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Delegation strategy for achieving success of transport companies in South-East Nigeria

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Abstract

Delegation is a process that involves assigning important tasks to subordinates, giving subordinates responsibility for decisions formally made by the manager, and increasing the amount of work-related discretion allowed to subordinates. This study, therefore, sought to explore the effect of delegation on product innovation in selected motor transport companies in south east Nigeria. Cross sectional survey research design was used for the study, the population of this study was all motor transport firms in South-East, Nigeria. The study found that there was positive relationship between delegation and product innovation ($r = .889^*$, $p = 0.016 < 0.05$).

Keywords: Succession planning, Job rotation, Sustainability, Customer satisfaction, pathfinder.

Estrategia de delegación para lograr el éxito de las compañías de transporte en el sureste de Nigeria

Resumen

La delegación es un proceso que implica asignar tareas importantes a los subordinados, otorgarles la responsabilidad de las decisiones tomadas formalmente por el gerente y aumentar la cantidad de discreción relacionada con el trabajo permitida a los subordinados. Por lo tanto, este estudio buscó explorar el efecto de la delegación en la innovación de productos en compañías de transporte de motor seleccionadas en el sureste de Nigeria. El diseño de investigación de la encuesta transversal se utilizó para el estudio, la población de este estudio era todas las empresas de transporte de motor en el sudeste de Nigeria. El estudio encontró que había una relación positiva entre la delegación y la innovación Del producto ($r = .889 *$, $p = 0.016 < 0.05$).

Palabras clave: Planificación de la sucesión, Rotación laboral, Sostenibilidad, Satisfacción del cliente, Pionero.

1. INTRODUCTION

Corporate sustainability is the maintainable growth level in the corporate performance indices of an organization (CROWDER, 2002). It concerns the effect which action taken in the present has upon the options available in the future. Succession planning is a talent management process that builds a pool of trained workers who are ready to fill key roles when leaders and other key employees step down. Organizations with succession planning programs in place foster a talent-oriented culture by recruiting skilled workers and top talent. Once recruited, businesses focus on developing these workers' skills, expertise and knowledge so they are prepared to take on leadership roles in the event of organizational growth, talent loss or management turnover. A change

in leadership can be sparked by more than a resignation — an employee might retire, get fired, get sick, take leave or quit without notice. Succession planning ensures there is a strategy in place for someone to step in, get promoted and take over that person's duties without a loss in productivity and morale (WHITE, 2018). However, the goal of succession planning is not to prepare one person to take over a specific role. That is called replacement planning, which is different. Succession planning relies on a large pool of talented workers ranging from entry-level to senior leadership who are being prepared for key roles. These employees have the right skills, energy and leadership qualities that will benefit the company across a spectrum of roles, departments and seniority levels. Replacement planning is linear you are preparing a worker to take over or replace specific senior management positions; succession planning is about cultivating a flexible, large selection of talent. Thus, one of the benefits of succession planning is reduced risk associated with a loss of experienced worker.

WHITE (2018) states that the process of succession planning is unique to each company, but there are general guidelines that you can follow to help businesses create a successful succession strategy, these include: identify the most important roles in the organization that would need to be filled quickly if that employee exits the organization; define the main responsibilities, competencies and requirements for each job, including what personality traits best suit the role; use the established criteria to assess candidates and to determine who has the potential to grow into a leadership position; establish a talent pool of

workers who are qualified to eventually fill key roles in the organization; develop these employees through training and valuable work experience so they're ready to take over leadership positions when the time comes.

Delegation is a skilled practice of engaging and sharing with others work and decisions the leader or manager would have to otherwise carry out herself (GHUMRO, MANGI, & SOOMRO, 2011). Delegation is a process that involves assigning important tasks to subordinates, giving subordinates responsibility for decisions formally made by the manager, and increasing the amount of work-related discretion allowed to subordinates, including the authority to make decisions without seeking prior approval from the manager (THERESE, STEVE & JEROME, 2014).

