

The Effectiveness of The Type of Succession Planning towards The Sustainability of Social Enterprise Business in Malaysia

Muhamad Syahir Bin Muhamad Stamam

UNITAR Graduate School, UNITAR International University, Tierra Crest, Jalan SS6/3 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia

Rebecca Joyce George

ELM Business School, HELP University No. 15, Jalan Sri Semantan 1, Off Jalan Semantan, Bukit Damansara, 50490, Kuala Lumpur, Malaysia
Email: syahir_stamam@yahoo.com

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v13-i9/18550> DOI:10.6007/IJARBSS/v13-i9/18550

Published Date: 24 September 2023

Abstract

A social enterprise is an organization that holds private activities in the public's interest and runs with an entrepreneurial strategy but primarily focuses on achieving social and economic goals. Although the maximization of profit is not underscored, it still proposes innovative solutions to problems such as unemployment and social exclusion. This study will address the gap and examine the relationships between the sustainability of social enterprise business (i.e., dependent variable) and the effectiveness of the four types of succession planning (i.e., independent variables) mentioned by Gothard and Austin (2013), which include (1) relay succession planning; (2) non-relay succession planning; (3) external succession planning, and (4) boomerang succession planning. The importance of this topic is that it has revealed even an HRM-related matter, such as succession planning, often overlooked and not given much thought by company. The essential step is to determine which type of succession planning is ideal for the differences and nature of the firm because no single type of succession planning can be employed as a workable succession plan for all social enterprises. Data was collected from a sample of 188 working members from social enterprises in Malaysia. SPSS (Statistical Package for the Social Sciences) was used to analyze this study's data. This study is using quantitative analysis. The quantitative analysis provides information on the independent variable and the implication on dependent variable. To analyze the data, internal consistency of the scale use was assessed using Cronbach's Alpha, as this is the most common accepted and widely used measure of reliability. A descriptive research design and correlation approach was used in the study. In addition, regression analyses were used to test the hypothesis. As a result, relay succession planning, non-relay succession planning, external succession planning,

and boomerang succession planning are positively and significantly correlated to the sustainability of social enterprise business in Malaysia. Recommendation to future researcher is that in order to better grasp the effectiveness of the types of succession planning on the sustainability of social enterprises is to conduct a qualitative study. This type of research method is more appropriate to examine a phenomenon and extract in-depth insights based on an individual's perception or experience, resulting in richer narrative and data. Furthermore, this research method would employ open-ended research items in a semi-structured fashion, hence diving deep into a research problem that is not well understood.

Keywords: Succession Planning, Social Enterprise, Sustainability of Social Enterprises, Malaysian Global Innovation & Creativity Centre.

Introduction

When it comes to the sustainability of a business, factors such as corporate governance, leadership, economic factors, and innovation (Colabi, 2020), as well as ethical values and principles and behavioural factors (Tur-Porcar et al., 2018), are often factors that are investigated first, among many others. However, succession planning for a business's sustainability is often overlooked. This leads to doubt whether it is effective enough to promote the sustainability of businesses. In this study, the focus is on a social enterprise that is not intensively looked at.

Succession planning is acquiring available qualified persons to assume salient management positions once the positions are up for grabs (Mondy & Mondy, 2014). This process is essential for business continuity and sustainability (Abdullah et al., 2011), as only a qualified leader can lead now and in the future (Mondy & Mondy, 2014). Moreover, this process, which needs to consider external and internal potential leaders, plays a role in engendering a sustainable organization, economic development, and growth (Abdullah et al., 2011).

Most organizations work diligently to procure sustainability (Hakovirta & Denuwara, 2020). However, a gap between what organizations ultimately gain and their desire to achieve is detectable (Jyoti & Rani, 2014). The gap may be due to the challenges experienced while finding a durable solution to their sustainability issues. The challenges can be owed to businesses developing effective strategies, succession planning, and management (Monyei et al., 2021).

Social enterprise sustainability must be discussed more often because a long-lasting company's success contributes to a nation's economy and society's advancement. In addition, sustainability goes beyond mere profits (Monyei et al., 2021). Since social enterprises have rigid financial restrictions and place social mission, social objectives, and transformative societal change as their primary way of sustaining in the market while creating positive social impact (Osberg & Martin, 2015), they may be overlooked over other businesses that base their success on profit as their crucial indicator of success.

As per Yeow and Boon-Kwee (2022), two of the many ingredients to sustaining social ventures include linear organizational structure, leadership, and target setting, as per Figure 1.1. That said, proper and thorough succession planning contributes to the abovementioned ingredients that play a part in social enterprises' sustenance, survival, and growth (Lim, 2019; Malaysian Resources Corporation Berhad, 2022). Furthermore, survivability also essentially boils down to leadership seen in founders and co-founders and the quality of personal experiences (Yeow & Boon-Kwee, 2022).

