

THE EFFECT OF SUCCESSION PROGRAM ON THE PERFORMANCE OF STAFFS AND THE MEDIATING ROLE OF COMMITMENT: A CASE STUDY IN TEHRAN GAS COMPANY

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Abstract: Succession is defined as a sub-system of human resource management effective on organizational learning and increases of job satisfaction and organizational commitment and performance of the organization. Succession has been studied from various aspects and many recommendations have been presented by the researchers for successful and effective implementation. So, considering the growing need for highly developed people and training of develop-oriented managers and regarding the importance and role of service organizations such as the gas company, in this study we decided to investigate the effect of substitution training program on the performance evaluation of Tehran Gas company, with regard to organizational commitment as a mediator variable. The method applied here is the descriptive research method. The population is the Tehran Gas Company employees, sampling study is randomized and sample size is 207, according to Morgan table. In order to analyze the data and final structural equations modeling (SEM), SPSS and Lisrel software were used. Structural equation modeling results indicated that succession has a significant direct impact on organizational commitment and performance of employees. In addition, succession has an indirect significant and positive impact on the performance of employees. The direct impact of organizational commitment of the employees has a significant positive effect on their performance. In general, results have emphasized on the role of substitution training and organizational commitment of the employees on their performance. Results of this study can be considered for improvement of structure in the Gas Company as a case study of and be used in executive and strategic plan of actions in the organization.

Keywords: Succession, Commitment, Performance, Structural Equations Modeling.

INTRODUCTION

Today, in all organizations especially in service organizations, the key of retaining and attracting the customers to improve organizational performance is dependent on the quality of human resources. In fact, in service organizations one of the major sources is the competitive advantage of the provider of human resources

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service. Therefore, improving the quality of human resources function can lead to competitive advantage and improve the organizational performance. Improvement of the performance of human resources depends on satisfaction followed by increase of employee commitment (Jong and Hong 2008).

The aim should be to attract and retain qualified people, and in this regard one of the most important programs of human resources management is to attract and retain talented individuals and identify their potential is succession planning. In general, succession planning is a program in which the right people are selected for key positions in an organization among the qualified individuals. In this process, human talents are identified for main and key positions in the coming years, and become prepared through a variety of educational programs gradually to assume these jobs and responsibilities. (Roth well, 2005).

But, the findings of Callings (2009) shows that 51% of professional human resources do not identify the succession activities well and only 21% of them have officially run the program. This concept is also very limited and unknown in the literature of our country. Studies taken on succession planning in organizations is few. Most managers do not care about the needs of the organization for long-term succession planning, so employees do not are not well developed. So at the current position, it is most useful to focus on the issue of succession because by implementation of an appropriate succession planning, we can increase the staff commitment and consequently expect to improve the performance of our organization.

PROBLEM STATEMENT

Most of the organizations prone to decay do not have a perfect plan to provide their managers and take the affairs to the time and incident and as a result have a passive reaction in the case of problems. In fact, just a few numbers of intelligent organizations take care about development and improvement, built their plans based on identifying and training the management talents.

Succession, as Peter Dreaker has mentioned, states that the plan for detection of talents and succession of the managers is based on the 4 factors including:

1. Managers are not born, but must be trained
2. In the process of managers training the skills and capabilities of business world should be emphasized
3. Succession requires a systematic and regular program
4. The senior managers of the organization must be the custodian and main sponsor of this program.

The organizations take care about succession and are designed based on the literature of the management of succession of identification of talent and intelligent, have prepared the permanent cycle of replacement and application of effective managers and experts and remove the concerns about lack of experienced managers for the decision makers (Nakauchi, Wiersema, 2015).

In such organization, if a manager or expertise employee leaves his job for any reason, no defect has been made in the system to achieve its goals and another talented person is selected among the succession store that leads to more successful trend (Kulbert, Barin and Bradly, 2014).

Today, lots of these companies are losing the considerable number of their valuable employees, because of their retirement problems, organizational reconsiderations and etc. In addition, lack of preparation of employees of lower levels to get higher jobs because of lack of required skills and knowledge, made the organization design a succession schedule plan. In the past, organization just focused on the key employees just when they were closed to leave the organization. In the past decades, development and improvement of people was a simple case and directorates of senior managers made decisions about selection of people for the organizational position. Generally, these decisions were made based on the guesses and their intuitions (Romejko, 2008, Sherman, 2014 and Bunse, 2014).

Succession is a proper planning process to provide appropriate human resources for the future and present key jobs, as the career path of the employees in the organization can manage its requirements in the best way (Huang, 2001). Succession process requires consideration into account as a part of strategic planning of the Company, because it deals with the changes of planning for future by predicting the non-employed management positions and determining how to deal with these challenges (Bush, 2011).

