

Succession Planning Practices for Employee Retention: A Case Study of Private Banks in Ethiopia

Worku Mekonnen Tadesse & Wubshet Diribe

This study assesses private banks' succession planning practices and their effect on employee retention. An exploratory research design was used and data were collected from a sample of 350 Line Managers selected from private banks in Addis Ababa. The study uncovered that the most widely followed method of developing successors was job rotation, opportunities for education, training/management development programs, career planning, mentorship and coaching, development assignment, and senior management assistance. On the other hand, employees had a moderate tendency to work longer in the banks. The Pearson correlation and regression coefficients revealed that succession planning practices have a significant effect on employee retention.

Worku Mekonnen Tadesse is Associate Professor, Addis Ababa University, Ethiopia. E-mail: worku.mekonnen@gmail.com, **Wubshet Diribe** is a Research Scholar, School of Commerce, Addis Ababa University

Background

In simple terms, succession planning is concerned with recruiting and developing talents in order to fill vacant positions. The prime aim of succession planning is to make a seamless transition in order to tackle any negative effects on business operations by avoiding gaps. As noted by Durst & Wilhehn (2012), succession planning is an important aspect of human resource management in which organizations maintain stability in their operations as the need for succession can hamper a business at any time irrespective of its size. As stated by Garg and Weele (2012) "succession management is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retention and development of intellectual and knowledge capital for the future, and encouragement of individual advancement".

Succession planning has to be regularly evaluated on a continuous basis in order to avoid gaps that were identified.

Regular monitoring ensures the system meets the need of the organizations and occupy critical roles with no additional cost to be incurred. As defined by Noe et al (2000) “succession planning is a process of identifying and preparing suitable high potential employees to replace key players within the organization as their terms expire”. Zhai et al (2017) further stated that all leaders within an organization should know how to weather the storms of setbacks, encourage employees in the direction of positivity when executives are passing the baton, and finally, be consistent with the employees, customers and each other so trust can be developed.”

As stated by William et al (1996) “.....in the banking industry, regardless of the expansion or contraction, the need for good managers is critical and continuous”. They also expressed that the availability of the right number, the right kind of management staff at the right time and in the right positions is mandatory. Unexpected vacancies can lead to confusion and loss of efficiency as the search for a replacement would be time taking. For professionally led organizations the most important reason for having a succession plan is more important than retaining talented workers in order to create growth opportunities and job satisfaction among employees.

Therefore, for a bank that wishes to enhance its performance, allowing its high potential employees turnover is not an option, but rather arrange them in systematic successions, by enabling them to effectively perform roles traditionally

reserved for managers. It also helps employees prepare for changes in their current jobs that may result from new technology, work designs or new product markets. Thus, succession planning is a necessary component of a bank’s effort to improve quality, meet the challenges of global competition, cope with social change and incorporate technological advances. Ruthwell (2005) examined succession planning as a staffing responsibility that relates to promotions, terminations and retirements. In addition, succession planning has a direct impact on reducing staff turnover.

Succession planning ensures that a business can continue running smoothly after an important role becomes vacant.

Succession planning is a process of developing talent to replace executive, leadership or other key employees when they transition to another role, leave the company, are fired, retire or die. It is an important part of the talent management process. It provides a way to identify key roles, people with the right skills and positions that may need filling in a short space of time. It also provides a way to cut the costs of recruitment, enabling organizations to manage recruitment in-house. On the other hand, employee retention is defined as an organization’s ability to prevent employee turnover, or the number of people who leave their job in a certain period, either voluntarily or involuntarily. Increasing employee retention has a direct impact on business performance and success. Succession planning ensures that

a business can continue running smoothly after an important role becomes vacant. Studies depicted that having a succession planning process significantly improves staff job satisfaction, which in turn has a positive effect on employee retention.

