

IMPACT OF SUCCESSION PLANNING AND CAREER DEVELOPMENT ON EMPLOYEE RETENTION WITH MODERATING ROLE OF ORGANIZATIONAL CULTURE IN POWER SECTOR OF PAKISTAN

Muhammad Sohail Afzal

M.Phil. scholar, Department of Business Administration NCBA&E SUB campus Multan

Muhammad Awas Khalid

Assistant Director ORIC, National College of Business Administration and Economics,
Lahore. Multan Sub-Campus

Rana Muhammad Sarfraz khan

Ph.D. Scholar, Department of Business Administration NCBA&E SUB campus Multan

Abstract

This study explores how organizational culture acts as a moderating force in the relationship between succession planning, career development, and employee retention within Pakistan's energy sector. The focus is on whether the company's culture changes the strength or direction of the link between succession planning and employee retention, as well as between career development and retention. The study utilizes a sample size of 300 participants, selected through a non-probability purposive sampling approach.

The results of this study strongly indicate that effective succession planning and career development are directly linked to improved employee retention within organizations. Furthermore, the statistical analysis reveals that organizational culture further enhances this relationship; the positive moderation coefficient and a probability value below 5% suggest that a strong organizational culture amplifies the positive impact of succession planning on retaining employees.

Keywords: Succession Planning; Career Development; Employee Retention; Organizational Culture; Moderation; Energy Sector; Pakistan

Introduction

Power sector in Pakistan is the largest sector that has significant impact on its economy. It's transmission and distribution network are operated by National Transmission and Dispatch Company (NTDC) and 11 number distribution companies (DISCOs). The absence of Succession Planning, career development and weak organizational culture will subsequently aggravate the issues of employee engagement and employee retention. Effective succession planning practices are critical for organizations in advancing the right persons to the critical positions where all the business-related key decisions are to be taken (Hassan & Siddiqui, 2020). Succession planning plays a key role in enhancing organizational performance leading towards achievement of its long-term objectives. Organizations should be familiar with their critical positions. They must also be familiar with their potential key employees so that they would readily be available to fill these critical positions on their vacancy due to retirements, deaths or moving on of existing employees due to any other reason in future. Succession planning is a way to identify key management positions and a real succession planning occurs when an organization adapts specific measures to ensure the identification, development, and long-term retention of its talented employees (Rothwell, 2005).

Career development plays pivotal role in employee satisfaction and organizations can increase employee retention by providing career development (Ferdiana et al., 2023). Career development has positive relation with employee retention. Furthermore, Employee retention comprises of strategies designed to keep competent, valued and skilled employees from leaving the company. Increased turnover ratio causes more expenses than recruitment and development processes in total. One of the most important fragments of an organization's long term existence plan is the employee retention (Thwin et al., 2023).

Further, a supportive and positive organizational culture that encapsulates meritocracy, employee well-being, skill development and career growth enhances employee retention whereas a toxic and negative culture supporting favoritism, nepotism, inflexibility, rigidity leads to increased employee turnover (Sylejmani, 2024).

Though, extensive studies have been conducted on these variables individually, but there is, still, a sizeable gap in understanding how succession planning and career development collectively impact employee retention, particularly under the moderating effect of organizational culture. This research study intends to bridge this gap by investigating the extent to which succession planning and career development strategies impact the employee retention and how does the organizational culture moderate this relationship.

