SUCCESSION PLANNING AND RETENTION STRATEGY

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Abstract
Succession Planning play a vital role in today's business operations as it is the core element of Human Resource functions inside the organisation. The study is aimed to make a relationship between succession planning and Retention strategy practices in organisations. As economic globalisation has become more pronounced the ability of organisations to complete in the global marketplace is all the more tied to the quality of their human resources. According to Ruthwell (2005), succession planning and employee retention form part of action HR planning which is concerned with staffing and both have a direct impact on reducing staff turnover. Armstrong (2003) says the main aim of succession planning is to ensure that suitable managers are available to fill vacancies created by promotion, retirement, death or leaving and ensures that a cadre of managers is available to fill the new appointments that may be established in the future. The purpose of this paper is to identify the relationship between Succession planning and retention strategy through the literature survey.

Key Words: Succession Planning, Retention Strategy, Recruitment, Selection, Performance Management, Training and Development.

Introduction to Succession Planning & Retention Strategy

Succession planning can be defined as a "systemic, long-term process of determining goals, needs, and roles within an organization and preparing individuals or employee groups for responsibilities relative to work needed within an organization" (Luna, 2012, p. 60). Succession planning was initially conceived of as a risk management strategy designed to mitigate the loss of key leaders in large organizations (Rothwell, 2010). Over time, however, succession planning has evolved into much more than this. Today, succession planning serves as a tool to manage knowledge and change, develop leadership capacity, build smart teams, and retain and deploy talent in a manner that helps an organization operate to its greatest potential (Groves, 2003). Doing so is increasingly important for several reasons. First, as Fink (2010) notes, individuals are becoming more and more strategic in their own career development and job searches. It is, therefore, increasingly important that organizations follow suit and develop strategies to ensure that they are able to attract and retain talent. Second, the complex nature of work and business in both the private and public sectors means that organizations cannot rely on the serendipitous replacement of talent, nor can they expect to have a pool of willing and qualified candidates ready and waiting, even during a recession (Fink & Brayman, 2006; Zepeda et al., 2012). Organizations must be proactive in identifying and developing qualified talent that can be called upon during both expected and unplanned succession events. Third, and importantly, planning for succession is necessary to maintain and develop knowledge and talent in a volatile political economy marked by international competition and the omnipresent need to be cost effective (Griffiths, 2012). By effectively planning for succession, organizations can realize cost savings and achieve the synergies necessary to thrive within the rapidly evolving contexts in which they operate. Finally, effective succession planning instills confidence in the employees of an organization (Bolt, 1989) and improves buy-in to the organization's culture (Clunies, 2007). These are critical components not only of the successful operation of an organization on a day-to-day basis, but of the longer-term satisfaction and retention of employees.

Companies have been wrestle with ways to identify, develop, and retain their talent for decades. So, why is succession planning suddenly popping up on every company's radar screen? Today's organizations are facing higher demands in a global market with the retirement of the Baby Boomers and the widening talent gap.

Drotter and Noel (2001), define succession planning as a process for identifying and developing internal people with the potential to fill key business leadership positions in the company.

The term succession refers to a systematic process of identifying and developing candidates for leadership or management positions Sheila and Bentham (1999). An effective implementation of a succession plan helps to build strong leadership and departmental relationships and enables an organization to frequently review the organizational goals Pooja, (2013). It is beneficial for the business because retaining employees reduces costs spent in hiring and training new employees to replace lost ones, Nzuve, (2008).

Armstrong (2012) defines management succession planning as the process of assessing and auditing the talent in the organization in order to answer three fundamental questions: Are there enough potential successors available who can take roles in the longer term? Are they good enough? Do they have the right skills and competences for the future?

An ASSOCHAM Business Barometer (ABB) survey has revealed that India Inc. Has a long way to go for putting in place its succession plan at top level. The ABB survey of 275 leading managing consultants, corporate, academicians and professionals on 'Missing Link in Succession Plan' found that only a few companies in India formulate and effectively implement succession planning for the key positions in their organisation's structure. This was confirmed by 75% of the ABB respondents.

Abbasi and Hollman (2000) refer to employee retention as the ability of an organization to retain its employees or the practice of reducing turnover of employees. Heneman and Judge (2006) highlight four distinct types of employee turnover categorized as: involuntary turnover, instigated by the employer that comprises of discharge or downsizing and voluntary turnover categorized as avoidable and unavoidable turnover. Armstrong (2012), puts an emphasis on selection and promotion procedures which he says should always meet the capacities of individuals and demands of work. He adds that management ought to conduct attitude and opinion surveys on potentially employees at risk who are usually the key talent of the organization.