HAMDAN, AKIF and MOHAMMAD (2015) outlines four main benefits of delegation as: (1) delegation satisfies managers' need for achievement and autonomy, thereby providing a stimulus for motivation and more entrepreneurial behavior; (2) delegation reduces work overload of upper managers; (3) delegation provides a training ground for the more complex strategic decisions that managers are likely to encounter in senior managerial positions; and (4) delegation places decisions at levels where there may be greater expertise about particular issues than possessed by the supervisor, providing additional information processing benefits to the organization which may result in more efficient and better quality decisions. Thus, the Western organization behavior and organization theory literatures have long

acknowledged the positive relationship between delegation and job related outcomes, such as subordinate performance and job satisfaction.

Succession Planning is a means of identifying critical management positions, starting at the levels of project manager and supervisor and extending up to the highest position in the organization. It is about filling the organization's talent pipeline and building internal bench strength. It is about leveraging the talent that the organization already possesses by developing it to full potential. The focus is on developing employees so that the motor transport organization has a pool of qualified candidates who are ready to compete for key positions and areas when they become vacant (COTTER, 2014). YIFTACHEL (2016), defines succession planning as the process of identifying the critical positions within an organization and developing action plans for individuals to assume those positions. Taking holistic view of current and future goals, this process ensures that the organization has right people in the right jobs and in the years to come.

Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available (WELSH & HUIZINGA, 2017). It is the process of locating and grooming new leaders who are capable of replacing older ones when they relocate, retire or lose their lives. Succession planning makes it possible for knowledgeable and experienced employees that are ready to take over incumbents' roles to be prepared as the roles become available. It focuses on manpower planning activities

involving identifying and developing people to take up key positions when the positions become available (KOLHATKAR & BANERJEE, 2015). Moreover, most leadership and managerial positions are tenured in accordance with one of Fayol fourteen principles of management (1845-1925).

In the early twentieth century, the French industrialist and writer Henri Fayol argued that management consists of a set of activities that are common to all organizations. In 1916, he published his experience in the book *Administration Industrielle ET Générale*, where he developed his fourteen principles of administration. Fayol claimed that management has the responsibility to ensure the long-term stability of tenured personnel and that if that stability were ignored, then key positions in an organization would be filled with ill-prepared workers. That claim is as true today as it was in 1916. The strength of an organization lies within its people, and when people become more skilled and prepared, the organization benefits (FAYOL, 1918).

In practice, succession planning has been as old as man, but the practice was developed academically by Mahler. The first book that addressed the topic of succession planning fully was "Executive Continuity" by Walter Mahler in 1971. Mahler was responsible in the 1970s for helping to shape the General Electric succession process which became the gold standard of corporate practice (TANG, HULLAND & ROTHENBERG, 2015).

Business succession planning (anchored on effective delegation among others) is an important tool for effective operation of a

business, especially for business owners who are nearing retirement (Redman, 2006). By making business succession arrangements early, helps owners to make a smooth transition and minimize any negative effects of their departure on the company. The following are the importance of business succession planning especially for small business owners.

i. Continuing the Business

According to GUNDER (2016), the first point to consider in business succession planning is whether the company will continue to operate after the owner departs. Some business owners choose to simply liquidate the assets and close the business when they are no longer involved, while others wish for the company to continue without them. If the owner decides the business should continue, one of the most important decisions in business succession planning is choosing a successor (GUNDER, 2016).

ii. Choosing a Successor

A successor is chosen by appointing a family member, employee or other individual to take the owner's place. Designating a successor in advance, (GROYSBURG AND BELL, 2016) would help simplify the transition and set appropriate expectations. In addition, by

providing guidance for the continued operation and future leadership of the business, employees can feel secured in their jobs.

iii. Managing Debt

Many business owners have bank loans or lines of credit that help them operate their companies. What many people may not realize is that, upon a business owners' death or severe disability, lending institutions have the right to call in the debt and force repayment of the loans. GOLDSMITH and CARTER (2017) aver that as business succession plan takes outstanding debt and lines of credit into account and provides information on how to manage debt repayment. Particular funds or assets can be selected to repay loans and should be indicated in the business succession plan.

iv. Minimizing Taxes

In addition, GOERGEN (2017) states that a well-crafted business succession plan uses strategies that minimize the tax consequences of any transfers of ownership or control of a company. Taking advantage of this opportunity to make larger gifts tax-free is another way to reduce a business owner's potential tax liability. However, it is important to coordinate business gift-giving with any other estate plans a business owner may have known that it is essential to properly document and finalize any business succession plans. He further adds that if you are a

business owner, contact a knowledgeable attorney in your area to create a business succession plan for your company.

