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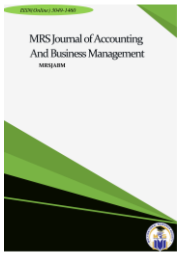

Exploring the Relationship between Succession Planning and Organizational Performance in the Nigerian Hospitality Industry

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Abstract: *This study examines the relationship between succession planning and organizational performance of the hospitality industry, particularly within the quick service restaurant sector in Rivers State. Employing a quasi-experimental design, the study utilizes cross-sectional survey data to provide insights into the frequency and levels of specific attributes at a given point in time. The population consists of sixteen (16) functional Quick Service Restaurants registered with the Rivers State Yellow Page Directory (2019/2020), each operational for at least fifteen years with a staff strength of twenty-five or more per outlet. A census sampling technique was employed, selecting sixty-four (64) senior managers as respondents, including general managers, human resource managers, sales managers, and operations managers. Data were collected using a structured questionnaire, divided into demographic information and Likert-scale sections measuring the study variables. Content and face validity were ensured through expert reviews, while Cronbach's alpha coefficient assessed reliability. The data were analyzed using the regression techniques of the Statistical Package for Social Sciences (SPSS) version 23.0. Findings indicate a strong positive relationship between succession planning and organizational performance, with an R-squared value of 0.813, suggesting that succession planning accounts for 81.3% of variations in organizational performance. Correlation analysis further revealed significant positive relationships between training (r=0.604), mentoring (r=0.806), career development (r=0.856), and sales growth. The combined influence of these variables accounted for 82.8% of sales growth variation. The study underscores the critical role of structured succession planning in enhancing organizational performance. Investments in training, mentoring, and career development significantly contribute to sales growth and operational efficiency.*

Keywords: *Succession Planning, Organizational Performance, Training, Mentoring, Career Development, Sales Growth.*

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1. Introduction

Organizational performance remains a central focus in management and organizational theory, as it determines the ability of firms to achieve their strategic objectives and sustain competitive advantage (Aluko, 2003). Performance is often measured by factors such as revenue growth, market share, employee productivity, and overall efficiency in service delivery. In the hospitality industry, organizational performance is particularly crucial due to the dynamic and highly competitive nature of the sector, where customer satisfaction, service quality, and operational efficiency play significant roles (Kohli & Jaworski, 2019). The Nigerian hospitality industry, especially the fast-food sector, has witnessed significant expansion since the establishment of Mr. Biggs, a subsidiary of UAC Nigeria Plc, which opened its first outlet in Yaba, Lagos, in 1986. Despite economic fluctuations, regulatory challenges, and the global pandemic, the industry continues to experience an influx of new entrants, primarily due to its high potential for return on investment and increasing consumer demand. However, the ability of firms to sustain growth and achieve optimal performance is often hindered by factors such as human capital limitations, technological gaps, and ineffective workforce planning (Oyewumi, Ibitoye, & Sanni, 2012).

Succession planning has emerged as a critical strategy for ensuring business continuity and improving firm performance. It involves identifying and developing future leaders within an organization, ensuring leadership stability, and maintaining institutional knowledge (Rothwell, 2010). The hospitality industry, known for its high employee turnover and demanding work culture, requires a well-structured succession planning framework to enhance workforce retention, leadership development, and operational efficiency (Ali, Mehmood, Ejaz, & Ashraf, 2014). A well-implemented succession planning strategy not only mitigates risks associated with leadership gaps but also enhances employee morale and overall firm performance (Perrenoud & Sullivan, 2017). Studies have shown that organizations with effective succession planning experience improved financial performance, employee satisfaction, and long-term sustainability (Patidar, 2016; Rayburn, Grigsby, & Brubaker, 2016).

However, existing literature presents mixed findings on the impact of succession planning on organizational performance. While some studies (Avanesh, 2011; Mehrabani & Mohamad, 2011; Ishak, 2013) suggest a strong positive correlation, others (Nwosu, 2014; Pandey & Sharma, 2014) report a negative impact on employee productivity, which in turn affects organizational performance. Furthermore, Magasi (2016) and Garg and Van-Weele (2012) found no significant effect of succession planning on firm performance. This inconsistency highlights the need for further investigation, particularly within the Nigerian context.