 Tunje Grace Salama, in his study(2014) on Relationship between succession planning practices and employee retention in large media houses in Kenya, concluded that there is a positive relationship between the same.

Chew (2005) did a comparative study on achieving organisational prosperity through employee motivation and retention at Malaysian Institutions and found that while focus on competitive pay packages to attract and retain talented cadres is clearly effective in manifesting job motivation, complimentary strategic HR practices are profoundly important in reducing staff turnover.

Nyamekye (2012) did a study on impact of motivation on employee retention at standard chartered bank in Ghana and concluded that 65% of the workforce had no intention to leave their organization and they all had long-term career plans. This was attributed to the fact that the organisation appropriately redirects its retention intervention strategy in consonance with the valence of employees such that pay rise always factors in the inflation rates.

Chepkwony (2012) did a study on the link between talent management practices, succession planning and corporate strategy amongst commercial banks in Kenya and found that there is a direct link between talent management practices, succession planning and corporate strategy. He also found out that banks rely on management trainees as part of the retention strategy of which only as small percentage are retained over a period of five years.

Eshiteti et al (2013) researched on effects of succession planning programs on staff retention amongst sugar companies in Kenya and concluded that succession planning programs emerged as a strong factor influencing staff retention mainly through provision of employee growth opportunities and job satisfaction.

Need for the Study
Based on the Amendment in Company Act 2013, On 17th April 2014 SEBI (Securities Exchange Board of India) amended Clause 49 of the Listing Agreement. This will   come into effect on 1st October 2014. One of the key changes includes Succession Plan for Board/Sr. Management. In page no 7 of its circular under point No 2.c insists about Succession planning.
The study will be useful to senior managers and board of directors of all the organisations who will be given insights on how to ensure their succession plans are well implemented geared towards employee retention. The success or failure of any organisation is the hands of the people who decide the future of it. The attitude of the manpower who occupy key positions, determines the fate of the establishment. Endeavours succeed or fail because of the people involved. Great deeds are accomplished only by attracting the best and talented people. It is often said that people are the hidden asset in the Balance Sheet of any organization. No company or firm or institution in any part of the globe can attain any mission / objective / goal without having human resource. Human resource is always considered as the building block of any organisation. Why are companies still failing to make succession planning a top priority? Companies are investing in other processes of talent management over succession planning. Companies can overcome this obstacle by linking succession planning to other key areas that will make the employee lifecycle a complete experience. Follow-up interviews with end-users reveal that they are looking for a holistic approach to succession planning.

Hr Functions and Succession Planning
HRM practices refers to organisational activities directed that managing the pool of human resources and ensuring that the resources are employed towards the fulfilment of organisational goals (Davd, 2006). According to Softscape's 2010 State of Global People Management worldwide survey of human resources (HR) leaders, organizations with fully integrated HR and talent processes, systems, and data outperform those organizations that have not integrated by 41% across twelve key HR and business operating metrics.

According to Aaron Sorensen, Ph.D., and Susan Mlot, Axiom Consulting Partners 'The boards of directors at many organizations seek help in fulfilling their succession-planning responsibilities and the HR leader is in a perfect position to provide that help. Clarify the role and the responsibilities you're capable of taking on. Familiarize yourself with leadership assessment tools and bring data to the discussion. Take the initiative to turn succession planning from an episodic HR scramble into a core business process. The results will serve the entire organization for years to come'.

Torrington et al (2011) say to enhance recruitment and retention, organizations need to make themselves attractive to talent and current thinking focusing on employer branding through marketing the organization to their employees and potential employees in the same way they market their brands to customers. They cite that human resource planning requires talented people to be matched to the right jobs at the right time doing the right things.

Reid and Barrington (2001) suggest that organizations that have a reputation for training find it easier to recruit high quality staff. This is because trained workers are likely to be more flexible and able to undertake a range of jobs within the organisation. Trained employees may also be more committed to the organization and less likely to leave for other jobs.

Cascio (2006) defines performance as working effectiveness, that is, the way in which somebody does a job, judged by its effectiveness. Armstrong (2009) says a principle feature of performance management is that it connects the objectives of the organization to a systematic work targets for individual employees. Effective performance management can make a major contribution towards the achievement of business objective while maximizing the contribution of employees Cornelius.

