

American Journal of
Leadership and Governance
(AJLG)

LEADERSHIP
and
GOVERNANCE

**EFFECT OF SUCCESSION MANAGEMENT PRACTICES ON
PERFORMANCE OF INSURANCE FIRMS**

Dr. Ben Kajwang PhD



EFFECT OF SUCCESSION MANAGEMENT PRACTICES ON PERFORMANCE OF INSURANCE FIRMS

Dr. Ben Kajwang PhD, ACII(UK), AIRM(UK), FIIU, FIIK, CPT, Chartered Insurer
Chief Executive Officer, College of Insurance, Nairobi, Kenya
Corresponding Author Email: bkajwang@coi.ac.ke

Abstract

Purpose: The study aimed to determine effect of succession management practices on performance of insurance firms.

Methodology: A desk-study method was adopted.

Findings: A deliberate and methodical effort made by an organization to maintain leadership continuity in important positions, preserve and cultivate intellectual and knowledge capital for the future, and stimulate individual progress is what we mean when we talk about succession planning. Despite the fact that research has demonstrated the significance of carrying out appropriate succession planning, a significant number of businesses continue to function without a defined succession plan. Our research aims to determine whether or not there is a correlation between the use of succession management methods and the level of performance achieved by insurance companies. Even though succession planning is critical to the success of a company, many businesses still don't make the effort to prepare for leadership transitions, which can have devastating effects on the business. In order to adequately prepare for executive changes, succession planning is strongly suggested for insurance businesses due to the features of these companies.

Unique contribution of theory, practice and policy: The research suggests that organizations should implement replacement planning as well as succession planning since these two types of planning, when combined, can reduce the likelihood of a company failing to meet its financial obligations. It is critical for organizations to develop succession strategies that are robust and fully vested. It is important for companies to pay attention to the standard of education provided to employees who may fill future leadership roles.

Keywords: *Succession Management Practices, Performance, Insurance Firms*

INTRODUCTION

Research on succession planning may be traced back to the early part of the twentieth century, namely to Henri Fayol's 14 principles of management, which were first published in 1916. Fayol's twelfth principle is titled "Stability of Tenure Personnel," and it recognizes the significance of fostering important personnel' growth and ensuring their continued employment with the company. However, it wasn't until the late 1950s and early 1960s that research on succession planning progressed beyond simple case studies to the point where it could be evaluated and examined for the purpose of hypothesis confirmation (Zhang et.al, 2018). Kamami, (2017) is credited for his early awareness of the lack of research in the subject. His establishment of research methodologies to test theories within succession has been the base for researchers to follow. This acknowledgement has earned him a place of recognition. The necessity to research succession arose for two primary reasons: "(1) Administrative succession inevitably leads to organizational instability, and (2) it is a phenomena that all organizations must learn to live with." Both of these points are true.

The process of succession planning is used by corporations to plan for the transfer of ownership and/or senior management in the event of their demise. To avoid this, make sure that succession planning is not mistaken for replacement planning. In contrast to the short-term focus on training and replacing key employees that is frequently associated with "replacement planning," succession planning takes a more long-term and comprehensive approach to the training and replacement of critical employees (Kigo and Gachunga, 2018). This broadens the scope of the term to include any effort made by an organization to maintain and expand its intellectual and knowledge capital for the future, as well as to promote individual growth.

Both succession planning and replacement planning are examples of methods that are of the utmost significance to the continued existence of any given insurance firm business. A deliberate and methodical effort made by an organization to maintain leadership continuity in important positions, preserve and cultivate intellectual and knowledge capital for the future, and stimulate individual progress is what we mean when we talk about succession planning (Gabriel et.al, 2020). The process of selecting short-term and long-term emergency backups to cover vital roles or to take the place of critical personnel is referred to as replacement planning.

It's important to remember that succession planning in insurance firms isn't only about top-level management. A wide range of topics can be addressed, including transfer procedures, legal and financial difficulties, psychological factors and leadership development. When it comes to family and company succession, as we'll see, kinship studies have a long history, and they're frequently connected. Many insurance firms continue to function without a clear succession plan, despite the fact that research has shown the value of one. Fear of retirement, fear of the unknown, dread of losing power, and fear of mortality are among the many reasons executives are reluctant to plan for succession in insurance firms. They also have a strong feeling of emotional tie to the company (Mihaylov and Zurbruegg, 2020).