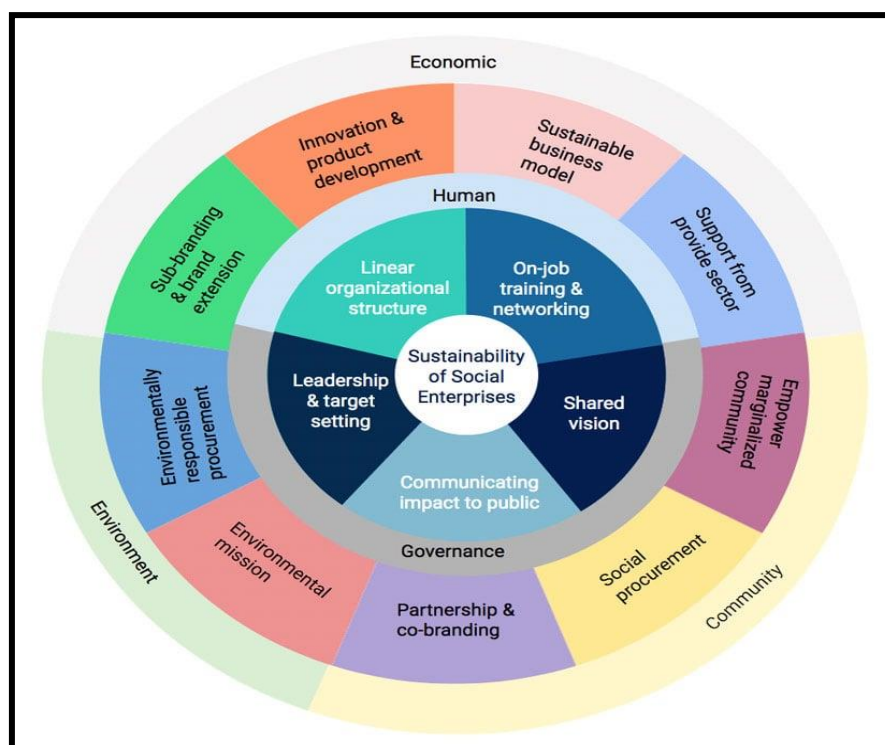


Figure 1.1 Essential ingredients for successful social enterprises

Note. From *Empowering and sustaining social enterprises*, by Y. J. Yeow and N. Boon-Kwee, 2022, *The Edge*.

Unlike businesses in the private sector, social ventures and nonprofits typically struggle to pass on leadership roles to the next leadership successor. This is due to poor succession planning, one of the many essential functions of human resource management (HRM). Organizations outside the private sector frequently are forced to search for and appoint the next person to uptake leadership roles (Cornelius et al., 2011, as cited in Santora & Bozer, 2015).

On top of that, it is also reported that the number of baby boomers will be retiring in large numbers in the coming years (Hisrich et al., 2020; David, 2022). As a consequence, the sustainability of organizations may be affected. Hence, it is salient for social enterprises to have a succession plan since they are the third sector after public agencies and private enterprises to complement the nation's social innovation ecosystem (Yeow & Boon-Kwee, 2022) and contribute to the country's socio-economy (British Council, 2018).

At times, the growth and sustenance of social enterprises rely on the recruitment of promising talents (Yeow & Boon-Kwee, 2022) that would eventually be able to take over the reign of leadership effectively. Concerning that, some organizations endure hurdles in searching for an external successor (Santora & Bozer, 2015). The struggle may be more complex, especially when an organization's chief focus is social mission and value rather than profits, as potential leaders outside the enterprise may not necessarily share the same values and goals as the enterprise. Other times, external recruitment may not be necessary as promising talents within the enterprise or even former talents can assume leadership roles.

This is justified by the Resource-Based View (RBV) that combines corporate sustainability and succession planning by furnishing insight into a firm's resources, strategies, and capabilities and how they may be used for a robust, long-lasting, and more sustainable business (Monyei

et al., 2021). Ultimately, good succession planning, whether selecting an internal or external individual or even a former leader, necessitates a developed leadership pipeline.

Research Problem

Previous studies have addressed the impact of succession planning on business persistence (Ogbari et al., 2015), the effect of succession planning on employee engagement (Gulzar & Durrani, 2014), and the impact of succession planning practices on the performance of non-governmental organizations (NGOs) (Maguta, 2016). In Malaysia, the importance of succession planning is highlighted in the context of family businesses (Lim, 2019; "Succession planning is key," 2021), Small and Medium Enterprises (SMEs) (Ndubisi, 2010; Mokhber et al., 2017) as well as the education sector (Chia et al., 2021; Ghazali et al., 2021).

However, it was identified that there is an apparent knowledge gap and lack of research on the effectiveness of types of succession planning in the HRM field and the context of social enterprises. This lack of study may be because the types of succession planning are not discussed in tertiary-level education, thus making it out of undergraduate and postgraduate students' range of research. In addition, the link between succession planning and social enterprise sustainability has been neglected. Unfortunately, this case is not restricted to Malaysia alone, which may be because the focus is mostly on profit-centred businesses.

Due to this reason, this study will address the gap and examine the relationships between the sustainability of social enterprise business (i.e., dependent variable) and the effectiveness of the four types of succession planning (i.e., independent variables) mentioned by Gothard and Austin (2013) which include (1) relay succession planning; (2) non-relay succession planning; (3) external succession planning, and (4) boomerang succession planning.

Research Methodology and Data Collection Process

The sample unit of this research was a social enterprise in Malaysia. Since the British Council (2018) adopted the understanding of social enterprises, organizations prioritizing profit were given no regard. However, organizations that reinvested or directed most of their profit for social or environmental causes were accepted, regardless of whether they were classified as 'social enterprise' or 'for-profit organization'.

The main reason social enterprise was the unit of analysis in this study is that social enterprises are rarely studied or discussed (Kadir & Sarif, 2016). However, the social goal of their business is honourable. Therefore, the researcher was interested in investigating whether succession planning would play a role in social enterprise sustenance or whether other factors are more important than succession planning.

The target population of this study were employees working in social enterprises. Purposive sampling enabled the researcher to invite social enterprise employees to participate in this study to gain their input (Bryman & Bell, 2015). Furthermore, this technique was suitable for research where there is a knowledge gap (Liew et al., 2022), such as the effectiveness of types of succession planning towards social enterprises' sustainability. Convenience sampling was employed, and this technique was for the researcher to administer the questionnaire to contactable social enterprises conveniently (Leedy & Ormrod, 2019). Snowball sampling was employed too, whereby the contacted respondents were requested to share the survey with other potential participants (Etikan et al., 2016).

For this study, Green's rule of thumb was employed to determine the minimum number of respondents required for research. Green suggested a sample size using the formula of $N \geq 104 + m$ (i.e. 'N' represents the number of respondents needed, and 'm' is the number of

independent variables) (Memon et al., 2020). Since there were four independent variables ($N \geq 104+4$) in the research model, the suggested sample size for this current study should be more than or equal to 108 participants. The effectiveness of the formula has been proven in studies such as (Fiorito et al., 2007; Coiro, 2011; Brunetto et al., 2012). Thus, the sample size for the current research paper was 187 respondents.