Literature review

Succession Planning

Succession planning is a strategic process to identify, develop and retain future potential leaders to ensure smooth transition of key roles and responsibilities when current leaders will no longer be available due to their retirements, transfers, deaths or move on due to any other reason. It is basically a transfer of control from owners to successors. The selection of successor is very critical for strategic growth and survival of the organization. It is a tool used to identify right people for right job at right time specifically in the context of top management where key decisions take place. The management should have clear idea about the existing talent within the organization (Khan & Aziz, 2020). Though succession lies in future but its planning should be done at present. Organizations can mitigate the risk associated with leadership vacancies and can maintain continuity in operations and promote a culture of growth by developing its internal potential employees. Succession planning reduces the risk of unexpected leadership disruptions because it ensures the pipeline of talented candidates ready to step into the key roles, responsibilities and positions when required. Moreover, succession planning is a significant and crucial element of talent management that enables organizations to establish a strong leadership bunch, promote a culture of continuous learning and development, and position themselves for long term success in a rapidly volatile business environment. Additionally, succession planning also helps to enhance employee morale, engagement, motivation and loyalty by elucidating a commitment to investing in the growth and development of internal talent. Succession planning is the process of ensuring that capable managers are available to fill vacant managerial posts: Traditionally it has been regarded as a formal process and the need is to develop a pool of talented managers so that a 'talent on demand' approach can be adopted (Taylor, 2012). Succession planning is a mean of identifying critical management positions, starting at the levels of project manager and supervisor and extending up to the highest position in the organization. Systematic "succession planning occurs when an organization adapts specific procedures to insure the identification, development, and long-term retention of talented individuals" Succession planning enhances organizational capacity to develop the right people with the right mentality to take over the leadership, management or ownership of the business so that the organization will fulfill its mandate of being a going concern (Salau & Nurudeen, 2022). Presently, the organizational system is facing challenges of absence of consistent workforce planning, which has adversely affected the strategic succession planning for key positions and roles in the organization. Succession planning has become a strategic device to develop potential employees as successors of key positions. Even today, most of the organizations fail to identify successors in advance. However, a few organizations devote their efforts to develop a strong pool of employees. When the need arises, the strongest candidate becomes a successor. Succession planning programs require enough financial resources for training and development opportunities. Therefore, commitment and support from top management is mandatory to

pursue an effective succession planning (Bano et al., 2022). Effective succession planning approach develops a talent pool and ensures that strongest candidate is always available at right time rather than scrambling to search for a successor at the eleventh hour. Succession planning is considered as the backbone of an organization's retention strategy and it should not be dealt on occasional basis rather it should be dealt systematically for knowledge retention to remain competitive in the market.

Career Development

Career development refers to a structured process introduced in the organizations to help their employees grow professionally. This may include capacity building trainings, mentorship, sponsorship, job rotations, skill building workshops, clear career paths, promotions etc. By introducing and following career development, organizations tend to increase their employees' professional skills, capabilities and competence to enhance employees' motivation, job satisfaction and employee retention. Career development is a dynamic and proactive process whose purpose is to fulfill the professional needs of both employees and organizations (Ellsum & Pedersen, 2005)

Career development is a combined activity between the employee and the organization and both the sides must understand and perform what is expected of them to ensure successful working environment that will generate maximum output. Well-organized career development programs involve talent management, performance appraisal, training & development activities, career paths, opportunities for transfer promotion etc. Organizations that pay attention to career development planning achieve increased productivity from a properly trained, skilled, and artistic personnel (Gyansah et al., 2018).

Career development opportunities help employees to gain and improve their job skills, experiences, competence and capabilities to better perform their jobs. These are helpful and beneficial to employees as well as organizations alike. Human resources are valuable assets of an organization, so they must be trained and developed. Career development is a strategic process to identify suitable employee career capabilities and to, subsequently, apply the right model to achieve them. Career development refers to an organization's efforts to train, guide and develop its employees for its success. It includes rewarding employees with performance improvement trainings and employee transfers as these directly influence employees' performance which in turn helps in achievement of organizational long-term goals

With reference to (Jehanzeb et al., 2017) career development is the process of developing employees' knowledge and skills to help them face new challenges and opportunities. The aim of career development is to make organizational employees to fulfill their individual professional needs and grow according to organizational needs (Kumala & Rusdianto 2024)

Employee Retention

Employee retention can be defined as the policies and practices organizations use to avoid precious employees from quitting their jobs (Abba, 2018).

It is an ability of an organization to keep its employees to reduce turnover to get long term benefits from their skills and competencies. High retention rates are usually considered as a symbol of a healthy work environment, where employees feel valued, engaged, satisfied and motivated to stay with the company. On the contrary, high turnover rates generally show problems like dissatisfaction with the job, poor management, work-life imbalance, improper compensation & benefits or an unsupportive organizational culture. Encouraging employees to remain in the organization for a long period of time can be termed as employee retention; it is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (Das & Baruah, 2013).