The process of evaluating and choosing the best possible successor for the business is another obstacle that must be overcome in succession planning. According to Kazim et al. (2021), a significant portion of succession planning involves analyzing, selecting, and developing the most suitable candidate for the leadership position. If these steps are skipped, there is a decreased likelihood that the leadership transition will be successful. After a change in leadership, negative

consequences may result from the selection of a successor who is either unprepared or otherwise inappropriate. According to Gabriel et al. (2020), forty percent of CEOs are unsuccessful within their first 18 months in the role. If a business and its owners want the company to remain successful over time, they must not ignore the challenges and complications that come with succession planning.

According to the findings of numerous studies, businesses that make succession plans enjoy greater levels of performance throughout leadership changes and longer periods of sustained profitability (Buckman et.al, 2019). A survey conducted in 2008 found that 55 percent of organizations do not have a succession plan in place to replace their leadership. This is despite the fact that succession planning has been recommended in a number of studies; however, companies continue to avoid preparing themselves for the impact of succession. According to Theus (2019), an additional study, only 35 percent of the 1318 CEO executives surveyed had a succession strategy.

Preparation for a company's next chief executive officer should begin with capturing the company's mission and strategic goals (Kigo and Gachunga, 2018). It's important to look at how well the applicant relates to the company's vision and can grasp the vision of his predecessor when selecting the successor. In order to keep the organization on track with its strategic goals, it is critical to grasp the predecessor's vision in order to make attempts to gather empirical knowledge from the incumbent.

The passing of the torch from one generation of leaders to the next is a pivotal moment in the life of a business. Succession ushers in a plethora of changes that not only influence the managerial trajectories of insurance firm but also frequently result in a shift in the ownership of that business. It has been shown that insurance firms can lessen the negative effects that result from changing their leadership by conducting succession planning (Alradhi et.al, 2020).

As a result of Walter Mahler's pioneering work in the field of succession planning in 1980, several businesses have since followed suit. Research in succession planning in insurance firms has continued to focus on numerous aspects of succession, such as: firm size, type, industry, internal vs. external candidates, techniques, psychological characteristics with succession, and more (Kigo and Gachunga, 2018). The two main areas of investigation uncovered in the research were the genesis and selection of the successor and the frequency of succession. Selecting an external or inside successor in insurance firms and determining which was more successful became a heavily investigated topic. However, despite a wealth of research, no one has yet identified an external or internal successor as having a clear advantage in terms of origin. Insiders are less likely to change the company's strategy after the fact, according to a study by Kitayi (2017), which looked at 146 companies.

To better understand how often and what factors influence leadership succession, many studies have looked at the rate of succession. One study indicated that high-performing firms see fewer leadership transitions because their CEOs are more stable. There were fewer leadership transitions in companies where employees shared similar ideas, the president had greater ownership, and the president had greater control over the succession process, according to Kigo and Gachunga (2018). Small manufacturing companies typically have an average executive tenure of 20 to 25 years, with a founder typically lasting 30 years, non-founder executives lasting 15 to 20 years, while those

who were neither the founder nor the primary owner of a company had an average tenure of just 14 years, according to a study by Holme (2017).

METHODOLOGY

A search of the relevant literature was incorporated into the work technique. The research was carried out with consideration given to previous theoretical literature, both that which had been published and that which had not. This study focuses mostly on conducting a literature review, specifically one that examines previous research on succession and performance of insurance firms. The search through the body of literature was carried beginning in 2011 and ending in 2022. This conclusion was reached after doing an in-depth search using a mix of keywords in different databases. The authors conducted basic and advanced searches, respectively, on Google and the other database engines. The phrase "Succession practices and Insurance firms" was what was utilized as the search term when looking through the data. The phrase "Effect of succession management practices on performance of insurance firms" was the subject of the initial search and the Google search that followed. These publications were used for this study in its entirety. The criteria for including the article or report were as follows: the article or report needed to be peer-reviewed; it needed to be written in English; it needed to indicate the purpose of the study; it needed to describe the method that was used; it needed to report the results of the study; and it needed to draw a conclusion. To know the Effect of succession management practices on performance of insurance firms, the articles were read several times to obtain a sense of the content.

