

معوقات تخطيط التعاقب الوظيفي من وجهة نظر العاملين بالبنوك التجارية بجمهورية مصر العربية

The challenges of succession planning as perceived by the employees at Commercial Banks in the Arab Republic of Egypt

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المستخلص:

يهدف هذا البحث إلى معرفة العلاقة بين العوامل الشخصية للعاملين وإدراكهم لتحديات تطبيق خطط التعاقب الوظيفي، ومعرفة الفروق المعنوية بين الفئات الخمس التي تعيق تطبيق خطط التعاقب الوظيفي في مجال التطبيق وهم العاملون في البنوك التجارية بجمهورية مصر العربية. واعتمد البحث على فلسفة الوضعية والمنهج الاستنتاجي وأسلوب التحليل الكمي والنوعي كمنهجية للبحث. وكانت أداة جمع البيانات هي الاستبانة. وبناءً على ذلك، تم جمع (390) استبانة صالحة للاستخدام إلكترونياً من خلال قنوات التواصل الاجتماعي. بالإضافة إلى ذلك، تم استخدام SMART PLS V4.0 لاستكشاف العلاقات السببية بين متغيرات البحث. وتكشف النتائج عن عدم وجود علاقة إحصائية بين العوامل الشخصية للعاملين وإدراكهم لتحديات تطبيق خطط التعاقب الوظيفي وعدم وجود فروق معنوية بين متوسطات الفئات الخمس التي تعوق تطبيق خطط التعاقب الوظيفي. بالإضافة إلى ذلك، فإن هذا البحث له أيضاً آثار عملية وإرشادية مهمة، وآثار نظرية للباحثين المهتمين بمتغيرات البحث.

الكلمات المفتاحية: التعاقب الوظيفي، البنوك التجارية، جمهورية مصر العربية.

1- دكتوراه إدارة الأعمال، كلية التجارة، جامعة المنصورة

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Abstract:

This research aims to investigate significant correlation between the employees' Personal factors and their perception towards challenges of succession planning and investigate significant differences between the Five groups that hinder succession planning in the field of application which is the employees at Commercial Banks in Arab republic of Egypt. The research adopted the philosophy of positivism, the deductive approach, and the method of quantitative and qualitative analysis as the research methodology. The instrument utilized for data collection was the questionnaire. Consequently, (390) usable questionnaires were collected electronically through social media channels. In addition, Using SMART PLS V4.0 to explore the causal relationships between the research variables. The findings reveal that there is no correlation relationship between the employees' Personal factors and their perception towards challenges of succession planning and there aren't significant differences between the means of the five groups that hinder succession planning. In addition, this research also has significant practical implications and guidelines, and theoretical implications for researchers who are interested in research variables.

Keywords:

Succession planning ,**Commercial** Banks, Arab Republic of Egypt

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Introduction

Succession planning is a strategic approach to ensuring the continuity of leadership and key positions within an organization. This process involves identifying and developing potential leaders and skilled employees who can step into critical roles as they become available. Effective succession planning not only mitigates risks associated with sudden leadership vacancies but also fosters organizational stability and growth. According to Rothwell (2020), organizations that prioritize succession planning are better equipped to handle transitions smoothly, maintain institutional knowledge, and ensure sustained performance in competitive environments.

Moreover, succession planning serves as a tool for employee engagement and retention by providing career development opportunities. It allows employees to envision a future within the organization, motivating them to enhance their skills and commitment. Research by Kim and Scullion (2021) highlights the importance of aligning succession planning with broader talent management strategies to ensure inclusivity and long-term organizational success. By fostering a culture of continuous learning and development, organizations can build a resilient workforce capable of adapting to evolving market demands. Therefore, this research studies the significant correlation between the employees' Personal factors and their perception towards challenges of succession planning .

Exploratory research

1. Pilot study & practical problem

The Researcher performed a pilot study to explore the research problems and questions. Structured interviews were held with (14) employees at Commercial Banks in the Arab republic of Egypt. The Researcher asked (1) question, while interviewees were required to choose one of two alternatives. Interviewees were allowed to interpret their answers and tell more detailed information about their preferences.

Question was as follows:

Is the bank keen on succession planning?

1- Yes ()

2- No ()

Obtained answers to these questions were as follows:

- 75 % of respondents said (NO).
- 25 % of respondents said (Yes).