The hospitality industry in Nigeria faces unique challenges that may influence the effectiveness of succession planning in driving firm performance. The industry is characterized by long working hours, high employee turnover, and inadequate career development structures, which often hinder effective leadership continuity and workforce planning (Bernthal & Wellins, 2013). Many organizations prioritize customer satisfaction and short-term profitability over long-term workforce development, leading to gaps in leadership succession and organizational sustainability (Cheng, 2016). Research has shown that organizations that invest in talent development, mentorship programs, and structured career advancement pathways are more likely to sustain high performance levels (Groves, 2013). However, in the Nigerian hospitality sector, succession planning remains underexplored, with limited empirical studies addressing its direct impact on organizational performance.

Despite increasing awareness of the importance of succession planning, many firms in the Nigerian hospitality industry have yet to integrate it into their business strategy. Most studies on succession planning and firm performance have been conducted in manufacturing sectors and international settings (Wangombe, 2013; Adhiambo, 2014; Nekesa, 2013; Odengo, 2016), leaving a contextual and methodological gap in understanding how succession planning influences firm performance in Nigeria's fast-food industry. This study seeks to bridge this gap by examining the relationship between succession planning and organizational performance in Quick Service Restaurants (QSRs) in Rivers State, Nigeria. Unlike previous studies, which have used varying dimensions and measures, this study conceptualizes succession planning through training, career development, and mentoring, while firm performance is assessed using sales growth and service quality. The study adopts a quantitative methodology, employing a cross-sectional survey design to provide empirical evidence on the influence of succession planning on firm performance in the Nigerian hospitality industry. By addressing these contextual, conceptual, and methodological gaps, this study contributes to the growing body of literature on succession planning and organizational performance. It provides insights for industry practitioners, policymakers, and scholars on the role of human capital development in sustaining business success in Nigeria's fast-paced hospitality sector.

Conceptual Framework

The conceptual model illustrates the relationship between the predictor variable, succession planning, and the criterion variable, firm performance. Succession planning is operationalized through three key dimensions: training, mentoring, and career development, adapted from Timothy, Stevie, and Mehmet (2018). These dimensions represent structured processes aimed at preparing employees for leadership roles, ensuring knowledge transfer, and fostering career growth within organizations. Organizational performance, the dependent variable, is measured using sales growth. Sales growth reflects the financial impact of succession planning.

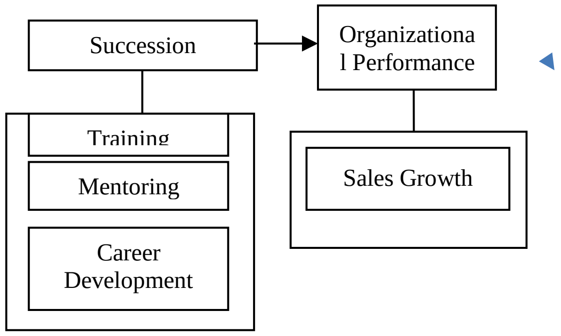

Figure 1.1 presents the conceptual framework depicting the relationship between succession planning and Organizational performance hospitality industry in Rivers State, Nigerian.

Source: Researcher's Desk, 2024

2. Literature Review

Theoretical Framework

The study is anchored on the Social Exchange Theory and the Human Capital Theory. Social Exchange Theory, introduced by Homans (1958) and further developed by Blau (1964), describes interpersonal interactions as reciprocal exchanges of tangible and intangible benefits. This theory posits that individuals form relationships based on a cost-benefit analysis, fostering mutual obligations over time. In an organizational context, Cropanzano and Mitchell (2005) argue that employees reciprocate favorable treatment by demonstrating commitment and high performance. Thus, when organizations invest in succession planning through training, mentoring, and career development, employees perceive these efforts as valuable investments, leading to improved firm performance. Daspit, Holt, Chrisman, and Long (2016) emphasize that successor development and transition management are crucial for sustaining organizational growth.

Human Capital Theory, proposed by Schultz (1961) and expanded by Becker (1964), suggests that employees' education and training enhance their productivity by equipping them with relevant skills and knowledge. Becker (1964) likens human capital to physical capital, asserting that investment in employees yields returns in the form of higher organizational output. Organizations that prioritize staff training and development benefit from a more skilled workforce, leading to increased efficiency, innovation, and improved performance (Armstrong & Taylor, 2014). However, the theory faces criticism, particularly regarding the assumption that education guarantees performance and retention, as highly skilled employees may seek better opportunities elsewhere (Tan, 2014). Nevertheless, within the context of succession planning, Human Capital Theory supports the notion that firms with well-trained internal talent pools can seamlessly transition leadership roles, thereby sustaining growth and competitiveness. The combination of these theories strengthens the study's premise that structured succession planning enhances organizational performance in the Nigerian hospitality industry.

