

# Succession Management Practices And Employee Retention In The Property Industry: Evidence From Malaysia

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**Abstract:** The purpose of this study is to identify the relationship between succession management practices and employee retention in the property industry in Southern Malaysia. The independent variables of this study are career planning programs, mentoring and coaching and job rotation while the dependent variable is employee retention. The research design of this study is using quantitative and cross-sectional approach. Online survey questionnaire was employed to collect data and yielded 397 responses. The findings revealed that career planning programs, mentoring and coaching and job rotation were significantly related to employee retention. This research is able to provide essential information for companies in the property industry to increase understanding on employees' career needs and implement effective employee retention strategies to retain talented workforce. It further assists organizations to integrate their succession management practices with employee retention efforts to ensure talents remain in the organization to succeed succession management plan.

**Index Terms:** Succession management practices, employee retention, property industry, Malaysia.

## 1. INTRODUCTION

Owing to the fast pace of change in the world and emergence of globalization, different demands are required to fulfil by employees to develop their career in an organization. Employee turnover leads to costly impact towards organizations in terms of monetary implications. This raises the importance of succession management practices in employee retention. The property imbalance situation in Johor, Malaysia raised the concerns of systemic risk in the property industry. Researcher [1] further shared the challenges found in the current property industry such as large percentage surpluses of unsold residential properties, severe congestion at the border crossing to Singapore and the postponement of KL-Singapore high-speed rail (HSR) project. This may lead to an increase in unemployment rate since employees would have low confidence in facing the current bleak situation. Therefore, there is a need to find a solution to overcome this situation. Although Johor is one of the rapid-growing states in Southern Malaysia, limited studies have been conducted to identify the relationship between succession management practices and employee retention. Hence, this study attempts to fill the research gap by raising the below questions:

1. What is the relationship between career planning program and employee retention in the property industry?
2. What is the relationship between mentoring and coaching and employee retention in the property industry?
3. What is the relationship between job rotation and employee retention in the property industry?

## 2 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### 2.1 Succession Management Practices

Succession management practices are core activities in the stages of succession planning. The aim of succession management practices is to identify potential successors and narrow the capability and readiness gap between the current management staffs and potential successors. Succession management practices play essential role in retaining the existing talents as well as saving organizational costs on external recruitment. Researcher [2] expressed that succession management practices are to ensure the readiness of skilled talents to take over any key roles in the organization. Investment in succession management practices is crucial. Organizations should involve senior management in succession management practices actively to ensure its effectiveness. In a study of [3], succession management practices allow employees at all levels to create positive organizational learning culture. Among the successful succession management practices are mentorship, coaching, career planning program and job rotation.

### 2.2 Career Planning Program and Employee Retention

Today, one of the drastic challenges to organizations is to retain the quality talents for the long term due to economy uncertainty, increasing competition and lack of skilled workforce. Researchers [4] pointed out that majority of the employees leave their jobs due to lack of career progression. Researcher [5] claimed that career planning is a "constant procedure of self-appraisal and objective setting planned by representative and business keeping in mind the end goal to work in accordance with hierarchical target". Besides, researcher's [5] study also established that career planning program contributed towards efforts on employee retention. Previous study have indicated that career planning has positive correlation with employee retention [6]. Hence, it is hypothesized that:

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H1: Career planning program has a significant positive relationship with employee retention.

### 2.3 Mentoring and Coaching and Employee Retention

Researcher [7] mentioned that mentoring and coaching ease in developing new process of thinking among the interactions between experienced individuals and newbies in order to conquer obstacles faced in organizations. It has been reinforced as a key managerial behavior that organizations must encourage for the purpose of employees' development and higher levels of performance achievement. Researcher [2] made the point that mentoring and coaching potential talents in succession management is to ensure they are well-equipped with necessary skills and knowledge required. Researchers [8] also mentioned that employees who received proper mentoring and coaching are more likely to stay in the organization. This was also supported by researcher [9] where mentoring and coaching have common effects on employee commitment, performance, employee turnover intention, employee retention and other related factors. Therefore, based on the above explanation, it is hypothesized that:

H2: Mentoring and coaching has a significant positive relationship with employee retention.