2. Research Gap and literatures

A set of literature discussed the barriers of succession planning such as Mehrtak, M., Farzaneh, E., & Gholipour, A. (2018) conducted a qualitative study exploring the role of organizational culture in succession planning within the Iranian Ministry of Health and Medical Education. They identified various challenges specific to public sector organizations (Journal of Education and Health Promotion).while McKee, G., & Froelich, K. (2016) examined succession planning barriers in nonprofit organizations, emphasizing the impact of limited resources and informal planning

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approaches. This study provides insights into challenges faced by nonprofit entities (Journal of Nonprofit Management). Kreischer Miller (n.d.) discussed the unique barriers to succession planning in family-owned businesses, focusing on emotional factors and family dynamics in decision-making processes (Kreischer Miller Insights). Rezaei, A., Rezaei Far, H., Mohammadi, M., & Hakimpur, H. (2024). This study investigates the obstacles to succession planning in government organizations using a structural interpretive approach. The authors identify and categorize various barriers, emphasizing the significance of legal and individual challenges. Froelich, K., McKee, G., & Rathge, R. (2011). This research examines succession planning in nonprofit organizations, highlighting both external and internal labor market obstacles that impede effective management succession. The study underscores the need for careful planning to navigate these challenges. Mehrtak, M., Farzaneh, E., & Gholipour, A. (2018). This qualitative study explores the role of organizational culture in succession planning within the Iranian Ministry of Health and Medical Education. The authors identify directors' lack of job security as a primary barrier to effective succession planning. Njia, B., & Mhando, N. (2023). This systematic literature review analyzes empirical studies on factors affecting succession planning implementation. The authors identify common barriers and strategies employed by organizations to address these challenges. NJDOT Technology Transfer (2022). This literature scan discusses challenges faced by Departments of Transportation (DOTs) in implementing succession planning, particularly focusing on barriers posed by civil service systems and unions.

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In conclusion, the academic gap identified the challenges of succession planning.

Research problems & questions

Based on the academic gap, the practical gap, and the researcher's observations, the problem of the current research was stated as follows:

The current research problem is to investigate the relationship between the employees' Personal factors and their perception towards challenges of applying succession planning In order to address the research gap, the following two questions are asked:

Q1. What is the nature of the correlation relationship between employees' Personal factors and their perception towards challenges of succession planning?

Q2. What are the significant differences between the five groups that hinder applying succession planning?

Research Objectives

By investigating the research gap and its questions, this research embraces the following objectives:

O1. Investigate the groups of reasons that hinder applying succession planning in the sector of field of application.

O2. Arranging that groups according to the extent of their strong influence on the presence of the phenomenon under study.

Research Hypotheses

This research develops two central hypotheses based on previous studies in order to answer the research questions. These hypotheses are as follows:

- H1.** There is a significant correlation relationship between employees' Personal factors and their perception towards challenges of applying succession planning **H2.** There are no significant differences between the Five groups that hinder applying succession planning in commerce field.

Theoretical framework

One significant challenge of succession planning is the difficulty in identifying and developing internal candidates who possess the necessary skills, experience, and leadership potential. Many organizations struggle to accurately assess future leaders, as the criteria for leadership often evolve based on changing organizational needs and external factors. According to Harris and Haines (2019), this misalignment between the current skill set and future requirements can lead to the selection of unprepared candidates, resulting in leadership gaps or ineffective transitions. This challenge underscores the importance of continuous development programs and clear succession criteria.

Another challenge is overcoming resistance to succession planning due to organizational culture or individual biases. Employees and managers may resist the idea of promoting from within, particularly if external hiring seems like a quicker or more diverse solution. As noted by Smith and Collins (2021), this resistance can be exacerbated by unconscious biases that influence decision-making, leading to a lack of diversity in leadership and

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missed opportunities for inclusive growth. Organizations must address these cultural and perceptual barriers to create a more supportive environment for succession planning.

Table (1): challenges of applying succession planning in commercial banks, developed by the researcher

Organizational challenges	Resource-Related challenges	Cultural and Psychological challenges	External challenges	Knowledge and Skills challenges
<ul style="list-style-type: none"> • Lack of Formal Processes • Weak Organization al Culture: • Inadequate Leadership • Rigid Structures: 	<ul style="list-style-type: none"> • Financial Constraints: Limited • Time Constraints: • Human Resource Limitations : 	<ul style="list-style-type: none"> • Fear of Job Insecurity:. • Avoidance of Sensitive Topics: • Resistance to Change: 	<ul style="list-style-type: none"> • Labor Market Constraints: • Regulatory and Legal Challenges:. • Economic Uncertainty: 	<ul style="list-style-type: none"> • Inadequate Training Programs: • Poor Knowledge Transfer: • Unprepared Successors:

Source: Prepared by the researcher based on Literature.

