same challenges are faced in Sarova Hotels. The researcher posed further questions to the respondents to know what other challenges were experienced. The challenges that were derived were: size of the organization, financial resources, mentorship & training, hesitance in grooming successors, professionalism, and lack of involvement, micro-management and lack of seriousness.

4.5.1 Size of the Organization

"Size does not affect succession planning for any serious organization, if it was about size then this company should have the most effective succession planning." (General Manager, 58 years). "Our small size as a bush property makes us get neglected and succession planning is not given a lot of attention as our sister properties in the city." (Lodge Manager, 53 years). The respondents were of different opinions with the lodge managers agreeing more to size of the organization being a factor affecting succession planning. Their counterparts in the city units however, felt different and objected the view that size of an organization affects succession planning.

4.5.2 Financial Resources

"…when business was good, we had bigger budgets and we had an allocation for training and developing high potential associates, at the moment we try our best to have impactful programs but they are not as effective." (Group Training Manager, 40 years). "Money is not the answer to our problems but it helps a big deal, enough finances ensure proper allocation of resources towards succession planning." (Group Internal Auditor, 45). The 15 respondents mentioned lack of financial resources allocated for succession planning

being a major contributor towards a flawed process. It was evident that finances help improve the process of succession planning.

4.5.3 Mentorship and Training

Mentorship was an issue of concern raised in different capacities by 9 respondents. Their major concern was lack of a well laid out system of mentoring identified successors. A system was in place but with no guidelines on how well to manage and mentor successors. Similarly, a generic training module had been developed but it did not fit every candidate's needs thus a need for tailor-made trainings based on each person's needs.

4.5.4 Hesitance in Grooming Successors

"…sadly, some of the managers we have are too selfish to groom people working below them." (Director of Operations, 54 years). "You ask HODs to identify successors in their departments but they take it as a threat to their jobs," (General Manager, 47 years). "We fail to groom our people due to laziness." (Director of Food & Beverage, 51 years). These statements are a depiction of the level of laxity among senior people in grooming successors. Some fail to do it due to the fear of losing their jobs to their successors whereas others are just lazy to take the challenge of grooming them.

4.5.5 Professionalism

Some of the respondents mentioned that how the process of succession planning was conducted failed to meet professional standards. It was evident that the processed was marred with favoritism where managers selected candidates they liked rather than the right successors. There was also the issue of lack of proper knowledge in the process of selection of successors, promotions as well as managing succession planning. Respondents advocated for serious training to all people in senior positions to enlighten them on how to best carry out succession planning. They also insisted that the HR office should be fully involved to ensure 100% professionalism to ensure credibility and success in succession planning. This was evident when uttered by the Purchasing manager (56), "…involvement of the HR team from the beginning would help a lot of us when going through the process…then I would be a successful leader, a 'professional succession

planning champion'." "Professionalism? Not with the current way of doing things."
(Group Marketing Manager, 40).

4.5.6 Lack of Involvement

A general concern of lack of involvement was raised. This majorly affected people in the
units not in Nairobi. The issue was that most of the succession plans are done in the head
office and decisions made from head office. It created a big gap in terms of decision
making since the people who are best placed to give recommendations on successors and
how to best mentor them are their direct managers who in this case are hardly consulted.
Lack of involvement of all relevant parties creates a skill gap as well as demotivate other
candidates who would also fit the gap. This creates a loophole in the selection of
candidates process and further undermines the line managers who work directly with the
successors.

4.5.7 Micromanagement

The study also revealed that there was micromanagement which highly affected the
succession planning process. This challenge faced successors who had been identified for
development. The challenge was explained to show that successors were not given a
chance to express themselves and most of their ideas were not listened to. The
respondents discussed how managers select successors but instead of mentoring them,
give instructions and constantly want to know what the successors are doing and only
want things done their way. This has previously led to frustrations of the successors who
end up leaving the organization. One of the respondents, the eldest, pointed out the
importance of teaching someone how to do something while explaining the reason as to
why it is done in a particular manner. They further highlighted why it Is important to give
juniors a chance to express their views and also have a buy in of their ideas as a way of
retaining them and making them feel appreciated.

