Antecedents, Events, and Consequences of Executive Succession in a Nonprofit Organization

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Executive succession continues to be a daunting problem for nonprofit organizations. For the most part, nonprofits do not plan for executive succession. Recent surveys, case studies, and practitioner articles have clearly documented the lack of succession planning in nonprofits. As a result, nonprofits often lose valuable time and spend considerable effort dealing with executive succession after the fact. Moreover, there is little, if any, research that offers a considerable comprehensive understanding of the causes and consequences of executive succession in this sector.

Most of the nonprofit literature on executive succession presents diverse findings and offers a compelling need to further pursue research in this area. For example, the issue of selecting an insider vis-à-vis an outsider as a replacement (Santora et al, 2007) successor; the reluctance of founders to prepare the organization for a future leader (Santora and Sarros, 2007), the role of the board vis-à-vis the incumbent executive director planning and leading the succession process for the organization (Golensky, 1993; 2005), and the transition from one nonprofit executive director to another (Smith & Morchel, 1993) are examples of the literature in the field. Unfortunately, few nonprofit executive succession studies have gone beyond these initial areas of investigation.

The aim of this paper is to stretch the boundaries of the earlier works on nonprofit executive succession. In this paper we provide an in-depth case study analysis of the dynamics and complexities of executive succession in a large multi-service nonprofit organization located on the eastern seaboard of the United States that experienced an unplanned departure of a long-term executive director (22 years in the position). We apply Finkelstein and Hambrick’s (1996) conceptual framework to our case study because of its four major components: 1) precipitating context (e.g., organizational performance, organizational context, other organizational characteristics and predecessor (incumbent) characteristics; 2) succession events and processes (e.g., horse race versus vs. relay vs. crisis; influence of the incumbent versus the board); 3) successor characteristics (insider versus outsiders, similarity to predecessor), and 4) effect of succession (e.g. succession behavior, organizational change, and stakeholder reactions). Furthermore, we address four questions related to the framework for analysis: 1) will succession occur, 2) how well it occurs, 3) who will be selected, and 4) what will be the consequences?

Data collection methods include the creation of a semi-structured interview schedule. We conducted interviews with four major organizational actors who had intimate knowledge of the succession event in this organization: 1) the predecessor (incumbent), 2) the chairperson of the board of directors, 3) the chief financial officer (who was selected to serve as the interim executive director), and 4) the deputy director of the organization (who was by-passed for the position). Demographic and organizational data were collected and the semi-structured interview schedule allowed for greater depth of responses.
Interviews took place in various settings (at the site of the organization as well as off-site) due to the availability of the interviewee as well as to the sensitivity of interviewing the predecessor who no longer had access to the organization. Interviews lasted approximately two to three hours and in some cases we interviewed actors multiple times. Access to the members of the top management team of this organization and its board chair was facilitated by the relationship of the lead researcher of this paper who had served as a consultant to the organization on several projects and had a working relationship with the top management team. Access to other organizational documents was made possible as a result of this relationship as well.

Findings include the following: lack of succession planning placed the organization at a disadvantage. For example, it was unable to advance its mission because its interim director was essentially a caretaker of the organization while the organization searched for a permanent executive director. Many organizational initiatives (e.g. new funding opportunities) that could have given the organization considerable place and privilege in this sector were placed on hold as the organization responded to internal organizational matters. Our findings offer lessons for other nonprofits about executive succession as well as recommendations for future research for scholars and practitioners. Finally, the limitations of the generalizability of a single case study should not take away the benefits of the study and its findings.

References