Conceptual Review

Succession Planning

Succession planning ensures a steady supply of competent manpower for organizational continuity. Initially focused on leadership replacement, it now emphasizes skill development and talent retention. Effective succession planning enhances employee efficiency, reduces turnover, and supports long-term growth. It integrates human resource strategies to maintain leadership continuity, competitive advantage, and organizational sustainability.

Training

Training enhances employee skills, productivity, and job satisfaction, reducing turnover and operational inefficiencies. It includes on-the-job and off-the-job methods, contributing to employee development and organizational success. Well-trained employees improve service quality, efficiency, and performance, leading to business growth and sustainability.

Mentoring

Mentoring involves a knowledgeable individual guiding a mentee's career development through career-related and psychosocial support (Wanberg, Welsh, & Hezlett, 2003). Career-related mentoring includes coaching and exposing mentees to professional opportunities, while psychosocial mentoring provides emotional support and role modeling. Unlike protégés, who engage in structured senior-junior mentoring, mentees include a broader range of learners. Research indicates that mentored individuals experience greater job satisfaction, career progression, and commitment (Wanberg et al., 2003). Mentors also benefit through career rejuvenation and knowledge exchange (Windeler, 2013).

Mentoring progresses through initiation, cultivation, and maturation stages. Informal mentoring occurs naturally, while formal programs match mentors and mentees based on professional interests (Wilson & Elman, 1990). In the cultivation stage, career-related mentoring enhances professional skills, and psychosocial mentoring strengthens the mentor-mentee bond. Mentoring fosters leadership development, succession planning, and talent retention (Groves, 2007). It also supports knowledge transfer, professional growth, and organizational flexibility (Bhamagar, 2008).

Career Development

Career development facilitates goal achievement by enhancing job satisfaction and performance (Kraimer, Seibert, Wayne, Liden, & Bravo, 2011). It ensures employees gain the necessary skills through structured programs, including training, mentoring, and job rotations (Jacobs & Washington, 2003). Career development enhances organizational performance by aligning individual aspirations with corporate goals (Shelton, 2001).

Professional development promotes succession planning, leadership effectiveness, and employee retention (Hall-Ellis, 2015). Training and development positively impact performance, increasing productivity, profitability, and service quality (Chand & Katou, 2007). Effective career development reduces turnover and associated costs while fostering long-term employee commitment (Kaliprasad, 2006). Retaining skilled employees mitigates knowledge loss and strengthens organizational stability.

Organizational Performance

Performance refers to the achievement of tasks measured against predefined standards of competence, cost, and speed (Timpson, 2011). Organizational performance is the actual productivity of an entity compared to its projected goals (Upadhaya, Munir, & Blount, 2014). It is influenced by resources such as personnel, physical assets, and capital, which determine success or failure (Barney, 2002).

Richard (2009) categorized organizational performance into financial performance, market performance, and stakeholder returns. It involves efficient resource utilization to achieve intended outcomes (Santos & Brito, 2012). Continuous performance improvement is crucial for growth, especially in an evolving business environment. Effective organizations adapt to opportunities and threats while leveraging internal strengths (Rabah, 2015).

Sales Growth

Sales growth measures revenue increases over time and is a key indicator of organizational success (Tonington, 2005). It reflects market competitiveness, operational efficiency, and strategic effectiveness (Hansen & Mowen, 2012). Consistent sales growth signals favorable market conditions and effective business strategies.

Empirical Review

Ali, Mahmood, and Mehreem (2019) examined succession planning and employee performance in Nigerian commercial banks, highlighting career development and performance appraisal as mediators. Structural equation modeling confirmed a significant positive relationship. The study emphasized the need for skilled workforce development to mitigate disruptions from sudden vacancies. Odengo (2016) analyzed succession planning practices at Kenya Power Limited, using descriptive statistics and regression analysis. Results indicated that internal and external hiring were integral to leadership continuity. Cook (2015) explored succession planning in a UK-based global electronics company using a case study approach. Findings revealed a strong link between succession planning, talent management, and organizational strategy. The study recommended strengthening talent management strategies to enhance succession outcomes. Akinyele (2015) studied succession planning and organizational survival in Covenant University, Nigeria. The study, using correlation analysis, found that internal recruitment significantly enhanced institutional resilience and sustainability.

