

Factors that Affect the Succession Planning Effectiveness towards Employee
Retention

By

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for the Degree of Master in Management
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DECLARATION

I hereby declare that this submission of research paper to Universiti Tun Abdul Razak (UniRazak) is entirely based on my original work except for quotations and citations that have been duly acknowledged. This project work is submitted in the partial fulfillment of the requirements for the award of the degree of Master in Management. The results embodied in this thesis have not been submitted to this or any other University or Institute for the award of any degree, diploma or other qualifications.



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Abstract of the project paper submitted to the Senate of Universiti Tun Abdul Razak in partial fulfilment of the requirements for the Master in Management.

Factors That Affect the Succession Planning Effectiveness towards Employee Retention

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The interplay between succession planning and staff retention is intricately intertwined and mutually reinforcing. Inadequate succession planning can have detrimental effects, resulting in elevated turnover rates and rendering the carefully crafted succession plans ineffective. The crux of the matter lies in comprehending the intricate dynamics of how succession planning directly impacts employee retention. This research article endeavors to bridge this knowledge gap by presenting a comprehensive and nuanced model that elucidates the multifaceted factors that significantly influence the effectiveness of succession planning in relation to staff retention. Through this study, it is revealed that successful succession planning is closely entwined with several pivotal factors, including but not limited to supervisor support, work environment, rewards, career development, and job security. These factors play a pivotal role in shaping the overall employee retention landscape. To substantiate our findings empirically, we meticulously employed an open-ended questionnaire as a survey instrument, effectively engaging a substantial sample size of 200 respondents from state-owned organizations in Sarawak. The meticulously collected data will be subjected to thorough analysis utilizing descriptive statistics to draw initial insights, while the subsequent stage will involve performing further inferential analysis to glean deeper and more nuanced understandings from the obtained results.

Keywords: *Factors, Effective Succession Planning Practices, Employee Retention, Supervisor Support, Working Environment, Rewards, Career Development, Job Security and Sarawak State Owned Organisations.*

CHAPTER 1

INTRODUCTION

1.1 CHAPTER INTRODUCTION

This chapter provides a synopsis of the study topic's preliminary background. Beginning with the issue's history, this chapter expands on the problem statements surrounding the topic, followed by research aims, research questions, research scopes, and research importance.

1.2 RESEARCH BACKGROUND

Succession planning is an essential practice for all businesses, from large corporations to smaller agencies. By managing and planning for employee transition, agencies can ensure organizational continuity, retention of talented staff, and continued success. The factors that contribute to effective succession planning towards employee retention are well-defined career paths and development opportunities, incorporation of a rotational system, and venture capital investments.

One of the most important foundations of effective succession planning is a well-defined career path. Career paths provide structure, showing employees

where their current job fits in the organization and how they can progress over time. Additionally, they provide a pathway for employees to transition more easily into their new roles as they progress through their career development. Agencies should provide employees with the resources they need to explore and understand these career paths more deeply. This includes providing mentor-ship, training, and consultation to help employees gain the skills needed to tackle the next stages of their professional development.

Another factor that contributes to effective succession planning is the incorporation of a rotational system. By employing this system, agencies can give employees the opportunity to explore a variety of work responsibilities to help them develop their skills and broaden their knowledge base. This provides employees with a more multi-faceted understanding of the organization and its operations, which often leads to greater job satisfaction and productivity. Additionally, it allows for the cultivation of executive-level roles and positions to ensure the agency's success in the future.

Venture capital investments are also a key factor in providing successful succession planning in an agency setting. When venture capitalists invest in a company, it signifies their belief in the company's future development, and it allows the company to gain access to more resources. This can often include additional training and talent, which can help bring high quality and

experienced employees into the agency. Additionally, venture capitalists will often provide operational support and guidance to aid in successful succession planning.

Succession planning in agencies is critical for successful employee retention and organizational continuity. The importance of well-defined career paths, the incorporation of a rotational system, and venture capital investments all contribute to effective succession planning towards employee retention. Sarawak, Malaysia has a high rate of unemployment, although the commercial and public sectors are in fierce competition to find qualified candidates. As a result, it is difficult for businesses to both retain their current staff and locate suitable successors should any of their employees decide to leave the company for better opportunities elsewhere or simply retire. There is a contemporary trend known as the "war of talent," and it is causing businesses to implement defensive measures in the areas of employee recruiting and retention. As a result of these changes, many companies are debating and worrying about succession management, which is the process of identifying and developing internal people with the potential to occupy important business leadership positions in an organisation (Lyn, 2001). It also refers to the process of creating feeder groups at every level of a hierarchy (Charan, 2005).

Because the people named in the plan will be accountable for ensuring the company can handle future human resource difficulties, succession management procedures are essential to human resource management. This method gives the company an advantage over the competition by attracting and retaining talented workers who are eager to contribute to the company's success and make it their own. Even though organisations, and especially government agencies, are struggling to adapt to the new realities of the labour market, Perry et al. (2006) argue that succession management and the "war of talent" should serve as a wake-up call for improved methods of attracting, retaining, and motivating employees. They also state that an organisation's performance is directly linked to its ability to manage its information effectively.

Organisations have been using succession planning for quite some time. Truth be told, it wasn't until the 1990s that companies started taking knowledge management seriously as a response to the severe uncertainty they were experiencing in their external contexts. Most businesses made an effort to oversee their "knowledge assets" to guarantee consistent creativity (Newell et al. 2002). After this, we investigated knowledge management in further depth, starting with how the chaotic character of the workplace and the importance of information affected our findings. When operating in such a dynamic setting, businesses must find a way to maximise both the use of previously acquired information and the pursuit of new information (Levinthal et al. 1993).

A company's ability to recruit and retain employees who possess the specialised expertise required to advance its knowledge capital is a necessary but not sufficient prerequisite for effective knowledge management. Providing personnel with a clear career path and the chance to advance within the agencies may be the key to recruiting and maintaining this valuable resource. Succession management planning is widely regarded as one of the most important tasks for assuring a company's continued viability and expansion since it guarantees that enough qualified managers will be available at the right time and in the right positions to keep the business running smoothly. These results are presented in (Pahanayak, 2008). One way to ensure that there are capable people inside an organisation to fill future vacancies is through succession management.

A growing body of research suggests that effective succession management procedures help businesses ensure they have people ready to take on new responsibilities as the company evolves. This study diverges from the standard line of inquiry by examining the relationship between succession management and staff retention, a less studied but critically important topic given its tremendous contribution and impact on organisations. The study's overarching goal is to identify policy changes that will lead to better results by illuminating more pressing concerns related to the relationship.

When it comes to a company's performance, though, it's not the result that matters so much as the methods put in place to ensure that people stay put in the company's workforce. That is, it's the degree to which a company can prevent its employees from leaving for another company for any reason other than simple attrition. One of the purposes of succession management is, in fact, the retention of current employees. More study is needed to examine succession systems from an employee's perspective to maintain critical talents in an organisation for a longer length of time, as argued by Byham et al. (2003).

In Sarawak's state-owned organisations, succession planning management is put into practice through initiatives like the scheme of service, fast-tracking promotions for junior officers to prevent a leadership vacuum when senior managers retire, and comprehensive training for public sector employees to ensure they have the necessary skills.

1.3 PROBLEM STATEMENT

In recent years, agencies have begun to realize the importance of developing unique and effective succession planning strategies. While organizations strive to retain employees, they often fail to anticipate the need to regularly evaluate and forecast future talent needs and assess the capabilities of existing staff.

Employee retention is essential to maintain organizational knowledge, facilitate the transfer of skills and build a succession pipeline for key roles. As such, agencies must establish an effective succession planning process to ensure a strong infrastructure for long-term success and success of the company.

Succession planning is an essential part of any organization's HR strategy, since it ensures the continued growth and success of the organization. It is critical that organizations identify, develop and retain talented individuals to fill the roles required for organizational success. Employee retention is an essential part of the succession planning process, as it increases employee morale and productivity, and reduces recruitment and training costs.

A workforce that is competent, knowledgeable, and well-trained is insufficient, especially in the field of librarianship, technologies and agriculture. Despite the ongoing development in Sarawak, the state continues to confront a significant scarcity of skilled workforce across various sectors. According to Anthony Raja Devadoss in Sarawak Business Summit 2014, the demand for skilled labor is steadily rising as the state progresses. (The BorneoPost, 2014) Meanwhile August Buma, the director for the Department of Labour Sarawak, acknowledged that despite the department's dedicated efforts, there exists a persistent imbalance between the supply and demand of skilled labor.(The BorneoPost, 2014)

Premier Datuk Patinggi Tan Sri Abang Johari Tun Openg said the industries, particularly the construction sector, including significant projects like the Pan Borneo Highway, are grappling with a scarcity of manpower, primarily due to a lack of interest and skills among the local population to work in this field. (New Sarawak Tribune, 2022)

However, good succession management strategies, including identifying successors and individual career paths, should accompany these attributes. In addition, succession management has a significant impact on an organization's future growth, competitiveness, and staff retention. The vast majority of public policy papers specifically state its value and how it should be performed to recognise the crucial function it plays. However, it is unknown whether succession management is utilised in the organisation registered in Sarawak, especially in Sarawak state owned organisations.

There also seems to be a lack of research on the effective mediating elements in succession planning management, despite the fact that succession management techniques are recognised to increase staff retention. However, this status quo persisted, compelling upper management to look into the factors that affect employee retention. Among these was the need to do more research on the mediating elements that affect succession planning

management inside the organisation and to draught policy guidelines for succession management.

It is important to find out if this relationship exists and learn more about it so that human resource management strategies can help organisations reach their goals more effectively. The purpose of this study is to determine whether and to what extent the mediating factors affect the succession management strategy in the focus of employee retention. Especially how these factors affect the ability of workers to continue to work and develop fairly.

1.4 RESEARCH PURPOSES

Most businesses try to get an edge in the market by strategically coordinating their succession planning and HR operations. High-potential individuals may be nurtured and kept on board as a result. The end result is that the company has access to the necessary managerial talent and a competitive human resource advantage. Human resource professionals and academics are increasingly called upon to investigate the wide range of succession management methods that are available to businesses as they adapt to the difficulties posed by the ever-changing global environment.

The business world is a highly competitive, ever-evolving arena, which is why organizational leaders should always strive to create strategic and long term development plans. Succession planning is an important component of business strategy as it allows organizations to plan for sustainable success in the future. Additionally, through proper succession planning, businesses can ensure a smooth transition when an employee departs, thereby retaining key talent and knowledge in the workplace. In this article, we will explore the various factors that contribute to successful succession planning and how they can help businesses retain valuable employees.

One of the most important steps of succession planning is to ensure that managers are prepared to fill the roles of departing personnel. It is essential to have an accurate assessment of a company's existing talent in order to determine which employees can effectively step up to new positions. There should be a thorough training and development plan in place for managers and potential successors, so that they can develop their skills and make the transition seamless. Additionally, organizations should also evaluate the talent of external candidates who can bring in novel strategies and ideas, and appoint them as part of their succession planning.

