UNIVERSITY OF KWAZULU-NATAL

Succession Planning as a tool to minimise staff turnover rate: A case study of Nedbank Homeloans' KZN operations.

By
I. Govender
206511734

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Supervisor: Dr. Abdul Kader
Co-Supervisor: Mr. T.A.A. Vajeth

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DECLARATION

I, Indrani Govender declare that:

(i)   The research reported in this dissertation, except where otherwise indicated, is my original research.

(ii)   This dissertation has not been submitted for any degree or examination at any other university.

(iii)   This dissertation does not contain other persons' data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.

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SUCCESSION PLANNING AS A TOOL TO MINIMISE STAFF TURNOVER RATE. A CASE STUDY OF NEDBANK HOMELOANS' KZN OPERATIONS.

ABSTRACT

This study explores the reasons why succession planning is imperative in an organisation. The study focuses on Nedbank Homeloans' KZN Operations at the head office in central Durban and includes the views of the office staff about the salient issues in regards to succession planning.

A comprehensive literature review provides a background to the study. A number of reasons for the need for succession planning have been provided by various writers, and these constitute the point of departure for the study. The broad themes that impact on the success of succession planning are identified as being the need to retain talent, to develop skills, and to enhance the benefits that can be derived from implementing succession planning in an organisation.

In relation to these themes, the main objectives of the study were the following: to determine what benefits the organisation may achieve from implementing a succession plan; the significant impacts of not having a strategic succession plan; what an organisation can do to retain talented and competent employees; the role an organisation can play in sustaining skilled and talented people; and if the implementation of succession planning can support the career paths of employees not just up a specialised ladder but across a continuum of professional competence.

The fieldwork was exploratory in nature, with a questionnaire being administered to seventy-seven home-loan staff across the different levels of function. The Statistical Package for Social Sciences (SPSS) was used to analyse the data. Various statistical techniques such as Cronbach's Alpha were applied to test reliability.

An in-depth analysis of the results of the questionnaire was performed. The results of the study were evaluated and various recommendations are made. An implementation plan is provided to aid in the implementation process.

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CHAPTER 1

INTRODUCTION

1.1 Background and Context

This chapter provides an overview of the study undertaken. It describes the motivation for the study, the focus of the study, the problem statement, and the objectives and limitations of the study. In addition, a brief outline of the subsequent chapters is provided.

Nedbank is known for its personalised service and excellent customer relationships. Banks are an important source of working capital for small businesses and act as engines of economic growth for their communities. If banks are to continue in these roles, Nedbank must be able to attract strong, competent management and dedicated, capable staff.

The overall management and ultimately the destiny of Nedbank rest in the hands of its dynamic officers and boards of directors. So a vital component for the future success of all banks is the ability to attract the best talent and retain competent leadership.

To attract, retain and develop talent has always been a challenge, but probably never more than that required now. There has been an ever-increasing number of "high fliers" who see themselves as budding entrepreneurs rather than corporate warriors. This trend is likely to become even more hurting for large companies as the low birth rate combined with increasing HIV Aids leads to an ongoing decline in the feeder pool for young talent. The poaching of talent from top companies which have invested significant sums in training and development of their human capital is becoming vicious in many markets, and requires an equally vigorous defence strategy.

South Africa, like many other countries, finds itself competing for a shrinking pool of talented employees. Accepted or not, leadership succession is to be expected for any on going business, but successful succession is a certainty that must be planned for. A major increasingly important factor in this ever-changing economy is the imminent retirement of an entire skilled, talented and knowledgeable generation of leaders. Organisations are also being faced with a major concern regarding the disparity of retiring age groups and the diminishing population of younger talent to replace them. As a result of this, succession planning is becoming more and more a distinct strategic imperative.

Succession planning must be viewed as a proactive approach to leadership management, world class organisations are achieving much more from their succession plan than just a strategy for loss. Succession planning is not just an exit strategy but is a strategy that presents tips and advisories on how an organisation can recoup the considerable investment made in the outgoing human capital. It is a strategy for loss when an organisation loses the skills and talent that was invested in an employee who is nearing retirement. However, with succession planning this skill and knowledge is transferred to existing employees in the organisation and the loss to the organisation of this investment in the outgoing employee will be minimal. Succession planning is not just about finding another person to fill the job of another person that is leaving. Successful succession planning is about getting the organisational and job specific knowledge that is not recorded in an organisational manual, out of the head of the employee before they leave and the valuable organisation information is lost.

Investigating best business practices in planning for the success of worldwide talent leaders, it was established that the appointment and retention of scarce skills and talent has become a vital priority for leadership sustainability in the open market. Furthermore, it had been noted in a survey of two thousand international companies conducted by the 2002 Hackett Best Practices Survey, that the most successful strategy to reduce voluntary turnover is by implementing succession management and training in organisations. Results from the Hackett survey revealed that organisations that actively practised succession management and training, reduced staff turnover by an average of sixty-five per cent.

The literature further explains that retention and succession planning are a related process that should be recognised as a strategic imperative for future success. Barbara Ross-Denroche, (MA and Principal at the Centre for Exceptional Leadership in Vancouver) notes in "Business Roundups" that "As organisations will be forced to compete aggressively to attract and retain the very best leaders, they must commit to the development of an integrated and progressive succession and leadership-development planning system to ensure they have the future skills required for sustainability."

In order to develop a comprehensive succession strategy, leaders of organisations should recognise that each organisation has to develop a strategy that fits its own specific needs. It has been noted that there is an increase in organisations, large, medium or small that are seeking the expertise and assistance of outside consultants. However, these consultants would be able to

provide specific advice to remedy an organisations present requirements which is a short term fix and not effective in the long term success for any organisation. Therefore, Effective Succession Management (EFS) study recommends that the basic criteria must be followed for an effective succession plan to thrive:

- Best-practice organisations embrace succession management and make it part of an overall drive to develop managers at all levels.

- For successful planning, high level management commitment is required on an ongoing process.

- The alignment of the organisations strategy, individual performance, skills development and future capacity of talent required must be directed from the overall organisational strategy.

- A clear indication of what leadership skills and values that are needed for present and future survival of the organisation must be defined on an ongoing basis.

For an organisation to make perfect leadership placement and growth decisions it has to be equipped with the required assessment tools as per Rothwell (2007). The assessment tools that must be developed in an organisation are assessment centres, tests, interviews and a performance-appraisal system to enhance accurate leadership placements. It is highly imperative that succession management must be integrated with recruiting, selection, retention and development systems.

Theories on this topic, including those of Rothwell (2007), Noe et al (2000) recognise that a succession strategy is more than just a backup plan to produce qualified successors. Succession planning is a valuable tool used in macro and micro companies to grow leaders from within the organisation, to guarantee a continuous pool of talented skills developed within an ever changing economy. Investment in succession planning is an investment that business leaders are recognising as an important strategy in achieving the long-term vision of the organisation.

1.2 Motivation for the study

This research has been conducted in an endeavour to assist and support financial institutions in developing and implementing succession planning as a tool to minimise their staff turnover rate, thus leading to the future sustainable growth of the organisation. The ultimate aim of the succession planning system is to ensure the retention of talented staff and improved service delivery, and this dissertation will provide the financial institutions with the necessary knowledge and skills to confidently develop and implement their organisational succession planning and performance management systems. It will clearly set out the sequence of actions to be taken in the development and implementation of a succession planning system, and will include many examples and illustrations to simplify understanding. Growing awareness and use of organisational succession planning and performance management models will undoubtedly lead to improved service delivery and enable financial institutions to carry out their mandate to improve the quality of life of all citizens.

The intention of this research project is to assist the CEOs, MDs, senior management and other officials of financial institutions to build a talent factory to address future capacity and to keep feeding into the talent pipeline, in order to eliminate a brain drain in their organisations. It also aims to build a common performance management model that can be implemented in the province of KwaZulu Natal so that integrated development can be tracked and monitored.

1.3 Focus of the Study

This project strives to assist the financial institutions in KZN to develop and implement an effective succession planning and a performance management system that will provide a framework that describes and represents how the financial institution's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including the determining of the roles of the different stakeholders.

Although the legislative and regulatory framework regarding performance management has been rigorously formulated, "real" progress and integration can be measured only by the extent to which each financial institution has assimilated the principles and processes into its regular human resource management operations. It is widely recognised that financial institutions are at various stages of "performance management implementation" and that, although responsibility and accountability are vested entirely with the relevant heads of departments, a mechanism and a process need to be employed to bridge any gaps and to facilitate departmental compliance with legislative, regulatory and service delivery requirements.

One of the goals determining the management of financial institutions is the improvement of service delivery. However, the delivery of services cannot be efficiently affected without the proper management of the performance of the banking personnel A notional performance management system has therefore been chosen as a management tool through which the standard of efficiency can be upgraded in order to improve the standards of performance and the quality of service delivery of an organisation, thereby enhancing and building capacity towards a skilled and professional banking service institution. It is therefore the focus of this paper to devise performance-related processes, outputs and a model that can be consistently implemented across all financial institutions to develop effective service delivery value to the clients of the organisations.

1.4 Research Questions

To what extent have succession planning and performance management systems been effectively implemented in financial institutions in KwaZulu Natal?

What is the most effective framework for the implementation of succession planning and performance management systems within financial institutions in KwaZulu Natal?

1.5 Objectives

The objectives of the study are as follows.

The main objective is to determine what benefits an organisation will achieve from implementing a succession plan and thus minimising its staff turnover rate.

Furthermore, there will be an attempt to ascertain what the organisation can do to retain talented and competent employees and what benefit the organisation would obtain in return.

There will be an attempt to establish the role an organisation can play in sustaining skilled and talented people and to determine if succession planning can support the career paths of the employees not only just up a specialised ladder but across a continuum of professional competence.

Conversely the project will also attempt to determine the significant impacts of not having a strategic succession plan.

1.6 Limitations of the Study

The following limitations of the scope of the study are noted.

Financial institutions may not be willing to divulge their financial performance.

The interview data was drawn from a single home loans division at the head office of Nedbank in the Durban region – a fact which may limit the overall utility of the findings.

The suggestions and comments made in the conclusion to the study are based on the opinions of the participants. Many employees of banking institutions do not fully understand the concept of performance management and succession planning.

1.7 Conclusion

There is a growing awareness that skills development and talent management issues amount to more than finding replacements, especially in the context of the content bank employees who are close to exiting the system. Each and everyone is now talking about the demographic changes sweeping the working world and some organisations have already felt the effects of talent loss resulting from the retirement of qualified, skilled workers. The mere fact that a team of employees with a balance of complementary skills and talents can take decisions and implement them quickly and effectively indicates that having leaders capable of thinking laterally at all levels in an organisation pays big dividends and often means the difference between an organisation's survival and extinction.

When experienced people leave organisations, they take with them not only the capacity to do the work but also the accumulated wisdom they have acquired whilst in employment. This happens not only in a specific area but in all areas and all functional areas. Leadership and talent management involve more than merely planning for replacements at the top, it involves thinking through what organisations should do when the most experienced people at all levels depart and take valuable institutional memory with them. To keep talent one needs to cultivate the loyalty of talented people by constantly involving them in think-tanks, thus providing them with opportunities to disseminate their knowledge within the organisation.

This chapter has described the framework on which this study was based. The research questions and objectives have been clearly stated. The following chapter provides a detailed review of the literature which informs the study.

CHAPTER 2

LITERATURE REVIEW

SUCCESSION PLANNING AND TALENT MANAGEMENT

2.1 Introduction

This chapter will identify all of the ingredients that are required for an organisation to benefit from an effective succession plan, thus minimising the disruption and disturbance arising from personnel leaving the company because of retirement, reassignment or other reasons.

In spite of the huge sums of money organisations contribute to investment in human capital and talent management systems, organisation's still find it difficult to fill key positions, thus limiting their potential for growth. Virtually all of the human resource executives in DA Reddy's 2005 survey of 40 companies around the world said that their pipeline of high potential employees was insufficient to fill strategic management roles (Ready *et al*, 2007: 68 and 77). This survey revealed that there are two primary reasons for this, as follows.

Firstly, the official measures for recognising and nurturing the subsequent generation of leaders have fallen out of synchronisation and this is a major process that companies need in order to grow or expand into new markets. Furthermore, in order to curb costs, some organisations have eliminated crucial positions, thus sacrificing future development opportunities of high potential employees that would have far outweighed any initial savings from the job cuts.

Secondly, the organisation's HR executives are often placed in a predicament because top leaders claim that priority should be given to obtaining the best talented people, however HR battles to get these top leaders to concentrate and pay attention to talent issues themselves Therefore, it is important for the passion for a desired objective to start at the top and infuse the culture, if this is not present then talent management can easily deteriorate into the management of bureaucratic routines.

Furthermore, there are companies that build talent factories and not just manage talent and these companies have no doubts about facing the future with confidence. Ready *et al* (68 and 77) highlights the success of two such corporations – consumer products icon Procter and Gamble and financial services giant the HSBC Group – these two corporations were successful in the

development and retention of key employees and thus resulting in filling key positions immediately to keep up with the ever changing business needs.

These two companies maintained a twin focus on functionality (a rigorous talent process that supports strategic and cultural objectives) and vitality (the management's emotional commitment, which is reflected in daily actions), even though they had approached talent management from totally different directions. Functionality of effective execution refers to the processes themselves, which is about having the equipment and systems that allows companies to place the right people with the right skills in the right place at the right time. Having a good design is one thing but by the same token, clearly linking this process to the organisation's objectives is just as important. In particular, the processes should support the organisation's top concerns, which are driving performance and creating a climate for effective performance. HSBC's chair views performance and the corporate climate as being inextricably linked. Stephen K Green, HSBS's chairman, also stated that if an organisation does not create a proper climate internally and live up to its promise to its employees, then the organisation will not be able to achieve its objective – managing for growth.

2.2 What is succession planning

According to Kimball (2006), succession planning is defined as "a dynamic, ongoing process of systematically identifying, assessing and developing leadership and management talent: and assessing, developing and recognising 'key contributors' to meet future organisational strategic and operational needs" (Carl: 2006. Corrections today, Goliath Business Knowledge, 2006).

Sampson says that succession planning is the key to success. Without it, the wealth of knowledge amassed by staff over the years would be thrown away. Lose the experience and the company loses its reputation for quality.

Succession planning and talent management provide organisations with a method to address issues such as the close to retiring employees and staff turnover. In today's aggressive market it is very important for organisations to take steps to attract, develop and retain employees that have the potential to be strong leaders (Krauss: 2008).

According to Trow (1961) there is a strong association between planning for the loss of key talent and subsequent profitability. Companies that have identified and trained a successor appeared less likely to suffer a period of financial difficulty while a new employee in a key post becomes acquainted with the company.

For organisations to enjoy effective succession planning they need to make certain that the continuity of leadership and talent building strategies are implemented to recognise and grow high potential employees from within the organisation. Furthermore, succession planning displays a real obligation and support to developing the current workforce and ensuring that the staff will be fully equipped with the skills, experience, talent and knowledge that is required for future sustainability of the organisation.

Succession planning possess a number of benefits such as the retention of treasured staff, an improvement in staff confidence, the formation of a varied talent pool within the organisation, cost and time saving by not resourcing external personnel and reducing the effects of reorganisation.

 The main values of succession planning is intended to encourage communication between various departments, divisions, regions and branches, thus enhancing the exchange of methods, expertise and innovative techniques and to provide a medium for the development of the skills of the staff.

Rawls (2005) says that "Succession is a challenging endeavour even in the best scenarios. If you have a business you care about, you need a plan. In my experience, many business owners have a broad vision of where their company will be when they leave, but only about one-fourth of them have a solid plan."

There are three steps in building a succession plan. The very first step is a crucial one and the company has to go through an overall assessment, identifying problems, challenges and opportunities that need to be addressed Firstly, the company must undergo an overall assessment to identify problems and opportunities that need to be addressed in a comprehensive succession initiative. The second step is whereby the company develops a well matched plan and commits to implement. Ultimately, the company looks and thinks of succession planning as a process and not a project. A project has a start date and a definite end date, however succession planning process has a start date but no end date, and it is an ongoing process. A commitment must be

made to ongoing maintenance and refinement of the plan. It has been noted that some businesses make a big mistake of believing that after a succession plan is written and in place, then there is no need to revisit it. Succession planning is a dynamic process which involves training, hiring and internal development and therefore requires continuous updating. It is therefore imperative that succession plans must remain current and relevant and periodically updated and revised addressing changes in the market place currently and for the future.

Ebersole (2007) believes that succession planning is very important to the long-term success of any company. Leadership transitions have a rippling effect in business thus affecting the entire organisation's continuity, employee retention, client retention and returns on investment. It is therefore essential to create and implement a process that creates visibility, accountability and greater integration of all facets of the business. Succession plans should not be kept a secret because this could hinder existing managers and employees from identifying themselves as possible successors. Managers and employees are always looking out for a firm commitment or expectation about their future and if this is silent then there could be a loss of key personnel in the organisation.

Hirsh (2000) broadly defines succession planning as identifying future potential leaders to fill key positions. She defines succession planning as "a process by which one or more successors are identified for key posts, and career moves and development activities are planned for these successors. Successors may be fairly ready to do the job or seen as having longer-term potential."

The modern version of succession planning does not only revolve around organisational needs, it takes into consideration that people need to set their own career path and as a result balancing their career and family responsibilities. Strong emphasis is placed on balancing the goals of the individuals with those of the organisations.

Vital to the success of any organisation is a succession planning process because the plan would have identified individuals that would be responsible and groomed to ensure that the organisation will be able to deal with future challenges. These high-fliers should be carefully selected and provided with training and development giving them skills and competencies needed for the future business environment. These high potential employees will be future leaders of the organisation and that is why it is important that their development incorporates a broad range of learning opportunities. These individuals should also be highly exposed to the working

environment in order to gain a better understanding of what is required by the organisation to remain successful.

It has been noted that organisations are not pro-active in initiating succession plans and only tend to find the time to start a plan when it is too late. The result of not addressing succession planning timeously could lead to organisations faced with a burden of key staff being replaced in the midst of a crisis.

Literature makes mention that for organisations to be a step ahead of their competitors they need to understand and manage the development of the organisation's high performers. The effort put into establishing a development programme for future leaders is worthwhile because it creates a motivated and capable group of employees that are ready to move forward in the organisation when the need arises.

Jack Welch, one of the most successful business leaders, who started working in General Electric in 1960 displayed leadership qualities that differentiated him from his peers. One of the skills that Jack Welch can boast about is the ability to develop his subordinates so that he knew that there was always someone ready to fill his place when opportunities came his way. It is clear that succession planning and the development of future leaders does not exist in isolation – it needs to reflect the company's strategic objectives and strategic goals (www.ameinfo.com/59276.html).

A key component of an organisation's employee retention strategy is succession planning. Many organisations seldom give much thought or consideration to succession planning until an apparent need arises. This risky approach can result in two devastating outcomes: the loss of talented, skilled team members and the hasty promotion of individuals not yet ready to move up the corporate ladder.

The reason for the loss of highly talented team members in organisations across the country is due to non-existent or poorly implemented succession plan strategies. These employees leave the organisation because they perceive a lack of opportunity to climb the corporate ladder and further advancement within the organisation. Quite frankly, many of these employees become easily frustrated or dispirited when there is no proper plan in place by their immediate superiors to enhance their professional development within the organisation.

This kind of behaviour is predominantly true in individuals that are highly motivated and are driven by a desire for professional success and status. These individuals are always looking for opportunities to enhance their development and if these opportunities are not attainable in the near to intermediate future in the current organisation then there might be a loss of key talent to other organisations.

Rapid promotion of individuals that are not ready and equipped to fill leadership or management roles is a major result of a poorly implemented or non- existence of a succession plan in organisations. Top level management often fall prey to promoting individuals based on his or her knowledge, skills and abilities in their present roles, without assessing the requirements and abilities in the roles to which they are being promoted.

In many situations there is little or no correlation between success in a current role and success in a more superior position within the organisation. Hasty and ill-informed promotion decisions can have a serious impact on the success of the organisation as a whole. As an individual struggles in his or her new role this can begin to create doubt and second guessing by those he or she now manages. This can cause an infectious decline in organisational morale and production. (www.therainmakergroupinc.com)

According to Charan *et al* (2001: 167) succession planning perpetuates an enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both in the present and in the future. Often organisations were mistaken that high-potential people will necessarily translate into high-performance people, and therefore what is needed is an approach that will allow organisations to keep their own leadership pipelines full and flowing. Drip feeding into the pipeline will increase the succession planning effectiveness of the organisation.

2.3 Leadership Styles Conducive to Succession Planning

From Mahatma Gandhi to Winston Churchill to Martin Luther King to Rudolph Giuliani, there are as many leadership styles as there are leaders. Psychologists have fortunately developed helpful and simple ways to depict the main styles of leadership, and this helps would be leaders to understand which styles they should use (http://www.mindtools.com).