4.5.8 Lack of Seriousness

"When I was still new, HR asked me for my department's succession plan, all they sent
me was a template which I filled names…..I hardly even knew my team….Head office
also brings their own people disregarding what we have done as a unit so we do not push
as much." (Lodge Manager, 48 years). "…..the last time I did mine was 6 years ago; I

have not changed it since then." (Group Marketing Manager, 40 years). According to this study, the issue of lack of seriousness was evident. Respondents discussed on how the process of succession planning is done because it is expected of managers to do so. Some respondents attested to doing it since it is a deliverable in their balance score card. Other respondents admitted to not doing it at all since they viewed it as a HR process and others said it was explicit to the head office and it was not in their place to follow up with the same.

4.6 Responses on Implementation of Succession Planning

The respondents had successors already identified for their positions but thequestion of whether they follow up on them in terms of mentorship was unclear since the process seemed to be done as a formality. The issue of having a successor identified while one was still in office was welcomed by different sentiments. There were respondents who believed it was a good thing since the successor would get an opportunity to learn more but others felt like it was a way of undermining a manager making them feel like they are not performing enough, others felt like it was a threat to them and one respondent mentioned that it was a way of reminding someone that they should be prepared for exit.

Most respondents advocated for trainings for young people and high potentials to give the organization an easy time in identifying successors as well as have mentorship programs for the identified successors. The respondents gave varying responses on what to change in the process: Most of the managers (General & Lodge Managers) said they would completely keep the process as a unit process to avoid head office interruptions; one respondent insisted on regular reviews of the plans as well as full involvement of the HR teams in liaison with heads of departments; there was also a view on regularly having meetings with the identified successors to keep them in check and more motivated; the training manager advocated for a change in the policy and involvement with departmental heads to be able to develop trainings that are specific to individual needs rather than one generic training for all.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of findings from the study, draws conclusions, gives recommendations and provides suggestions for future and further research.

5.2 Summary of the Findings

This research's main objective was to find out the challenges facing succession planning at Sarova Hotels. The respondents were senior managers in the organization, most of who have worked in the organization for more than 10 years. 15 out of the 18 targeted respondents assisted by participating in the research. All respondents understood what succession planning was and its importance in any organization.

Respondents agreed that succession planning was done and was controlled by the head office through the HR offices in the different units. They also mentioned that the process would be more efficient if everyone relevant to the position was involved. All respondents agreed that financial resources affected the process and if proper allocation was done, the process would be better. The study also revealed that it takes long before succession plans are revealed, it was also revealed that the succession planning policy has not been reviewed since 2009. The research revealed that trainings were done but not tailored to every individual's needs hence making the trainings obsolete. Mentorship to successor was not done effectively, having some of the successors left stranded in terms of what is expected of them once they got the opportunity for a greater position. Units also mentioned their lack of involvement by head office as a hindrance in ensuring success in the process of succession planning, this led to loss of key talent in the individual units since head office brings talent from other units without considering those identified in the relevant units. Cases of micro-management were mentioned where identified successors only follow instructions without getting a good chance of expressing their views and their ideas never seeing the light of day. This causes frustrations causing the candidates to exit the organization. The findings revealed that succession planning was done not for its importance but for the sake of being done which shows lack of seriousness in the process.

5.3 Conclusion

Succession planning is an important aspect in human resource development that ensures continuity of an organization. The practice of succession planning is well understood but it is not put into practice as should be. There are many challenges facing the process at Sarova Hotels some of which are simple challenges that can be overcome by line managers and all people in authority. The challenges drawn from the study are: size of the organization; constraint in financial resources; lack of adequately mentoring and training successors; hesitance in grooming of successors; lack of professionalism in the process; lack of involvement of some of the stakeholders and relevant parties; micromanagement of high potential candidates and a lack of seriousness in running the process of succession planning.

The head office seems to be part of the problem whenever it interferes with the units plans in succession planning and would be best if they would oversee the process rather than run it. Attitude towards the process is also a challenge and the people in charge of the process in the various sections and departments ought to change their perceptions towards the process. For the process to be flawless, the organization needs to look into the identified loopholes.

