Israeli Perspective On Nonprofit Executive Succession Planning

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The leadership role of top management is crucial in nonprofit organizations (Ritchie & Eastwood, 2006) and entails the unique challenges of "integrating the realms of mission, resource acquisition and strategy" (Herman, 2010, p. 157). The executive leadership role deals with distinct managerial challenges including the following: 1) Executive directors (EDs) have to maintain the financial stability of their organizations, which are highly dependent on fund-raising; 2) EDs have to manage the work of volunteers, who are not employees in the conventional sense; 3) EDs function in a vulnerable position between their boards of directors and their organizations’ staff; and 4) EDs are the individuals with the most formal power in the nonprofit organizations, but they are pressured to satisfy the demands and fulfill the expectations of multiple stakeholders with often conflicting agendas, both inside and outside their organizations. Despite the complexity of the ED’s role, Sherlock and Nathan (2007, p. 35) highlight the lack of organizational infrastructure dedicated to the development of their managerial talents: These CEOs have no internal supervisor who is responsible for their development, and staff development efforts directed by the human resource function are typically focused on developing people in other positions in the organization. As a result, CEOs in nonprofit organizations must be self-directed in their learning to a greater extent than those in other organizational positions. This neglect can be viewed as a symptom of a broader issue in the nonprofit sector characterized by a puzzling lack of addressing a dramatic need—executive succession planning.

Leadership succession planning has attracted both scholarly research from a wide array of disciplines and heavy attention in the popular press in the last two decades (Giambatista, Rowe, & Riaz, 2005). The notion of succession planning spans a range from any efforts to plan for top management succession to an expansive view of systematic internal talent development (Froelich, McKee, & Rathge, 2011). We adopted Santora and Sarros’ definition of succession planning as “the process which from one executive director to another and it involves the selection and appointment of either an insider or an outsider” (Santora & Sarros, 2001, p. 107). Evidence suggests that succession plans are associated with higher organizational performance via smoother transitions (Giambatista et al., 2005; Rollins, 2003). Succession planning is a means to increasing employee satisfaction as well as retaining talented employees (McConnell, 1996). A positive relationship was found between succession planning, management development and ethical climate (Nieh & McLean, 2011).

While there is ample literature regarding the rapidly growing Israeli nonprofit sector, scant attention has been paid to the particular considerations, challenges, and opportunities pertaining to succession planning in this unique sector. The social and political nature of the nonprofit sector in any country adds more variance to understanding the complex phenomena of succession planning. We aim to explore this specifically unmapped territory in the Israeli nonprofit sector. Consequently, this exploratory study investigates the degree to which Israeli nonprofit organizations prepare themselves for executive succession. Based on a survey developed by Santora, Sarros and Cooper (2011), the authors collected data on succession planning from the executive directors of 100 Israeli nonprofits, and conducted comparative analyzes on nine succession planning indicators. The findings suggest that most Israeli nonprofit organizations do not plan for succession, and they are also ill-prepared for succession. While these findings echo those of nonprofit organizations in other countries, they appear to signal a warning sign for the Israeli nonprofit sector given its importance as a dominant provider of services unattended to by the public sector. Furthermore, the authors explore the major organizational impediments to succession planning in the context of the Israeli society. Finally, practical organizational implications are considered, followed by agenda for future research.

Key words: executive succession planning, Non-profit organizations, Leadership continuity, Top management attitudes, Israel