Employee retention involves strategies designed to keep competent, talented and skilled employees from leaving the company. High turnover costs more than recruitment process and

training & development practices. One of the most important parts of an organization's long term survival plan is the employee retention (Thwin et al., 2023).

When an employee leaves, he also takes away skills that he learnt during his tenure in the organization. Employee retention refers to the ability of the organization to retain its employees. Companies should make sincere efforts towards retaining the employees so that they do not look for a change or are compelled to leave the job. Thus, the companies must ensure that they are keeping the top talent of the organization happy and content which is extremely vital for the growth of the company (Rakhra, 2018) .

Retention refers to formulate a strategy that helps in retaining employees who are considered critical to achieve organizational objectives (Chiboiwa et al., 2010). From organization's point of view, most definitions point towards the development of policies, processes and procedures to motivate or influence employees to remain with the organization.

Organizational Culture

Organizational culture refers to a wide range of social phenomena, including an organization's customary dress, language, behavior, beliefs, values, assumptions, symbols of status and authority, myths, ceremonies and rituals, and modes of deference and subversion; all of which help to define an organization's character and norms (Scott et al., 2003).

The common values, beliefs, and standards that influence employee behavior within an organization are included in organizational culture (Don-Solomon, & Michael, 2022). Organizational culture is values that are held firmly by organization become guidelines for members of the organization in carrying out their activities. Guidelines called organizational culture are written or unwritten (Amran et al., 2021)

An organization's culture is reflected by what is valued, the dominant leadership styles, the language and symbols, the procedures and routines, and the definitions of success that make an organization unique. It represents "how things are around here." It reflects the prevailing ideology that people carry inside their heads. It conveys a sense of identity to employees, provides unwritten and often unspoken guidelines for how to get along in the organization, and it enhances the stability of the social system that they experience (Maher, 2000).

