Influence of talent succession planning on employee engagement among listed companies in Kenya

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Abstract

Employee engagement has been a subject of interest for many researchers in recent years. Companies are making deliberate efforts to ensure that their workforce remain productive and motivated. This article aimed to address the contribution of talent recruitment on engagement. This study involved a total of 445 respondents drawn from 62 listed companies in Kenya. Regression and correlation results were also determined in line with the study objectives. The study revealed some unusual results which indicated that talent recruitment actually has a negative influence on employee engagement for listed companies in Kenya. The study recommends that companies wishing to utilize talent should be careful not to disengage employees by making them have an inflated sense of importance. This study has reasonable implications for companies and researchers since the field data has provided some contradictory statements that may go against studies which have shown huge connections between common HR practices and employee engagement in Kenya and the world at large.

Key Words: Succession Management, Employee engagement, Succession Planning, Talent,

Introduction

As defined by Kim (2003) and McDonald (2006) succession planning is the on-going, purposeful, and systematic identification of qualified and appropriate successors to leadership, with a commitment to assessing, developing, and investing in organizational leadership to enhance performance, development, and preparedness. Collings and Mellahi (2009, p. 5), sees it as the systematic development of talent pools which “involves the proactive identification of incumbents with the potential to fill key positions which may
become available.” Cunningham (2007) observes that organizations increasingly want to try to ensure that they have employees in place who can succeed those who leave the organization or get an internal promotion. A problem is that such changes, except at retirement, are often unpredictable. Hence more progressive organizations recognize that they need a pool of able people who are promotable in to leadership roles.

This process has been demonstrated by Michelson’s (2006), analogy who indicated that succession planning requires putting the right people on the bus, getting the wrong people off the bus, and positioning the right people in the right seats. This shows that SP can be a turbulent affair in the organization that includes reorganizing positions so that only the suitable and skilled employees occupy the strategic positions for organizations. Bhatnagar (2007) sees it as an important element of talent management as it ensures the proper planning of talented employees for leadership continuity in line with organizational plans. Succession planning requires the organization to adopt a long-term strategic view rather than the short-sighted replacement of existing employee.

The assumptions that we always make are that succession plans are only concerned with filling positions that fall vacant only when someone leaves for a given reason. This is described by Rothwell (2001) as replacement planning and he sees it as a form of risk management. Indeed, it is Rothwell (2001) that distinguished succession planning from replacement planning. He wrote that succession planning and management should not be confused with replacement planning and explained that the chief aim of replacement planning is to reduce the chance of catastrophe stemming from the immediate and unplanned loss of the incumbent in a key job. Succession management is viewed by Stadler (2011) a systematic process of determining critical roles within the company, identifying and assessing possible successors, and providing them with the appropriate skills and experience for present and future roles. The process prepares potential organizational leaders for continuing the mantle of leadership without creating power vacuums and empowers people to be creative for the good of the organization.

On the other hand, Cunningham (2007) proposes succession development as opposed to planning. His belief is that instead of organizations attempting a mechanistic process where an individual is identified as a successor to their manager, the succession development approach would recognize that organizations need the flexibility to choose from a range of options when someone leaves a post. This allows for the development of a pool of individuals with the potential for leadership takeover. It can be used as a mechanism for reducing conflict and destructive competition where employees would perceive each other as potential threats to their vertical progress within the organization.

SP&M is proactive and attempts to ensure the continuity of leadership by cultivating talent from within the organization through planned developmental activities. These distinctions have huge implications on what a company considers as its succession planning process (or philosophy) and it would be interesting to find out the common understanding of such terms by organizations in Kenya and how this understanding affects their attempts at creating and streamlining SPs in their organizations. SP is a common practice in the private sector but as Lynn (2001) put, it is rarely practiced in the public sector (As quoted by Jarell and Pewitt, 2007).