In this study, primary data was collected via survey research, whereby Google Forms was created for respondents to answer the questions. The questionnaire was distributed electronically as an easy way of administration Leedy & Ormrod (2019) and to curtail interference. It allowed easy collection of data from social enterprise employees and tabulation of their answers in a non-contrived study setting in which their work proceeded as per usual in their normal environment, with the researcher remaining mostly detached from the respondents instead of immersing and engaging with them (Rahi, 2017).

Moreover, respondents could complete the questionnaire at their convenience and pace while confidentiality was maintained. A quick response (QR) code was also created for respondents to scan and access the form conveniently. However, the researcher was ready for the downfall of possibly not receiving responses from each employee in a company and discarding invalid entries, which are drawbacks of distributing an online questionnaire.

The questionnaire (refer to Appendix B) consisted of six sections. Section A consisted of demographic items – gender, age, marital status, education level, and position. Table 3.1 shows a four-point Likert scale ranging from 1 for "Strongly Disagree" to 4 for "Strongly Agree" was used for the items under Section B to Section F. The researcher employed four-point instead of the preferred five-point because the researcher desired precise data and to avoid the possibility of respondents selecting "Neutral" or "Neither Agree Nor Disagree" for most of the items.

Result and Analyses

Table 4.1 shows that the majority of the 188 respondents were males, making up 56.9%, while the lowest representation was females (43.1%). The breakdown of the age ranges of the respondents shows that respondents within the age range of 24 to 34 were the largest group, followed by 18 to 24, one-fourth of the social enterprises' employees in this sample (25%). This shows that the younger generation is more interested in doing justice to the planet via social and/or environmental measures than the older generation, which focuses on trying to make ends meet. More than half (60.6%) were single. Additionally, most of the participants (53.2%) were identified to have a Bachelor's Degree as their highest level of education, followed by a Diploma/Higher Diploma (18.1%) and a Master's (17.6%). Table 4.1 also shows that administrative and management employees were the largest representation standing at 42%, which may imply that the study outcome may be favourable as this group of respondents have more knowledge in this study's research area. The remainder of the demographic data can be found in Table 4.1.

Table 4.1
Respondents' Profile

Characteristics	Frequency	Percentage
Gender		
Male	107	56.9
Female	81	43.1
Age		
18-24	47	25.0
25-34	56	29.8
35-44	23	12.2
45-59	33	17.6
Above 60	29	15.4
Marital Status		
Single	114	60.6
Married	73	39.4
Education Level		
Secondary	9	4.8
Diploma/Higher Diploma	34	18.1
Bachelor's Degree	100	53.2
Master	33	17.6
PhD	6	3.2
Others	6	3.2
Position		
Founder	15	8.0
Co-founder	11	5.9
Administration & Management	79	42.0
Supervisor	12	6.4
Line personnel	15	8.0
Volunteer	43	22.9
Others	13	6.9

Analysis of Relay Succession Planning

According to Table 4.2, most respondents agreed that relay succession planning is crucial in their organization. These respondents may have observed that their organizations typically select an heir beforehand to take over the incumbent's position in the future, thus making it a common and important practice within their organization.

Most of the respondents also agreed that a succession planning assessment is an essential tool to assess the readiness of a potential relay successor. Many of them may not be aware of the other types of assessment available to evaluate the readiness of a potential relay successor, such as cultural fit assessment, organizational readiness assessment or change readiness assessment. Still, they agree that succession planning assessment is one of the important tools that can be employed, which results in sustainable leadership and business.

Furthermore, it is also reported that the respondents strongly agreed that leadership potential is a key criterion when selecting a relay successor. This could be due to the future or sustainability of their social enterprise lying in the hands of this chosen successor, and for that outcome, robust leadership is crucial.

Most of them also strongly agreed that mentoring and coaching could assist in developing and preparing a potential relay successor for a leadership role, and this most likely stemmed from the respondents' personal experience on the effectiveness of mentoring and coaching. Generally, the respondents positively perceived the statements, as the overall mean score for this variable is 3.43, based on Table 4.8.

Table 4.2

Mean Scores and Standard Deviations for Each Item on Relay Succession Planning

No.	Item	N	Mean	Standard Deviation
1.	Relay succession planning is important to my organization	188	3.26	0.788
2.	Succession planning assessment is an important tool to assess the readiness of a potential relay successor	188	3.24	0.747
3.	Leadership potential is a key criterion for selecting a relay successor	188	3.54	0.696
4.	Mentoring and coaching can develop and prepare a potential relay successor for a leadership role	188	3.61	0.666

Analysis of Non-relay Succession Planning

With a mean score lower than 3 but a high standard deviation, as per Table 4.3, most respondents disagreed with how important non-relay succession planning is to their organization, but there is a likelihood of them agreeing. Unlike relay succession planning, this may not be a typical practice in their organization, as choosing only one candidate may be easier.

However, similarly to relay succession planning, they agreed that a succession planning assessment is a significant tool to assess the readiness of potential non-relay successors. In contrast, to relay succession planning, a large portion of the respondents solely agreed that leadership potential is a key criterion for selecting non-relay successors. They may believe that leadership potential might not arise as much when a few candidates are vying for the incumbent's position.

They also agreed that mentoring and coaching can develop and prepare potential non-relay successors for leadership roles. Mentoring and coaching a group may be less effective than doing it one-on-one. Overall, the respondents had a positive perception of most of the statements, as the overall mean score for this variable is 2.99, based on Table 4.8.

Table 4.3

Mean Scores and Standard Deviations for Each Item on Non-relay Succession Planning

No.	Item	N	Mean	Standard Deviation
1.	Non-relay succession planning is important to my organization	188	2.61	0.874
2.	Succession planning assessment is an important tool to assess the readiness of potential non-relay successors	188	3.05	0.819
3.	Leadership potential is a key criterion for selecting non-relay successors	188	3.26	0.794
4.	Mentoring and coaching can develop and prepare potential non-relay successors for a leadership role	188	3.38	0.761

Analysis of External Succession Planning

As for external succession planning, most respondents disagreed with this variable's importance to their organization, according to Table 4.4. This could be the case since social enterprises mostly put society's or the environment's needs above their own and possibly even the individual needs in the workforce.

