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CEO Succession Planning: Profiling CEO Competency for Effective Leadership

Thembekile Mthimkhulu

Student Number: 27152032

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ABSTRACT

The concept of CEO succession planning has not been seriously considered and supported by many organisations. Often, organisations tend to wait until it becomes a pressing issue to find a successor, creating gaps in the process of succession planning, as a result of failing to plan ahead and develop their internal leadership pipeline. As a result, most organisations will seek appointing an Outsider CEO as opposed to an Insider CEO. The preference of Outsider CEO is often supported by organisations which need to define a new strategy that the Insider CEO may lack the skills required by the business to effect. The purpose of this research is to develop a Competency Profile for CEO Succession Planning. The research focused on two groups, Appointers and Appointees and their views on succession planning, addressed through the following questions: Firstly, What competency qualities are required for successful CEO leadership? Secondly, what support is given to CEO candidates to achieve competency in their positions? Lastly, is there a competency alignment based on the Appointers and the Appointee?

An exploratory qualitative research methodology was followed. The participants were from various industries in South Africa. Participants identified as Appointees, were CEOs and the Appointers group included Board members and HR Executives. A total of sixteen participants took part in this research, which included semi-structured interviews, using a questionnaire through data source triangulation. Applying an inductive thematic analysis, the results were analysed to identify common emergent themes from the participants, which were identified as being: Leadership and Strategy, Industry Experience, Organisational Culture, Decision Making ability, Organisational Transparency and Organisational Fit.

The research findings provide insights into what the Appointer is looking for in a CEO and what the Appointee brings to the organisation, as the basis for developing succession planning according to the CEO Competency Profile.

Keywords: CEO Succession Planning; Insider CEO; Outsider CEO; Role of the Board; CEO Competency

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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ABBREVIATIONS

CEO   Chief Executive Officer

CFO   Chief Financial Officer

CHRO   Chief Human Resources Officer

CIO   Chief Information Officer

CMO   Chief Marketing Officer

COO   Chief Operations Officer

SOE   State- Owned Entities

HRBP   Human Resource Business Partner

HR   Human Resources

M&A   Merger and Acquisitions

RQ   Research Question

CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction

This research study explores the importance of the Chief Executive Officer (CEO) in organisations, and how they serve as the direct link between the Board and the organisation, including their ability to provide organisational direction and strategy. The study looks at how organisations view CEO Succession Planning, and what qualities are used in assessing CEO Competency in the selection of future CEO candidates.

Moats et al., (2021); Hooijberg and Lane (2016) provide insights into the role of the Board in CEO succession planning and why most organisations are not prepared for CEO departures as the process can be perplexing for Board's governed by individuals with varying views, and yet this remains the Board's most imperative role. According to Moats et al., (2021) some organisations particularly those that are performing well under the current CEO leadership, are reluctant in initiating succession planning discussions, emanating from fears that the current CEO may feel threatened at the thought of being replaced. This suggests that organisations are petrified of losing high performers, and are equally not transparent and proactive enough to start the conversation and adequately plan for employee departures. This has recently been evidenced through the "Great Resignation" a historical event in which organisations lost employees as a result of evolving values of employees expressed through the need for organisational fit (Cook, 2021); (Reyes et al., 2019); (Sull et al., 2022). Organisational fit highlights the importance of the culture of the organisation and the leadership style, indicating that job security is no longer a sufficient reason to keep employees embedded and engaged in their job responsibilities (Reyes et al., 2019). Now more than ever, recruitment process and employee retention are at the centre stage of organisational stability (Sull et al., 2022).

Cook (2021) posits that organisations need to demonstrate a top down succession planning approach which delivers care and growth for employee development and improves an organization's ability to retain and nurture internal talent for future positions. Eric Kisk known as the "Turnaround CEO" states that great leadership is the ability to find successors who can execute the organization's vision, by identifying future leaders early and entrusting them with the ability to make the right decision (TLP, 2018).

So who do organisations trust to find the future CEO?

Zhang and Rajagopalan, (2010) advise that the current CEO and the Board should be equally responsible for CEO succession planning, by offering independent views on the successor based on what the company needs and who best fits the position.

1.2 Research Problem

Organisational stability is defined through its executive pillars, which provides governing structures required for functionality and leadership that is supported by the Board (IoDSA, 2016). According to the King IV report executive structures are responsible for governance and performance (IoDSA, 2016). The Board serves as the organisation's key reference point to define the vision and direction required to optimise shareholder returns, by sustaining business performance driven by the CEOs leadership. Organisations are dependent on CEO leadership for direction setting and strategic execution to meet organisational goals (Saidu, 2019).

In the absence of a CEO, the Board must define its leadership succession plan, by appointing a suitable CEO candidate (Abernethy et al., 2018). Research by Zhang and Rajagopalan (2010), suggests that CEO succession planning executed by the current CEO reduces organisational disruptions elevated by the CEO transition process and or recruitment phase. Schepker et al., (2016) state that organisations which have attempted CEO succession planning were often met with failure, more often than expected.

The submission by Schepker et al., (2016) prompted the overarching question for this research; that is, what are Boards looking for when searching for a CEO, and what qualities or competencies are required for effective leadership.

According to Siambi (2022), the approach for leadership succession planning is influenced by three concepts that are "resource-based approach to human resource alignment through resource, capability and competence".

This research will focus on the CEO competency requirement for effective leadership, enabled through succession planning.

1.3 Research Significance

Organisational excellence is defined as the ability of an organisation to consistently achieve a level of quality or state that is superior to its previous state of excellence which includes competitive advantage (Felicio et al., 2022).

The leadership of the organisation determines its ability to achieve the desired results. CEOs are often appointed by organisations which either are looking to improve its performance or develop a new strategy to pivot the organisation into operational excellence, and or improved market share or better performance (Jenter & Lewellen, 2021).

The challenge for organisations is finding the right CEO that is a match for the business's needs. This exists as a result of either a skills gap the organisation has identified internally, that disrupts the concept of CEO succession planning, or the need for fresh ideas that requires an external CEO search to be expedited.

In the process of finding the right CEO, organisations are faced with challenges which include the limited CEO pipeline; candidates who meet all the required criteria are currently not available, appointing a CEO who does not satisfy all the requirements of the job description (Berns & Klarner, 2017).

This approach to executing CEO appointments is destined for disaster. Case in point: in a period of 10 years, Eskom conducted 10 CEO replacements, (Omarjee, 2019). This outlook to key executive positions lacking defined systems that enable business progression creates organisational disruption. LeCounte et al., (2017) state that CEO succession, important for defining leadership competency and an organisation's approach to succession planning, can place your company at an advantage or disadvantage.

When Mark Hurd, the former Hewlett-Packard (HP) CEO, abruptly resigned from his position, the company' shares dropped by 10% over a weekend (Ando, 2010). The organisation had no emergency CEO available, and appointed the Chief Financial Officer (CFO), Cathie Lesjak as interim CEO. This is evidence of an example of the disruption caused by lack of planning, even with the appointment of an interim CEO; analysts were wary of the CFO's ability to maintain the organisation's competitive advantage over its competitors, which included IBM (Ando, 2010).

This demonstrates the ability of a CEO to make or break an organisation, and can happen suddenly, even before the newly appointed CEO gets to the gate. The market will always respond to a new appointment.

According to Mahlaka (2019) 11 CEOs resigned from South African listed companies in the first half of 2019. These were found to be untimely resignations, which are indicative of a failed relationship. Forced CEO turnovers occur as a result of two issues: misalignment between the Board and the CEO, and declining organisational performance (Jenter & Lewellen, 2021).

Organisations need to take a proactive approach in CEO succession planning; according to Berns and Klarner (2017), a relay analogy provides a fundamental approach to how organisations can view succession planning by passing the baton. The relay approach is an intentional and open process, which directs its leadership into transferring knowledge and planning ahead.

1.4 Research Purpose

The aim of this research is to encourage organisations to start considering the future, including who they want to appoint as CEO, and start the conversations early on, defining the criteria of the individual they are looking for, assessing internal candidates, and developing executives for the future.

Therefore, the purpose of this research is to develop a Profile for CEO Competency, to the advancement of CEO succession planning for organisations to define and develop effective leaders.

1.5 Research Questions

The principal question for this research is: what are Boards looking for when searching for a CEO, and what qualities of competency are required for effective leadership?

The above question will be split into 3 focus areas, to gain insight and remain aligned to the overarching question.

Research question 1**:** What competency qualities are required for successful CEO leadership?

Research question 2: What support is given to CEO candidates to ensure competency in their positions?

Research question 3: Is there competency alignment based on the Appointers and the Appointees?

1.6 Research Outline

The outline of the research details what will be covered in this report, in a sequential process, identified as follows;

Chapter 1 details the nature of the research by providing the background, the purpose and the relevance of the study.

Chapter 2 explores theory of the topic in-question, detailed in the form of a literature review.

Chapter 3 specifies the intended research questions and their significance to the study.

Chapter 4 describes the methodology that will be utilised in the research to be undertaken.

Chapter 5 details the research results obtained in the approach detailed in chapter 4.

Chapter 6 provides reasoning and discussion based on the results exposed in chapter 5.

Chapter 7 will close the research study through the conclusion, recommendations, and limitations and provide suggestions for future research.

In order to understand the research phenomena based on what is known and what is unknown , chapter two which follows will provide a detailed literature review, which will focus on key aspects in understanding CEO succession planning and CEO competency qualities.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In Chapter one, we described the purpose of the research, the approach to be followed and the contents of the following chapters.

The literature review will disclose prior research to gain insights into what is known and not known in the context of the research problem described in Chapter 1. The research problem is founded on the basis of unplanned CEO departures that disrupt organisations if not executed strategically through succession planning, and often finds CEO successors appointed that are not the best fit for the organisation, and or the organisation itself is not the right fit for the CEO prospect.

The literature review will address the following aspects:
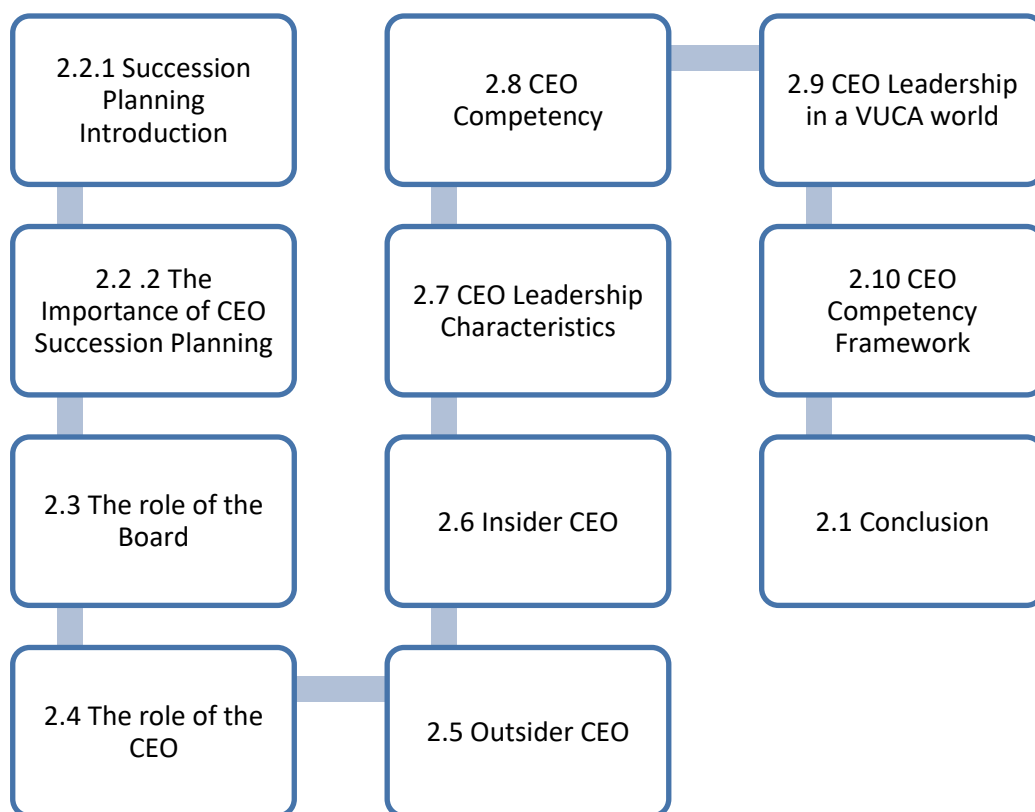
Figure 2.1: Literature Review Flowchart

Source: Compiled by Author

2.2 Succession Planning

2.2.1 Introduction

The fundamental process of succession planning requires answers of "who" and "what". Who is the candidate/s of choice identified for development, and "what" do they need to develop on and what do they want to be developed for.

Succession planning is founded on a relationship between the organisation (Appointer) and the candidate (Appointee). If there is ambiguity in the process, succession planning will be delayed (Zhang & Rajagopalan, 2010).

Delays in succession planning suggest that the Board's strategy in appointing the next CEO may be focused on a prospect external to the organisation, an Outsider CEO.

According to Hopp et al., (2020), there is evidence that some Boards are biased in their search and make appointments of CEOs, and may even exert the "legacy effect" when deciding on whom to appoint.

The legacy effect is when the prospective CEO demonstrates leadership qualities that seem or feel nostalgic to the Board if it matches those qualities of the outgoing CEO. In some cases, CEOs were appointed purely based on their physical appearance: "he looks like a leader" deeming leadership and competency measure null and void (Hopp et al., 2020). Jenter and Lewellen (2021) state that organisations which deviate from the required criteria when making appointments, will inevitably fail as a result of incompetency and creates an increase in forced turnovers.

When a CEO departs from an organisation abruptly, as is the case with forced turnovers, the organisation may appoint an emergency CEO in the interim, while searching for a replacement. However, most organisations do not have a succession plan and are equally likely to have no emergency CEO. Zhang and Rajagopalan (2010) submitted that 63% of US companies had no emergency CEO succession plan in place and "more than a third of Fortune 1000 companies were run by external CEOs".

2.2.2 The Importance of CEO Succession Planning

The importance of CEO leadership is fundamentally imperative for the success of an organisation, yet we find that so many organisations fail to plan for the future.

Organisations need a stable leadership model which demonstrates a standard, structured organogram and a substitute organogram in the case of an emergency. Succession Planning is about protecting the organisation from unplanned events which may disrupt the business operations, if no succession leadership plan has been put in place. Often, organisations tend to appear as though they have a clear plan for succession, but it's a false statement; most organisations wait until the CEO proves to be under-performing or the CEO submits a letter of resignation, and only then is there an attempt to find a suitable replacement.

Often, CEOs themselves are oblivious to their part in ensuring succession planning, and will often leave it to the Board to decide on the next CEO. Santora (2020) states that over 50% of companies are unable to identify an immediate successor to replace the CEO, and that these companies were also reluctant in being proactive in the appointment of CEOs. Hooijberg and Lane (2016) provide reasons as to why Boards delay CEO succession: the absence of well-defined criteria for the future CEO in line with the organisational strategy, reluctance in developing the insider CEO and consequently failure to develop other internal executives that are CEO subordinates.

But this approach raises concerns and doubts on the concept of passing the baton approach and exiting an organisation in a clear and well defined manner.

In the past two years, as a result of COVID-19, organisations have had to face the reality that individuals or employees can be " here today and gone tomorrow", the pandemic did not discriminate, and anyone can be lost from the pandemic. According to Santora (2020) "CEOs Jean Philippe Ruggieri (Nexity Group), Mike Dean (Mahdlo), and Don Welge (Gilster-Mary-Lee) have all died from COVID-19-related complications". The position of being mundane and too comfortable about employees being at your organisation for at least three years has been immensely shaken by the pandemic. Not only were organisations now forced to plan for the unknown of their operations, but more so with their employees. As such, the importance of succession planning was heightened by the pandemic. And even though this research focuses on the succession

planning of CEOs, it hopes to spark the conversations of having a top down approach for succession planning, to ensure minimal disruption to an organisation on the departure of employees and individuals in critical leadership positions. According to Moats et al., (2021) organisations which lack the right leadership personnel running the business will suffer despite having the latest innovative technologies, as such Boards need to adopt a proactive leadership approach in a post pandemic business world. A survey conducted by the NACD, found that over 50% of the participants acknowledged that Boards need to be more intentional in their role of CEO succession planning (Moats et al., 2021). Moats et al., (2021) state that in 2020 alone, more than 50 CEOs resigned their position and of those who resigned at least 20% were forced to resign, 75% of the CEOs stepped down or retired, 4% resigned due to health reasons and about 2% stepped down as a result of M&A. This indicates that CEO turnovers are gradually declining, and more and more Boards are being held accountable for CEO succession planning, and forced to plan for CEO transitions (Moats et al., 2021).

2.3 The Role of the Board

The role of the Board in CEO succession planning should be an active and intentional approach; it should be consistently a top priority agenda item more frequently than not. The Board's position in selecting the successor is of paramount importance as it requires an individual who will execute the organisation's strategy for optimum performance (Barroso-Castro et al. , 2017). So how can Boards play an active role in the selection of the successor? In the case where the Board appoints an outsider CEO, how are they able to effectively assess whether the CEO prospect aligns with the strategy but also the culture of the organisation?

We might be quick to assume that when it comes to understanding the organisational culture and organisational fit, most Boards should support the appointment of an internal candidate, and yet, the statistics show that this is not the case (Favaro et al., 2015). Research has shown that most Boards have a preference of an outsider CEO as opposed to an insider CEO.

Whatever the case may be, there is a need for effective planning of an organisation's CEO succession. As Favaro et al., (2015) state that organisations which fail to properly

plan for CEO succession attract large financial uncertainty. When the CEO of an organisation is abruptly let go or succumbs to an illness or death, the absence of a suitable replacement costs the organisation greatly with an estimated value of $112 billion (Favaro et al., 2015). The cost of replacing a crucial member of a company's leadership will always have a value assigned to it, whether it's through severance or just the costs of searching for a replacement. What is clear is that organisations which fail to plan for the future will carry the greatest cost.