The first key factor to consider when developing an effective succession plan is to identify the skills and qualities needed for the next generation of

leadership. All positions should have a clear job description and the required skills needed to fill the position should be outlined. Knowing the qualities that are essential to the job and the most important duties of the position will help the organization make sure that the right individual is chosen to fill the vacancy. This can also help to reduce any unnecessary turnover, as employees will understand what is expected of them and be able to take on their role with confidence.

Through empirical assessments of the connection between mediating factors that affect succession management practises and employee retention, this research will add to the existing literature on succession management practises and the effectiveness of these practices on staff retention. As a result, the results of this research will aid agencies especially Sarawak state owned agencies in better aligning their succession management policies with best practices in succession management, hence increasing the likelihood of employee retention.

Scholars and researchers interested in learning more about the connection between succession management and staff retention may also find this study to be a valuable resource. In addition, this paper will serve as a springboard for future studies and a reference for a literature study on the topic of succession planning effectiveness in local agencies and to what extent the impact of this

succession planning management is measured and practiced and put into practice.

1.5 RESEARCH QUESTIONS

This study aims to answer the following questions in order to unravel the stated challenges and fulfil the research goals specified in the previous sub-section:

- 1) What is succession management planning practices?
- 2) What is the impact of effective succession planning practices on employee retention?
- 3) What are the mediating factors that affect effective succession planning practices towards employee retention?

1.6 RESEARCH OBJECTIVES

The primary objective of this study was to examine how succession planning practises influence employee loyalty. This research takes into account not only the impacts of effective succession planning practises on employee retention but also the effects of mediators such as supervisor support, working environment, rewards, career development, and job security. This research will

analyse the effects of effective succession planning strategies and selected mediators on employee retention. Each research study is conducted in the organization and this study will be conducted among staff in several Sarawak state owned organisations in Kuching, Sarawak. This study also aims to determine whether and what mediating factors influence succession planning management and to what extent these strategies have been adopted among Sarawak-owned organisations in Kuching, Sarawak.

1.6.1 Specific objectives

Specifically, the study will;

- 1) To determine the impact of effective succession planning practices on employee retention.
- 2) To determine the factor's impact towards succession planning management on staff retention.
- 3) To examine the different factors that influence effective succession planning practices on employee retention.

1.7 SIGNIFICANCE OF THE STUDY

The importance of the organization especially Sarawak state owned agencies to the advancement of knowledge and the knowledge economy of Sarawak cannot be disputed. This study analyzes employees in Sarawak state owned organizations and explains the mediating factors that affect good succession planning procedures on staff retention. The research findings provide important information to other agencies, especially the private sector on how to relate the mediating factors in creating effective succession planning strategies to retain outstanding individuals. Mainly, the results of the study contribute to the improvement of the human capital base of excellent organizations. According to this study, managers or executives will be able to maintain productive human resources for the long term without unexpected absences and build a pool of skilled human resources for future needs. Future researchers will be able to conduct similar studies with the help of this study's findings, and firms will be able to establish successful succession planning programs to retain their employees with the help of the study's findings. Therefore, this study contributes to bridging the information gap.

1.8 THE ORGANISATION OF THE STUDY

Sarawak state-owned organizations refer to companies or enterprises that are owned, controlled, or partially owned by the government of Sarawak, a state in Malaysia. These organizations operate in various sectors, including but not limited to energy, infrastructure, transportation, tourism, agriculture, and education. They play a crucial role in the economic development and growth of the state.

Sarawak state-owned organizations are established with the objective of serving the public interest and fulfilling the developmental goals set by the state government. They often have a dual mandate of generating financial returns while also contributing to the overall social and economic well-being of the state and its residents.

These organizations are typically governed by a board of directors or management team appointed by the state government. The government exercises varying degrees of control and oversight over these entities, depending on the specific organizational structure and sector they operate in.

The activities and operations of Sarawak state-owned organizations are guided by government policies, strategic plans, and regulatory frameworks.

They are expected to operate efficiently, effectively, and in line with the principles of good governance, transparency, and accountability.

Sarawak state-owned organizations are often involved in significant infrastructure projects, such as the development of power plants, highways, ports, and airports, aimed at boosting the state's connectivity and economic growth. They also play a vital role in promoting local industries, attracting investments, and creating employment opportunities for the residents of Sarawak.

In addition to their commercial activities, these organizations may also undertake social initiatives and community development projects, contributing to the overall welfare and quality of life of the people in Sarawak. Given their significant role in the state's economy and development, the performance and effectiveness of Sarawak state-owned organizations are of great importance. They are expected to operate efficiently, contribute to revenue generation for the state, create employment opportunities, and support the sustainable development goals of Sarawak.

Continuous monitoring, evaluation, and improvement of these organizations are carried out to ensure that they meet their objectives, deliver value for money, and effectively serve the interests of the state and its residents.

1.9 CHAPTER SUMMARY

An overview of the complete research study has been presented in this chapter. A thorough explanation of the problem statement provided justification for conducting this research. As a result, the formulation, outlining, and application of statements of the research question and research objectives as key principles throughout the entire study process. This document's subsequent chapters are divided into:

- Chapter two: Literature Review
- Chapter three: Methodology

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CHAPTER 2

LITERATURE REVIEW

2.1 CHAPTER INTRODUCTION

This chapter provides a literature assessment on topics related to succession planning and retaining key personnel. Several terms relevant to the investigation are also defined. The theories of succession management and staff retention, as well as the independent variables and conceptual framework, are discussed in this chapter, along with an appraisal of both the theoretical and empirical literature.

2.2 THEORETICAL ANALYSIS

A number of theories have been advanced in the area of succession management as reviewed below:

i. Schlumberger Limited's Development Move Opportunities

The succession planning process at Schlumberger is intended to guarantee that the firm has the appropriate individuals in the right jobs at the right time. The approach starts with identifying important jobs and

developing a succession strategy for each one. This strategy comprises identifying possible successors, creating a succession schedule, and creating a training and development plan for each potential successor. The plan also calls for the creation of a succession strategy outlining the procedures to be taken to guarantee a seamless transition of leadership. Finally, the plan comprises the implementation of the succession plan as well as the monitoring of the successors' development. With the Schlumberger tool, managers suggest at least three people for each leadership position who could take over. When jobs open up in other business units, these candidates who are "ready in the future" are looked at for those jobs. These moves are chances for all business units to learn and grow in areas where business risk is seen as manageable.

ii. Johnson & Johnson's "Folio Map"

Johnson & Johnson's succession planning folio maps are designed to help the company identify and develop potential leaders. The maps provide a comprehensive overview of the company's current and future leadership needs, and they are used to identify and develop potential leaders who can fill those needs. The maps include information on the company's current leadership structure, its current and future leadership needs, and the skills and competencies needed to fill those needs. They also provide a

framework for assessing potential leaders and developing their skills and competencies. The maps are used to identify and develop potential leaders who can fill the company's current and future leadership needs. Under this theory, the talent "assets" of an organisation are divided into three groups: growers, keepers, and movers. This is done by evaluating executives based on their performance results, their track record of developing people, and their evaluations of potential and position accountability level. Then, succession management focuses on the growers and movers to make sure that the most attention is paid to the executives who could have the biggest long-term impact on the business.

iii. IBM's Development-Based Succession Plans

The succession planning process at IBM is intended to guarantee that the organisation has the appropriate individuals in the right jobs at the right time. The process starts with the identification of important jobs and the creation of a succession plan for each. This strategy comprises identifying possible successors, developing a succession schedule, and developing a plan for training and development of the potential successors. The plan also includes the development of a process for evaluating the potential successors and selecting the best candidate for the role. Once the plan is in place, IBM works with the potential successors to ensure they are prepared

to take on the role. Under this model, possible successors are judged based on how many and what kinds of jobs they have held. In this situation, a succession discussion is centred on judging the executives on the required development experiences, executive competencies, and individual derailment factors.

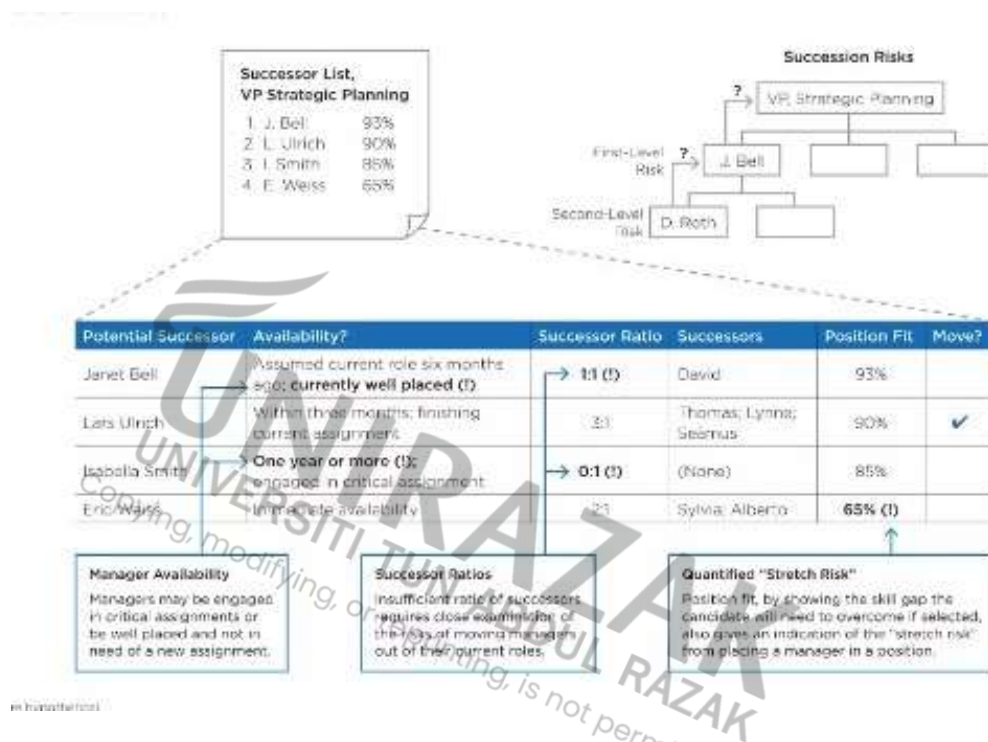


Figure 1: Schlumberger Limited's Development Move Opportunities Conceptual Framework