They also disagreed that headhunting or executive search firms aid in identifying potential external candidates for succession. This could be because it all boils down to one's good consciousness and whether they are willing to put themselves in this line, where the rewards are greater for society.

Many respondents agreed that employee and stakeholder feedback could be employed to monitor and evaluate the effectiveness of their organization's external succession planning process. Pertaining that, peer evaluation, performance appraisal, customer satisfaction survey and even supplier feedback may generate useful information on the external employees to determine how effective this type of planning is for the sustainability of a social enterprise.

This study also reveals that most respondents agreed, "Ensuring diverse representation in the candidate pool allows for greater diversity and inclusion in my organization's external succession planning process". Agreeing does not reflect whether social enterprises practice diversity and inclusion (D&I) via their candidate pool. However, the respondents believe this practice may aid the external succession planning process. Most respondents had a positive perception of the statements, as the overall mean score for this variable is 2.84, based on Table 4.8.

Table 4.4

Mean Scores and Standard Deviations for Each Item on External Succession Planning

No.	Item	N	Mean	Standard Deviation
1.	External succession planning is important to my organization	188	2.60	0.940
2.	Headhunting or executive search firms help identify potential external candidates for succession	188	2.73	0.917
3.	Employee and stakeholder feedback can be used to monitor and evaluate the effectiveness of my organization's external succession planning process	188	3.02	0.821
4.	Ensuring diverse representation in the candidate pool allows for greater diversity and inclusion in my organization's external succession planning process	188	3.09	0.900

Analysis of Boomerang Succession Planning

With a mean score of 2.99, as per Table 4.5, most respondents agreed that monitoring and maintaining contact with former employees help identify potential boomerang candidates for succession as various platforms such as LinkedIn, Facebook and WhatsApp assist in that. However, there may be a chance for them to disagree as boomerang candidates probably could rob their job opportunities.

When assessing potential former candidates, past performance and organizational contributions are key criteria, which may be why most respondents agreed. Knowing a former employee's track record is crucial for the company's sustenance, especially if it plans to return them.

Moreover, many also agreed that leadership assessments are important tools to assess the readiness of potential boomerang successors for leadership roles. Boomerang candidates may have to take on a different role, bigger challenges and different tasks. Thus, these assessments may help determine if they are currently equipped to meet the company's demands.

Integration with existing teams and projects allows boomerang successors to be onboarded and integrated back into the organization – the majority of them also agreed with this statement, as it probably enables these successors to figure out how to mesh with the members of the company as their former colleagues may not be around. Still, more young blood in tune with the current era is present.

All in all, the respondents positively perceived all the statements, as the overall mean score for this variable is 3.08, based on Table 4.8.

Table 4.5

Mean Scores and Standard Deviations for Each Item on Boomerang Succession Planning

No.	Item	N	Mean	Standard Deviation
1.	Monitoring and maintaining contact with former employees help identify potential boomerang candidates for succession	188	2.99	0.859
2.	Past performance and contributions to the organization are key criteria to consider when evaluating potential boomerang successors	188	3.21	0.756
3.	Leadership assessments are important tools to assess the readiness of potential boomerang successors for leadership roles	188	3.15	0.733
4.	Integration with existing teams and projects allows boomerang successors to be onboarded and integrated back into the organization	188	3.16	0.760

Analysis of Sustainability of Social Enterprise Business

Based on Table 4.6, most respondents agreed that succession planning toward sustainable leadership performance promotes their organization's sustainability. Since the majority did not strongly agree with this statement, there is insinuation that other factors such as profit margin, value to investors or technological advances may also play a part in the sustenance of their organization.

Furthermore, the respondents also agreed that D&I is ensured in their organization through the candidate pool, but with a mean far from the strongly agreeing point. As stated in Chapter 2, social enterprises are known for furnishing employment to the disadvantaged, which indicates D&I in their workforce. However, this research has revealed that social enterprises do not strongly integrate D&I in their succession planning to sustain their business.

Similarly, the majority of the respondents were confident but not overly confident by agreeing that succession planning promotes their organization's sustainability, which indicates that there is room for other factors to play a part in the sustainability of the social enterprise business.

Lastly, most respondents were close to strongly agreeing that awareness about a candidate's ability to assume critical future roles makes their organization's workforce future-ready, hence providing a distinct business advantage. This shows that innovation and creativity provide a business advantage of long-term sustenance, and even an individual's leadership ability can play a part.

In general, the respondents had a positive perception of all the statements, as the overall mean score for this variable is 3.42, based on Table 4.8.

Table 4.6

Mean Scores and Standard Deviations for Each Item on Sustainability of Social Enterprise Business

No.	Item	N	Mean	Standard Deviation
1.	Succession planning toward sustainable leadership performance promotes the sustainability of my organization	188	3.42	0.645
2.	Diversity and inclusion are ensured in my organization through the candidate pool	188	3.16	0.780
3.	I am confident that succession planning promotes the sustainability of my organization	188	3.35	0.742
4.	Awareness about a candidate's ability to uptake critical future roles makes my organization's workforce future-ready, thus providing a distinct business advantage	188	3.41	0.653

Discussion

Relationship between Relay Succession Planning and Sustainability of Social Enterprises

The researcher of this study discovered that relay succession planning contributes the most to the sustainability of the social enterprise business since there was a positive relationship between these two variables. This approach may work the best and is most effective for social enterprises, perhaps due to HR and management having a thorough idea of which employee has passion and competency being in the line, as well as who may stay in this line for a long-term, thus being a suitable candidate or heir to take up vacant positions in the future and ensuring the sustainability of the business. This finding echoed the literature whereby the risk of choosing the wrong candidate is minimized.