Research Significance

Succession planning is vital for banks to ensure seamless leadership transitions, maintain operational stability, and enhance organizational resilience. Proactive succession strategies can mitigate risks associated with unexpected departures of key personnel.

Key Statistics Highlighting the Importance of Succession Planning in Banks:

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Positive Impact on Employee Engagement: A significant 94% of employers report that having a succession plan positively influences employee engagement levels. Notably, over 90% of younger workers (aged 18 to 34) indicate that a clear succession plan would enhance their engagement at work. (Masrafeyoun, 2023)

Prevalence of Succession Plans: Approximately 79% of employers have succession plans in place for mid-level management positions, indicating recognition of the importance of preparing for future leadership needs. (MyShortlister. (n.d.).

CEO Turnover Rates: The annual CEO turnover rate among the world's 2,500 largest companies stands at 17.5%, underscoring the necessity for effective succession planning to manage frequent leadership changes. (Masrafeyoun, 2023)

Financial Impact of Poor Succession Planning: Companies that experience forced CEO successions may lose an average of \$1.4 billion in shareholder value compared to those with well-structured succession plans, highlighting the financial risks of inadequate planning. (Masrafeyoun, 2023)

Retention of Experienced Employees: Effective succession planning reduces the need for external recruitment by improving the retention of experienced employees. When employees are aware of clear opportunities for career growth, they are more likely to remain loyal to their organizations. (Masrafeyoun, 2023)

Population and Sample Size

1. Population and Sampling

The population of the current research is the employees at Commercial Banks in Egypt.

Sample Size

The sample size required to be large enough to generalize the findings to a population. According to Sample Size Calculator, a sample size of 384 is required if the margin of error is 5%, which is the proportion utilized in social research, the confidence level is 95%.

Data Analysis, Results, and Interpretations

Research data was collected during the period from July 2024 to October 2024. Using Google Form, the researcher designed an electronic version of the questionnaire which was published to the employees at Commercial Banks in Arab republic of Egypt through social media channels like Facebook Pages, Facebook Groups, and WhatsApp Groups interested in the employees at Commercial Banks in Arab republic of Egypt. Total responds were (401), while accepted responds were (390). The Researcher exported the collected data from Google Form to Google Sheet then to Excel Sheet in which items were coded and formatted to be ready for Smart PLS.

Sample Description

Accepted responses to the questionnaire were (390), described as follows:

1. Sample distribution according to years of experience

As shown in table 2, the number of segment (from 2-10 years) was (300) Responses, while the number of segment (more than 10 years) was (190).

Table (2): Sample distribution according to years of experience

Years of experience	N	Percentage
From 2-10 years	300	77 %
More than 10 years	190	23 %

Source: Prepared by the researcher according to statistical analysis

2. Sample distribution according to Gender

As shown in table 3, the number of males was (279) Responses, while number of females was (113) Responses:

Table (3): Sample distribution according to Gender

Gender	N	Percentage
Male	279	71 %
Female	113	29 %

Source: Prepared by the researcher according to statistical analysis

1. Test H1 :Direct relationships between research variables

Table (4): Correlation among employees' personal factors & challenges of applying succession planning

Variables	Barriers of succession planning	
	<i>R</i>	<i>P</i>
	Spearman- test	
Years of experience	.08	.58
Gender	.05	.68

Source: Prepared by the researcher according to statistical analysis

As shown in table 4, there is not a significant correlation relationship between employees' Personal factors and their perception towards challenges of applying succession planning

Test H2. There are no significant differences between the five groups that hinder applying succession planning.

Table (5): Mean and standard deviation of employees' personal factors & challenges of Applying succession planning related to the Organizational Challenges (n= 390)

Statements	Mean	SD
1- Absence of structured succession plans.	2.65	1.34
2- Lack of transparency, trust, and development opportunities hinders succession initiatives.	2.5	.3

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3- lack of support from top management undermines planning efforts.	2.6	.4
4- Bureaucratic systems and civil service rules impede flexible succession planning.	2.37	1.42
Overall mean	2.58	

Source: Prepared by the researcher according to statistical analysis

Table (6): Mean & standard deviation of employees' personal factors & challenges of Applying succession planning related to Resource-Related challenges (n= 390)