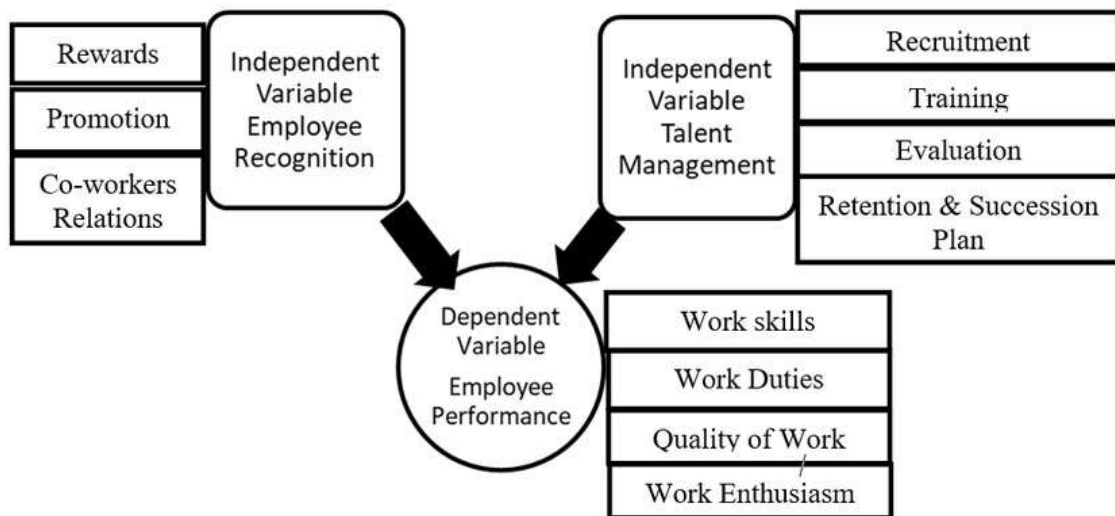


Figure 2: Johnson & Johnson's "Folio Map" Performance Evaluation

Conceptual Framework

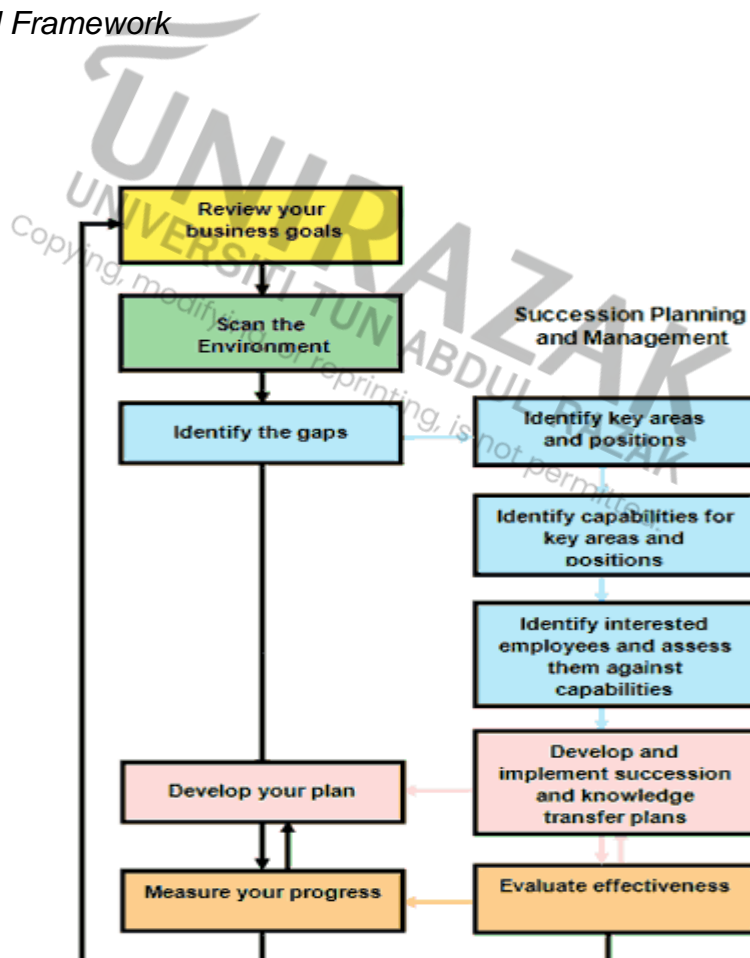


Figure 3: IBM's Development-Based Succession Plans Conceptual Framework

This idea is thought to be consistently related to the independent variables that contribute to effective succession planning on staff retention that were investigated in the study.

2.3 EMPIRICAL ANALYSIS OF RELEVANT STUDIES

2.3.1 General Studies

Organizational analysis, selection, appraisal, executive talent development, and inventory control are all common succession management strategies (Mohamad and Mehrabain, 2011). Organizations that are prepared for succession are less likely to face financial issues during CEO transition. Furthermore, his research indicated a significant correlation between succession planning and a firm's profitability (Sambrook, 2005).

Based on research of higher education institutions, Cheryl (2009) proposed approaches for implementing thoughtful and thorough succession plans in the academic setting. These strategies include identifying executive champions, aligning the succession plan with the institution's culture, mission, vision, and goals, adopting a strategic planning approach, carefully crafting communication plans to embrace

talent development without implying entitlement, and conducting a continuous evaluation of the people and processes involved in succession planning.

Taylor and McGraw (2004) investigated the use of succession management programs in Australian businesses to better understand their characteristics and perceived efficacy. According to the survey, half of the sampled organisations had succession management programmes. The programmes were inspired by the need to better business outcomes and the need for new skills within the organisation.

Ip et al. (2006) did a thorough literature search of business periodicals, journal databases, textbooks, and relevant articles to conduct a review of business and academic literature on Business Succession Planning. The study looked into the business succession environment, which encompasses psychological, legal, financial, and economic elements. In terms of methodology, they determined that there is no consistent and well-defined framework for the entire Business Succession Planning process. Furthermore, they claim that Business Succession Planning is not an individual or small-group endeavour, but rather one that necessitates a continuous investment of time, resources, and support.

Furthermore, firms are experimenting with a range of developmental strategies, particularly reactive and ad hoc approaches to management development. Senior management buy-in, business efficiency, corporate backing, organisational strategy, organisational culture, demand from managers themselves, training awards, and competitive organisational behaviour are some of the factors that inspire firms to invest in management development.

Flexible job descriptions, according to a prior study done in the United States by Pennell (2010), are critical for encouraging development opportunities and succession management methods, particularly in the library business. Using literature from both inside and outside of librarianship, this study investigated the impact of flexible job descriptions on the succession management process. The study focused on the expected library management and leadership shortage in the future years, when a record number of current library managers from the baby boomer generation retire. The study's findings indicate that written job descriptions may limit current library managers' ability to provide learning and development opportunities for workers who will assume leadership positions in the coming years. However, more flexible job descriptions were shown to provide richer, more inventive professional and developmental learning opportunities for identifying

high-potential employees within an organisation for succession planning.

According to Rothwell, there are various approaches to succession planning that can be distinguished based on the direction of the succession, which can be top-down, bottom-up, or a combination of the two, the timing of the succession, which must be executed fitfully, periodically, or continuously, the planning approach, which can be systematic or unsystematic, the scope, which can be specialised or generalised, and the degree of dissemination, which can be either systematic or unsystematic. He has established a list of attributes to create an effective succession planning programme, including top management participation and support, a need-based approach, and external benchmarking. Furthermore, the programme should have assigned accountability, be structured, and specific developmental programmes should be established and implemented.

2.3.2 Empirical Studies in Malaysia

In general, Malaysian public sector organisations commission studies to gauge employee satisfaction. According to the IPM/IHRM Employee Happiness Survey (2007), one of the variables influencing

employee satisfaction is management's unwillingness to prioritise the promotion of qualified internal candidates over the employment of external applicants. According to the report, the firm should develop a system in which employees believe they have an equal opportunity to compete with outside applicants. Among these systems are succession management systems.

The succession planning challenge is visible in Malaysian institutions of higher learning's public universities and colleges (Jusoff et al., 2009). According to Hashim and Mahmood (2011), the high personnel turnover rate in Malaysian higher education institutions is a serious problem. It is critical that Malaysian higher education institutions have a stable foundation by selecting a successor for the top positions. It is not much easier to fill vacated positions when employees retire, leave, are absent due to an emergency, or are on leave (Zaini et al., 2008).

Nonetheless, it has gotten little attention in the real world of public service, where it is a far more serious problem. This apathy reflects the reality that public authorities have not taken succession planning seriously. Finding the right officers for critical posts is tough, but changing the mindset of the public sector so that succession planning

is recognised as an important aspect in ensuring talent continuity is considerably more difficult. To be successful, public sector leaders must overcome four types of obstacles: reluctance to engage in succession planning, confusion about the succession planning framework, the underlying assumption that succession issues are beyond the scope of the leader's responsibility, and a lack of information about how to engage in succession planning in the midst of a shifting political environment.

Service Circular No. 3/2006 governs the Malaysian public sector and governs the execution of succession plans (The Search Committee Establishment Guideline and The Implementation Process of Succession Planning). This circular is intended to guarantee that all critical posts held by Hamizam Abdullah Zabidi and others are filled by competent officers of Grade 48 or higher. Management of Talent Enterprises, stakeholders, and their particular surroundings are all met with icops2010. This is due to the fact that each agency has its own detailed level-specific succession strategy. Malaysian public sector succession plans adhere to merit system principles, notably after the establishment of the Malaysian Remuneration System (MRS) in 2002.

The strategy was intricately linked to a series of exhaustive Competency Level Assessments, which operate within the parameters of the merit system to ensure that all employees have equal access to learning and development activities and that potential employee selections remain consistent and competitive. By analysing essential skill areas at all levels and identifying strategic roles, the public sector will maintain continuity in talent transition, preventing the loss of critical knowledge and skills when top leaders leave the organisation. In addition to the Competence Level Assessment, the Performance Appraisal System is employed as one of the succession plan's needs.

This technique gives a more objective, systematic, and trustworthy judgement since it has less subjective components. It acknowledges the need to place a greater emphasis on various aspects of various service groups, such as work output based on knowledge, work quality, timeliness, ability to manage and make decisions, good values such as trustworthiness and dependability, leadership potential, and annual goals agreed upon by both officers and their superiors. The role of seniority in the public service is diminished by this multimodal approach to succession planning implementation. Progression for administrative and diplomatic officers, for example, is "strictly merit-based" (Ahmad, Mansor and Ahmad, 2003). Prior to independence, seniority was the

most important criterion for progression; currently, talent is the most important criterion for advancement (Omar, 1980). In a nutshell, succession planning in Malaysia's public sector is top-down, with competencies and merit serving as selection criteria.

According to the study *Succession Planning and Management Practices Among Private Sector Firms in Malaysia* (Krishna Naidu S/O D. Suppiah, 2008), most businesses in Malaysia employ an efficient strategy for succession planning. Notably, 56% of organisations, mostly large firms, participated in formal succession planning, motivated by the desire to grow the business and enhance the company's bottom line.

2.3.3 Empirical Studies in Sarawak

A numerous initiatives haven been executed by Sarawak State Government to retain their employee. However, the number of employees exiting the public service is considerably above average since 5-6 years ago especially among Sarawak State Library staff.

Furthermore, the State government has not taken any counter measures to check and balance all the implemented initiatives. Thus,

this study is intended to examine the effect of the retention-ship initiative among the Sarawak State library employees. According to (Peter Songan & Malcolm Yong Kar Siew) in Exploring Ways to Develop an Effective Succession System for Managers in a Public Sector Organization through Action Research, he found out that there were no formal, written procedures for succession planning within public sector especially in Sarawak. The problems associated with this were the lack of continuity of policies and procedures, a sense of uncertainty when leadership changed, and a negative impact on staff morale and motivation.

Consequently, a field research in Sarawak on the significance of succession planning for firms revealed that the majority of businesses were aware of succession planning techniques, but execution was lacking. In the majority of firms, the pressure to meet daily revenue collection targets was prioritised over succession planning; stakeholder support and clear communication were lacking; and succession planning training and counselling were not provided. (Peter Songan & Malcolm Yong Kar Siew).