In this competitive epoch, banks in the Ethiopian market need to be thinking about succession planning more than ever. Questions like what would happen to those critical services which are vital to the very existence of the bank if a key staff member left unexpectedly, retire, die or the organization is forced internally or externally to change its strategy. Therefore, the success of the organization is largely dependent on the quality and quantity of human resources it is able to attract and retain. The key element for the organization to excel and gain a competitive advantage is its workforce. Hence, to hold on to these forces, companies need ways to identify, develop and retain their key talents and must ensure their availability at the right time, at the right place and in the right number. But, for this to happen, the implementation of real succession planning in the organization has paramount importance not only for excelling in the market but also for retaining the existing employees who are the backbone of the organization (Elegbe, 2016).

Many scholars have identified the benefits of succession planning and management in banks, which involves planning, coaching, and development of prospective successors inside a business to take on important roles in an organized process of evaluation and training. In-

creasing staff excitement, reducing employee turnover, and ensuring qualified and competent personnel promoted are just a few of the benefits. Furthermore, having succession planning in place in a bank assists in the execution of strategic business goals (Hunter, 2020).

Statement of the Problem

Today's banking business in Ethiopia is characterized by stiff competition and they are working neck to neck to snatch the market from each other. However, to stay and excel in the competition, banks need to have highly talented, committed and experienced employees who know about the culture of the organization and its valuable customers. Therefore, programs concerning employee retention should be well as a part of the bank's strategic aspirations.

As was noted by Alemu, (2016) despite having in place a planned succession framework, the bank is still struggling to produce the right talent who are the likely successors to the top, middle and line managerial positions. The issues related to vacant posts of these critical positions are being handled through a crisis management approach. This approach in effect has been a good source of dissatisfaction among permanent employees, the manifestation of which is characterized by high employee turnover and loose organizational sentiment.

Simon and Hinks (2001) showed that well-designed succession planning serves to increase employee retention. Here, the rationale is the cost of employee reten-

tion in terms of recruitment, training and loss of experienced talent. Garg, Van and Weele (2012) have shown their concern that the lack of proper succession planning and implementation in an organization can lead businesses to lose their market shares and ultimately threaten their existence and eventual exit from the market. On the other hand, good succession planning can foster low employee turnover, enhance productivity and customer satisfaction.

Stephan (2012), in a study on the effects of succession planning on employee retention in sugar manufacturing companies in Ethiopia uncovered that there is a link between succession planning and employee retention. The study also pointed out succession planning programs as the big influencer for employee growth and development.

In recent times, private banks have been facing challenges from the ever-growing competition within the existing commercial banks and from the new entrants. It was observed that major slides in resource mobilization and profit occurred when some banks were unable to replace the top critical management positions from within the organization on time. Some preliminary discussions made with the key informants suggest that the likely successors frequently leave the banks due to various reasons and the leadership talent loss has widened the gap in critical roles. These incidents which forced the banks to hire from the external market render many to formulate succession management frameworks. However, despite having the

framework and system in place far too late, no study has been conducted to determine the effect of succession planning on employee retention in private banks in Ethiopia. Therefore, this study is motivated to assess the practice employed and establish the effects of succession planning on staff retention in the banks.

Research Questions

- What are the mechanisms employed by the private banks in Ethiopia to identify successors in the private banks in Ethiopia?
- What are the levels of employee retention in the private banks in Ethiopia?
- What are the effects of succession planning on employee retention in private banks?