Busine and Watt (2005) have expressed deep concern for succession management trends today. They note that in today’s increasingly complex business environment, the issue of identifying and preparing the next generation of leadership talent is one of the most critical business priorities. Despite this, most organisations consistently rate their succession management practices as less than effective. This fact is disheartening, given the many efforts organizations put in place to create business continuity plans. However, it also calls for an assessment of the contributions that succession plans do and can make for those companies that have implemented or intend to do so in future. The question this study wants to ask is how can succession plans contribute to the attainment of goals despite the hopelessness expressed by authors about the practice?
This study has earlier observed that businesses today operate in stringent environments that make the adoption of certain practices inevitable. Barrett and Beeson (2002) identified those factors that have and will continue to shape the business environment and the role of the company executive in the future including globalisation, hyper-competition, technology, the expectations of boards and financial markets, an emphasis on customer relationships, changing employee expectation and workforce demographics. Organizations cannot afford to be left behind or be overcome by their inability to address these challenges in the most efficient and effective manner.

As Michaud (2011) observes, the risks related to a botched executive transition to the organization are obvious: excessive recruiting costs, lower employee engagement, turnover of other key executives, unfavourable press, and other damaging fallout. He adds that the consequences to the individual executive can be just as dire: career derailment, public humiliation, inability to land another job, etc. Given the high potential for failure and the ensuing damaging results, it would be logical to assume that organizations and their leaders would put in place processes and systems to mitigate such a risk to their business and so the need for a properly thought out SP.

The common adage that what gets measured gets done provides sufficient reason for organizations to determine the effectiveness of their systems and processes. Kim (2010) offers a vital advice by observing that since the systematic operation of succession planning and management requires a significant investment of resources within organizations, measurement of the system’s effectiveness in order to determine return on that investment is important. Hence it is hypothesised that:

H3: Succession planning has no significant influence on employee engagement.

Methodology

This study was cross sectional in nature and involved employees considered by key personnel as talented in the listed companies in Kenya. The study consisted of 445 respondents who were drawn from 62 companies in Kenya. Purposive These respondents were selected purposively by asking the key personnel in their organizations to identify those they considered as talented employees. Questionnaires were the main data collection instruments. The nine item measure for talent recruitment was developed from existing literature and pretested. This yielded a Cronbachs’ alpha of .820 and had nine items. Employee engagement was measured using the nine item Utrecht Work Engagement Scale (UWES) as adopted from Schaufeli et al (2006). This scale yielded a Cronbachs’ alpha of .971 which was similar to its other national measures. Organization and analysis of the data was done using descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS) software. Correlation and regression analyses were also done to establish the strength of relationships and to test hypothesis.

Results and Discussion

Correlation results for talent succession planning and employee engagement

Figure 1 presents a scatter plot diagram of the correlation of succession planning versus employee engagement. As presented in the figure, all the plots are on the first quadrate and the line best fit shows an estimate line that is positively increasing. These results demonstrate that there is a positive relationship between succession planning and employee engagement.
Table 1 below shows Pearson correlation coefficient of succession planning was 0.062 and this demonstrates that succession planning has a positive correlation with employee engagement. Succession planning, which involves the identification and long-term development of talent for key executive and professional positions, can provide a vehicle for the development of diverse leadership talent pools (Conger & Fulmer, 2003; Karaevli & Hall, 2002). However, a diverse employee base is a prerequisite for such planning. Such planning is essential for promotion- from-within approaches to talent development, the benefit of which can be seen at the highest levels in such indicators as positive stock market reactions to the promotion of heir-apparent CEOs (Shen & Cannella, 2002) and lower failure rates of newly appointed CEOs (Zhang, 2008).

A substantial proportion of organizations now view succession planning as a performance management and leadership development process, with intentional assignments in which successors develop skills needed to perform the job (Day, 2001). One of the most important reasons people leave an organization is that they are not being developed and/or they do not have meaningful work (Bernthal and Wellins 2001). A properly managed succession management process addresses these very issues. Two-thirds of people surveyed by Bernthal and Wellins (2001) indicated that they would rather grow inside their present organization than leave. This sheds a positive image of succession plans as tools for enhancing employee commitment and, therefore, possibly even engagement.

**Table 1: Correlation results for succession planning and engagement**

<table>
<thead>
<tr>
<th></th>
<th>Employee Engagement</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement</td>
<td>Pearson Correlation 1</td>
<td>.062**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.190</td>
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<td></td>
<td>N</td>
<td>445</td>
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<tr>
<td>Succession planning</td>
<td>Pearson Correlation .062**</td>
<td>1</td>
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<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.190</td>
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<td></td>
<td>N</td>
<td>445</td>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed).
This study adopted the hypothesis that there is no significant association between succession planning and employee engagement. Regression analysis determined a significant relationship between succession planning and employee engagement. Table 2 below presents the regression model on succession planning versus employee engagement. As presented in the table, the coefficient of determination R square is 0.004 and R is 0.062 at 0.05 significance level. The coefficient of determination indicates that 0.4% of the variation on employee engagement is influenced by succession planning. This implies that there exists a positive relationship between succession planning and employee engagement.

### Table 2: Regression summary model for succession planning

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>.062a</td>
<td>.004</td>
<td>.002</td>
<td>1.48611</td>
</tr>
<tr>
<td>a. Predictors: (Constant), SUCCESION PLANNING</td>
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Further, table 3 below presents the results of Analysis of Variance (ANOVA) on succession planning and employee engagement. The result for regression coefficients indicate that the significance of the F statistic is 0.190 which is greater than 0.05 and this is a clear indication that there is a positive significant relationship between succession planning and employee engagement.

### Table 3: ANOVA Table for succession planning

<table>
<thead>
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<th>ANOVAb</th>
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<tr>
<td>Model</td>
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<td>1</td>
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<tr>
<td></td>
</tr>
<tr>
<td>a. Predictors: (Constant), SUCCESION PLANNING</td>
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</tbody>
</table>

The coefficient results in table 3 below also indicate that succession planning has positive and significant influence on employee engagement. The fitted model Y=6.316+0.073*X2. This implies that a unit change in succession planning practices will increase employee engagement by the rate of 0.073. Even when succession planning is non-existent, employee engagement is still positive at 6.316. Other drivers of employee engagement could also be playing significant roles. However, these were not the direct concern of this study and therefore are not involved in this discussion.
Table 3: Regression coefficients for succession planning

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>6.316</td>
<td>.563</td>
<td>11.227</td>
<td>.000</td>
</tr>
<tr>
<td>Talent succession planning</td>
<td>.073</td>
<td>.056</td>
<td>.062</td>
<td>1.312</td>
</tr>
</tbody>
</table>

In terms of significant associations found between succession planning and employee engagement with regard to the entire tested sample, it is concluded that the null hypothesis, “there is no significant association between succession planning and employee engagement” is rejected and alternative hypothesis, “there is significant association between succession planning and employee engagement” is accepted. The findings corroborates with the existing research which supports a positive relationship between succession planning and employee engagement. A study by Hills (2009) found out that by promoting people from within, you provide more opportunities for people from within the organization to grow, develop and move on. That increases the likelihood that talent will be engaged, will stay and will explore where their next opportunity is inside the organization rather than going outside. Therefore we can conclude that succession planning positively influences employee engagement.

**Conclusion**

The findings of this study have shown that there is an association between talent succession planning and employee engagement. This relationship has been strong and positive in the sense that a focus on talent development and succession plans by organizations will impact positively on employee engagement. Companies need to focus their energies on deliberate efforts to build employees’ skills from within to enhance their commitment and capacity to stay with the organization for longer.

**Recommendation**

Based on the study findings, the researchers recommend that organizations must embrace those talent management practices that support employee engagement and these should be encouraged at all levels of the organization. An organization which encourages talent development and succession policies and practices will reap the gains of employee engagement and may result in positive retention plans for workers.

**Acknowledgement**

I would like to thank my co-authors Dr. Hazel W. Gachunga and Dr. George Orwa for their collaboration, support and constant feedback regarding this work. Last but not least, I would like to express my sincere gratitude to my family for the sacrifice made during my study.

**References**