Trait theories revealed that effective leadership is not the result of a specific set of traits; it is how well a leader's traits fuse with the qualities required for a specific position. Trait theories argue that leaders share a number of common attributes, and that leadership emerges from these traits. However, for each set of leadership traits identified, it was found that people who were not leaders had possessed those attributes (Smith and Cronje: 1997 - 288). Traits are external behaviour patterns that emerge from things going on within the leader's mind, and it is these internal beliefs and processes that are important for effective leadership (www.mindtools.com).

Trait theory helps one to identify some qualities that are helpful when leading others and, together, these emerge as a generalised leadership style. Examples of these qualities include empathy, assertiveness, good decision-making, and likability (www.mindtools.com).

De Pree (1989: 3) states that leadership is not a science or a discipline. Leadership is an art, something to be learned over time. As an art it must be felt, experienced, and created. It has more to do with a weaving of relationships than with an amassing of information.

Cane (1996: 141) believes that the most consistently important attributes of leadership are probably to have the trust of team members and the ability to motivate. John Adair, the British writer on leadership topics, identifies the role of team leader as being responsible for three main areas that interact so that they balance to achieve the maximum effectiveness. The three main areas are achieving the task, building and maintaining the team, and developing the individual.

Management experts, in the past several decades have undergone a theoretical revolution in how they identify leadership and what their attitudes are towards it. They have gone from a very traditional autocratic approach to a very artistic, participative approach. However, somewhere down the line, reality set in and it was determined that not everything old was bad and not everything new was good. This strongly displays that, different styles were needed for different situations and each leader needed to know when to exhibit a particular approach.

There are four basic leadership styles, autocratic, bureaucratic, democratic, and laissez-faire.

2.3.1 Autocratic Leadership Style

Autocratic leadership style is often considered the traditional approach. This style warrants the manager the possibility to maintain power and control the decision making process. According to Kurt Lewin' framework, team consultation for decision making is non existent. However, this type of leadership is suited when genuine, quick decisions are to be made and does not warrant team buy in for a successful outcome.

Timm and Peterson (2000: 170) make mention of the fact that leaders who use the autocratic style are decisive and permit little, if any, follower participation in the decision-making process. In most organisations, the consistently autocratic leader is disliked and ultimately becomes ineffective. Some studies say that organisations with many autocratic leaders have higher turnover and absenteeism than other organisations. Certainly the current generation of employees has proven to be highly resistant to this management style (Leadership styles - www.mindtools.com). Yet the literature reveals that autocratic leadership is not all that bad and sometimes it can be the most effective style to use. Situations in which this may be true can include the following:

- New, untrained recruits joining an organisation and are not sure of what tasks and procedures to perform.

- Where there is limited time to make decisions.

- There is a daily demand for high volume production.

- Poorly managed departments.

- Work needs to be coordinated with that of another department or organisation.

2.3.2 Bureaucratic Leadership Style

Bureaucratic leadership is obvious when the manager manages strictly by the organisation's guidelines and procedures often referred to as "by the book." Such managers follow rules thoroughly, and make certain that their staff follows procedures accurately. This style is very appropriate for work involving serious safety risks and would be recommended in a banking institution, where large sums of money are involved.

Pessler (2001: 33) states that Max Weber's theory correctly predicted during the 1920s that the growth of the large-scale organisation would require a more formal set of procedures for how to administer them. He therefore created the idea of an ideal or pure form of organisation, which he called a bureaucracy. For Weber, this term did not infer that there would be a great deal of red tape and inefficiency, but that this would be the most efficient form of organisation.

2.3.3 Democratic Leadership Style

The democratic leadership style is also called the participative style, as it involves employees to be a part of the decision making. Although democratic leaders make the final decision, members of the team are also involved in arriving at the decision. This type of leadership not only spreads the responsibilities of leadership and increasing job satisfaction by involving team members, but it also helps to enhance employee morale and develop people's skills (Timm and Peterson (2000: 172).

This type of style allows team members to feel in control of their own fate, so they are motivated to work harder than just being financially rewarded. This style involves participation which takes time, thus resulting in this approach being very time consuming, but the end result is often enhanced. This approach is most suitable when team work is essential, and when quality is key than speed to market (www.mindtools.com).

Like the other styles, the democratic style is not always appropriate because some decisions do not lend themselves to a participative approach. For example, decision about highly personal matters should not be discussed widely and the participative approach cannot be exercised. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

Kurt Lewin (1939) also suggests that with democratic leaders, teams are allowed to give input before decisions are made, although the degree of input can vary from one leader to another leader. This style of leadership is important when team agreement matters, however, it can be difficult to manage when there are a lot of different perspectives and ideas.

2.3.4 Laissez-Faire Leadership Style

The laissez-faire leadership style is also known as the "hands-off" style. According to Timm and Peterson (2000:171) this phrase means "let them do anything they want to," and it is used to describe leaders who leave their teams members to work on their own. This type of leadership can be effective if the leader monitors what is being achieved and communicates this back to the team regularly. Most often, this carte blanche style is effective when individuals are self motivated and highly interested in what they are doing.

According to Timm and Peterson (2000: 171) a leader using this approach may have happy employees but not necessary productive employees. The leader acts principally as a representative of the workgroup. The leader's job is to ensure there are resources necessary for the group to accomplish its tasks. Workers who are both self-motivated and experienced enjoy such hands-off leadership.

According to Lewin, laissez-faire leaders have very little or no interference in the work done by the team members. Leaders consent to the team to make many of the decisions in the organisation and this normally happens when teams are highly capable and motivated, thus not requiring close supervision or monitoring.

2.3.5 Varying Leadership Style

Although the most appropriate leadership style depends on the situation, there are three other factors that also influence which leadership style to use:

1. The personal background of the manager comprises of the manager's knowledge, personality, ethics, values and experience.

2. The employees being supervised. Employees are individuals with different personalities and backgrounds. The leadership style that managers use will vary depending upon the individual employee and what he or she will respond to best.

3. The company. The traditions, values, philosophy, and concerns of the company will influence how a manager acts (http://www.essortment.com/all/leadershipstyle_rrnq.htm).

2.3.6 Ten Top Qualities in Leadership Styles

According to Martin Haworth (author of Succession Planning Toolkit) he states in "Leadership Styles" that the best leaders should possess the following qualities:

1. Vision – leaders must have a clear understanding of where the organisation is going and a clear strategy for getting there.

2. Communication – great leaders make sure that their message is clearly communicated and received across the organisation.

3. "People skills" – Leaders with natural love for people tend to excel in building relationships and developing team spirit.

4. Letting go of the doing – great leaders let their people get on with the doing and encourage them.

5. Understanding their business – not only are they visionary and strategically sound, but the top leaders truly understand their business, inside and out, good and bad, and firmly move it on. They make the difference.

6. The ability to act as models – they lead from the front and have the values of the organisation and their people at heart.

7. The ability to relate easily – excellent leaders have a way of building relationships instantly, through how they communicate, the self image they display and most importantly the manner in which they receive and respect others.

8. Charisma – they have a personal style which is unique.

9. Determination – inspite of possessing people skills, great leaders go that extra mile to accomplish their goals and vision. They are capable of pushing the train tracks to where it had not been before just to achieve their goals.

10. Passion – great leaders bring an immense energy to the task in hand, whether it be a car boot sale or a battle in a war. This one element distinguishes them most clearly.

Above all, leaders can be found anywhere. There are true leaders and indeed there is leadership in everyone, whatever level they are in, in a business or organisation. It's for true leaders at the top of a team to open a two way communication and let their people express themselves (http://EnzineArticles.com/?Leadership Styles - expert=Martin_Haworth).

2.3.7. A Model of Leadership: The Four Leadership Quadrants

Growing, dynamic organisations are certainly not led by unskilled leaders. However some businesses can survive weak leaders, only for a period of time, but in the end poor leadership drains organisational energy and effectiveness. The pandemonium caused by weak leaders ultimately leads either to a change at the top or to the termination of the organisation (www.partneringintelligence.com).

If an organisation is always attracting brilliant, principled, inspired people who are then encouraged to do their best, then all credit must be given to a good leader. Alternatively if the same calibre of people is lacking motivation, being unproductive or even leaving for better opportunities, then the organisation should be assured that poor leadership is to blame.

Poor leadership could be a major cause of organisations finding themselves in a downward spiral and therefore these problems should be addressed as soon as problems are identified. However, many of these leaders first reaction is to find others to blame, but great leaders always look to themselves first.

The Leadership Quadrant reflects on issues such as personal mastery, articulating a vision, motivating people and achieving goals, and it fosters skills in the basic attributes of leadership, such as self-disclosure, soliciting feedback, active listening, building collaborative teamwork, building an interdependent work environment, creating a culture of trust, focusing action on the future, and favouring change management (www.partneringintelligence.com).

FIGURE. 2.1 LEADERSHIP QUADRANT

Source : Dent, Stephen – "the Leadership Quadrant"

2.4 Personal Mastery

The work of a leader is to define an organisation's vision, embody its ethics and values, and set boundaries of acceptable behaviour. A leader is supposed to lead and set a good example for others to follow and this puts a huge responsibility on leader's to develop a high level of personal mastery.

Personal mastery is about understanding what one's strengths and weaknesses are when it comes to technical, interpersonal and strategic capabilities.

Personal mastery also comprise that a leader must be comfortable with self-disclosure and active listening. This is an important skill that equips the leader not to feel or be intimidated by his superiors or subordinates when it is time for information sharing. Personal mastery creates a climate for embracing open discourse and valuing employee feedback as if everyone's success absolutely depended on it.

2.4.1 Inspire Vision

For a leader to boast a personal vision is very important, but how that vision is communicated is much more critical. For successful leaders communicating means more than talking, that is connecting the overall organisational vision to the spirits of the employees. Creating a shared vision outweighs having lofty goals. Organisations should understand the employees' shared values and desires and then align the organisation's objective with those values and desires.

2.4.2 Motivate Action

A misalignment of employees' shared values and desires to that of the organisations, tend to lead individuals to do things for their reasons and not that of the organisations.

However, successful leaders achieve victory only through their employees and to accomplish this achievement, leaders should harness and direct every ounce of available human energy to its maximum capacity.

The skills in this quadrant are built on the foundation laid by the previous two quadrants, which are "personal mastery" and "inspire vision." Through these two quadrants', a leader can motivate people to unleash hidden potential and be high achievers. A single quality which is a great

motivator is the leader's actively interacting with employees' solving every day problems that they face.

Furthermore, creating networks, fostering interdependence, information sharing and rewarding collaboration, exponentially increase task output and quality. Leaders must embrace vulnerability, empathy and be active listeners and these virtues will endear the leader to his personnel and motivate them to succeed.

2.4.3 Achieve Results

Exceptional leaders are results orientated, but they also realise that achievement does not happen in isolation, and success does not happen because of a single person's actions. However, these achievements are only met through team effort.

Great leaders are tenacious and they set high expectations, but they also communicate that they are equally responsible for delivering results. A successful leader will share information and power and will then shift control, letting the employees do their jobs. Many great leaders know that they are doing their job when they bring good people together and then get out of the way.

True leaders encourage their employees to take risks, but also equipping them with the resources that is required to turn those risks into positive opportunities. These leaders make sure to reward good work, even if the results are not ideal. Results thus become part of a larger process of hard work and accountability (www.partneringintelligence.com).

2.5 The Work of Leadership

According to Mamprin (Director of Customized Leadership Development Programs for The Banff Centre in Canada) as stated in the "Executive Update Feature Article" December 2002 that leadership transition is an integral process that begins long before the outgoing leader departs, and it presents a remarkable opportunity to move forward with a new understanding of the complexities, challenges, and changes the organisation must address.

An effective leader's ultimate goal is to work himself out of his job by having a plan in place for his exit which should be as graceful and positive as was his entrance into the organisation. Effective leaders join an organisation with full commitment to the mission and goals of the

organisation and to their personal goals and when these goals have been realised, focus is then placed on new leadership for the organisation. Ultimately, finding an excellent successor is the responsibility of the existing leader.

Succession planning is an ongoing process of methodically assessing, identifying, and enhancing the development of talent to ensure leadership continuity for all key positions in an organisation. Succession planning does not exist in a vacuum; however it must be integrated with the organisation's strategic objectives, reflecting the way the organisation needs to evolve in order to achieve its strategic goals. Succession planning also serves as an early warning against the kinds of leadership styles, skills and behaviours which a leader wants to develop and promote for the future might be different from those in the existing culture.

Furthermore, it is imperative for organisations to recognize that the business situation facing current leaders is very different from that faced by previous generations. Current conditions consist of the rapid growth of emerging technologies, a demand for more public accountability, heightened expectations by members of the organisation, fierce competition and a demand for sustainable growth and value. New leaders should have a strong vision of what is required for a successful future and based on this they should create a solid foundation for future growth. Future leaders are expected to enhance existing memberships and use their talents and skills to improve the organisation.

2.5.1 Creating a Leadership–based Culture

To guarantee a successful changeover, organisations should build a culture of powerful leadership whereby individuals show effectual leadership at all levels. The results of enhancing and strengthening leadership capacity throughout the organisation, enables a highly successful transition thus reducing dependency on a single employee. Organisations should assess their current culture and clearly define their ideal culture to enable the organisation to align the competencies required currently and in the future for critical positions. This would enable the organisation to chose, access and develop potential leaders to be aligned with that of the organisations future requirements. It is also important for organisations to develop general competencies and to create flexibility and leadership potential throughout the organisation.

Another key to succession planning is the transfer of tacit knowledge. A leadership transition often leads to the loss of critical tacit knowledge that has been acquired and accumulated by an individual throughout the working years in the organisation.

For knowledge transfer to be successful organisations should outline and focus on the possible high gain areas. Whilst this will help to create a knowledge based- culture it will also streamline the duplication of effort needed to reconstruct existing knowledge and, most importantly, it will reduce the risk of losing vital organisational knowledge residing in the heads of only a few employees.

2.6. Commitment to Succession Planning

Commitment to succession planning has to come from top down in an organisation. It needs to be owned by managers and actively led by the organisations chief executive, who ensures that succession planning is given the importance it deserves by the managers. Managers should be ensuring that there is a healthy pipeline of potential leaders to secure the sustainability of the future of the organisation (http://www.cipd.co.uk/subjects/hrpract/general/successplan.htm).

Managers in their own mind should have picked at least one potential successor. This is a critical issue because if the manager is not actively identifying potential successors, then the manager is lacking the ability to delegate, develop and groom his or her successor.

According to Rothwell (2005:15-41), for succession planning in a management programme to be effective, organisations must have a method to replace key job incumbents as vacancies occur in their positions. The traditional method that was used was promoting from within the organisation. Rothwell (2005) notes that in preparing individuals for promotion the organisation has an obligation to do more than identifying current and future work requirements and performance. There must be a way to clarify and systematically close the development gap between what successors can do and what is required for advancement. Organisations should engage their employees in individual development planning programs to equip them to qualify for advancements.

Groves (2007: 239-260) states that for optimal development of a healthy leadership pipeline, best practice organisations encourage effective integration of leadership development and succession

planning systems. Best practice organisations fully utilise managers in developing the organisation's mentor network and establishing a flexible and fluid succession planning process.

2.6.1 Employee Commitment

Effective succession planning is about ensuring leadership continuity and enhancing talent by implementing plans to identify, develop and the advancement of staff within the organisation. This process shows a genuine commitment to the development of the existing workforce, thus motivating staff retention and ensuring that employees have the skills, experience and knowledge to meet changing work requirements. This process places more importance on internal staff development than recruiting externally, and stimulates an increase in employee commitment and loyalty (http://www.ntea.com/br/hr_d.asp?DOC_ID=101794).

2.6.2. Individual Employee Performance

According to Ainsworth and Smith (1993), Guinn (1987), Heiser *et al* (1988), Torrington and HaIl (1995) and Schneier *et al* (1987), these authors believe that performance management is primarily about individual performance. Performance management is a process that can facilitate the flow of information in an organisation. The flow down of goals begins with the organisation's strategic plan to the organisational goals to the individual performance goals. Their hypothetical focus is on employee participation and a strong belief that organisational performance is best achieved by actively involving employees in the process of establishing goals and ensuring continued motivation through ongoing performance reviews. The responsibility for managing the performance process lies jointly with the manager and the employee.

However, these theorists do admit that the individual performance is aligned and takes place within the context of organisational issues such as the organisation's mission, strategy and objectives.

Ainsworth and Smith (1993) developed a three-stage model covering the areas of performance planning, the assessment of performance, and corrective and adaptive mutual action via mutual feedback discussions in order to enhance individual employee performance within organisations.

2.7. Benefits of Succession Planning

The major benefit of succession planning is that it makes it possible to sufficiently source and develop crucial talent, the retention of employees and supports long-term growth. It also makes possible to meet the career development requirements of existing employees, and to counteract the increasing difficulty of recruiting employees externally.

Martin Haworth (2007) states in his Ezine article "Succession Planning Toolkit" that holes in the hierarchy can be disastrous causing major effects in a company's productivity. This is more the reason why it is a good idea to hire from within for key positions, so that the only sudden openings are in the lower positions that are more easily filled.

One of the aspects of succession planning involves looking over each position periodically, evaluating the current employee and the possible successor to make sure that there is a smooth transition and to minimise any possible disruption in the organisation. The training and grooming of a successor can take years to achieve and therefore this process must be given the importance it deserves.

Succession Planning is significant to the overall health of an organisation and therefore extra care should be taken in the hiring process to ensure that all employees hired or recruited can be groomed and trained to move up the organisation's corporate ladder.

By hiring from within, the organisation demonstrates and gives people an incentive to want to work for the current organisation. An employee that is happy in an organisation is not likely to abscond. It also enhances a company's good reputation and competitiveness.

Furthermore, succession planning can assist organisations in accomplishing employee commitment, in becoming a learning organisation, in surviving changing markets, and in being sustainable businesses.

Succession planning actively prepares the company and employee to survive the ever changing markets, equipped for future needs. Continuous matching of employees' talents to current needs and training them for future responsibilities creates a cycle of anticipated developmental growth and goal attainment.

Succession planning also allows company executives to vigorously plan for business sustainability – even for a uniform change of ownership. Succession planning ensures that when key leaders are about to exit the system then an exit strategy must be prepared and a solid plan must be provided for continuity of the business.

The beauty of succession planning is that it identifies and grooms high-potential candidates for future key positions, ensuring that the investment made in each employee brings a return in the form of preparedness, confidence and ability, giving organisations the ability to be more competitive and to meet the challenges of the future with confidence.

2.8. Organisational and Employee Performance

Theories on this topic, including those of McAfee and Champagne (1993), Storey and Sisson (1993), Bevan and Thompson (1991), Fletcher (1993), Lockett (1992), Rummier and Brache (1995), Mohrman (1990), Noe et al (2000) and most notably Spangenberg (1994), recognise that performance management is an integrated and holistic process where there is a need for an organisation to have a vision, mission, strategy and goals and the correct systems in place while also actively involving employees and ensuring constant feedback.

One of these sets of theorists, Noe et al (2000), proposes a model of performance management in organisations (see figure 2.2 below) where it is suggested that objective results are determined by individual behaviours, which are in turn determined by individual attributes, within a context of an organisational strategy and various situational constraints.
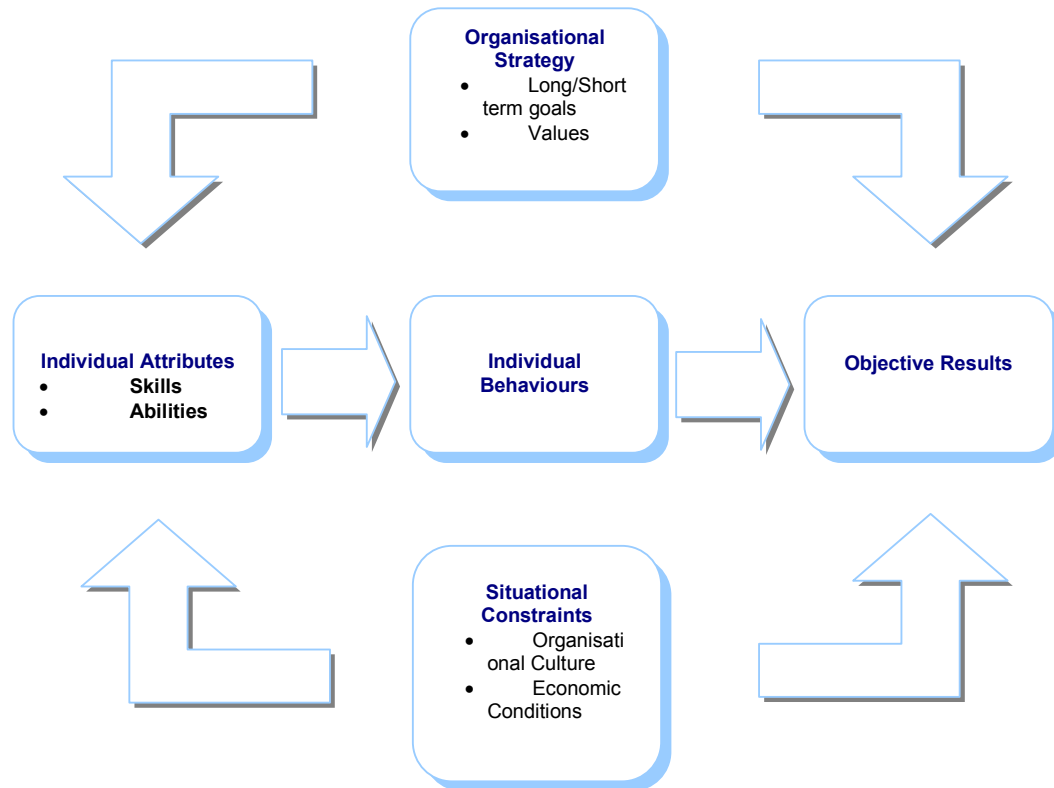
FIGURE 2.2 MODEL OF PERFORMANCE MANAGEMENT IN ORGANISATIONS

Source: Noe et al - Human Resource Management: Gaining a Competitive Advantage.