LITERATURE REVIEW

The purpose of the research conducted by Buckman et al. (2019) is to establish a relationship between entrepreneurial learning and succession planning in family-owned businesses (FOB), specifically focusing on Ghana, and how these two processes interact to increase the likelihood of a company continuing to operate after its founder's death. This work analyzes the processes of succession planning in FOB using a phenomenological approach. The end goal is to construct a succession model that is appropriate for the setting of Ghana. Six different family businesses were investigated from a constructivist point of view, including interviews conducted with the enterprises' founders, successors, family members, employees, and customers. The findings confirmed what was already known, which is that succession is not a one-time event but rather a process that takes place over time. This process requires the buy-in of not only the founder and the successor, but also other stakeholders, such as the successor's siblings and spouse (if any), whose support is essential to the success of the process. The research makes a contribution to both practice and theory. It helps FOB practice by contributing to the holistic succession model that spans the founder's entry into the business all the way through to the post-succession period and incorporates contextual intervening variables like polygamy, religion, and systems of inheritance. It also helps theory by proposing a comprehensive succession process theory to improve understanding of the process.

Research on succession planning, employee engagement, and job satisfaction was the subject of a study that Kigo and Gachunga (2018) conducted. Their paper investigates the connection between succession planning, employee engagement on the job, and employee contentment on the job in order to emphasize the probable association between the three and the necessity of succession planning in bolstering employee engagement and satisfaction. Research methodology utilized in their work is quantitative, correlational, and non-experimental in nature. A Likert scale

questionnaire was employed as the instrument of measurement for this investigation. The questionnaire was divided into three sections, one for each variable being investigated. The questionnaire was sent out through email to a cross-section of Egyptian MBA students. A positive association was found, according to the final findings, between succession planning and job engagement in addition to job satisfaction on its own. In this section, further analyses, consequences, and ideas for further research are presented.

In Charlotte, North Carolina, Equan (2021) did a research on how to improve succession planning in property and liability insurance businesses. It was the goal of this phenomenological study to investigate the succession planning tactics used by PCI agency owners in order to ensure the long-term viability of the organization. When it comes to business continuity, how do Charlotte, North Carolina PCI agency owners handle succession planning? As a result of successful succession planning tactics developed by 12 PCI agency owners in Charlotte, North Carolina, this group was created. Semi-structured Zoom video interviews, participant observation, field notes, and archive document analysis were all used to gather data. Recruitment, training, mentorship, leadership commitment, pay and benefit administration and performance management emerged as the four major topics of the thematic data analysis. Implementing a combination of good succession planning procedures is an important advice for ensuring agency continuity. It is hoped that the findings of this study would help PCI agency owners better understand the need of succession planning in order to ensure the long-term viability of their organizations. Owners of PCI agencies have the opportunity to positively influence social change by creating jobs, fostering economic growth, and providing social services and welfare to their local communities.

Kazim et.al (2021) looked at the function of employee commitment in moderating the impact of succession planning training and perceived organizational support. Quetta-based private banks were the focus of their investigation into succession planning methods. A cross-sectional survey of sixteen of Quetta, Pakistan's largest private banks provided the bulk of the study's data. Because of the lack of accessibility and available data, convenience sampling was employed. An examination of the study variables (training, organizational support, employee commitment and succession planning), as well as the positive relationship between training and succession planning (mediated through employee commitment), indicated that all of these factors were linked positively. Employee commitment did not moderate the link between perceived organizational support and succession planning. Scholars and practitioners in human resource management and organizational development will benefit from this research.

An investigation of the effect of succession planning on product and service innovation at Yemeni family firms was conducted by Alradhi et al. (2020). In Yemeni family enterprises, this study looked at how succession planning affects new product and service development. The study questions and hypotheses were answered and tested using a quantitative technique. The Yemen Tax Authority used a questionnaire to collect data from the owners of family-owned businesses and organizations that were classed as top taxpayers. One hundred and twenty-four Yemeni family enterprises, all based in Sana'a, were included in the study. Only 116 questionnaires had no invalid data, resulting in a high response rate of 97%. Succession planning and its four dimensions, including successor selection and training, post-succession business strategy, post-succession role of incumbent, and dissemination of the succession decision with product and service innovation, have significant relationships, according to the study's findings. The results of regression analysis also show that succession planning has a considerable impact on innovation as an independent

variable. Results also demonstrate that the four aspects of succession planning, successor selection and training, post-succession business strategy, post-succession role of incumbent, and distribution of the succession decision, have a substantial effect on product and service innovation. Recommendations for the owners of family businesses include establishing strong and vested succession plans. They should keep an eye on the quality of the training provided to future employees. The "family constitution," which is seen as a crucial document outlining the core beliefs, vision, and goals of a family business, should be developed and relied upon by these businesses.