The Concept of Succession Planning

As stated by Martini & Dewi (2020) succession planning is a “systematic process of preparing for leadership changes that are suited to the company’s needs, vision, and mission”. Succession planning can be executed well if the successor selection process and succession preparation run smoothly. The successor preparation process discusses the stages of successor development. William Rothwell (2005) stated that corporate succession planning is “the process that helps ensure the stability of the tenure of personnel. It is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, divi-

sion, department, or work group by making provision for the development, replacement, and strategic application of key people over time”. Building on the idea of Rothwell, Clutterbuck (2012) emphasized that succession planning is a “dynamic process of aligning employee aspirations and talents with the constantly evolving needs of the organization and of providing employees with the resources and support they need to grow into new roles. The key point identified by both authors is that the process of succession planning relates constantly to changes in the internal and external environment of the organization; and the aspirations and circumstances of the employees. Hernon (2007) defines succession management as “the adaptation of specific procedures to ensure the identification, development, and long-term retention of talented individuals at the upper level of management in libraries”. Sullivan (2013) also defined succession management as “a deliberate and systematic effort by an organization to develop and prepare people to assume leadership positions and other roles of greater responsibility”. Succession planning is a proactive approach in order to ensure continuity in key positions by nurturing talent within the organization through planned human development systems. Succession planning is used in the corporate world to plan for vacancies in key positions.

Main Elements

Researchers have developed models for leadership succession planning. Charan et al., (2001), Burke and Develin (2016), and Groves’ leadership (2007)

One of the desired outcomes of succession planning is leadership ability.

succession planning model is appropriate in the context of a family business. The three succession-planning models share the following characteristics: planning must be compatible with the organization’s vision and success, emphasize leadership development, match roles and positions, and focus on core and training competencies (Salleh et al., 2017). According to Charan’s model, planning should prioritize growth leadership through the mastery of skills at each managerial level. Before progressing to the next level, the successor candidate must excel at each stage. Burke’s model refers to a business case that analyses succession planning. Supporting factors such as strategic planning and leadership support were considered necessary in this model. Consequently, one of the desired outcomes of succession planning is leadership ability. Finally, the Groves model emphasizes mentoring as a method of leadership development. This is the best practice for integrating leadership development and succession planning processes.

The first was Charan’s leadership pipeline model (Charan et al., 2001). This is the most basic model for leadership succession planning. The emphasis in this model is on the “climbing the corporate ladder’ aspect, in which the potential successor must successfully pass several stages in development. From one level to the next, executives receive additional

development and training to assume greater responsibilities with higher positions.

Having a succession plan in place does not suggest that a specific leader must be named in advance or automatically assumes that an assistant principal or deputy head teacher would advance into the top role. Instead, succession planning is a course of action as well as an opportunity to cultivate leadership within and outside of the institution prior to anyone in a leadership position stepping down (Martin & Samels, 2006). To assess the practices of succession for a particular institution, current leadership must first develop a good understanding of what succession planning is and discover what gaps exist in the current policy. The plan should address the immediate response of the institution to a change in leadership, tracing the process from the decision of a leader to leave the current position to the steps the leader takes to leave, through the interim phase, the hiring process and, ultimately, through the installation of the new leader. The current leadership team should determine the various aspects of the proposed plan and who or what group of individuals will manage each part of the process. Still, more is required than just identifying the next leader (Fink & Brayman, 2004) but also involves grooming individual successors. With a deliberate and strategic plan of action in place, organizations search for potential leaders and then expend time, energy and resources necessary to prepare those individuals for leadership roles. Greater success is experienced by focusing on the 'leaders' ability to learn,

adjust and create rather than on their capabilities for existing proficiencies of a particular job' (Fink, 2010: 145). When school leadership develops a program to cultivate leadership as part of the succession plan, then the reservoir of potential leaders is cultivated and strengthened, so that the optimal candidate can be placed in the vacated leadership position. Succession planning is a strategic process for identifying high-potential employees and taking steps to prepare them for future leadership positions. It helps organizations develop and retain the talent pipeline so that they can fill vacant leadership roles and it encompasses the following main features.

- The first element of a succession planning is to determine the positions for which successors are needed. Some organizations prepare their succession plans for key positions which play a strategic role in organizations. Sometimes these positions are separated from top management to be known as strategic management groups. A critical position is one that, if it were vacant, would have a significant impact on the organization's ability to conduct normal business. The main purpose at this stage is to identify critical positions that can potentially impact business operations due to retirement, attrition and voluntary or involuntary separation.
- The second element of succession planning is the determination of likely successors for different positions that are likely to fall vacant in the future. Depending on the organizational

practice, such successors may be from the organization itself or from outside.

