Nonprofit Executive Succession Planning and Organizational Sustainability


Summary: This paper compares five articles on nonprofit research findings about executive succession planning in six countries (Australia, Brazil, Israel, Italy, Russia and the United States), and whether the executive director chosen was an internal or external candidate. Researchers collected the data from each country by conducting computer-assisted interviews and online surveys. The study helps fill in gaps in nonprofit literature about how countries other than the US manage executive succession.

Who can benefit from this research: This research is useful for individuals interested in how executive succession planning in US nonprofit organizations compare to other countries across the world. It could also be beneficial for American nonprofits to see what organizational sustainability looks like in other countries, particularly depending on whether the organization prioritizes succession planning or not.

The primary findings:

- **Background:** The data gathered from multiple nonprofit governance surveys demonstrate that the majority of small and large nonprofit organizations have not planned for executive succession. Various reasons are put forth for this lack of planning, such as the executive director (ED) fearing the loss of power, having feelings of immortality, and being in denial of the inevitable. Other explanations given for lack of succession planning include the organization being too small for a plan and it simply not being a priority.

- **Age:** The ages of the respondents demonstrate that EDs are an aging population. Executives in Australia, the US, Brazil, Italy and Russia are on average, older than those in Israel, meaning that succession planning may be more crucial in those countries than it is in Israel. This could be especially true if
the EDs follow the common trends of nonprofit executives and choose to leave their positions after five years or less.

- **Gender**: On average, female nonprofit executives are slightly more common than male executives. These findings contrast with for-profit executive data, where males strongly dominate the majority of CEO positions.
- **Education**: The majority of EDs surveyed had received university and postgraduate education, with the Israeli EDs having the highest rate of graduate degrees and thus being the best educated.
- **Succession Planning**: Executives from all six countries admitted that succession planning is not a priority for them and a very small percentage had any formal plans.
- **Insider-Outsider Selection**: Executives from Australia, Brazil, Israel and the US are more likely to choose an outsider to replace an executive, whereas Italian and Russian executives more often prefer to choose an insider. For smaller nonprofit organizations, it is likely that they will not have enough qualified internal candidates to choose from for the position of ED, nor the capacity to develop the skills of insiders so they can be effective executives. Not even the second in command is necessarily guaranteed the ED position due to the possibility that they may not have the necessary experience nor provide a new perspective that organizations experiencing executive succession often want.

The type of organization might make the most use of this research: Small nonprofit organizations could take away the most from this research because their sustainability and existence could be in jeopardy if succession planning does not take place.

When this research is useful:

- This study expands nonprofit professionals’ understanding of how various nonprofits all over the world confront many of the same issues, particularly in regards to succession planning and the decision to choose an insider or outsider as the executive.
- This study is particularly useful as evidence for the urgent need for executive succession since the baby boomer generation is nearing retirement age and will result in a significant dearth of qualified executives.
- The global trend of disregarding succession planning identified in this study could point to a notable lack of nonprofit leadership, which requires a succession strategy, training, mentoring and coaching.
How this research informs practice:

● This study reminds readers that nonprofit organizations with strong succession plans help preserve the current culture of the organizations as they grow and experience different boards and executive directors. Therefore, it is important for nonprofits to begin building succession practices early in preparation for inevitable executive and board succession.

● According to this article, nonprofits should focus on building viable organizations by effectively communicating expectations and engaging all organizational members in the organization’s mission and direction.

● Additionally, nonprofits should link succession planning to strategy so that all key stakeholders share in the advantages of having a cohesive strategy leading to smooth succession outcomes and bolstering organizational culture.

Keywords/phrases: Executive succession planning; organizational sustainability; insider-outsider