Ali (2014) assessed succession planning in Pakistani commercial banks, revealing a strong positive link between internal staff replacement and employee performance. Nwosu (2014) examined succession planning and corporate survival in Nigerian firms, using weighted mean and Z-tests. Results indicated that talent retention, mentoring, and structured delegation significantly enhanced firm longevity. Adhiambo (2014) explored succession planning in Kenyan health NGOs, finding a strong positive relationship (r = 0.794) between talent retention and organizational performance. Ishak, Ismail, and Abdullah (2013) investigated CEO succession in Malaysian publicly listed firms. Performance improved post-succession, particularly when internal successors were appointed. Talent retention strategies were key to sustained growth. Avanesh (2011) investigated succession planning in Bangalore's IT sector. Findings showed weak succession practices, with few managers ready for promotion, highlighting the need for improvement.

Training and Organizational Performance

Prasadi and Morais (2019) found a strong positive correlation between employee training and performance in Sri Lanka's apparel industry. Onyango and Wanyoike (2014) confirmed a similar relationship among healthcare workers in Kenya. Owen (2006) showed that training enhances commitment and reduces turnover, while Green (2000) found it fosters organizational identification. Rothwell and Kazanas (2006) linked training to efficiency and service quality, and Noe (2003) emphasized its role in boosting confidence and skill awareness. Bartel (1994) demonstrated that training improves labor efficiency, while Karia (1999) found a positive relationship between training and organizational commitment.

Mentoring and Organizational Performance

Agwu et al. (2015) found mentoring significantly improves job performance and reduces turnover in Nigeria's LNG sector. Seema and Sujatha (2015) linked formal and informal mentoring to career satisfaction and prospects among private college employees in India. Therese and Siby (2016) found no significant correlation between mentoring and organizational commitment in private banks in Kerala. Ofovwe and Eghafona (2011) highlighted the importance of mentoring in Nigerian academia, emphasizing its role in professional development and performance.

Career Development and Organizational Performance

Ahmad et al. (2017) found that succession planning in Malaysia's public sector boosts career development and organizational performance. Rothwell (2010) emphasized its role in employee retention. Kraimer (2011) highlighted career opportunities as key to employee development. Armstrong and West (2001) found career development enhances job satisfaction and performance among bank employees. Ali and Mehreen (2018) concluded that succession planning reduces turnover by providing career growth opportunities, with poor advancement prospects being a key driver of employee departure.

3. Methodology

The study is explanatory in nature and adopts a quasi-experimental design using cross-sectional survey data to examine the relationship among the variables. Cross-sectional surveys determine the frequency or level of a particular attribute in a defined population at a specific point in time. The collected data provide insights from a single point in time and are useful in assessing practices, attitudes, knowledge, and beliefs of a population. The study population consists of sixteen (16) functional Quick Service Restaurants registered with the Rivers State Yellow Page Directory (2019/2020) under the Ministry of Commerce and Industry. These restaurants have been operational in Rivers State, Nigeria, for the past fifteen years with a staff strength of twenty-five (25) or more per outlet.

Respondents were selected based on the unit of analysis, which was at the organizational level. Four (4) senior managers were chosen from each of the sixteen (16) quick service restaurants, comprising the general manager, human resources manager, sales manager, and operations manager, resulting in a total of sixty-four (64) senior managers as study participants. These respondents were deemed appropriate as they possess the requisite knowledge and experience to provide reliable responses to the research instrument. Given the relatively small population, a census sampling approach was adopted, ensuring that all sixty-four (64) identified respondents participated in the study.

Primary data were collected using a structured questionnaire distributed to the selected respondents. Due to the proximity of the firms, a self-administered approach was used to ensure accuracy and completeness of responses. The questionnaire was divided into three sections: Section A captured demographic information, while Sections B and C were structured using a 5-point Likert scale to measure the study variables. The Likert scale was adopted as it allows respondents to self-rate their perceptions based on their experiences and opinions.

The study ensured validity through both content and face validity. Content validity ensured that all aspects of the variables, particularly succession planning and firm performance indicators, were adequately represented. Face validity was established through expert evaluations, where academic supervisors and faculty members reviewed the research instrument to confirm its relevance and appropriateness. Reliability was determined using Cronbach's alpha coefficient, which assesses internal consistency. This reliability measure was deemed appropriate for the study given its time constraints and the use of multi-item scales to measure latent constructs.