According to the survey of the Kern-free International Institute, among the important issues that companies face in the next few years, after the financial and strategic programs, succession planning was considered as the third very important issue. (Ruth well, 2005). It can be stated that lack of succession planning results in:

- Delay in work due to lack of proper alternative
- Failure to provide appropriate services to clients and other related units
- Creation of appropriate bed for acts contrary to law
- Increased risk of embezzlement and misuse of financial resources

But after succession planning subject and the need to evaluate the system after implementation, as well as dramatic changes of management knowledge, existence of an assessment system becomes inevitable. On the other look, by considering

the creation system, it can be found that assessment is located at its heart. Existence of the highly ordered system in the universe shows the quite deliberate feedback loop, as the evaluation system is defined as one of the elements in this chain. Although human cannot define it because of lack of knowledge and information, the consistency and durability of the system depends on the existence of evaluation and control system.

Experts and researchers believe that 'performance' is a kind of major issue at all organizational analysis and is difficult to imagine an organization that is not subjected to performance evaluation. They consider the paying attention to "organizational performance" as the development of organizational theory and pick the performance as the main subject of the practical space. As a result, this subject has attracted the attention of researchers, economists and executive managers.

That's while researches conducted about succession and its potential effect on performance in organizations is so limited and there is not a comprehensive theoretical template accepted by everyone in the little existing literature.

On the other hand, existence of loyal and committed human resources is from other indices of advantage of one organization to another (Lu, 2015). Commitment leads to increase of profitability and decrease of turnover and also increases the productivity of employees, their performance and the quality of services (Dhar, 2015). In this way, being familiar with commitments, human resources managers can improve the organizational purposes and determine strategies for the development of the organization.

Porter and Steers (1983), defined the organizational commitment as a sense of identity of a person with its organization and also the relative identity of the person in comparison with other individuals, defined addressing. They also mention three characteristics of the commitment including:

1. Members of an organization believe its goals and values
2. they are ready to do their utmost effort for the organization
3. They are too eager to continue their membership in the organization (Ping, 2014).

Because there is no research conducted on examining the effect of succession program on performance, consistently, it is evaluated in this study taking into account the organizational commitment as a mediator variable to discuss on this important issue. Given the strategic importance of Gas Company in this study, we are intended to evaluate the effects of succession program on the performance of employees in the Tehran Gas Company. It is hoped that at the end of this study, we can provide optimal solutions to take effective steps for improving the performance of organizations and institutions.

RESEARCH HISTORY

Karimi (2012) at the Faculty of Economics, Management and Administrative Sciences has investigated the effects of succession management and organizational commitment on organizational learning factors at the University of Tehran, and came to the conclusion that the best predictor of succession management of managers and employees of universities of Tehran, are the variables of organizational commitment and organizational learning.

Bidmeshki (2011) in the University of Alzahra, studied the readiness of higher education organization to implement the succession planning, and concluded that the dimension of commitment to systematically succession was recognized as the most important component both in current and desired status.

In this regard, the results of quantitative researches conducted by Kim (2006), indicated that the data obtained by evaluation of employees must be applied to restructure the business units creation of job development plans of the employees. They also expected that the assessment of employees can provide useful and valuable information about changes in the workplace that it is necessary to provide succession planning.

The results Halton's studies (2007), conducted in the field of succession management systems and output of human resources, determined 10 factors indicating the degree of skills succession planning, and designed 4 key indicators of human resources organizations including employees morality, organizational atmosphere, rates of employee turnover, employee commitment and job satisfaction. The study showed that some features, such as making managers and employees committed, indexes of non-political succession, reliability of employees, succession planning, performance reconsiderations and feedback and effective information systems affecting human resources including management's and employee's commitment, were significant and organizational loyalty can be an important index for morality of systems.

Results of Rashed's studies (2008) named 'determining the importance of succession planning in public organizations' indicated that following cases were defined as indicators of the importance of succession planning in organizations:

1. the ability of succession planning in identification and development of new leaders
2. the ability of succession planning in the provision of financial success,
3. the ability of succession planning in promoting positive organizational culture,
4. the ability of succession planning to help organizational survival and
5. the importance of succession planning at the beginning of change management.

In Rebsulsen's studies (2005), the effects of succession management on the attitude of managers is investigated. The results showed that by increasing the succession management, organizational commitment is also increases. This is in line with findings of the present research.

