

Commercial Banks' Determinants Of Talent Retention Towards An Enhanced Succession Management

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ABSTRACT

The banking industry is experiencing an increased turnover rate of high potential talents since 2021. Unfortunately, management did not have a ready retention program that would retain these talents in the bank. These are the challenges the bank and most of the organizations are facing now. Succession management often falls low on the priority list, until one or more key leaders handling critical position suddenly leave. Grounded on Herzberg Two-Factor theories, the following research aims to review the existing succession management policies and guidelines ; identify the determinants of talent retention as experienced by the participants; determine the level of agreement of the respondents to the determinants of talent retention in terms of job satisfaction, commitment and motivation; determine the level of experience of participants on talent retention; establish the relationship between talent retention determinants and the participants' level of experience; describe the challenges experienced by the respondents through their stories and narratives and recommend talent retention approaches that can be forwarded to enhance Succession Management in the bank.

The study made use of a mixed method research and found out the following: that the bank has no existing policy on talent retention; that the participants zeroed in on only three talent retention determinants, that of job satisfaction, commitment and motivation. Applying the Herzberg Two-Factor theory and the mixed method approach, the results focused on the relationship among the variables and thus, only job satisfaction and motivation had significant relationship and affect talent retention. The participants also revealed that their most pressing challenge was the voluminous amount of work given that resulted to their demoralization and dissatisfaction.

The overall result of the research implied that having a robust Succession Management would put the organization in a strategic direction in the competition of the banking industry where the "War of Talents" was one of the important issues top Management has to face and resolve. It was further indicated that the idea of hiring external employees is too expensive and would shake the internal equity. An enhanced succession management program is possible through the following approaches: 1. The Management should include the provision of talent retention in the Succession management policy of the bank and should conduct annual performance review to respond to the changing needs of the talents; 2. Develop a mentoring culture to motivate employees towards achieving a higher level of performance towards their goals and objectives coupled with an attractive and competitive remuneration package; 3. Clear career path should be established to provide the necessary development programs for the participants.

Key Words: Succession Management, Talent Retention, Job Satisfaction, Motivation, Commitment

I. INTRODUCTION

Nature and Scope of the Problem

The banking industry is experiencing a high turn-over rate of identified talents. Larger banks open, expand their businesses and offer enticing opportunities, hence creating stiff competition in the industry. Succession management is not only a human resource practice but also a process for building organizational capability both in the short-term and in the long-term. Many banks, in particular, see succession management as a leverage in achieving business objectives. Having next generation of leaders who are ready for the challenges of the future in the short term is a critical competitive advantage.

During the pandemic, many organizations, banks included, largely ignored their succession and high-potential programs, hence their ability to develop new leaders fell behind. Developing new leaders, finding and

upskilling current leaders with the potential to grow and retaining them is crucial to future success of the organization.

The Bank understands the tremendous opportunities and complex challenges of retaining talents. No organization is immune to the challenge of identifying and retaining critical talents needed now and for the future to occupy the top-level echelon of the organization. Identification challenging to effectively retain talents in the organization because of the “War of Talents” currently happening in the banking industry and development of talents always pose challenge in any organization.

Compounded by the Bangko Sentral ng Pilipinas’ requirements on the bank’s Succession Management Program and the grant of a universal bank status, the researcher embarked on this endeavor.

Research Problems and Objectives

To further dichotomize and understand the details of the research study, the researcher posits the following specific problem:

1. What are the existing policies and guidelines on talent retention towards the succession management program of the bank?
2. What are the determinants of talent retention as experienced by the participants
3. What is the level of agreement of the participants to the determinants of talent retention in terms of:

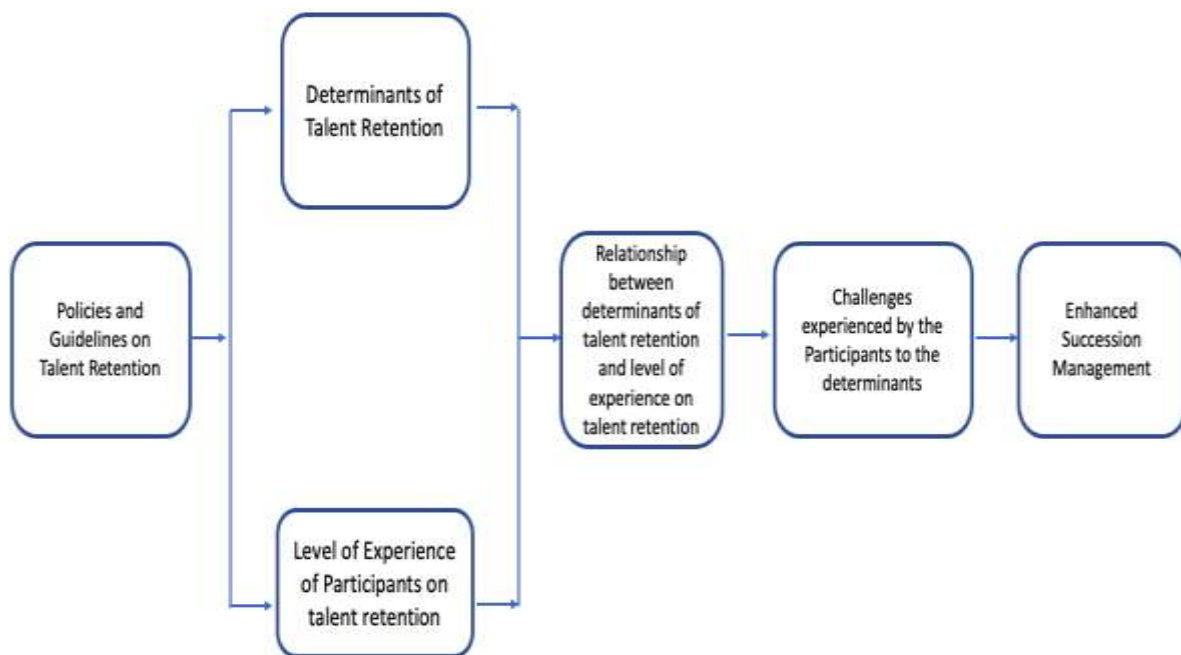
- 3.1 Job Satisfaction
- 3.2 Commitment
- 3.3 Motivation

4. What is the level of experience of participants on the talent retention of the bank?
5. What is the degree of relationship between the determinants of talent retention and level of experience on talent retention?
6. What are the challenges experienced by the participants towards the talent retention determinants?
7. Based on research findings, what talent retention approaches can be forwarded to enhance the Succession Management program of the bank?

Research Framework

The conceptual framework presented the variables used in the study. The independent variables are job satisfaction, commitment and motivation while the dependent variable is talent retention.

Also, the epistemological lenses and analysis – Herzberg Two-factor Theory – that are most conducive to facilitate meaning through the emergence of construct derived from the participants’ narratives and stories.



Significance of the Study

This study would lead to the discovery of relevant practices, policies and social action that would guide the Human Resources practitioners in the banking industry.

Theory. Herzberg Two-factor Theory provided an anchorage to my study towards an effective succession management implementation. This ultimately provides the organization with the requisite managerial talent source and competitive human resource advantage.

Practice. This study would be contributory to the Succession Management practices in the banking industry.

Policy. The bank has an existing Succession Management policy which focuses mainly on identification and development of successors. The study would guide management in developing talent retention programs to enhance the Succession Management policy.

Social Action. The study can be shared with Organizational Development organization. This would open the opportunities for the Philippine Society for Talent Development to put more focus or importance on strengthening Succession Management programs in the organization.

Assumptions

Following the pragmatist and post positivist philosophical lenses in the conduct of this study, and as a researcher, I assumed the perceptions based on the participant's own experiences and views would clarify the determinants of talent retention in the commercial bank towards an enhanced succession management. The data gathered would also be important to recommend approaches and strategies to address the talent retention of the bank.

Scope and Limitations

Scope. The study covered participants from the headquarters and selected branches in the country of a universal bank who were identified as successors mainly due to their handling of the most critical positions in the bank. The target participants totaled the eighty (80) identified successors who provided the quantitative data for the study.

Limitations. The findings derived from this study would only hold true for different local universal banks encountering similar challenges in their Succession Management programs. The study is limited to describing the level of agreement to the determinants of talent retention and level of experience of the participants.

Definition of Terms

The following terms are operationally defined and emanated from my contextual understanding as a result of my experience in Human Resources and Organizational Development.