Employees in social enterprises may also prefer this approach as the future candidate can acquire a wider range of understanding about internal operations and external considerations whilst avoiding competing with other candidates for a post. Moreover, social enterprises have several working members in the workforce and sparse resources available to train the chosen heir or successor. Sometimes, they have one or two leaders or managers in the force. Relay succession planning is suitable for these social enterprises as performance management, tracking, and training may be easier. Additionally, social enterprises focus on service and have multiple projects in hand. Hence, due to time constraints having to work 'on' the business rather than 'in' the business (Booth et al., 2019), relay is again the preferred method.

Moreover, employees in social ventures are more intrinsically motivated (Hayek et al., 2015) by self-actualization and feeling of fulfilment through purposeful, meaningful work, etcetera. Ergo, intrinsic rewards may be higher for the chosen candidate during the relay succession process. This type of reward can be used as a motivational tool. Consequently, these candidates can align their needs with the enterprise, boost their performance behaviour for social enterprise's changing nature and business continuity, and experience elevated job responsibility and recognition.

Relationship between Non-relay Succession Planning and Sustainability of Social Enterprises

This present study also found a significant positive relationship between non-relay succession planning and the sustainability of the social enterprise business. Large-sized social enterprises with an official or formal organizational structure may find non-relay succession planning to work, hence the positive relationship. These companies probably find it easier to find the best candidate through a competitive process that would benefit the business' sustainability in the long term due to vigorous screening and filtering.

Despite that, this variable is the third effective type of planning for sustaining a social enterprise business. This may be because there are social enterprises comprising a small-sized workforce and some that even consist of only two or three working members, which may result in not needing this type of succession planning. Furthermore, the chief aim of social enterprises is to develop job opportunities for the disadvantaged. Hence, many are in East Malaysia or recruited from rural areas. Consequently, the labourers in these social enterprises may not be potential candidates for non-relay succession planning.

Additionally, potential candidates in a horse race or competitive state may be concerned about the consequences of not being chosen as the successor. The consequences could include a lack of reward and talent management (Salau & Nurudeen, 2022), demotivation, lower chances of career growth, and decreased sense of security. Eventually, the consequences could decrease employee productivity and impact the business' sustenance. Therefore, making sound judgments in choosing the right candidates for a non-relay is challenging, and the consequences will be reflected in the sustainability of the social enterprise business.

Relationship between External Succession Planning and Sustainability of Social Enterprises

The present study supports that external succession planning has a positive relationship with the sustainability of social enterprise business. This could be because most small-scale social enterprises encounter difficulties in choosing suitable successors from their limited internal candidate pool, thus relying on outsiders. Furthermore, external candidates often meet the requirements and demands of the business in current times. An external candidate from a different industry or social enterprise business could bring various skill sets and fresh perspectives that boost the sustenance of social enterprises.

However, it is the least effective type of succession planning among the four types for business sustenance. Following the SS theory, external succession planning may not be the best sustainable system as the competency of the successor may be insignificant for this approach. This could be because this line involves much sacrifice and places employees' needs second. Social enterprises prioritize working for society and working with those with challenging conditions as they create social value instead of personal wealth. This line's employees have different motivations than those in commercially driven sectors (Booth et al., 2019). Therefore, external succession can differ in the context of social enterprises.

Moreover, this type of business depends on unpaid (volunteers) and paid (employees) working members. Therefore, an external employee chooses to join the line, making this planning the least effective. A predecessor could choose external candidates from outside the business. Still, it all ties down to the willingness of potential successors to involve themselves in the succession planning of social enterprises. Thus, this study indicates that external succession planning is effective to a certain extent for the sustainability of social enterprises.

Relationship between Boomerang Succession Planning and Sustainability of Social Enterprises

The current findings indicated that boomerang succession planning is the second-highest contributor to the sustainability of a social enterprise business, thus reporting a significant positive relationship between those two variables. Reiterating the literature, retirees hired on contract can be regarded as boomerangs. Notably, there were 33 participants between the ages of 45 and 59 and 29 aged above 60, thus making up 62 participants, more than the largest age range group. The former group of participants are the ones that probably think more about retirement, while the latter are retirees. Therefore, these two groups may perceive that boomerangs could play a role in sustaining social enterprises whilst having access to job opportunities and occupying free time at their age. Projects also sustain social enterprises, and boomerangs can be a great source of help by uptaking them if they are potential candidates.

Furthermore, social enterprises in Malaysia stepped up to assist those in need when the nation underwent its partial shutdown to restrain the COVID-19 virus. They toiled to stay afloat as their sources of income dried up (Anand, 2020). Most restrictions were eased up in 2022. Thus, these SEs may be experiencing an overwhelming aftermath on the businesses' sustainability. Additionally, the employees may be experiencing turmoil seeing the management struggle to keep the company afloat. This could lead them to believe they need robust leaders to weather through this period. As a result, they may perceive former employees or boomerangs as critical in navigating turbulence as they have more experience. In addition to that, volunteers made up the second largest group of respondents in this research. Social enterprises heavily rely on volunteers to sustain their business as they need all hands on deck in projects. However, over-reliance on volunteers must be regarded cautiously as it is not a sustainable long-term strategy (Badelt, 1997; O'Hara, 2001, as cited in Booth et al., 2019). Instead of fully entrusting the sustenance of social enterprises into the hands of volunteers, boomerangs are good options, too, since this paper revealed that boomerang succession planning is second to relay succession planning in terms of its effectiveness towards the sustainability of social enterprises.

Implication

Profit-centred companies typically focus on the triple bottom line, transparency and ethical considerations, or corporate social responsibility as the impetus for their company's sustainability. However, this study has revealed that even an HRM-related matter, such as succession planning, often overlooked and not given much thought by company employees since it is not their domain, can help with a company's sustainability and, in this case, a social enterprise. The essential step is to determine which type of succession planning is ideal for the differences and nature of the firm because no single type of succession planning can be employed as a workable succession plan for all social enterprises (Salleh & Rahman, 2017). Therefore, the practical implication of this research is of interest in selecting a candidate or candidates based on organizational needs rather than the individual's capabilities only for an effective succession regardless of the type of planning because, ultimately, social enterprises must be in alignment with the organizational goals and needs that would result in business sustainability. Social enterprises should also strongly integrate D&I into this process as it may aid sustenance. Subsequently, time needs to be devoted to selecting, training, evaluating, mentoring, and creating a transition schedule for the future direction of the social enterprise.