One of the most complete representation of the integrated nature of performance management has been developed by Spangenberg (1994), whose five-stage process comprise performance planning, design, managing performance, reviewing performance, and rewarding performance at an organisational level, process or function level, and a team or individual level.

2.9. Learning Organisations

Theories that support the view that talent management is essentially based on the issue of organisational performance, such as those of Rogers (1990), Bredrup (1995) and Lawson (1995), use a strategic approach to talent management through determining the organisation's vision, mission and strategy, followed by the implementation of the chosen strategy through various systems and procedures. The belief is that organisational performance can be best achieved by ensuring the correct systems are in place, the responsibility for which rests primarily with management.

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One of these theorists, Brecirup (1998), proposes a talent management system from an organisational perspective that covers three main areas: talent planning, talent improvement, and talent review.

The talent-planning stage involves formulating the organisation's vision and strategy. The talent improvement stage includes issues such as business process re-engineering, continuous process improvement, total quality management and benchmarking. The talent review stage consists of talent measurement and evaluation.

Therefore, succession planning could be described as continuous improvement, or continuous learning. By offering stretch assignments and job rotation to the employees within the organisation helps enhance the education and experience opportunities of people within the organisation. This can have a positive effect on employees as well as the business. The organisation should concentrate on a shift from job progression to job expansion in order to equip the employees with escalating competencies that is required to have a better understanding of the business as a whole.

2.9.1 Involve Internal and External Stakeholders

Stakeholders, internal staff and managers and the rest of the outside world are those most interested in the results of succession planning and talent measurement in an organisation that they are connected with. Succession planning adds value to all stakeholders and good succession planning is the glue that holds all the elements in a sustainable way. These stakeholders have an interest by way of their personal banking, investments and home-loans with the organisation. These stakeholders also require peace of mind, knowing that the organisation has a plan in place to ensure that there is continuation of the professional service that is required. The literature is adamant that all such voices be heard in the process of developing an effective and trusted talent measurement and succession planning system.

2.9.2 Promote Leadership Support

The literature emphasises that leadership is critical to designing and implementing an effective succession planning and talent measurement system. Perrin and Koshel (1997) state that top leadership support can make or break talent measurement efforts. According to Neeley (1998)

senior management within an organisation must communicate its commitment to succession planning and talent measurement consistently and repeatedly. Without clear leadership on management's part, there is a very good chance that others involved in the succession planning and talent measurement process such as staff, providers, and even external stakeholders will not be "on board" themselves. In some cases, they might even be stymied in their talent measurement efforts by those in power who themselves are not on board.

A key indicator of the leadership's support is its active involvement in designing and developing the succession planning and talent measurement system. Hence, another key indicator of the leadership's support of performance measurement is the commitment of resources to the talent measurement process including money, personnel, and time.

2.9.3 Enjoy a Simple Manageable Approach

The literature is consistent in recommending that any talent measurement system start out as simply and be as easy-to-use as possible. Organisations should begin with simple, do-able measurement goals and processes and let the system evolve and grow as experience is gained and resources become available. According to Beck et al. (1998) one of the most common mistakes in talent measurement which often causes talent measurement systems to fail, is making the system and process too complicated.

Keeping talent measurement simple is difficult in organisations with multiple levels of management and authority and fragmented responsibilities, which describe most public sector organisations. Public sector organisations also often have a variety of stakeholders whose interest in their performance must be considered. If a public sector performance measurement system is intended to measure performance across several component organisations, not all of which have the same role or provide the same services, keeping talent measurement simple becomes even trickier.

One of the most complicated aspects of talent measurement and one of the most expensive is collecting, assembling, and assessing data. According to Young, Robin, and Kearney (2004), developing good data demands a significant commitment of resources in electronic data infrastructure (that is, computer hardware and software) as well as in time and personnel. But the

literature strongly recommends not investing in new data-management infrastructure at the outset of talent measurement. Egnew (1997) says that an organisation should match its talent-measurement data and information demands to its ability to deliver on those demands using existing databases, research methods, personnel, and financial resources. The development of new links among existing databases might be necessary, and will incur expenses of its own, but is still preferable to the costs involved in purchasing new data management systems. Finally, an organisation should evaluate any proposed performance measure for the probable costs of generating the data compared to the probable benefits of using it.

In "Measure What Really Matters," Young claims that an organisation does not have to reengineer itself before it can operate an effective talent-measurement system. What it must do, instead, is stick to two guiding principles: measure what matters, and keep the guidelines simple.

It is also averred by Young and Robin (2004) that the guiding principles must be kept simple. They must be simple to operate, simple to understand, and simple to action.

2.9.4 Provide Ongoing Technical Assistance

The literature draws attention to the fact that talent measurement asks a lot of the people whose performance is being measured:

- That they understand, accept, and promote the concepts and values of succession planning and talent measurement.

- That they think about how they conduct their work and the goals and objectives of their organisation.

- That they develop ways to measure their progress and that of their co-workers as well.

- That they collect and analyse the data requested of them and report the results of their talent measurement to internal and external stakeholders honestly and promptly.

Consequently, the literature also stresses that the people conducting succession planning and talent measurement should be provided with the technical assistance they need to carry out whatever talent measurement activities are requested of them. Talent measurement technical assistance can range from training that offers all staff a general overview or awareness of talent

measurement, to specialised training for key people in data collection, management, analysis, and reporting.

Effective talent management systems should serve the individual employee as well as the organisation. There are several opinions relating to the components of an effective talent management system. The most common components of successful talent management systems presented in the literature include the following:

• Holds managers accountable	• Trains managers and employees
• Mirrors organisational culture	• Links individual position to talent management system
• Links to compensation	• Focuses on the right talent measures
• Integrates development with talent	• Aligns daily activities with organisational strategies or goals
• Includes individual employee feedback	• Addresses employee expectations
• Provides continuous feedback to the employee	

Table 2.1 The components of successful management systems
Source: The Talent Management Handbook (2003).

2.9.5 Establish Rewards

Once an organisation has established its direction, identified the needs of the stakeholders, set performance goals, developed methods to measure progress towards these goals and only after all of these defining processes are in place, an organisation can focus on the final component of how to reward the talent gained. If the defining process is silent about how talent will be rewarded, then the other steps in the defining process will be pointless. The reason for this is because the reward system should work in conjunction with the feedback provided by talent progress metrics, critical behaviours that make up enhanced talent or skill will not likely be maintained within the organisation.

 For most organisations, the first thought that comes to mind when the word "reward" is used is money, but this does not always have to be the case (Casey, 2003). Many organisations address the retention of key talent through monetary measures; however money is not the dominant motivator, but can be a factor in the decision to stay. True pay for performance sends a message to the top performers that they are valued.

Reward is one of the most controllable and easily fixed levers for managing talent, however, well designed recognition schemes that combine senior level exposure with creative rewards can also be a powerful tool to motivate and reward talent. Whilst financial inducements are a critical element of any talent retention strategy, they should be balanced by non-financial rewards such as access to coaching or mentoring, career mobility, development programs and assignments, career path discussions, job rotation, stretch assignments and family support and perks.

In organisations, the use of constructive strengthening has exposed many optimistic side-effects which were previously hidden. The use of constructive strengthening to reward improved performance has been shown to improve the employee-supervisor relationship. In addition, it augments job satisfaction for teams and their individuals, and improves morale and organisational loyalty, leading to a decrease in staff turnover (Daniels, 1989: 53). The majority of the performance problems that are found within the organisation are due to a lack of motivation. It is the job of the performance management system, along with the management teams and supervisors, to provide motivation and positive reinforcement. The superior feelings that are linked to positive reinforcement also contribute to an increased feeling of accountability in the teams and the organisation, because people begin to look forward to being measured instead of fearing it.

Other relevant aspects of motivation can be identified in Maslow's (1943) hierarchy of needs, in which the desire to understand and grow must be underpinned by self-actualisation and, before that, self-esteem. Whichever motivational construct is used as a basis for performance management, the need to shift from extrinsic motivation to intrinsic motivation is paramount. A very important principle that needs to be understood is the motivational aspect of performance objectives i.e. people will try harder when faced with a more difficult but not unreachable task, rather than tasks which are easy to achieve.

Adler (2001), comments that the idea is to push the employees that are measured to their optimal level, but cautions not to set standards too high that everyone fails. At the same time, he warns that if everyone's exceptional, then the standards set may not be challenging enough.

2.9.6 Evaluation

An often neglected aspect is the evaluation and fine-tuning of a system.

According to a survey conducted jointly by the Society for Human Resource Management and Personnel Decisions International reported by Fandray (2001), forty-two percent of the organisations that participated reported that management had not bothered to review the performance management systems currently in use.

It would be important to establish an evaluation committee which is representative both vertically and horizontally across an organisation, and which meets at various stages of the annual process to evaluate and recommend system adjustments to ensure the system's sustainability.

A valuable exercise would be to monitor trends in talent performance scores by department, by team, by leaders, by gender, by colour, by age, and similar variables, and raise red flags if skewed trends with no logical reason for their existence are observed.

Another action to take would be to monitor the interference of policies, procedures, systems and culture on individual and team performance and recommend solutions where appropriate.

Ingram and McDonnel (1996) explain that another useful evaluation technique is that of benchmarking by comparing internal practices with best practices demonstrated by both rival organisations and unrelated industries. The benchmarks established through external comparisons can be incorporated into the balanced scorecard as desirable levels of performance.

2.10 Legislative Mandates

The Banking Act requires financial institutions to adhere to certain regulations in order to safeguard all stakeholders. The home-loans department is specifically governed by the NCA & FICA (National Credit Act and the Financial Intelligence Credit Act).

Section 17 of the Banking Act (24:20) states that "every banking institute shall conduct its banking business and other operations in accordance with sound administrative practice and procedures adhering to proper risk management policies."

2.11. Succession Planning Debate

The literature is consistent in suggesting that the challenge of filling critical positions has, in a sense, crept up on businesses, many of these organisations used to view employee development almost as an employee benefit. Today, demographic shifts, notably the impending retirement of key employees, along with the dynamic change in industry situation, such as major growth in mostly new markets such as China have jointly caused to produce something of a perfect storm.

In South Africa the main challenge of filling key positions has become extremely difficult because of the lack of available leaders developed by black empowerment. The requirement of black economic empowerment may have a considerable impact on the management of companies in South Africa. Black economic empowerment has been one of the foremost issues on the government's agenda since the first democratic elections were held in South Africa in 1994. The government of recognises that the majority of the people of South Africa have been deprived of economic influence in society for decades.

Affirmative action in South Africa is taking place in a society that was once racially structured in the world. The culture is now in the process of de-racialisation, but its historical legacy makes

the character of affirmative action in South Africa rather different from affirmative action as it is practised in other countries. Rather than aiming to create opportunities for a minority, as it is usually used for, affirmative action in South Africa aspires at transforming an economy that for many years barred the majority of the population from any meaningful role. While the ANC government views more equitable representation through affirmative action policies as a precondition for successful nation building, opponents perceive the policy of affirmative action as undermining national reconciliation (Adam, 2000: 48-55).

As a result of the nature of the apartheid education system, the available pool of well educated black South Africans is not only minimal, but also skewed in its capacities. For example, there is a significant lack of black people with technical degrees. Due to the demand for black professionals, fully trained black people are much more costly than their white counterparts. The existence of a very active headhunting industry creates problems for companies that put time and money into training staff (Roberts, 1997:19). Leadership development has become a much more strategic process, and faulty processes and executive inattention now carries a tangible cost. The major result of this is that organisations have been forced to pass on billions of rand of new business because their growth strategies have not produced the staff competencies they need in order to take on the business. According to a real estate firm that was gearing up for a major renovation job, an attempt that would not only represent an enhancement in revenue but also an opening to get in on the ground floor of many other projects, when a review was done of the human capital available for this assignment it was noticed that not many of their staff were available or trained in that particular skill. The firm's growth strategy hinged on these projects, but the management of the company had failed to groom people to lead it (Ready *et al*, 2007).

Furthermore South Africa is experiencing the largest HIV and Aids epidemic in the world and this should be all the reason why organisations should be actively maintaining their succession plan. According to statistics for South Africa in 2008 it was estimated that 5.6 million South Africans are HIV positive, the largest number in the world. This current statistic is a definite threat and would significantly deprive the economy of its workforce and its skills base. The loss of skills, tacit knowledge, increased staff turnover and declining morale as a result of HIV and Aids will be the major contributor to the declining levels of productivity in organisations. The transfer of skills is being hampered due to the increase in staff turnover and low morale that is severely affected by the loss of colleagues. These less visible factors build up over longer time

frames and are critical for a more efficient, effective, and ultimately productive workforce (Daly, 2000: 16).

However, there are other companies that are able to handle the future with confidence because they do not manage talent; they instead build talent factories by marrying functionality, rigorous talent processes that support cultural and strategic objectives.

The literature relevant to this topic and sourced in this dissertation was based on the people processes in two talent factories: Proctor and Gamble (P&G) and the financial services giant, the HSBC Group. Although these two companies approach talent management from slightly different directions, both illustrate the power of a twin focus on functionality and vitality. P&G established a plethora of elaborate systems and processes to deploy talent: HSBC worked mightily to incorporate talent processes into the firm's DNA. Both companies can claim a free-flowing pipeline of current and future leaders (http://www.ukinvest.gov.uk).

2.11.1. Functionality: Effective Execution

Functionality refers to the processes themselves, the tools and systems that allow a company to put the right people with the right skills in the right place at the right time. Good design is not just a matter of technical excellence, clearly linking processes to the company's objectives is equally important. These processes should support most CEO's top concerns, driving performance and creating an effective climate for successful execution of the organisations goals (http://www.ukinvest.gov.uk).

2.11.2. Vitality – the Secret Weapon

Functionality is about focusing on a company's talent management processes to produce outcomes. Vitality is about the attitudes and mind-sets of the people responsible for those processes, not just in human resources but all the way along the line, all the way to the top of the organisation. The vitality of a company's talent management processes, according to research shows that, it is a product of three crucial qualities commitment, engagement and accountability.

2.11.3. Changing Markets

Succession planning is a process that prepares both the organisation and the individual for upcoming organisational sustainable requirements. Matching individuals' talents to present requirements and training them for future tasks creates a cycle of anticipated developmental growth and goal accomplishment. This procedure also assists the organisation to recognise whether new positions are required to administer new big business and to revitalise business units, so that the firm can survive in today's global environment.

2.12. Business Sustainability

Succession planning allows business executives to actively plan for a consistent change of ownership, which ensures a successful and sustained organisation (Rothwell 2005). With succession planning, organisations are assured of having a replacement when key leaders exit the system, because when key leaders prepare an exit strategy they also have a solid plan for his or her successor. Succession planning identifies and grooms high-potential candidates for future key positions. Succession planning makes certain that the investment made in each individual brings a return in the form of preparedness, confidence and ability, giving organisations the ability to be more competitive to meet the challenges of the future.

2.12.1. Time

Succession planning helps to create people that are capable of handling some of management's responsibility thus freeing management to concentrate on other issues. When key people suddenly leave the organisation there is always someone readily available to fill in this gap and this is only possible because of the active succession planning system that the organisation has in place. Therefore there is a lot of time and cost saved when key people leave (http://EzineArticles.com).

2.12.2. Confidence

With succession planning helping to create a healthy business future for the organisation, this should give employees and managers some level of job security. These employees and managers should look at innovative ways to better uplift their business. Having succession planning, also gives some comfort to the managers that they will be able to steer the organisation successfully knowing that they have skilled and talented employees to fill key positions in their talent pool.

This boosts the managers' confidence, resulting in them becoming far bigger people in themselves (Haworth 2007).

2.12.3. Reward

Better productivity and enhanced performance are the main generators of improved profitability in an organisation. Rewards are based on how well an organisation as well as the employee performed in a fiscal year. However money is not the only motivator. Employees find it more rewarding by the emotional return that is gained by using succession planning to develop a knowledgeable, successful team.

2.12.4. Recognition

Making a difference above and beyond the call of duty gets seen to be a valuable quality, particularly in bigger organisations; being seen to deliver exemplary standards through their employees is praiseworthy. Succession planning facilitates the delivery of excellent performance, which others notice, and they may even ask how such excellence was achieved (http://articles-home.com/management/41038.php).

2.12.5. Prospecting

Managers, who have a proper plan in place, can become more aware of possibilities. This process allows possible candidates to emerge and they can be recruited to fit later gaps. Innovative skills in existing individuals will surface and the awareness of what is going to be required helps the process.

2.12.6. Preparation

As the process unfolds, gaps and opportunities will appear. This will be well in advance of the requirement, thus enabling managers to take the necessary steps to create development. This pro-activity is of vital importance and enables much smoother transitions than previously.

2.12.7. Testing

As potential key employees start to fill the spaces in the future plan, opportunities arise where individuals can be tested and tried out. This is an excellent chance for both sides to analyse how new challenges are absorbed. It provides a chance to develop on–the-job experience which,

whilst stretching the employee, also gives rise to benefits derived from support and coaching. This reduces the risk of the employee being overwhelmed (http://www.work911.com).

2.13. How to Succeed at Succession

For an organisation to succeed at succession there must be a proper succession plan in place. There are no magical formulas to succession planning, whether it is a replacement at the CFO or CEO level or further down in the organisation. Furthermore, it has been noted that in small organisations the managers are merely focused on the daily running of the organisation and succession is often postponed or put on hold. This has a major impact on the organisation because the future success of the organisation does not get addressed timously. Often in organisations of all magnitude, the constant question of internal vs. external come up when critical jobs are required to be filled. This then highlights the issue of the effectiveness of internal training and coaching (Jeffrey: 2007).

Many companies do not seem to do a good job of promoting from within and are constantly bringing in people from the outside. Some of the things that companies need to think about are the following.

When organisations think about preparing another generation of leaders, particularly in financial institutions where the skills sets are rapidly changing and the rules for success are constantly shifting, both from a regulatory point of view and from a competitive point of view, the organisations should not keep thinking that they can continually make the "buy versus make" decision, which is very short-sighted. Internal candidates tend to add more value than externally recruited ones. Every organisation has its own systems and processes, conventions and culture, which good internal candidates typically manage so much more effectively than external candidates. An external candidate may have a track record of running a similar business, but this does not necessarily mean that the candidate will succeed in a different organisation.

Companies need to fathom out as to how individuals can be helped in the very early stages in their careers, and also how to layer the skills and competencies for future generation of executives as a consultative, analytical, foresight-creating predictor of performance.

Companies should be actively involving their young leaders to be strategic by getting them to work closely with the executives. They should be actively involved in contributing to decision

making based on strategic value from a shareholder perspective. This is a seismic shift in thinking from where we are today.

Many managers have not been given the responsibility for grooming or the prospect to groom some of the individuals that they should be developing. Future leaders will be trained very differently from the way in which today's leaders have learnt. They learn much more by doing and reflecting than by being taught. Tomorrow's leaders are likely to get on-the-job experience in preparation for the job on the next level. They need to have their sleeves rolled up, be included at the table, to be able to skin their knees, and to make mistakes. They need to be working on important initiatives that help drive strategic performance and to have a voice at the table, even if their voice is not fully contributing (Jeffrey: 2007).

Organisations refer to their employees as "human capital" and this term has somewhat become offensive. Previously organisations identified their employees as the most important assets and currently organisations have commoditised these same employees and refer to them as capital. The depressing part is if organisations identified their talent portfolio as a collection of assets then this warrants the same level of nurture required as any other portfolio in the organisation. A talent portfolio requires unique kinds of attention, and if an organisation just depersonalises it and makes it into a commodity, then the company is doing the very things that the company wanted not to do.

Organisations are actively trying to enhance the development of work design systems by integrating a job rotation strategy. Job rotation is a process where employees are given the opportunity to work across many positions, over a period of time. This kind of practice allows the employee to gain exposure in different roles and functions and at the same time reducing the risk of burnout. The cause of burnout is when an employee performs routine job functions daily without variation, resulting in employee fatigue, apathy, boredom and carelessness. Burnout is detrimental to any business because it tends to promote decreased productivity, increased absenteeism, and increased likelihood of turnover.