So if the Board has a lot to lose in financial performance, why would they not invest in the process of CEO succession planning? Farah and Li (2022) in their study found that organisations which appoint an insider CEO who did not undergo succession planning, are unable to perform in comparison with an insider CEO who went through a defined succession plan. Favaro et al., (2015) state the overall performance of the organisation is dependent on the Board's ability to select a suitable candidate.

WHAT BOARD MEMBERS SAY ABOUT CEO SUCCESSION

Data from our survey of directors suggests that many boards have not planned adequately for CEO succession.

58% do not have an emergency succession plan

- No, it is not needed — 7%
- Yes, we have a strong plan — 10%
- Yes, but it has weaknesses — 25%
- Other — 7%
- No, but we should — 51%

54% do not have a long-term succession plan

- No, it is not needed — 9%
- Yes, we have a strong plan — 15%
- Yes, but it has weaknesses — 27%
- Other — 4%
- No, but we should — 45%

70% say the board has good knowledge of the leadership capabilities and potential of the top management team

- Very good knowledge — 16%
- Little knowledge — 7%
- Some knowledge — 23%
- Good knowledge — 54%

But 52% agree that the board will most likely hire an outsider if it has to replace the current CEO in the next 12 months

- Strongly agree — 13%
- Strongly disagree — 7%
- Disagree — 28%
- Neither agree nor disagree — 13%
- Agree — 39%

Figure 2.2: What Boards Say About Succession Planning

Source: Hooijberg & Lane (2016, p.9)

Asahak et al.,(2018) states that organisations with effcetive boards are likely to perform better than those with dysfunctional boards. In light of Eskom's recent poor CEO leadership and performance, and its inability to appoint a suitable CEO candidate, Favaro et al., (2015) provide four questions for companies to consider in their process of appointing a future CEO: (1) Is the Board active in the succession process?; (2) Is the succession plan transparent of discrete ?; (3) Is there an active approach to develop future CEO leadership from within the company?, and (4), does the organisation's CEO succession planning adopt a backward or forward looking approach?.

Favaro et al., (2015), state that organisations should be more intentional about succession planning, to define and identify the most suitable candidate, whether it is an outsider or an insider CEO.

Hooijberg and Lane (2016) offer three steps to Boards which may enable their CEO succession practices, as: (1) clearly identify the type of organisational strategy that is required by the Board for its long-term vision and define the necessary skills required to execute it accordingly, (2) develop a succession plan which has an emergency and long-term focus, and (3) develop a pipeline of strong leaders from within the company.

According to Moats et al., (2021) boards that are successful at facilitating CEO transitions have mastered the following characteristics:

(1) They have a clear understanding of what qualties, professional background and personal traits are required to execute the company's strategy.

> Companies that fail or delay the process of identifying the right CEO are faced with internal disagreements from within the Board itself. These disagreements cause delays when organisations have been avoiding the topic of CEO succession planning and the strategy required for the organisation. As such Boards which agree on its organisational strategy will easily identify candidates who best suit their requirements. Selecting CEO candidates who have the right qualities to fit the organization's culture and strategy, professional background with a proven track record and industry experience to react and adapt with a change in business climate will provide the Board with confidence in the candidate.

(2) They are clear on who is responsible for CEO succession planning.

In a survey by The Conference Board, participants were interviewed from various industries to understand what their views are on the responsible parties in CEO succession planning. Over 40% of the participants said it's the Boards full responsibility, while less than 22% chose CEO succession planning committee, the next 20 % of the participants said a Compensation Committee and the remaining 8% went to others.

Responsible leadership is about allocating tasks and distributing work according to the strengths of the team. Though CEO succession planning is the Boards, role having clear tasks for the board members will ensure that everyone's voice is heard (Moats et al., 2021)

(3) They have set a succession plan with review dates.

Organisations which set the tone of succession planning develop detailed plans identifying what needs to be done, by whom and by when. This includes setting the direction of the organisation, developing a CEO pipeline of candidates, arranging interviews, and vetting candidates. Regular updates to the plan based on the strategy, internal and external business environment (Leader, 2019).

(4) They possess a CEO emergency succession plan.

According to Hooijberg and Lane (2016) organisations assert they understand the importance of a CEO succession plan and over 70% of the Board understands the leadership qualities in their management team and their gaps. Yet 58% of the organisations do not have an emergency succession plan, and 54% do not have a long-term succession plan (Hooijberg & Lane, 2016). Organisations which guard against the sudden departure of their CEO are also likely to have a CEO succession plan. Similarly those without an emergency CEO succession are less likely to have a CEO succession plan and will suffer the cost of absent leadership. As the COVID 19 pandemic demonstrated, planning for the future is best when guarding against external threats. As such it is crucial for organisations to identify emergency CEO successors for a rapid response

against unplanned CEO departure to stabilise the organisation for long-term success (Leader, 2019). Organisations which are challenged by the idea of an interim CEO, avoid open honest conversations with the internal candidates like; this is a temporary solution until we find a replacement, or we are considering you for the CEO position and this opportunity will groom you further (Hildebrand, 2016). The assumption that most organisations have is that employees understand that acting for a position does not mean that you will be offered the position (Erasmus, 2020). When Maria Ramos former Absa Group CEO abruptly announced her retirement, Absa Group Chairperson, Wendy Lucas-Bull said it would take the organisation at least a year before announcing a new CEO successor. Soon after Absa announced the interim CEO, former Reserve Bank Deputy Governor Rene van Wyk, this quick response by the organisation was well received by the market (Leader, 2019).

(5) CEOs are part of the succession plan from the onset.

Organisations which are reluctant in engaging the CEO from day one about succession planning are often clouded by the current CEO performance and are in denial that the CEO would leave soon after being appointed (Moats, DeNicola, & PricewaterhouseCoopers, 2021). According to Smyth (2020) and Charan (2005) 2 out of 5 CEOs will fail in the first 2 years. It is the Boards role to ensure that CEOs are part of succession planning, regardless of their performance to engage in difficult conversations for organisational sustainability.

(6) They establish a healthy CEO pipeline.

Organisational culture will determine if the leadership approach is to plan for the future by being inclusive and transparent, or conduct external CEO search in secrecy. Decide who you want and why. Transparency promotes fairness and provides internal CEO candidates the opportunity to compete on level ground with their colleagues whether internal or external (Moats et al., 2021). Inclusive companies manage employee flight risk by ensuring equal and fair opportunity; as such organisations must communicate their intentions to the candidates to control expectations (Moats et al., 2021).

(7) They develop strong support structures for CEO on-boarding.

Onboarding the incoming CEO is an important part of CEO appointments, organisations which fail to clearly define their support structures for the incoming CEO set the candidate up for resistance and failure (Moats et al., 2021). External candidates bear the brunt of inefficient support systems which leave the candidate exposed and disadvantaged. A transition plan, communication platforms, who will be responsible for the process, key stakeholder support, employee engagement opportunities are key in a successful CEO onboarding process and organisations should ensure that these are in place before announcing the new CEO.

2.4 The Role of the CEO

The role of the CEO is dependent on what the business needs in line with its strategy and what the Board ultimately wants the focus of the company to be on: performance or transformation. The CEOs ability to execute the strategy to improve or turn around an organisation's financial performance is achieved through strategic changes with an internal lens towards the organisation. Transformation looks at what is happening in the external environment that the company can use or change internally to gain a competitive advantage, and to move with the trends. According to Hubbard et al., (2017) both approaches should yield positive financial returns for the stakeholders. As such, appointing the right CEO candidate for the Board becomes a rigorous process in identifying the CEO to deliver on the company's strategy.

An article by Bothleho et al., (2017) provides the following key behaviours for successful CEO leadership.

Being the leader at the top is challenging and demanding, therefore the CEO candidate must excel in the following aspects: Firstly, firm and quick decision making- most CEOs are capable but their ability to stand firm is the challenge, hence CEOs who outperform their counterparts are individuals who believe that making a decision is better than making no decision at all, regardless of the outcome. Secondly, engaging for impact, this is particularly important since the CEO needs to drive results through others, as such,

ensuring that they involve everyone is very important in conveying the message of collaboration and every individual contribution is valued, to facilitate the strategy for success. Thirdly, adapting proactively, the importance of a leader, who can react towards uncertainty and meet it with a robust strategy is imperative for effective leadership, to overcome obstacles and setbacks are part of the process. Lastly, deliver reliable results, the ability of a CEO to deliver results that are reliable, prove his ability even more as it shapes the relationship the CEO will have with the Board, and whether they can trust the CEO for keeping their promise and delivering positive results.

2.5 Outsider CEO

According to BusinessTech (2018), 70% of the CEO appointments are recruited externally, the Outsider CEO. External CEOs are known for bringing changes within the company in an effort to mark their arrival into the organisation (Zhang & Rajagopalan, 2010).

The challenge with this view is that organisations are willing to bend and be flexible; accordingly, to do things the way the CEO wants it. This is asking too much from an organisation which has its own culture and structure to shift and change at the whims of every entering CEO. This inevitably slows performance and possibly leads to the early termination of employment. The reality is that if organisations are looking to change with every new CEO Appointee, then a CEO skilled at organisational change management (ideal for organisations which are non-performing) should be pursued, but even then, this does not automatically translate into a win for the organisation or the Appointee. We cannot ask for major organisational change from a CEO candidate who will at best serve the Board for a period of four years.

According to Zhang and Rajagopalan (2010), a charismatic outsider CEO is more than likely to face forced termination of employment as a result of the hiring process which is reliant on information shared by the CEO candidate and the Board. At this point, the Board has no certainty on the competency of the candidate (Siambi, 2022). This research aims at identifying the qualities required for CEO competency, given a succession plan for the candidates to support their leadership capability.

Often, organisations appoint an external CEO, in the hope that the incumbent will have success leading the organisation, by leveraging information from previous experience. However, this is not always the case, as sometimes an external CEO may not be the suitable candidate for the position. When the CEO of Survey-monkey, David Goldberg unexpectedly passed away in May 2015, it took the Board two months and 75 candidates later before they could appoint a CEO, and this created a leadership vacuum within the organisation (Bae & Hwan Joo, 2021). An external candidate, Bill Veghte who formerly served as an executive of Microsoft and Hewlett Packard, was then appointed as the CEO of Survey-Monkey. However, their hopes in the individual to lead the organisation, was cut short when he decided to leave the organisation in less than 6 months after his appointment, and consequently was succeeded by the organisation's Chairman, Zander Lurie (Bae & Hwan Joo ,2021).

Favaro and Karlsson (2015), state that failed succession planning is the result of Board's reluctant approach in prioritising CEO succession as a regular discussion at Board meetings. This approach has often been viewed as the Boards' lack of transparency in the appointment of CEOs, and as a result, succession planning performed in the grey areas is likely to fail.

By appointing an external CEO, Boards rely on their past track record, and hope that the individual's ability to perform will also be replicated within their organisation in future. But, as we observed in the Survey Monkey organisation, Veghte's track record did not create success for the organisation and resulted in his early departure from the (Bae & Hwan Joo, 2021).

So, perhaps, there is more to investigate in what makes an outsider resume of a CEO seem more appealing to the Board. Palmquist (2015) cautions that CEOs with a diverse track record, bringing the promise of innovation and fresh ideas, do not always live up to the expectations.

The outsider CEO who brings about a variety of industries, positions, and companies, can help shape the individual's ability to lead effectively, having the distinctive business outlook, he can assist to transform an organisation, whereas the insider CEO may have a limited business outlook, as a result of being with the organisation for a lengthy period.

2.6 Insider CEO

The appointment of the CEO is dependent on its short-term and long-term needs in line with what the organisation needs strategically (Schepker et al., 2017). This initiates a predicament of choice for the Board, which is Insider CEO or Outsider CEO. What qualities does the Outsider CEO have over the Insider CEO? According to (Haque et al., (2022) outsider CEOs bring a new perspective and are not limited by the company's historic nature, ability and performance, and are appointed based on the organisation's need for a new transformed strategy, to challenge the status quo. By contrast, the Insider CEO has deep organisational historic knowledge, is quick to adapt and drive performance (Haqu et al., 2022)

The fallacy of the insider CEO is that they do not bring immediate strategic changes to the organisation (Zhang & Rajagopalan, 2010); (Schepker et al., 2017). According to Zhang and Rajagopalan (2010), outsider CEO strategic actions do not yield positive results for organisational performance, in contrast insider CEO changes have proved to show both short and long-term performance results (Schepker et al., 2017); (Haque, Choi, Lee, & Wright, 2022). The advantage of the insider CEO who has been displaced by most companies that do not appoint insider CEOs is that the insider CEO, comes with the experience of the business, industry and knowledge of other strategic efforts previously tried and failed, and is the most opportune candidate to not repeat failed strategies, based on inside business experience (Schepker et al., 2017). The insider CEO is the ideal candidate to leverage existing information and resources for a transformational change that will place the organisation at a competitive advantage, which is integral in their competency aptitude (Schepker et al., 2017).

The insider CEO exposure to their predecessor allows the insider CEO, an advantage of gaining CEO background, role and responsibility, a time to engage in the organisation's strategy , culture and gain familiarity with processes during the learning process of relay succession which reduces the risk of disruptive CEO transitions, and allows the company a smooth transfer of power. During CEO succession, the candidate's competency and leadership are developed and nurtured for the future.

Identifying the insider CEO is an obstacle for most organisations, and some Boards which have appointed insider CEOs had required the service of the current CEO to select the candidates (Schepker et al., 2016); however, those who do this have been

faced with challenges of CEOs selecting their successor based on favouritism linked to sustaining their legacy in the organisation or selecting a weak successor to magnify their strengths. Neither of these approaches are condoned for this research, organisations need to work together with the CHRO to identify a group of candidates who will form the pipeline as CHRO's have a deeper understanding of the organisation and its Board; Ulrich and Filler (2015) show that C-suite (Chief Financial Officer, Chief Marketing Officer, Chief Information Officer, Chief Operations Officer and CHRO) candidates are likely to be appointed as CEOs in future.

The advantage of an insider CEO is their connection to the organisation developed from years of experience. This allows the insider CEO an opportunity of a smooth transition following succession planning, or in the event an emergency CEO is required.

When Jai Nagarkatii, CEO of Sigma-Aldrich unexpectedly died, immediately after his death, on exactly the following day he was replaced by the organisation's CFO, Sachev Rakesh, as the newly appointed CEO. Rakesh led the organisation successfully for a period of five years until the organisation was acquired by KGaA. The quick response by the Board was executed successfully because they had played an active role in the leadership progression of its organisation for stability and continuity (Hooijberg & Lane, 2016).

The model for an emergency succession planning in Presidency follows a structured approach, where in the event of the leader of the country should become void, the Vice-President is the immediate successor, followed by the Secretary- general, but at all times, succession planning in the Presidency, like in the Military, plan for the unforeseen, not by assigning one individual as immediate successor but a group of capable, and pre-identified candidates.

This approach should be approached with caution, as there is no one size fits all, when it comes to execution of CEO succession planning and it goes with the organisational culture. Some organisations will celebrate the approach of an insider CEO, the environment of transparency, and it may even celebrate the individual appointed CEO successor and may serve as a precursor of their own future within the organisation's career development.

In other organisations, having a clearly identified successor may not be celebrated , as individuals who may have hoped for the position, may become disgruntled and opt to exit via a strategic exit, to look for opportunities which advance their career development elsewhere.

Organisations which identify with this culture, where being discrete might be an option, should still be proactive in the selection of internal candidates, but maintain a private list of the identified candidates, thus reducing the risk of employee exits.

This process should be well managed by the organisation's CHRO, who should assist the Board in identifying the suitable candidates, and provide them with various opportunities to present their leadership characteristics to the Board members, while allowing the Board members an equal opportunity to vet the individuals through interactive and engaging presentations.

Organisations need to focus on selecting CEO candidates from within, by constructing a pipeline of potential CEO candidates to groom for the position before the actual transition; this will promote a systematic transfer of knowledge, skills and leadership to increase the trust between the Board and the entering CEO for competency in their roles and responsibility.

2.7 CEO Leadership Characteristics

So which characteristics make for a good leader and what qualities do Boards look for in the CEO prospect? Is the Board's decision informed by age, gender, education, experience (Dhifi & Zouari, 2022)?

Shen et al., (2021) provide evidence that the CEO characteristics have a direct influence on the candidate's ability to perform. Much like the Upper Echelon Theory suggests that the age of a CEO is able to determine if the candidate will be a risk taker or not, they also found that there is a relationship between a CEOs education and their ability to perform (Ting et al., 2015). According to Saidu (2019) and King et al., (2016), education enables managers and leaders to make better decisions for their organisations, and this improves overall profitability.

About gender, it was found that organisations which are run by females tend to have a lower firm risk as opposed to their male counterparts (Khan & Vieito, 2013). And on experience, there is a perception that the experienced CEO with prior CEO experience will be able to perform; however, this in not always the case, as Hamori and Koyuncu (2013) state that many organisations fall for the "CEO Experience Trap" emanating from the view that having prior CEO experience and a track record would enable the incoming CEO to perform. Hamori and Koyuncu (2013) suggest that outsider CEOs tend to fail because they do not have social and human capital networks to leverage for performance, which an insider CEO has, (LeCounte et al., 2017). Organisations need to develop internal talent and groom them early as future leaders.