Commitment. Psychological attachment of employee to the organization.

Identified Successors. High potential employees occupying critical position who has been with the organization for at least 1 year and nominated by the Group and Division Heads.

Job Satisfaction. An individual's feelings towards their job.

Motivation. Considered as the valid tool to achieve optimum performance.

Succession Management. Is the process of identifying, developing and preparing successors that Bank would need for a smooth transition to leadership positions, especially for key management positions.

Talent Engagement. Talent Engagement refers to an individual's purpose and focused energy, evident to others in the display of personal initiative, adaptability, effort, and persistence directed towards organizational goals.

Talent Retention. The ability to attract, retain and engage talent is very important in an organization. By attracting and retaining good staff, an organization is retaining organizational knowledge which is both necessary for exploiting current capabilities and also important in contributing to future improvement.

REVIEW OF PERTINENT LITERATURES

Employee Retention

Employee retention is developing initiatives and strategies that enhance and support workers to remain in a firm through concerted efforts from the business employers in the organization. According to Signh, R (2016), employee retention is a continuous endeavor of an employee to obligatorily engage in working for an organization.

Job satisfaction

Job satisfaction is characterizing the emotions or a general state of mind of the representatives in connection with their employments and the job components, for example, the workplace, working conditions, impartial prizes, and correspondence with the partners (Anwar & Louis, 2017). Job satisfaction is any combination of psychological, physiological and environmental circumstances that cause a person to honestly say I am satisfied with my job (Anwar & Abdullah, 2021). A person with a high level of job satisfaction holds positive feelings about his or her job, while an unsatisfied person holds negative feelings. Job satisfaction is a pleasurable positive state resulting from one's job and job experience (Anwar & Abdullah, 2021).

Commitment

Employee commitment is the respect of the laborers' connection to or support in the organizations in which they are employed. Employee commitment is noteworthy since it figures out if workers are liable to leave their employments or demonstrate execution. Some people are committed to their jobs because they love what they do, (Anwar & Balcioglu, 2016) or because their goals align with those of the company. Others might stay because they fear what they could lose if they leave (Abdullah & Abdul Rahman, 2015).

Motivation

(Kassa, 2015) claimed and found out that motivational factors such as recognition and promotions keep employees retained with the firm. Sushil, in 2013, investigated the relationship between motivation and retention of employees where he emphasized that motivation makes organizations achieve their objectives as their employees are much more aligned with the goals.

The ultimate purpose of work motivation is to retain employees. In commercial banks, the working motivation of financial people is the power of talent to help the bank achieve its goals. In addition, research also showed that effective strategic management enhances employee retention in commercial banking.

Succession Management

Succession Management is the identification of future potential leaders to fill key positions. (Charan, Drotter and Noel, 2010) stated that effective succession planning is aimed at enabling a series of reserve competence ready to take over if need be. This ensures a ready supply of capable employees to take key roles in an organization; hence, actively seeking Succession management guarantees that employees are regularly developed to cover needed roles. As companies expand, lose key employees, provide opportunities for promotion, and increase sales; succession management ensures that the organization has employees competent to handle key roles.

Talent Retention

For succession management to be implemented to retain employees, the focus should be on career management and talent management (Tunje, 2014:61). He further emphasized that the existing succession planning practices should always lead to employee retention, and therefore, conscious decisions should be made when promoting talented employees.

III. METHODOLOGY

The study used the explanatory mixed method approach, where the quantitative part provided the data from a large number of participants; thus, increasing the possibility to generalize the findings to a wider population. The qualitative approach, on the other hand, provided a deeper understanding of the issue being investigated, honoring the voices of its participants. In other words, while quantitative data brought breadth to the study, qualitative data, on the other hand, provided depth to it. Moreover, quantitative results could be triangulated with qualitative findings and vice versa.

Research Locale

The study was conducted among the head office and branches of the bank where I, as the researcher, am currently connected. The bank's head office is located in Makati City. The participants/respondents of my study are the identified successors of the Division Heads with the rank of Assistant Manager to Manager handling critical positions from all the bank's branches located nationwide. I only focused on one bank because other banks will not allow me to conduct a survey with their talents especially pertaining to their succession management and talent retention practices because of the data privacy and information security policy

Population and Sampling Design

Purposive sampling was used to ensure that the sample is as representative as possible of the general population. Purposive sampling's central premise is to identify groups of participants who, based on predetermined criteria, can provide the best narratives of lived experiences about a given phenomenon. For the quantitative part of the study, the participants/respondents were the eighty (80) identified successors of the Division Heads and handling critical positions in the bank with a rank of Manager and Assistant Manager. They were carefully selected based on the criteria set by the Management in the identification of Successors included in the Succession Management policy of the bank. The qualitative data came from the experiences of eight (8) selected participants from the 80 quantitative participants.