For the horticulture industry, Kitayi (2017) studied how succession planning affected Mara farming limited, a family-owned horticulture business. Studying the impact of succession planning on family-owned firms in the horticulture industry was the goal of this research. Tables, pie-charts, graphs, and qualitative and quantitative tabulation of data were used to analyze and present the data collected from the respondent. The method of data collection used in this study was a questionnaire-based descriptive approach. The study's population is limited to 38 people. According to the results, 91% of those polled said that having a broad pool of eligible applicants to choose from, along with a selection process that is both reliable and valid, has an impact on an organization's performance. There was a strong consensus among the participants in the survey that employee retention is critical to the success of an organization, with 82% saying it does, in part because low turnover is harmful to the health and well-being of the workplace and the relationships that employees have with one another. It was established that compensation management has a significant impact on performance, and this was backed up by 97% of those polled. This is because competitive pay rates assist attract and retain high-caliber individuals, and this is one of the most important ways to do so. According to these findings, succession planning approach can be utilized to mobilize and manage people in order to improve the performance of the horticultural industry organizations in Kenyan. For this, the researcher recommends that companies develop a proper retention strategy, enhance their compensation system to attract and retain key talent, as well as employ new recruitment sources like networking websites, job websites, professional publications and campus recruitment in order to improve the attraction of staff because the employable age group uses the internet more than conventional media.

An empirical study on the relationship between CEO turnover in IT companies and firm performance was conducted by Zhang et al. (2018). The purpose of this research was to investigate the influence that the turnover of CEOs in information technology enterprises has on the performance of those firms in terms of both their sustainable accounting performance and their market performance. They come to the conclusion that the frequency of CEO changes is a key factor in determining firm performance, particularly in information technology companies. This research made a contribution to the information systems literature by examining the CEO turnover impact in information technology enterprises in comparison to the impact in other industries. This study has other practical applications as well, namely that it might serve as a guideline for IT companies about the CEO turnover policy. These kinds of businesses ought to place an even greater focus on their efforts to plan for succession.

Holmes (2017) carried out research with the purpose of determining how nursing leader succession planning techniques might contribute to the long-term viability of hospitals. This multiple case study's objective was to investigate the succession planning options that six hospital administrators in Hampton Roads, Virginia employed in order to alleviate staffing issues at two of their facilities.

The succession planning model developed by Rothwell served as the conceptual foundation for comprehending the succession planning techniques implemented by the hospital administrators in an effort to alleviate the scarcity of nursing leaders. Following the completion of semi-structured interviews and the study of supporting documentation provided by hospitals, various methods of data analysis, including compiling, deconstructing, reassembling, interpreting, and concluding, were utilized. The use of methodological triangulation served not just to validate the data but also to ensure that the interpretations were trustworthy. The investigation uncovered a number of important trends, the most prominent of which were the identification of organizational staffing needs, the provision of opportunities for promotion, the identification of potential leaders, and the preparation of nurses for leadership positions. Contributing to the leaders' knowledge of succession planning techniques to reduce nurse leader vacancies and contributing to the welfare of society by increasing the continuity of healthcare services for patients and communities are two possible routes for bringing about positive social change.

When it comes to motivation in the Kwazulu-Natal South African Police Services, Mbele (2020) conducted a research study to examine the impact of succession planning. The goal of the study was to assess the impact of succession planning on employee morale in the KZN, SAPS. The research was conducted using a qualitative method. At the provincial commissioner's office in KZN, ten SAPS (five (5) members of the Police Act and five (5) members of the Public Service Act) were selected for purposive sampling. Purposeful sampling was employed. The SAPS in KZN used their expertise and knowledge to choose the participants for this study. Respondents' experiences and feelings were uncovered through the use of thematic inquiry in this study. Succession planning was found to be a non-existent topic for KZN SAPS officers. While the KZN SAPS has a promotion strategy, it does not support effective succession planning or management. Senior managers had the impression that their employees did not have their best interests at heart. In addition, employees have determined that motivation and compensation are of the utmost significance; however, management appears to be ignoring these issues. As a result of unexpected retirements and resignations, the KZN SAPS should have a plan in place to fill the gaps. It is also recommended to have an integrated talent management strategy/retention policy that promotes succession planning.