Delegation is a skilled practice of engaging and sharing with others work and decisions the leader or manager would have to otherwise carryout herself (GHUMRO, MANGI, & SOOMRO, 2011). Delegation is a process that involves assigning important tasks to subordinates, giving subordinates responsibility for decisions formally made by the manager, and increasing the amount of work-related discretion allowed to subordinates, including the authority to make decisions without seeking prior approval from the manger (THERESE, STEVE & JEROME, 2014).

REGINALD AND NANCY (2012) define delegation as “the process managers use to transfer formal authority from one position to another within an organization and, thus, to put authority system they have designed into place”. OLIVER (2011) defines delegation as the sharing or transfer of authority and associated responsibility from an employer or “superior” having the right to delegate to an employee or subordinate. From these perspectives, delegation becomes a prescriptive framework for managers, rather than a commonplace denotation. The first part of someone learning your job is about the work and a succession conscious leader must give his trusted subordinate opportunities to practice working at all level. Succession planning has become really important for managers and executives in the current business world because, now they have begun to understand the importance of securing their companies eventually by selecting future leaders (WHITE, 1987).

2. METHODOLOGY

The study adopted a survey method. The population of the study consists of all transport companies in South-East of Nigeria. The target population under study was therefore two thousand seven hundred and seventy-nine (2779) transport companies in South-East of Nigeria. The target respondents were the owners and top management staff of the selected firms. Systematic random sampling technique was employed in the selection of four hundred and ninety-four (494) from the total firms' population. Data for the study was collected from the primary source through questionnaires that were self-administered to the owners and top management staff of the selected firms.

All the four hundred and ninety-four (494) questionnaires administered were returned and used for the data analysis. Information collected through the questionnaire was analyzed with frequency distribution and percentage table. Test-retest method was used to determine the reliability of the instrument while Spearman Rank Correlation Coefficient was used to determine the Coefficient of the reliability of the instrument. The result (r) is 0.87 which indicate that the research instrument (questionnaire) in this study is very reliable.

3. RESULTS AND DISCUSSION

A total of four hundred and ninety-four (494) five hundred copies of questionnaire were distributed to prospective respondents of

the selected transport companies in South-East of Nigeria and all were returned; and used for data analysis.

Table 1 shows that 494 (100%) of the distributed copies of the questionnaire were returned and used.

Table 1: Bio data of Respondents

Age Distribution	Frequency	Percentage
Below 20 years	2	1
21 - 30 years	93	19
31 - 40 years	127	26
41 – 50 years	214	42
Above 51 years	58	12
Total	494	100
Gender Distribution	Frequency	Percentage
Female	81	16
Male	413	84
Total	494	100
Educational Qualification	Frequency	Percentage
O’Level	130	26
OND/NCE	154	31
B.Sc./HND	170	35
Higher Degree	40	8
Total	494	100
Staff Category	Frequency	Percentage
Senior	46	9
Junior	448	91
Total	494	100
Work Experience	Frequency	Percentage
Less than 5 years	50	10
6 - 10 years	177	36
11 - 15 years	172	35
16 – 20 years	70	14
Above 20 years	25	5
Total	494	100

Source: Field Survey (2019)

127 (26%) are between 31 – 40 years, 214 (42%) are between 41-50 years while 58 (12%) are above 50 years. This implies that majority of the respondents are between 41-50 years. The table also shows that 81 (16%) of the respondents are female while 413 (84%) are male. Clearly, the majority of the respondents are male. Furthermore, the data contained in the table reveals that 130 (26%) have O'Level qualification, 154 (31%) of the respondents have OND/NCE, 170 (35%) have B.Sc./HND or its equivalent, while 40 (8%) of the respondents have higher degree qualification. Thus, the majority of the respondents possess B.Sc./HND, closely followed by OND/NCE. Staff category data indicates that 46 (9%) of the respondents are senior staff while 448 (91%) are junior staff. It is deduced that majority of the respondents are members of junior staff category. Lastly, it can be observed from table 4.2 that 50 (10%) of the respondents have less than 5 years of work experience, 177 (36%) have 6-10 years of work experience, 172 (35%) of the respondents have 11-15 years of work experience, 70 (14%) of the respondents have 16-20 years of work experience while 25 (5%) have above 20 years work experience. This implies that majority of the respondents have 6-10 years of work experience closely followed by respondents with 11-15 years of work experience who are qualified to give informed opinion on the research objectives.