5.4 Recommendations

The researcher finds succession planning to be very vital to any organization's growth and success. From the findings of the study, the researcher recommends clear guidelines in identification of potential successors and high potential employees. This way, identified candidates are selected through a credible process. In addition to identification, the employees need to continuously get trained and mentored, this way there are no skill gaps especially when there is sudden loss of a person holding a key position. There is also need to ensure high potential employees are looked after in terms of better pay as well as how they are engaged, organizations need to look into what extra responsibilities the successors can be given to avoid boredom and stagnation which easily gives them a reason to exit. Their remuneration should be benchmarked with other organizations; this will assist in ensuring that they do not leave for competitors who pay better.

Continual reviewing of succession plans will also be ideal for the organization; it helps the company be in touch with changes that affect positions as well as successors. Another key consideration that should be done is full involvement of all relevant parties, in Sarova this should be from the head office executives all the way down to line managers in different units. Line managers who work directly with employees are better placed to make a decision on best successors. Finally, disregarding successors for certain positions because of their age should be discouraged. Where an organization feels that a successor is too young for a position, the organization should take responsibility of growing the identified candidate into that position as they continue maturing with time.

5.5 Limitations of the Study

A major limitation to the study was the country's political climate at the time of the study which adversely affected the country's economy. This forced Sarova Hotels to send most of its employees on leave so as to reduce on operational costs. The impact of this was unavailability of respondents. The time taken to get respondents to interview was longer than initially anticipated. The second limitation was lack of full participation by some respondents, this translated to a response rate of 83.3% which was 15 out of 18 respondents.

5.6 Suggestions for Further Study

The researcher suggests further study on challenges facing succession planning in other hotels in order to identify common challenges in the hospitality industry as well as to identify unique challenges tailored to individual hotels.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

UNIVERSITY OF NAIROBI

COLLEGE OF HUMANITIES & SOCIAL SCIENCES

SCHOOL OF BUSINESS

Telephone: 4184160-5 Ext 215
Telegrams: "Varsity"' Nairobi
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P.O. Box 30197
Nairobi, KENYA

12 October 2017

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
MURIMI SAMUEL KARIUKI– REGISTRATION NO. D64/77190/2015

This is to confirm that the above named is a bona fide student in the Master of Science in Human Resource Management (Msc. Human Resource Management) option degree program in this University. He is conducting research on *"Challenges Faced in Succession Planning at Sarova Hotels"*.

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.

Jane Muturi
For: Msc. Human Resource Management Co-Ordinator,
School of Business

JK/nwk

APPENDIX II: INTERVIEW GUIDE

1. Name of the organization--

   ----

2. Gender : --

   ----

3. Highest academic qualifications:--

   --- -

4. How long have you worked in this organization?---

   -------- ---

5. What do you understand by the term succession planning?-----------------------------

   --------- --

6. Does your unit practice succession planning? --

   If yes, how well would you say it is done? ---

   ----

7. What role do you play and how do you assist in the succession planning process?--

   ----

8. How often do you review the succession plans?--

   --------- --

9. What would you say about the effectiveness of succession planning in this hotel?--

   ----

10. Does size of your organization affect succession planning? ----------------------------

    ----

11. What role does financial resources play in succession planning in your organization? --

----

12. Does your organization mentor and train potential successors and how does it affect succession planning? --

----

13. Do you experience hesitance in grooming successors and is succession planning done professionally? ---

----

14. Is the process of selecting successors free and fair? --------------------------------------

----

15. Do you experience a challenge while deciding who to promote? ----------------------

----

16. What are some of the challenges you encounter in succession planning in the hotel?---

------------------------ ---

17. Does your position have an identified successor? ---------------------------------------

----

18. What is your opinion on identifying a successor where one still occupies that position?--

-------------------- --

19. What factors would enable effective implementation of succession plans in the organization?---

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20. If you had the opportunity to change anything regarding succession planning in the organization, what would it be and how differently would you approach succession

planning? ---