The impact of succession planning on employee satisfaction, engagement, and loyalty was examined by Kamami (2017). It was an investigation on how succession planning affects employee job satisfaction, engagement, and organizational commitment. These four variables were examined to see if there was any connection. It was determined that the independent variable was succession planning, whereas the dependent variables were employee satisfaction, engagement, and loyalty. Nonprobability convenience sampling was used to choose participants from the IPMA-HR membership in the United States. Employee satisfaction, engagement, and commitment rise as a result of increased succession planning initiatives, according to a Pearson's correlation analysis. By demonstrating the effectiveness of succession planning in successfully transferring organizational knowledge and talent, this study makes a positive impact on society as a whole.

According to Onyiso and Dorcas (2018), a case study of the KALRO Sugar Research Institute Kisumu examined how succession planning strategies affect employee retention. An investigation into the impact of succession planning methods on employee retention in the Kenya Sugar Research Institute was the goal of this research (SRI). There were three objectives for the study; to determine the impact of staff development on job retention; to determine the effect of motivation

on job retention; and to analyze the function of mentorship and coaching on job retention at the SRI. In particular, a lack of processes for succession planning has resulted in a breakdown of research institutions. This study was carried out at SRI, one of the KARLO Institutions, using a descriptive research design. Data was gathered from 131 KARLOSRI employees. Purposive sampling and a self-administered questionnaire were utilized to collect data because of the study's tiny workforce. Employee retention is most strongly influenced by motivation ($\beta = .623$), followed by development ($\beta = .442$) and mentoring and coaching ($\beta = .072$), according to this research. In order to keep sugar research institute staff, the study says that all of these criteria should be considered. In conclusion, the research found that the Sugar Research Institute's ability to retain employees is influenced by a variety of factors, some of which act independently and others which act in concert. With these findings, academics and practitioners will have a better understanding of what motivates employees and what motivates employees and what motivates employees to keep their jobs.

A phenomenological investigation of the effect that succession planning has on maintaining leadership continuity in family-owned enterprises was carried out by Mihaylov and Zurbruegg (2020). In this qualitative phenomenological study, multiple experiences and understandings of the major differentiators that predict the performance of family-owned enterprises from the first generation to the third generation were investigated. The sample for this research comprised of ten family-owned enterprises that were open to the public and ten family-owned firms that were open only to their employees. Interviews with open-ended questions were conducted, and empirical research was conducted, for the purpose of identifying pertinent themes, trends, and linkages. It became clear that there were three distinct motifs at play here: growth, entitlement, and difference. The research established the concepts that would explain the historical path of both publicly traded and privately held family businesses. Leadership continuity is the driving force behind succession planning, and leadership is the point at which education, training, and development for successors should begin. Employing the appropriate individuals in the appropriate roles at the appropriate times is essential to the organization's ability to continue existing and expanding in the future. Because of demographic reasons, such as the increasing number of workers who are reaching retirement age and the decreasing number of younger workers who are replacing them, the future of succession planning is an important topic for all businesses to consider.

According to a study done by Theus (2019), nonprofit organizations should consider succession planning and leadership development methods. The goal of this case study was to examine the methods used by NPO leaders to cultivate the next generation of leaders. Four executives and two directors of a non-profit organization in Texas were interviewed face-to-face semi structured and documents such as organizational manuals, organizational charts, the employee handbook and a management-in-training course were reviewed. The theoretical basis for this study was based on the human capital theory and the succession theory. Member checking was performed to ensure the accuracy of transcribed data using Yin's five-step approach. There were four significant themes that emerged from the data coding process: the necessity for a formal succession plan, removal of barriers to succession planning, investment in human capital, and practices and processes for succession planning. As a result of this analysis, the organization's stability and profitability may be improved, allowing it to continue providing services and developing human capital for the community. The findings of this study can be used by nonprofit leaders to establish sustainable practices and to improve strategies for succession planning.