Raymond et al (2011) say for some years research has strongly suggested that employers benefit from ensuring that potential employees gain a realistic job preview before they take up a job offer. The purpose is to make sure new staff enter the organization with their eyes wide open and do not find that the job fails to meet their expectations. They define a psychological contract as a description of what an employee expects to contribute in an employment relationship and what the employer will provide the employee in exchange for those contributions.

Recruitment & Selection
Recruitment can be defined as searching for and obtaining a pool of potential candidates with the desired knowledge, skills and experience to allow an organisation to select the most appropriate people to fill job vacancies against defined position descriptions and specifications. Once a pool of candidates has been identified through the recruitment process the most appropriate candidate, or candidates are identified through a selection process including but not limited to interviewing, reference checking and testing. The purpose of the selection process is to ensure that the best person or people are appointed to the role or roles using effective, fair and equitable assessment activities.

From Smith and Robertson (1986) to Woodruffe (1993) to O'Reilly and Pfeffer (2000) to Pilbeam and Corbridge (2006) to the most up to date in Taylor (2010), Armstrong (2010) and Gunnigle (2011)- lots of different people have weighed in with their opinions on how organisations can improve their recruitment and selection methods. The idea of recruitment and selection was once just to fill the vacant position as soon as possible and forget about it again but this has changed dramatically- with hundreds of people exploring this area in the hope to find the perfect method.

Froschheiser (2008) has claimed that putting the wrong person into the wrong position just to fill it can have dire consequences to your organisation, it may cause poor employee morale, low productivity and lost opportunities- all of which will have a negative impact on your organisations bottom line. As a result of this there is increasing pressure on organisations to ensure that they implement the best recruitment and selection method applicable to their organisation or industry otherwise they risk becoming uncompetitive. Turner (2010) backs this up with this when he claims that the success of any organisation depends on its ability to get the right people, in the right place at the right time.

Training & Development
Nadler (1984:1.16) noted that all the human resource development activities are meant to either improve performance on the present job of the individual, train new skills for new job or new position in the future and general growth for both individuals and organization so as to be able to meet organization's current and future objectives. Adeniyi (1995) observed that staff training and development is a work activity that can make a very significant contribution to the overall effectiveness and profitability of an organization. He therefore, provides a systematic approach to training which encases the main elements of training. The effectiveness and success of an organization therefore lies on the people who form and work within the organization. It is very difficult for an employee to perform well at the job place without any pre-training (Thomas N. Garavan, 1997). Trained employees perform well as compared to untrained employees (Partlow, 1996; Tihanyi et al., 2000; Boudreau et al., 2001). It is very necessary for any organization to give its employees training to get overall goals of the organization in a better way (Flynn et al., 1995; Kaynak, 2003; Heras, 2006). Training and development increase the overall performance of the organization (Shepard, Jon et al., 2003). Although it is costly to give training to the employees but in the long run it give back more than it took (Flynn et al., 1995; Kaynak, 2003; Heras, 2006). Every organization should develop its employees according to the need of that time so that they could compete with their competitors (Carlos A. Primo Braga, 1995).

Performance Management
Performance Management is defined by Armstrong (2009: 1) as a 'systematic process' to improve the performance of a company by developing the individual's and team's performance. For these outcomes to be reached Performance Management should be understood and applied utilising an 'agreed framework of planned goals, standards and competency requirements'. According to Armstrong, today's Performance Management is implemented into organisations through the progression of 'management by objective and performance appraisal that were developed some time ago' (Armstrong, 2009: 2).

Quality is the characteristic of products or services that bear an ability to satisfy the stated or implied needs (Kotler & Armstrong 2002). It is increasingly achieving better products and services at a progressively more competitive price (Stoner 1996). Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behavior (Armstrong 2000). Kenney et al. (1992) stated that employee's performance is measured against the performance standards set by the organization

Promotion & Career Development
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People are expected to engage in career management behaviour and opting for career opportunities. Moreover, changing jobs is increasingly seen as a desire for personal and professional growth, rather than a signal of personal instability or indecision (e.g. Kanchier and Unruh, 1987; Miller-Tiedeman, 1987).

