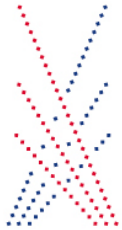

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This paper is from the BAM2019 Conference Proceedings

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Succession Planning in Russian Non-Profits

Abstract

This paper examines the hitherto under-researched area of succession planning in non-profit organisations (NPOs). By employing data from Russian health-related NPOs we find an absence of succession planning arising from both a lack of democratic working practices, and the dominance of organisational leaders. Consequently, the internal structure of Russian NPOs, in combination with a hostile operating environment, contributes to the fragility of Russia's third sector.

Introduction

It is argued that the organisation's leader is a crucial for effectiveness (Herman and Heimovics, 1990). Despite this, while the importance that strategic leadership plays in for-profit organisations and been discussed at length in the literature (see for example, Finkelstein & Hambrick, 1996), studies of nonprofit organisations (NPOs) have thus far paid less attention to the strategic aspect of leadership and management; specifically leadership succession/management transition (Hailey & James, 2004; Lewis, 2003). The small extant literature indicates that a lack of organisational capacity and a limited talent pool arising from low volunteer/staff turnover has often meant that NPOs struggle with succession planning (Hailey & James, 2004). Therefore with this paper, we aim to extend this limited insight and our understanding of leadership transition in NPOs by exploring how such organisations approach management transition. To do so, we draw on qualitative data collected from NPOs in two industrial regions of the Russian Federation. We focus on Russian NPOs because due to the nature and development trajectory of Russia's third sector many, organisations now find themselves in a position where they need to consider management transition.

Succession and Leadership Transition

The topic of succession and the planning for succession at executive level is not new (Giambatista, Rowe, & Riaz, 2005) however much of the literature focuses on for-profit organisations (Cannella & Lubatkin, 1993; Dalton & Kesner, 1985; Hall, 1986; Vancil, 1987; Zhang & Rajagopalan, 2004). Much of this work has centred on succession in small and medium-size firms, and particular family-owned businesses as these tend to struggle with such processes most (Breton-Miller, Miller, & Steier, 2004; Bruce & Picard, 2006; Gilding et al., 2013; Ip & Jacobs, 2006; Motwani, Levenburg, Schwarz, & Blankson, 2006; Sharma et al., 2003, 2003; Stavrou, 2003). In the family business context, the literature highlights that succession is important for the continuity of the firm as well as family harmony (Gilding et al., 2013; Sharma et al., 2003). The latter, carries particular importance within Russian NPOs, as most of these organisations have been shown to revolve around the family and friendship networks (Crotty, 2006, 2009; Henry, 2006; Ljubownikow & Crotty, 2014; Mendelson & Gerber, 2007; Spencer, 2011). The structure of Russian NPOs also creates challenges for succession. Frequently decision making within NPOs dominated by this single individual with limited or no governance structures such as a supervisory board to counter this, (Crotty, 2006; Spencer, 2011). Thus, Russian NPOs often lack the institutionalisation of formalised organisational procedures and the professionalisation, found in other contexts. Consequently, the risk is that once the focal individual exits, the organisation disintegrates (Luong & Weinthal, 1999). These challenges warrant further attention. Additinally, similar to family businesses, the initial founder/focal individual will at some point require replacement (Gilding et al., 2013). Yet research examining Russian NPOs to date has paid little attention to this issue. With many NPOs having been founded in the 1990s and early 2000s, organisations are now coming to a

point where they need to consider executive transition and succession. Thus, in this paper, we ask the research question of how Russian NPOs and their leaders engage in succession planning.

Methodology

In this paper we focus on health and health-related Russian NPOs (hNPOs), through the use of semi-structured interviews. The focus of the data collection process was to establish the *modus operandi* of hNPOs and what role strategic considerations with specific regard to leadership succession played therein. We carried out 24 interviews with the leaders of 12 hNPOs in two industrial regions (see Appendix A for a detailed overview of the organisations). Our qualitative approach enabled us to explore leadership, capacity and succession planning. It also enabled us to capture the respondents' illustration and interpretation of any resultant organisational behaviours. Following Corbin and Strauss (2008) we began the analysis with open coding the resulting material which produced using first-order codes (Gioia et al., 2012). As coding progressed iteratively, we consolidated these first-order codes into more abstract and theoretical relevant second-order themes to identify core categories. We present our findings via illuminating examples.