MEDAC and MaGIC can also provide T&D to the employees in this line to make them better candidates in succession planning.

Concerning the management of HR, the implications of the results also showed that social enterprises could implement any succession planning(s) for the long-term viability of their business, as this study indicates that profit or advancement in technology is not the only contributing factors to a social enterprise's survival rate. Potential candidates must yearn to keep the business functioning well and strive for its future success (Glenn, 2016), particularly small social enterprises, hence heightening the cruciality of employing the most suitable formal type of succession plan. Managers and HR must constantly observe and set apart talent from the candidate pool via any succession planning that fits the nature of the business. For that, both management and HR must be resilient and agile.

As a result, the survival rate of social enterprises will be higher. The Malaysian government should set a legal definition of social enterprise in Malaysia to mitigate prevailing confusion and eradicate the notion that they are not profit-making businesses. For that matter, they do make a profit but for society, not for personal wealth accumulation. The Ministry of Higher Education (MoHE) Malaysia should also consider including succession planning materials in the syllabus to develop more young social entrepreneurs. A legal definition, a better understanding of social enterprises and succession planning could attract promising talents and the future generation to be independent changemakers and continue the viability of social enterprises in Malaysia.

In addition, referring to the list of social enterprises in Malaysia on MaGIC's website, many have become inactive and closed despite promising and innovative business concepts. This could be due to inadequate planning for succession, whereby death or sudden departure of the predecessors or founders have transpired. For those reasons, HR practitioners or administrators (or CEOs, founders, and co-founders in the absence of HR personnel) of social enterprises should consider succession planning as a critical factor and strategic process under talent management because social enterprises have a positive impact on this nation's economy (Povera, 2022). Hence their longevity is important. They may develop a systematic and proactive succession plan that institutionalizes leadership development, holds employees accountable for succession planning and raises the standards for performance and continuous learning as development priorities change (Salleh & Rahman, 2017). In this process, they are encouraged to employ different assessment tools to thoroughly evaluate the effectiveness of the chosen succession plan and curtail levels of risk, uncertainty and business failure.

Additionally, to experience effectiveness, continuous mentorship, coaching and T&D must be integrated into the process of succession plans. Doing so may avoid or mitigate leadership and performance breakdown and possible business longevity issues. Candidates must have a balance between social and commercial knowledge too. Eventually, the thoroughness of this process may be reflected in the future performance of social enterprises and their continuity.

Conclusion

In conclusion, the chief objective of this study was to examine the relationship between relay, non-relay, external, boomerang successions and sustainability of social enterprise business. The results of this paper showed that all four independent variables have a positive and significant relationship to the sustainability of SEs, with baton-passing being the most effective. All in all, succession planning is critical for the long-term sustainability of an organization. It can be quite challenging, especially in the social enterprise field, where the needs of the society or environment outweigh their own in sustaining their business because

they prioritize social value. Since succession planning is vital for an organization's sustainability, it should be deployed as strategic management by SEs.

References

- Abdullah, M. A., Hamid, Z. A., & Hashim, J. (2011). Family-owned businesses: Towards a model of succession planning in Malaysia. *International Review of Business Research Papers*, 7(1), 251-264.
- Al-Samman, E. (2012). Succession planning: Should it focus only on the top level of management or should it be expanded to the middle level of management as well. *Open University Malaysia (OUM)*.
- Anand, R. (2020). Malaysia's social enterprises battle to stay afloat after stepping up during coronavirus shutdown. *The Straits Times*.
- Austin, Z., & Sutton, J. (2014). Qualitative research: Getting started. *The Canadian Journal of Hospital Pharmacy*, 67(6), 436.
- Bingham, C., Hendricks, B. E., Howell, T., & Kolev, K. (2020). Boomerang CEOs: What happens when the CEO comes back?. *MIT Sloan Management Review*, September, 19-27.
- Booth, M., Shin, H., & Gomez, A. S. (2019). Human resource management challenges in a Slovenian social enterprise: A case study. *International Journal of HRD Practice, Policy and Research*, 4(2), 65-81.
- Bradford, A., Luke, B., & Furneaux, C. (2020). Exploring accountability in social enterprise: Priorities, practicalities, and legitimacy. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 31, 614-626.
- British Council. (2018). *The state of social enterprise in Malaysia*. Retrieved from https://www.britishcouncil.org/sites/default/files/the_state_of_social_enterprise_in_malaysia_british_council_low_res.pdf
- Brunetto, Y., Teo, S. T., Shacklock, K., & Farr-Wharton, R. (2012). Emotional intelligence, job satisfaction, well-being and engagement: Explaining organizational commitment and turnover intentions in policing. *Human Resource Management Journal*, 22(4), 428-441.
- Bryman, A., & Bell, E. (2015). *Business research methods* (5th ed.). Oxford University Press.
- Chia, C. K., Ghavifekr, S., & Razak, A. Z. A. (2021). Succession planning practices and challenges in Malaysia's public universities: A systematic review. *International Online Journal of Educational Leadership*, 5(1), 44-60.
- Coiro, J. (2011). Predicting reading comprehension on the Internet: Contributions of offline reading skills, online reading skills, and prior knowledge. *Journal of literacy research*, 43(4), 352-392.
- Colabi, A. M. (2020). Modeling factors affecting the sustainability of business model. *Public Management Researches*, 13(47), 111-134.
- David, A. (2022). Malaysia's ageing population: Planning for the future. *New Straits Times*.
- Dhakal, C. P. (2018). Interpreting the basic outputs (SPSS) of multiple linear regression. *International Journal of Science and Research (IJSR)*, 8(6), 1448-1452.
- Etikan, I., Alkassim, R., & Abubakar, S. (2016). Comparison of snowball sampling and sequential sampling technique. *Biometrics and Biostatistics International Journal*, 3(1), 55.
- Fiorito, J., Bozeman, D. P., Young, A., & Meurs, J. A. (2007). Organizational commitment, human resource practices, and organizational characteristics. *Journal of Managerial Issues*, 19(2), 186-207.
- Friedman, S. D., & Olk, P. (2004). Varieties of CEO succession. *Global CEO*.