2.4 PROPOSED CONCEPTUAL FRAMEWORK

The construction of a theoretical framework is necessary in order to draw additional conclusions and empirically achieve the study's goals. According to Sekaran and Bougie (2016), a theoretical framework displays researchers' opinions and how they are related to one another regarding a particular phenomenon, in this case variables or concepts. Theories describing the association and relation of variables are included in the sections on literature reviews. It is determined that the model of factors that influence the effectiveness of succession planning management towards employee retention is the main theory in this study based on the discussion in the previous subsection.

The framework of the study model is based on the results of the work Stephen K. Malawen(2013) & Syed Najam & Danish Ahmed (2020). Understanding mediating factors which are supervisor support; reward; career progress; work safety and work environment is the main focus of the study. Effective replacement planning in Sarawak state-owned organizations is a predictor of employee retention. Many studies using almost similar model have shown that mediating factors have an impact on employee retention in the organization. Therefore, the design of this study is based on the creation of the framework shown in *Figure 4*.

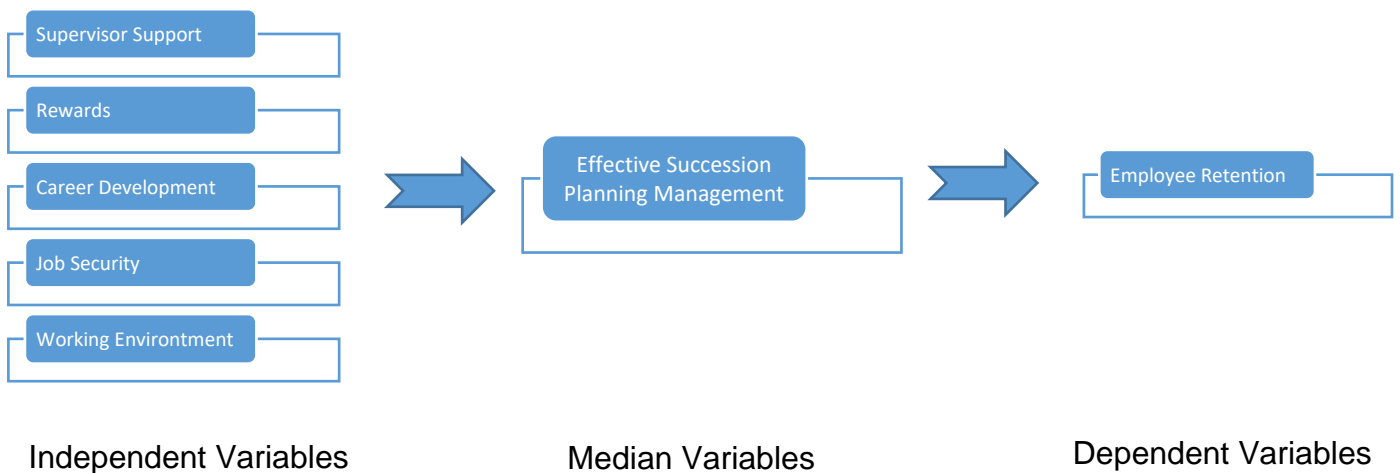


Figure 4: Proposed conceptual framework

2.5 HYPOTHESIS

There are six hypotheses formulated based on the previously discussed conceptual model on factors that contribute to effective succession planning towards employee retention.

2.5.1 Contribution of Succession Management Practices towards Employee Retention

An organization's success depends heavily on its ability to recruit, retain, and motivate its best workers. An organization's ability to capitalize on its existing strengths and make strides towards its long-term goals is directly tied to the quality of the people it employs

and keeps around. This is why the topic of staff retention is central to the study of good succession management (Pritchard et al., 2004).

Several factors have been examined in previous research on employee satisfaction. Factors that influence employee satisfaction and the value of retaining valuable employees are two of the most researched topics in this area (Abrams, 2001; Greene, 2000; Smith, 2001 and Withers, 2001). Despite its significance, however, no previous research has attempted to establish a connection between this theory and actual succession management practise.

Contrary to the literature, which takes a more generic approach, this article attempts to establish a connection between succession management and staff retention. Employees that are content in their work and enjoy coming to work are more likely to go above and beyond for the benefit of the company's clients, according to research by Hammer (2000). But if there are clear succession management techniques and career development plans, people are more likely to be happy and motivated to do their best work.

Variations in employee retention have been connected to a wide range of factors. Fink (2011) showed that teachers in Canada, the

United States, and Britain were less motivated to take on leadership roles in school administration because there were minimal financial incentives for making the shift from the classroom to the administration. Thus, it was determined that in these nations, the incentive was more essential than succession management approaches for retaining effective educators. When companies take the time to plan for the future, they may assure that their most valuable workers will remain with the company (Rothwell, 2001). Armstrong (2006) and Rollins (2007) both agree that succession planning helps keep key staff around (2003).

Compensation or income, benefits, job stability, work-life balance, and a sense of safety in the workplace are the top five elements of job satisfaction. Talent management practices that are effective at attracting and retaining top talent also create an environment where employees' voices are heard and valued, where they are given the tools, they need to succeed in their current roles, and where the best candidates are selected for open positions.

However, when succession planning is not timely and well executed, employees may consider leaving the company. Practices in succession planning, according to the research (Tunje, 2014), are correlated with

higher rates of staff retention. Most employees at Standard Chartered Bank in Ghana had no plans to leave the firm due to the bank's successful long-term career succession plans, according to study on the topic done by (Nyamekye, 2012). Staff retention, as defined by (Nzuve, 2010), involves an organization's efforts to ensure its personnel will stay with the company after its leadership changes. In order to keep good employees and reduce turnover, it's important to boost their opportunities for professional growth through succession planning.

H1: There is a positive relationship between effective succession planning practices and employee retention.

2.5.2 Supervisor support

An employee's relationship with his or her supervisor is one of the most important factors influencing employee retention. Supervisor support, as defined by (Rhoades and Eisenberger, 2002), consists of managerial acts that encourage employees to use what they've learned in the course of their employment. An individual's relationship to their manager has a significant impact on their level of trust in the company (Eisenberger et al, 1990). As stated by (Greenhouse, 1987), workers who have a positive relationship with their boss are less likely to leave

the company and are far more invested in its success. Employees are more likely to leave a bad manager than a bad company, according to a study conducted in Ontario (Ontario, 2004). not enough to sustain executive positions. Relationships between managers and their subordinates can be strengthened through careful succession planning.

H1: There is a significant relationship in supervisor support between effective succession planning practices and employee retention.

2.5.3 Reward & Career Development

Therefore, awards serve to push employees towards continued positive behaviour in the workplace. According to Gilbert (2005), awards have a long-lasting effect on the workforce, and this effect will continue to validate workers' perceptions that they are appreciated. It is essential to provide monetary as well as non-monetary rewards in order to increase staff retention rates (Pillay, 2009). Employees that contribute to succession planning are rewarded with promotions to roles that will become available in the future. In addition, research conducted by Heijden, Schalk, and Veldhoven (2008) found that career development should focus on fostering and enhancing a career path

that offers a diverse variety of opportunities. (Ahmad, Mohamed, & Manaf, 2017) conducted an investigation into the succession planning programme in the Malaysian public sector firms. They found that succession planning plays an important role in the development of employee careers as well as improved morale in the leadership of the organisation, which ultimately led to improved employee and firm performance.

H1: There is a significant relationship in rewards between effective succession planning practices and employee retention.

H1: There is a significant relationship in career development between effective succession planning practices and employee retention.

2.5.4 Job Security

Nevertheless, in today's world, job security has emerged as the single most critical factor that influences an employee's decision to remain in their current position. According to Borland (1992), work security is the state of not having to worry about one's employment being terminated or lost. According to Greenhalgh and Rosenblatt (2010), a lack of work security leads to ambiguity in future roles, which in turn leads to stress, dissatisfaction, mental upheaval, and weariness.

This, in turn, worsens job security and increases retention. Insecurity in one's employment leads to a considerable increase in employee turnover and has a negative impact on the health of one's workforce. (Cheng & Chan, 2008).

H1: There is a significant relationship in job security between effective succession planning practices and employee retention.

2.5.5 Work Environment

Independent research undertaken by the American Society of Interior Designers (ASID) proved that the working environment significantly affects the employee's decision to remain or leave the employment (Madiha Shoaib et al, 2009). Help save the office culture by getting employees to stay put. The workplace appears to play a role in employee retention (Kossivi et al, 2016). Researchers have looked into how a pleasant workplace might help keep employees around. According to the research of (Nyanjom, 2013), companies try to improve unsafe and unsatisfactory working conditions in order to keep their employees from leaving. When workers are satisfied and pleased in their jobs, they are more likely to put in extra effort, which is why it's important to have a robust succession planning strategy in place.

H1: There is a significant relationship in the working environment between effective succession planning practices and employee retention.

2.6 CHAPTER SUMMARY

A comprehensive analysis of management succession planning has been provided in this chapter. In its most basic form, management succession planning is the process of determining which roles within our business are considered to be the most important and then formulating strategies for how specific persons might successfully fill those roles. In order to determine the degree to which the succession management plan has a good or negative impact, the effects that have an influence on the plan have also been investigated and identified based on previous studies. In addition, studies conducted in other organisations and country as well are taken into consideration in order to determine whether or not the same effects would be obtained.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

3.1 INTRODUCTION

This chapter gives a thorough explanation of the study's research methodology. There are seven portions in it. The introduction section, research design, instrument measurement, data collection, sampling, data collection procedure, data analysis, and the chapter summary.

3.2 RESEARCH DESIGN

The purpose of the research design is to provide an appropriate structure for the investigation. The decision to be made about the research strategy is particularly significant in the research design process, since it impacts how relevant data for a study will be collected. Nevertheless, the research design process comprises a number of interconnected decisions. (Aaker et al., 2000). Zikmund (1988) defines research design as "a comprehensive strategy that specifies the techniques and processes for gathering and interpreting the necessary data." Numerous writers provide recommendations for selecting a study design. For instance, Sarantakos (2013) offers three interconnected steps which are selecting an appropriate paradigm, a methodology, and a

collection of methodologies. The design of this study was influenced by the aforementioned approaches and consisted of three steps includes selecting a research paradigm, a research strategy (quantitative or qualitative), and a research methodology. However, in this study, the quantitative method is used because it is more accurate and precise (M. Umar Sultan and MD Nasir Uddin, 2011). (Saunders, Lewis, and Thornhil, 2000) said that qualitative research can take a long time, while quantitative research can be done more quickly because the time schedule can be estimated.

Data collection through survey methods using questionnaires to 200 respondents being done. There are five main independent variables for this study which are supervisor support, rewards, career development, job security and work environment. This study uses the Likert Scale using five answer choices where describes the level that ensembles what respondent response. The five scale are 1 for "Strongly Disagree", 2 for "Disagree", 3 for "Neither Agree nor Disagree", 4 for "Agree", and 5 for "Strongly Agree".

3.3 STUDY POPULATION AND SAMPLING PROCEDURES

The population and sample strategy used for this study are covered in this section. It explains the selection of the population as well as the methodology used for data collection, sampling, and administration. The Sarawak state

owned agencies and study participants were chosen using basic random selection and purposive sampling techniques. According to the data analysis justification, simple random sampling assures that every person of the population has an equal probability of being chosen or of receiving a response, which may be more than the chance. The process for determining sample size was utilised to obtain accurate and useful data. Probability (basic random sample) sampling techniques were applied in this investigation.