2.8 CEO Competency

A research study by Maidique et al., (2013), found the following six competencies: self-awareness, moral compass, effective listening skills, good judgement, persuasive communicator and tenacity. An article published on Indeed, a reputable professional recruitment platform, provided the following key skills of a CEO as: communication, collaboration, approachability, open-mindedness, transparency, growth mindset, ethics, decisiveness, fearlessness, creativity and innovation, (Indeed Team. 2022). Literature provides a vast collection of varying views from independent sources, which range from views of appointers, recruiters, scholars, individual bloggers, offering their views on CEO competency. There is no one true standard CEO competency profile in the scope of academia that is utilised by everyone; most journal articles argue that the CEO competency required for a particular environment and not a general approach, as such there is a vast knowledge and understanding of CEO Competency, but limited studies to form the basis of this research which aim at providing a generic CEO competency profile. As such, the research will use the various views of competencies and characteristics to further assess and redefine the concept of CEO Competency for future literature.

2.9 CEO leadership in a VUCA world

When dealing with uncertainty, organisations should have a clearly defined succession plan to ensure business continuity and minimal disruption to the business. Organisations which have no succession plan create a leadership vacuum (Bae & Hwan Joo, 2021). Bae and Hwan Joo (2021) further add that depending on how the organisation responds to this vacuum; will determine if the opportunity to turn the business around can be expedited.

Meinert (2018) argues that succession planning is not customary in organisations and encourages the CHRO to take the initiative in instilling a new behavioural mind set of effective future planning to guard against the Volatility, Uncertainty, Complexity and Ambiguity (VUCA) business environment.

The pandemic served as a crucible moment for leadership in organisations, which forced a culture of agility and resilience in these organisations. Organisations need leaders who can withstand the turbulence and learn to find order in chaos, by communicating and thinking quickly (Kolzow, 2014).

2.10 Theory: CEO Competency Framework

There is limited literature of key competencies for the CEO. Literature provides various unique descriptors of competency from various sources, particularly website publications from various institutions which are identified as Search Firms. Search firms are appointed by organisations, to assist them in identifying CEO prospects, based on the hiring organisations job description, as such this substantiates the varying views of CEO competencies particularly, non-scholar articles.

The researcher attempted finding a pre-existing CEO Competency framework, to provide further extension to the subject; however, this was not available, as a result of the limited information which has been contributed in the scholarly articles which focus on CEO Competency as a Framework. Instead, literature provides various proposals of CEO Competency in different industries. It was also observed that literature provided more information on Competency Profile as opposed to CEO Competency profile.

As such, this research serves as a basis in the subject of CEO Competency Profile, by leveraging the information from various sources, and develops a CEO Competency Profile, to offer common perceptions of CEO Competency from both the Appointers and the Appointees.

In a study by Troilo (2021), the author interviewed CEOs from various multinational companies and industries to determine competencies for effective performance for the CEO. Troilo (2021) identified the following eleven competencies, which were: (1) Communication and Interpersonal Relationships, (2) Leadership and People Management, (3) Strategic Thinking and Planning, (4) Flexibility and Adaptability, (5) Agility, (6) Handling of Complexity, Uncertainty and Ambiguity, (7) Empathy and Emotional Intelligence, (8) Business and Market Insight, (9) Resilience, (10) Learning and Vulnerability and (11) Financial Knowledge.

Troilo's study (2021) provided a list of competencies; however, it was unable to further develop a framework based on his findings. The limitation of theory presented by academia, serves as evidence for the development of future research in the study which will be discussed later in chapter four.

An additional study by Turinawe (2021) was conducted to develop a "*Leadership competency profile for CEOs of Ugandan Statutory Government Corporations (SGCs) in Uganda*" developed the following CEO Managerial Leadership Competency Framework described in Figure 2.3.

Turinawe (2021) study offers the following constructs in understanding CEO competency as their ability to lead effectively by: (1) *Technical Aptitude* which focused on their ability to perform including (business acumen, financial management, human resource management, communications and marketing, commercial skills, professional practice and technology); (2) *Emotional Intelligence* (empathy, face saver and modesty), *Leadership Style* (self-sacrificial, inspirational, visionary, bureaucratic, autocratic, malevolent) and *Governance* (administrative, integrity, decisive, easily understood, participative, community relations and team oriented).

CEO Managerial Leadership Competency Framework

1) Visionary	2) Modesty
3) Inspirational	4) Face-saver
5) Self-sacrificial	6) Bureaucratic
7) Empathy	8) Professional practice
9) Integrity	10) Business acumen
11) Decisive	12) Financial management
13) Team oriented	14) Human resources management
15) Easily understood	16) Technology
17) Malevolent	18) Communications and marketing
19) Administratively competent	20) Commercial skills
21) Participative	22) Community relations
23) Autocratic	

Figure 2.3: CEO Managerial Leadership Competency Framework

Source: Turinawe (2021, p.6)

For the purpose of this study, the researcher noted Troilo (2021) and Turinawe (2021) findings, and will use them as points of reference in the design of the interview questions and questionnaire, to gain insight from both the Appointers and Appointees, and construct a framework, for Profiling CEO Competency that may be used in future research.

2.11 Conclusion

The literature review provided insights on the concept of CEO succession planning and CEO competency, and identified a gap in the existing literature where there is limited knowledge for profiling CEO Competency, and scholars have been limited in their ability to demonstrate competency in terms of a generalist framework. This creates an opportunity for the researcher to submit work that can be further explored on the premise of developing a competency profile for the generalist CEO.

The following Chapter three will present in detail the research questions which will be administered in this study for the purpose of understanding the importance of CEO competency for effective leadership. The research questions will help us understand the views from key stakeholders involved in the recruitment process of CEOs.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction

In Chapter two, we provided a detailed literature review, providing context and a rationale for this study. In this chapter, we address the research questions to be explored in line with the overarching question that is; what are Boards looking for when searching for a CEO, and what qualities or competencies are required for effective leadership?

Research questions provide direction into understanding a topic of discussion, and define a sequence into how the main research question will be dissected for structure and control, to assist the research to focus within the bounds of the topic of study.

When engaging in CEO Succession Planning, what competency profile is used to measure the prospects leadership capability?

To further provide understanding to the lead question, the following research questions are further explored.

3.2 Research Question 1

RQ1: What competency qualities are required for successful CEO leadership?

The objective of this question is to gain insights on what criteria are associated with CEO competency. This approach will assist the researcher to develop a competency profile that management and stakeholders can use to assess the next CEO generation's readiness, and to prompt closing the skills gap where identified. The framework to be developed will also include the following parameters to ensure that adequate measures have been applied to address the subject with key identifiers.

3.3 Research Question 2

RQ2: What support is given to CEO candidates to ensure that they achieve competency in their positions?

The aim of this question is to address the perception that CEOs "know it all". The hierarchy of the CEO positions have often been viewed as a position created for leaders who are able to execute organisational strategy to improve organisational business.

However, as discussed in Chapter 2, CEO failure rate is slowly on the rise. As such, this question submits the Theory of the Upper Echelon introduced by Donald C. Hambrick and Phyllis A. Mason in 1984 for hierarchical characteristics as a symptom of limiting organisational structures that prevent the CEO from being treated as an equal employee, and not an extension of the organisation (Hambrick & Mason, 1984). It is for this reason we investigate support structures and systems of organisations that assist the incoming CEO to thrive in his leadership role. With reference to Chapter 2, the lack of support given to CEOs in organisations is a symptom of a structurally dysfunctional organisation in general, case in point, Eskom.

3.4 Research Question 3

RQ3: Is there competency alignment between the Appointers and the Appointee?

The intent of this question is to determine whether: firstly, Appointers know what they are looking for in a CEO, and does the CEO prospect understand what is required of him by the Appointer. Secondly, does the Appointer know what the CEO prospect is looking for, and is the Appointer aware of what the CEO prospect wants? When opportunities arise from either the individual in pursuit of a new exciting position, and an apparent door of opportunity in the marketplace exists, often the two parties have their own interests and values that need to be met. However, during the appointment of employees, this aspect

of alignment is often overshadowed by the prospect of something new. And in the case where expectations have been unmet, organisational performance is challenged.

For this reason, when organisations consider CEO succession planning, alignment should be tested.

3.5 Conclusion

In conclusion, the research will address the three questions, which will provide informative guidance for organisations to consider in the process of CEO succession planning. The structural concept where opportunity is created is presented to the prospect, in line with their career trajectory, capabilities and values.

Following the submission for limited literature which provides a generalist framework to profile CEO competency, the study will explore the views of participants based on their experience and beliefs. This informs us that the research will follow an explorative qualitative study. The following chapter four will discuss the research methodology to be employed.

CHAPTER 4: RESEARCH METHODOLOGY

In Chapter three, we detailed the research questions which will be addressed in this study. In this chapter, we will explore the research methodology to be undertaken for this qualitative study.

4.1 Introduction

The manner in which the research aims to investigate the research objective is defined as the methodology, detailing the direction the research will take, based on how it plans on dissecting the problem presented through the research questions. Sileyew (2019) states that, "Research Methodology is the path through which researchers need to conduct their research".

This chapter will detail the chosen research methodology and its alignment to the research objective outlined in Chapter 1, supported by the literature review in Chapter 2, and interrogated in chapter three through the research questions. An explorative approach was used to understand the phenomenon that is CEO competency, and how it can be utilised to facilitate CEO succession planning for effective leadership. The chapter will provide details of the methodological choice, philosophy, research approach, research design, strategy, time horizon, population, selection of participants, and unit of analysis, sampling method and size, measurement instrument, data gathering process, data analysis, quality control, and limitations and finally conclude the chapter.

4.2. Methodological choices

Methodological choice is defined as a guide in the collection and understanding of the research objective (Saunders & Lewis, 2018). The approach for research will be qualitative, as it seeks to identify the key qualities of CEO competency, and to develop a general framework which can be used by both the Appointers and Appointees for CEO succession planning and CEO competency, based on their common views of the subject. According to Merriam & Tisdell (2016) a qualitative study seeks to understand

the cause of a phenomena, as such we explore this research through the lenses of gaining and developing knowledge.

4.3 Philosophy

According to Saunders and Lewis (2018, p.106) philosophy is "a system of beliefs and assumptions about development of knowledge". Assumptions will exist during any research study and they will be classified as ontology – assumptions based on reality, axiology – assumptions based on values and beliefs, and epistemology, assumptions influenced by facts and or knowledge of the subject (Cresswell et al., 2007); (Saunders & Lewis, 2018). We submit that the following research will follow an epistemology as the data collected will be collected from credible and knowledgeable sources (Saunders & Lewis, 2018, p.106).

In research that studies business management and aspects of "organisational behaviour, marketing and human resource management" the selection of an interpretivist philosophy is the most accurate and relevant (Saunders & Lewis, 2018, p.109). In line with Saunders and Lewis (2018, p.109) we submit that the research will explore the human views in CEO succession planning and CEO competency in accordance with human resource management.

The research aims at outlining the importance for profiling CEO competency to facilitate CEO succession planning. Developing criteria that will be utilised and defended in theory will take the form of interpretivist. The selection of interpretivist best suits the research, providing human views in governing the structure of succession planning, and the resulting competency profile.

Following an exploratory approach, the research seeks to gain new insights. This is supported by the literature review detailed in Chapter two which advocates the need to further explore the research topic by asking new questions (Saunders & Lewis, 2018, p.115).

According to Creswell et al., (2018) human beings are exposed to similar environments and experiences, and as such, their views and approach to the world will form common

views based on how they view the world, how they interact with the world, and how they interpret what is happening in their world.

4.4 Research Approach

As discussed in chapter 2, there is limited theory which is accessible in relation to CEO Competency Profiling. As such, the approach identified for this research will undertake an inductive approach as the research provides information, building toward the theory of CEO Competency Profile, (Saunders & Lewis, 2018); (Jebb et al., 2017).

The approach selected was based on the capability and experiential knowledge the participants demonstrate.

Sileyew (2019) argues that the research design should provide a framework of the study. The most important component for the research design is to determine the nature and direction the study will follow, based on the argument and justification of how the data will be collected, based on existing literature (Sileyew, 2019).

As identified in Chapter two, that there is limited literature for a generic CEO competency profile. This study will embark on an explorative journey to investigate CEO competency as understood by the Appointers and Appointees.

The research design is identified as following a qualitative method with an explorative approach. Semi-structured interviews will be conducted as a basis for gathering primary data, to understand the competency qualities required for CEO succession planning. The competency of CEOs in their leadership position as a requirement for successful performance, this research will be the foundation of understanding this phenomenon (Akhtar, 2016). Secondary data will also be utilized to explore the practicality of proposed competency framework and their contribution to theory in facilitating CEO succession planning.

The strategy of the research design will take the form of a questionnaire survey and semi-structured interviews targeting various participants based on demographics, age and gender, the questionnaire will take into account the distinction of its participant's but form no conclusion for its effects in this research, as it aims only at highlighting the key quality competency profile for future CEOs and their Appointers.

The research will follow two phases: the first phase will release the survey questionnaire to the two groups, and the second phase will be semi-structured interviews with participants (Kesmodel, 2018). "a survey is defined as a research strategy which involves the structured collection of data from a sizable population" (Saunders & Lewis, 2018, p.120). According to Saunders & Lewis (2018, p.115), an exploratory study following the use of "academic literature, unstructured observations semi- and unstructured interviews" will need to conduct further research to gain dependable insights. As such this research follows the use of two methods to increase the data's credibility and reliability through data triangulation.

According to Carter et al., (2014) the approaches discussed above follow a triangulation method, which uses multiple methods to collect data and test the participants views and consistency in their understanding of the research phenomena. In addition Carter et al., (2014) states that there are "four types of triangulation (a) method triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) data source triangulation". This research will use data source triangulation which seeks to compare the views of participants through interviews and questionnaires (Carter et al., 2014).

The time horizon for this study will be a cross-sectional period that is "study of a particular topic at a particular time (Saunders & Lewis, 2018), as the research is in line with the institutional requirements for completing the degree.

4.5 Population

Population in research refers to the complete number of participants that will take part in the research study (Saunders & Lewis, 2018).

The structure of this research will focus on two groups, being the appointing Board and HR executives and their competency expectations of the incoming CEO, and the Appointee- the incoming CEO both outside compared to insider candidates. This will be done to test the link between what the Board is looking for in a CEO candidate, and how the CEO candidate's skills and competency are aligned with the Appointer's expectation.

 A maximum of sixteen participants will be selected to contribute in the form of semi-structured interviews and a questionnaire.

Up to eight CEO Appointers (Board members and CHROs/HRBR/HR Manager) will be targeted for the purpose of gaining the Appointer's requirement and interpretation of CEO leadership competency. A maximum of 8 CEO participants' degree of competency will also be required for understanding the Board and candidate competency alignment. The selection of the participants will target South African companies.

4.6 Unit of analysis

The selected participants will represent two groups with unique views on the subject matter. The first group was that of the Appointers, reflecting the views of the organisation and board, and how they evaluate CEO candidates in relation to competency. The second group will be that of the Appointees, and their understanding of the CEO competency in relation to what the organisation required. The results collected will provide the basis in understanding CEO competency and profile it for use by key stakeholders in organisations (Damsa & Jornet, 2021).

4.7 Sampling method and size

A judgement approach in relation to the sampling method was applied to develop a generalist CEO competency leadership profile suitable for use across industries.

According to Saunders & Lewis (2018, p.139), a sample is on the population size and the amount of time the research has available to collect data from the population. A maximum of eight participants for each representative sub-group will be assessed for the purpose of this research.

Participants across various industries will be targeted to validate the generalist approach, by considering all diverse views and not being subjected to industry views.

4.8 Measurement Instrument

To develop a robust competency profile, existing literature was utilized to investigate applicable frameworks and define them according to their various constructs, to defend the selection of questionnaire and semi-structured interviews as a means for data collection and analysis (Suhairom et al., 2014). The questions used during the interviews will be guided by the research questions detailed in Chapter three.

Participants will be given the same questionnaire to answer and the semi-structured interviews to be informed by the openness of the participant and their ability to articulate themselves. Once the questionnaire has been fully completed, the participants will return the document to the researcher and the interviews conducted online will be transcribed. All documents collected and information provided by the participants will be analysed and discussed in detail.

4.9 Data gathering process

The primary data collection process followed two parts, which were questionnaire and semi-structured interviews.

The questionnaire was developed for the purpose of understanding how both participant groups viewed and valued CEO competency, to establish a common criterion to be used for developing the CEO competency profile. The semi-structured questions were used to probe deeper into the participants' views of CEO succession planning and CEO competency required for successful leadership.

The focus groups and participants thereof, were selected according to their current job titles as Appointee (that is CEO), and Appointers, a combination of HR executives and Board members.

Secondary data was executed through desktop research, through journal articles, management reviews, institutional publications, and business journals to verify and defend the research approach and findings.

4.10 Data Analysis approach

According to Komorowski et al., (2016), a thematic analysis is a useful approach in identifying the emergent theme, to understand the codes identified through a construct. As such, the data collected will be subjected to a thematic analysis, with a focus on identifying common codes used for understanding of CEO competency for the development of future CEO competency profile (Albers, 2017).

The participants will be required to answer and complete the research questionnaire as detailed in (Appendix D), using a Likert scale to answer the question provided. Once the participants return the completed form, the researcher will group the views according to the Appointers and the Appointee groups. The scoring system will be determined by the Likert scale and the participant's views on the weighting of the questions posed. The total weight of the questions used will be used to test if there is a common understanding and alignment between the two groups and their views in line with the questionnaire.

Secondly the interviews conducted will be transcribed by the researcher and use thematic analysis to identify codes and the subsequent themes obtained from all sixteen participants. The themes emerging from the interviews will be tested against the results from the questionnaire and converge the information for developing a CEO competency framework in accordance with the descriptive context of a qualitative study (Cresswell et al., 2007).