Findings

Like many other studies of Russian NPOs (Cook & Vinogradova, 2006; Crotty, 2006; Henry, 2006; Ljubownikow & Crotty, 2014; Spencer, 2011), organisations in this study were run by one individual with a limited membership made up mostly of friends, family or close acquaintances of that key individual. Reflecting the insight provided by Spencer (2011), it was also the leader that took all the decisions. While some organisations did appear to have a committee structure it usually provided a veneer of collective decision making rather than actual member and/or staff participation. This was underlined by narratives about leaders 'doing everything' (2.2a), 'making decisions as [the] director' (2.1) or that the leader must have the 'right personality/education' (2.5a; 1.4a). Interviews 2.5a/1.4b were particularly reflective with the respondent frequently beginning sentences with I such as 'I make the final decisions as leader' (1.4b). This dominance was often also underlined by the assertion that leaders assumed 'numerous functions' (1.3a).

As a way to justify their dominance over organisational decision making, leaders of hNPOs used narratives of their centrality to the functioning of the organisations. Reflecting observations made by others (Ljubownikow & Crotty, 2016), leaders emphasised the importance of personal networks and connections for the activities of hNPOs. Hence, leaders reiterated that it was the operationalisation of personal networks which enabled the organisations to get things done. We illustrate this in the following narratives:

> I am a very experienced person…I have been working in the social sphere for a long time. A lot of people know me personally. (2.1a)
>
> I have worked with many specialists due to my professional duties…I use those contacts and connections I just finishing up my career at the Governor's office… (2.3a)
>
> I used to work there [in the administration]. So, I know the people there; they are my former colleagues. (2.3b)
>
> I am a member of the Observing Council of the Krai Rehabilitation Center [a regional administrative oversight body]. I am also a member of the Healthcare Council [another regional administrative body]. I find ways to have influence. 2.7a

> I am definitely an expert. I also take part in commissions of public structures, which gives me the opportunity to collaborate with authorities on all levels. I am also a member of the Governor's Council on the issues of disabled. (1.1a)

With these narratives, hNPO leaders demonstrated their embeddedness within their network and relations that they considered vital for the organisations functioning. Nonetheless, some of the leaders did recognise this key asset rested solely with them and that this could present challenges for their and other organisations as reflected by 2.1b:

> I start asking myself a question, what when this generation of leaders leaves?…it is built on personal relationships.

Succession

Given the above narratives, it was unsurprising that the question of succession planning was not a key issue for organisations. When raising succession with the leaders directly, it was met with ambiguity. Most leaders were prepared to discuss succession but in a more abstract rather than organisation specific way – as for many their personal identity and the identity of the organisation had merged (2.2a). This led to either the highlighting of an unspecified person who would take the reigns after they are gone (2.6a), or and that they would always find a way to be part of the organisation even after they are no longer the formal leader (2.1a). Similar to observations about succession in family business, any replacement would be 'anointed' by the currentt leader (Handler, 1994), rather than through a more collective or open approach (2.1a). As a result all of the hNPOs in this study lacked a clear succession plan (2.7a). The commentary above is illustrated in the narratives below below.

> First of all, if I retire, I can still be a consultant, but the leader will be Nikolai. He is ready to take over the leadership of the organisation. There is also Rafael; he is also ready. (2.1a)

> I have been the head of the organisations all these years. There are specialists, such as psychologists, who are younger. They will pick it up after me! (2.6a)

> In 1997 the head of our organisation tragically passed away in a car accident, and I took his place. Moreover, I still work here [20 years later]. I think it is time to leave. (2.7a)

> And since I was a friend of theirs, for we worked together, they invited me to join right away. This is how we started our collaboration. I started working part time at first, only half a day….then, they got me into it full time. Now, I cannot even imagine my life without the fund. (2.2a)

Conclusion

As a result of conducting a qualitative study of health NPO in two provincial Russian cities, we find that organisations struggle with succession planning. Moreover, hNPOs in Russia mirror some of the insight about the issues of succession planning found within family firms and when they are faced with a generational change over (Breton-Miller et al., 2004; Bruce & Picard, 2006; Giambatista et al., 2005; Gilding et al., 2013; Handler, 1994). Mirroring the wider cultural context, we demonstrate that it is the founder/leader's personal networks that ensure

continuity of NPOs in this study. This leaves hNPOs reliant on their leader's contacts to ensure that the groups continue to operate, giving leaders a 'guru' like status.