The choice was made hoping the mentioned agencies and their employees are basically come from various background of studies. Furthermore Sarawak state owned agencies are come in various background has be choosed so that different result can be captured based on their organisational culture. It was therefore interesting to see how they carried out their succession management practices.

Samples were collected using a convenient method. Therefore sample taken from various department in the agencies with criteria of different rank, income, education background, different working portfolio and other demographic factors.

3.4 DATA COLLECTION METHOD

Techniques of Data analysis used are descriptive statistics, common method variance, and structural equation modelling (SEM), which can be divided into measurement model or confirmatory factor analysis and structural model analysis, will all be used in the analysis of this study. In addition to the researcher's experience with the programme, the Statistical Package for the Social Science (SPSS) version 29 was chosen because of its user-friendly features. The most extensively used statistical software by researchers is SPSS, which is one of many choices available. Descriptive statistics used to test the study hypotheses based on the data analysis. To analyze the independent and dependent variables, descriptive statistical approaches are being used. Together with the evaluation of validity and reliability, the measurement model is evaluated. The links between independent and dependent variables constructs shown in the structural model in chapter four.

3.5 OPERATIONAL AND MEASUREMENT

The questionnaire consisted of a three section. In Section A there are 6 questions based demographic factors. While in Section B it consist of 5 questions for each of the independent variable and lastly in Section C there are another 7 questions to measure the mediator and dependent variable. All

questions were assessed using five-point Likert-type answer scales, with five (5) indicating strongly agree and one (1) indicating strongly disagree. Rensis established the Likert scale, which has been utilised by a large number of researchers for over two decades, mostly in survey research (Edmondson, 2005). According to Neuman (2000), the benefit of utilising the Likert scale is that it is simple and easy to use.

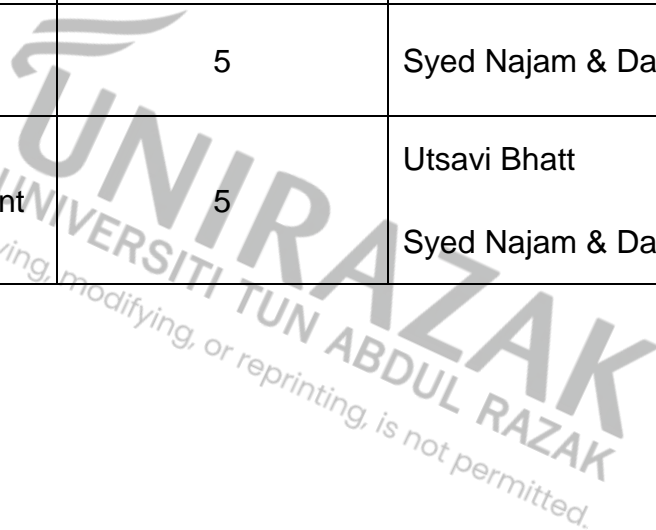
3.5.1 Independent Variables

The independent variables of the research are:

- Supervisor support
- Rewards
- Career Development
- Job security
- Work environment

The following are the operationalisation and measurement for the specified independent variable.

Variable	No of Question	Source of Question
Supervisor support	5	Stephen K. Malakwen(2013) Utsavi Bhatt Zarca Interactive (2011)
Rewards	5	Zarca Interactive (2011)
Career Development	5	Dawit Tat Bisrat (2017) Utsavi Bhatt
Job security	5	Syed Najam & Danish Ahmed (2020)
Work environment	5	Utsavi Bhatt Syed Najam & Danish Ahmed (2020)



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3.5.2 Dependent Variable

The independent variable of the research is employee retention.

Below is the operationalisation and measurement for the specified dependent variable.

Variable	No of Question	Source of Question
Succession planning management effectiveness & Employee Retention	7	Syed Najam & Danish Ahmed (2020)

SPSS was then used to quantitatively analyse the variables.

Subjects were asked to rate their agreement with each statement on a Likert scale running from 1 (strongly disagree) to 5 (strongly agree).

3.6 DATA ANALYSIS TECHNIQUE

Questionnaires, which included a variety of open-ended inquiries, served as the instrument for data collection in this investigation. This approach was selected because it was thought to deliver data that was uninfluenced by any sort of bias. Before the questionnaires were given out to the respondents, they were put through a series of tests to verify that the questions would be easily

understood by the participants and would, as a result, be able to provide accurate results. As a result of the target sample, the questionnaires that were employed and sent to the selected workers of the institutions that were chosen were exactly the same. Each question on the questionnaire was devised with the intention of achieving a certain target. It was dependent on the honesty and willingness of those who responded for it to be successful.

3.6.1 Descriptive Analysis Technique

Specifically, the descriptive analysis method are adapted for this investigation. Descriptive statistics seeks to make sense of the available data by means of classification and summarization (Singleton et al.,1988). As defined by Bogdan and Biklen (1992), data analysis is the procedure of looking for and structuring field data in preparation for presentation. Quantitative data was analysed using SPSS software, and the results were presented in the form of tables and charts displaying frequency and percentage distributions alongside accompanying critical analyses and descriptive text. The process required working with data, sorting it, breaking it down, synthesising it, looking for patterns, determining what was significant, and selecting what to share with others.

3.6.2 Inferential Analysis Technique

To generalise and make inferences from the sample data to the overall research region, inferential statistics were applied. Cross-tabulations were performed on organised and coded data to provide frequency distribution tables, graphs, and percentages. According to Gay (1976), the most generally used ways of presenting descriptive survey research include creating frequency distributions, computing percentages, and accurately tabulating them.

If this strategy proves useful, it will be incorporated in the final report. This study will look at the most effective independent variable in conjunction with any of the demographic components.

3.7 CHAPTER SUMMARY

This chapter discussed the methodology used in this research. The study is entirely quantitative in nature. This research employs a quantitative technique to ensure accuracy, reliability, and testability. Additionally, it indicates a high degree of generalizability for the results from the population sample. The purpose of this study is to examine ideas derived from current theory and research.

The major data collection tool used for this research was a survey since it is scientifically sound, and the outcomes are quantifiable. A systematic questionnaire was created for the purpose of collecting data through an online survey. The questionnaire was developed using a conceptual model that assisted in identifying the necessary information and the link that needed to be studied. These research survey questionnaires are targeted to be distributed to 300 employees in various Sarawak state-owned organisations and their responses will be gathered. Lastly, the data analysis for the study will include descriptive statistics analysis and inferential statistical analysis.

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CHAPTER FOUR

RESULT AND DISCUSSION

4.1 INTRODUCTION

The data collected from the customer's questionnaires were tabulated, and then analysed to testing the hypotheses of study using the Statistical Package for the Social Science (SPSS). In this chapter, the researchers come out with result from the findings of the whole study. A total of 202 sets of questionnaires were distributed to respondents from different working background and ages. However, only 201 questionnaires used because of technical mistakes. After the data has been collected, the next step is to process the data entry. The Statistical Package for Social Science (SPSS) 2.0 software was used for the purpose. By using the SPSS 2.0 program, the researchers could test the reliability, the descriptive analysis and the relationship between the variables. By this SPSS, the researchers use the analysis method like below.

4.2 DATA COLLECTION AND FINDINGS

4.2.1 DESCRIPTIVE ANALYSIS

4.2.1.1 GENDER & AGE ANALYSIS

The respondents are comprised mainly male 44.8% and female is 55.2% from 201 respondents. On the other hand, for the age of respondent: respondents with the age between 26 to 33 years old tend to state the biggest percentage of respondents which is 32.3% from total respondents. While respondent with the age between 34 to 41 years old is the second highest percentage which is 30.3% from the respondents followed by age between 18 to 25 years with 17.4%. And respondents with the age between 42 to 49 years old are 14.4% and the lowest from total respondents is in age range of 50 years and above which is only 5.5%.

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Table 4.2.1.1a Gender

Gender			Valid	Cumulative
	Frequency	Percent	Percent	Percent
Valid	Male	90	44.8	44.8
	Female	111	55.2	55.2
	Total	201	100.0	100.0

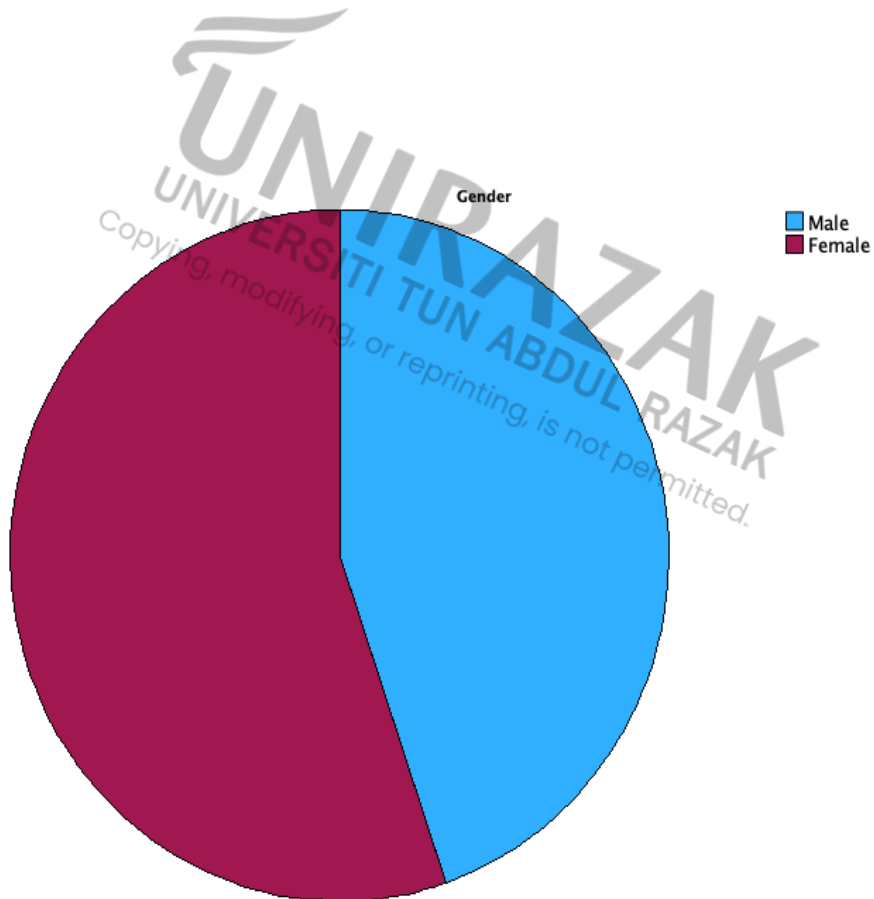
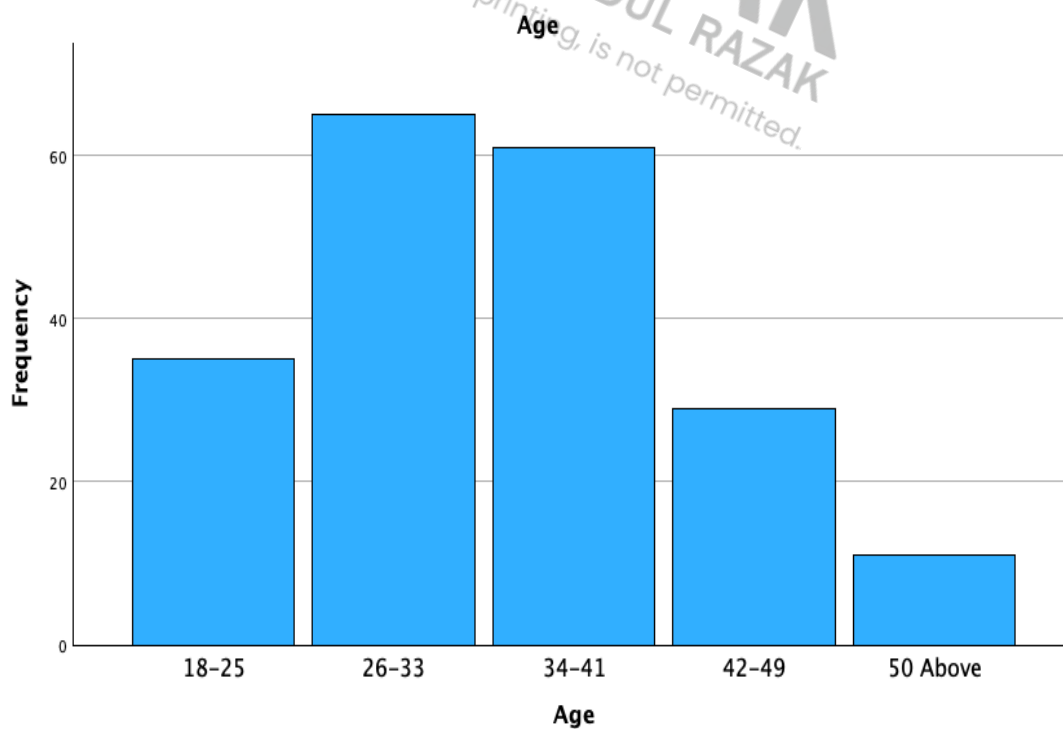