4.11 Quality controls

In maintaining control, reliability and validity is imperative as it fosters an ethical conduct in how data is collected. Reliability, assures the author that the data is being gathered from credible participants, aligned to their research study (Merriam & Tisdell, 2016). Validity, asserts that the participant offering knowledge to the study is fulfilling the criteria of the research participant targeted for this study (Nowell et al., 2017). In addition quality control will be employed, ensuring consistency and confirmability through the use of data triangulation (Carter et al., 2014); (Morse, 2015).

Quality controls applied during the data gathering process was to ensure that the participants selected for this research, satisfied the criteria of either being an Appointee and or Appointer as earlier described. The validity of the job title was confirmed through the participant's current LinkedIn title, including the organisation and industry which they represent.

4.12 Limitations

Limitations are inhibitors that the researcher might encounter during the study; the key is to identify them, and put measures in place to overcome or be mindful of them when approaching participants and conducting research (Cresswell, Hanson, & Clark, 2007).

As such, the following possible limitations were identified:

Firstly, targeted participants may decline participating in the study, not being able to obtain sufficient numbers of participants to contribute to the study.

Secondly, there was limited information available that articulates CEO Competency Profile through accredited journals.

Thirdly, having an unbalanced number of participants to contribute to the study, which is represented by Appointers being more than Appointees, or vice versa and as a result, having to adjust the participation to reach a balance in equal number of participants from both groups consequently reducing the sample size?

Lastly, individual experience of the participants introduces potential biases in their views of CEO succession planning and CEO competency profile.

4.13 Conclusion

In conclusion, this chapter detailed the research design and methodology to be employed in an effort to explore the research objective as specified in Chapter 1. The research approach for this study will be a qualitative study; combining views collected through semi-structured interviews and questionnaires from the participants, to assess and define a common thread developed through the thematic analysis, and construct a CEO competency profile.

A total of sixteen interviews will be conducted with Appointers and Appointees, of South African organisations, across various industries to support and provide information in developing a CEO competency profile that can be applied across sectors. The data collected through questionnaires and semi-structured interviews will be analysed to form codes and constructs of themes, to be used later in the study for the development of a CEO competency profile.

In the following Chapter five, we will present you with the results collected in line with the research methodology discussed in chapter four.

CHAPTER 5: RESEARCH RESULTS

In Chapter 4 we outlined the research methodology, and the design. In this chapter, we review the results collected from the participants and their views on succession planning and CEO competency.

5.1 Introduction

The focus of this chapter will be to present the results collected. The research focused on two groups, identified as the Appointee and the Appointer groups for the purpose of this research. Fourteen participants were interviewed, from various organisations and industries. The process included review of methods of data collection: that was conducting online interviews with the participants, including a questionnaire which the participants completed, to enable us to further gain insight into their views of succession planning.

All the interviews were conducted online and all participants completed the questionnaire prior to being interviewed. All participants were asked the same questions, some participants were able to articulate their answers in an in-depth manner that their response was able to cover one or more questions which were constructed by the researcher. Though the interviews were semi-structured, some participants offered valuable information and insights outside of the structured questions.

5.2 Description of the Sample

The participants interviewed were separated into two groups, the Appointee and the Appointer groups. All participants followed the same process of interviews, though the questions posed to the two groups differed slightly to understand both views from a candidate perspective (Appointee) and from the hiring manager (Appointer). The two groups were given the same questionnaire to complete so as to determine and develop the CEO Competency profile from both groups. All the participants completed the questionnaire and the interview process successfully.

The following tables details the participant's demographics observed through the interview. Firstly, we would like to confirm that all the participants within this study are South African citizens only. The participants who identified as the Appointee, were a combination of CEOs and CEO prospects that are in C-suite positions. The Appointers were a combination of Board Members and HR hiring managers, as detailed in the tables below.

Table 5.1: Appointee Participants Profile

Appointee Group of Participants						
Participant No.	Participation Code	Age Group	Race	Gender (M/F)	Job Title	Industry
1	NG	30-40	Black	M	CEO	Consulting
2	SJ	40-50	Black	M	CEO	Manufacturing
3	NL	50-60	White	M	CEO	Manufacturing
4	JM	50-60	White	M	CEO	Chemical
5	MM	30-40	Black	M	CEO	Health
6	GR	40-50	Indian	M	CEO	Health
7	SB	50-60	White	M	CEO	Oil & Gas
8	LO	30-40	Black	M	CEO	Financial Services

Table 5.2: Appointer Participants Profile

Appointer Group of Participants						
Participant No.	Participation Code	Age Group	Race	Gender (M/F)	Job Title	Industry
1	NM	50-60	Black	F	Board	Mixed
2	MM	50-60	Black	M	Head HR	Manufacturing
3	MN	40-50	Black	F	HR Manager	Pharmaceutical
4	ON	40-50	Black	F	Chairperson	Logistics
5	MR	40-50	Black	F	HRBP	Accounting Services
6	MS	50-60	Indian	M	Board	Manufacturing
7	DT	50-60	White	M	Chairman	Industrial
8	MO	40-50	Black	F	HR Exec	NPO

All the participants were required to acknowledge their participation in the study by signing a consent form, which provided the candidates with rights to withhold their identity within the details of the study, as well as participate voluntarily and withdraw at any time without any penalty.

As captured in the above tables, the group of Appointees interviewed were predominately male and CEOs. This study will not affirm that there is gender bias in senior positions of organisations; however, it will confirm that the participants who accepted to be part of this study were male.

In contrast, the Appointers group had a mixed combination of both male (3 out of 8) and females (5 out of 8), though the Board members were mostly male and the HR managers were mostly female. We again reiterate that this approach was not intended by the research; however, the participants within this study are individuals who responded to the call for research interviews.

The races in the Appointee group identifying results were as follows: Black (4 out of 8) and (1 out of 8) was Indian, and (3 out of 8) were White participants. The races in the Appointer group identifying results were as follows: Black (6 out of 8) and (1 out of 8) were Indian, and (1 out of 8) were White participants.

5.3 Presentation of Results

The following results are answers given by the participants in response to the research questions outlined in chapter 3 of the study. The process followed two approaches:, the interviews and the questionnaire. The two approaches will be utilised to study the participant's views through interviews, and confirm it against their understanding through the questionnaire and to align the two results for consistency in the participant's analogy of CEO Succession Planning, and the resulting CEO Competency Profile.

The interviews will follow a thematic analysis in order to identify the common codes and translate the codes to themes highlighted by the individuals.

5.3.1 Results for Research Question 1

RQ1: What competency qualities are required for successful CEO leadership?

The aim of this question was to identify leadership qualities that make good CEOs. To understand the qualities that CEOs should possess, the participants were asked to elaborate on their views of CEO competency, and articulate if CEO competency is influenced by the candidate being an Insider CEO or an Outsider CEO and what criteria is used for both. In conjunction, understand the Board's view, as to what informs their decision when evaluating CEO candidates, both insider and outsider, with respect to competency.

Table 5.3: Theme – Leadership & Strategy

Research Question	Code Description	Identified Theme
1	Diverse Industry Exposure	Industry Experience
	Proven Track Record	
	CEO Experience	
	Fast thinker and quick to act	
	Visionary & Inspirational Leader	Leadership & Strategy
	Innovative & Strategic Thinker	
	Engaged leader and Interpersonal skills	
	Influential and Trust with Board	

The interviewed participants provided their views on which qualities are important for the successful CEO leadership. The research was able to identify the various codes which were often repeated by various participants.

The first common identifier used was interpersonal skills. One CEO articulated his views as follows:

I think being with the organisation for so many years, I have met different people, and everyone comes with their own views of the business environment. I worked my way from the bottom, and what was key for me were the relationships that I had and as I moved in the ranks, I kept those relationships alive, no position could change my character. I'm a people's person and I think most CEOs do not want to be seen as too casual. But I think they are wrong. Growing up in the farms, we always worked together and my family taught me to have people skills, no one is great alone, you need a team to work with, and if you have good interpersonal, relational skills, you find that people are more welcoming and accepting of you as their leader.

[LN]

This was also affirmed by another participant who shares the same views of leadership as [LN], and provided the importance of standing firm to your strategy as a leader at all costs.

It's important to have interrelationship skills, people do business with people they like. You must have discipline, foresight and always stick with your original game plan. There are a lot of temptations to divert you from your initial dream, overcome challenges at all costs and keep moving forward.

[JM]

The second concept which proved to be a common understanding, during the interviews, was how the concept of being an engaged leader was highlighted. "

The perception of being a CEO who is not accessible to others is problematic. said one participant [JM].

The art of being an engaged leader, is dependent on the type of person you are, but also the organisational structure and culture that you operate in. We find that in large corporations, the CEOs ability to remain engaged becomes challenged by the number of employees there are in the organisation. In smaller organisations, the CEO relationship with the employees is much more achievable and successful.

It's easier to stay engaged where we are. I'm still quite hands on & focus a lot on the business development side of things, because I have been able to delegate most of my responsibilities to my colleagues.

[OL]

Their idea of an engaged leader is possible, the CEO must be intentional about engaging with his people, by being an effective delegator.

> *Some CEOs have too much ego, they want to be seen as the know it all guy. This is a problem because you can't. Take for an example, hiring a CEO with a financial background might be able to assist the organisation to perform, but the guy has no idea about the industry. So it's the CEO's responsibility to surround themselves with experts in the area where he is not.*

> *[NG]*

The second part of the question was to find out if the participants, both CEOs and CEO prospects, could attribute their leadership success to being groomed internally through succession planning, or whether it was their external experience which gave them success. And what views do they have on the issue of Insider CEO vs Outsider CEO.

The participant's responses were as follows

> *I'm an insider CEO and the biggest advantage I have had was familiarity of the organisation, & the culture, which allowed me to formulate my strategy on where the business needs to go next. I didn't go through succession planning, if there was a plan I was not aware of, I just applied for the position and got it.*

> *[OL]*

This participant highlights another critical component required for effective succession planning, by demonstrating an open communication culture of transparency in organisations. The other aspect is the leverage of prior business knowledge and industry knowledge to steer the organisations strategy accordingly, is an important advantage that the Insider CEO has over the Outsider CEO that is organisational knowledge.

Though advantages exist for the Insider CEO, we should also be cognisant of the disadvantages associated with Insider CEO Appointments.

According to a participant:

Insider CEOs are not always quick to act because they appear to be more focused on what others will say; they seek approval, and there's also the chance that the Insider CEO is a clone of the former CEO. Because CEOs do that, if they look inside an organisation for their successor, there's a chance that they will select someone that is like them, or someone whom they have mentored and would continue to mentor even after passing the baton, in that way some CEO' feel that their legacy live on in the organisation. So we must be careful and fair in the replacement of the CEO with internal candidates.

[NM]

The challenge exists with Insider CEOs and their inability to become effective decision makers, as a result of their focus and desire to please the Board and others. This brings to light the question of Board members and their role in appointing the CEO which will be discussed in RQ3.

An outsider CEO provided yet another interesting and varying view, and possibly a submission to the old adage of external hires bringing in new ideas.

I am an Outsider CEO, and I must say that when I arrived there people were sure what I was going to bring, and there was panic in the organisation, because the company had historically only had one CEO before my arrival, who had been there for over twenty years. I had to show them that I am not a gunslinger and I was not there to disrupt their business. Coming from an organisation that was led by a Founder CEO to an external CEO. I was fortunate that there was a handover with the former CEO, though you won't know it all at first. Culture is always the biggest challenge, but I was able to overcome this by often engaging with people, at various sites.

[GR]

Another respondent added:

I was headhunted for this position, and though I am an Outsider CEO, the size of the company has allowed me to be more present within the day to day running of

a business. I have worked previously for big corporations, and I would say, the CEOs bring in new ideas, especially when the organisation is looking for transformation. It depends on what the Board wants, and who they want. Sometimes internal candidates are not ready for the huge responsibility.

[SJ]

I left my previous organisation, because I didn't understand what their strategy was. We went through restructuring, and after that point, the organisation's strategy was to diversify, in products and locations to a point where our CEO was in another country. I couldn't understand this type of leadership and strategy and so I left the organisation.

[BS]

The view shared by participant BS is a view that organisations tend to overlook when a new CEO, particularly external candidate's effect on the employees morale. Organisations should take a proactive approach to ensuring organisational transparency, which epitomises openness and a shared vision.

The summary of the above results focused on various qualities of CEOs and what CEOs themselves deem as qualities which make for good leadership and CEO competency. The participants acknowledged the advantages that exist with Insider CEOs as opposed to Outsider CEOs; however, their preference mostly lies with Outsider CEOs and their ability to drive the business with new ideas. CEO succession planning was also acknowledged by the participants however, there was no support that CEO succession planning within organisations is an intentional and deliberate approach.

 The themes which emerged from this question were (1) leadership and strategy and (2) Outsider CEOs excel.

5.3.2 Results for Research Question 2

RQ2: What support is given to CEO candidates to ensure competency in their positions?

The purpose of this question was to determine, if organisations are serious in their intent about the leadership pipeline and leadership quality within their organisation. Leadership

quality is related to the ability of the incoming CEO to execute the organisation's vision effectively. Whether the CEO is an insider or an outsider, the Board has a role to play in developing internal systems that support the incoming CEO.

Table 5.4: Theme –Organisational Culture & Decision Making

Research Question	Code Description	Identified Theme
2	Organisational Knowledge	Organisational Culture
	Historical Advantage	
	Support Structures and Connections	
	Performance Focused	
	Intrusive Board	Decision Making
	Changing mind-set	
	Lock of confidence and urgency	
	Clouded by Ego	

This approach will focus on the following questions; do organisations view the Insider CEO as a more seasoned individual who will utilise their knowledge of the organisation to move the business forward?

> *Internal candidates do have the technical knowledge of the organisation Strategies have previously attempted and failed or what has worked well in the past. The problem here, which I have witnessed, is that the C-suite individual who is later appointed as CEO has gaps, and one the most important gap is leadership. I have seen CEOs who were excellent in managing a portfolio of the organisation but failed to lead the organisation, and I tell you, it's because we believe that just because you are technically good at something, you will be a leader and it's not the case.*

> [GR]

NM supported this view by stating:

> *What we have seen with internal CEO appointment is that the CEO has a difficulty in letting go of the technical aspect of his experience, and the problem is that the person spent most of their time in the organisation in various departments, being a hands on problem solver, now taking the same individual in placing them in the position of CEO they cannot cope, they can't delegate, they want to own it all, and it's not possible.*
>
> *[NM]*

Does being an insider translate to Board confidence in your ability to lead the organisation, and do Boards always get this approach right with the Insider CEO?

> *The advantage of the insider is the organisational culture, but they are more subjective. Our current CEO has over sixty years with the organisation, and we are aware of his age and that he will soon retire, but at the same time, we believe that there is no prospect internally to replace him as CEO when the time comes.*
>
> *[DT]*
>
> *An internal candidate has the advantage to hit the ground running, whereas an external CEO still needs time to adjust to the new organisation, adapt to the culture which may take time.*
>
> *[OL]*

This view demonstrated the objectiveness of the Board, which seeks to satisfy its criteria based on their expectations, and to broaden the pool with capable and suitable individuals.

One participant stated that:

> *As a Chairman, it's important to have a capable CEO, I have had the experience on one of the Boards I serve on where the incumbent was appointed internally, however the individual did not perform so we had to let him go. What is in the*

best interest of the business? If we do not understand your strategy, please step aside.

[MM]

Even when we have to let go of a CEO, we must still manage the process, there's what we call the "Woolworths test" which basically means can you run into the person you have let go, and still be able to smile and chat with them if you run into them at your local Woolworths store right, And we do this in such a delicate manner, so we retain the dignity of the employee and manage the process.

[NM]

The statement by [MM] alludes to RQ3, which seeks to find alignment in the Board and CEO leadership, stressing the importance of synergy from both parties.

I think organisations have a role to play for nurturing internal talent, having a pipeline of individuals who can take turns to engage and present to the Board as a part of their development but also an opportunity for them to get to know the Board and for the Board to know them as candidates. Internal have the advantage of early access to the Board, and this can even help for handing over the reigns to the next CEO.

[NM]

By contrast, does the Board have more confidence in an outsider to find their way within the organisation based on the Outsiders' vast industry experience?

There is always going to be some bias from the Board when appointing an outsider CEO, but we know what type skills set we need. Steve Jobs was replaced by an insider former COO, Tim Cook, and that worked well for them because that was the right move to make. Our focus is on recruiting a candidate who has leadership skills and a positive strategic outlook. We believe in appointing a person based on their capabilities, and we use the business needs criteria to ascertain that the individual will be competent. I work with HR; we are actively engaged in the recruitment process of key people to our organisation. The Chairman's role is important; the CEO has to be linked with the Chairman.

[DT]

The view that the Board must have a link to the CEO is an acceptable statement, though caution should be exercised with the nature of the relationship, such that one does not overpower the other and render the relationship inflexible, stringent and unproductive.

To challenge this dogma, we present the following question:

Does having a proven track record give the candidate more room for flexibility and instant Board trust?

It's not the case, I'm an outsider CEO, and sometimes I feel that the Board is too involved in the business, and there is an element of control, there's how they want to do things and how I want to do things. It's a problem, but I'm gradually learning to put my foot down carefully. Merging two organisations with different cultures is a challenge. Firstly dealing with the language barriers, and sometimes having to read between the lines for an example something might be said in a meeting and I would view it as an aggressive statement, where on their side it's a normal way of communication, so just all those dynamics come into play when engaging with the Board, you must earn their trust, first.

[SJ]

Well trust is gained over time, as the Board we can only rely on what is on paper that you promise to deliver, and measure it against our expectations.

[DT]

Another participant said:

I say it's easy if you are more transparent, I share a lot of information which I think is something new that I brought to the table. Doing this allows me to involve the key stakeholders and get their buy-in, but also I am interested in getting their feedback, and it's not just getting their feedback, if I value it and see sense in it I take it and execute, and most importantly I go back to the individual and show them progress.