Statements	Mean	SD
1- Budgets restrict training and development programs.	3.93	.999
2- Managers may prioritize immediate tasks over long-term planning.	3.15	1.59
3- Insufficient talent pools or staff shortages complicate succession efforts.	3.43	1.066
Overall mean	3.5	

Source: Prepared by the researcher according to statistical analysis

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Table (7): Mean and standard deviation of employees' *personal factors & challenges of Applying succession planning related to Cultural and Psychological challenges* (n= 390)

Statements	Mean	SD
1- Current leaders may view succession planning as a threat to their roles	3.26	1.091
2- Reluctance to address mortality or retirement, especially in family-owned businesses.	2.99	1.100
3- Employees and leaders may resist changes associated with succession planning.	3.82	.888
Overall mean	3.47	.35

Source: Prepared by the researcher according to statistical analysis

Table (8): Mean and standard deviation of employees'' *personal factors & challenges of Applying succession planning related to External challenges* (n= 390)

Statements	Mean	SD
1- Difficulty in attracting external candidates with the required skills.	2.4	.3
2- Compliance with employment laws and union regulations can complicate succession planning	2.5	.2

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3- Market instability can divert focus from succession efforts.	4.25	1.01
Overall mean	3.05	

Source: Prepared by the researcher according to statistical analysis

Table (9): Mean and standard deviation of employees' personal factors & challenges of Applying succession planning related to the Knowledge and Skills challenges (n= 390)

Statements	Mean	SD
1- Lack of effective leadership development initiatives.	2.65	1.34
2- Insufficient mechanisms to pass on institutional knowledge.	2.2	1.50
3- Potential candidates may lack the skills or confidence to assume leadership roles.	2.37	1.42
Overall mean	2.41	

Source: Prepared by the researcher according to statistical analysis

Table (10): The findings of the second hypothesis

Groups	MEAN	F	Sig
Group (1)	2.58	3	.45
Group (2)	3.5		
Group (3)	3.47		
Group (4)	3.05		
Group (5)	2.41		

Source: Prepared by the researcher according to statistical analysis

As shown in table 10 there is no significant differences in means between the five groups that hinder applying succession planning.

Findings and Recommendations

Research Questions Revisited

Table 11 below shows the overall view for Research Questions, Objectives, Hypothesizes, and Results of Testing hypotheses as follows:

Table (11): Research Questions, Objectives, Hypothesizes, and Results

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Research Questions	Research Objectives	Research Hypothesizes	Results of Testing Hypothesizes
Q1. What is the nature of the correlation relationship between employees' Personal factors and their perception towards challenges of applying succession planning?	O1. Investigate the groups of reasons that hinder applying succession planning in the field of application	H1. There is a significant correlation relationship between employees' Personal factors and their perception towards challenges of applying succession planning.	Rejected
O2. What are the significant differences between the Five groups that hinder applying succession planning?	O2. Arranging that groups according to the extent of their strong influence on the presence of the phenomenon	H2. There are no significant differences between the Five groups that hinder applying succession planning in Commercial Bank.	Accepted

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Research Questions	Research Objectives	Research Hypothesizes	Results of Testing Hypothesizes
	under study.		

Source: Prepared by the researcher based on Literature, Data, and Statistical analysis outputs.

Research Findings and its Interpretations

Table 12 below shows the summary of research findings compared to literature:

Table (12): Research Findings compared to Literature

Research Findings	Compared to literature
There is not a significant correlation relationship between employees' Personal factors and their perception towards challenges of succession planning.	<i>Within the researchers' knowledge, there are no previous studies that have previously investigated this relationship</i>
There are no significant differences between the five groups that hinder applying succession planning in Commercial Banks field.	<i>Within the researchers' knowledge, there are no previous studies that have previously investigated this hypothesis.</i>

Source: Prepared by the researcher based on Literature.

Theoretical Implications

Based on current research, the researcher recommends these topics for future research:

1. Study the effects of research variables applied on other Sectors, such as governmental associations.
2. Study the role of leadership styles in reducing barriers of applying succession planning

Practical Implications

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Based on the results of the current research, the researcher summarized the practical recommendations in Table 13 as follows:

Table (13): Research recommendations for the field of practice

Practical Recommendations		Notes for application	
1. Commercial Banks should Provide regular training on succession planning skills	Who?	Training department.	
	How?	Organize monthly workshops and training sessions focused on succession planning	
	When?	Along the service cycle.	
2. Commercial Banks should study the return of investment in succession planning.	Who?	Financial departments	
	How?	Using financial methodologies	
	When?	Along the service cycle	

Source: Prepared by the researcher based on Literature.

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