Job rotation also increases employee satisfaction, motivation and organisational commitment, thus reducing staff turnover in the organisation. However, job rotation allows employees the opportunity to experience greater satisfaction by identifying their strengths and weaknesses. Rotating between positions also helps the individual to focus on positions that one can excel in and enhance performance capacity, which increases their sense of work and ultimately adding

value to the organisation. Job rotation also helps to enhance one's skills, abilities and competencies, leading to better job performance and promotional advancement. Furthermore, multitasking in different positions throughout a company enables employees to experience increased appreciation for co-workers and the interrelation between positions, which decreases animosity and enhances organisational commitment.

Job rotation strategies help remedy, reduced employee burnout, boost employee contentment, and enhance employee inspiration and organisational obligation and all these benefits cumulatively influence an organisational rate of return and workplace injuries. Staff loss is decreased to its minimum, because employees do not experience fatigue, boredom and dissatisfaction associated with performing daily routine jobs. In addition, employee's level of awareness and attention to detail is greatly increased, reducing workplace injury or stress to its minimum.

Job rotation presents many distinctive prospects and benefits for organisations and individuals. The rationale for implementing a job rotation design system may vary depending on business goals and human resource strategies. However, whatever the reason, one thing is certain - businesses that implement a job rotation strategy unquestionably reap the benefits of added organizational success and more satisfied, motivated and committed employees (http://www.brighthub.com/office/project-management/articles/26610.aspx).

2.14. Six Steps for Succession

Organisations should develop a "people strategy." Succession planning in successful, effective organisations is a finely tuned, systematic, and methodical process. Such companies realise that the business or industrial landscape may look completely different in five or ten years. Their hiring and promotion plans reflect the talent and skills that will be required to navigate successfully through that changing landscape.

Companies should check the collective current strengths and weaknesses among their existing employees. Great organisations scrutinise their leadership's abilities, pinpointing weaknesses that require attention as well as strengths that can be used more effectively. Good succession planners closely watch, mentor, and test the mettle of every viable contender for important leadership roles.

Great companies evaluate the gaps on their staff, and consider a manager's talent in the light of the requirements of more superior leadership roles. Successful organisations realise that a manager's exceeding goals in one job doesn't necessarily translate into success in another position. In weighing individual skills and traits that may predict success in higher positions, some companies have made very good use of behavioural and skills testing to determine suitability for a job.

Organisations should plan and prescribe methods for bolstering bench strength. Organisations with a shortage of managers, for example, should establish high-priority initiatives in retention, recruitment, and development to resolve the issue. And the most effective companies do not delay installation of the programmes required to bolster bench strength. In addition, they constantly monitor their progress against their goals.

Organisations must continuously monitor their key individual's strengths and weaknesses in order to evaluate accurately the viability of the succession plan and to make adjustments as required. Furthermore, succession planning must always be included on the programme as a routine issue for consideration, not just when problems occur.

2.15. Four Steps to Improve Retention in an Organisation

Companies need to make strategic priorities out of succession and leadership development planning.

Succession planning includes identifying and developing internal members of staff with the talent and capacity to climb the corporate ladder to greater leadership positions. Organisations should have a philosophy of promoting from within. This would be in support of ensuring that employees' career paths are being successfully planned by the organisation. Furthermore this would motivate staff and minimise the staff turnover rate.

2.15.1 Being Open to change.

To create a more attractive work environment, companies should review their existing management and HR practices to determine whether they are a boon or a barrier to attracting and keeping talent. If current practices are a barrier, then companies need to develop and promote an environment that focuses on collaboration, professional development, personal accountability and giving rewards for results.

Companies need to take quick steps to source, identify and recruit qualified minority professionals or miss tapping into the fastest growing supply of talent in the foreseeable future. They need to establish recruiting, training and development programmes that fit the company culture, which is the intangible element that makes one company distinct from another, and which can be a competitive advantage.

2.15.2 Building a Company's Brand

Companies that play by the rules, encourage ongoing learning, demand accountability from all employees and reward performance create an employment brand. Those with consistently positive experiences with such companies spread the word to others through professional associations, colleges and universities, and beyond.

2.16. Organisations Avoid Turnover through Good Retention Practices by Better Meeting the Employee's Needs.

Studies have shown that unnecessary turnover of staff has a major impact on the organisations cost, it could cost up to three times the lost employee's annual package, thus resulting in decreased profitability. Some of the measurements that are taken into consideration here are lost productivity, sales, wasted training, recruiting costs, damaged customer satisfaction and reduced employee morale.

The major reason for most employees leaving an organisation for another is because they feel that their basic needs are not met. Only when companies strive to better meet these needs, employee retention will improve.

There are five needs that employees strive to satisfy, either consciously or sub-consciously in the workplace. The lower four out of the five needs are often referred to as deficiency needs. According to Maslow's theory, people always want more and their needs depend on what they had already satisfied. When one need is satisfied they then look to the next need to be satisfied and these needs are arranged in order of importance. Often these needs tend to overlap one another and coexist instead of completely replacing each other and looking to satisfy the next need. These needs tend to vary in importance from one individual to another. There is no magic formula that an organisation can use to satisfy all of the needs of its employees because each individual's level of need is different to another. However, to minimize staff turnover and retain employees all five of these fundamental needs being satisfied are vital in an organisation. Organisations that have emphasised a culture aimed at meeting these five needs are companies with the best track record at both recruiting and retaining the people they want.

Money: Organisations need to ensure that employees are remunerated fairly, a market related, competitive salary. Organisations should also make their employees aware that a good salary is the result of an individual's high performance. Employees' salary should also be comparable to

salaries given for similar work done within the current organisation and to those of other organisations.

Self-Esteem: All individuals tend to display a need to be respected and have self respect. Organisations need to reward employees that are high achievers with recognition and appreciation. This kind of behaviour makes an individual feel accepted and valued by others. Contribution and accomplishment makes a big difference to most employees and therefore managers can play a significant role in satisfying the needs of their subordinates..

Challenge: Individuals turn challenges into opportunities and thrive on breaking through barriers, overcoming obstacles to achieve positive results.

Growth: Organisations that develop career paths for their employees for further growth in the company are more likely to have a better retention strategy. This has a dual benefit, that is employee satisfaction and the company retains skilled and talented employees for future sustainability.

Socialisation: Most people's lives revolve around work, therefore organisations should introduce social clubs or sports teams in order to enable employees to interact with one another.

2.16.1. The Case for Why Money is Not Enough

Money may be one of the most important needs and therefore it is imperative that organisations pay employees a fair and competitive salary. However, paying higher than normal salaries does not usually guarantee staff retention.

Money has three disadvantages against it as a motivator.

The impact of money is normally short lived. It is just human nature that one gets all excited when one receives a lump sum in a way of bonus or increase, but this excitement vanishes in a short period of time when reality sets in. When one realises that there is nothing to look forward to in the near future, then depression sets in.

Bonuses and increases are regarded as entitlements by employees and if this is not honoured then disappointment and unhappiness sets in among the individuals.

The practice of standard increases and bonuses push employees to think of money excessively to the overall enjoyment and satisfaction of their jobs. This leads to individuals thinking that they never get enough, thus for ever being disappointed.

Taking into consideration these negative aspects, monetary reward is more a de-motivator than a motivator. This happens when employees have unrealistic expectations that is beyond their reach

To minimize staff turnover organisations should establish and maintain a work environment that provides opportunities for employees to meet the needs that are important to them.

It is possible to take these five groups of needs into consideration and derive some ideas about how to create a climate that meets employee needs with a minimal cost to the employer.

2.16.1.1. Money

It is certain that money is a short term satisfier and organisations should find means to curb potential dissatisfaction, stemming from the company's reward practices. Listed below are a few dos and don'ts.

DO'S	DONT'S
Pay market related rates aligned to that paid by other employers who compete for the same people as you.	Don't apologise for the size, the frequency, or the reward process of the company.
Be reasonable. Use reliable methods and apply them constantly.	Don't change methods or principles in halfway through.
Reward promise once they are made.	Don't make promises that you cannot execute.
Communicate your reward philosophy and the process used to establish method of payment.	Avoid being secretive, as that will make employees suspicious.
Should an employee query why he did	Don't try to "bribe" an employee who

not receive what he expected, then he should be told the truth and what is required to be done to achieve the outcome for future.	complains or threatens to leave.

Source: http://www2.sp3group.com.

In fact, organisations should reward people in line with their performance, communicate the overall basis of the pay system and encourage a two way communication for better understanding of the make up of the reward packages.

2.16.1.2 Self-Esteem

According to Smith and Cronje (1997) organisations should identify good work, recognise employee contribution and make people feel valued, important and wanted. A great way to achieve this would be a mix of formal and informal gratitude.

Informal gratitude requires frequent and timely feedback and therefore should be used generously. Informal recognition comprises of pats on the back, thank you, public acknowledgements and time off.

Formal recognition in general requires advance planning and therefore it is typically less appropriate and recurrent. Furthermore, informal recognition often does not attract cost, whilst formal recognition frequently involves some financial cost. Some examples of formal recognition are awards, achiever of the month and employer-sponsored certification.

2.16.1.3 Challenge

An organisation should be watchful for signs of "routine" or "tediousness" among employees. Individuals could be doing an excellent job but the challenge in expediting the task could be missing. These high performers tend to lose their drive to excel and would probably leave for more challenging tasks. To keep this calibre of people challenged is in itself a challenge for managers. Organisations should identify what challenges these individuals are looking for and offer them to the respective individuals.

2.17.1 Growth and Development

For further individual growth and development to be a success, organisations must ensure that each individual possesses the potential required to do extremely well in his or her current position. Some individuals would either require internal or external training to enhance their development in their current profession; investment in the training that is required should be embraced and actively acted upon by the organisation. For employees to excel and focus on their transactional and long–term futures they should be provided with career development planning programmes. Organisations should also encourage employees to pursue in their field of expertise and strive to become members of the professional institutes. This could result in value add to their current position as well as become possible candidates for bigger job opportunities within the organisation.

2.17.2 Socialisation

South Africa is a developing country and its workforce is uniquely diversified with major cultural differences in the workplace. It appears that the South African workforce has an exceptionally large number of employees that are single parents. These working parents tend to spend a very limited amount of time caring for their siblings at home, and therefore socialisation in the home front rarely exists. However in the workplace, an opportunity for adult social contact is also limited to the individual's job. Therefore organisations should give people opportunities for social interaction at work. By forming work groups and encouraging sufficient interaction among these employees, results in employees being more positive about their workplace and their social needs are met. Organisations should consider including these employees in staff social meetings, promote group lunches and acknowledging birthdays and anniversaries.

Surely not all of the above mentioned suggestions will fit into any particular organisation's culture but organisations should take what best fits their organisation and use it to mutually benefit its employees and the organisation as a whole.

2.17.3 Fun

A number of employers have a perception that it is not professional to have fun on the job. However, embracing a culture where people feel good about coming to work, does wonders for retention of skills and talent for the organisation. Therefore organisations should schedule fun events in such a way that it does not impact negatively on productivity.

It has been often mentioned in literature that laughter tends to increases learning, promotes better health, and reduces stress, all of which are important to the employee's and organisation's well-being. Having fun get-togethers occasionally lightens the load.

2.17.4 Summary

As the shortage of skills and talent in the job market continues to rise, employers are at a higher risk of losing treasured employees. Good retention practices that meet employee needs can help to reduce the risk of unwanted turnover. Maintaining a balance between reasonable compensation and non-monetary practices can help to meet more of the employees' needs. The outcome of these efforts is higher retention of key individuals, avoiding the costly losses that occur with unwanted turnover (http://www2.sp3group.com).

2.18. Conclusion

There are many views about the philosophy as well as the detail of succession planning, talent management and staff retention. However, one theme runs through the current literature; an organisation that can measure itself at every level against a common corporate vision possesses a potent competitive advantage. At the same time, heightened competition for good talent makes general staff retention an additional concern of an organisation. Furthermore, organisations that do not invest in the development of their employees as a retention tool will find themselves at risk of high turnover rates and of losing organisational knowledge and experience.

This chapter has provided a detailed literature review reflecting on what any substantial organisation can do in order to sustain skilled and talented personnel to meet future sustainable economic growth. The subsequent chapter provides the outline of the methodology used for the data collection and the analysis required to perform this research study.

CHAPTER 3

RESEARCH METHODOLOGY AND DATA COLLECTION

3.1 Introduction

This chapter outlines the method used for the data collection and analysis required to fulfil the research objectives for this study, which relied on the participation of members of staff of the Nedbank home loans division.

Included in this chapter are details about the sampling process, the way the questionnaire was administered, the measuring instrument and the analytical tools used. This chapter ends by describing the problems and positive experiences that the researcher encountered.

The purpose of research is to explore, describe or explain phenomena that generate valid results (Neuman, 2000: 21). According to Mouton (1996) the conflict between quantitative and qualitative paradigms is not necessarily a "real" conflict. At the methodical and technical level, most researchers accept that quantitative and qualitative tools are compatible and that the choice for their inclusion in a particular study is determined by the specific research problem. Mouton suggests that in the final analysis, one has to examine each case before drawing any conclusions about the respective roles of epistemological and ontological assumptions and the methodological and technical level.

This chapter will describe the research design and method. According to McMillan and Schumacher (2001: 9) research may be regarded as a systematic process of collecting and logically analysing information (data) for some purpose.

Mouton (1996: 107) views research design as a set of guidelines and instructions to be followed in addressing a research problem. Bogdan and Biklen (1992: 49), on the other hand, state that a research design "refers to the researcher's plan of how to proceed."

The general goal of this research is to establish the role of succession planning as a tool to minimise the staff turnover rate and to create a pool of talent in managing professional services in a financial institution.

In order to achieve the general goal of this research, the specific goals are:

- To establish what is meant by succession planning, and to promote continuous development and the retention of skills through the practice of succession planning and performance management systems;

- To carry out competency assessments to identify the gap between the required skills and the actual skills of employees, to enable an organisation to take corrective training actions to narrow the existing gap; and

- To determine an effective framework for a performance system within the organisation that is useful to ensure that the financial service rendered is results-oriented.

A quantitative research design was most appropriate to achieve this, because the emphasis was on the understanding and analysis of data rather than on the precise nature of the statistical techniques themselves. The research method covered data collection, sampling, data analysis and a discussion of trustworthiness to ensure the ethical correctness thereof. In addition, guidelines have been developed based on the research results. The limitations of the research project have been described, conclusions have been drawn and recommendations made for possible implementation by the financial institution to effectively manage succession planning and talent management.

3.2 Objectives of the Study

The main purpose of this project was to identify what can be considered as global best practice in the area of staff retention, leadership development and talent management.

The research addresses the following questions:

- What benefits will an organisation achieve from implementing a succession plan?

- Conversely, what would be the significant impacts of not having a strategic succession plan?

- What can an organisation do to retain talented and competent employees?

- What role can an organisation play in sustaining skilled and talented people?

- Will the implementation of succession planning support the career paths of employees not just up a specialised ladder but across a continuum of professional competence?

The implementation of a leadership development strategy would increase the overall bench-strength of the leadership capabilities and create a community of leaders. Working towards a bench-strength of talent means that the organisation is trying to grow leaders from within to ensure orderly continuation of the business. As leaders move out, organisations need a bench-strength of ready-now candidates who are able to continue and improve upon the performance of the business (Moore, 2004: 7-9).

- Align and recommend interventions to build bench-strength for the succession planning process and feed into the talent management processes.

- Identify the specific competencies that define leaders.

- Give practical recommendations on how the leadership strategy should be implemented.

- Recommend a process to measure and determine to what extent the strategy is being applied and its impact on business success.

The main objective is to determine if the organisation will be able to sustain the business growth and continuity of the organisation through the efforts of talented employees filling critical roles, and will be able to build a competent workforce to meet the future demands of the growing economy.

To determine whether there will be continuous development and retention of skills through succession planning and performance management systems.

Competency assessments are to be carried out to identify the gap between the required skills and the actual skills of employees, to enable the organisation to take corrective training measures to narrow the existing gap.

3.3 Importance of the study

Organisations need to plan for talent to assume key leadership positions or backup positions on a temporary or permanent basis. According to Henri Fayol management has a responsibility to

ensure the "stability of tenure of personnel" and if this need is ignored, Fayol believed, key positions would end up being filled by ill-prepared people (Rothwell, 2005: 10). Talent management is a process that helps ensure the stability of the tenure of personnel or could be best understood as any effort designed to ensure the continued effective performance of an organisation, division, department, or work group by making provision for the development, replacement and strategic application of key people over time. Talent management is thus a deliberate and systematic effort by an organisation to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement.

Best-practice organisations make talent management an integral corporate process by exhibiting a link between talent management and overall business strategy. This link gives talent management the opportunity to affect the corporation's long-term goals and objectives.

3.4 Sampling Technique and Description of the Sample

Quantitative Approach

This research was essentially conducted within a quantitative framework. Quantitative research entails the collection of numerical and statistical data. It is built upon the positivist paradigm, and is perceived as the scientific approach to research employing experimental strategies. Quantitative data can be sorted, classified and measured in a strictly objective way. They are capable of being accurately described by a set of rules or formulae or strict procedures which then make their definition unambiguous and independent of individual judgments. Quantitative research allows for greater objectivity and accuracy of results. Generally, quantitative methods are designed to provide summaries of data that support generalisations about the phenomenon under study. Quantitative methods are ideally suited for finding out who, what, when and where, but they are inappropriate for the collection of behavioural data. A pivotal distinguishing characteristic of quantitative research is indeed the inculcation of scepticism about the extent to which quantitative data analysis is beneficial, in the light of the pervasive use of statistical data in everyday life. An awareness of quantitative data analysis greatly enhances the ability to recognise faulty conclusions or potentially biased manipulations of information. By using this approach an attempt would be made to understand how different role players within an organisation service the financial institution's leadership and talent management needs.

3.5 Data Collection

The objective of data collection is to produce reliable data, i.e. the data must be consistent over time and place. According to Mouton (1996: 146) there are a number of potential sources of error that could result in the production of unreliable data. These sources of error or observation effects have been classified into three categories, namely effects that are due to the researcher (researcher effects), those that result from the reactivity of the participants (participant effects) and those that follow from certain factors in the environment (context effects). The following data resources will be used with this warning in mind:

Primary Data: The primary data used in this research derives from the actual questionnaires that were administered by the researcher and the responses received from Nedbank's management and employees involved in the home loans department. This was based on a study involving the head office home loans branch in KwaZulu Natal.

Secondary Data: This includes information obtained from books, journals and periodicals on leadership development and talent management, as well as information from the financial institution's data archives. In addition, information from media reports and the internet will be utilised in this study.

3.6 Expert interviews

Interviews were undertaken with the different role-players, i.e. senior management within the different finance departments, and the employees. Discussions were held with the mentors and their immediate learners. It was also ascertained if these employees felt a sense of ownership of the skills transfer process.

3.7 Literature Review

A number of electronic journals and books were consulted in an effort to gain a sense of the published literature in the areas of leadership development and talent management. Websites were also visited in order to gain input on the process of skills transfer and talent management measurements.

3.8 Construction of the Questionnaire

3.8.1 Questionnaire Design

The survey method employed included a structured questionnaire. Questionnaires are generally used in business research and can be regarded as the simplest and most widely used technique for obtaining information from subjects (McMillan and Schmacher, 1993: 238). The questionnaire is a self-supported instrument which provides the researcher with personal and other information from the respondent (Wolf, 1998: 478). A Likert Scale (sometimes called a summative scale) was used in this study. It is an attitude-response scale often used in questionnaires to gauge attitudes or reactions when conducting business and management surveys where, in place of a numerical scale for answers, answers are given on a scale ranging from complete agreement on one side to complete disagreement on the other side, with a space for respondents with no opinion in the middle (thus checking whether the respondents Strongly Agree - Agree – are Undecided - Disagree - or Strongly Disagree). The questionnaire took the form of a set of clear statements. Customarily a five-point Likert scale is used, but some researchers might suggest using a seven or nine point scale. According to some experts, Likert scaling is a bipolar rating scale method used to measure either positive or negative responses to a statement. At times Likert scales can force a choice, where the middle option of "neither agree nor disagree" is not available.

3.8.2 Administration of the Questionnaire

One hundred questionnaires were administered to a number of personnel within the head office branch of the financial institution. These questionnaires were administered via the department heads through to the individuals in their respective divisions. Respondents were selected from various levels within the organisation, enabling a cross-section of personnel to be able to complete the questionnaire. . The measurement instrument was pre-coded to enable the input of data directly from the questionnaire. The questionnaire focused on statements that required the respondents to express their responses in terms of the 5-point Likert Scale. Respondents were required to score each question on a scale of 1 to 5 where 1 represented unfavourable opinions and 5 represented favourable opinions.