### 2.4 Job Rotation and Employee Retention

Job rotation is defined as systematic employees' movement from one job to another at planned intervals [10, 11]. It is one of the job design approaches organization used to train employees in the way that they expose to different areas of knowledge [12]. Researchers [13] shared that job rotation is a useful technique to improve employees work performance as well as increase employee engagement and employee retention. Researchers [14] revealed that job rotation allows employees to improve their skills, increase productivity as well as cultivate new relationships across the organization which is essential for employee retention. Hence, it is hypothesized that:

H3: Job rotation has a significant positive relationship with employee retention.

## 3 METHODOLOGY

### 3.1 Population, Sample and Sampling Procedure

The total population of this study consists of employees working in the property industry in Johor. According to [15], people who engaged in real estate services in 2017 were 176,382 persons where people who engaged in construction sector reached 1,330,266 persons in 2018. The sample size of the study is targeted to be at least 384 respondents which determined by using researchers' [16] sampling table. The sampling procedure used in the study is snowball sampling. Snowball sampling method was chosen because it is efficient to obtain large number of samples. Online survey questionnaire was employed in this study which yielded 397 responses.

### 3.2 Measures

The measures of employee retention (6 items) were adapted from the study of [17]. The items of career planning program (5 items) were adapted from [18], [19] and [20]. Mentoring and coaching's measurements (5 items) were adapted from [21]

while items for job rotation (5 items) were adapted from [22]. A 5-point Likert scale was used to measure the level of agreement for all the study variables.

## 4 RESULTS AND DISCUSSION

### 4.1 Profile of the Respondents

Among the 397 respondents, 144 were males and 253 were females. Majority of the respondents were aged between 26 to 30 years old which accounted for 50.1% of the respondents. In terms of marital status, 290 of the respondents were single (73%) and 107 (27%) were married. In the category of education background, most of the respondents (293, 73.8%) were bachelor's degree holders.

### 4.2 Factor Analysis and Reliability Test

Factor Analysis was conducted by employing Principal Component Analysis (PCA) to assess validity of the study variables. Table I shows the results of factor analysis for the independent variables (i.e. career planning program, mentoring and coaching, job rotation). Table II indicates a single factor for the dependent variable (i.e. employee retention). All the variables were deemed reliable as they had surpassed the alpha value of 0.70 as suggested by [23].

TABLE I. FACTOR ANALYSIS FOR THE INDEPENDENT VARIABLES

Item	Description	Factor Loading		
		1	2	3
CP1	Career planning programs provide insight to my future.	0.834		
CP2	Career planning in organization makes me more engaged in work.	0.837		
CP3	Career advancement possibilities increase my motivation in work.	0.812		
CP4	Defining career path clarifies me in the direction of learning and improvements.	0.790		
CP5	Clear career planning helps me to set career goals.	0.800		
MC1	I have supportive superior in mentoring and coaching me during work.			0.850
MC2	I receive regular feedback on my job performance.			0.807
MC3	I perform work using the approaches shared by my superior.			0.813
JR1	I receive workshops and seminars by management team on the importance of job rotation.		0.706	
JR2	I understand job rotation functions and policy in succession management practices.		0.805	
JR3	I feel the supportiveness from management team on employees' job rotation.		0.795	
JR4	I am clear that there is a need for employees to involve in job rotation for career advancement.		0.732	
JR5	I understand the value of job rotation is to enhance staff motivation, commitment and participation in work.		0.726	

Eigenvalue	6.216	1.863	1.203
Percentage of Variance Explained (%)	47.813	14.330	9.257
Cumulative Percentage (%)	47.813	62.143	71.400
Reliability Coefficient (Cronbach Alpha)	0.907	0.866	0.847

Note: KMO = 0.883, Bartlett's test of Sphericity; Approx. Chi-Square = 3220.943,  $p < 0.001$ .