Research Instruments

I prepared and used a questionnaire in gathering the quantitative data for my study. It is a 5-point Likert-type questionnaire, validated by experts in the banking industry and a statistician for reliability, consistency, clarity and content-validity.

The items of the questionnaires were developed aligned with the research questions and objectives. This was tested and validated using the Cronbach's alpha where the value ranges from 0.758 to 0.792. For the qualitative part, I used an interview guide composed of five general questions eliciting the participants' experiences and stories while working in the bank and their hopes for the future as an identified successor.

Data Gathering Procedure

The mixed method approach, in this study, used the sequential-explanatory approach in evaluating the talent retention determinants and the challenges faced by the bank towards an enhanced succession management program.

In Phase 1, I collected, analyzed and assessed quantitative data while phase 2 involved arranging, undertaking interviews, analyzing and evaluating the qualitative data.

Management and Treatment of Data

Mixed Methods Data Analysis

The thematic analysis also was used in analyzing qualitative data which involved inductive coding of qualitative data into clusters of similar entities, or conceptual categories and the identification of consistent patterns and relationships between themes, so as to come up with a theoretical explanation of the phenomenon under study.

Descriptive Statistics was used to analyze quantitative data and was expressed in numbers and percentages through tables. Percentage of response per indicator was used to analyze the level of agreement of the respondents to the determinants of talent retention. The reliability and validity of the instrument used must be evaluated prior to the structural or path analysis. I used document analysis to review the existing policies and guidelines in the succession management of the program of the bank. In addition to data obtained from in-depth semi structured interviews, I reviewed succession planning documents that included organizational policies and reports. For the Qualitative data analysis, the method chosen for this research was a contextual content analysis.

III. RESULTS AND DISCUSSIONS

RQ# 1. What are the existing policies and guidelines in talent retention of the succession management program of the bank?

I used document analysis to review the existing Succession Management Policy of the bank. The content of the policy is focused on the identification of successors and documentation and approval of plan no mention of talent retention program. No specific policy on talent retention was included.

RQ# 2. What are the determinants of talent retention as experienced by the participants?

An interview was conducted with the participants to determine the determinants and validate their experience in the retention program of the bank. Each narrative was analyzed and to dive deeper into the responses, this was followed by coding the interview segments using an inductive approach where the coding and themes generation are directed by the content of the data. The common themes that emerged were Job satisfaction, Motivation and Commitment.

RQ # 3. What is the level of agreement of the participants to the determinants of talent retention in terms of

- 1.1 Job Satisfaction***
- 1.2 Commitment***
- 1.3 Motivation***

Table 1. Level of agreement on the determinants of talent retention

Determinant	Number of Participants (n = 80)				
	Strongly Disagree	Moderately Disagree	Neither Agree nor Disagree	Moderately Agree	Strongly Agree
Job Satisfaction	1%	3%	6%	50%	40%
Commitment	1%	2%	6%	20%	71%
Motivation		5%	4%	25%	66%

Table 1 showed that 3% of participants said that they moderately disagree and 1% strongly disagree with Job Satisfaction, 2% moderately disagree and 1% strongly disagree with Commitment and 5% moderately disagree with Motivation. There were participants who disagreed with some of the indicators in each determinants because of the changes happened in the organization due to pandemic.

RQ4: What is the level of experience of participants on the talent retention of the bank?

Table 2. Level of experience on the Talent Retention

	Number of Participants (n = 80)				
	Strongly Disagree	Moderately Disagree	Neither Agree nor Disagree	Moderately Agree	Strongly Agree
Talent Retention		2%	4%	50%	40%

Table 2 revealed that 2 % of participants moderately disagreed that talent retention could be affected by their experience. This implied that the length of experience of the participants could be used as a significant factor in talent retention.