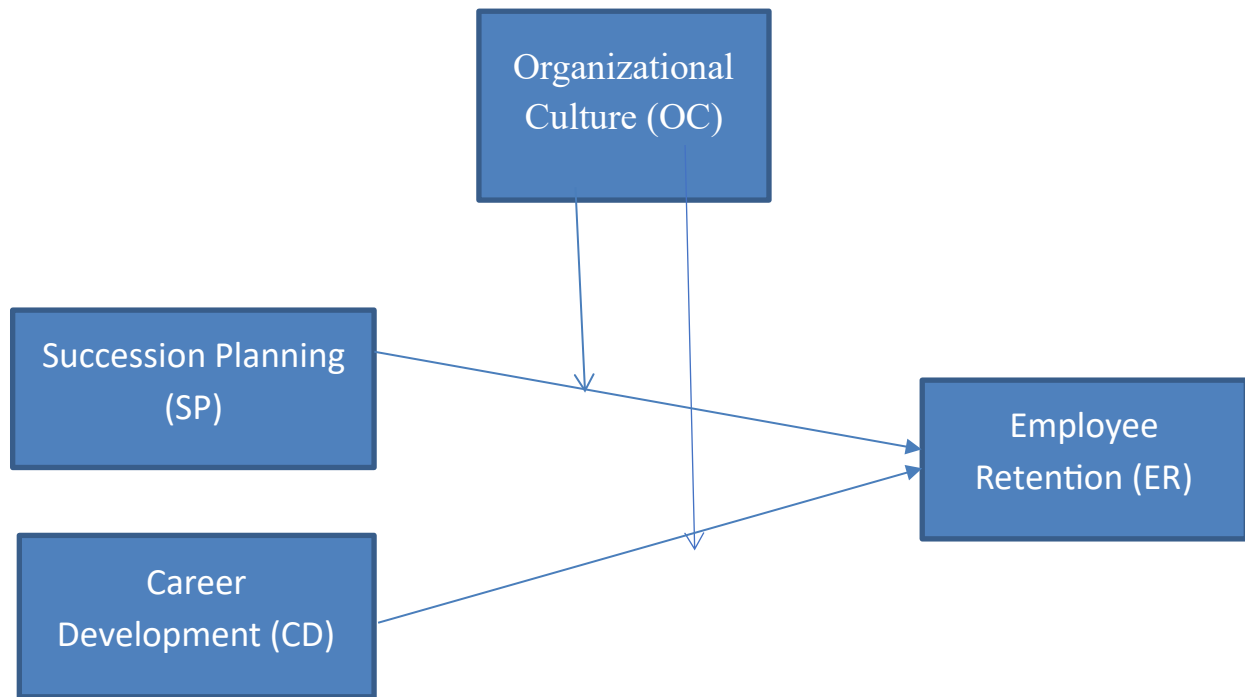
Underpinning Theory

Resource-Based View (RBV) theory for competitive advantage is the underpinning theory in this research. This theory was introduced in 1991 by Barney who states that organizations get sustainable competitive advantage through non-substitutable, valuable, rare and inimitable resources (Barney et al., 2005)

These resources can be tangible like finances or intangible like talent, leadership, human capital etc. Succession Planning is a strategic resource that helps to identify, develop and retain potential and valuable human resource in the company. It helps the transition of leadership without any disruption of operational activities. It ensures internal growth of employees by defining clear and merit-based career pathways in the organizations. Similarly, career development opportunities ensure skill development of employees in the organization. Succession planning and career development opportunities lead to motivation, engagement and retention of valuable employees resulting into less turnover. As per RBV theory, valuable employees, being human capital, are intangible resource that helps organizations to gain sustainable competitive advantage to achieve long term organizational success. Similarly, supportive and strong organizational culture enhances the strength of the relationship of succession planning and career development opportunities with employee retention. If the organizational culture supports merit, transparency, open communication, clear vision and career pathways then the impact of succession planning and career development opportunities will be stronger towards the employee retention. Valuable, committed, motivated and engaged human capital will serve as competitive advantage for the organizations to achieve their long-

term objectives. Thus, RBV theory justifies that succession planning and career development opportunities are critical to employee retention as it treats talent as valuable resource. When joined with stronger organizational culture, succession planning and career development opportunities become more powerful tools that increase employee retention and reduce turnover in organizations.

Conceptual Framework



Research Hypothesis:

H₁: Succession Planning has a significant positive impact on Employee Retention.

H₂: Career Development has a significant positive impact on Employee Retention.

H₃: Organizational Culture moderates the relationship between Succession Planning and Employee Retention

H₄: Organizational Culture moderates the relationship between Career Development and Employee Retention

Reliability Statistics	
Cronbach's Alpha	No of Items
.824	43

Table shows the Reliability Analysis results after complete data collection. Cronbach's Coefficient Alpha value of variables is .824 by using 43 items.

Multiple Regression Analysis

Multiple regression is a statistical technique used to understand the relationship between one dependent variable (also called the outcome or response variable) and two or more independent variables (also called predictors or explanatory variables).

Regression analysis by applying Moderation (SP,OC, ER)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981 ^a	.963	.963	.06453

a. Predictors: (Constant), CD, SP

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.856	2	26.928	6467.336	.000 ^b
	Residual	2.069	497	.004		
	Total	55.925	499			

a. Dependent Variable: ER b. Predictors: (Constant), CD, SP

Coefficients^a

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients B	T value	Sig.
1 constant	.204	.098		2.090	.037
SP	.488	.062	.508	4.813	.000
OC	.290	.060	.287	2.056	.000
Moderation	.052	.030	.184	1.697	.040

a. Dependent Variable: ER b. Predictors: (Constant), OC, SP

After applying moderation (OC) in the model, the model summary table of regression analysis shows that the value of R square of the model is 0.956 that is increased as the R square value of regression analysis without applying moderation, and adjusted R square value is 0.914 also increased as the value of regression model without applying moderation.