**TABLE II. FACTOR ANALYSIS FOR EMPLOYEE RETENTION**

Item	Description	Factor Loading
		1
ER1	I did not survey on job opportunities in current market.	0.589
ER2	I am willing to work in current company for the rest of my lifetime.	0.904
ER3	I enjoy working in current company and don't wish to switch to another company.	0.922
ER4	I am proud to work for this company.	0.845
ER5	I found the meaningfulness working in current company.	0.821
Eigenvalue		3.402
Percentage of Variance Explained (%)		68.048
Cumulative Percentage (%)		68.048
Reliability Coefficient (Cronbach Alpha)		0.874

Note: KMO = 0.811, Bartlett's test of Sphericity; Approx. Chi-Square = 1304.651,  $p < 0.001$ .

### 4.3 Multiple Regression Analysis

Table III shows the multiple linear regression analysis among the independent variables and employee retention. The results indicate that 36.6 percent ( $R^2=0.366$ ) of the variance of employee retention can be explained by the three independent variables. The analysis shows that all independent variables have significant positive relationship with employee retention. Mentoring and coaching ( $\beta=0.409$ ,  $p<0.001$ ) has the strongest relationship with employee retention, followed by career planning program ( $\beta=0.195$ ,  $p<0.001$ ) and job rotation ( $\beta=0.124$ ,  $p<0.05$ ). Therefore, hypothesis H1, H2 and H3 are accepted.

**TABLE III. MULTIPLE REGRESSION ANALYSIS FOR THE INDEPENDENT VARIABLES AND EMPLOYEE RETENTION**

Independent Variables	Employee Retention				H	Result
	Beta, $\beta$	Sig.	B	Std. Error		
Career Planning Program (CP)	0.195** *	0.00 0	0.27 5	0.067	H1	Accepted
Mentoring and Coaching (MC)	0.409** *	0.00 0	0.44 9	0.055	H2	Accepted
Job Rotation (JR)	0.124*	0.01 8	0.15 9	0.067	H3	Accepted
F value	75.724					
R Square	0.366					

\*\*\*Significant at the 0.001 level. \*Significant at the 0.05 level.

The findings showed that there is a significant positive relationship between mentoring and coaching and employee performance ( $\beta=0.409$ ,  $p<0.001$ ). Researchers [24] supported that one of the best alternatives to keep employees at all levels to feel cared and engaged is through mentoring and coaching. Researchers [25] emphasized that mentoring and coaching is the method of transferring knowledge in order to realize and nurture the potentials of talented employees. Researcher's [7] study also denoted that mentoring and coaching helps in enhancing employee willingness to stay in the organization. As reported in the analysis results, career

planning program was found to be significantly related to employee retention ( $\beta=0.195$ ,  $p<0.001$ ). Researchers [26] asserted that career planning program assists in employee retention because employees' sense of loyalty towards employer increase as they viewed employers' efforts of career planning programs as organization's investment towards them. Career planning program gives employees opportunities in exposing them to different duties and responsibilities. These opportunities facilitate the elevation of employees' confidence, self-esteem, job gratification and retention [27]. Next, it was revealed that job rotation ( $\beta=0.124$ ,  $p<0.05$ ) is significantly related to employee retention. Employees who experience job rotation are exposed to different areas of knowledge and thus improve their performance and productivity [28]. As there are different roles in the property industry, employees who are multi-skilled and multi-tasked would be more appreciated, gain more satisfaction and perform better. High performance employees are less likely to switch their job and leave the organization [29].

## 5 CONCLUSION

This study provides a coherent view on the relationship between succession management practices and employee retention in the property industry in Johor, Malaysia. It gives a clearer direction for management to make more reliable decisions in designing employee retention strategies. Management should pay attention to these results and identify effective succession management practices such as career planning program, mentoring and coaching and job rotation to increase employee retention.

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