- The third element in succession planning is the grooming of successors. When successors are identified by key positions attempts are made to groom them so that they are fully equipped to take the positions earmarked when they fall vacant. In the case of internal successors, this exercise brings much ahead of the likely vacancy. A succession plan identifies critical positions, future staffing needs, documenting and transferring key knowledge, and the people that could fill these future roles within an organization – and developing action plans accordingly. A succession plan takes a holistic view of current and future company goals to ensure that there always are the right people in key roles in the organization.

Challenges of a Succession Management System

Despite the benefits expected from succession management, organizations may face challenges that range from a major structural issue to a fine-grained problem. As organizations identify potential candidates to be successors, there is the possibility that they may hit a wall in the process due to internal friction within the management. Challenges of deploying a succession management system include the following:

- *Lack of management support*—Management support provides the base for successful succession man-

agement. To obtain senior management support, the value and benefits as well as any compliance and regulatory requirements should be articulated.

- *Lack of resources*—A crunch in resource availability can impact the effectiveness of succession planning. Successors may not possess the required skills and attributes. Any challenges to obtaining the resources necessary for adequate training and development should be escalated to management.
- *Lack of successors*—In this situation, management should consider external hiring. However, this needs due diligence based on the management level of the successor.

The best way to retain talent is to provide career development opportunities.

- *Challenges in talent retention*—It is quite challenging to retain talent. The best way to retain talent is to provide career development opportunities. There are several reasons other than financial for people to switch jobs. These can be managed through empowerment, recognition and skills development opportunities.

Developing a succession plan for some leaders can be difficult due to ego-related concerns or an inability to relinquish power, which makes it difficult to think of leaving. Oftentimes, the organization's political issues or competing priorities replace the compliance of

finding and mentoring a successor. Leaders are usually aware that their knowledge, skills, experiences, competence and problem-solving abilities set them above their peers and keep them above the people they lead. Fear of losing power and respect set in when the time comes others should be imparted of their resources. As a result, the incumbents exalt himself or herself in an attempt to keep everyone down in protection of power and respect. This renders the incumbent resistant to leadership succession. In addition, having such rich resources did not come on a silver platter. It must have taken several years of sacrifices, pain, confusion, and frustrations, especially in times of turbulence or pressure. On this account, the fear of losing the position as a result of opening up can be daunting for the individual ruled by self-interest (Zhang & Rajagopalan, 2010). The theory of organizational inertia shows that the individuals in that state' will resist because of the discomfort induced by fear, ego and unforgiveness. Organizational inertia will set in, which prevents continuous adaptation of the organization to the environment. It is also noted that unresolved unforgiveness due to offences and perceived rivalry by the incumbent, of the successor or potential successors can become a strong barrier to successors drawing from the resources of the incumbent. Once, again, the incumbent may see this as an opportunity to take what is commonly known as 'sweet revenge' or to become a stumbling block to a potential successor making it to the top. Zang and Rajagopalan (2010) further note that some incumbents even go to the extent of firing the designated suc-

cessor because of fear. Others, who are courteous enough to make way for succession, wish that their successor fails so that their achievements become magnified in retrospect. Rothwell (2016) notes that succession planning prompts people to think of their own mortality. When people think about succession planning, they too often associate it with their own retirement, death, disability, or resignation. That is not a happy thinking, and people avoid it. But ignoring succession does a disservice to the organization. Consider this: the single most common reason that small businesses fail is undercapitalization, followed by lack of succession planning. If something happens to a key person or the incumbent of a key position, it has effects that go beyond the individual to affect the organization. Managers should be encouraged to think of succession because it is essential to organizational continuity.