ANOVA table shows that the significant value of the model is 0.000 this shows the model is perfectly significant. The coefficients table show that after applying moderation beta value of SP is 0.488 that shows one unit change in SP will bring 0.488 unit change in ER. Beta value of OC is 0.290 that shows one unit change in OC will bring 0.488 unit change in ER.29 As the beta value of moderation (OC and SP) tells that one unit change in Moderation(oc), will bring 0.052 unit change in ER.

Regression analysis by applying Moderation (OC, CD and ER)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.940 ^a	.884	.883	.1142

a. Predictors: (Constant), CD, SP

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.446	3	16.482	1261.900	.000 ^b
	Residual	6.476	496	.013		
	Total	55.925	499			

a. Dependent Variable: ER b. Predictors: (Constant), CD, SP

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients B	T value	Sig.
1 constant	.035	.123		.284	.776
CD	.780	.091	.769	8.654	.000
OC	.284	.076	.281	3.736	.000
Moderation	.035	.037	.127	9.697	.352

a. Dependent Variable: ER b. Predictors: (Constant), CD, SP

The above table shows that there is insignificant relationship among CD, OC and ER.

Conclusion and policy recommendation

The main objective of the study is to examine the impact of organizational culture as a moderator on the relationship between succession planning and employee retention. Furthermore, present study also investigated the moderating role of OC between career development and employee retention.

The findings of the present study show that succession planning has direct and significant relationship with employee retention. Meaning that, with succession planning may increase ER in organization. Our results are supported some other studies like, Hassan, et al (2020) stated that Succession planning (SP) and employee retention (ER) are mutually reinforcing. Meaning

ineffective succession planning leads to turnover, and that would, in turn, make the succession plan ineffective. Furthermore, effective succession planning practices had a meaningful, favorable connection with employee retention.

The results show that career development has significant and positively related to employee retention. The positive sign of beta coefficient show that CD may increase the ER in organization. This result is also consistent with other studies such as the findings support the expectancy theory and the social exchange theory, suggesting that organizations can improve employee retention by providing opportunities for career development (Ferdiana et al, 2023). Furthermore, the study examined the moderating role of OC on the relationship between SP and ER. The results depict that, the coefficient of moderation is positive and probability value is less than five percent meaning that OC may increase the impact of SP on ER in this organization. Finally, the study checked the moderating role of OC on the relationship between CD and ER. It may be concluded that SP and CD have positive impact on ER in energy sector in Pakistan. Additionally, OC play moderating role among SP and ER.

Policy Recommendations

Establish Formal Succession Planning Frameworks:

Government and regulatory authorities (e.g., NEPRA, Ministry of Energy) should give instructions to all power sector organizations to develop structured succession planning policies for employee retention in this sector.

Assimilate Career Development into HR Policy:

Organizations may take some substantial steps like including career development programs in their HR policies and providing ready access to skills training in energy sector. Make such Policies which may encourage continuous learning predominantly in technical and managerial areas of energy sector of Pakistan. Implement policies that link career development to employee retention and organizational needs such as performance. Furthermore, Upgradation and developmental opportunities should be based on merit and potential as this will be supportive for organizations.

Strengthen Organizational Culture

Officials should make efforts to keep close liaison with HR associations to develop national / organizational culture to strengthen innovation, and employee well-being. In nutshell, constructive organizational culture should be endorsed as compliance for regulated entities of energy sector in Pakistan.

Limitations of the study

The present study explores the Impact of Succession Planning and Career Development on Employee Retention with Moderating Role of Organizational Culture in Power Sector of Pakistan. The future study may include the organizational effectiveness, employee engagement and job satisfaction as dependent variables with succession planning and career development. The present study remains in the field of energy sector, whereas, further studies may be conducted in other sectors like banking and education.

References

- Abba, M. T. (2018). Effects of training and development on employee retention in Bauchi State Metropolis Banks. *Operational Research*, 4(1), 24-39.
- Amran, T. G., & Setyanegara, G. A. S. (2021). Measurements, analysis and effect of Organizational Culture Assessment Instrument (OCAI) towards employee performance. *International Journal of Economics, Business and Accounting Research (IJEBAAR)*, 5(3), 2827-2843.