CONCEPTUAL MODEL AND RESEARCH HYPOTHESES

According to research and theoretical literature, the conceptual model of this research is depicted in Figure 1. As you can see in this model the succession model was considered as the independent variable, organizational commitment was considered as a mediator variable and employees performance was considered as the dependent variable Therefore, the hypotheses of the present study are as follows:

1. Succession is effective on the performance.
2. Succession is effective on organizational commitment.
3. Organizational commitment is effective on performance.
4. Succession affects the performance through commitment

METHOD

Research method is descriptive-survey research and research design is based on correlation of structural equation.

Population and Statistical Sample

The population of this study was the set of Tehran Gas Company employees. The number of employees was estimated to be about 450 people. In this study, sample is calculated by Morgan Table. In this regard, 207 questionnaires were distributed among the employees of the Gas Company. The sample studied in this research was random.

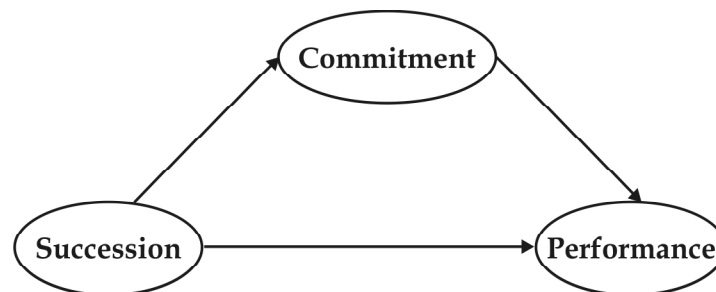


Figure 1: Conceptual model of the research

The Data Collection Tool

Organizational Commitment Questionnaire

To measure the organizational commitment, the Allen and Meyer standard questionnaire was used. This questionnaire has 24 questions evaluating dimensions of emotional commitment (8 items), persisting commitment (8 items) and normative commitment (8 questions). Questions were evaluated based on Likert 5-degree scale of strongly disagree (1) and strongly agree (5). Alpha coefficient for investigating the reliability of questionnaire was 0.841, showing the proper reliability of the tool. To check the validity, the content validity and apparent validity were used, where the results showed the proper validity of the tool.

Succession questionnaire

To measure the succession, Kim Allen and Meyer standard questionnaire were used. This questionnaire has 26 questions evaluating three organizational factors (11 items), process factors (6 items) and personal factors (9 items). Questions were evaluated based on Likert 5-degree scale of very low (1) and very high (5). Alpha coefficient for reliability was 0.975 showing the proper reliability of the tool. To check the validity, content and apparent validity were used and results show the proper validity of the tool.

Performance assessment questionnaire

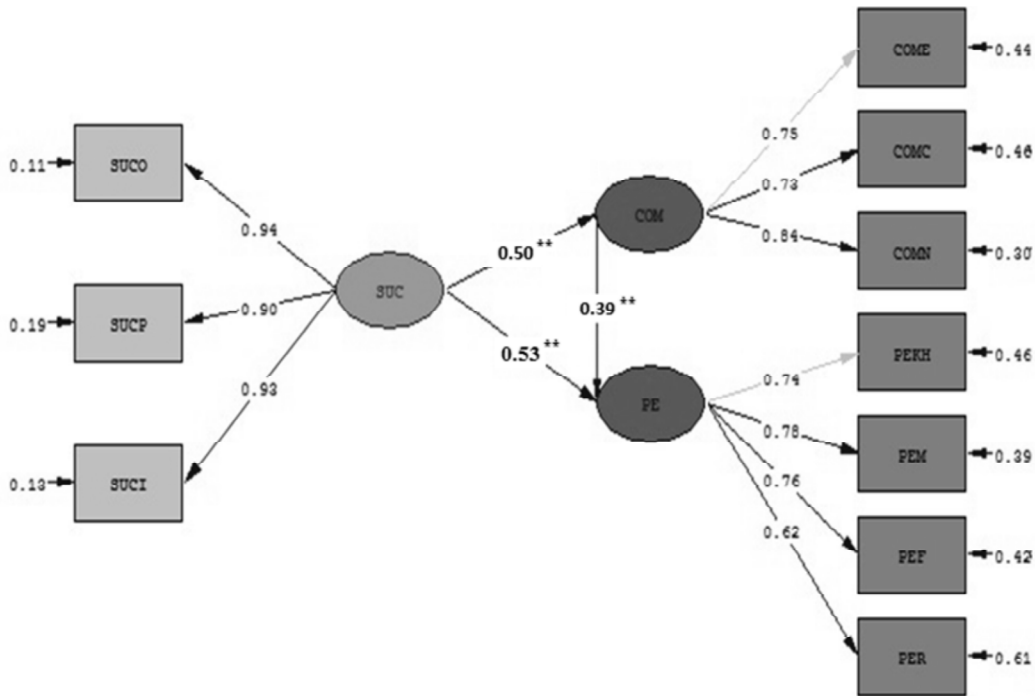
To measure the performance, questionnaires with 18 questions were formulated. Questions were evaluated based on Likert 5-degree scale from very low (1) and very high (5). Alpha coefficient for reliability was 0.9530 showing the proper reliability of the tool. To check the validity, content and apparent validity were used and results show the proper validity of the tool.