Furthermore, we observed leadership ignorance vis-à-vis succession planning – with little or no formal activity taking place beyond that of an 'anointing' by the current leader, or an aspiration that someone will come along and take the reins. If either fails, one has to assume that the future for that specific organisation might look particularly bleak. Other organisations such as 2.1, the leader wished to remain as a 'consultant' after they left, effectively keeping the door open to back seat drive the organisation after they official step down. That said, at least 2.1 did have an idea of a succession plan, even if it lacked transparency or the respondent was unwilling to clearly articulate it.

Taken together however, our insights indicate that Russian NPOs lack the organizational capacity, including governance systems, effective boards, and/or strategic planning processes to effectively plan for the future. Although implementing necessary changes and building organisational capacity requires time, hNPOs in our study could take some initial steps including the introduction of a simple, democratic organising committee. This would help to reduce the power of the leader, and give others within the organisation a chance to develop their own (leadership) skills and interests. This, in turn, would lessen the risk that the organisation would fold when the leader decides to step down, retire, or in the worst case – die. Without addressing the succession issue, a generational change has the potential to reduce organisational diversity and density within Russia's already fragile third sector.

To date, most of the literature on Russian NPOs and its third sector more broadly tends to attribute the fragility of it to an overbearing and hostile state aimed at 'crushing' or suppressing the sector (Ljubownikow & Crotty, 2014; Richter & Hatch, 2013; Skokova, Pape, & Krasnopolskaya, 2018). Our paper, however, also shows that some of the fragility of the sector is also directly attributable to organisations themselves, and their lack of long-term strategic considerations and planning. This is particularly true with the Russian state more recently providing legislative and resource advantage to socially focused NPOs (Skokova et al., 2018), a category into which hNPOs do tend to fall. It is now up to these organisations to make themselves and thus the third sector more resilient.

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APPENDICES

Appendix A: Overview of Participating Organisations

Organisations in Samara (Region 1)		
Code	Interviewees	Organisational Objective
Organization1: Interview 1a Interview 1b	Director/Founder	- protect the rights of the disabled - promote equality of the disabled to participate in all aspects of life - promote the integration of the disabled into society
Organisation 2: Interview 2a Interview 2b	Managing Director	- assist children and their families in difficult life situations
Organisation 3: Interview 3a Interview 3b	Managing Director	- medical, social, psychological and spiritual help for people with terminal cancer and their families
Organisation 4: Interview 4a Interview 4b	Director/Founder	- protect rights and interest of children living with cancer - promote charitable giving to raise money to help with care for children living with cancer
Organisation 5: Interview 5a Interview 5b	Director/Founder	- promoting the prevention of HIV infection amongst the youth - promoting faithfulness and safe sex
Organisations in Perm (Region 2)		
Organisation 1: Interview 1a Interview 1b	Managing Director	- supporting people with drug addictions - acting as a resource centre for other drug-focused organisations
Organisation 2: Interview 2a	Managing Director	- supporting children living with cancer and their families
Organisation 3: Interview 3a Interview 3b	Director/Founder	- assist children and their families in difficult life situations
Organisation 4: Interview 4a Interview 4b Interview 4c Interview 4d	Managing Director Deputy Director/Founder	- help at-risk children and teenagers - empower vulnerable children and teenagers to live a healthy, independent lifestyle, by providing psychological, medical, material and legal support.
Organisation 5: Interview 5a Interview 5b	Director/Founder Chief Operating Officer	- provision of charitable help for socially challenged citizens, involving drug and alcohol users, HIV/AIDS - building of scientific foundation and promotion of a united antidrug policy among specialist of government and non-government groups; - initiation, development, and realisation of antidrug projects and programs, and HIV/AIDS prophylaxis programs
Organisation 6: Interview 6a	Director/Founder	- medical, social, psychological and spiritual help for people with terminal cancer and their families

Organisation 7: Interview 7a Interview 7b	Managing Director	- protect the rights of the disabled - promote equality of the disabled to participate in all aspects of life - promote the integration of the disabled into society