Thurmond (2018) conducted research on healthcare organization leadership succession planning and management. SPM processes and the leadership practices of senior healthcare leaders were examined in this qualitative multiple case research to see if there was a link between these two processes in an integrated healthcare delivery system. A sampling of 11 interviews with senior executives from Southern and Central California's corporate, regional, and local levels. SPM methods and LD practices are overseen by senior leaders. Three research questions were used to drive interviews with healthcare executives to gain insights into SPM processes and LD practices. Automated coding with NVivo, a computer-aided data quality analysis software, was possible. On the subject of developing the proper leaders and the necessity for formal, structured SPM, six topics have been identified. For specific criteria, the selection process should begin with the employment interview. To be successful and long-lasting, LD and SPM must have measurable outcomes. The study's findings can be used to healthcare organizations in order to enable an integrated, linked system of SPM and LD to assure a pipeline for filling leadership gaps successfully through the identification of persons during employment interviews and career movement. SPM and LD's effectiveness and long-term viability would be examined in qualitative research. Linking the concepts would be supported by a qualitative research conducted by lower-level leaders.

An investigation into the topics of entrepreneurial succession, firm growth, and performance was carried out by Badawi et.al (2018). This study investigates the topic of business succession in small companies by providing and evaluating a succession outcome choice model. The model takes into account the effects of family, performance, and strategy on the business. Succession has been recognized as a significant issue in businesses of all sizes, but the problem may often take on a far more personal nature for business owners who are also founders. Through the use of a questionnaire, data were gathered from a representative sample of 294 business owners. These business owners were questioned regarding the likeliness of a number of different succession alternatives, as well as strategy, performance, and concerns pertaining to their families. According to the findings, when family members were perceived as having a favorable impact on the operation of a company, the entrepreneurs of that company were more inclined to regard family member succession as the likely consequence of the situation. Although past performance did not have a significant bearing on succession decisions, the prospect of bad performance in the future did make family succession a less likely result than was originally envisioned.

A study by Gabriel et.al (2020) looked at how companies handle succession and replacement planning. Succession and replacement planning were addressed in their article as a way to improve organizational performance, there was a clear understanding of the need of succession planning, as well as its many types, features, and goals. Replacement and succession planning were compared in the workplace, and a replacement planning development plan was formed. The article also investigates the ways in which succession and replacement planning increase the performance of the company. Succeeding employees are developed through training, mentorship, and coaching, while replacement planning is focused on coping with crises in the business. As the study points out, succession planning at work assists in identifying and training high-potential employees to ensure the preparation of successors by allowing the organization to access the risk in key positions while minimizing risk. Since most replacements come from a specialized specialty area, the organization's steady and unchanging structure favors silo-d thinking about talent while doing replacement planning. It concludes that these tactics are critical to the survival of any organization

because they both aid in the improvement of the company's performance. Using replacement planning and succession planning, the paper advises organizations to lessen the likelihood of a company going out of business.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

According to the findings, it was discovered that the practices around succession planning have major effects on the outcomes of stakeholders, which is a component of an insurance firm performance. Keeping abreast of the latest developments in terms of what does and does not work to improve performance, ensuring that employees have a high level of understanding of the strategic orientation of the organization, ensuring that stakeholders consider the work of the organization to be relevant, encouraging communities to take ownership of the projects and programs that are implemented, and ensuring that financial and narrative reports clearly indicate activity outcome are all important aspects of organization performance that can be promoted with succession planning (Gabriel et.al, 2020).

On the other hand, it was discovered that the consequences of succession planning on internal business processes are quite essential. On the other hand, implementing best practices for an insurance firm internal business process is always geared toward ensuring that appropriate processes and structures are in place to direct and manage an organization's operations and activities, and to ensure that they function well. This is because these processes and structures are necessary to ensure that an organization's operations and activities run smoothly (Zhang et.al, 2018). As a component of an organization's overall performance, strong internal business practices should have as their ultimate objective the preservation of the organization's efficiency, credibility, and ability to continue existing in the market.

According to the findings of the study, contributing to social change includes making an organization more stable and profitable, which may enable the organization to continue developing human capital and providing services to the community. The findings of this study can be useful for the leaders of insurance firms in the development of sustainable practices and in the improvement of strategies to implement succession planning. Leadership continuity is the driving force behind succession planning, and leadership is the point at which education, training, and development for successors should begin. Employing the appropriate individuals in the appropriate roles at the appropriate times is essential to the insurance firms ability to continue existing and expanding in the future. Because of demographic reasons, such as the increasing number of workers who are reaching retirement age and the decreasing number of younger workers who are replacing them, the future of succession planning is an important topic for all businesses to consider. This study concurred with a study conducted by Theus (2019) on the subject of succession planning and leadership development methods for nonprofit organizations.