3.8.3 Sample

The sample in this study consisted of participants from the main head office branch, which is comprised of members of staff on various levels in the organisation. In total one hundred sets of questionnaires were given to the five representatives (senior managers) of the different operational divisions within the home loans department.

3.9 Statistical Analysis of the Data

3.9.1 Statistical methodology

SPSS version 15.0 was used for the data analysis (SPSS Inc., Chicago, Illinois, USA).

A p value of <0.05 was considered as statistically significant.

Descriptive objectives were analysed with frequency tables and measures of central tendency (mean and standard deviation).

One-sample chi-square tests were used to compare observed and expected proportions within Lickert Scale questions. The one-sample chi-square test compares the observed responses (the total number of responses for strongly agree, agree, undecided, disagree and strongly disagree) with the expected responses. The expected response for each of the 5 categories of strongly agree, agree, undecided, disagree and strongly disagree is 77 divided by 5=15.4. It is expected that the proportion of responses for each category will be 15.4. If the observed number of responses differs largely from 15.4, then p is significant.

The scores for the 30 items relating to succession planning and management were averaged for each respondent. The variable B in Table 30 reflects the overall average of the succession planning and management scores for each respondent.

Scores above 3 were interpreted as positive {respondents selected agree/strongly agree} and scores below 3 as negative/not satisfied {respondents selected disagree/strongly disagree}.

The principle of quantitative analysis was used to analyse the data. It must be noted that individuals that participated in this study differ in their experience and understanding of reality and how these participants defined a situation does not reflect that of the researcher.

3.10 Statistical Analysis of the Questionnaire

Statistical analysis of the raw data was obtained from the completed questionnaires. This was necessary to determine if the research questions answered in this study were supported with empirical evidence.

In quantitative data analysis, it was important to make connections among pieces of information that was obtained from the questionnaires. The results from the questionnaires were coded onto a schedule that helped to answer questions like what pieces of information is being illuminated.

3.11 Research Reliability and Validity

As research is often dependent upon measurement, it is essential that every measuring instrument is reliable and valid. Validity refers to the extent to which an instrument measures what it is intended to measure. Reliability is the extent to which a measuring device is consistent in measuring whatever it measures (Mulder, 1989). Reliability refers to the repeatability of a test's score on the same test on different occasions, or in different tests with equivalent items, or under different administration conditions. It also refers to the degree of correspondence between two sets of scores so that certain deductions may be derived from the results (Mulder, 1989). An effort was made to ensure that the questionnaire used in this research was valid and met the criteria detailed. The ultimate goal of developing a reliable measuring instrument was to minimise the influence of chance or unrelated variables.

3.12 Limitations

The intention was to receive all of the one hundred questionnaires completed by the Nedbank's participants, but only seventy-seven completed questionnaires were returned.

The ongoing changes that the organisation is facing and the work pressures on some of the participants resulted in their not being able to address the questionnaires, and eight of the questionnaires were spoilt as they had been incompletely answered. Some of the participants were very reluctant to disclose the modicum of confidential information that was required on the forms.

Information gained from the company's website would have a bias in favour of the company and its reliability is therefore questionable. Yet it had to be used. Time was also one of the limiting factors, because respondents took too long to return their questionnaires. The size and scope of

the topic meant that the questionnaire was targeted at all levels of staff in the organisation and not just the management team. As some of the less senior respondents seemed to have no particular interest in completing the questionnaires, this too became a limiting factor.

The development of standard questions by researchers can lead to structural bias and false representation, where the data actually reflect their own views instead of the views of the participating subjects.

There are some pitfalls involved in using quantitative research, as outlined by Myers and Newman (2006), which would be limiting factors. These include a lack of time for the respondents to complete the research questions, which may result in incomplete data gathering as well as in the subjects creating opinions under time pressures.

The study was done only at the head office branch in Durban. This meant that the researcher had to draw inferences about a large population by collecting data from a relatively small sample.

23% of questionnaires were not returned by the people that had received them.

Taking into consideration that the study was aimed at all levels of staff in the department, there was a great chance that some of the respondents would misinterpret one or more of the questions.

As the researcher was a stranger to the respondents, there might have been a concern with regard to how much the researcher could be trusted. The respondents therefore might have chosen not to divulge information they considered to be sensitive.

3.13 Conclusion

The study focused on the extent to which the financial institution is effectively contributing to staff retention, leadership development and talent management within the group.

Ethics, morality, and values have never been more prominent than they are today. In the wake of the scandals affecting Enron, Global Crossing, WorldCom and many other corporations, and the incredible departure of Arthur Andersen from the corporate world, many leaders have recognised that ethics, morality, and values do actually matter. Corporate boards have been more involved in succession planning and management owing, in part, to the requirements of the Sarbanes Oxley Act. And corporate leaders, thinking about succession, realise that future leaders must model the behaviours they want others to exhibit and must avoid practices that give even the mere appearance of impropriety.

There is growing recognition of the skills shortage in the work-force. Everyone is now talking about the demographic changes sweeping the working world and some organisations have already felt the effects of talent loss resulting from the retirement of experienced workers.

Six key factors were found to be vital for effective leadership development: a thorough needs assessment, the selection of a suitable audience, the design of an appropriate infrastructure to support the initiative, the design and implementation of an entire learning system, an evaluation system, and actions to reward success and improve on deficiencies.

A team of leaders with a balance of complementary skills and talents can move quickly and effectively. This is where having developed capable, lateral-thinking leaders at all levels in an organisation pays big dividends and often means the difference between survival and extinction.

There is a growing awareness that leadership development and talent management issues amount to more than finding replacements for retiring leaders. When experienced people leave organisations, they take with them not only the capacity to do the work but also the accumulated wisdom they have acquired. This happens in all areas and all functional areas. Leadership and talent management involves more than merely planning for replacements at the top. It also involves thinking through what to do when the most experienced people at all levels depart and take valuable institutional memory with them.

This chapter has described the research process employed in this project. The approach that was adopted was suitable for a quantitative study of this nature. This leads us to the next chapter, which will present the findings arising from the research process.

CHAPTER 4

PRESENTATION OF DATA

4.1 Introduction

This chapter focuses on the findings derived from the research questionnaire and presents what was observed and discovered. This involves the creation of tables, charts and histograms.

A brief overview of the statistical tests applied to the study is given. These include the Cronbach's alpha, which tests reliability, the Kruskal-Wallace test, mean analysis and analysis of variance (Anova). SPSS version 15.0 was used for the data analysis (SPSS Inc., Chicago, Illinois, USA).

A p value of <0.05 was considered as statistically significant.

The objectives of the study as stated in Chapter One were explored. Key questions from each category related to the objectives are presented in this chapter. The answers to these key questions will be analysed in Chapter Five.

This chapter reflects the interpretation of the findings and the patterns that emerged from this study.

4.2 Findings based on frequency distribution tables – biographical data

4.2.1 Background information on respondents

4.2.1.1 AGE

Table 4.1: Age Group

	Frequency	Percent
<=21	2	2.6
22-32	21	27.3
33-43	29	37.7
44-54	16	20.8
>54	9	11.7
Total	**77**	**100.0**

Table 4.1 reflects the age distribution of the sample. A total of 2.6% were under 21 years of age while 27.3% were between 22 and 32 years and 37.7% of the respondents were in the 33 to 43 age group. Respondents in the 33 to 43 age group accounted for the largest proportion of respondents as a whole. A total of 20.8% were between 44 and 54 years and 11.7% were over 54 years. The interpretation of the results suggests that there are varying levels of maturity among the respondents. The data are graphically presented in Figure 4.1.
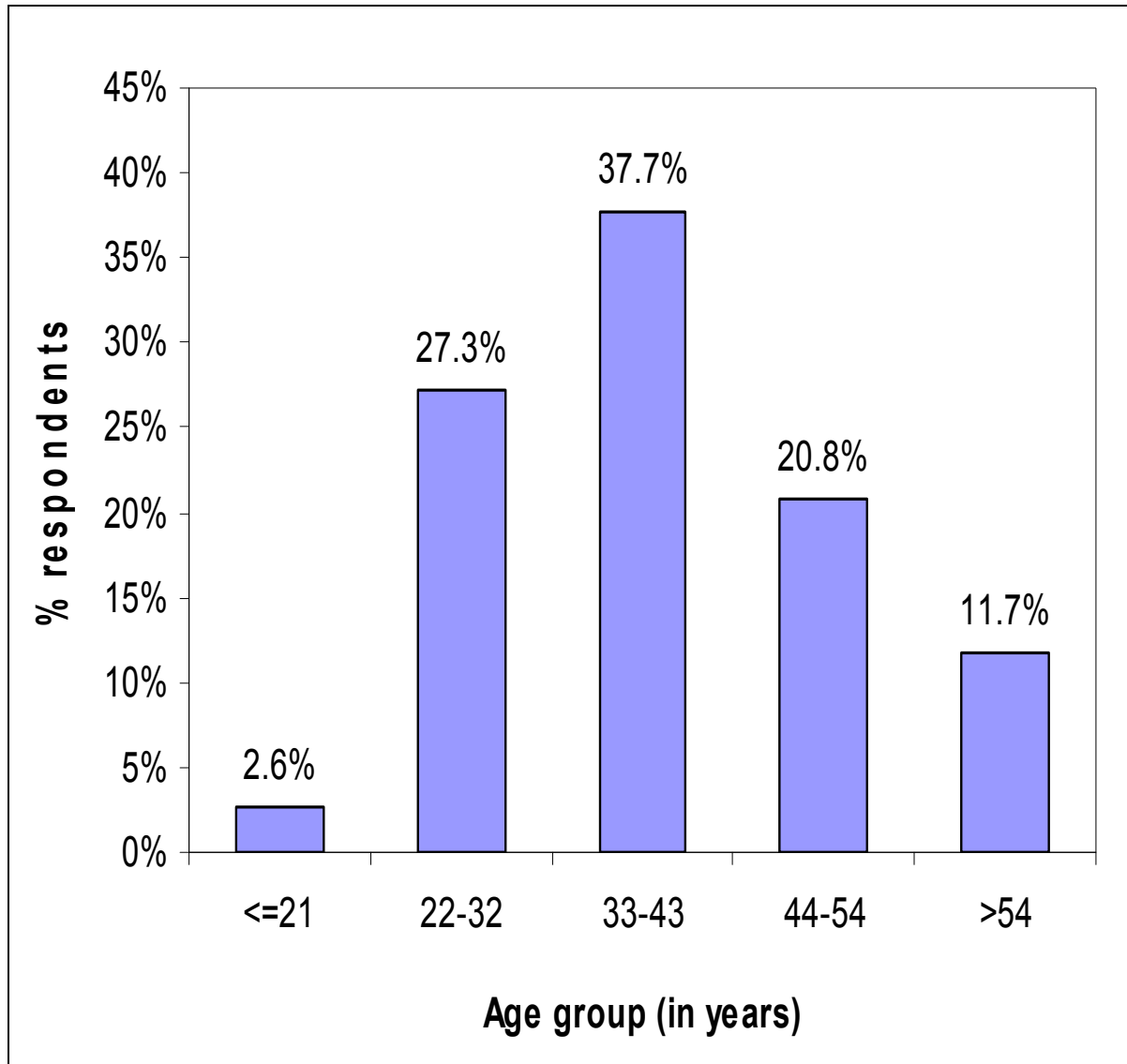
FIGURE 4.1 AGE GROUP

Figure 4.1 depicts that most of the respondents were between the ages of 33 and 43, which is an age close to exiting the system. The exit age in the banking institute is between 60 and 63. This finding is in keeping with the presumption informing the study, that organisations should be actively feeding the pipeline and grooming individuals with the skills and knowledge necessary to ensure future business continuity. Should the organisation ignore these signals then it will end up with employees that are not fully equipped with the skills and talent necessary for the organisation to be successful.

4.2.1.2 GENDER

Table 4.2: Gender

	Frequency	*Percent*
Male	26	33.8
Female	51	66.2
Total	77	**100.0**

Table 4.2 reflects the distribution of male and female respondents. A total of 66.2% of the participants were female. The results indicate that the majority of the participants were female. The literature suggests that female members of staff are more stable and responsible than males in the workplace. The data are graphically presented in Figure 4.2.
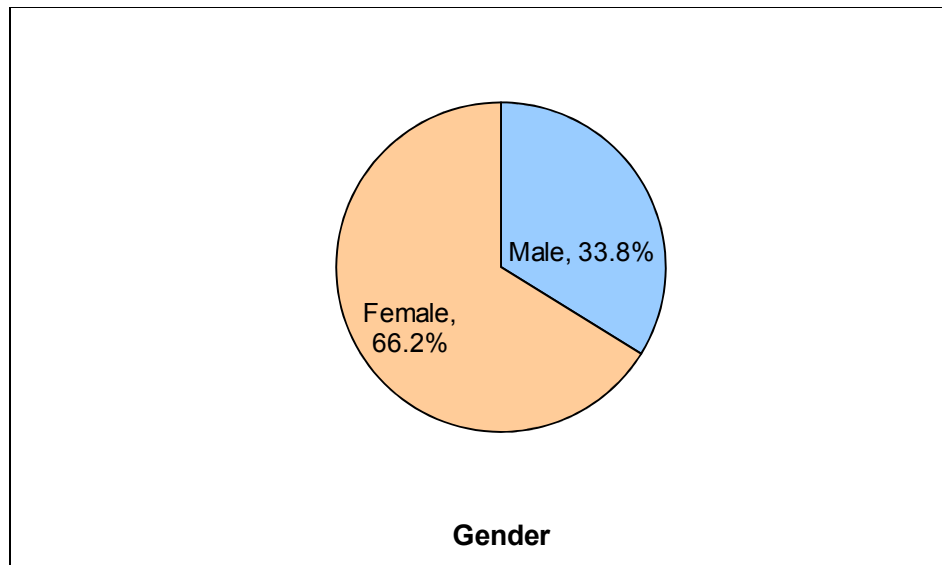
FIGURE 4.2 GENDERS

This figure depicts the fact that the organisation is fulfilling the legislated gender affirmative action requirement, thus giving an added advantage to the organisation in its attempt to achieve sustainable growth.

However, future sustainability will be achieved only if the organisation addresses the outcome of the study in Figure 1 above, which is a clear indication that the majority of the individuals are close to retirement and will be exiting the system. The literature clearly states that for an organisation to be sustainable it needs to be actively feeding into the resource pipeline to ensure that there is always continuity of the skills required to accomplish any given task.

It does not help to satisfy one need and not the other. It is therefore very important that the organisation addresses its developmental shortfalls and thus ensures future sustainability.

4.2.1.3 MARITAL STATUS

Table 4.3: Marital Status

	Frequency	Percent
Married	35	45.5
Single	32	41.6
Divorced	7	9.1
Widowed	2	2.6
Other	1	1.3
Total	**77**	**100.0**

Table 4.3 reflects the marital status of respondents. A total of 45.5% of the respondents were married, while 41.6% were single, 9.1% were divorced, 2.6% were widowed and one respondent claimed to be other. The data is graphically presented in Figure 4.3.
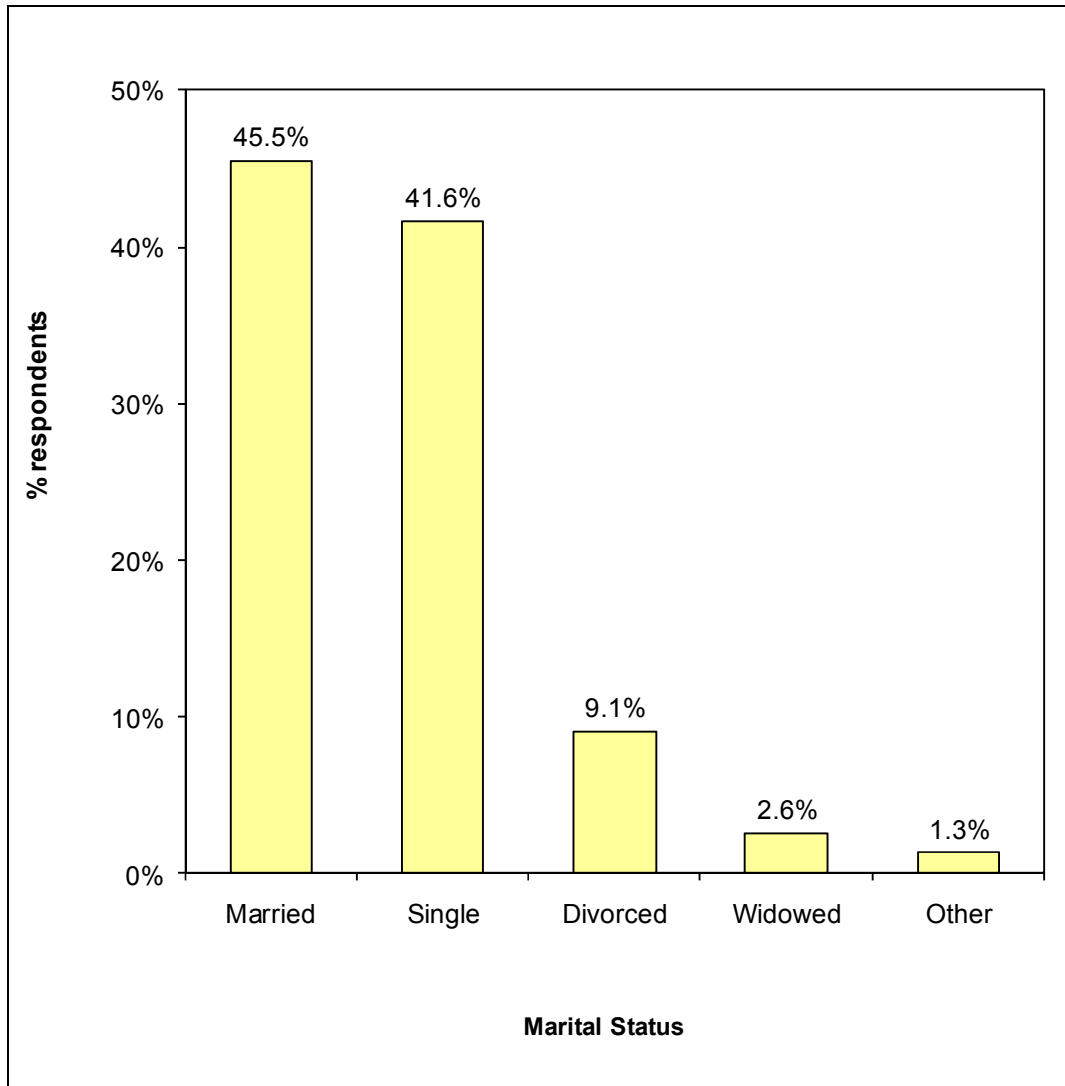
FIGURE 4.3 MARITAL STATUS

Figure 4.3 indicates that the organisation has a majority of personnel that are married, which indicates that they do have responsibilities and will always be looking for work stability and will not want to job hunt from one organisation to another.

Furthermore, these individuals will be in favour of succession planning and will always want to climb up the corporate ladder.