- Bano, Y., Omar, S. S., & Ismail, F. (2022). Succession planning best practices for organizations: A systematic literature review approach. *International Journal of Global Optimization and Its Application*, 1(1), 39-48.
- Barney, J. B., & Arikan, A. M. (2005). The resource-based view: origins and implications. *The Blackwell handbook of strategic management*, 123-182.
- Chiboiwa, M. W., Samuel, M. O., & Chipunza, C. (2010). An examination of employee retention strategy in a private organisation in Zimbabwe. *African journal of business management*, 4(10), 2103.
- Das, B. L., & Baruah, M. (2013). Employee retention: A review of literature. *Journal of business and management*, 14(2), 8-16.
- Ellsum, W., & Pedersen, C. (2005, January). Career development—a ‘chaired’ responsibility. In *Proceedings of the 19th Australian and New Zealand Academy of Management Conference (ANZAM 2005)*.
- Ferdiana, s., khan, z., & ray, s. (2023). Investigating the impact of career development, organizational commitment, and organizational support on employee retention. *Journal of management studies and development*, 2(02), 117–128.
<https://doi.org/10.56741/jmsd.v2i02.108>
- Gyansah, S. T., & Guantai, H. K. (2018). Career development in organizations: Placing the organization and employee on the same pedestal to enhance maximum productivity. *European Journal of Business and Management*, 10(14), 40-45.
- Hassan, s. N. U., & siddiqui, d. A. (2020). Impact of effective succession planning practices on employee retention: exploring the mediating roles. *International journal of human resource studies*, 10(2), 21. <https://doi.org/10.5296/ijhrs.v10i2.16339>
- Hassan, S. N. U., & Siddiqui, D. A. (2020). Impact of Effective Succession Planning Practices on Employee Retention: Exploring the Mediating Roles. *International Journal of Human Resource Studies*, 10(2), 2155-2155.
- Jehanzeb, K., Aldakhil, A. M., Hamid, A. B. A., & Khan, S. U. R. (2017). Exploring the impact of training and career development on employee retention: The moderating effect of personorganisation fit. *Journal for Global Business Advancement*, 10(5), 483-505.
- Khan, S. T., & Aziz, W. A. (2020, November). Succession Planning Practices and their Implications on Employee Engagement within Bahrain’s Oil & Gas Sector. In *2020 Second International Sustainability and Resilience Conference: Technology and Innovation in Building Designs (51154)* (pp. 1-5). IEEE.
- Kumala, M., & Rusdianto, Y. (2024). The Influence of Career Development and Perceived Organizational Support (POS) on Employee Retention Through Employee Performance at PT.
- Graha Agung Perkasa. *Formosa Journal of Multidisciplinary Research*, 3(4), 185-198.
- Maher, M. A. (2000). Diagnosing and changing organizational culture: Based on the competing values framework. *Journal of Organizational Change Management*, 13(3), 300-303.
- Rakhra, H. K. (2018). Study on factors influencing employee retention in companies. *International journal of public sector performance management*, 4(1), 57-79.
- Rothwell, P. M. (2005). External validity of randomised controlled trials: “to whom do the results of this trial apply?”. *The Lancet*, 365(9453), 82-93.
- Salau, N. A., & Nurudeen, A. D. E. Y. E. M. I. (2022). Succession planning as a panacea to SMEs, becoming a generational enterprise in Nigeria: the moderating role of organizational culture. *Iconic Research and Engineering journals*, 5(8), 2022.

- Scott, T., Mannion, R., Davies, H., & Marshall, M. (2003). The quantitative measurement of organizational culture in health care: a review of the available instruments. *Health services research*, 38(3), 923-945.
- Sylejmani, M., & Mesko, M. (2024). The Role of Organizational Culture in Employee Retention in Kosovar Businesses. *Journal of Organizational Psychology*, 24(3).
- Thwin, N. P. Z., Janarthanan, M., & Bhaumik, A. (2023). Impact of career advancement on employee retention. *International Journal of Latest Engineering and Management Research*, 8(1), 106-109.
- Taylor, S. M. (2012). Setting suns and rising stars: succession planning in New Zealand's deaf education leadership workforce: a national study.