Relationship between Succession Planning Employee Retention

Anyika (2012) did a study at Barclays Bank on the effects of succession planning on staff retention. His conclusion was that 60% of Barclay's employees were dissatisfied with their existing jobs and were seeking new ones. They believe they would be better off in another location. However, it is important to keep in mind that there are other facts to consider.

Noor's (2010) study, 'Family Succession and Firm Performance among Malaysian Companies,' looked into the relationship between family succession at-

tributes and bank performance among Malaysian SMEs and discovered that succession planning had a beneficial effect on firm performance. The research was carried out in a country with upper-middle incomes. Chew and Sharma's (2005) study on organizational success through staff motivation and retention at a Malay institution discovered that competitive salary was a crucial factor in retaining the right workers, which had an additive influence on job motivation and satisfaction.

In a research study on the impact of motivation and employee retention to see the influence of motivation on employee motivation, Nyamekye (2012) discovered that 70% of Standard Chartered employees intended to stay at the bank, had no plans to quit, and had long-term career goals. This, he claims, is because of Standard Chartered Bank's intervention policy on employee racial discrimination. The placement of a system where their salary goes hand in hand with inflation has a paramount effect on their loyalty. According to Sivertzen et al (2017), the implementation of succession planning programs has a significant impact on staff retention in a firm. Employee engagement and satisfaction rose as a result of the availability of options for professional advancement and growth. Coaching and mentorship, learning programs, and job rotations are just a few examples of succession planning initiatives.

A common practice in succession management involves organization analysis, selection, evaluation, development of executive-level talent, and inventory con-

trol (Mohamad & Mehrabain, 2011). It has been established that companies prepared for succession were less likely to experience financial difficulty during executive turnover. In addition, a strong connection between planning for succession and the profitability of an organization was another finding of his research (Sambrook, 2005).

Effective succession management practices involve support from the CEO and top management; ownership by line management and supported by staff.

Effective succession management practices involve support from the CEO and top management; ownership by line management and supported by staff; simple and adapted to unique organizational needs; flexibility and link with the strategic business plan; a result of a thorough human resources review process; based upon well-developed competencies and objectives of candidates; incorporation of employee input; part of the broader management development effort; inclusion of plans for the development of job assignments; integration with other human resource systems; and emphasize on accountability and follow-up. Mandi (2008) found out some indicators for succession planning included: identifying new leaders; developing new leaders; delivering financial success; fostering a positive organizational culture; maintaining long-term viability; sustaining core competencies, and initiating change management.

Fink (2004) recommended some strategies for implementing deliberate and systemic succession plans in the academic environment via research in higher education institutes. These strategies include: securing executive champions; aligning the succession plan with institutional culture, mission, vision and goals; taking an approach not unlike strategic planning; carefully constructing communication plans to embrace talent development without inferring entitlement; and a continuous evaluation of both the people and processes involved in succession planning. Taylor & Mcgraw (2004) assessed the usage of succession management programs in Australian banks to understand their characteristics and perceived effectiveness. The study showed that half the sampled banks had succession management programs. The programs were driven by the desire to improve business results and the need for new skill requirements in the business.

According to Pennell (2010), in a most recent study in USA, flexible job descriptions are vital options that promote developmental opportunities and succession management plans especially in the library industry. This study used supportive literature from both within and outside librarianship to examine the impact of flexible job descriptions on the succession management process. The focus of the paper was to address the expected library management and leadership gap expected in the years ahead as current library managers from the baby boomer generation retire in record numbers.

The study findings suggest that written job descriptions may limit the ability of current library managers to provide opportunities for learning and growth for those employees who will fill leadership roles in the coming years. However, more flexible job descriptions were found to provide richer, more creative learning professional and developmental opportunities for identifying high potential employees within the bank for succession planning.

Conceptual Framework

Effective succession planning involves a sequence of steps that can be explained in a succession planning process model. There are a number of succession process models found in different literature. But, private banks opt to use a six-step process as presented in Fig.1.

Based on the conceptual framework the study targeted to test the following basic questions:

Ha1: Planned identification of positions for succession has a significant positive effect on Employee retention.

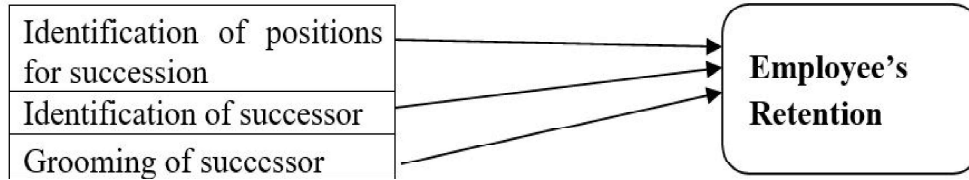
Ha2: Planned identification of successors has a significant positive effect on employee retention.

Ha3: Grooming of successors has a positive effect on employee retention.

Sample Size & Sampling Technique

Since the analysis of employees' perceived performance was by considering

Fig.1 Conceptual Framework of the study



Source: Own framework drawn from the literature

private banks in Ethiopia, the unit analysis was individual employees currently working in the organizations considered for the present study. The study has taken samples from the branch offices of private banks located in Addis Ababa. As per Morgan’s sample size determination table population size is about 2000 who could be represented by 322. Since the population size for the current study was 2329(HRM Data, 2022) a sample size of 350 was considered. Three hundred and three of them properly filled the questionnaire which will make 86.6% of return rate. In order to provide an equal chance for the heterogeneous groups of employees of the banks, questionnaires were distributed in the branches of private banks using the proportionate stratified sampling method.

Data Collection & Procedures

The method used to collect primary data was through a structured questionnaire sent to the sampled respondents. The questionnaire was developed by relying on relevant literature in the area of the study. The reliability of the questionnaire was checked using Cronbach Alpha test. The test result .78 was more than the threshold prescribed by some authors like Pallent (2005) which is 07.

Results & Analysis

The demographic profile of the respondents are shown in Table1.

Table 1 Demographic Profile of the Respondents

Items	Frequency	Percent
Gender		
Male	163	46.6
Female	187	53.4
Age		
25 to 30	75	21.4
31-to 35	150	42.9
36-40	100	28.6
41- 45	25	7.14
Above 45	-	-
Educational level		
Diploma	-	-
First Degree	215	61.4
Masters Degree	135	38.6
Service years in the present organization		6-10
89	25.4	
11-15	60	17.14
16-20	45	12.9
20-25	31	8.9
25 and above	-	-

Source: Questionnaire

Most of the respondents (53.4%) are males while the rest (46.6%) were females. despite the fact that the majority of the respondents were males; there was sufficient female representation in the present study. About 21.4% of the respondents are between 25 and 30 years

category, 42.9 % are between 31 and 35 years, 28.6 % in 36-40 years and the rest 7.14% are in the age category of 41-45 years. About 66% percent of the respondents were first degree holders and 34% of them are with master’s degree indicating that they can comprehend and understand the issues considered for the present study. Regarding their service years, 25% of them served their respective organizations for 6 - 10 years. 17.14% of them served for 11-15 years. The remaining 12.9% and 8.9% of them served for 16-20 and 20-25 respectively. This implies that the respondents have adequate exposure to the succession

planning practices of their respective organizations.

Succession Management Practices

The respondents were asked to rate items indicated in the questionnaires using a five-point Likert scale rating points that range from strongly agree to strongly disagree. The following statistics were used in interpreting the results of the study: 1.00 – 1.80, Strongly Disagree/ Very Dissatisfied, 1.81 – 2.60 Disagree/ Dissatisfied, 2.61 – 3.40 Moderate Agreement/Moderately Satisfied, 3.41 – 4.20 Agree/Satisfied, 4.21 – 5.00 Strongly Agree/Very Satisfied.