4.2.1.4 YEARS OF FORMAL EDUCATION BEYOND SECONDARY/HIGH SCHOOL

Table 4.4: Years of formal education beyond secondary/high school

	Frequency	Percent
<1 year	22	28.6
1-2 years	24	31.2
3-4 years	27	35.1
5-6 years	3	3.9
>6 years	1	1.3
Total	**77**	**100.0**

Table 4.4 reflects the fact that a large percentage of the participants had up to 4 years of formal education. In particular, 28.6% had under one year of formal education while 31.2% had between 1 and 2 years of formal education and 35.1% had between 3 and 4 years. A total of 3.9% of the respondents had between 5 and 6 years of formal education while 1 respondent had more than 6 years of formal education. The data are graphically presented in Figure 4.4.
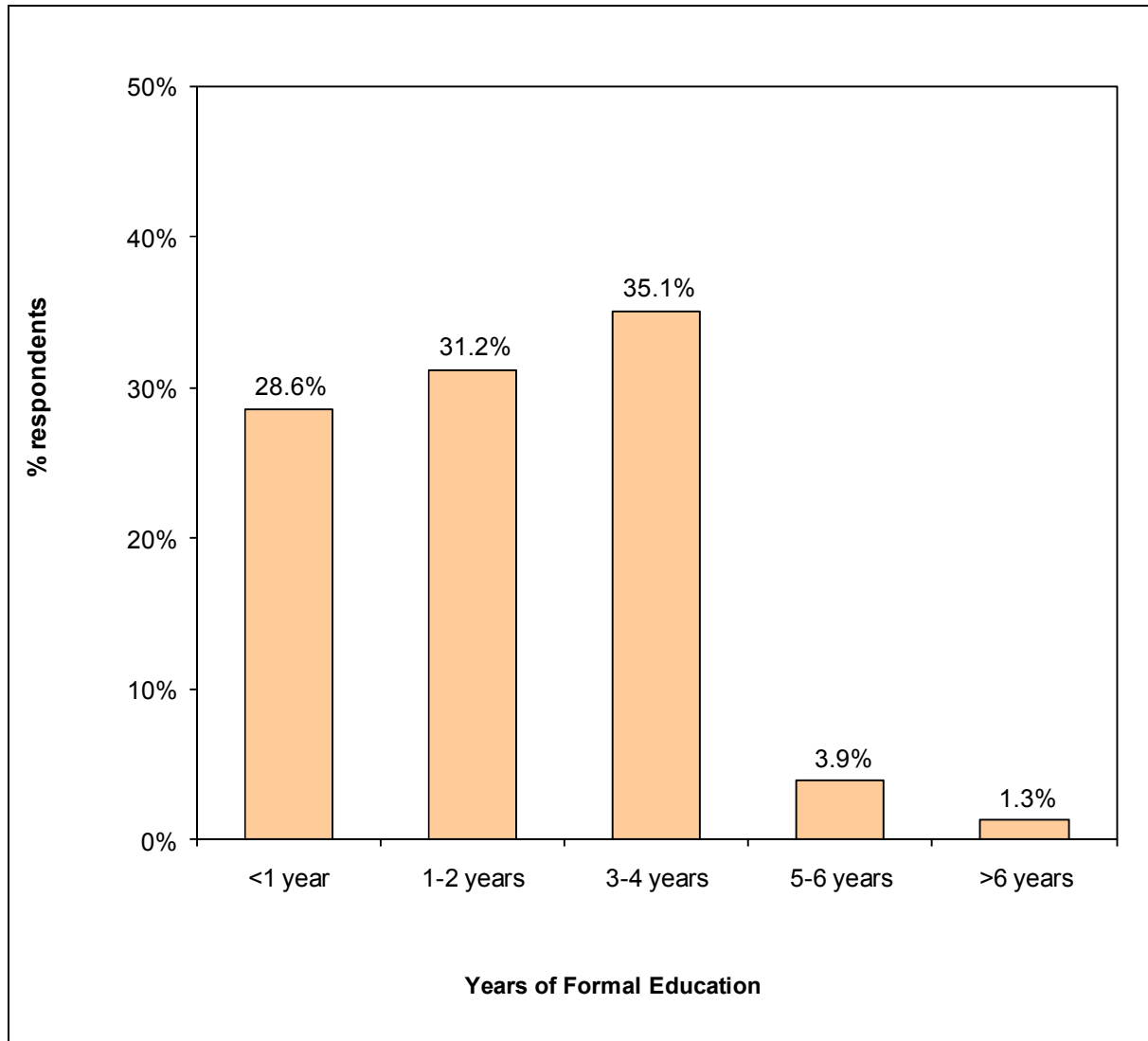
FIGURE 4.4 YEARS OF FORMAL EDUCATION

Figure 4.4 indicates that the majority of the individuals possess the educational qualifications required by the banking legislation, which is on NQF level 4. The research indicates that the majority of the personnel actually exceed this requirement.

This gives the organisation a strong platform to transfer skills from one individual to another and to further enhance their existing knowledge.

4.2.1.5 HIGHEST ACADEMIC QUALIFICATION

Table 4.5: Highest academic qualification

	Frequency	Percent
Below matric	1	1.3
Matric	28	36.4
Post-matric certificate	18	23.4
Degree	21	27.3
PG Diploma/Degree	7	9.1
Other	2	2.6
Total	**77**	**100.0**

Table 4.5 reflects the fact that a large proportion (36.4%) of the participants had matric only. One respondent had less than a Matric qualification while 23.4% had a post-matric certificate. A total of 27.3% had a degree while 9.1% had a PG Diploma/Degree and 2.6% had other academic qualifications. The data are graphically presented in Figure 4. 5.
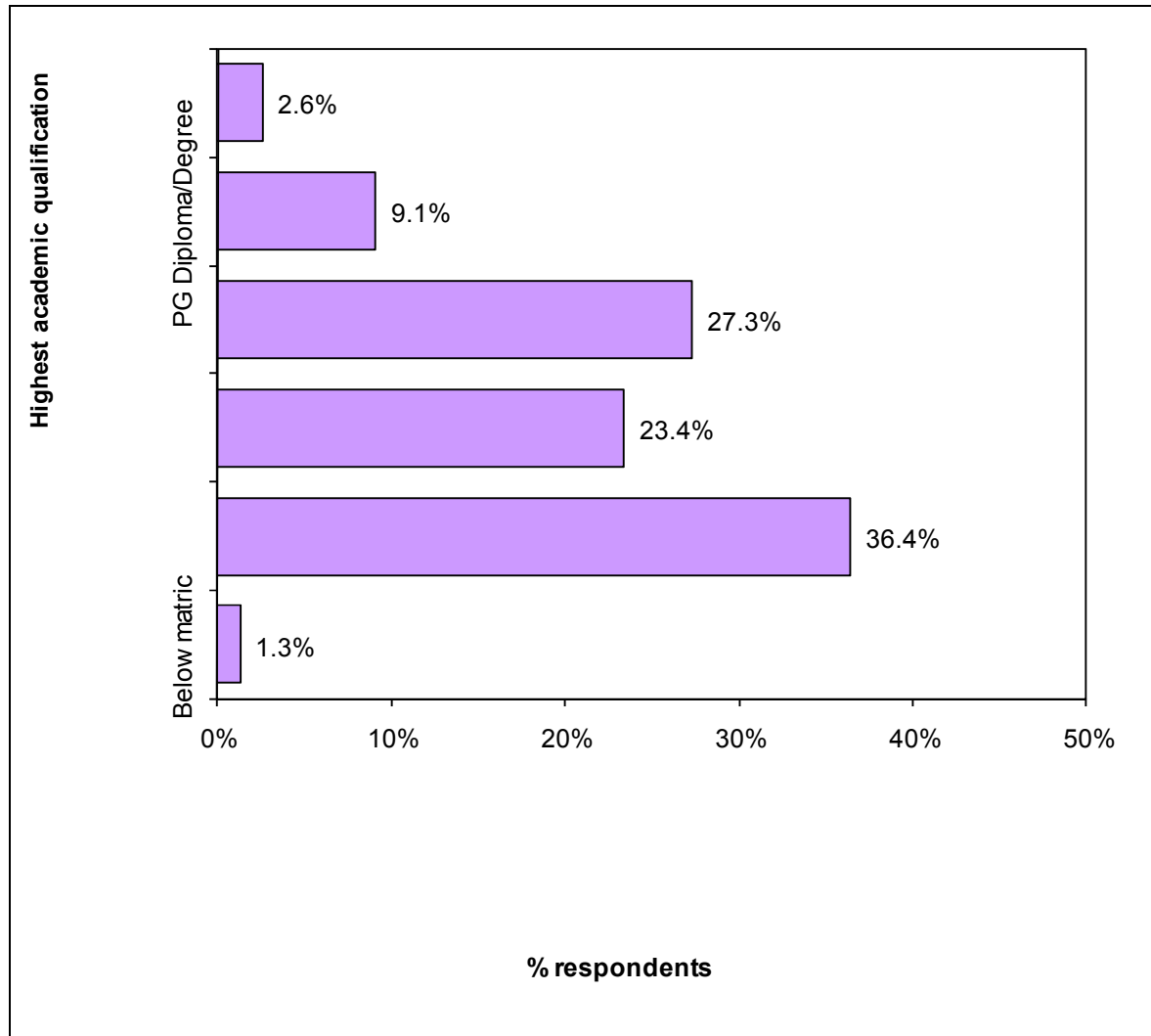
FIGURE 4. 5 ACADEMIC QUALIFICATIONS – ALL RESPONDENTS

Figure 4.5 show that most of the respondents possess matric. This is a clear indication that there is room for individual growth and improvement. According to legislation the minimum educational requirement for banking personnel is NQF level 4, and matric satisfies this requirement.

The implementation of a career paths and skills development policy would be readily acceptable to these individuals, as it would help them to further enhance their skills and knowledge. Furthermore, to retain these individuals the organisation needs to further develop them.

4.2.1.6 YEARS OF EMPLOYMENT

Table 4.6: Years of employment specifically by the bank.

	Frequency	Percent
<1 years	1	1.3
1-5 years	13	16.9
6-10 years	16	20.8
11-15 years	20	26.0
>=16 years	27	35.1
Total	**77**	**100.0**

Table 4.6 reflects that only one respondent had been employed for less than a year. A total of

16.9% had been employed for between 1 and 5 years, while 20.8% had been employed for

between 6 and 10 years, and 26% had been employed for between 11 and 15 years. Most of the

respondents (35.1%) had been employed for at least 6 years. The data are graphically presented

in Figure 4.6.
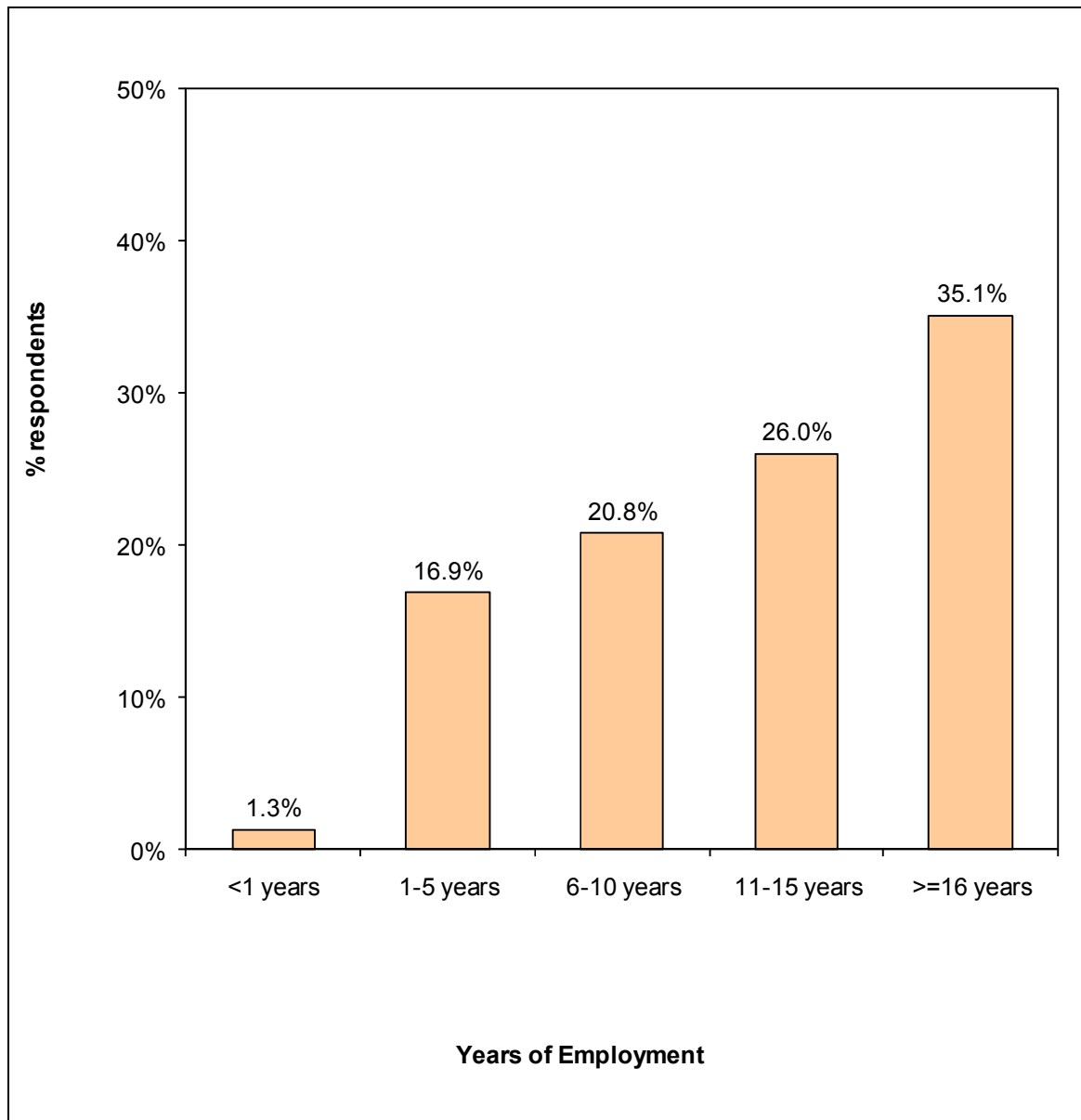
FIGURE 4.6 YEARS OF EMPLOYMENT

Figure 4.6 indicates that most of the respondents have been with the organisation for at least 6 years. This is a positive indication that succession planning seems to be working within the organisation.

4.2.1.7 GROSS INCOME PER MONTH

Table 4.7: Gross income per month

	Frequency	Percent
<R5000	3	3.9
R5001-R10 000	28	36.4
R10 001-R15 000	19	24.7
R15 001-R20 000	14	18.2
R20 001-R25 000	11	14.3
>R25 000	2	2.6
Total	**77**	**100.0**

Table 4.7 reflects the gross income per month for respondents. A total of 3.9% of the respondents earned R5 000 or lower, while a majority of 36.4% of the respondents earned between R5 001 and R10 000 per month. 24.7% earned between R10 001 and R15 000 per month while 18.2% earned between R15001 and R20 000 per month. 14.3% earned between R20 001 and R25 000 per month while 2.6% earned above R25 000 per month. The data are graphically presented in Figure 4.7.
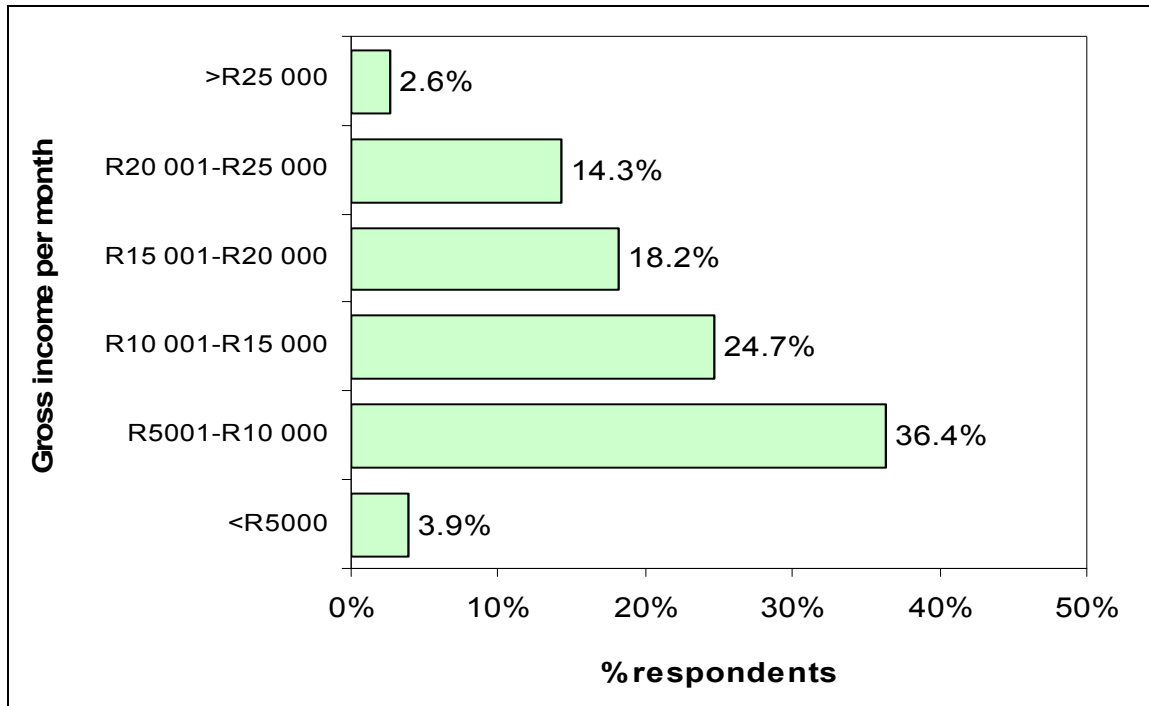
FIGURE 4.7 GROSS INCOME PER MONTH

Figure 4.7 indicates that most of the respondents earned between R5000 to R10 000.00 per month. This relates to the data presented in Figure 4.5, which indicates that most of the respondents had the bare minimum educational requirement.

The implementation of a career development and skills transfer policy through succession planning would change this situation. This is a clear indication that there is a need for staff growth, which would ultimately lead to a shift in salary patterns.

Figure 4.1 shows that most of the respondents are close to the retirement age and Figure 4.5 indicates that most of the participants possess a matriculation qualification. This is a clear indication to the organisation that succession planning and talent management should be implemented to their optimal level. This a warning signal, and if the organisation ignores it, then it could be faced with a loss of the skills required for the future growth and sustainability of the organisation.

4.2.1.8 MAIN ORGANISATIONAL FUNCTION

Table 4.8: Main Organisational function

	Frequency	Percent
Accountancy	2	2.6
Admin	25	32.5
Finance	26	33.8
Human resource management	7	9.1
Marketing	3	3.9
Operations	9	11.7
Customer services	3	3.9
Other	2	2.6
Total	**77**	**100.0**

Table 4.8 reflects the fact that 2.6% of the respondents indicated accountancy as their main organisational function while 32.5% are from the administration and 33.8% from the finance sections. Human resource management is the main organisational function for 9.1% of the respondents while marketing is the main function for 3.9% of the respondents. A total of 2.6% of respondents have other functions. The data are graphically presented in Figure 4.8.
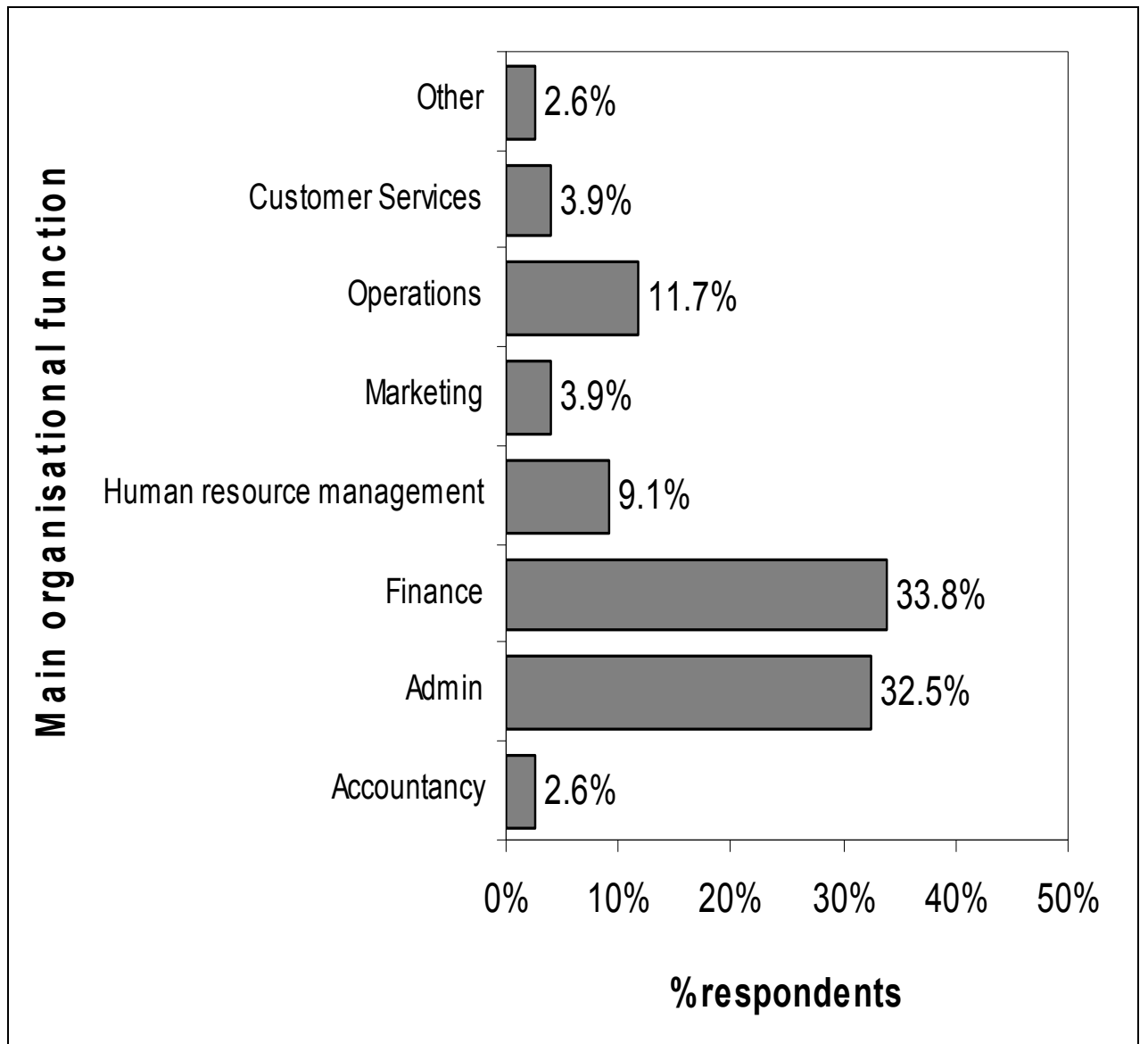
Figure 4.8 Organisational Function