The collected data were sorted, cleaned, coded, and entered into the data editor of the Statistical Package for Social Sciences (SPSS), version 23.0. Descriptive statistics, including frequencies, means, standard deviations, percentages, and charts, were used to analyze demographic and univariate data. To determine the strength and direction of relationships between variables, inferential analysis was conducted using the Spearman Rank Order coefficient. This statistical approach allowed for an accurate assessment of the association between the examined variables.

4. Results and Discussion

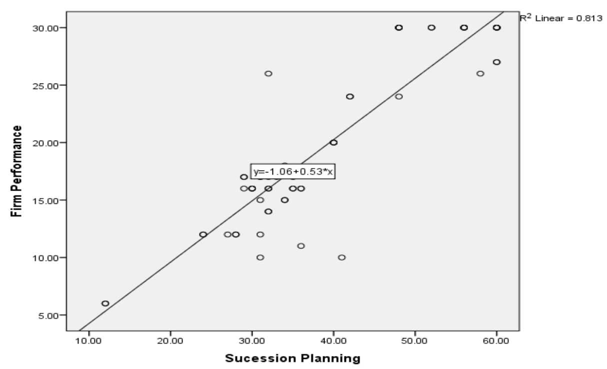

Figure 1 Linear regression line between succession planning and firm performance

Figure 1 presents the linear regression line illustrating the relationship between succession planning and firm performance. The scatter plot reveals an R2 value of 0.813, indicating a strong positive variation between the two constructs. This suggests that succession planning accounts for 81.3% of the variation in organizational performance among the hospitality industry in Rivers State. The scatter diagram provides a clear visualization of the strength and direction of the relationship, as evidenced by the concentration pattern of data points. The upward movement of points from left to right confirms a strong positive correlation, implying that higher levels of succession planning are consistently associated with improved firm performance. This finding underscores the critical role of structured succession planning in enhancing operational efficiency and overall business outcomes in the quick service restaurant sector.

Table 1 Correlations Analysis on Training and Sales Growth

Correlations

			Training	Sales Growth
Spearman's rho	Training	Correlation Coefficient	1.000	.604**
		Sig. (2-tailed)	.	.000
		N	59	59
	Sales Growth	Correlation Coefficient	.604**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research survey, 2024

The correlation analysis examines the relationship between training and sales growth using Spearman’s rho correlation coefficient. The results indicate a correlation coefficient of 0.604, which suggests a moderate to strong positive relationship between training and sales growth. This means that an increase in training is associated with a corresponding increase in sales growth among the firms studied. The significance level (p-value) of 0.000 confirms that the correlation is statistically significant at the 1% level (0.01), indicating that the observed relationship is unlikely to be due to chance. With a sample size of 59, the findings suggest that investment in training plays a crucial role in driving sales growth, reinforcing the importance of employee development as a strategy for improving business performance.

Table 2 Correlations Analysis on Mentoring and Sales Growth

Correlations

			Mentoring	Sales Growth
Spearman's rho	Mentoring	Correlation Coefficient	1.000	.806**
		Sig. (2-tailed)	.	.000
		N	59	59
	Sales Growth	Correlation Coefficient	.806**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research survey, 2024

The correlation analysis evaluates the relationship between mentoring and sales growth using Spearman’s rho correlation coefficient. The results show a correlation coefficient of 0.806, indicating a strong positive relationship between mentoring and sales growth. This suggests that as mentoring programs improve, sales growth also increases significantly among the firms studied. The significance level (p-value) of 0.000 confirms that the correlation is statistically significant at the 1% level (0.01), meaning the relationship is not due to chance. With a sample size of 59, the findings highlight the critical role of mentoring in enhancing sales growth, emphasizing that structured mentorship programs can positively impact business performance.

Table 3 Correlations Analysis on Career Development and Sales Growth

Correlations

			Career Development	Sales Growth
Spearman's rho	Career Development	Correlation Coefficient	1.000	.856**
		Sig. (2-tailed)	.	.000
		N	59	59
	Sales Growth	Correlation Coefficient	.856**	1.000
		Sig. (2-tailed)	.000	.
		N	59	59

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research survey, 2024

The correlation analysis examines the relationship between career development and sales growth using Spearman's rho correlation coefficient. The results show a correlation coefficient of 0.856, indicating a very strong positive relationship between career development and sales growth. This implies that as career development initiatives improve, sales growth significantly increases within the firms studied. The significance level (p-value) of 0.000 confirms that the correlation is statistically significant at the 1% level (0.01), meaning the relationship is highly reliable and not due to chance. With a sample size of 59, the findings suggest that investing in career development programs positively impacts sales growth, reinforcing the importance of structured career progression for business performance.