Table 4.2.1.1b Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	35	17.4	17.4
	26-33	65	32.3	32.3
	34-41	61	30.3	30.3
	41-49	29	14.4	14.4
	50 and above	11	5.5	5.5
	Total	201	100.0	100.0

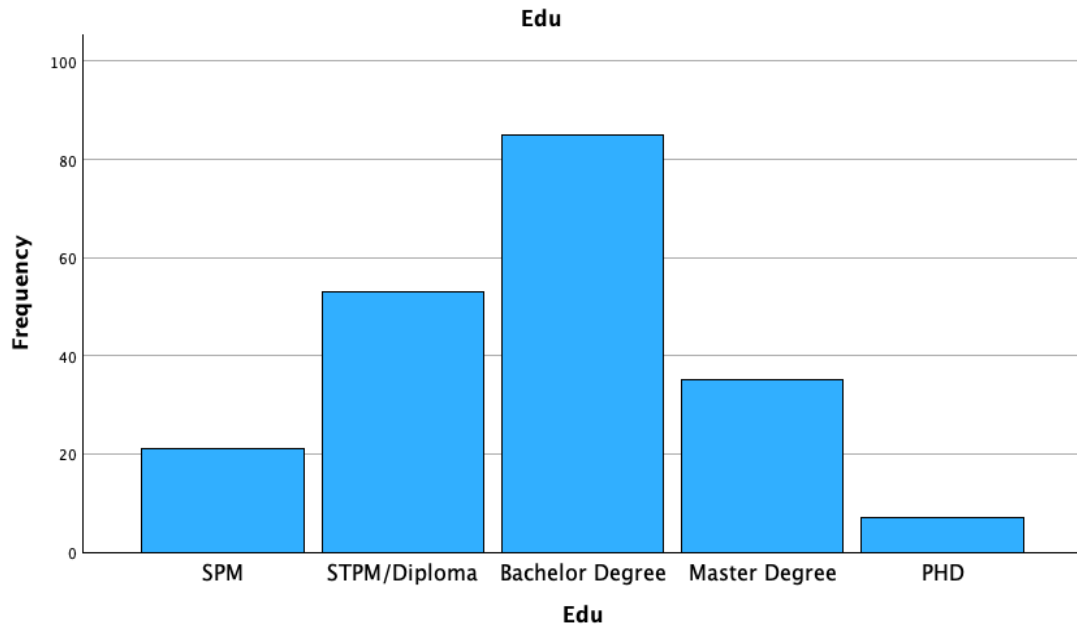


4.2.1.2 EDUCATION ANALYSIS

Meanwhile in term of education qualification, respondent with Bachelor Degree stated the largest percentage which is 42.3%, while second largest is STPM and Diploma's stated 26.4%, the third largest is Master's Degree stated 17.4% followed by respondent with Sijil Pelajaran Malaysia (SPM) stated 10.4% and the lowest percentage is PHD holder which is only 3.5% from the tested respondents.

Table 4.2.1.2a Education

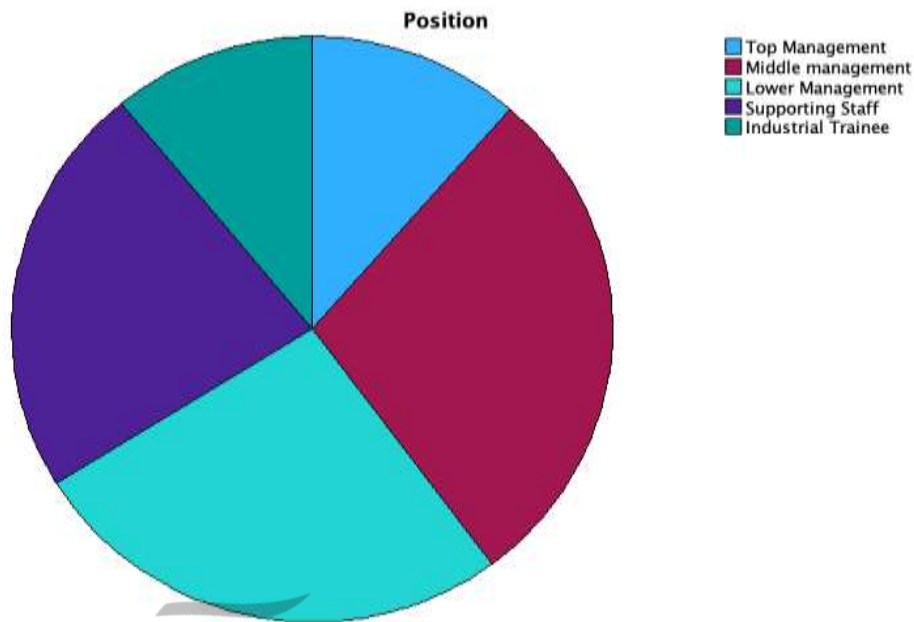
Education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SPM	21	10.4	10.4
	STPM/Diploma	53	26.4	26.4
	Bachelor Degree	85	42.3	42.3
	Master Degree	35	17.4	17.4
	PHD	7	3.5	3.5
	Total	201	100.0	100.0



4.2.1.3 POSITIONS ANALYSIS

Table 4.2.1.3a Position level

Position	Frequency	Percent	Valid	Cumulative
			Percent	Percent
Valid	Top Management	23	11.4	11.4
	Middle Management	57	28.4	28.4
	Lower Management	53	26.4	26.4
	Supporting staff	46	22.9	22.9
	Industrial Trainee	22	10.9	10.9
	Total	201	100.0	100.0



Therefore, the level or position from various respondent also been measured in this research and the result captured shows that the highest respondent are comes from middle management positions which is 28.4%. Lower management shows second highest respondent percentage which is 26.4% followed by the third highest are from the supporting staff with 22.9% meanwhile both top management and trainee's shows 11.4% and 10.9%.

4.2.1.4 WORKING SECTOR ANALYSIS

Besides, in term of job specification, respondent working in private sector stated the largest percentage of respondent which is 37.8%, while the second largest is from the government sector which is 29.9%. While the

third largest are respondents working in miscellaneous sector which falls under others stated 17.9% and the smallest percentage from job specification is from government link company which stated the percentage 14.4% from the total tested respondents in this study.

Table 4.2.1.4a Working Sector

Work Sector	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government Sector	60	29.9	29.9
	Private Sector	76	37.8	37.8
	GLC	29	14.4	14.4
	Others	36	17.9	17.9
	Total	201	100.0	100.0

4.2.1.5 INCOME ANALYSIS

Nevertheless, respondent income range also being captured in this research. It is shows that the highest respondent is earning from range RM1501 to RM2500 with 31.8% and the second highest with 25.4% earned between RM2501 to RM3500. 18.4% respondent earned RM5501

while 14.9% respondent earn around RM3501 to RM4500 and the lowest are 9.5% earned between RM4501 to RM5500.

Table 4.1.2.5a Income

Income	Frequency	Percent	Valid Percent	Cumulative Percent
Valid (RM)	1501-2500	64	31.8	31.8
	2501-3500	51	25.4	25.4
	3501-4500	30	14.9	14.9
	4501-5500	19	9.5	9.5
	5501 above	37	18.4	18.4
	Total	201	100.0	100.0

From the description data, researcher tend to carried out reliability analysis, correlation analysis and multiple regression analysis which will be discuss in the next sub chapter.

4.3 RELIABILITY ANALYSIS

4.3.1 RELIABILITY ANALYSIS FOR SUPERVISOR SUPPORT

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.934	.934	5

Item Statistics	Mean	Std. Deviation	N
1. In my organisation, the supervisor supports employees who wish to advance in their careers.	4.22	.934	201
2. In my organisation, mentoring and coaching are well-practised by supervisors.	4.14	.959	201
3. In my organisation, supervisors always support employees and are	3.94	.875	201

willing to assist them anytime they seek guidance.			
4. My superior routinely give me feedback on my performance.	3.82	.926	201
5. My supervisor appreciates my work.	4.03	.953	201


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4.3.2 RELIABILITY ANALYSIS FOR REWARDS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.902	.903	5

Item Statistics	Mean	Std. Deviation	N
1. In my organisation, rewards are always given to talented employees.	3.72	1.092	201
2. The reward contributes greatly to my retention.	3.91	.981	201
3. My organisation has a very good benefit.	3.80	1.016	201
4. A competitive salary increases employee retention.	4.01	.969	201
5. Incentive increase employee loyalty towards organisation.	4.07	.979	201

4.3.3 RELIABILITY ANALYSIS FOR CAREER DEVELOPMENT

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.936	.937	5

Item Statistics	Mean	Std. Deviation	N
1. There are formal training programs in my organisation to teach employees the skills they need to perform their jobs.	3.96	1.021	201
2. I believe my promotion is a result of induction of the training program.	3.88	1.070	201
3. I have adequate opportunities to develop my professional skills.	3.91	1.045	201
4. My career path is more in shape due to my participation in training	3.82	1.040	201

program.			
5. I am satisfied with the amount of training offered for advancement.	3.81	1.152	201


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4.3.4 RELIABILITY ANALYSIS FOR JOB SECURITY