Table 2: the relationship between delegation and product innovation

S/N	Questionnaire items	SA	A	U	D	SD	TOTAL
1	Delegation gives me a chance to depend on myself in achieving goals in my organisation.	276 (56%)	112 (23%)	54 (11%)	24 (5%)	28 (5%)	494
2	Delegation increases principality and	289 (58%)	137 (28%)	42 (9%)	15 (3%)	11 (2%)	494

	initiative to prove oneself and excellence in performance						
3	Delegation leads to offer me an opportunity to discover creative and effective managerial leads	280 (57%)	140 (28%)	59 (12%)	10 (2%)	5 (1%)	494
4	Delegation helps me to be creative and improves innovation in my organisation.	233 (47%)	136 (28%)	86 (17%)	22 (5%)	17 (3%)	494
5	In new product and service introduction, our company is often first-to-market.	211 (43%)	200 (41%)	51 (10%)	21 (4%)	11 (2%)	494
6	Our new products and services are often perceived as very novel by customers.	294 (60%)	130 (26%)	44 (9%)	14 (3%)	12 (2%)	494
7	We continuously modify design of our products and rapidly enter new emerging markets.	231 (27%)	214 (43%)	32 (6%)	9 (2%)	8 (2%)	494
8	During the product development we consider the principles of sustainable development and product life cycle	245 (50%)	230 (47%)	17 (3%)	2 (0%)	0 (0%)	494
	Grand Total/ Percentage	3358 (85%)		385(10%)	209(5%)		3952

Source: Field Survey (2019)

Table 1 indicates that 3358 (85%) of the respondents are in agreement category. Thus, 209 (5%) of the respondents are in disagreement category while 385 (5%) of the respondents are in undecided category. This shows that there is a positive relationship

between delegation and product innovation. Delegation has significant relationship with product innovation.

Table 3: Correlations

		PRODINNO	Delegation
PRODINNO	Spearman's rho	1	.889*
	Sig. (1-tailed)	.	.016
	N	494	494
Delegation	Spearman's rho	.889*	1
	Sig. (1-tailed)	.016	.
	N	494	494

*. Correlation is significant at the 0.05 level (1-tailed).
 PRODINNO = Product Innovation

The Spearman’s bivariate correlation result in table 4.10 shows that delegation has a positive and significant relationship with delegation; $r(494) = .889^*$, $p = 0.016 < 0.05$. Thus, the alternate hypothesis which states that delegation has a positive relationship with product innovation is accepted and the null hypothesis rejected.

Hypothesis three was tested with Spearman’s bivariate correlation to determine the nature of relationship between delegation and product innovation. The result revealed a positive relationship between delegation and product innovation ($r = .889^*$, $p = 0.016 < 0.05$) leading to the acceptance of the alternate hypothesis and rejection of the null hypothesis. The implication of this is that when certain duties are delegated to the employees it make them perceive that their managers are valuing their contribution or that the managers

are recognizing that they are intelligent, which can lead to employee satisfaction and subsequently greater productivity and product innovation. This finding is in line with NJINE, NZULWA, KAMAARA, and OMBUI (2017) who found that delegation of responsibilities and innovation performance are positively and significantly related.

4. CONCLUSION

The study concluded that delegation of authority has increased innovation, lessen the functional burdens of the manager because delegation places decisions at levels where there may be greater expertise about particular issues than possessed by the supervisor, providing additional information processing benefits to the organization, which may result in more efficient product innovation, and better quality decisions. It was further concluded that delegation can be viewed as a mechanism that builds and nourishes superior-subordinate relationships. Delegated responsibility sends signals of trust and competence to the subordinate contributing to the social bonding within the dyad.

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