Thus, while objective success refers to salary or hierarchical position career success also comprises the beholder's subjective success, i.e. an individual's evaluation of his or her career (Abele and Wiese, 2008; Abele and Spurk, 2009b; Dette, Abele

and Renner, 2004; Dries, Pepermans and Carlier, 2008; Heslin, 2003; Heslin, 2005; Judge et al., 1995; Ng et al., 2005; Nicholson and de Waal-Andrews, 2005)

Developing Leadership Qualities
The concept of leadership comprises of three aspects; people, goals and influence. Leadership is influential action and is used to achieve goals. Leadership is people driven and the ability to inspire people helps to achieve the set goals of an organization. (Daft & Kendrick & Vershinina 2010, 565.) Leadership can be seen as a tool or a process of motivating people. The motivation aims to achieve particular goals by the action of those people. The different styles of leadership derive from different ways of motivating people, different kind of goals and the nature of the organizations. (Hannagan 2008, 40.)

According to Wart (2008) effective leaders are able to formulate motivating vision and create a situation where the vision is shared by all employees within the organisation.

Communication skills are also crucially important to be possessed by organisational leaders (Gallos, 2008, Bertocci and Bertocci, 2009). Gallos (2008) explains the importance of communication skills for organisational leaders by referring to the fact that leaders need to communicate with different organisational stakeholders in a daily basis, and each category of these stakeholders pursue varying aims and objectives.

According to Stanfield (2009) and Bertocci and Bertocci (2009) decisiveness marks important trait for organisational leaders. When discussing this specific leadership trait Stanfield (2009) refers to The Great Man leadership theory, and argues that individuals born with leadership skills are tend to be more decisive than individuals who have acquired their leadership skills on the course of their lives. However, Stanfield (2009) does not offer any evidences based on empirical studies to justify this viewpoint.

Retention Strategy
Employee retention refers to the various policies and practices which let the employees stick to an organisation for a longer period of time Sandhya and Kumar (2011). Armstrong (2009) says employee engagement and organizational commitment are two important components affecting work performance, attraction and retention of employees.

Chew (2005) did a comparative study on achieving organisational prosperity through employee motivation and retention at Malaysian Institutions and found that while focus on competitive pay packages to attract and retain talented cadres is clearly effective in manifesting job motivation, complimentary strategic HR practices are profoundly important in reducing staff turnover. Waleed (2011) did an exploratory study on the relationship between human resource practices and employee retention in public organisations at the United Arab Emirates and established that lack of empowerment and management style are factors that influenced the retention of employees in UAE public 26 organisations. Nyamekye (2012) did a study on impact of motivation on employee retention at standard chartered bank in Ghana and concluded that 65% of the workforce had no intention to leave their organization and they all had long-term career plans. This was attributed to the fact that the organisation appropriately redirects its retention intervention strategy in consonance with the valence of employees such that pay rise always factors in the inflation rates. Chikumbi (2012) investigated on talent management and staff retention at the bank of Zambia and concluded that employees felt motivated by realistic objective setting, continuous learning opportunities, valued ideas and encouraging creativity which largely contributed to their retention.

K'Obonyo et al (2013) researched on succession strategy and performance of small and medium family businesses in Nairobi, Kenya and concluded that the relationship between succession and performance is not conclusive as to establish a clear causal relationship that can be modelled. They observed that succession strategy should not be considered under the simplistic labels of either planned or emergent where planned is considered as those deliberately considered and formally documented. Chepk wony (2012) did a study on the link between talent management practices, succession planning and corporate strategy amongst commercial banks in Kenya and found that there is a direct link between talent management practices, succession planning and corporate strategy. He also found out that banks rely on management trainees as part of the retention strategy of which only as small percentage are retained over a period of five years.

Anyika (2012), researched on perceived relationship between psychological contract and employee retention at Barclays Bank of Kenya and concluded that 60% were dissatisfied 27 with the current psychological contract and wished to leave the organization.

Conclusions
The objective of this review of literature paper was to establish the relationship between employee succession planning practices and employee retention. Succession planning cannot occur in isolation; rather, the elements of successful

succession efforts are rooted in four major and interrelated organizational processes: leadership development, transition planning, capturing and transmitting institutional and technical memory, and transmitting important relationships.

Several conclusions may be drawn from this review: 1. Transition planning, which includes methods and steps to move toward new leadership, must be engaged in thoughtfully. 2. Institutional memory—the collection of facts, concepts, experiences, skills, and ideology necessary either to perform or provide context for the work—must be conveyed to new leaders. 3. Relationships, both institutional and personal, that are important to performance success must be maintained as leadership changes.

This literature and our own experience show that when these approaches are linked to an organization's strategy and integrated with other HR processes organizations can benefit. At the centre of these programs is strong leadership support, focusing on developing a pool of future leaders and a strong focus on performance. Succession planning is becoming an imperative. With the right focus and expertise, the public and private sector can meet its talent challenges.

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