Methods of Data Analysis

In this study in order to analyze the data obtained from samples, the descriptive statistics (mean and standard deviation) and inferential statistics were used. In inference section, the structural equation model was also used. SPSS and LISREL software were applied for taking mentioned analyses.

Findings

The mean, standard deviations and correlation coefficient of the studied variables are presented in Table 1.



Chi-Square=53.42, df=29, P-value=0.00000, RMSEA=0.063

Figure 2: The fitted pattern of the research

Table 1
 Statistical indexes (mean and standard deviations) and correlation matrix of the studied variables

Employee's performance	Organizational commitment	Succession	Variables
		1	Succession
	1	**0.53	Organizational commitment
1	**0.48	**0.57	Employee's performance
3.24	3.07	3.11	Mean
1.18	1.11	1.03	Standard deviation

* $P < 0.05$, ** $P < 0.01$

As seen in Table 1, correlation coefficient of succession is significant and positive with organizational commitment ($r = 0.53$) and employee's performance ($r = 0.57$) at the level of 0.01. The correlation coefficient of organizational commitment is significant and positive with employee's performance ($r = 0.48$) at 0.01 level. Figure 2 shows the fitted pattern of the research. The numbers on the route are the standardized parameters. According to the Figure 2, all directions at the level of ($P < 0.01$) are significant.

Since the purpose of present study is to examine the mediating role of organizational commitment in the relationship between succession and employee’s performance by means of structural equation, Table 2 shows the coefficients in direct, indirect and total effects, explained total variance and the variables.

Table 2
Standardized coefficients direct effects, indirect, total explained variance model

<i>Explained variance</i>	<i>Total effect</i>	<i>Indirect effect</i>	<i>Direct effect</i>	<i>Route</i>
43%	0.73**(10.54)	0.20**(3.75)	0.53** (6.89)	On the employee’s performance from succession
	0.39**(4.71)	-	0.39**(4.71)	Organizational commitment
25%	0.50**(5.48)	-	0.50**(5.48)	On the employee’s performance from succession

* $P < 0.05$, ** $P < 0.01$

As can be seen in Table 3, the direct effect of organizational commitment on succession ($\beta = 0.53$) and employee’s performance ($\beta = 0.50$) at the level of ($P < 0.01$) is positive and significant. The direct effect of organizational commitment on employee’s performance ($\beta = 0.39$) at the level of ($P < 0.01$) is positive and significant. The indirect effect of succession on employee’s performance ($\beta = 0.20$) through organizational commitment at the level of ($P < 0.01$) is positive and significant. Total of 43% of the employee’s performance variance and 25% of the organizational commitment variance can be explained by the model. Fitting characteristics of the route analysis pattern is shown in Table 3.

Table 3
Fitting characteristics of the structural equations model

<i>CFI</i>	<i>NNFI</i>	<i>AGFI</i>	<i>GFI</i>	<i>RMSEA</i>	<i>df/²χ</i>
0.98	0.99	0.91	0.94	0.063	1.84

According to Table 2, the ratio of chi-square to degree of freedom ($\chi^2/df = 1.84$) index fit ($GFI = 0.94$), adjusted index replication of best fit ($AGFI = 0.91$) and root mean square error of approximation ($RMSEA = 0.063$) are at an appropriate level. Therefore, the fitted model in this research is at a good level.

DISCUSSION AND CONCLUSIONS

Succession is one of the most important strategies for providing and developing the human resources in the public and private sectors. Such strategies are so important especially in the today public sector and countries like Iran passing through the developing roads, in need to managers capable to improve such plans

taking advantage from sufficient profession and commitment. Specifically in Iran where the Vision of 1404 document is designed, and general policies of the administrative system and the policies derived from the Islamic-Iranian model of progress are outlined in the vision on the path, training of developed human beings in general, and development agencies in detail, based on the local and religious capacities are of special importance.