Table 2 Manner of Identifying Position for Succession

Items	N	M	SD
Career paths are well-defined in the private banks	350	2.05	.634
Established career progressions are well communicated	350	2.04	.83
Key positions are well-defined in the banks	350	2.20	.732
Key positions that require successors are well communicated to employees	350	2.25	.87
Grand Mean		2.14	

Note: N= Number M=Mean SD Standard Deviation
Source: Questionnaire

The descriptive reports in Table 2 show that the respondents’ dissatisfaction with the organizations’ identification

of the positions for succession implies that the manner was not proper and also not ahead of time.

Table 3 Identification of Successors

Items	N	M	SD.
Employees are discussing career goals with their supervisors	350	2.45	.81
The organization maintains an inventory of employee skills	350	3.40	.75
Performance review is well communicated	350	2.52	.96
There is a practice of identifying candidates for kQy positions	350	2.43	.87
Grand Mean		2.7	

Note: N= Number M=Mean SD=Standard Deviation
Source: questionnaire

The descriptive reports shown in Table 3 revealed that the respondents

were of moderate level of satisfaction with the organizations’ manner of identi-

fyng successors. The grand mean of the report (2.7) falls in the category of moderate satisfaction based on the rule of thumb.

Table 4 Grooming of Successors

Items	N	M	SD
Provision of leadership experiences	350	2.4	
Coaching	350	3.2	
Mentoring	350	2.6	
Formal training	350	3.2	
Grand Mean		2.85	

Note: N= Number M=Mean SD=Standard Deviation
Source: Questionnaire

Table 4 portrayed that the respondents are of moderate level satisfaction with the organizations' effort to groom successors. The grand mean of 2.85 indicated less effort to expose the successors to varying experiences and in coaching, mentoring, and providing formal training that would enable them to take over the key positions.

Employee Retention

One of the goals of this study was to determine the effects of succession management strategies on staff retention at private banks. The study identified factors that influence the retention by the bank of their staff, and particularly key

position holders. The respondents were asked to rate how much these factors influenced them to be retained in the banks. The mean score of the items and their corresponding standard deviations are shown in Table 5.

As shown in Table 5 the respondents showed that they are happy with their current job implying that their satisfaction with the content of their current job. The mean score of the remaining items suggested their dissatisfaction. The grand mean (2.56) of the retention factors considered by the present study implied that the employees were dissatisfied and that they had a tendency to leave the organization given other opportunities.

Table 5 Employee Retention

Items	N	M	SD
Overall, I am happy with my current job.	350	3.03	.98
I am comfortable working for my organization.	350	2.78	.94
I likely to stay in my organization for another year,	350	2.43	.85
I am happy with the promotion at this organization.	350	2.42	.96
I recommend my current organization for friends,	350	2.33	.87
I feel I will reach my full potential in my career in this organization.	350	2.34	.88
Grand Mean		2.56	

Note: N= Number M=Mean SD=Standard Deviation
Source: Questionnaire

Succession Planning & Employee Retention

To show the levels of relationship among the factors considered and succession planning and employee retention,

Pearson’s correlation coefficient was utilized based on the following rule of thumb as identified by <http://www.parvez-ahammad.org/>.

The extent to which the factors were related is shown in Table 7.

Table 6 Rule of Thumb for Interpreting Correlation Results

Rule of Thumb for Interpreting the Size of a Correlation Coefficient

Size of Correlation	Interpretation
.90 to 1.00 (–.90 to –1.00)	Very high positive (negative) correlation
.70 to .90 (–.70 to –.90)	High positive (negative) correlation
.50 to .70 (–.50 to –.70)	Moderate positive (negative) correlation
.30 to .50 (–.30 to –.50)	Low positive (negative) correlation
.00 to .30 (.00 to –.30)	negligible correlation

Source: <http://www.parvez-ahammad.org/>

Table 7 Correlation between Succession Planning & Employee Retention

		Identification of positions	Identification of successors	Grooming of successors	Employee retention
Identification of Positions	Pearson Correlation	1	.357**	.424	.536
	Sig. (2-tailed)		.000	.089	.054
	N	350	350	350	350
Identification Of successors	Pearson Correlation	.357**	1	.504**	.562**
	Sig. (2-tailed)	.000		.000	.000
	N	350	350	350	350
Grooming of Successors	Pearson Correlation	.424	.504**	1	.587**
	Sig. (2-tailed)	.087	.000		.000
	N	350	350	350	350
Employee Retention	Pearson Correlation	.536	.562**	.587**	1
	Sig. (2-tailed)	.052	.000	.000	
	N	350	350	350	350

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Questionnaire

All succession planning factors have a strong positive relationship with employee retention.

The extent of the relationship among the factors considered for succession planning and employee retention as revealed by the Pearson correlation coefficient is $r=.536$, $r=.562$, $r=.587$ implying that they have a strong and positive relationship. The overall findings of this section signify that all succession planning factors have a strong positive relationship with employee retention.

Effect of Succession Planning Factors on Employee Retention

Before showing the effect of independent factors on dependent factors, the goodness of the fit of the model was tested based on the key assumptions behind the regression models as proposed by the authors like Kothari (2004). The results show that the model was fit to show the predictions. The summary of the regression model was shown in Table 8.

Table 8 Summary of the Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.572 ^a	.421	.403	.293

a. Predictors: succession position, identification of successors and grooming of successors.

The adjusted R square was .403 implying that 40.3% of the employees' retention would be explained by manage-

rial concerns for succession planning. The coefficients of the variables are shown in Table 9.

Table 9 Coefficients of the Variables

Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	1.03	.44		2.35	.06
	Identification of succession positions	.56	.10	.52	2.23	.02
	Identification successors	.52	.100	.46	2.25	.03
	Grooming of successors	.51	.09	.49	2.33	.02

Dependent Variable: employee performance Source: Questionnaire

The standardized coefficients Beta values of the independent variables, i.e. Identification of succession positions, identification of successors and grooming of successors are .56, .52 and .51. This signifies that all the suc-

cession planning variables considered by the present study have a significant positive effect on employee retention. Therefore all hypotheses posted for the present study have been supported.

Conclusion

The drive to put the appropriate people in the right roles enhances the bank's bottom line, i. e profitability. It is desirable to retain personnel and satisfy expected changes in skill requirements for future leaders. According to the study, the bank's succession planning and practice have a significant effect on key position holders' transition, and there was a clear link between succession planning and employee retention.

As can be learned from the study findings, a variety of things influence an organization's capacity to retain its personnel. The research findings and accompanying literature analysis revealed that widespread knowledge regarding succession management strategies exists inside the bank, albeit in varying degrees of implementation. Employee retention at the banks is impacted as a result of the procedures. The findings reveal that succession management methods have a significant influence on an organization's capacity to retain key competent individuals. This was backed up by the fact that the majority of respondents said their bank was losing some of its top employees to rivals and had an above-average rate of employee turnover. Employee retention in the organizations investigated was shown to be influenced by succession management. The study also revealed that motivation to achieve bank productivity, staff happiness, employee retention, and customer satisfaction were all impacted by good succession management.

Limitations & Recommendations

The approach of the study is totally quantitative and it has not considered the qualitative aspects of the study in order to gain the comprehensive dimension of the study. The samples were drawn from a specific industry i. e, commercial banks in Ethiopia and cannot be drawn conclusion for other sectors. Based on the limitation cited, the study suggested for policy-makers and leaders that they should be aware of succession planning factors in order to retain their employees. as part of the policy formation and day- to -day managerial practices. The study also calls for an in depth study on the relationship between succession planning and employee retention by considering more variables and other establishments in the country.

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