[GR]

In summary, the importance of support to the CEO is based on the relationship the candidate has with the Board, whether internal or external; there is a level of accountability that is expected from the CEO. Their results show the advantages and disadvantages of CEO appointments. The Insider CEO has the advantage of organisational knowledge and a technical aptitude, whereas the outsider CEO has an advantage of being a visionary and a risk taker. We also note that, the support given to the Appointee may be subjective in light of complementary personalities which may or may not exist within the Board, and objectivity may be pragmatic when the organisational performance is assessed.

The important themes recognised in promoting CEO support are: (1) Organisational Culture and (2) Decision Making.

5.3.3 Results for Research Question 3

RQ3: Is there a competency alignment based on the Appointers and the Appointee?

The approach to appointing CEOs in organisations is challenged, and it is not for the candidate, whether Insider or Outsider, to be concerned whether or not the organisation is the right fit for them. The first step in hiring the right CEO is by understanding what the organisation is looking for.

This question will examine what the organisations Appointers say about CEO succession planning, and how they define CEO competency when looking to hire right. Equally, CEOs will also be given the opportunity to define CEO competency based on their understanding. Hiring right, means having a performing CEO both financial and non-financial measures and be present at the organisation for an extended period, is a measure used to assess a competent CEO, according to the organisation.

The results present below will follow in two parts:

Part A - will focus on the data collected during the interviews, with both Appointers and Appointees.

Part B - will present the results obtained in the form of a questionnaire, of both Appointees and Appointers to demonstrate any relationship that may exist between the two groups in order to confirm if there is alignment, in how the participants view CEO competency.

Table 5.5: Theme – Transparency & Organisational Fit

Research Question	Code Description	Identified Theme
3	Direction and openness	Organisational Transparency
	Development plan and intentionality	
	Approachable leadership	
	Clear responsibilities and accountability	
	Good relationship with Board	Organisational Fit
	Good listener	
	Chemistry and relatable	
	Values and ethics	

5.3.3.1 Results Part A of RQ3

RQ3: This question intends to answer the proverbial questions of organisations; do we have the right people working for us?

> *Companies must have the discussion of the next CEO as soon as possible, if there is no fit in the organisation start early looking externally and be more practical, if you want to overcome the "blue eyed boy syndrome", because of not spending enough time to look at what the Board needs, you may end up selecting the wrong candidate, Defining what the future leader should be like can help ease the process because now you know what you are looking for. Too many successors are wrong, and managing who you appoint is also a task on its own,*

because you must manage the flight risk, and bruised egos of the internal candidates who had high hopes of being CEOs.

[NM]

Succession planning allows organisations to foster a culture of passing the baton, if the organisational culture is focused on employee progression, there is a level of expectation and fulfilment that the employees believe in. The management element will determine the criteria used to gauge an employee's readiness to move on to the next level in their career.

Another participant offered a view:

We do is that we receive the job description from organisations, and well before the time comes three to four years earlier, even then it's still cutting it short. We will have a wish list of candidates that we select as suitable for the organisation, but at the same time we make it a priority to find out what the candidate is looking for in terms of their career growth; this is done to understand the organisation fit for the individuals. It doesn't make sense if you just look at it from one side to say that the candidate is right for the company, and not look at if the company is right for the individual.

[MR]

Self-management and self-awareness is a crucial component of assuming roles one may not be ready for. CEO prospects are to look at their potential to perform in their next roles, and not accept opportunities because they have been shortlisted for a particular company. The latter is symptomatic of CEOs who frequently move around various organisations, and this could be harmful for the appointing organisations.

A participant added:

So in my previous firm, the CEO was great, an internal CEO, and this person was in their mid-fifties, and they actually were able to steer the firm in the right direction. When it was time for them to step down, and someone external came in that went completely left where we were now retrenching. We would introduce

new systems that we didn't understand what was the purpose of it, and all of that stuff. So when we externally search for candidates as HR Professionals, we work on job descriptions, I mean, at the end of the day. A person can tick all the boxes on paper, but when it actually comes to leading an organization they just fall apart. A job description is exactly that, it's just words on paper where we look at qualifications.

[RM]

There is more to learn about CEO candidates, and even though job descriptions facilitate the search criteria of the prospects, the organisation fit is a matter that can be intentionally investigated by both parties by providing a platform of engagement outside the interviewing process to assess the candidates' personality and character fit for the Board and the organisation, and this can be achieved through a transparent process.

We have witnessed the appointments of external candidates go wrong, in one case the CEO had just joined the company and in three to four months the business was going through business rescue and this is something they had not disclosed to us as a search firm, there was a lack of transparency and it was also a cost to our reputation.

[MN]

Another participant said:

I know of a relationship where there was an age difference, the CEO was in his mid-forties' and the Board members were in their sixties, there was tension the relationship didn't work they couldn't understand each other, and it didn't work out for them so there is an element of chemistry that the two parties must have.

[RM]

The Boards' relationship with the CEO must be to support & challenge the solutions and strategy the CEO proposes. The Board can break your spirit, and as CEO you must know this, the role of the Board is to stress test what you are proposing or have put in place, and if you cannot support your strategy with

evidence, you may be seen as weak and unsuitable for the expectations of the Board. It's important to get buy-in from the Board.

[NM]

Establishing a working relationship with the Board is key, transparency and openness provide a two communication channel that allows both parties an opportunity to discuss views and opinions without being forceful.

Well it begins with the Board, I would say that the Board must take it upon themselves to induct the CEO, invite the CEO to familiarise themselves with the kind of person he is. We can't expect that the individual will know what we want from the onset and it's up to us to bring the candidate to understand what it is that we are looking for. Of course the CEO will also have his strategy of what he wants to do, so long as it is what we aspire to achieve then we can be aligned in the vision of the company. The problem is, someone coming in and expecting to do things their way without understanding where we want to go or what we want to do. CEOs are high performers, who think they can do it all, and it is our duty as the Board to check them now and then.

[MM]

There is an element of power from the Board's side that seeks to retain control over the business, for their own comfort. It does not appear to be destructive, though the resistance exerted on the CEO, may inevitably receive a pushback back.

CEOs come in with their strategy, and it's important that they learn to manage upwards and downward. Manage upwards by listening to the Board, the individual must be able to respond to questions posed to his strategy, and tweak it to align with the required strategy. The key attribute is to be able to identify potential within an organisation. If I can't see potential from within, then it means that I have the wrong team. We are stuck with people who don't know when to throw in the towel. The CEO cannot be the strongest person in the organisation.

[MN]

A view offered by another participant demonstrates the pushback of CEOs

I think we always just need to choose the right candidate, but actively support the candidate that we have put in the position, and do not undermine them. What a lot of organizations tend to do is if you've held a certain role within the organization, and you happen to be promoted, the organization will always treat you in the same manner as they did before your current CEO position. So I think that we just need to manage such leadership transitions, especially for internal candidates. Where you would then find people getting so frustrated to say "but I'm no longer this, I am this" and then egos come out, right? So I think those are some of the things that we need to be aware of if you give somebody, especially internally, the opportunity. Allow them to actually do the work. In the way that they think it needs to be done, and not go after them for what we think should be done. That is why people end up being frustrated. They get the role, the title, and then they leave organizations because they're frustrated.

[ON]

5.3.3.2 Results for Part B of RQ3

The intention of the questionnaire was to find the relationship of CEO competency between the Appointers and the Appointee. Part B will also test if the themes identified during the interview process as stipulated in Part A of RQ3 are relational and relevant to CEO competency profile tested in the questionnaire.

The questionnaire focused on 6 categories which consisted of 36 questions in total. The participants were requested to rate CEO skills for competency in order of importance, using a Likert scale rating from 1- Strongly Disagree to 5- Strongly Agree. The categories covered in the questionnaire were: Business Acumen, Communication, Customer Knowledge, Leadership, Planning and Professional Background.

The participants were requested to complete this questionnaire before being interviewed. The questionnaire was distributed to the participants via email, on confirmation of their participation in the research, and was required to complete the questionnaire and return it to the researcher once fully completed.

The two groups consisted of Appointers (Board members and HR Executives) and Appointees (CEOs and C-suite candidates). This was done to equally identify any similarities in the participant's view of CEO competency, and to reach a conclusion that demonstrates the absence or presence of alignment with the participants.

Codes used for data interpretation:

Strongly Agree> Agree> neither Agree nor Disagree> Disagree> Strongly Disagree.

Primary Alignment= Appointers and Appointees equally rate the skill, high. That is Appointers select skill A, and rate as High, and the Appointees select skill A and rate as High.

Secondary Alignment= Either Appointer or Appointee rate a skill indirectly, that is Appointers select skill A as High, and the Appointees select the same skill A, and rate as Medium.

High

Medium

Low

1. Business Acumen

The first category the participants were required to answer was that of the skills required for CEO Competency, according to their idea of an ideal CEO. The category consisted of 5 skills required for profiling competency in relation to business acumen.

The following tables provide details of the participants' responses to the questions posed under this category.

Table 5.6: Appointee – Business Acumen

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
1) Business Acumen					
Strategy Development & Application				2	6
Business Planning & Operations Management			1	3	4
Financial Management			1	5	2
Human Resource Management			2	3	3
Asset & Technology Management		1	3	2	2

The Group of Appointees, a combination of CEOs and C-suites participants, provided the following responses.

6 out of 8 participants strongly agreed that Strategy Development and Application is essential for CEO competency, over the other four skills defined in the category of business acumen. 5 out of 8 participants agreed that Financial Management is an important measure of competency required for CEOs. Asset and Technology Management was rated the lowest competency required for CEOs under the category of Business Acumen.

Appointee Business Acumen Profile

The highest skill identified by the Appointees for CEO Competency was – Strategy Development and Application.

The following table provides results provided by the Appointers, that Board Members and HR Executives.

Table 5.7: Appointer – Business Acumen

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
1) Business Acumen					
Strategy Development & Application				1	7
Business Planning & Operations Management				4	4
Financial Management				4	4
Human Resource Management			2	3	3
Asset & Technology Management				5	3

7 out of 8 participants strongly agreed that Strategy Development & Application is a critical indicator of sound business acumen. Similar to the Appointees, 4 out of 8 participants strongly agreed that Financial Management was an important measure of competency required for CEOs.

Appointer Business Acumen Profile

The highest skill identified by the Appointers for CEO Competency was – Strategy Development and Application.

Conclusion for Business Acumen

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Strategy Development and Application as the highest skill for CEO Competency as a requirement when profiling CEO for business acumen. Secondly, there was also a common appreciation for Financial Management as an important measure of competency required for CEOs.

2. Communication

The second category which was presented to the participants was Communication.

The objective of this category was to draw from the participant's knowledge of their views, on the importance of communication from top management, and in this case the CEO. This category provided 6 questions for the participants to rate according to its importance and or significance in CEO leadership, and profiling competency.

Table 5.8: Appointee - Communication

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
2) Communication					
Effective Public Speaking				6	2
Proactive Communicator				2	6
Excellent Writing & Active Listening Skills				4	4
Approachability			1	3	4
Non-Verbal & Visual Communication			2	2	4
Inspirational & Motivational Conduct					8

All (8 out of 8) participants strongly agreed that the CEO should possess Communications skills that enable him as an Inspirational and Motivational leader. 6 out of 8 participants were in agreement in identifying the second most important skill required by a CEO under Communication; as a Proactive Communicator. The lowest skill rated was; Non-verbal and visual communication.

Appointee Communication Profile

The highest skill identified for CEO Competency for effective communication was – Inspirational and Motivational Conduct.

The following table contains the views of the Appointers, and provides insights which outline CEO competency under the criteria of Communication.

Table 5.9: Appointer - Communication

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
2) Communication					
Effective Public Speaking				3	5
Proactive Communicator					8
Excellent Writing & Active Listening Skills					8
Approachability				3	5
Non-Verbal & Visual Communication		1	1	4	2
Inspirational & Motivational Conduct			1	1	6

The Appointers in their totality (8 out of 8) strongly agreed that the communication skills that are important to them as is the ability of the CEO Proactive Communicator and Excellent Writing and Active Listening Skills. 6 out of 8 participants strongly agreed that CEOs must demonstrate Inspirational and Motivational Conduct.

Profile – Communication

The highest skill identified for CEO Competency for effective communication was – Excellent Writing and Active Listening Skills and the second highest was Inspirational and Motivational Conduct.

Appointer Communication Profile

Primary Alignment – None.

Secondary Alignment - The second highest skill identified for CEO Competency for effective communication was – Inspirational and Motivational Conduct.

Conclusion for Communication

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Inspirational and Motivational Conduct as a key skill required for effective communication skills. However, the Appointers had a preference for Excellent Writing and Active Listening Skills over Inspirational and Motivational Conduct; this relationship was defined as secondary alignment, as a result of both parties identifying with Inspirational and Motivational Conduct.

3. Customer Knowledge

The following category of Customer Knowledge seeks to address the aspect of commercial expertise as a requirement for CEOs to be deemed competent in their positions. Does having the commercial know-how of an organisation determine whether the CEO will succeed or not. This Category addressed 3 questions to the participant's in order to investigate their views.

The following table provides insights from CEOs themselves, and how they view their ability or inability to drive the organisation based on their commercial skills.

Table 5.10: Appointee – Customer Knowledge

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
3) Customer Knowledge					
Industry Experience			1	2	5
Customer Strategy		1	1	5	1
Customer Culture & Structure			2	6	

5 out of 8 participants strongly agreed that Industry Experience was a critical skill required for profiling CEO competency. Industry Experience relates to both the technical (operational requirements) and commercial (sales and marketing) facet of the

organisation. In addition, 6 out of 8 of the candidates agreed that Customer Culture and Structure is important for Customer Knowledge.

Appointee Customer Knowledge Profile

The highest skill identified by the Appointees for CEO Competency was – Industry Experience, that is strongly agreed>agreed.

The Appointers views on the importance of technical aptitude in relation to Customer Knowledge were as follows:

Table 5.11: Appointer – Customer Knowledge

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
3) Customer Knowledge					
Industry Experience			1	5	2
Customer Strategy			2	2	3
Customer Culture & Structure			3	3	3

Similarly, 5 out of 8 Appointers agreed that Industry Experience was a critical skill required for profiling CEO competency, along with Customer Culture and Structure.

Appointer Customer Knowledge Profile

The highest skill identified by the Appointees for CEO Competency was – Industry Experience.

Conclusion for Customer Knowledge

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Industry Experience as an important skill when describing CEO aptitude of Customer knowledge.

4. Leadership

The purpose of evaluating leadership skills is to explore the skills sets required by the CEO to excel and lead the organisation effectively. The participants were required to answer 15 questions in accordance to what they know is important for CEOs in the leadership band.

The results were as follows:

Table 5.12: Appointee – Leadership

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
4) Leadership					
Innovative & Trend Setter		1	1	3	3
Ability to Influence				5	3
Builds Trust & Relationship With Board					8
Active Collaborator & Consensus Driven			4	2	2
Performance Orientation			1	5	2
Flexible & Manage Multiple Tasks			1	6	1
Accessible to All & Manage People			1	5	2
Analytical & Good Judgement				2	6
Risk Taker & Adaptable		1	1	5	1
Enabler & Delegator			1	3	4
Knowledge of Organisational Dynamics			1	2	5
Embrace Diversity		1		3	4
Knowledge of Organisational Culture			1		6
Emotional Intelligence & Empathy			2	2	4
Decision Maker & Excellent Negotiator				2	6

It was found that all of the Appointee participants (8 out of 8) strongly agreed that CEOs need to be able to Build Trust and Relationship with the Board over the other fourteen skills mentioned in the category. The second highest skills (3) equally identified through a shared strong agreement by the participants, was the ability of a CEO to be an effective Decision Maker and Excellent Negotiator, Analytical and Good Judgement, including the ability of the CEO to have an awareness of Organisational Culture. The lowest scoring skills (3) were identified as Innovative and Trend Setter, Risk Taker and Adaptable and the ability to Embrace Diversity.

Appointee Leadership Profile

The highest skill identified by the Appointees for CEO Competency was – Build Trust & Relationship with the Board

The Appointers views on the importance of Leadership were as follows:

Table 5.13: Appointer – Leadership

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
4) Leadership					
Innovative & Trend Setter			1	3	4
Ability to Influence				1	7
Builds Trust & Relationship With Board				1	7
Active Collaborator & Consensus Driven	1			2	5
Performance Orientation				2	6
Flexible & Manage Multiple Tasks				3	5
Accessible to All & Manage People		2		2	4
Analytical & Good Judgement			1	3	4
Risk Taker & Adaptable			1	2	5
Enabler & Delegator			1	2	5

Knowledge of Organisational Dynamics			1	3	4
Embrace Diversity				3	5
Knowledge of Organisational Culture			1	4	3
Emotional Intelligence & Empathy			2	2	4
Decision Maker & Excellent Negotiator				1	7

It was found that 7 out of 8 Appointers identified 3 skills that CEOs need for leadership: Ability to Influence, Build Trust & Relationship with the Board and Decision Maker & Excellent Negotiator. 6 out of 8 participant's identified the second highest skill was the ability of a CEO to be Performance Oriented. The lowest scoring skill identified for leadership was Active Collaborator and Consensus Driven.

Appointer Leadership Profile

The highest skill identified by the Appointees for CEO Competency was – Ability to Influence, Build Trust & Relationship with the Board and Decision Maker and Excellent Negotiator.

Primary alignment - Build trust and Relationship with the Board.

Conclusion for Leadership

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Industry Experience as an important skill when defining a candidate leadership competency and fit.