In such circumstances, it seems that one of the steps that lead to a fundamental change based on organizational insights in the field of human resources is the implementation of succession planning in organizations. This implementation requires the factors that should exist in the organization as the underlying factors and should be strengthened. The concept of succession refers to the process in which the human talent of organization for getting the jobs and key positions in the future are identified and they become ready for these occupations by education through various programs (Abuallai and Ghaffari-2008-2013).

Succession planning strategies as should empower staff to achieve their occupational goals, should focus on development of employees to achieve organizational goals. The aim of this study is to assess the role of succession on commitment and performance of employees.

The first hypothesis of study stated that succession affects the employee's performance. The results of data analysis showed that the succession variable has a positive and significant effect on performance variable and the hypothesis is confirmed. Therefore, performance is also improved by establishment and improvement of the system of substitution.

The second hypothesis stated that succession has impact on organizational commitment. The results of data analysis showed that the succession variable has a positive and significant effect on employee's organizational commitment and this hypothesis was confirmed. So, succession resulted in a commitment of organizational employees.

The third hypothesis was that organizational commitment has an impact on employee's performance. Results of structural equation modeling indicated that variable of organizational commitment has a positive and significant impact on employee's performance and this hypothesis was confirmed. Therefore, organizational commitment of the employees leads to improvement of employee's performance.

The fourth hypothesis was that of succession planning through organizational commitment has an indirect impact on the performance of employees. Results of structural equation modeling indicated that succession planning through organizational commitment of employees has an indirect impact on the performance of employees. According to the first hypothesis that studied the direct

effect of succession on performance, the path coefficient was decreased which means that the direct effect of succession on the performance is stronger than its indirect impact.

Since the results of fitting of model test showed that all indicators of model fitting have represented the appropriate fitness of model and also tests of model hypotheses that all are confirmed, it can be concluded that the conceptual model was studied in the community, has been accepted in the field of succession and is comprehensive.

In conclusion, although the relationship between the three issues examined in this study (succession, evaluation of performance and commitment) were not investigated in previous studies, the wise guess of the researchers showed that these issues are affected on each other. The expressed assumptions are approved and the final model was studied and approved using structural equation method. This point can guide the future researchers to access a confirmed model in order to examine the same studies.

The aim of this study was to evaluate the effect of succession on the performance. Also, as noted in the statistical analysis section, one can easily investigate the condition of relationship between the succession and organizational performance besides the mediating role of commitment variable. More attentions can be paid to structural improvement and development of dimensions Gas Company and use it in preparation of strategic and executive programs.

PRACTICAL SUGGESTIONS

To be successful in the implementation of succession planning and improvement of Gas Companies performance, present proposal is as follows:

- Positive and optimistic attitude of senior managers to human resources and its determining role in the success of the company
- Willing to practice of managers to invest in training, giving authorities to them and funding to maintain staff
- High number and ratio of young, educated and growing demanded experts and experienced elder managers
- Company's efforts to implement the novel management techniques and ideas like suggestion organizations, solution resolving teams and etc.
- Active and equipped attendance of human resources or development of human resources
- Future stability of senior managers, so that they make them interested and motivated in long-term investments

- Clearance of Company's strategy, so that it become possible to extract and list the capabilities of the managers who should made them true
- Forecasting of organization senior managers in developing and implementing the strategic plans or establishment of new units in the organizational structure
- Keeping the organization safe against political pressures in the case of appointments and hiring. Helping employees to move on time in the organization
- Promoting the organizational loyalty and motivation and preparing infrastructure for organizational superiority and a dynamic career move for human resources
- Creating a bed to gain the confidence of contemporary and competitor young people in terms of Company's methodical bases on certain logic regarding the high proportion of young professionals following their progress
- Giving the proper feedback from the performance and results of succession management system to the managers and employees
- Use of assessment of organizational performance besides evaluation of personal performance for measuring the effectiveness
- Paying more attention to the program evaluation during implementation of related processes, monitoring feedbacks and preparing corrections.

SUGGESTIONS FOR FUTURE STUDIES

Because the most Iranian organizations do not have a formal succession plan, we should be hopeful that by taking other researches in this area, other aspects of the important indexes for implementation of succession management become examined, to remove the gap in our organizations. Regarding the results of this study, the following suggestions for future research are necessary:

In the organizations where succession system has not been implemented, it is possible to address the underlying factors for implementation of this organization considering the cultural, structural and other factors. It seems that investigation of the effect of organizational and national culture on the succession planning would be an ideal case for future research.

Similar studies can lead to achieving the indexes for comparison of succession management systems in Iranian organizations. Different studies in the field of advantages of succession have been conducted abroad and the necessity of such studies in our country is sensible to measure the advantages of the program in cultural aspects.

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