Table 4.9: Frequency distribution and One-sample chi-square statistics for items relating to Succession planning and Management

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
1. It enjoys line management participation and support.	B1	1	1.3%	14	18.2%	9	11.7%	37	48.1%	16	20.8%	46.571	4	0.000
2. It is geared to meeting the unique needs of the division.	B2	2	2.6%	11	14.3%	13	16.9%	32	41.6%	19	24.7%	32.026	4	0.000
3. It actively participates in effective team building.	B3	2	2.6%	12	15.6%	11	14.3%	37	48.1%	15	19.5%	43.974	4	0.000
4. It is focused on developing communication, people and interpersonal skills.	B4	4	5.2%	12	15.6%	7	9.1%	36	46.8%	18	23.4%	41.766	4	0.000
5. It involves working with people and situations not previously encountered.	B5	3	3.9%	8	10.4%	18	23.4%	35	45.5%	13	16.9%	39.299	4	0.000
6. It extends to all levels rather than being restricted to top positions only.	B6	7	9.1%	17	22.1%	13	16.9%	25	32.5%	15	19.5%	11.117	4	0.025

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
7. It is carried out systematically.	B7	8	10.4%	15	19.5%	16	20.8%	28	36.4%	10	13.0%	15.792	4	0.003
8. The process is owned by senior executives and supported by line managers.	B8	2	2.6%	16	20.8%	6	7.8%	32	41.6%	21	27.3%	37.351	4	0.000
9. It identifies and assesses high potential employees.	B9	2	2.6%	27	35.1%	8	10.4%	30	39.0%	10	13.0%	39.688	4	0.000
10. The succession leadership development programme is for a limited numbers of nominated and near senior staff.	B10	5	6.5%	16	20.8%	12	15.6%	29	37.7%	15	19.5%	19.818	4	0.001
11. It has sensitised each line manager to an obligation to identify and prepare successors.	B11	4	5.2%	17	22.1%	9	11.7%	39	50.6%	8	10.4%	50.987	4	0.000

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
12. It has prompted the organisation to establish and conduct specific developmental programmes that are designed to accelerate the development of future competent employees.	B12	4	5.2%	10	13.0%	10	13.0%	41	53.2%	12	15.6%	55.532	4	0.000
13. It is guided by a philosophy that employees should be developed while working rather than primarily through off-the-job experience.	B13	3	3.9%	18	23.4%	11	14.3%	29	37.7%	16	20.8%	23.714	4	0.000

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
14. It aims to provide staff with a comprehensive suite of skills, knowledge and abilities to ensure their success.	B14	2	2.6%	11	14.3%	10	13.0%	35	45.5%	19	24.7%	40.597	4	0.000
15. It enhances the development of strong networking and collaborative relationships.	B15	3	3.9%	14	18.2%	7	9.1%	37	48.1%	16	20.8%	45.013	4	0.000
16. It emphasises the qualities or competencies necessary to surpass movement to the next higher job level.	B16	7	9.1%	15	19.5%	5	6.5%	33	42.9%	17	22.1%	31.896	4	0.000

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
17. It has prompted line managers to examine and perhaps use formal mentoring to attain broader knowledge and specific development goals.	B17	7	9.1%	15	19.5%	9	11.7%	36	46.8%	10	13.0%	36.701	4	0.000
18. It increases career development opportunities.	B18	10	13.0%	19	24.7%	6	7.8%	28	36.4%	14	18.2%	18.909	4	0.001
19. It encourages the cross-divisional sharing of people and information.	B19	8	10.4%	17	22.1%	8	10.4%	31	40.3%	13	16.9%	23.455	4	0.000
20. Is re-enforced by a leadership that actively rewards line managers for promoting their best employees.	B20	7	9.1%	18	23.4%	15	19.5%	23	29.9%	14	18.2%	8.909	4	0.063

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
21. It is supported by career paths that move not just up a specialised ladder but across a continuum of professional competence.	B21	5	6.5%	21	27.3%	10	13.0%	30	39.0%	11	14.3%	26.052	4	0.000
22. It is supported by frequent opportunities for employees to accept new challenges.	B22	5	6.5%	16	20.8%	12	15.6%	31	40.3%	13	16.9%	23.974	4	0.000
23. It includes regular reviews with superiors and staff to give guidance and feedback as to whether staff are meeting developmental objectives and gaining and demonstrating new capabilities.	B23	5	6.5%	17	22.1%	7	9.1%	38	49.4%	10	13.0%	46.831	4	0.000

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
24. It has prompted an explicit policy favouring promotion from within.	B24	3	3.9%	18	23.4%	13	16.9%	34	44.2%	9	11.7%	35.922	4	0.000
25. It involves identifying replacement needs as a means of targeting necessary training, employee education and employee development.	B25	4	5.2%	7	9.1%	14	18.2%	36	46.8%	16	20.8%	40.727	4	0.000
26. It increases the talent pool of employees.	B26	6	7.8%	15	19.5%	9	11.7%	32	41.6%	15	19.5%	26.312	4	0.000
27. It helps individuals realise their career plans within the division.	B27	4	5.2%	14	18.2%	8	10.4%	36	46.8%	15	19.5%	39.688	4	0.000
28. It encourages the advancement of diverse groups	B28	1	1.3%	16	20.8%	14	18.2%	27	35.1%	19	24.7%	23.195	4	0.000

		Strongly disagree		Disagree		Undecided		Agree		Strongly agree		One-sample		
		Count	%	Count	%	Count	%	Count	%	Count	%	Chi-square	df	p
29. It improves employees' ability to respond to changing environmental demands.	B29	2	2.6%	12	15.6%	15	19.5%	34	44.2%	14	18.2%	35.013	4	0.000
30. All individuals are given an equal opportunity to progress in the division.	B30	7	9.1%	17	22.1%	6	7.8%	30	39.0%	17	22.1%	24.494	4	0.000

The data in Table 4.9 reflect the responses to each statement relating to succession planning and management. The observed balance of responses was compared with the expected balance (see the note below for the one-sample chi-square) for each statement using the one-sample chi-square test. Differences are significant where p is less than 0.05.

1.0 For statement number 1, "enjoys line management participation and support," 1.3% strongly disagrees, 18.2% disagree, 11.7% are undecided, 48.1% agree and 20.8% strongly agree. The differences are significant at the 95% level (p<0.05).

2.0 For statement number 2, "is geared to meeting the unique needs of the division," 2.6% strongly disagree, 14.3% disagree, 16.9% are undecided, 41.6% agree, and 24.7% strongly agree. The differences are significant at the 95% level (p<0.05).

3.0 For statement number 3, "actively participates in effective team building," 2.6% strongly disagree, 15.6% disagree, 14.3% are undecided, 48.1% agree, and 19.5% strongly agree. The differences are significant at the 95% level (p<0.05).

4.0 For statement number 4, "is focused on developing communication, people and interpersonal skills," 5.2% strongly disagree, 15.6% disagree, 9.1% are undecided, 46.8% agree, and 23.4% strongly agree. The differences are significant at the 95% level ($p<0.05$).

5.0 For statement number 5, "is working with people and situations not previously encountered," 3.9% strongly disagree, 10.4% disagree, 23.4% are undecided, 45.5% agree, and 16.9% strongly agree. The differences are significant at the 95% level ($p<0.05$).

6.0 For statement number 6, "extends to all levels rather than being restricted to top positions only," 9.1% strongly disagree, 22.1% disagree, 16.9% are undecided, 32.5% agree, and 19.5% strongly agree. The differences are significant at the 95% level ($p<0.05$).

7.0 For statement number 7, "is carried out systematically," 10.4% strongly disagree, 19.5% disagree, 20.8% are undecided, 36.4% agree, and 13.0% strongly agree. The differences are significant at the 95% level ($p<0.05$).

8.0 For statement number 8, "the process is owned by senior executives and supported by line managers," 2.6% strongly disagree, 20.8% disagree, 7.8% are undecided, 41.6% agree, and 27.3% strongly agree. The differences are significant at the 95% level ($p<0.05$).

9.0 For statement number 9, "identifies and assesses high potential employees," 2.6% strongly disagree, 35.1% disagree, 10.4% are undecided, 39.0% agree, and 13.0% strongly agree. The differences are significant at the 95% level ($p<0.05$).

10. For statement number 10, "the succession leadership development programme is for limited numbers of nominated and near senior staff," 6.5% strongly disagree, 20.8% disagree, 15.6% are undecided, 37.7% agree, and 19.5% strongly agree. The differences are significant at the 95% level ($p<0.05$).

11. For statement number 11, "it has sensitized each line manager to an obligation to identify and prepare successors," 5.2% strongly disagree, 22.1% disagree, 11.7% are undecided, 50.6% agree, and 10.4% strongly agree. The differences are significant at the 95% level ($p<0.05$).

12. For statement number 12, "it has prompted the organisation to establish and conduct specific developmental programmes that are designed to accelerate the development of future competent

employees," 5.2% strongly disagree, 13.0% disagree, 13.0% are undecided, 53.2% agree, and 15.6% strongly agree. The differences are significant at the 95% level (p<0.05).

13. For statement number 13, "it is guided by a philosophy that employees should be developed while working rather than primarily through off-the-job experience," 3.9% strongly disagree, 23.4% disagree, 14.3% are undecided, 37.7% agree, and 20.8% strongly agree. The differences are significant at the 95% level (p<0.05).

14. For statement number 14, "it aims to provide staff with a comprehensive suite of skills, knowledge and abilities to ensure their success," 2.6% strongly disagree, 14.3% disagree, 13.0% are undecided, 45.5% agree, and 24.7% strongly agree. The differences are significant at the 95% level (p<0.05).

15. For statement number 15, "it enhances the development of strong networking and collaborative relationships," 3.9% strongly disagree, 18.2% disagree, 9.1% are undecided, 48.1% agree, and 20.8% strongly agree. The differences are significant at the 95% level (p<0.05).

16. For statement number 16, "it emphasizes the qualities or competencies necessary to surpass movement to the next higher job level," 9.1% strongly disagree, 19.5% disagree, 6.5% are undecided, 42.9% agree, and 22.1% strongly agree. The differences are significant at the 95% level (p<0.05).

17. For statement number 17, "it has prompted line managers to examine and perhaps use formal mentoring to attain broader knowledge and specific development goals," 9.1% strongly disagree, 19.5% disagree, 11.7% are undecided, 46.8% agree, and 13.0% strongly agree. The differences are significant at the 95% level (p<0.05).

18. For statement number 18, "it increases career development opportunities," 13.0% strongly disagree, 24.7% disagree, 7.8% are undecided, 36.4% agree, and 18.2% strongly agree. The differences are significant at the 95% level (p<0.05).

19. For statement number 19, "it encourages the cross-divisional sharing of people and information," 10.4% strongly disagree, 22.1% disagree, 10.4% are undecided, 40.3% agree, and 16.9% strongly agree. The differences are significant at the 95% level (p<0.05).

20. For statement number 20, "it is re-enforced by a leadership that actively rewards line managers for promoting their best employees," 9.1% strongly disagree, 23.4% disagree, 19.5% are undecided, 29.9% agree, and 18.2% strongly agree. The differences are not significant at the 95% level ($p > 0.05$).

21. For statement number 21, "it is supported by career paths that move not just up a specialised ladder but also across a continuum of professional competence," 6.5% strongly disagree, 27.3% disagree, 13.0% are undecided, 39.0% agree, and 14.3% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

22. For statement number 22, "it is supported by frequent opportunities for employees to accept new challenges," 6.5% strongly disagree, 20.8% disagree, 15.6% are undecided, 40.3% agree, and 16.9% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

23. For statement number 23, "it includes regular reviews with superiors and staff to give guidance and feedback as to whether staff are meeting developmental objectives and gaining and demonstrating new capabilities," 6.5% strongly disagree, 22.1% disagree, 9.1% are undecided, 49.4% agree, and 13.0% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

24. For statement number 24, "it has prompted an explicit policy favouring promotion from within," 3.9% strongly disagree, 23.4% disagree, 16.9% are undecided, 44.2% agree, and 11.7% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

25. For statement number 25, "it involves identifying replacement needs as a means of targeting necessary training, employee education and employee development," 5.2% strongly disagree, 9.1% disagree, 18.2% are undecided, 46.8% agree, and 20.8% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

26. For statement number 26, "it increases the talent pool of employees," 7.8% strongly disagree, 19.5% disagree, 11.7% are undecided, 41.6% agree, and 19.5% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

27. For statement number 27, "it helps individuals realise their career plans within the division," 5.2% strongly disagree, 18.2% disagree, 10.4% are undecided, 46.8% agree, and 19.5% strongly agree. The differences are significant at the 95% level ($p < 0.05$).

28. For statement number 28, "it encourages the advancement of diverse groups," 1.3% strongly disagrees, 20.8% disagree, 18.2% are undecided, 35.1% agree, and 24.7% strongly agree. The differences are significant at the 95% level ($p<0.05$).

29. For statement number 29, "it improves employees' ability to respond to changing environmental demands," 2.6% strongly disagree, 15.6% disagree, 19.5% are undecided, 44.2% agree, and 18.2% strongly agree. The differences are significant at the 95% level ($p<0.05$).

30. For statement number 30, "all individuals are given an equal opportunity to progress in the division," 9.1% strongly disagree, 22.1% disagree, 7.8% are undecided, 39.0% agree, and 22.1% strongly agree. . The differences are significant at the 95% level ($p<0.05$).

Table 4.10: Overall score for succession planning and management

	N	Mean	Std. Deviation
Succession planning and Management	77	3.4848	.83487

Table 4.10 reflects the descriptive statistics for the overall score of succession planning and management. The mean score for all of the items relating to succession planning and management is 3.48. This reflects the fact that respondents were generally positive and satisfied with regards to succession planning and management.

The low standard deviation value indicates a small scattering of scores around the mean. This reflects the fact that there is consensus amongst all respondents with regards to their attitude towards succession planning and management.

4.3 Reliability

The reliability measure tests the consistency of the data (Bryman and Cramer, 2005: 76). High correlations (i.e. values of 0.9 and above) show that the items relate to one another and are appropriate in measuring the same concept. The value for Cronbach's Alpha indicates a high degree of internal consistency amongst the items relating to succession planning and management. The items correlate highly with one another and together describe the most common construct of succession planning and management.

Table 4.11 Reliability Statistics

Reliability Statistics

Cronbach's Alpha	N of Items
.968	30

Table 4.12 below details the reliability statistics per question.

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
B1	100.86	593.598	.642	.967
B2	100.83	588.116	.730	.966
B3	100.88	596.473	.582	.967
B4	100.87	587.351	.692	.967
B5	100.94	597.904	.571	.967
B6	101.23	584.366	.673	.967
B7	101.32	584.854	.700	.967
B8	100.84	590.633	.627	.967
B9	101.30	585.160	.734	.966
B10	101.12	592.605	.565	.967
B11	101.16	594.975	.579	.967
B12	100.94	594.509	.609	.967
B13	101.06	586.351	.694	.967
B14	100.79	591.614	.667	.967
B15	100.91	583.663	.781	.966
B16	101.05	575.787	.809	.966
B17	101.19	579.317	.805	.966
B18	101.32	575.433	.771	.966
B19	101.23	578.208	.771	.966
B20	101.30	576.133	.821	.966
B21	101.27	579.780	.798	.966
B22	101.14	589.282	.637	.967
B23	101.14	585.624	.717	.966
B24	101.18	588.624	.711	.966
B25	100.86	586.045	.777	.966
B26	101.09	587.057	.650	.967
B27	100.97	587.499	.689	.967
B28	100.94	588.798	.689	.967
B29	100.95	589.734	.721	.966
B30	101.12	585.552	.636	.967

4.4 Conclusion

This chapter has analysed the findings derived from the questionnaires. Various techniques such as Cronbach's Alpha tested the reliability. Other techniques such as the Analysis of Variance (Anova) were used to compare mean scores. The results proved to be reliable. The results reflect the fact that respondents are generally positive about succession planning and management. Most of the respondents "agreed" or "strongly agreed" to most of the Lickert Scale statements.

Comparison of the overall score for succession planning and management between the biographical variables did not reveal significant differences and these results were not included. The findings were presented in diagrammatic form with the use of tables, pie and bar graphs.

Chapter Five provides an in-depth analysis of the results.

CHAPTER 5

DISCUSSION OF RESULTS

5.1 Introduction

This chapter provides a discussion of the research findings. It explores the objectives stated in Chapter One and makes recommendations.

The objectives cover four main issues: the benefits of succession planning, the significant impacts of not having a succession plan, the organisation's role in retaining talent and developing skills, and the implementation of succession planning.

5.2 Analysis of the questionnaire in terms of the objectives of the study.

5.2.1 The benefits of a succession plan

An organisation with an effective succession plan is able to adequately resource and develops pivotal talent, to align individual career aspirations and organisational requirements and goals, to retain employees, to support long-term growth, to meet the career development requirements of existing employees, and to counter the increasing difficulty of recruiting employees externally. The organisation will be able to ensure the existence of a pipeline of high-calibre talent for all key organisational roles and professional disciplines, thus increasing its talent pool of employees, and will have diversified groups of employees who are productive and work in harmony.

The major benefit from succession planning is the retention of skilled, talented employees.

Organisations that develop effective succession planning strategies will be better placed to create market value, increase profitability, satisfy customers and compete successfully, because they will have the talent to handle the market forces of tomorrow.

The positive responses received from the participants to statements 11, 12, 13, 14, 16, 18 and 21 suggest that the majority of the participants are in favour of succession planning.

The route to sustainable business success lies in the hands of the leaders, and leaders should build stronger relationships with their employees. This is critical to organisational success.

Relationship building is the platform on which one should do business. At the core of all great management success is the relationships that managers build with their people. This might seem obvious and simple, and it is; yet it is surprisingly difficult for many managers to take this step.

5.2.2 The impacts of not having a strategic succession plan

Without a strategic succession plan, management will not be able to identify and assess high-potential employees in the organisation. Management could be wasting time and money in developing the wrong person for a job.

If management does not emphasise the qualities or competencies necessary to qualify for movement to the next higher job level, positions could remain vacant for longer periods. This could result in backlogs and increasing costs arising from the need to employ casuals to expedite tasks. The talent pool will be depleted and bringing individuals in from outside the organisation could lead to higher costs and higher risks. This would result in a loss of expertise, business knowledge, competitive advantage and business continuity, and could damage client relationships.

It is vital to identify those roles, skills and individuals critical to a company's success, and a big part of this is achieved by effective succession planning. To identify these pivotal roles it is suggested that the organisation should focus on the key skills and knowledge needed for business growth, the roles that provide the highest leverage and contribution to organisational success, and the highest risk or vulnerability.

No single resource is more important than human resources. The impact of not having a succession plan in the organisation could be that the organisation loses the ability to remain competitive, to provide quality customer service, and to meet the demand for increasing levels of performance.

5.2.3 Retention of Talent

What can an organisation do to retain talented and competent employees?

Organisations should identify and develop internal talented people who have the capacity to climb the corporate ladder to greater leadership positions. The organisation should have a philosophy of promoting from within.

Organisations should create an attractive work environment that focuses on collaboration, professional development and personal accountability. They should actively help employees to develop career paths and give them training and development programmes that fit the company culture.

They should look to build the company's brand, encourage ongoing learning, and reward performance, in order to create an employment brand. They should learn from the reasons for leaving received from the exit interview process in order to be able to improve the work environment.

5.2.4 Skills Development

What role can an organisation play in sustaining skilled and talented people?

This study suggests that the organisation should develop a people strategy. The plan should take into account the talent and skills that will be required to navigate successfully through the changing business landscape.

The organisation should check its current strengths and weaknesses in personnel, to pinpoint and alleviate employees' weaknesses, and to identify strengths that can be used more effectively. They should identify gaps in their staff complements, evaluate individuals' skills and traits that may predict success in higher positions, and fill the gaps accordingly.

They should measure improvement in employees and give them continuous feedback to enable them to attend to any weaknesses that they may have.

Succession planning should be on the agenda as a routine area of consideration and not just a matter to consider when problems occur.

In reaction to statement 21 the majority (53.3%) of the participants agreed that succession planning not only supports career paths in a specialised field but also across a continuum of professional competence. It follows that succession planning helps employees to realise their career plans within the organisation as a whole and not just within the department in which they are situated at the time, and can therefore be used as an effective motivator of staff performance.

5.3 Conclusion

The discussion in this chapter has focused on the results emanating from the questionnaire in relation to the objectives that were set out in Chapter One. The results indicate that the majority of the participants are in favour of succession planning, a fact which suggests that leaders should implement succession planning to its optimal level.

