



## SUCCESSION PLANNING AS A TOOL OF EMPLOYEE RETENTION AND REDUCTION IN RECRUITMENT COST

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### Abstract

*With the aim to measure the practice of Succession Planning as a tool for employee retention and reduction in recruitment costs. Succession planning is a hard process for an organization that ensures that the employees are recruited and more developed to fit in each required key role within the company. By succession planning process, organizations recruit superior employees, train and develop their knowledge & abilities, and prepare them for advancement to face more challenging roles. Succession planning ensures that employees are constantly developed as per the needed role. As the organization expands its branches, it provides promotional opportunities, and increases sales, during this succession planning guarantees to have employees, ready and waiting to face new challenges. And if the employees are empowered by continuous learning and development processes and can avail better career opportunities in the organization a concern can retain its talent for longer tenure with low recruitment costs.*

**Keywords:** Succession Planning, Employee Retention, Recruitment.

### Introduction

Succession Planning involves procurement and development of employees for future roles and it is directly related with the performance of the organization. It is a fact that every organization face attrition and when an employee leaves or retire from an organization it can disturb the swing of work and can result in reduced performance. So it is necessary for every organization to have a strategic succession plan. If an organization is ready with a proper succession plan even if some key position employees leave the concern then to there are employee who are ready to fill the key position<sup>1</sup>. And the performance of organization will not be disturbed. Dynamic nature of industry also requires such

practices so that organization can grab opportunities of market with its competent employees. It also reduces the manpower requirement of the concern and reduces the cost of recruitment and seasoned employees result in increased business.

## Literature Review

Succession Planning is can be a perfect tool to retain manpower for a longer period of time with the concern. And it is beneficial in all respect either in terms of performance or quality of output. In long run it also advantageous in terms of cost. As in a paper published by **Stephen, Ochieng and Dr. Samuel (2013)** stated in their research that succession planning programs emerged as a strong factor influencing staff retention. Their study indicates that the three sugar manufacturing companies in Western Province of Kenya engage in formalized succession planning in order to offer the knowledge to help high potential employees fit into management positions. Therefore, succession planning programs emerged as a strong factor influencing staff retention. The influence was mainly through provision of employee growth opportunities and job satisfaction. This was enabled through programs such as job rotation, mentoring, coaching and other formal training programs like action learning. The process provides some guidelines to assist managers understand how to reduce employee turnover, increase job satisfaction and employees professional and personal growth. Thus, organizations investment in their staff and improvement contributes to a pool of talent, which benefits the whole organization through retention. Further in a research by **Bidisha Lahkar Das, Dr. Mukulesh Baruah (2013)** also emphasized in their research that factors like compensation practices, leadership and supervision, **career planning and development**, alternative work schedule, working conditions, flexible working hours etc. are basic tools to retain employee in a concern. Retaining them will help in the long-term growth of an organization and will also add to their goodwill. And in return goodwill adds business to the organization. In another research Mr. **Ali Chitsaz and Hamid Reza (2014)** has mentioned the importance of career management in a concern in their paper they concluded that Within the organization line leaders and human resource managers play different roles in the work on employee performance and managing talent. Line leaders are accountable for work delegation and employee learning and development, while the HR managers' purpose is to support and influence within theses activities by implementing processes to manage leaders and employee performance towards a profitable organization. HR managers' focus is to drive business performance through people. The aim of the article is to examine the effect of Talent management and six dimensions including Career Management, Mentoring, Coaching, Training, Job Experience and Succession Planning on employee Retention through organizational trust among staffs of Isfahan University in Iran. This study's results show that there is a positive relationship between talent management and dimensions, organizational trust and employee Retention among staffs of Isfahan University.

(Mrs. Ch. Gowthami 2012) had mentioned that environment is changing rapidly and organizations are facing serious unpredictability and uncertainty, which causes instability in the business operations. Apart from this today's workforce is growing older. As of January 1, 2011, the first Baby Boomers, those born between 1946 and 1964, turned 65, and approximately 10,000 more will continue to do so every day for the next 20 years. In order to overcome these issue the organizations has to identify the key areas & key positions and see that they are kept filled. In this concern raises the question of succession planning & its implementation. This papers emphasises on the importance & role of succession planning in the organizations. Also highlights the extent of succession planning in the organizations in the select countries by focusing on the various research and recent surveys throughout the globe.

(Sindisiwe Bonisile Maphisa, Bonginkosi Keith Zwane, Celani John Nyide 2017) has mentioned in their study about the state of succession planning sugar manufacturing sector. By this research it can be concluded that despite the existence of succession planning policies and training and development programmes at the investigated company, there is still lack of effective implementation of such practices within the company. Contributing to the lack of successful Implementation of these programmes are several factors which the study found to be limiting factors.

#### **The key findings of this study are presented as follows:**

- There is a general understanding of what succession planning is.
- Managers perceive that the company is not doing enough to effectively implement succession planning programmes.
- There are potential internal candidates who can be trained to succeed current managers in the future.
- The current management training and development programmes are not implemented in a transparent and effective manner.
- Several factors affect the successful implementation of succession planning and these include but not limited to lack of top management commitment to succession planning, poor communication, and lack of employee motivation, time and budgetary constraints.
- Retention of managers is a challenge at the Sugar Manufacturing Company under study due to the geographical location of the company, remuneration issues, size of the company (which affects employee-growth prospects), and job satisfaction

#### **Conclusion:**

In today's competitive and dynamic environment it is strongly recommended that every organization irrespective of their size or domain must have a strategic succession plan. As per different

reviews it can be concluded that proper succession planning can also reduce attrition rate of employees in a concern. Because when employee is aware that his or her organization has a sound succession planning and he or she can explore his career to any extent none of the employee will switch from the concerns. Which will retain the talent and experienced human resource for a longer period of time, frequent recruitment cost can also be reduced to great extent. And companies can experience consistent performance with high productivity.

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