- Gaziulusoy, A. I. (2015). A critical review of approaches available for design and innovation teams through the perspective of sustainability science and system innovation theories. *Journal of Cleaner Production*, 107, 366-377.
- Ghazali, M. T., Rahman, S. A. A., & Ghani, M. A. (2021). A review on competency based succession planning at higher education institution in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 11(9).
- Glenn, T. D. (2016). *NPO succession planning case study: An application of the relay race model of succession* (Doctoral dissertation, Capella University).
- Gogtay, N. J., & Thatte, U. M. (2017). Principles of correlation analysis. *Journal of the Association of Physicians of India*, 65(3), 78-81.
- Gothard, S., & Austin, M. J. (2013). Leadership succession planning: Implications for nonprofit human service organizations. *Administration in Social Work*, 37(3), 272-285.
- Gulzar, S. S., & Durrani, A. (2014). Impact of succession planning on employee engagement in telecommunication sector in Rawalpindi, Pakistan. *European Journal of Business and Management*, 6(37), 274-281.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modelling* (2nd ed.). SAGE Publications, Thousand Oak.
- Hakovirta, M., & Denuwara, N. (2020). How COVID-19 redefines the concept of sustainability. *Sustainability*, 12(9), 3727.
- Hayek, M., Williams Jr, W. A., Taneja, S., & Salem, R. (2015). Effective succession of social entrepreneurs: A stewardship-based model. *Journal of Applied Management and Entrepreneurship*, 20(2), 93.
- Hisrich, R. D., Peters, M. P., & Shepherd, D. A. (2020). *Entrepreneurship*. McGraw-Hill Education.
- Hoffman, A. J. (2018). The next phase of business sustainability. *Stanford Social Innovation Review*, 16(2), 34-39.
- Hoffman, L. (2018). Goldman Sachs is secretive and hidebound. Its new chief wants to change that. *Wall Street Journal*.
- Indeed Editorial Team. (2020). *Descriptive vs. inferential statistics: Key differences*. Indeed. <https://www.indeed.com/career-advice/career-development/descriptive-vs-inferential-statistics>
- Intintoli, V. J. (2013). The effects of succession choice surrounding CEO turnover announcements: Evidence from marathon successions. *Financial Management*, 42(1), 211-238.
- Jalagat, R. (2021). Social entrepreneurship amid COVID-19 pandemic uncertainties. *St. Theresa Journal of Humanities and Social Sciences*, 7(2), 1-13.
- Jayaraman, N., Nanda, V., & Ryan Jr, H. E. (2022). The influence of learning and bargaining on CEO-chair duality: Evidence from firms that pass the baton. *Financial Management*, 51(1), 297-350.
- Jyoti, J., & Rani, R. (2014). Exploring talent management practices: Antecedents and consequences. *International Journal of Management Concepts and Philosophy*, 8(4), 220-248.
- Kadir, M. A. B. A., & Sarif, S. M. (2016). Social entrepreneurship, social entrepreneur and social enterprise: A review of concepts, definitions and development in Malaysia. *Journal of Emerging Economies and Islamic Research*, 4(2), 51-66.
- Kim, T. K., & Park, J. H. (2019). More about the basic assumptions of t-test: Normality and sample size. *Korean journal of anesthesiology*, 72(4), 331-335.

- Leedy, P. D., & Ormrod, J. E. (2019). *Practical research: Design and planning* (12th ed.). Pearson, New Jersey.
- Liew, L. S., Wong, S. C., Lim, C. S., & Rasdi, R. M. (2022). Examining the changing nature of stress: Stress of working from home during pandemic crisis. *Vision*, 09722629221104212.
- Lim, J. (2019). Succession planning is vital for Malaysian family-run companies. *The Edge*.
- Lim, Z. X., Lee, T. H., & Teoh, M. T. T. (2020). Issues on career choices the accounting students' perspective. *International Journal of Research In Commerce and Management Studies (ISSN: 2582-2292)*, 2(5), 59-71.
- Liu, J. (2021). *So your old boss wants you to come back-here's how to negotiate a 'boomerang' offer*. Make It - CNBC. <https://www.cnbc.com/2021/11/09/how-to-think-about-a-boomerang-offer-to-return-to-a-former-employer.html>
- Maguta, H. M. (2016). Effects of succession planning on the performance of non-governmental organizations in Kenya. *International Journal of Scientific and Research Publications*, 6(4), 593-601.
- Malaysian Resources Corporation Berhad. (2022). *Succession planning for the board and senior management*. Retrieved from https://www.mrcb.com.my/assets/images/pages/pdf/cg/MRCB_PG_Succession-Planning-for-the-Board-and-Senior-Mgmt_v0.pdf
- Mandal, N. K., & Subudhi, R. N. (2022). Emerging role of social enterprises during COVID-19 pandemic. In *Future of Work and Business in Covid-19 Era: Proceedings of IMC-2021*, 217-227. Singapore: Springer Nature Singapore.
- Matore, E. M., & Khairani, A. Z. (2020). The pattern of skewness and kurtosis using mean score and logit in measuring adversity quotient (AQ) for normality testing. *International Journal of Future Generation Communication and Networking*, 13(1), 688-702.
- Memon, M. A., Ting, H., Cheah, J. H., Thurasamy, R., Chuah, F., & Cham, T. H. (2020). Sample size for survey research: Review and recommendations. *Journal of Applied Structural Equation Modeling*, 4(2), 1-20.
- Mishra, P., Pandey, C. M., Singh, U., Gupta, A., Sahu, C., & Keshri, A. (2019). Descriptive statistics and normality tests for statistical data. *Annals of Cardiac Anaesthesia*, 22(1), 67.
- Mokhber, M., Gi Gi, T., Abdul Rasid, S.Z., Vakilbashi, A., Mohd Zamil, N. & Woon Seng, Y. (2017). Succession planning and family business performance in SMEs. *Journal of Management Development*, 36(3), 330-347.
- Mondy, R. W., & Mondy, J. B. (2014). *Human Resource Management* (13th ed.). Pearson.
- Monyei, F. E., Ukpere, W. I., Agbaeze, E. K., Omonona, S., Kelvin-Iloafu, L. E., & Obi-Anike, H. O. (2021). The impact of succession management on small and medium enterprises' sustainability in Lagos State, Nigeria. *Sustainability*, 13(23), 13489.
- National Institute of Entrepreneurship Berhad (INSKEN). (2023). *SEMy2030*. <https://semy.com.my/>
- National Museum of Australia. (2022, September 20). *Earliest evidence of the boomerang in Australia*. <https://www.nma.gov.au/defining-moments/resources/earliest-evidence-of-the-boomerang-in-australia>
- Ndubisi, N. O. (2010). The impact of personal culture on sophisticated succession planning by owner-managers of SMEs in Malaysia. *Academy of Entrepreneurship Journal*, 16(1), 41.
- Ogbari, M. E., Akinyele, F. A., & Dibia, K. (2015). Succession planning and its impact on organizational survival. *JORIND*, 13(2).