As Ali and Mehreen (2018) suggested, insurance firms can increase profitability by motivating their core workers by offering them the option to fill critical managerial roles that may become vacant. Their conclusions were confirmed by this. As Theus (2019) claimed, organizations with stronger internal business process policies tend to perform better than their counterparts that have weaker internal business process rules. They explained that this is due to the fact that senior management positions are filled internally, which boosts employee morale and loyalty.

Recommendations

Planning for insurance firms succession is not an isolated activity but rather an ongoing process that calls for constant planning and coordination in order to foster development. Even though succession planning is critical to the success of insurance firms, many businesses still don't make the effort to prepare for leadership transitions, which can have devastating effects on the insurance firms. In order to adequately prepare for executive changes, succession planning is strongly suggested for insurance businesses due to the features of these companies. According to the findings of the study, insurance firms should implement replacement planning as well as succession planning. These two types of planning, when combined, can reduce the likelihood of a firm going out of business. It is critical for insurance firms to develop succession strategies that are robust and fully vested. Further, it is important for insurance firms to pay attention to the standard of education provided to employees who may fill future leadership roles.

REFERENCES

- Ali, Z., & Mehreen, A. (2018). Understanding succession planning as a combating strategy for turnover intentions. *Journal of Advances in Management Research*.
- Alradhi, T., Al-Abed, M., & Alkherbi, A. (2020). The Impact of Succession Planning on Product and Service Innovation at Family Businesses in Yemen. *Journal of Impact*, 1(1), 14-14.
- Badawi, T. A. E., Alaadin, Y., & Magdy, M. M. (2018). Succession planning, job engagement and job satisfaction: the missing link. *Middle East Journal of Management*, 3(1), 1-18.
- Buckman, J., Jones, P., & Buame, S. (2019). Passing on the baton: A succession planning framework for family-owned businesses in Ghana. *Journal of Entrepreneurship in Emerging Economies*.
- Equan, U. (2021). *Improving Succession Planning Within Property and Casualty Insurance Agencies in Charlotte, North Carolina* (Doctoral dissertation, University of the Southwest).
- Gabriel, P. I., Biriowu, C. S., & Dagogo, E. L. J. (2020). Examining succession and replacement planning in work organizations. *European Journal of Business and Management Research*, 5(2).
- Holmes, V. (2017). *Achieving Hospital Sustainability Through Strategies for Nursing Leader Succession Planning* (Doctoral dissertation, Walden University).
- Kamami, H. K. (2017). Effect of succession planning on performance of selected livestock products based corporate firms in Kenya (Doctoral dissertation, Kca University).
- Kazim, A., Alam, M., Brohi, M. A., & Khalid, Z. (2021). The effect of employee training and perceived organizational support on succession planning: The mediating role of employee commitment. *Journal of Innovative Research in Management Sciences*, 50-78.
- Kigo, S. K., & Gachunga, H. (2018). Effect of talent management strategies on employee retention in the insurance industry. *Strategic Journal of Business & Change Management*, 3(2), 977-1004.
- Kitayi, S. N. (2017). *Effects of succession planning on organizational performance of family owned businesses in the horticulture industry: A case study of Mara farming limited* (Doctoral dissertation, MUA).
- Mbele, N. M. (2020). *The Effect of Succession Planning on Motivation Within the Kwazulu-Natal South African Police Services*. University of Johannesburg (South Africa).
- Mihaylov, G., & Zurbruegg, R. (2020). The relationship between financial risk management and succession planning in family businesses. *International Journal of Managerial Finance*.
- Onyiso Anyango, Dorcas (2018). *An assessment of the role of succession planning practices on employee retention among research organizations: A case of KALRO Sugar Research Institute Kisumu* (Doctoral dissertation, Kisii University).
- Theus, I. C. (2019). *Strategies for succession planning and leadership training development for nonprofit organizations* (Doctoral dissertation, Walden University).

-
- Thurmond, G. E. (2018). *Leadership succession planning and management in healthcare organizations: A qualitative exploratory multiple case study* (Doctoral dissertation, Northcentral University).
- Zhang, P., Wierschem, D., Mendez Mediavilla, F. A., & Hong, K. P. (2018). An empirical investigation on CEO turnover in IT firms and firm performance. *Journal of international technology and information management*, 25(2), 5.