The following chapter will focus on recommendations for the future of succession planning.

CHAPTER 6

RECOMMENDATIONS AND CONCLUSIONS

6.1 Introduction

This study looked at a sample population of junior, senior and management staff attached to Nedbank Homeloan's Division in the greater KwaZulu Natal region.

The findings of this study have important practical implications for the management of the banking institution. This study demonstrates the importance of having the right quality of leadership styles that would enhance succession planning for the future growth of the organisation. The results of this study have reflected that the respondents were generally positive about succession planning and management.

This chapter will make recommendations relating to the objectives outlined in Chapter One of this study. The chapter will also relate the findings to the literature and make recommendations arising from that comparison.

6.2 Recommendations

6.2.1 Objective 1: The Benefits of Succession Planning.

The main benefit of succession planning is that it minimises the staff turnover rate and promotes the sustainability of business growth and continuity in the organisation through retaining talented employees in critical roles. It makes it possible to build a competent workforce to meet the future demands of the organisation in a growing economy.

Martin Haworth (2007) made mention in his article of the fact that many companies make it a policy to hire from within, which is a way of saying that a person can start out from the ground floor of a company and work his or her way up and possibly someday become the company's CEO.

The benefit an organisation achieves from implementing such a succession plan is two-fold: the company both promotes its employees, and it ensures that it never finds itself with a gaping hole in its human resources.

6.2.2 Objective 2: The Retention of Talent.

Companies must hold on to the knowledge that their managers and senior leaders possess. They need to engage in systematic planning and identify and train existing junior talent, guiding such members of staff with the help of current company leaders, in order to allow for a smooth transfer of knowledge and to ensure future organisational success.

A recommendation would be to introduce the concept of job family talent forums in the organisation. This would enable the organisation to identify the capability and core competencies that the job family would seek to develop. As the name suggests, a job family is a set of posts with closely related functions.

The organisation needs to have clear criteria for selection to any post within the organisation. These criteria should be based on the organisation's brand as an employer.

The organisation needs to have a centrally administered bursary scheme in order to be able to help its employees to better their qualifications and thus to provide a better service to the organisation.

The organisation needs to establish a mentorship system embedded in the organisational culture, and to create a powerful network and support group. Mentorship is a relationship-based learning activity that differs from coaching and managing in so far as the relationship is with a person who is not the mentee's manager but who is internal to the organisation and who is capable of providing guidance appropriate to the mentee's personal growth and development needs. The benefits of mentoring are the transfer of knowledge, insight and skills that help the individual to achieve success in his or her current role and to prepare him or her for future roles.

The organisation needs to offer customised training and learning experiences.

The organisation needs to establish a system of planned job rotation across lines of business.

The organisation needs to offer international secondments while maintaining a collegial and home-base relationship within itself.

The organisation should identify the key roles for which a pipeline of talent is sought. It must conduct succession planning within the job family and determine the requirements and

competencies for the key roles identified. Furthermore, it must identify and name the career path alternatives within the job family.

The organisation should encourage the rotation of personnel across business units within the job family and where possible across job families, and should be open to the possibility of secondment to other regions or even international secondment.

Introducing the notion of the job family into the organisation will help to enhance the retention of talent and minimise the staff turnover rate.

6.2.2.1 Age Group

Rothwell (2005) says that succession planning needs to be owned by line managers to ensure that there is a healthy pipeline of potential leaders. Continuously feeding the human resource pipeline will allow management to plan for the long-range growth of the company and also to prepare for last-minute replacements to ensure that service is not interrupted by the loss of knowledge or the lack of staff.

The findings depicted in Figure 1 show that most of the participants are between the ages of 33 and 43, which is an age close to that at which many members of staff exit the system. According to staff statistics extracted from the Nedbank website, staff resignations from the year 2006 to 2007 increased by 20%. The number of deaths and immigrations also increased from 2006 to 2007.

It is recommended that the organisation double its human resource intake to overcome the imminent loss of the talent and skills required for the organisation's sustainable future growth.

6.2.2.2 Increase in immigrations

For the organisation to retain talented people, Nedbank needs to provide them with opportunities that they will not be able to receive elsewhere, thus making Nedbank the "Employer of Choice." This will create a stronger, more loyal group of future managers and executives, and will save the company extensive recruiting and hiring costs in the long run.

Table 6.1 Staff Statistics - Nedbank

	Dec 2007	Dec 2006
Total number of employees (opening balance)	24 034	22 188
SA permanent employees at beginning of year	19 666	18 681
Add: Recruitment	4 696	3 415
Less:	2 781	2 430
Resignations	2 337	1 944
Deaths	34	29
Dismissals	182	165
Retirements	96	108
Retrenchments	13	77
Emigration	94	72
Disability	25	35
SA permanent staff members at end of year	21 581	19 666
Add: Other staff categories	4 941	4 368
Contractors and financial planners	1 700	1 470
International staff members (including Africa)	1 793	1 595
External entities	1 448	1 303
Total number of staff members (excluding temporary staff)	26 522	24 034

RACE COMPOSITION

GENDER COMPOSITION

AGE GROUP COMPOSITION

Black staff component has grown by 4,4% in the last 12 months

Female staff component has decreased by 0,4% in the last 12 months

The average age has decreased from 35,8 years in Dec 2006 to 35,2 in Dec 2007

FIGURE 6.1: STAFF STATISTICS

Source; www.nedbank.co.za

6.2.3 Objective 3: Organisational Role – Sustaining Skills

6.2.3.1 Years of staff employment

Figure 4.6 shows that most participants have been employed for an average of 6 years. The literature expresses the opinion that most of the employees who have spent the majority of their careers with one company would have gained a wealth of knowledge of the organisation, and if they were to leave the organisation suddenly there would be gaps in the system. During the span of those careers, the employees have built up vast amounts of company and industry specific knowledge that would be lost without an effective plan for transferring those skills to the next generation of employees. It is not only the need to hold on to years of accumulated knowledge and to replace personnel in key positions that makes succession planning important for organisations. Effective succession planning also helps retain knowledge and talent within an organisation.

6.2.3.2 Years of Formal Education beyond Secondary/High School

Figure 4 reflects the fact that a large percentage of the participants had up to 4 years of formal education. Of course, the banking legislation requires that staff have a minimum of an NQF level 4 qualifications. This requirement has been satisfied. According to the Nedbank talent management philosophy, the organisation believes that all members of staff are talented in unique and different ways. However, the success of the attempts to retain talent in the organisation hinges on the quality of the relationship and communication between members of staff and their managers. Nedbank should be focusing most of its attention on developing and retaining the talent already in the bank rather than on recruiting new people into the organisation.

For the learning and growth of the employees to be successful there should be constant communication between managers and the members of their staff to determine their growth requirements. Learning and growth are often requested but rarely delivered. It is recommended that the organisation do a thorough analysis of the skills and competencies needed to develop individuals in accordance with their own talents.

If the organisation wants to build a succession planning process that works well, it will need to build relationships with its people. This is critical to organisational success, because relationship building is the platform upon which all leaders stand in business.

Should Nedbank wish to grow leaders from within its existing talent pool and have the time and resources to develop a useful programme, effective talent management will become a key component of its long-term human resource strategy.

The advantages that Nedbank could obtain from establishing a long-term planning programme include identifying a broad talent pool, defining and building the future skills needed for the success of the organisation, and empowering employees by involvement in their career growth. The immediate objects of establishing such a plan would be to adequately resource and develop pivotal talent, to retain employees, to support long-term growth, to meet the career development requirements of existing employees, and to counter the increasing difficulty of recruiting employees externally

6.2.3.3 Competitive Earnings

Figure 4.7 indicates that most of the participants are earning between R5000 and R10 000 per month. This relates to Figure 5, which shows that most of the participants possess the bare minimum educational requirement required for their posts. These factors are beyond the bank's control. The lack of qualified individuals and the tight labour market are the stumbling blocks here, rather than any inability on the part of the bank to pay a competitive wage.

One way in which to overcome this present difficulty would be to identify the employees' core strengths and train and develop individuals for advancement opportunities to meet future personnel needs.

6.2.3.4 Growing Leaders for Tomorrow

Succession planning and talent management are key initiatives for hundreds of organisations, especially those that have a strategic vision of where they want to take their companies. To keep pace with the competition, companies must hold on to the knowledge that their managers and senior leaders possess, without which they cannot meet the needs of their clients.

The organisation needs to identify and train existing junior talent and guide it with the help of current company leaders. This would allow a smooth transfer of knowledge from each generation of leaders to the next and ensure future success. The company must embrace succession planning as part of its human resources strategy now, in order to have an advantage as the current generation of leaders retires. An ongoing development action plan aimed at developing a "people

strategy" will be required if the organisation is to navigate successfully through the changing business landscape.

6.2.4 Objective 4: Implementation – Support Individual Career Paths

In responding to statement 21 most of the participants agreed that succession planning not only supports career paths in a specialised field but also across a continuum of professional competence.

It is recommended that the organisation implement a detailed performance grid which would define an individual's potential levels. The results of the performance grid would enable the organisation to implement the development programme suggested above with reference to the needs of particular individuals.

6.3 Other recommendations

In addition to the recommendations that have arisen from the investigation of the objectives of the study, other recommendations have emerged.

6.3.1 Leadership and relationship building

The participants are in favour of succession planning, but the lack of communication and tenuous relations between leaders and members of the staff are factors which have limited the success of succession planning in the organisation. It would seem that the leaders of the organisation need to address this difficulty perhaps by developing a system in which the bulk of the organisation's employees feel not only that they matter to the organisation as people but also that their opinions matter to the organisation.

6.4 Implementation Strategy

The use of an implementation grid (Table 6.1) is recommended to provide guidance on the implementation strategy. These recommendations address the objectives of the study.

No.	Recommendation	Detail	Approximate Duration of Implementation
1.	Qualification	Entry level NQF 4	Entry
2.	Required	Core professional strength Alignment between individual career aspirations and organisational requirements and goals	
3.	Organisation	Orientation Introduction, to identify organisational capability and core competencies that requires development	6-12 months
4.	Assignment	Stretch placements and a review of capacity and competency	Ongoing
5.	Monitoring	Regularly meet to informally monitor satisfaction	Ongoing
6.	Reward/Recognition	Performance reviews on a regular bi-annual basis	Ongoing
7.	Retention Strategy	Ensure a pipeline of high calibre talent for all key organisational roles and professional disciplines.	Ongoing

Table 6.1 Implementation Grid

6.5 Suggestions for Future Studies

The discussion of the results in Chapter Five and the literature review in Chapter Two have created opportunities for further study which could take the form of an investigation of the correlations of the relationship between leaders, line managers and staff, and the success of the implementation of succession planning.

6.6 Conclusion

Succession planning, like business acumen, is both an art and a science. That is to say, there are many proven strategies that can and must be followed so that successful transition can occur.

Too often organisations address the succession challenge through the rear-view mirror. They wait for someone to step down or, even worse, to be removed. Then and only then do they entertain thoughts of who or what should happen next. One of the reasons little forethought is given to succession is evident in the fact that it rarely shows up in corporate business plans. Companies are quite diligent in forecasting their performance for the next three, five and even ten years, but most of what they plan has more to do with finance, profit and loss, and product evolution, and there is little or no emphasis on who their future leaders will be or how they will captain the corporate ship.

It is no secret that senior executives, especially those new to their positions, see themselves as bullet-proof. In their minds, talk of succession is analogous to talk about potential failure - they will be there forever - so they have little appetite for negativities of that sort, preferring rather to concentrate on positive things like how they will make the company successful, perhaps in perpetuity.

The findings arising from this study have indicated that most of the participants were in favour of succession planning. The success of such planning hinges on the quality of the relationship between the managers and the staff. Relationship building is the core activity of all great managers and for some, it will be a challenge they need to work at consistently. Managers should make an effort to build interested conversations with their employees, and this will open up information-gathering channels that will help the managers to find out what their employees want, what their aspirations are, and even what their skills are – for their managers are unlikely to know most of these things. If managers know their employees, this enhances the succession planning process.

The key issue related to succession is the transfer of knowledge. The loss of key members of staff often leads to the loss of critical tacit knowledge that has been built up through the years. A system of knowledge transfer must arise from the conviction that it is needed, and that great gains are to be made through its implementation in specific areas of the organisation's activities. Creating a knowledge-based culture within an organisation will obviate the need to reconstruct

existing knowledge by minimising the risk of having critical organisational knowledge reside in the heads of only a few staff members who will eventually leave the organisation.

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Section A

Background Information

1. Your age-group is $\boxed{< 21}$ $\boxed{22 - 32}$ $\boxed{33 - 43}$ $\boxed{44 - 54}$ $\boxed{> 54}$ years.

2. Are you _____male _____ female?

3. Your marital status $\boxed{\text{Married}}$ $\boxed{\text{Single}}$ $\boxed{\text{Divorced}}$ $\boxed{\text{Widow}}$ $\boxed{\text{Other Specify}}$.

4. How many years of formal education do you have beyond secondary/high school? $\boxed{< 1}$
$\boxed{1 - 2}$ $\boxed{3 - 4}$ $\boxed{5 - 6}$ $\boxed{> 6}$ years.

5. What is your highest academic/professional qualification? $\boxed{\text{Below Matric}}$ $\boxed{\text{Matric}}$ $\boxed{\text{PostMatric}}$
$\boxed{\text{Cert}}$ $\boxed{\text{Degree}}$ $\boxed{\text{PGDegree/Diploma}}$ $\boxed{\text{Other, specify}}$

6. For how many years have you been employed? $\boxed{< 1}$ $\boxed{1 - 5}$ $\boxed{6 -10}$ $\boxed{11-15}$ $\boxed{> 16}$ years.

7. Your Gross personal income per month (per annum) $\boxed{< R5000}$ $\boxed{R5001-R10000}$ $\boxed{R10001-}$
$\boxed{R15000}$ $\boxed{R15001-R20000}$ $\boxed{R20001-R25000}$ $\boxed{> R25001}$

8. Please indicate your main organizational function:
   _____ Accountancy
   _____ Administration
   _____ Finance
   _____ Human resource management
   _____ Marketing
   _____ Operations
   _____ Production
   _____ Customer services
   _____ Other (Please specify): _____

Section B

INSTRUCTIONS: Please rate how strongly you agree or disagree with each of the following statements by placing a check mark in the appropriate box. The following set of statements refers to your feelings and perceptions about the organisation. For each statement indicate the extent to which you believe that the organization has the feature described by each statement. Once again, circling 5 means that you strongly agree and circling 1 means that you strongly disagree.

In your organisation, would you say that Succession Planning & Management:

1. Enjoys line management participation and support.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
2. Is geared to meeting the unique needs of the division.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
3. Actively participate in effective team building.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
4. Focused on developing communication, people and interpersonal skills.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
5. Is working with people & situations not previously encountered.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
6. Extends to all levels rather than being restricted to top positions only.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
7. Is carried out systematically.	Strongly	Somewhat		Somewhat	Strongly

	Disagree	Disagree	Undecided	Agree	Agree
8. The process is owned by senior executives & supported by line managers.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
9. Identifies & assesses high potential employees.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
10. Succession leadership development program for limited numbers of nominated & near senior staff.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
11. Has sensitized each line manager to an obligation to identify and prepare successors.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
12. Has prompted to establish and conduct specific developmental programs that are designed to accelerate the development of future competent employees.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
13. Is guided by a philosophy that employees should be developed while working rather than by being developed primarily through off-the-job experience.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
14. Aim to provide staff with a comprehensive suite of skills, knowledge & abilities to ensure their success.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
15. Enhances the development of strong networking & collaborative relationships.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
16. Emphasizes the qualities or competencies necessary to surpass movement to the next	Strongly	Somewhat	Undecided	Somewhat	Strongly

higher level job.	Disagree	Disagree		Agree	Agree
17. Has prompted your line managers to examine and perhaps use formal mentoring to attain broader knowledge & specific development goals.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
18. Increase career development opportunities.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
19. Encourages the cross-divisional sharing of people and information.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
20. Is re-enforced by a leadership that actively rewards line managers for promoting their best employees.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
21. Is supported by career paths that move not just up a specialized ladder but across a continuum of professional competence.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
22. Is supported by frequent opportunities for employees to accept new challenges.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
23. Regular reviews with superior & staff to give guidance & feedback as to whether staff are meeting developmental objectives & gaining & demonstrating new capabilities.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
24. Has prompted an explicit policy favouring promotion from within.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
25. Involved in identifying replacement needs as a means of targeting necessary training,	Strongly	Somewhat		Somewhat	Strongly

employee education and employee development.	Disagree	Disagree	Undecided	Agree	Agree
26. Increase the talent pool of employees.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
27. Help individuals realize their career plans within the division.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
28. Encourage the advancement of diverse groups	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
29. Improve employee's ability to respond to changing environmental demands.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree
30. All individuals are given equal opportunity to progress in the division.	Strongly Disagree	Somewhat Disagree	Undecided	Somewhat Agree	Strongly Agree

Thank you for taking the time to complete the questionnaire.

APPENDIX 1: ETHICAL CLEARANCE LETTER

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS

MBA Research Project

Researcher: Mrs. Indrani Govender (083 679 6022)

Supervisor: Dr. Abdulla Kader (082 9010225)

Co – Supervisor: Mr. T Vajeth (031-260 7575)

Research project: Succession planning as a tool to minimize staff turnover rate. A case study of Nedbank Homeloans' KZN Operations.

The purpose of this survey is to solicit information from Nedbank regarding the importance of succession planning. The information and ratings you provide us will go a long way in helping us identify how well your organization is presently conducting succession planning and talent management. The questionnaire should only take 15-30 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no "right" or "wrong" answers to any question. Work as rapidly as you can. If you wish to make a comment please write it directly on the booklet itself. Make sure not to skip any questions. Thank you for participating!

UNIVERSITY OF
KWAZULU-NATAL

RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
TELEPHONE NO.: 031 – 2603587
EMAIL : ximbap@ukzn.ac.za

28 NOVEMBER 2008

MRS. I GOVENDER (206511734)
GRADUATE SCHOOL OF BUSINESS

Dear Mrs. Govender

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0789/08M

I wish to confirm that ethical clearance has been approved for the following project:

> *"Succession planning as a tool to minimize staff turnover rate: A case study of Nedbank Homeloans KZN Operations"*

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully

MS. PHUMELELE XIMBA

cc. Supervisor (Dr. A Kader)
cc. Mr. T Vajeth
cc. Mrs. C Haddon

Founding Campuses: ■ Edgewood ■ Howard College   Medical School ■ Pietermaritzburg ■ Westville

APPENDIX 2: LETTERS OF INFORMED CONSENT

Declaration

I…………………….. (full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT   DATE

……
……………

NOTE:

Potential subjects should be given time to read, understand and question the information given before giving consent. This should include time out of the presence of the investigator and time to consult friends and/or family.

21 April 2008

Nedbank Limited

Dear Mr. D. Retief,

I Indrani (Pat) Govender am a registered student at the UKZN Graduate School of Business. In order to be credited with a Masters degree in Business Administration, I need to present a dissertation as the final component of my three-year study.

I have chosen as my area of research being the relationship between Nedbank's continuous investment in recruitment and development and its staff retention rate - A management perspective. My study is specific to the Durban - Johannesburg recruitment and development of specialized employees in a specific department and the retention of this investment. My focus will be directed to the benefits that will be gained from implementing a succession plan. My study will cover trends, questionnaires and other salient factors that influence the critical benefits that will be achieved through succession planning. Succession planning is the key to organizational continuity by having the appropriate skills identified and in place. It is also a way to retain knowledge and integrate leadership development.

In terms of UKZN's Research Ethics Policy, and the Universities "Code of Conduct for Research", it is necessary for me to obtain clearance from the company representative that I may conduct such research. All information gathered will be used for academic purposes and stored at UKZN GSB for 5 years.

I will be grateful if you would please grant me the necessary authority to perform my study.

Thanking you in advance

Indrani (Pat) Govender (UKZN Student number 206511734)

(This document has been sent electronically and is therefore not signed)

xxx

Attention: Indrani (Pat) Govender (UKZN Student number 206511734)

Re: Permission to conduct Research

You have hereby been granted permission to use Nedbank Home Loans KZN Operations as a test site to conduct research for your dissertation.

Kind Regards,

Dean Relief
Divisional General Manager: HR, Training and Communications

NEDBANK

APPENDIX 3

Nedbank

Staff Matters – Attraction, Retention and Development of Talent

The cost of acquiring and keeping talent is constantly rising, and the skills shortage in South Africa is growing rapidly. According to Nedbank talent management philosophy, we believe that "all staff is talented in unique and different ways'. The challenge for the Nedbank management team is to become more skilled at managing this complex talent market, and this was a focus area during 2007.

Our success or failure in retaining talent hinges on the quality of the relationship and communication between staff and managers. We are focusing most of our attention on developing and retaining the talent we already have in our bank and the recruitment of new 'best fit' talent into the organization as a secondary activity (Internet www.nedbank .co.za).