RQ # 5 What is the degree of relationship between the determinants and level of experience?

Correlation Analysis is being used to determine the relationship between the determinants and the level of experience.

Table 3: Correlation Analysis on the relationship between the determinants and level of experience to talent retention

Determinant	Pearson Correlation
Job Satisfaction	.715**, p 0.01
Commitment	.235* , p 0.05

Overall, job satisfaction (.715**, p 0.01) and commitment (.235*, p 0.05) had positive influences on talent retention. According to Yayub & Hassan (2010), Herzberg Two-factor Theory believes that job satisfaction and commitment must be provided for the employees to be retained in the organization.

RQ #6. What are the challenges experienced by the participants towards talent retention of the bank that have an impact on succession management?

It was revealed during the interview that the Amount of Work is the major challenge that the participants experienced towards talent retention.

RQ # 7. Based on findings what talent retention approaches can be forwarded to enhance the Succession Management program of the bank?

1. **Include in the Succession Management Policy the specific provision on Talent Retention** like guidelines and key performance indicators.
2. **Create a positive working environment** focused on talent development and retention so that employees can look forward to a better and brighter future in the bank;
3. **Develop a mentoring culture** to motivate employees towards achieving a higher level of performance towards their goals and objectives coupled with an attractive and competitive remuneration package;
4. **Establish a recognition program** to reward employee's achievement
5. **Establish a Career Pathing** for each level of employees and provide development intervention to narrow competency gaps
6. **Strengthen the recognition program** for employees who will introduce innovative ideas, process improvement and cost saving measures that have an impact with the goals and objectives of the organization
7. **Introduce programs** which will support the **mental health** and well-being of employees
8. **Establish a ladderized talent development program** to support the career pathing initiative of the organization
9. **Review annually the compensation and benefits package** of employees to be at par with the industry practices
10. **Leadership training** in proper delegation of responsibilities among the subordinates. A robust employee engagement programs would help employees enjoy their working condition despite the volume of work they are doing.

RESEARCH IMPLICATIONS

Summary of Findings

Based on the document analysis done on the existing Succession Management policy of the bank, it was found that there is no specific provision on talent retention. The content of the policy is focused more on the identification of successors and documentation and approval of plan; there was no mention of talent retention program. Thematic analysis of the narratives of the participants revealed that the three common determinants of talent retention are job satisfaction, motivation and commitment. Based on the analysis of each theme, it clearly showed that Job Satisfaction, Commitment and Motivation are the major determinants of talent retention. The result of the interview revealed that majority of the participants (52%) strongly agreed that their level of experience is a factor towards the talent retention of the bank. Based on the result of the summary of construct and findings, the challenge experienced by the respondents in the talent retention program of the bank is the amount of work required of them to perform.

Derivable Conclusions from Research Data

Aligned with the findings per research questions, the study therefore concludes the following:

1. Inclusion of a specific policy on talent retention to address the problem of succession in times of vacancies of critical position. This move will prevent operational disturbances which might affect the bank's overall performance and profitability.
2. Revisiting the "packages" offered to the senior officers, and thus, making the bank more competitive in the industry and survive the "War of Talents" so prevalent in the banking system.
3. Experience is another factor in talent retention, but this should be coupled with the corresponding rewards and recognition.
4. The major challenge faced by employees to seek another employment is the voluminous amount of work given to them without the commensurate compensation. An overworked and underpaid employee will look for another greener pasture.

Research and Policy Recommendations

Having a robust Succession Management will put the organization in a strategic direction in the competition. The War of talents in the banking industry is one of the important issues in the agenda of the top Management. It was further indicated that the idea of getting an external hire is too much expensive and will shake the internal equity hence the development of this research.

1. The Management should include the provision of talent retention in the Succession management policy of the bank and should review annually to respond to the changing needs of the times.
2. Management should be continuously developing new strategies to keep abreast with the latest approaches in Talent Management. They should also benchmark with the succession management and talent retention practices of other industries like BPO, telecommunication, manufacturing etc.
3. The Management should introduce programs that will increase the job satisfaction, motivation and commitment of employees in the bank, and include all the other determinants of talent retention.
4. Additional research is needed to focus on increasing the engagement of talents in the organization while including the other determinants of talent retention.
5. A pure quantitative or pure qualitative research is recommended to dispute or agree with the results of this study.

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