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.833	.841	5

Item Statistics	Mean	Std. Deviation	N
1. Does your organisation give you a permanent position after certain periods?	3.87	1.089	201
2. I am confident that this workplace will remain a steady place of employment for as long as I want to continue working here.	3.95	1.108	201
3. I'm presently safe from dismissal at this organisation.	3.65	1.113	201
4. I feel I am likely to be laid off.	3.37	1.310	201

5. I feel secure in my job due to the implementation of effective succession planning practices.	3.78	1.083	201
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4.3.5 RELIABILITY ANALYSIS FOR WORK ENVIRONMENT

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.914	.915	5

Item Statistics			
	Mean	Std. Deviation	N
1. My organisation provides suitable and comfortable working conditions.	4.03	.929	201
2. I have a good teammate.	4.10	.933	201
3. I am able to balance my work life with my personal life.	3.89	.963	201
4. Overall this organisation is a harmonious place to work.	3.93	1.037	201
5. My department is well organised for the work it does.	3.95	1.067	201

4.3.6 RELIABILITY ANALYSIS FOR EMPLOYEE RETENTION

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.714	.692	7

Item Statistics			
	Mean	Std. Deviation	N
1. Does the supervisor support increasing your motivation to stay in your current position?	4.04	1.026	201
2. Does your organisation has a good salary structure?	4.00	1.032	201
3. Does your organisation offer position promotion timely?	3.71	1.048	201
4. Does job security is well-secured in your current organisation?	3.80	.964	201

5. Does the training provided suits your position for career development?	3.89	1.024	201
6. Which factor that make you want to retain at the organisation.	3.42	1.271	201
7. In your opinion, does above factor affect the effectiveness succession planning towards employee retention?	1.12	.325	201


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4.4 SUMMARY OF RELIABILITY ANALYSIS

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.878	.856	7

Item Statistics	Mean	Std. Deviation	N
Supervisor Support	4.030	.8270	201
Reward	3.902	.8547	201
Career Development	3.874	.9521	201
Job Security	3.724	.8854	201
Work Environment	3.981	.8522	201
Employee Retention	2.269	.6708	201

Reliability refers to the consistency of a measure. Internal consistency, consistency among things, and consistency across different researchers are the three forms of consistency that psychologists take into account (inter-rater reliability). According to Sekaran et al. (2011), a Cronbach's

Alpha score for a questionnaire less than 0.6 (0.6) is considered bad, with 0.6 being the Cronbach's alpha coefficient size as a general guideline.

TABLE 4.4.1: SUMMARY OF RELIABILITY ANALYSIS

Variables	Number of item	Cronbach's Alpha
Supervisor Support	5	0.934
Reward	5	0.902
Career Development	5	0.936
Job Security	5	0.833
Work Environment	5	0.914
Employee Retention	7	0.714

Table 4.4.1 shows the summary of reliability analysis from all of the variables. It shows that Cronbach alpha value of each variable. From this result it shows and it can be conclude that all variables stated the excellent reliability result as stated in table 4.4.1 the the Cronbach's Alpha value is between 0.7 to 0.9. Thus there are high consistency in each items.

4.5 CORRELATION ANALYSIS

TABLE 4.5.1 CORRELATION ANALYSIS

Descriptive Statistics	Mean	Std. Deviation	N
Employee Retention (ER)	2.269	.6708	201
Succession planning (M SP)	3.890	.8768	201
Supervisor Support (SS)	4.030	.8270	201
Rewards (R)	3.902	.8547	201
Career Development (CD)	3.874	.9521	201
Job Security (JS)	3.724	.8854	201
Work Environment (WE)	3.981	.8522	201

		Correlations						
		ER	M SP	SS	R	CD	JS	WE
ER	Pearson Correlation	1	-.272**	-.172*	-.258**	-.308**	-.353**	-.239**
	Sig. (2-tailed)		<.001	.014	<.001	<.001	<.001	<.001
	Sum of Squares and Cross-products	89.993	-32.036	-19.112	-29.534	-39.376	-41.916	-27.379
	Covariance	.450	-.160	-.096	-.148	-.197	-.210	-.137
	N	201	201	201	201	201	201	201
M SP	Pearson Correlation	-.272**	1	.845**	.754**	.840**	.779**	.745**
	Sig. (2-tailed)	<.001		<.001	<.001	<.001	<.001	<.001
	Sum of Squares and Cross-products	-32.036	153.748	122.543	113.075	140.235	120.921	111.300
	Covariance	-.160	.769	.613	.565	.701	.605	.557
	N	201	201	201	201	201	201	201
SS	Pearson Correlation	-.172*	.845**	1	.736**	.808**	.715**	.736**
	Sig. (2-tailed)	.014	<.001		<.001	<.001	<.001	<.001
	Sum of Squares and Cross-products	-19.112	122.543	136.781	104.065	127.198	104.694	103.673
	Covariance	-.096	.613	.684	.520	.636	.523	.518
	N	201	201	201	201	201	201	201
R	Pearson Correlation	-.258**	.754**	.736**	1	.783**	.713**	.648**
	Sig. (2-tailed)	<.001	<.001	<.001		<.001	<.001	<.001
	Sum of Squares and Cross-products	-29.534	113.075	104.065	146.089	127.483	107.918	94.389
	Covariance	-.148	.565	.520	.730	.637	.540	.472
	N	201	201	201	201	201	201	201
CD	Pearson Correlation	-.308**	.840**	.808**	.783**	1	.771**	.759**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001		<.001	<.001
	Sum of Squares and Cross-products	-39.376	140.235	127.198	127.483	181.310	129.959	123.200
	Covariance	-.197	.701	.636	.637	.907	.650	.616
	N	201	201	201	201	201	201	201
JS	Pearson Correlation	-.353**	.779**	.715**	.713**	.771**	1	.632**
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001		<.001
	Sum of Squares and Cross-products	-41.916	120.921	104.694	107.918	129.959	156.771	95.393
	Covariance	-.210	.605	.523	.540	.650	.784	.477
	N	201	201	201	201	201	201	201
WE	Pearson Correlation	-.239**	.745**	.736**	.648**	.759**	.632**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	<.001	
	Sum of Squares and Cross-products	-27.379	111.300	103.673	94.389	123.200	95.393	145.248
	Covariance	-.137	.557	.518	.472	.616	.477	.726
	N	201	201	201	201	201	201	201

4.5.1 CORRELATION ANALYSIS SUMMARY

Supervisor support has a strong positive correlation of .845 with succession planning. This suggests that when employees perceive high levels of support from their supervisors, it positively impacts the succession planning within the organization. Besides, career development also has a strong positive correlation of .840 with succession planning. This indicates that providing employees with opportunities for growth and

advancement is associated with higher levels of succession planning. Job security has a moderately strong positive correlation of .779 with succession planning where this implies that employees who feel secure in their jobs and have confidence in their continued employment are more likely to stay with the organization. It implies that when employees feel secure in their jobs, it can have a positive impact on the organization's succession planning activities. Nevertheless, rewards such as compensation, recognition, and benefits have a moderate positive correlation of .754 with succession planning. This correlation coefficient indicates a moderately strong positive relationship between succession planning and rewards. When employees are adequately rewarded for their performance and contributions, it can contribute positively to the organization's succession planning efforts. The other factors that has a positive correlation of .745 with employee retention is work environment. A positive work environment, characterized by factors such as good relationships, communication, and support, can facilitate effective succession planning.

Overall, these correlation coefficients indicate that supervisor support, career development, job security, rewards, and work environment are positively associated with succession planning. Organizations that

prioritize and invest in these factors tend to have stronger succession planning programs.

As for employee retention correlation measurement for all five factors shows a negative correlations. Supervisor support has shows a negative correlation of $-.172$, work environment shows of $-.239$, rewards shows of $-.258$, career development has shows of $-.308$ and job security has a moderate negative correlation of $-.353$.

Overall, these correlations indicate that there are weak to moderate negative relationships between employee retention with supervisor support, career development, job security, rewards, and work environment. Organizations that focus on improving these factors may have a higher likelihood of retaining their employees. However, it's important to note that correlation does not imply causation, and other factors may also influence the organization's approach to succession planning and their employee retention.

4.6 MULTIPLE REGRESSION ANALYSIS

The aim of conducting multiple regression analysis in this research study is to assess the significance of the predicted relationship. Multiple regression

analysis is necessary to determine the impact of independent factors on the dependent variable. While the correlation coefficient, represented by the R-value, measures the strength of the relationship between the dependent and independent variables, it does not provide insight into the extent to which multiple independent factors collectively explain the variance in the dependent variable. The dataset used in this study's multilinear regression analysis focuses on examining the factors influencing effective succession planning and employee retention in Sarawak.

TABLE 4.6.1 MODEL SUMMARY OF MULTIPLE REGRESSION

Model Summary ^b				
Model	R	R Square	F	Sig.
1	.403 ^a	.162	7.563	<.001

A multiple regression analysis with a correlation coefficient of 0.403 indicates a moderate positive relationship between succession planning and employee retention. Multiple regression allows us to analyze the relationship between multiple independent variables and a dependent variable. The correlation coefficient (r) ranges from -1 to 1, where 0 represents no correlation, 1 represents a perfect positive correlation, and -1 represents a perfect negative correlation. A correlation coefficient of 0.403 suggests a moderate positive relationship, meaning that as succession planning increases, employee

retention tends to increase as well, but the relationship is not exceptionally strong.

4.7 HYPOTHESIS TESTING

Table 4.7.1 HYPOTHESIS ANALYSIS

		Paired Samples Test						Significance		
		Mean	Std. Deviation	Paired Differences			t	df	One-Sided p	Two-Sided p
				Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper					
Pair 1	ER - SS	-1.7612	1.1511	.0812	-1.9213	-1.6011	-21.692	200	<.001	<.001
Pair 2	M SP - SS	-.1403	.4767	.0336	-.2066	-.0740	-4.173	200	<.001	<.001
Pair 3	ER - R	-1.6338	1.2148	.0857	-1.8028	-1.4649	-19.068	200	<.001	<.001
Pair 4	M SP - R	-.0129	.6070	.0428	-.0974	.0715	-.302	200	.381	.763
Pair 5	ER - CD	-1.6050	1.3230	.0933	-1.7890	-1.4210	-17.199	200	<.001	<.001
Pair 6	M SP - CD	.0159	.5224	.0369	-.0567	.0886	.432	200	.333	.666
Pair 7	ER - JS	-1.4557	1.2857	.0907	-1.6345	-1.2769	-16.052	200	<.001	<.001
Pair 8	M SP - JS	.1652	.5860	.0413	.0837	.2467	3.996	200	<.001	<.001
Pair 9	ER - WE	-1.7124	1.2042	.0849	-1.8799	-1.5450	-20.162	200	<.001	<.001
Pair 10	M SP - WE	-.0915	.6180	.0436	-.1775	-.0056	-2.100	200	.018	.037

Hypotesis Testing	Result
Hypothesis 1 H1: There is a significant relationship between effective succession planning practices and employee retention.	Accepted
Hypothesis 2 H1: There is a significant relationship in supervisorsupport between effective succession planning practices and employee retention.	Accepted
Hypothesis 3 H1: There is a significant relationship in rewards between effective succession planning practices and employee retention.	Accepted
Hypothesis 4 H1: There is a significant relationship in career development between effective succession planning practices and employee retention.	Accepted

<p>Hypothesis 5</p> <p>H1: There is a significant relationship in job security between effective succession planning practices and employee retention.</p>	<p>Accepted</p>
<p>Hypothesis 6</p> <p>H1: There is a significant relationship in working environment between effective succession planning practices and employee retention.</p>	<p>Accepted</p>

In summary, the correlation coefficients reveal that employee retention is negatively linked to supervisor support, work environment, rewards, career development, and job security. By improving these factors, organizations can potentially enhance their employee retention rates. On the other hand, the correlation coefficients collectively indicate a positive association between succession planning and factors like supervisor support, career development, job security, rewards, and work environment. Organizations that prioritize and allocate resources to these aspects tend to have stronger succession planning programs. As an overall result, all hypothesis are accepted although it's give moderate significant results.