- Organization for Economic Co-operation and Development (OECD). (n.d.). *Social entrepreneurship & social enterprises*. OECD. <https://www.oecd.org/cfe/leed/social-economy/social-entrepreneurship.htm>
- Osberg, S. R., & Martin, R. L. (2015, May). Two keys to sustainable social enterprise. *Harvard Business Review*. <https://hbr.org/2015/05/two-keys-to-sustainable-social-enterprise>.
- Ozili, P. K. (2022). The acceptable R-square in empirical modelling for social science research. Available at SSRN 4128165.
- Povera, A. (2022). PM: Social enterprises can contribute towards changing nation's economy [NSTTV]. *New Straits Times*.
- Rahi, S. (2017). Research design and methods: A systematic review of research paradigms, sampling issues and instruments development. *International Journal of Economics & Management Sciences*, 6(2), 1-5.
- Raimi, L. (2020). Re-envisioning formal and informal family businesses in Nigeria: The evolution, opportunities, succession model, and sustainability challenges. In *Entrepreneurial Development and innovation in family businesses and SMEs*, 187–205. IGI Global.
- Rutberg, S., & Bouikidis, C. D. (2018). Focusing on the fundamentals: A simplistic differentiation between qualitative and quantitative research. *Nephrology Nursing Journal*, 45(2), 209-213.
- Salau, N. A., & Nurudeen, A. (2022). Succession planning as a panacea to SMEs, becoming a generational enterprise in Nigeria: The moderating role of organizational culture. *Iconic Research and Engineering journals*, 5(9).
- Salleh, L. M., & Rahman, M. F. A. (2017). A comparative study of leadership succession models. *Science International*, 29(4), 791-796.
- Santora, J.C. & Bozer, G. (2015). How nonprofit organizations can ensure stability and sustainability through succession planning: Make HR a strategic partner in the process. *Strategic HR Review*, 14(6). <https://doi.org/10.1108/SHR-09-2015-0069>
- Schleckser, J. I. M. (2022). Should a board consider an insider or an outsider for a CEO succession? *Inc. Magazine*.
- Siambi, J. K. (2022). Leadership succession planning and organization transition: A review of literature. *International Journal of Managerial Studies and Research (IJMSR)*, 10(3).
- Social ventures and business modeling: Becoming a robin hood for ideas. (2010). *MaRS Magazine*.
- Society for Human Resource Management (SHRM). (n.d.). *Engaging in succession planning*. <https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/engaginginsuccessionplanning.aspx>
- Succession planning is key to family business continuity. (2021). *The Star*.
- Tao, R., & Zhao, H. (2019). "Passing the baton": The effects of CEO succession planning on firm performance and volatility. *Corporate Governance: An International Review*, 27(1), 61-78.
- Tur-Porcar, A., Roig-Tierno, N., & Llorca Mestre, A. (2018). Factors affecting entrepreneurship and business sustainability. *Sustainability*, 10(2), 452.
- Ugoani, J. (2020). Management succession planning and its effect on organizational sustainability. *International Journal of Economics and Business Administration*, 6(2), 30-41.
- Uyanık, G. K., & Guler, N. (2013). A study on multiple linear regression analysis. *Procedia-Social and Behavioral Sciences*, 106, 234-240.

- Wadood, F., Akbar, F., & Ullah, I. (2021). The importance and essential steps of pilot testing in management studies: A quantitative survey results. *Journal of Contemporary Issues in Business and Government Vol, 27(5)*.
- Mohammad, W. M., Ahmad, S. N., Kumaraswamy, S., Zaini, M. R., & Nor, M. A. S. (2020). CEO succession origin, types and its effect on performance in Malaysia. *Advanced International Journal of Business, Entrepreneurship and SMEs, 2(6)*, 10-22.
- Yeow, Y. J., & Boon-Kwee, N. (2022). Empowering and sustaining social enterprises. *The Edge*.
- Zhang, Y., & Rajagopalan, N. (2004). When the known devil is better than an unknown god: An empirical study of the antecedents and consequences of relay CEO successions. *Academy of management journal, 47(4)*, 483-500.

Abbreviation

BSP	Boomerang Succession Planning
CEO	Chief Executive Officer
COVID-19	Coronavirus disease
D&I	Diversity and Inclusion
ESP	External Succession Planning
HR	Human Resources
HRM	Human Resource Management
MaGIC	Malaysian Global Innovation & Creativity Centre
MEDAC	Ministry of Entrepreneur Development and Cooperatives
NSP	Non-relay Succession Planning
RSP	Relay Succession Planning
SPSS	Statistical Package for the Social Sciences
SS	Sustainability Science
SSE	Sustainability of Social Enterprise
T&D	Training and Development