5. **Planning**

Planning was one of the categories identified as vital for CEO competency. To determine competency, in relation to planning and the ability foresight. 6 questions were posed to the participants and their respective responses were as follows:

Table 5.14: Appointee - Planning

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
5) Planning					
Strategic Foresight				3	5
Goal Oriented				5	3
Sets Direction & Ensures Execution				4	4
Manage Projects & Priorities		1	2	3	2
Evaluate Operations		1	3	4	
Knowledge Of Current Trends			1	5	

It was found that 5 out of 8 participants strongly agreed that CEOs need to be able to have and apply Strategic Foresight as opposed to the other five skills mentioned in the category. The second highest skill identified through a strong agreement by the participants, was the ability of a CEO to Set Direction and Ensure Execution. The lowest scoring skill identified for leadership was Manage Projects and Evaluate Operations.

Appointee Planning Profile

The highest skill identified by the Appointees for CEO Competency was – Strategic Foresight.

The Appointers' views on Planning were as follows:

Table 5.15: Appointer - Planning

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
5) Planning					
Strategic Foresight					8
Goal Oriented				3	5
Sets Direction & Ensures Execution				2	6
Manage Projects & Priorities			1	6	1
Evaluate Operations			1	3	4
Knowledge of current trends				4	4

It was found that all 8 Appointers strongly agreed that CEOs need to be able to establish Strategic Foresight. The second highest skill identified through strong agreement by the participants, was the ability of a CEO to Set Direction and Ensure Execution. The lowest scoring skill was identified for leadership was Manage Projects & Evaluate Operations.

Appointer Planning Profile

The highest skill identified by the Appointees for CEO Competency was – Strategic Foresight.

Conclusion for Planning

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Strategic Foresight as an important skill when assessing a CEOs planning capability.

6. Professional Background

In this category, the researcher explored the participants' views, to determine the approach of appointing a CEO. Is there a preference of educational and experiential background? When selecting an incoming CEO, what key indicators are they inclined to qualify the CEO candidate in competency. The participants were presented with 4 questions, to rate in view of importance.

The following tables detail the CEO's views of the importance of having a professional background.

Table 5.16: Appointee – Professional Background

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
6)Professional Background					
Business Degree or Masters			4	3	1
More Than 5 Years CEO Experience		2	2	3	1
Relevant Industry Experience			1	5	2
Social & Network Capital			3	2	2

5 out of 8 participants strongly agreed that CEOs need to have Relevant Industry Experience for a CEO candidate to excel in the role. In addition the results showed that CEO Appointees valued the concept of a CEO having Relevant Industry Experience, over prior CEO experience.

Appointee Professional Background Profile

The highest skill identified by the Appointees for CEO Competency was –Relevant Industry Experience

The Appointers views on the importance of Professional Background were as follows:

Table 5.17: Appointer – Professional Background

Rate the following skills you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
6)Professional Background					
Business Degree or Masters			2	3	3
More Than 5 Years CEO Experience	1		1	3	3
Relevant Industry Experience			1	5	2
Social & Network Capital			3	3	2

5 out of 8 participants agreed that CEOs need to have Relevant Industry Experience, for a CEO candidate to assume the position.

Appointer Professional Background Profile

The highest skill identified by the Appointees for CEO Competency was – Relevant Industry Experience

Conclusion for Professional Background

In conclusion, there is alignment between the Appointers and the Appointees, both groups identified Relevant Industry Experience as an important skill when defining a CEO candidate's Professional Background.

5.4 Conclusion

This chapter presented the results of the research collected through interviews and questionnaires of sixteen participants and their views and insights on the topic of CEO succession planning and CEO competency based on the research questions posited in

chapter three. Research question one had two emergent themes as Industry experience and leadership & strategy. Research question two themes were noted as organisational culture and decision making. Lastly research question three part A themes were organisational transparency and organisational fit. Part B of research question three the participants were tested for alignment and consistency, as such the following emergent themes were obtained through the questionnaire: (1) Strategy Development and Application, (2) Inspirational and Motivational Conduct, (3) Customer Knowledge, (4) Builds Trust with the Board, (5) Strategic Foresight and (6) Relevant Industry Experience.

There is an equal and shared view of CEO succession planning, between the participants.

The following chapter will provide insights and discussions based on the results presented in this chapter, which will be integral in developing a proposed framework for succession planning which highlights the key relationship between the Appointers and the Appointee, to better understand the process of CEO succession planning for effective leadership.

CHAPTER 6: DISCUSSION OF RESULTS

In Chapter 5, we presented the results as provided by the participants. In this chapter, we will discuss the results.

6.1 Introduction

In this chapter we discuss the results of the research questions presented in Chapter 5 of this study by. Drawing on theories from the literature review of Chapter 2, and elaborate on the similarities and contrasting views if any. The discussion will follow a linear sequence in accordance with the research questions, and ultimately present a conclusion that provides insights into the purpose of the research CEO Succession Planning: Profiling CEO Competency for Effective Leadership.

We begin this chapter by bringing forth the underlying question to this research, that is, what qualities do Appointers consider when considering appointing a new CEO, and what evidence is there that the CEO candidate will be competent in the position of CEO within their organisation.

The order of discussion is presented as follows: Research Question 1, what competency qualities are required for successful CEO leadership? Research Question 2, what support is given to CEO candidates to ensure competency in their positions? And Research Question 3, Is there a competency alignment based on the Appointers and the Appointee?

The discussion will address all the research questions and the respective emergent themes based on the following framework.
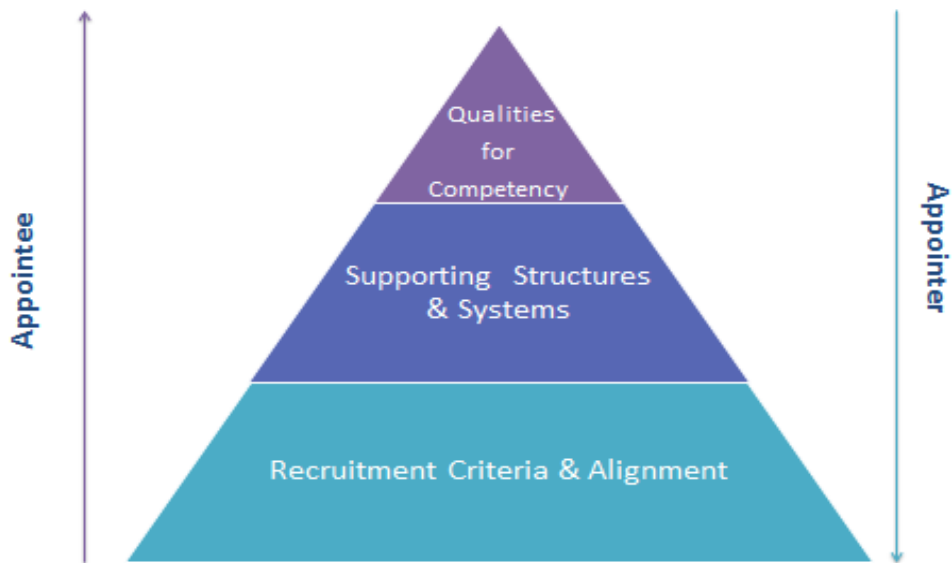
Figure 6.1: A Theoretical Framework for CEO Succession Planning

Source: Self Compiled by Author

6.2 Discussions

6.2.1 Research Question 1

What competency qualities are required for successful CEO leadership?

Leaders are defined by various qualities;, however, leadership qualities for executives demands a deliberate approach to gear up the organisation for prosperity. The band of leadership qualities for the CEO expands radially, horizontally and vertically, as such there are qualities expected of the CEO to manage this axial relationship within the organisation for effective leadership performance.

6.2.1 Category 1: Qualities for Competency

Based on the results presented in Chapter 5, the following themes were identified:
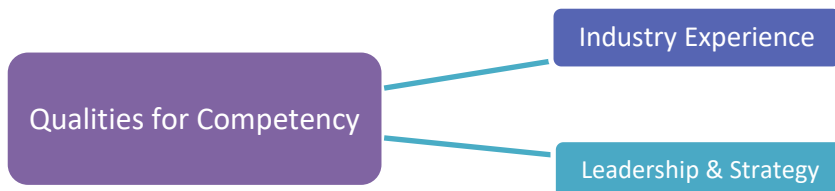

Figure 6.2: Qualities for Competency
Source: Self Compiled by Author

6.2.1.1 Theme 1: Industry Experience

The research participants articulated various insights to the first research question, which converged to a particular theme of Industry Experience. Under this theme, the participants highlight the importance of the CEO Appointee to be well -versed in various industries. The participants found this quality as important because of the exposure to varying challenges, which would enable the CEO to be more resilient in overcoming business challenges. In addition, the context of various challenges would empower the CEO to think and act quickly in the face of adversity.

The business environment creates a platform of uncertainty, both internal and external. It is imperative for organisations to appoint a CEO, who can cope with pressure coming from all angles. The participants highlight the capability of a CEO being resilient, but also being confident in themselves and their approach to problem solving.

It was found that there are some limitations associated with appointing an Insider CEO, particularly with their hesitant nature, and consistent need for approval from the Board, was a limiting trait of leadership; as opposed to the Outsider candidate, who seeks to

demonstrate his ability to the Board by delivering results, showing confidence and independence in situations of uncertainty.

The Outsider CEO was also believed to be more results driven, emanating from their need to uphold their reputation and proven track record, which the Insider CEO does not share. It is for this reason that the Outsider CEO portrays skills which deem them visionaries and doers, and the Insider CEO battles disengaging from his technical aptitude, while circling around the former CEOs strategy, he maintains organisational performance "if it's not broken don't fix it" in fear of rocking the boat. The perception is that the Outsider CEO owns the business performance; in contrast the Insider CEO maintains the business for performance.

Industry experience promotes an entrepreneurial and innovative approach to the business. This is in line with qualities that an Outsider CEO would demonstrate over an Insider CEO. As such, the participant's views align with the preference of Outsider CEO, as opposed to Insider. This was confirmed, by a common code of a visionary leader, being linked to CEO candidates who were appointed external to the organisation.

It was also found that being a visionary leader is interchangeable with being adaptive, and dependent on the organisation's needs and direction. This view can be confirmed in relation to the COVID-19 pandemic, where service organisations like restaurants had to find alternative means to conduct the business operations. This led to some restaurants leading the industry trend by converting their sit-in services offering to an alternative, take-away offering, and some organisations which were not quick to think and act, followed the trend and were able to adapt effectively by being part of a trend.

6.2.1.2 Theme 2: Leadership and Strategy

According to the participants, Leadership and Strategy is equally an important measure for competency. Leadership and Strategy was combined into a single theme, based on the supporting statements provided by the participants. The presented results discuss the theory of interpersonal skills for effective leadership.

The participants were in agreement with this view as the majority of the participants mentioned that interpersonal skills were important for leadership. The CEOs drive for

performance in the organisation is executed through communication and his ability to inspire, influence and motivate the employees.

Firstly, Inspirational leadership is driven when the organisation has to transform or, when the organisation has been poorly performing and may be dealing with low staff morale. Inspirational character that the CEO demonstrates through his leadership and interactive ability has the power to transform and or rehabilitate the organisation.

Secondly, Influential Leadership is applied when the CEO shares his vision and strategy for the organisation, and requires support from the Board and the key stakeholders. Influential leadership must be managed carefully, by the CEO in the process of raising supportive structures within the organisation. The participants stated that the CEO must demonstrate a collaborative approach, with the Board members, to build trust.

The relationship between the CEO and the Board is very important in facilitating the success of the organisation. As such, there must be a deliberate approach from both parties to support the strategy of the organisation through a shared vision, minimising obstacles and resistance.

The CEO Appointees provided information on dealing with resistance, in particular from the Board members. The Appointees expressed that resistance will always be there, but working together to overcome the resistance requires open communication. One participant stated that "you will meet resistance when you operate in isolation". The participants emphasised that the importance of building trust with the Board is achieved when both parties are transparent. In addition, it was also observed that the Appointees focused on getting buy-in from the Board, and also being open to having their strategy challenged by the Board through an active and progressive dialogue. One participant said, "There must be a relationship with the board, resistance doesn't always mean disagreement, sometimes you must just tweak your strategy as CEO to align with the Boards." A view shared by one Appointer-Board member was that: "Boards are there to serve as a stress test for the CEO". The statements shared from both views, provide insight that the relationship between the two groups, is focused on achieving results that are in the best interest of the organisation.

Conclusion for Qualities of Competency

CEOs must be able to lead teams effectively and be able to drive the company's strategy through teams for results. Leadership is particularly important for employees to perform according to the set targets, and assures organisational alignment, through individual contribution. Strategy is important for employees to understand the direction the business is headed in, but also understand the business requirements and expectations. Strategy constructed by the CEO should satisfy the Boards expectation, and organisational goals of secure shareholder returns and contribution.

6.2.2 Research Question 2

What support is given to CEO candidates to ensure competency in their positions?

The purpose of this question investigates the process that organisations practise during CEO transition to ensure that the CEO successor is provided with the necessary tools to lead effectively. In this section, we will discuss the related findings presented by both the Appointee and the Appointer.

The collected data from the participants highlights the pros and cons of support structures for the incoming CEO, whether Outsider CEO or Insider CEO. Firstly we will assess the onboarding process for the Insider CEO and contrast it with the Outsider CEO.

According to the participants, there is no one way of approaching CEO onboarding structures, it is usually driven by the incoming CEO, and supported by the Board and the CHRO.
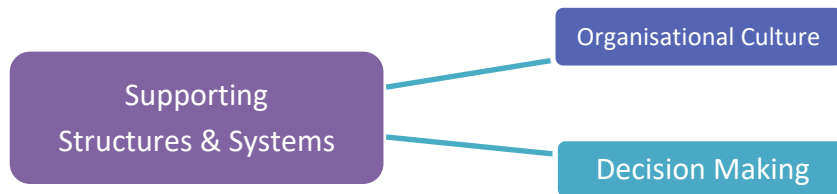
6.2.2 Category 2: Qualities for Competency

Figure 6.3: Supporting Structures & Systems

Source: Self Compiled by Author

6.2.2.1 Theme 1: Organisational Culture

Based on the results, the Insider CEO has an advantage of grasping the Supporting Structures and Systems of the Organisation. Having been an internal employee provides the Insider CEO an advantage of easily accessing existing Supporting Structures and Systems, or using his internal connections to drive a new channel for support. This approach provides the Insider the advantage of organisational knowledge, organisational access, having historical information of the organisation, including aspects of which strategies have previously been tried and tested, and which departments required interventions to drive performance and the familiarity with the employees as well as organisational culture. As such, the Insider CEO is able to transition into the position quite smoothly.

Having the advantage in organisational culture provides the Insider CEO with a head start in that they are able to transition smoothly and quickly. The success of the Insider lies on his onus to leverage the existing knowledge of the organisation, to strengthen his strategy and execution approach.

As a result, the onboarding process of the insider CEO is much quicker and shorter.

The cons of the Insider CEO are informed by their prior relationship with the organisation. As discussed, the Insider CEOs connection to the organisation appeared to be a double edged sword. On the one hand, leveraging the knowledge of organisational culture to leverage Supporting Structures and Systems is positive, and yet on the other hand, having the organisational connection becomes a limiting attribute for the Insider CEO as they are not quick to act and or think big.

As mentioned in the literature review, most organisations do not have succession planning in place. This poor approach to Insider CEO Succession can be identified as a factor that disempowers the Insider CEO model within organisations.

6.2.2.2 Theme 2: Decision Making

In contrast, the Outsider CEO is often identified as a diverse CEO who has had prior CEO experience and vast access to knowledge of markets and industry. The outsider CEO does not seek to be validated by the Board, and allows his track record to demonstrate his leadership ability, and, as a result, this gains him trust with the Board. The on-board process of the Outsider CEO is approached much slower than the Insider, often structured around being introduced into the organisation by the CHRO, through roadshows, newsletters, and in person meetings. This process is overshadowed by the Outsider CEOs learning and adaptability process as opposed to the Insider CEO, who is able to hit the ground running. The Outsider CEO plays the role of the observer for months, engaging in relationships to define his Supporting Structures and Systems. The Outsider CEO is given room to perform, the Board demonstrates a flexible approach to the Outsider CEO more, and the Outsider CEO has something to lose, his reputation should he fail to perform according to the board's expectation. As a result, the Outsider CEO leans on his business knowledge skills for effective decision making.

Conclusion for Supporting Structures and Systems

In conclusion, the absence of CEO succession planning creates a gap in defining Supporting Structures and Systems which fast track the onboarding process of CEOs, and consequently creates a performance lag in the organisation. In the absence of defined Supporting Structures and Systems, the Insider CEO Leverages knowledge of organisational culture, to enable his Supporting Structures and Systems and the Outsider CEO uses Decision Making to empower his Supporting Structures and Systems.

6.2.3 Research Question 3 Part A

Is there competency alignment based on the Appointers and the Appointee

This question aims at answering the question of alignment between the Appointers and the Appointee, in the process of identifying competency in CEO leadership. This section has two parts, as described in Chapter 5: Part A, which will discuss the results collected in interviews, and Part B will discuss the results obtained in the questionnaire.

Part A: Investigated the views of both the Appointers and the Appointees in the importance of succession planning, and comment on the resulting aligning views.
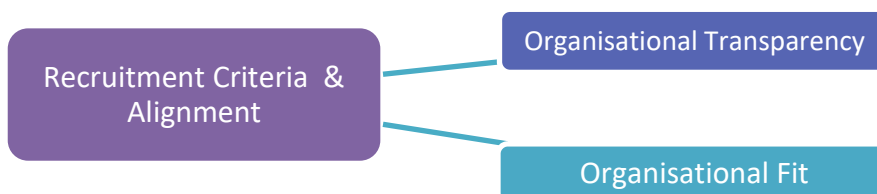

Figure 6.4: Recruitment Criteria & Alignment
Source: Self Compiled by Author

The process of appointing CEOs can be a lengthy one, particularly in the absence of a succession plan, which consists of vetted CEO candidates based on the Recruitment Criteria that are detailed in the form of a job description. According to the participants, a job description provides the Recruitment Agency with a view of an ideal CEO candidate based on the Board's needs for the business is a unidirectional approach and does not take in to account, whether the ideal candidate who checks all the boxes as per the job description, views the hiring organisation as a direct fit for their career progression or not.

In this section, we investigate this phenomenon by discussing views that formed the basis of the emergent themes that are Organisational Transparency and Organisational Fit.

6.2.3.1 Theme 1: Organisational Transparency

The underlying issue identified when dealing with matters of succession planning, is the organisation's inability to prioritise the discussion of CEO succession ahead of time. According to Hooijberg and Lane (2016) most Board meetings do not have CEO succession planning as a topic in their agenda, and this creates secrecy and ambiguity within the organisation.

Theory provides evidence that organisations which move the ball forward when dealing with succession planning, are able to identify a successor, deemed the "Heir Apparent", this approach provides control parameters and manages expectations of individuals in the organisations who aspire to become CEOs.

Similarly, the appointment of an Emergency CEO should be a topic of discussion at all times. As stated by Moats et al., (2021) the assumption that the current CEO in the organisation will be there forever, is a false promise as the recent pandemic stats proved. Becoming familiar with a taboo subject that is Succession Planning, organisations must be willing to open up their development plans for all employees; managing success planning at all levels.

One HR Business Partner stated that "the concept of HR as an administrative function is a misrepresentation of the responsibility the title offers". This statement is true, as we find HR is often busy with aspects of payroll for the employees, and the opportunity to have HR appear as career developing officers, is overpowered by administrative queries.

South African companies are known for providing educational assistance programs to their employees; however the gap was identified as the inability of organisations to match an employee's educational progression with opportunities within the organisation (Zuech, 2021)

Succession planning is in the DNA of an organisation's culture; organisations focused on the development of their employees, improving skills internal to the organisation, as well as retaining the skills are more forthcoming in driving employee development plans.

6.2.3.2 Theme 2: Organisational Fit

The Incoming CEO ponders about the organisation's culture, and nowadays, there are ways to gain insights into an organisation's culture through recruitment websites, which request employees review organisations. The prospect CEO is also likely to learn about the organisation well before their appointment. So how can the Appointers demonstrate organisational fit to a CEO prospect?

This question could be easily answered by demonstrating a caring culture in the organisation through people development, employee satisfaction and overall staff morale.

Drawing from the Eskom dilemma, and its popularity in displacing CEOs , it has set precedence for future CEOs to reconsider organisations, not only based on personality and value based fit, but the ability to afflict change and transform an organisation is also being brought to question. Many capable CEOs turned down the proposal of becoming CEO, not only because Eskom is an SOE, but also the fear of becoming the CEO who is the face of the organisation, and cannot make any real decisions as a result of intrusive and controlling Board members.

Conclusion for RQ3 Part A

Organisational transparency is directly proportional to organisational fit. Open and engaging communication of succession planning, and demonstrating an empowering working culture can facilitate and advocate the aspect of organisational fit for the incoming CEO.

6.2.4 Research Question 3 Part B

Part B: Investigated the views of both the Appointers and the Appointees to identify important skills for CEO Competency, and comment on the relationships

This section focuses on Part B of RQ3, which required participants to complete a questionnaire by rating CEO skills required for competency under the following categories: 1-Business Acumen, 2-Communication, 3-Customer Knowledge, 4-Leadership, 5-Planning and 6-Professional Background.

Based on the results provided in Chapter 5, the following relationship exists between the Appointer and the Appointee in respect to alignment.

Table 6.1: Competency and required skill

	Competency	Emerging Theme – Skill Profile
1	Business Acumen	Strategy Development & Application
2	Communication	Inspirational & Motivational Conduct
3	Customer Knowledge	Commercial Industry Experience
4	Leadership	Builds Trust & Relationship with the Board
5	Planning	Strategic Foresight
6	Professional Background	Relevant Industry Experience

1. **Business Acumen**

According to the data from the questionnaire, the important skill profile for business acumen was identified as Strategy Development & Application. The feedback confirms alignment between the Appointers and the Appointee. In addition this finding is equally in alignment with Theme 2 of RQ1, which was the identification of Leadership and Strategy as an emergent theme related to Qualities for Competency. Where business acumen suggests that the CEO has an all-encompassing knowledge of business and its constructs to effectively develop an inclusive and robust strategy that leverages all business pillars for success.

2. **Communication**

Inspirational and Motivational Conduct was the selected skill profiling communication competency. This theme was also mentioned in RQ1, Theme 2 of Leadership and Strategy. Communication sets the tone of the organisation's leadership. The ability of the CEO to drive an inspirational mandate to motivate employees to perform serves as the business navigator. As such without communication, business assumptions are made which leaves the organisation out of synergy.

3. **Customer Knowledge**

Industry Experience was selected as the required skill for effective Customer Knowledge. Industry experience was also discussed during the interviews and was identified as emergent Theme 1 of RQ1. Customer knowledge refers to the CEO's ability to align the organisation's business offering, to the customers' business requirements. This requires a proactive approach from the leadership to identify areas of competitive advantage and provide the superior and preferred business solutions for the customer. Having a CEO that is aware of all the key drivers of customer satisfaction, will equally improve customer retention.

4. **Leadership**

The CEO is required to lead the organisation's strategy, and as a result, the participants selected the skill required to hone in leadership competency, is the ability of the CEO to Build Trust & Relationship with the Board. The importance of building trust with the Board was discussed in Theme 1 of RQ1 and Theme 2 of RQ2. Effective leadership calls for responsible CEOs who guide and inform organisational strategy to improve profitability by driving organisational performance through stakeholder accountability.

5. **Planning**

The ability of a CEO to think ahead and lead from the future. The participants selected Strategic Foresight as a key skill profiling competency for planning. In RQ1, the emergent Theme of Industry Experience provided insights of how the CEO is perceived as a visionary leader, and focuses on transformation. Planning is therefore aligned to RQ1, Theme 1. Strategic and contingency planning is a continuous part of business, leaders today need to demonstrate a holistic planning approach which includes planning for today, tomorrow and for the future at all times. Dealing with uncertainty requires the ability to lead in a crisis, through a crisis, and out of a crisis while maintaining organisational sustainability and governance.

6. **Professional Background**

It was presented that the skill profiling CEO competency in relation to their Professional background, was identified as industry experience. According to the participants, having Relevant Industry Experience was valued more than having any prior CEO experience a candidate may have. This was also found to be in alignment with RQ1, Theme 1. Industry experience referred to the extent in which the CEO candidate had acquired previous experience within a particular industry. Having the historical knowledge of the industry equips the CEOs strategic thinking.

Conclusion for RQ3 Part B

In conclusion, there was alignment between the Appointers and the Appointees, in light of CEO competency. Six constructs were identified as key drivers for CEO competency as: (1) Strategy Development and Application, (2) Inspirational and Motivational Conduct, (3) Customer Knowledge, (4) Builds Trust with the Board, (5) Strategic Foresight and (6) Relevant Industry Experience.

RQ3 Conclusion

In Part A, we found that Organisational Transparency is directly proportional to organisational fit. And in Part B, there is mutual understanding of CEO competency between the Appointers and Appointees. It is to this end, we conclude RQ3 for organisations to remove ambiguity and foster a culture of openness that focuses on managing succession planning both upward and downward.

6.3 Conclusion

The discussions presented addressed the research questions for this study, in accordance to the results presented in Chapter 5. Each research question highlighted two important aspects required for CEO competency. Research question one, suggests that CEOs with relevant industry experience are able to lead more effectively than CEOs with limited industry experience, (a mining CEO will perform better if he has previously been employed within the mining sector). Secondly, CEOs ought to have significant leadership and strategic methods to drive organisational performance. It is not enough to be a leader; responsible leadership plans appropriately, is accountable and delivers according to the strategy for profitability.

Research question two, stresses the importance of solid supporting structures to facilitate CEO onboarding for effective leadership. Onboarding relates to the ease of leadership transition in an organisation. The culture of the organisation will determine how quickly or lengthy the process will be. We discuss the challenges experienced by the Insider CEO as opposed to the Outsider CEO, during the onboarding processes as a

result of inadequate support structures and highlight the importance of decision making for effective leadership.

Lastly we discussed research question 3 part A, which places an emphasis on the recruitment process of CEOs and the importance of organisational alignment. We found views and expectations made by both the Appointers and Appointees to be directly proportional to organisational transparency and organisational fit for effective leadership. In Part B, we identified six qualities competency as: (1) Strategy Development and Application, (2) Inspirational and Motivational Conduct, (3) Customer Knowledge, (4) Builds Trust with the Board, (5) Strategic Foresight and (6) Relevant Industry Experience. It is also submitted that there is an alignment between the participants' views obtained through interviews and the questionnaire.

In the subsequent and final chapter 7, we will submit conclusions and recommendations in relation to the research questions of this study and draw on the knowledge obtained through this research and offer suggestions for future research.

CHAPTER 7: CONCLUSION and RECOMMENDATIONS

7.1 Introduction

The objective of this research was to explore organisational views of succession planning, and define the profile of CEO Competency for effective leadership. This research submits concepts or themes for CEO Competency established through the three research categories: Qualities for Competency, Support (Structures and Systems), and Alignment (Recruitment Criteria).

The research categories presented the research, with two constructs arising from each cluster, as presented in Chapter 5. The emergent themes were further discussed in Chapter 6 on merit, presented as literature review of Chapter 2. Further interpretation and development of the links between the themes was discussed in Part B of the third research category.

This chapter focuses on bringing all the data together and provides the reader with a plausible conclusion and recommendations for future studies. This section will also discuss the limitations encountered by the researcher in conducting the study.

7.2 Findings

The researcher submits that the intent of RQ3 Part B was to investigate the alignment through data collected from the questionnaire.

7.2 Principal Conclusions

The researcher submits that the intent of RQ3 Part B was to investigate the alignment through data collected from the questionnaire. However, during the data analysis, the researcher was able to observe similarities in RQ3 Part B, which was previously discussed in RQ1 and RQ2. It is for this reason that the researcher submits the following findings.
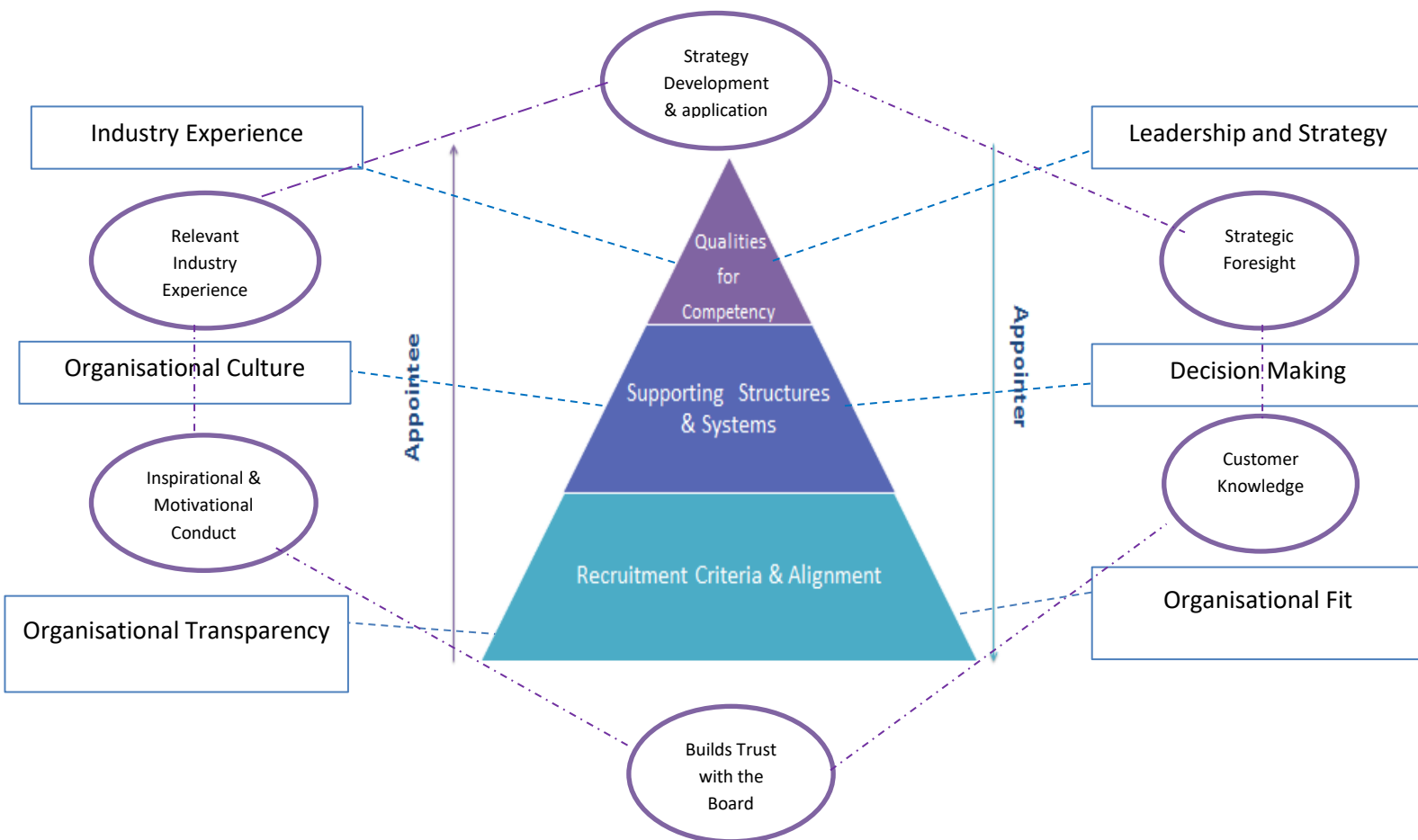
Figure 7.1: Proposed Framework for Profiling CEO Competency
Source: Self Compiled by Author

7.2.1 Qualities for Competency

The Qualities of Competency identified were Leadership and Strategy and Industry Experience, for the Appointers and Appointees respectively. Leadership & Strategy are Qualities prevalent to the Appointers when recruiting a CEO. This was defensible based on the skills required for business acumen. The CEO is the organisation's architect for strategy, and as such, it was approved as the dominant quality for competency by the participant's.

Industry Experience was associated with Appointees and their ability to influence the organisation's strategy based on their accumulation of experience and growth in various industries. Grounded on their experience, Appointees are confident in their ability to

effect change in an organisation, and as such are more inclined to accept CEO positions from organisations which demonstrate their shared values.

In light of the research, the researcher presents the following framework to serve as the premise for improved CEO Succession Planning by Profiling CEO Competency for Effective Leadership.
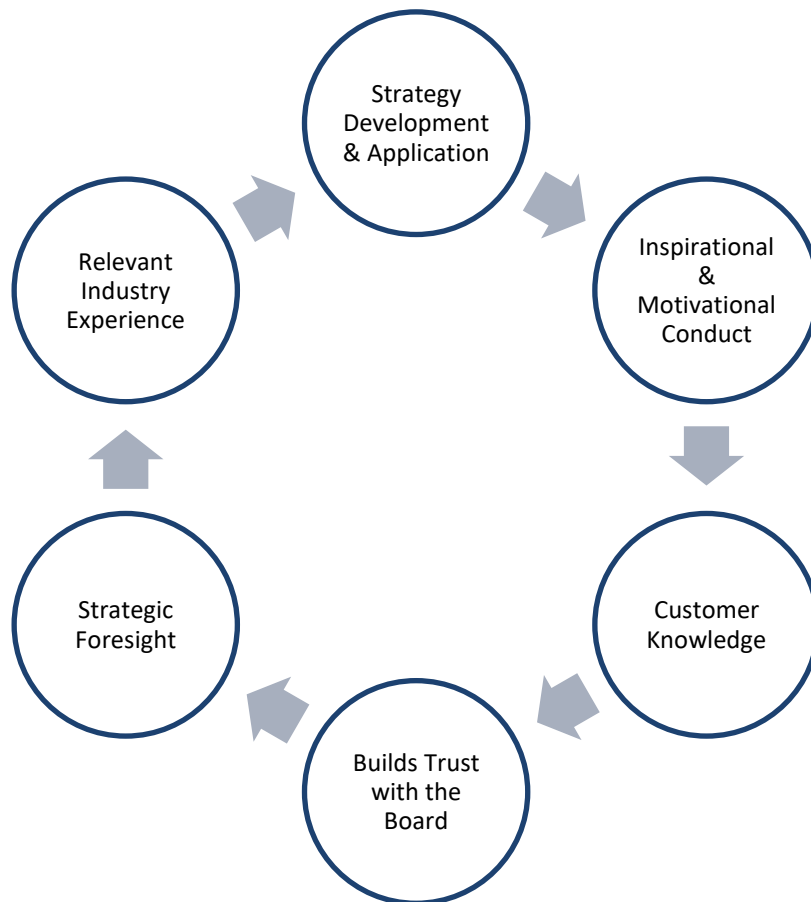
Figure 7.2: CEO Qualities for Competency
Source: Self Compiled by Author

7.2.2 Supporting Structures and Systems

Secondly, there is a lack of Supporting Structures and Systems in organisation to support the incoming CEO. The on-boarding process of the CEO may take its own shape and form. However, there are systems and structures designed for the CEO to share and communicate his vision to the organisation. The Insider CEO is able to adapt

to the position, leveraged from his knowledge of the Organisational Culture and pre-existing internal networks and connections.

Whereas the Outsider CEO spends the first few months on auto pilot, spending time assessing the organisation, developing his strategy in line to the Board's, and finding an operational rhythm suitable to him that prepares him for effective Decision Making. The limitation of access to support structures prolongs the onboarding process for the incoming CEO. This may qualify as a leadership threat, in particular when organisations have been without a CEO; the absence of a clearly defined strategy obscures the organisation's direction. However, in the presence of Support Structures & Systems, the Outsider CEO would be enabling the CEO to progress efficiently.

7.2.3 Recruitment Criteria and Alignment
In relation to Figure 6.1, there is an indirect relationship between the Appointee and the Appointer. Firstly, the Appointee's valued Alignment over Competency, as it serves as the foundation of assuming a new position. This indicated that the CEO prospects are confident in their abilities to deliver; however, the gap existed in understanding recruitment process (succession planning) and the lack of transparency and the uncertainty of being an organisational fit.

By contrast, the Appointer appeared to have had a preference of focusing on Qualities of Competency over Alignment. And this can be supported by their use of a job description to determine the right CEO candidate during CEO appointments.

7.3 Theoretical Contribution

The research study has been able to provide insightful knowledge on CEO succession planning, and how it has been viewed from both the Appointers and the Appointees. It developed a proposed framework which can be utilised further to understand the relationship between the Appointers and Appointees through a value based approach that seeks to highlight the importance of the process undertaken during CEO succession planning.

Candidates, whether insider or outsider, should be treated equally in their competency assessment. Organisations should avoid obvious bias and be committed to placing

organisational objectives ahead of individual preference. Having a detailed succession plan with roles and responsibilities to all key Board members will set a platform of fairness where all Board member votes' count based on the evidence provided. Organisations need to take full responsibility for the recruitment process of CEOs and not rely solely on external recruiters to do the job for them.

Chapter 2 of the literature review outlined the roles expected from the CEO and from the Board. We provide evidence detailing that these two parties should operate in synergy striving for alignment to maintain organisational stability. Overcoming assumptions and expectations filtered through what is unsaid will push both parties to drive intentional and clear communication to achieve an organisational fit. Trust is important in building social rapport with the Board and should be reciprocated by the Board by ensuring that the Board is clear on who and what they want, and develop onboarding support structures and systems which garners support for the candidate of choice.

And finally, organisations need to lead and plan for the future. Organisations which are able to identify the skills gap within their business should pursue measures to either close the gaps through training and or experiential capacity. Developing internal candidates requires determination and collaboration with other key stakeholders to identify an internal CEO pipeline and groom them accordingly, to capitalize on their existing knowledge and eagerness to learn and grow. Similarly with outsider candidates, organisations should engage with the outsider CEO well ahead of time, to understand what the candidate wants and if they are a right fit for you.

7.4 Implications for Management and other Relevant Stakeholders

The following information outlines ideologies for organisations to consider in respect to CEO succession planning. The dominant requirement for succession planning is intentionality and organisational vision, which prompts Appointers to adopt an engaging approach of thinking about the future, for both, the organisation and employees. As shared in the results, most organisations lack the drive or show the commitment to nurture talent within their organisation, and as a result, organisations lose talented individuals to other companies, or even worse, in our view, to companies outside of South Africa because in the absence of evidence, it appeared easier to replace the

employee than retain the skills. Therefore, organisations need to own the skills they have, and demonstrate care & growth principles for employees.

7.4.1 Qualities of Competency

The predicament of hiring an Insider or Outsider CEO exists in organisations which have neglected or taken for granted the inevitable reality that their CEO would depart. Organisations which identify as having a preference of the Outsider should be mindful of the drive the Outsider CEO demonstrates, that is the frequent need to beat their personal best, and remain ahead; comes at the cost of being in an organisation for a shorter period as opposed to the Insider CEO. Instead, organisations should challenge the skills they have, by shadowing executives, and cross departmental exposure. This approach will not only improve the staff morale, but facilitates the concept of leading from within, empowering employees. Managers should invest in their employees, and provide a new narrative that challenges the belief that "employees don't leave organisations, they leave their managers".

7.4.2 Support Structures and Systems

The Appointers should investigate the support structures for the incoming CEO to allow for a smooth transition; by defining the enabling pillars that would improve or facilitate the onboarding process for the incoming CEO. In addition, the Board should establish confidence in their CEO candidate of choice and understand that support does not mean control. Instead, the Board should seek an engaging, and interactive leadership approach for organisational stability and efficiency.

7.4.3 Alignment

The Appointers need to adopt a proactive approach in defining CEO Succession Planning well ahead of time. Replacing a CEO in months is challenging, and requires a certain level of leadership maturity from the Appointee, to understand the nuances of Outsider CEO and focus on business performance. In addition, CEOs in their positions should be measured on their ability to transfer knowledge to other key executives in the absence of an apparent successor. Knowledge sharing strengthens an organisation's capability and should be encouraged at all management levels. Developing internal candidates for senior positions, and having clearly defined and engaging succession planning can improve employee satisfaction and consequently decrease employee turnover statistics.

7.5 Limitations of the Research

The researcher identified the following limitations during the study:

- The participants interviewed in the Appointee group, identified as male. It was not the researcher's intent to select all males; however this is an indication that CEOs are often male.
- The research interviews and data collection occurred in the last quarter of the year, where the majority of the participants approached for participation declined to participate as a result of work priorities, including and not limited to year- end, budgeting priorities of their work and other professional commitments, particularly since the study focused on collecting data from Executives.
- The study did not explore the participant's leadership styles to gain an understanding of the views shared, in response to the research questions. Therefore, no link can be provided in terms of the opposing leadership styles, and shared views.
- The interviews conducted were semi-structured views, and as such, participants were given the freedom to express the views while the researcher was identifying key information. Some participants were able to articulate their answers and linked those proceeding questions.

7.6 Recommendations for Future Research

In line with the findings of the research, and the resulting conclusions, the researcher offers the following subjects to be explored further.

1. There is an opportunity for future research to explore the possibility for organisations to view succession planning from internal and external lenses for CEOs. This should focus on the effect of a prospective CEO, serving as a member of the organisation's Advisory Board.

2. Optimising the on- boarding process for CEOs, by developing and determining necessary enabling Support Structures & Systems for the Outsider CEO.

3. Succession planning, strengthening the Insider CEO, through rigorous cross departmental training, to empower the candidates ability for effective decision making, while dismantling the "Technical Insider CEO Syndrome" for the candidate to develop delegation skills.

7.7 Conclusion

The main question for this research was to understand what Boards are looking for when searching for a CEO, and what qualities of competency are required for effective leadership? To understand this question, the research explored the following focus questions:

Research question one: What competency qualities are required for successful CEO leadership?

Research question two: What support is given to CEO candidates to ensure competency in their positions?

Research question three: Is there competency alignment based on the Appointers and the Appointees?

The research study followed an explorative qualitative approach. A total of sixteen participants, eight of each Appointers and Appointees, were interviewed and asked to complete a questionnaire in order to understand their views and professional experience of CEO succession planning and the competency qualities required for effective leadership.

The resultant findings provide us with insights by first asserting the importance of alignment between the Appointer and Appointee, to assess if both parties know what is expected by the Appointer and what will be delivered by the Appointee. The CEO competency profile developed provided the following six key qualities: (1) Strategy Development and Application, (2) Inspirational and Motivational Conduct, (3) Customer Knowledge, (4) Builds Trust with the Board, (5) Strategic Foresight and (6) Relevant Industry Experience.

This study has highlighted the importance of planning for the future by embedding CEO succession plans into the organisation's leadership pillar that is the Board to promote competency through active engagement. This study offers a platform for future studies to develop further insights into the CEO qualities presented in this research, and into the body of knowledge in academia for a generalist CEO competency profile that can be tested and refined through an ever evolving business environment, to encourage organisational stability for effective leadership.

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APPENDICES

APPENDIX A – Ethical Clearance Approval

Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Thembekile Mthimkhulu ,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

APPENDIX B – Participation Consent Letter

PARTICIPANT CONSENT FORM

TITLE OF STUDY: CEO Succession Planning: Profiling CEO Competency for Effective Leadership

RESEARCH INVESTIGATOR: Carol Mthimkhulu *(GIBS MBA Candidate)*

RESEARCH PARTICIPANTS NAME: _____

PARTICIPATION

Thank you for agreeing to be interviewed as part of the above research project. Your participation in this study is voluntary. If you decide to take part in this study, you will be asked to sign this consent form. We don't anticipate that there are any risks associated with your participation, but you have the right to stop the interview or withdraw from the research at any time.

CONFIDENTIALITY

Your responses to the interview & survey questionnaire will be anonymous. Please do not write any identifying information on your survey questionnaire. Every effort will be made by the researcher to preserve your confidentiality including the following:

- Assigning code names/numbers for participants that will be used on all research notes and documents
- Notes & interview transcripts which identify the participant will not be made public.

PURPOSEOFSTUDY

You have been asked to take part in a research study. Before you decide to participate in this study, it is important that you understand why the research is being done and what it will involve.

The purpose of this research, seeks to highlight the importance of planning for the future, by developing a Chief Executive Officer (CEO) succession plan for organizations as a means and strategy to maintain leadership competency profile on the departure of a CEO.

Please ask the researcher if there is anything that is not clear or if you need more information.

INTERVIEW PROCESS FOR DATA COLLECTION

• The interview will be recorded and a transcript will be produced
• You will be sent the transcript and given the opportunity to correct any factual errors
• The transcript of the interview will be analysed by Carol Mthimkhulu as research investigator
• Access to the interview transcript will be limited to Carol Mthimkhulu, GIBS and Supervisor with whom she might collaborate as part of the research process.
• any summary interview content, or direct quotations from the interview, that are made available through academic publication or other academic outlets will be anonymized so that you cannot be identified, and care will be taken to ensure that other information in the interview that could identify you is not revealed.

Participant's signature _____ Date _____

Researcher's signature _____ Date _____

Your participation in the study will be highly appreciated.

Yours sincerely,

Carol Mthimkhulu
MBA Student, Gordon Institute of Business Science
Contact No: 083 338 7281

Email: 27152032@mygibs.co.za

APPENDIX C – Semi- interview Guide

C1. The Appointee Interview Questions

	The Appointee Interview Questions	**Research Question**
1	Are you an external or internal CEO in your current organisation?	1 & 3
2	What is your understanding of competency?	1
3	If internal, what has worked well in defining your succession planning in the organisation? What key competencies improved your experience?	2
4	If external, what has been the greatest challenge in your current role within your current organisation? What key competencies have been the most leveraged and what competency requires more attention?	2
5	Which competency is the most important within your position?	1 & 3
6	What is your key focus in relation to efficiency? Is it to transform or perform?	1
7	What competency skill do you use to deal with uncertainty?	1
8	What has your experience been with leading the organisation, and what competency qualifies you for building trust and relationships?	2 & 3
9	How do you ensure that you remain engaged with the organisation?	2 & 3
10	Aside from your experience, what defines you as a capable leader?	2
11	Define your competency, experience and exposure that allow you to work with other C-suite colleagues; would you consider a	1 & 3

	successor from the C-suite group, and what competency skills would you focus on to develop the future CEO?	
12	In your position as a CEO, including past experiences where you and are you a visionary leader or an adaptive leader? What competency skills informed your leadership approach? Was the support from the organisation or resistance, and how did you deal with it?	1 & 3
13	What is your view in organisational transparency and CEO succession planning?	2 & 3
14	In your experience as CEO, has your ability to perform been motivated by being an outsider?	1 & 2
15	Or perhaps your CEO was obtained through succession planning.	2 & 3
16	Which experience made you a better leader, or which experience would have made you a better leader for effective performance?	1 & 2

C2. The Appointer Interview Questions

	The Appointer Interview Questions	Research Question
1	What is your view in hiring CEO's - outsider vs insider?	1 & 3
2	What key competency skills inform your decision to look outside vs inside?	1
3	Elaborate on key competencies that an outsider has vs insider?	1
4	What key competencies are most appealing from outsider candidates compared to insider candidates?	1
5	Which competency is the most important for the position of CEO?	1 & 3
6	What defines a successful CEO, their ability to perform or transform?	1
7	In line of succession planning, how has the organisation planned for uncertainty	2 & 3
8	What has been identified previously in your organisation as a competency gap? Does it persist?	2 & 3
9	As the board or from the board's perspective, what informs your confidence in the candidate to have a good working relationship with the organisation?	2 & 3
10	Apart from experience, what informs you that a candidate will meet the board's expectations?	1,2 & 3
11	CEO's are often reliant on forming strong partnerships with other C-suite managers. Which competency skills are required by C-suite candidates to be considered for CEO-succession planning?	1 & 3
12	When looking for the right candidates, is the focus on finding a visionary leader to formulate a new strategic direction for the organisation, or are you focused on maintaining the business with some strategic change requiring an adaptive approach? What competency is required for this?	1 & 3
13	In maintaining organisational stability, what is your view on CEO succession planning?	2 & 3
14	With hindsight of your organisation, how would you rate the performance of insider vs outsider CEOs has had on your organisation? What if any, key competencies were identified as lacking and excelling at the time?	1 & 2

APPENDIX D – Questionnaire

Questionnaire for Research Question 3 Part B

Rate the following qualities you deem important for CEO competency.	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
	1	2	3	4	5
1) Business Acumen					
Strategy development & application					
Business planning & operations management					
Financial Management					
Human Resource Management					
Asset & Technology Management					
2) Communications					
Effective Public Speaking					
Proactive communicator					
Excellent writing & active Listening skills					
Approachability					
Non-verbal & visual communication					
Inspirational & motivational conduct					
3) Customer Knowledge					
Industry experience					
Customer strategy					
Customer culture & structure					
4) Leadership					
Innovative & trend setter					
Ability to influence					
Builds trust & relationship with board					
Active collaborator & Consensus driven					
Performance orientation					
Flexible & manage multiple tasks					
Accessible to all & manage people					
Analytical & good judgement					
Risk taker & adaptable					
Enabler & Delegator					
Knowledge of Organisational dynamics					

Embrace diversity					
Knowledge of Organisational culture					
Emotional intelligence & Empathy					
Decision Maker & excellent negotiator					
5) Planning					
Strategic Foresight					
Goal oriented					
Sets direction & ensures execution					
Manage projects & priorities					
Evaluate operations					
Knowledge of current trends					
6)Professional Background					
Business Degree or Masters					
More than 5 years CEO experience					
Relevant industry experience					
Social & Network Capital					

APPENDIX E – Codes List

Outsider CEO or O/CEO

Insider CEO or I/CEO

Ability to deliver on the strategy

Performing over and above what is required and necessary

Creative and systems based thinking

Foresight, perseverance and influential

Strategy is informed what the Board wants

CEO and Board agree on the strategy

Transformation is informed by industry trends

Planning and thinking ahead to overcome uncertainty

Uncertainty will always be there

Form strategic/CEO: alliance with the C-suite

CEO doesn't have to know and do it all

I have a successor I can identify

I have no successor to identify

I work closely with the c-suite

We have a succession plan

We have no succession plan

The Board is undecided on a CEO candidate

Empowering decision making

Expose the candidates to various internal projects

Develop learning development portfolio

Transparency and communication

Direct & discipline leadership approach

Accountability for every success and failure

Employee awareness, remain engaged

Outsider or Insider is doesn't matter

Experience gives you confidence

Upskill workforce at every level

Appoint individuals based on merit not favouritism

Lack of support for Outsider CEO

Identify gaps within the organisation

Leadership and interpersonal skills

Coaching and mentoring

Ability to lead the organisation

Drive performance through others

Effective decision making

Board chemistry with the CEO

Board must trust the CEO

Organisational culture is not what was expected

Board approach too controlling

Chairman and CEO relationship must be strong

Passive approach to succession planning

Organisational fit & retention or forced turnover

Unplanned CEO departure, forced turnover

Poor performance and forced turnover

Emergency succession planning

O/CEO: are more experienced

O/CEO: are more knowledgeable

O/CEO: is a visionary leader

O/CEO: thinks outside the box

O/CEO: brings fresh ideas and thinking

O/CEO: challenges the status quo

O/CEO: thinks quickly

O/CEO: thrives in the business

O/CEO: adapts to new environment

O/CEO: is independent and confident

O/CEO: works with the Board

O/CEO: is ambitious and driven to succeed

O/CEO: leverages decision making skills from past experience

O/CEO: has external networks to drive the organisation

O/CEO: is not afraid of being challenged

O/CEO: has charismatic: & influential leadership style

O/CEO: remain engaged in the business willingness to learn

O/CEO: are excellent at delegating

O/CEO: firm decision making, not easily influenced

O/CEO: Sets direction and drives employee engagement

O/CEO: prioritises building relationships

O/CEO: values the position and responsibilities

O/CEO: minimal skills gap, detailed oriented

O/CEO: Listening skills values being approached

O/CEO: takes time to adjust to the business

I/CEO: Relatable, approachable, easily engaged

I/CEO: has technical ability & advantage

I/CEO: has organisational knowledge

I/CEO: knows the strengths & weakness of company

I/CEO: drives performance better than outsider CEO

I/CEO: is an advantage for the organisation

I/CEO: is unable to transform the organisation

I/CEO: owns the internal process

I/CEO: has limited ambition & cannot see the bigger picture

I/CEO: requires approval

I/CEO: works for the Board

I/CEO: lacks quick decision making skills

I/CEO: has limited industry & business knowledge

I/CEO: does not challenge status quo

I/CEO: lacks entrepreneurial business drive

I/CEO: leverages existing network in organisation

I/CEO: has limited track record

I/CEO: battles with delegating

I/CEO: has organisational attachments

I/CEO: can execute much quicker in confidence

I/CEO: encourages succession planning

I/CEO: uses inspirational & reward based leadership

I/CEO: internal connections

I/CEO: lack of urgency, cannot overcome the past

I/CEO: can be easily influenced and manipulated

I/CEO: ineffective decision making skills