4.8 REASEARCH QUESTION DISCUSSION

The impact of effective succession planning practices on employee retention can be inferred from the correlation coefficients provided. In summary, based on the correlation coefficients provided, effective succession planning

practices that prioritize supervisor support, career development, job security, rewards, and a positive work environment are associated with higher employee retention rates. By implementing these practices, organizations can enhance employee satisfaction, engagement, and commitment, leading to improved retention and the preservation of valuable talent within the organization.

4.8.1 Which Factors Affect The Most

Among the factors examined, the correlation coefficients indicate that the most influential factor affecting succession planning is supervisor support, with a correlation coefficient of 0.845 and significance at $p < .001$. This suggests a strong positive relationship between supervisor support and the effectiveness of succession planning. Organizations that have supportive supervisors tend to have more successful succession planning strategies in place. Therefore, it is positively impact their intention to stay with the organization, potentially leading to lower turnover rates. However, it is essential to consider and address all the factors in order to optimize succession planning efforts and enhance employee retention within organizations.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 RECOMMENDATION

5.1.1 STRATEGIES

Good succession planning is essential for successful business operations and ensuring staff safety with regards to employee's retention. This is far more important for businesses that have their core operations revolving around corporate culture. Employee retention is a paramount factor for such businesses and succession planning is the best way to ensure the same. With the current pandemic situation, employee exodus has been a common trend. Therefore, strategies must be planned and executed to ensure more staff is present in the long run. Succession planning is a process of identifying and developing new capabilities and emerging talent within an organization. This two-way process involves both the organization and the employee.

The key to effective succession planning is to ensure timely development and growth of employees. This further helps in providing consistent engagement, job security and talent management. Here are the few core pillars which contribute to the effective succession planning toward employee

retention. One of the critical components of effective succession planning is the establishment of organizational goals and objectives that the employee will strive to meet. The employee must have a clear understanding of the organization's vision and objectives. This will help them to measure their own success and work towards the company's desired goals. In succession planning, it is also essential to document clear expectations from recruitment through employee development. It also becomes imperative to chart a development plan for the employees that aligns with the values of the organization.

5.1.2 POSITIVE RELATIONSHIP

The plan should consider the long-term career progression of the individual employee and should include essential characteristics of success, such as technical skills and leadership abilities. Succession planning should also focus on building a positive relationship between employers and employees. This fosters a shared culture of responsibility wherein the employer provides a stable framework across the organization in terms of career paths, training and resources necessary for the job, and the employee contributes with commitment and dedication. By building a relationship of mutual trust between employer and employee, an organization can ensure that its employees stay with it for longer periods. It is also essential to put in place

initiatives such as formal mentoring and coaching programs to help employees evaluate their progress, set goals, plan their careers, and develop leadership skills.

Today's businesses face a range of challenges in managing their personnel, including the challenge of employee retention. Consequently, the development of a comprehensive succession planning program has become essential for organizations in order to ensure optimal continuity of their talent and capabilities in a changing business environment. Organizations that undertake effective succession planning and employee retention initiatives are well-positioned to attract high-caliber personnel, as well as retain high performers. When it comes to succession planning, the focus should be on the development of a comprehensive plan that addresses the organization's internal talent needs including management and leadership positions.

5.1.3 TALENT MANAGEMENT

With an effective succession plan, the organization should be able to identify high-value individuals and highlight their capabilities and future potential within the organization. Additionally, succession planning should take into consideration the internal resources of the organization and the external opportunities that may exist outside the organization. In this regard, they

should aim to develop a comprehensive understanding of their talent and ensure that the right strategies are applied to retain high performers and attract new talent. Moreover, the organization should be able to identify potential costs and pay potential employees competitively.

Moreover, employee retention is a measure of how well an organization retains its employees. It is essential in fostering a healthy, productive, and loyal workforce. While there are several tactics and practices that can directly impact the level of employee retention an organization experiences, the success of employee retention can be greatly augmented by effective succession planning. Succession planning is the strategy adopted by a company to ensure that its top managerial and operational roles are filled by competent and well-trained professionals. This practice is integral to any organization's long-term growth and success, yet few organizations take the proper steps to ensure that their organizational structure is prepared for the future.

5.2 CONCLUSION

In conclusion, effective succession planning is crucial for organizations to maintain and improve employee retention rates. By identifying goals and developing targeted succession plans, organizations can strategically

transition employees into key roles, ensuring the fulfillment of organizational objectives. This clarity enables the creation of a logical and well-thought-out strategy, enhancing the overall effectiveness of the process.

Furthermore, understanding specific organizational needs allows for better assessment of the current talent pool, ensuring that deserving candidates are identified and positioned for growth and promotion. For example, a company may identify a high-potential employee who possesses the necessary skills and capabilities to assume a leadership position in the future. By recognizing and nurturing such talents through succession planning, organizations demonstrate a commitment to long-term employee success, fostering loyalty and engagement.

Organizations can also implement development paths, such as specialized training or certification programs, to further motivate employees and create a system of meritocracy. For instance, a company may offer professional development courses or workshops to equip employees with the skills required for future leadership roles. This not only enhances employee satisfaction but also prepares them for future challenges and responsibilities.

Additionally, the establishment of formal mentorship or peer-learning programs can fill any gaps in employees' professional development. These programs

provide guidance, support, and opportunities for knowledge exchange, allowing employees to learn from experienced individuals within the organization. Such initiatives not only contribute to individual growth but also foster a collaborative and cooperative culture within the organization.

In addition, effective succession planning involves a comprehensive understanding of organizational goals, assessment of the talent pool, the implementation of development paths, and the establishment of mentorship programs. By incorporating these factors, organizations can enhance employee retention, nurture talent, and ensure a smooth transition of leadership, ultimately contributing to long-term organizational success.

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APPENDICES


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Appendix A

Interview with HR personnel on 4th January 2023 at 1630hours

Does Sarawak public sector practices succession planning?

Does Sarawak state library implement and practice succession planning?

Respond by HR Department Head in State Library

Yes, Sarawak did practice succession planning management, but the implementation is depending on the State Secretary office approval if for the statutory body agencies. As for State Public Sector it will be plan by State HR planning. All the successor that has been nominate will be trained accordingly but it is different with agencies under state where they need to plan but the implementation upon approval by the State Secretary Office.

Sarawak state library does implement succession planning but due to this agencies falls under Statutory body the implementation wise are a bit tough. Yearly planning need to be done in order to get approval from the higher authorities which is approval from Sarawak State Government. Human resource department can only strengthen the successor skills by continuing providing them with the best set of skills via continuous training internally and

externally. Once approval granted the next successor in line will be automatically carried out his or her duties.



Appendix B Closed-ended Questionnaire

Section A: Demographic

1 What is your gender?

Male Female

2 What is your age?

- 18 - 25
- 26 - 33
- 34 - 41
- 42 - 49
- 50 and above

3 What is your highest level of education?

- SPM
- STPM/Diploma
- Degree
- Master
- PHD

4 What is your rank in your organisation?

- Top Management
- Middle Management
- Lower Management
- Supporting Staff
- Industrial Trainee

5 What sector that you served?

- Government sector
- Private sector
- Government link company
- Others :

6 What is your monthly income?

- RM1,501 – RM2,500
- RM2,501 – RM3,500
- RM3,501 – RM4,500
- RM4,501 – RM5,500
- RM5,001 and above

Section B:

Part 1: Supervisor support

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
In my organization, supervisor supports employees who wish to advance in their careers.	5	4	3	2	1
In my organization, mentoring and coaching is well practiced by supervisors.	5	4	3	2	1
In my organization, supervisor always support employees and are willing to assist them anytime they seek guidance.	5	4	3	2	1
My superior routinely give me feedback on my performance	5	4	3	2	1
My supervisor appreciates my work.	5	4	3	2	1

Part 2: Rewards

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
In my organization, rewards are always given to talented employees.	5	4	3	2	1
The reward contributes greatly for my retention.	5	4	3	2	1
My organisation has a very good benefits	5	4	3	2	1
A competitive salary increase employee retention	5	4	3	2	1
Incentive increase employee loyalty towards organisation	5	4	3	2	1

Part 3: Career development

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
There are formal training programs in my organization to teach employees the skills they need to perform their jobs.	5	4	3	2	1
I believe my promotion is a result of induction of the training program.	5	4	3	2	1
I have adequate opportunities to develop my professional skills	5	4	3	2	1
My career path is more in shape due to my participation in training program.	5	4	3	2	1
I am satisfied with the amount of training offered for advancement	5	4	3	2	1

Part 4: Job security

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
Does your organisation give you permanent position after certain periods?	5	4	3	2	1
I am confident that this workplace will remain a steady place of employment for as long as I want to continue working here.	5	4	3	2	1
I'm presently safe from dismissal at this organization	5	4	3	2	1
I feel I am likely to be laid off.	5	4	3	2	1
I feel secured in my job due to the implementation of effective succession planning practices.	5	4	3	2	1

Part 5: Workenvironment

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
My organization provides suitable and comfortable working conditions.	5	4	3	2	1
I have a good team mate	5	4	3	2	1
I am able to balance my work life with my personal life	5	4	3	2	1
Overall this organization is harmonious place to work.	5	4	3	2	1
My department is well organize for the work it does.	5	4	3	2	1

Section C: Employee Retention Factors

	Strongly Agree	Agree	Neither Agree Nor disagree	Disagree	Strongly Disagree
Does supervisor support increase your motivation to stay with your current position	5	4	3	2	1
Does your organisation has a good salary structure?	5	4	3	2	1
Does your organisation offer position promotion timely?	5	4	3	2	1
Does job security is well secured in your organisation?	5	4	3	2	1
Does the training provided suits your position for career development	5	4	3	2	1

APPROVAL PAGE

**TITLE OF PROJECT: FACTORS THAT AFFECT THE SUCCESSION
 PLANNING EFFECTIVENESS TOWARDS
 EMPLOYEE RETENTION**

NAME OF AUTHOR: NUR AZAH BINTI AZIZUDIN

The undersigned is pleased to certify that the above candidate has fulfilled the condition of the project paper prepared in the partial fulfilment for the award of the degree of Master in Management.

SUPERVISOR

Signature : _____

Name : _____

Date : _____

ENDORSED BY:

Dean

Graduate School of Business

Date: