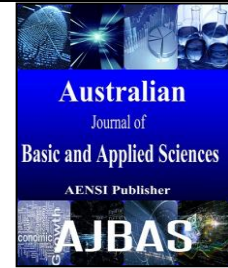




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Bridges the link of Contributing Factors to Effective Succession Planning. The Case of Prasarana Malaysia Berhad

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ABSTRACT

Succession Planning describes the entrepreneurial talents and competencies that are needed to manage the entire operational functions of business enterprises. Organizations are commonly defined as “instruments of propose”. They are seen as coordinated of intentions and goals. In other hands, the past studies show that there is no general consensus on what type of organizational performances measure should be applied in an organization. This study will focus on four main factors contributing to the effectiveness of the succession planning in Prasarana, namely leadership, career development, training and performance management.

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INTRODUCTION

Succession planning is the process of identifying and preparing the right people for the right job. Succession planning not only makes good business sense, it also makes your organization sustainable. Organization may achieve its goals when each of the employee understand their roles and responsibilities for the organization, and there should be continues communication between management, leader and employee to set performance expectations, monitor program and achieve a good results (Katou, 2008). Most of the researchers have investigated of planning within organizations from a source of academic debated and conceptual division, relationship between planning process and performance with mixed results (Beinhocker, 1999; Mintzberg, 1994).

With the flood of Baby Boomers retiring, succession planning now is critical to future success. When the organization have a viable succession plan in place, it indicates to employees that they too can have a future with the organization. It shows to clients that the organization are not going anywhere and they can trust the business. Many empirical researchers claimed to have identified a measurable link between Organizational Human Resource Management Practices and its performance referred here after as Human Resource Management Planning link (Fleetwood & Hesketh, 2008). Mayo (1991), has clearly defined career management as “The design and implementation of organizational process which enable the careers of individuals to be planned and

managed in a way that optimizes both the needs of the organizations and the preferences and capabilities of individuals.” Many organizations responded to the career aspirations such employees through HRP policies and processes such as succession planning, secondment, ‘fast-track’ development for identified ‘high flyers’ and a vast array of personal and management development activities (Bratton & Gold, 1999). Factor that influence organizational performance which is staff motivation, working environment, training and development and management involvement (Arnold,1985; Srivastava,2003; Khan,2010; Bill & Steven,1990). The organization consists of a set of resource employed in a productive way to generate wealth and resource of the company such as building, equipment, skills and competencies of employees, procedures of norms, culture and value (Bruno, John, Maria, 2005).

Problem statements:

Most companies have zero viable internal CEO candidates. Without proper retention strategies, an organization will eventually lose their key talent and will result in high turnover. Earle (2003) in a study said that the problem currently faced by many companies is that they do not have proper plan to retain their employees. Succession planning is crucial in the organization to sustain the businesses. It requires smooth transfer of ownership along with administration, leadership and management of entire business activities from one generation to next.

Identifying a successor largely depends on the existence of succession plan and is supported by several entrepreneurial affairs. Failure in succession may cause a serious problem, not only to the organization but also to its employees. Companies need to understand what will make their employees to be loyal and happy working with them. If the succession strategies are not properly embedded in the business processes, all the effort since recruitment will ultimately proves futile. They need to show their employees that the management cares and looking into every opportunity to retain the employees.

Few aspects that are really an important factor for employee retention is whether employees are happy with the work environment and the job design, employees are getting enough recognition, rewards and compensation for the task that they are doing. Employees must be assessed fairly during the performance assessment and employee development plan must be in place for those who are lacking in certain skills. It should be valued equally and comparatively with the same task done in other companies. The company must also have an effective career development plan for their employees which in return will create more confident on the company. Employee will feel the company has develop a career path for them and they will fore see where they will be heading in the next few years working with the same company. These are some of the key problems and items that companies need to look into when developing the key strategies for retaining the employees.

Research objectives:

This study has been carried out with the following objectives:

- 1) To determine the level succession planning effectiveness in Prasarana.
- 2) To determine the influence on succession planning effectiveness by career development, training, performance management and leadership styles.
- 3) To identify the relationship factors that impacting succession planning in Prasarana.

Literature review:

Succession Planning:

As according to Rothwell (2001), succession planning and management should support strategic planning and strategic thinking and should provide an essential starting point for management and employee development programs. Succession planning is generally considered to be a unique, case-by-case process, where a one-size-fits-all mentality is simply not appropriate (Sambrook, 2005). Debapriya (2009) pointed out that succession planning is not only there to ensure that the business continues after the death or retirement of the founder but it is there to make the organization continue to be competitive

in its industry. Succession planning also puts focus on developing talent within an organization, which will help the organization gain loyalty with Generation Y and shows employees that the employer value their career growth. Promoting from within will also save the organization a lot of money. Succession planning can be broadly defined as identifying future potential leaders to fill key positions. There are several definitions from the researchers regarding succession planning based on their experience and study. Previous researches indicate that a need for succession planning to take into account characteristics such as who and what is the process involved; Succession planning is a critical people process (Beever, 2008; LaForest and Kubica, 2010) and a systematic method (Mondy *et al.*, 2003) (as cited in Pennell, 2010, p.281) of identifying critical management positions, or key management positions (Ibarra, 2004; Mello, 2011).

Coverage:

Organisations differ in size, scope and type, so it is difficult to point to any single model of succession planning. However, it is most common for succession planning to cover only the most senior jobs in the organisation, plus short-term and longer-term successors for these posts. The latter group are in effect on a fast-track, and are developed through job moves within various parts of the organization. This focus on the most senior posts - perhaps the top two or three levels of management - means that even in large organisations, only a few hundred people at any given time will be subject to the succession planning process. It also makes the process more manageable, because it is much easier to concentrate on a few hundred individuals rather than several thousand.

Balance between organisations and individuals:

The old succession planning was purely about organisational needs. The modern version takes account of the growing recognition that people - men as well as women - increasingly need to make their own career decisions and to balance career and family responsibilities. So the emphasis is about balancing the aspirations of individuals with those of their employing organisations, as far as possible customising moves to meet the needs of employees, their families and the changing skill requirements of the organisation.

Leadership:

Developing leadership talent may be part of a succession plan but it is in essence, a long-term investment. In practice, a working succession system results in having more than one good person available for any key job. Real success requires a choice between two or more qualified people. In order to have this choice available in the future, it is necessary to identify what steps need to be taken now

to ensure that potential candidates will be ready later. There are many ways to lead, and every leader has his or her own style. Different styles were needed for different situations and each leader needed to know when to exhibit a particular approach. Some of the common styles include autocratic, bureaucratic, democratic, and laissez-faire. Different situations might give a variety of leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

Jusoff, Abu Samah and Abdullah (2009) suggest other perspectives for a research leader. They list some traits of a good innovative research leader; creativity, technical foundation, confidence, consultative but decisive, inspirational, visionary, leading by example, and high technical standards. Personal qualities; being ethical, ready with deserved praises, clear but gentles criticism and most importantly, never hurting a team member or subordinate's confidence. Research relates to leadership in higher education is from Vadeveloo, Ngah and Jusoff (2009) whom strengthen the above opinion with their research. They found that decision making, leadership performance, personal characteristics and communication skill are identified as the most important areas for effective leaders' behavior.

Training:

Prasarana's policy on training is to fulfil the 26 hours training course for each employee. This is how Prasarana shows their intention to develop their employees' career. The problem occurs when there is imbalance in giving training when some of them get more training, whilst others get less training, some of them even don't get any chance meanwhile some of them refuse to go for any training course due to subjective reasons. With a learning orientation, the goal is to increase competence by developing mastery. A potential challenge with on the-job development is that the focus is entirely on demonstrating performance mastery with little or no attention to learning and developing mastery. As a result, the potential learning benefits associated with a developmental experience are reduced, which negatively affects long-term return on investment. It is also unrealistic to expect that learning will be valued more than performance.

Career Development:

A well-developed succession planning process increases the retention of high-performing employees because they recognise that time, attention and skill development is being invested in them for the purpose of career development. Individual differences is a challenge to effective career development. Just because someone is a certain age or has been in a particular job for a certain number of years does not automatically mean that he or she is ready for a given developmental experience. This is where the importance of a solid succession management plan comes into play. Embedding development in ongoing work is valuable in terms of enhancing the job relevance of developmental experiences. The more technical term for this is transfer of training, and it is one of the most pressing challenges when conducting classroom training and development programs. Specifically, what can be done so that the knowledge, skills and abilities developed through training are applied back on the job? This is a particular problem with leadership development because sending a changed person back to an unchanged system often is an exercise in futility. Without support back on the job for the personal changes made as a part of a development program, it is unlikely that such changes will stick. But when the changes come about from on-the-job developmental experiences, the transfer is more likely to be successful because the gap between learning and application is minimized in terms of both time and distance.

Performance Management:

The process of performance management, according to Mullins (1999), involves a continuous judgement on the behaviour and performance of staff. It is important that employees know exactly what is expected of them, and the yardstick by which their performance and results will be measured. A formalised and systematic appraisal scheme will enable a regular assessment of the individual's performance, highlight potential and identify training and development needs. Assessing employees' performance is subjective and depending on superior's observation on the subordinate's quality of work. The problem occurs when the appraisal given obviously bias based on favouritism and cronyism. According to Young & Dulewicz (2005), employees' performance is evaluated for making developmental and career decisions. Successful performers are often good candidates for promotion.

The process of identification and tracking of high-potential employees, which also means getting the right number of people with the right skills, experience, and competencies in the right jobs at the right time (Beever, 2008; Zimmerman, 2010). Importantly, it was a talent and one of the organizational core improvement initiatives (Beever, 2008; LaForest and Kubica, 2010) to ensure that as

individuals achieve greater seniority, their management skills will broaden and become more generalized in relation to total organizational objectives rather than to purely departmental objectives (Rothwell, 2005). Hence, it would be one of the strongest competitive advantages for the organizations. Therefore, whether the organization are anticipating turnover and vacancies, planning for growth or working to adapt to talent shortages, they need to manage the process effectively (LaForest and Kubica, 2010).

Competencies:

Many organisations have developed frameworks for technical and generic competencies, which relate to a broad range of desired skills and behaviours. The assessment process attached to generic frameworks (especially for management competencies) can provide a useful starting point for evaluating an individual's potential for a senior role. Thus succession plans need to be integrated with existing competency frameworks. However, there should not be an over-reliance on competencies because they may be too limiting and mechanistic to assess skills such as leadership. Moreover, they relate to the past and present rather than to the future, which is where organisational leaders need to look. Thus, in Prasarana, there is competencies dictionary for

superiors' reference to measure their subordinates performance for the purpose of increment and promotion as part of career development in succession planning.

Methodology:

Based on Krejcie and Morgan (1970), a total of 381 respondents will be the respondents in this study to answer the questionnaires given. This study is going to identify the relationship between variables by using Pearson correlation. Besides that, the most influential factors contributing to succession planning effectiveness will be analysed based on the Multiple Regression Analysis. In this cross-sectional survey, the data will be collected from the all of Prasarana Malaysia Berhad staff, employees through the distribution of questionnaires and the data will be analysed and interpreted through Statistical Package for Social Sciences (SPSS), version 19.0 to determine the relationship involved. In the context of this study using Proportionate Stratified Random Sampling to identify each of the employees at every management hierarchy which had lower level management, middle level management and top level management. In addition, this study also aims to identify the level of effectiveness of current succession planning based on descriptive analysis.

Conclusion:

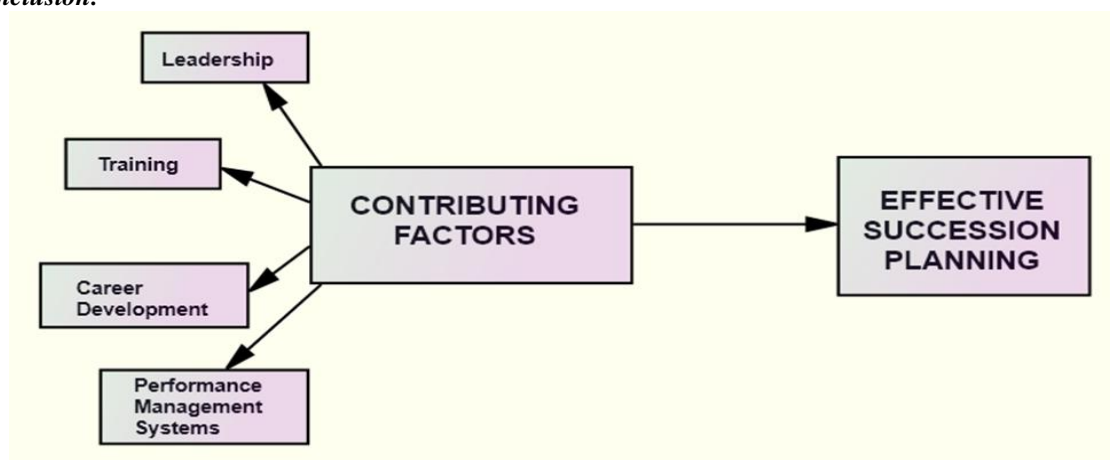


Diagram 1.

Diagram 1 above shows the relationship between contributing factors to succession planning effectiveness. In this diagram it consists of four factors (i.e. : leadership, training, career development and performance management systems.) Thus, this model will describe the relationship of two variables and this proposed model will give better understanding either the relationship will affect directly on the relationship between the benchmarks of contributing factors on succession planning effectiveness. In order to understand the effect of contributing factors towards succession planning

effectiveness amongst employees in Prasarana, this conceptual framework provides the factors that able to measures the effectiveness of the succession planning. From the conceptual framework, the independent variables comprise the contributing factors i.e.; leadership, training, career development and performance management systems. The dependant variable in this study is about the succession planning effectiveness. The conceptual framework highlight that the succession planning effectiveness is relates directly to the contributing factors.

In addition, most companies achieving the greatest success are establishing succession planning strategies first and then supporting them with succession planning software. Key components of succession planning technologies include: behavioural and career profiling tools, performance management tools, allowing management to track employee skills, capabilities and interests, identify and track high performers.

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