Table 4 Summary on the Extent of Influence of Succession Planning (Training, Mentoring, Career Development) on Sales Growth

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.910[a]	.828	.819	1.62560

a. Predictors: (Constant), Career Development, Training , Mentoring

Source: Research survey, 2024

The model summary evaluates the extent to which succession planning components training, mentoring, and career development influence sales growth. The R-value of 0.910 indicates a very strong positive relationship between the independent variables (training, mentoring, career development) and the dependent variable (sales growth). The R-Square (0.828) suggests that 82.8% of the variation in sales growth can be explained by the combined effect of training, mentoring, and career development. This implies that these succession planning factors play a crucial role in driving sales performance. The Adjusted R-Square (0.819) slightly adjusts for the number of predictors in the model, ensuring a more accurate representation of the relationship. The standard error of the estimate (1.62560) represents the average deviation of observed sales growth values from the predicted values, indicating the model's precision. Given the high R-Square value, the findings suggest that effective succession planning strategies significantly enhance sales growth in the studied firms.

5. Discussion of Findings

The findings of this study align with existing literature on the impact of succession planning on organizational performance, particularly in the areas of training, mentoring, and career development. Prior studies have established that employee training enhances skill acquisition, efficiency, and job performance, ultimately leading to increased sales growth. For instance, Becker (1993) emphasized in the Human Capital Theory that investment in employee training significantly improves productivity and business performance. The observed correlation between training and sales growth ($r = 0.604$, $p < 0.01$) in this study supports this argument, indicating that structured training programs positively influence firm performance.

Similarly, the strong correlation between mentoring and sales growth ($r = 0.806$, $p < 0.01$) is consistent with findings from Kram (1985), who argued that mentorship plays a crucial role in career development, skill transfer, and organizational commitment. Studies by Allen et al. (2004) further suggest that effective mentoring fosters leadership development, motivation, and knowledge transfer, which are critical for driving sales performance. The current study reinforces these conclusions, as the results highlight mentoring as a strong predictor of improved sales growth.

Furthermore, the significant correlation between career development and sales growth ($r = 0.856$, $p < 0.01$) aligns with research by Greenhaus et al. (2010), who found that well-structured career development programs enhance employee retention, motivation, and job performance. The findings also support the argument by Armstrong (2012) that career development fosters employee engagement, which in turn contributes to organizational growth and competitive advantage.

The regression model summary ($R^2 = 0.828$) further supports the premise that succession planning strategies account for a substantial proportion (82.8%) of the variation in sales growth. This is in line with previous empirical studies, such as those by Kesner and Sebora (1994) and Rothwell (2010), which emphasize that organizations with structured succession planning frameworks experience higher performance, leadership stability, and sustained business growth.

The findings of this study not only confirm existing theories on human capital development and organizational growth but also contribute to the growing body of evidence that succession planning strategies significantly enhance firm performance, particularly in customer-driven industries such as quick service restaurants. Thus, businesses should integrate structured training, mentoring, and career development initiatives as core components of their succession planning processes to achieve long-term growth and sustainability.

6. Conclusion

The study establishes a strong positive relationship between succession planning and firm performance in the hospitality industry, particularly within the quick service restaurant sector in Rivers State. The findings indicate that succession planning components training, mentoring, and career development significantly enhance organizational performance and sales growth. The regression analysis shows that these factors collectively explain 82.8% of the variation in sales growth, confirming their critical role in business success. Training improves employee skills and efficiency, mentoring enhances leadership development and knowledge transfer, while career development fosters employee engagement and long-term organizational commitment. These findings align with existing theories on human capital development and organizational growth. Based on this the paper recommends as follows

- Organizations should invest in continuous employee training to enhance productivity, improve efficiency, and drive sales growth. Training programs should be tailored to industry-specific skills and evolving market trends.
- Firms should establish structured mentoring programs that pair experienced employees with new hires to facilitate knowledge transfer, career progression, and leadership development.
- Organizations should provide clear career advancement pathways to enhance employee motivation, retention, and long-term commitment, ultimately boosting overall firm performance.
- Businesses should integrate succession planning into their long-term strategic goals to ensure leadership continuity, reduce operational disruptions, and sustain competitive advantage.
- Companies should incorporate digital training platforms, e-learning modules, and performance tracking systems to enhance skill acquisition and employee development.

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