



RETENTION OF IDENTIFIED PROFESSIONALS AS POTENTIAL SUCCESSORS

Retenção de profissionais identificados como possíveis sucessores

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ABSTRACT

The implementation of the succession process as a strategy of mapping, development and retention of talent is gaining space in organizations. This article aimed to verify whether organizations have a structured process for retaining professionals identified as potential successors and whether there is differentiation according to the level of maturity of the succession process. A sample of companies seeking to differentiate themselves in terms of people management, consisting of 396 companies, was analyzed. For analysis, the Phi coefficient was used, and the survey results showed that a small number of organizations have a process of retaining professionals identified as potential successors, and that organizations that are more mature with respect to their succession process are more likely to work on retaining their talents in a structured manner, and the aspects that lead to most voluntary dismissals of professionals in the organizations surveyed are linked to compensation, career and development actions.

Keywords: Succession; Successor; Retention; Succession process; Succession map; Talent.

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RESUMO

A implantação do processo de sucessão como estratégia de mapeamento, desenvolvimento e retenção de talentos vem ganhando espaço nas organizações. Este artigo teve como objetivo verificar se as organizações possuem um processo estruturado de retenção de profissionais identificados como potenciais sucessores e se há diferenciação de acordo com o nível de maturidade do processo sucessório. Foi analisada uma amostra de empresas que buscam se diferenciar em termos de gestão de pessoas, composta por 396 empresas. Para análise, foi utilizado o coeficiente Phi, e os resultados da pesquisa mostraram que um pequeno número de organizações possui um processo de retenção de profissionais identificados como potenciais sucessores, e que as organizações mais maduras no que diz respeito ao seu processo de sucessão têm maior probabilidade de atuar. reter seus talentos de forma estruturada, e os aspectos que mais motivam as demissões voluntárias de profissionais nas organizações pesquisadas estão ligados a ações de remuneração, carreira e desenvolvimento.

Palavras-chave: Sucessão; Sucessor; Retenção; Processo de sucessão; Mapa de sucessão; Talento.

INTRODUCTION

In an increasingly competitive environment, the retention of professionals with potential has proven to be a differential. According to Hills (2009), succession planning is more than filling positions, it is a talent management strategy that increases the retention of professionals with potential and the development of skills needed to respond to changes in the competitive environment. Erik Berggren and Jason Corsello (2017)¹ say that talent management today demands up to 20% of the CEO's time, because it was realized that the competitiveness of organizations depends on their professionals. The recognition of the importance of talent management becomes a positive step even for the retention of important professionals for the organization.

Organizations realize the need for this new demand; however, they are at different stages of maturity regarding the identification and retention of their talents from their succession process. Hall (1986), Ohtsuki (2013) and Ferreira (2015), Dutra (2015), and Dutra and Dutra (2016) have been working on classification criteria for these levels of maturity. These authors end up defining three different stages: the first related to the replacement of professionals when the position becomes vacant; the second is the structuring of the succession process, culminating in choosing a succession that helps in the prior identification of the candidate; and the third one that consists of structuring this process with a view to the future strategy of the organization, seeking to ensure its perpetuity. Therefore, the objective of this work is to verify whether organizations have a structured process for retaining professionals identified as potential successors and whether there is differentiation according to the level of maturity of the succession process.

1 THEORETICAL REFERENCE

The retention of professionals identified to assume more complex positions occurs from the identification of candidates and their respective potentials (Hall, 1986; 1989; 1995). The professionals identified with high potential are usually named as talents of the organization (Charam; Drotter; Noel, 2009; Boudreau; Ramstad, 2005; Charan, 2008; Collings; Mellahi, 2009).

Talent Management, according to Serrat (2010)² is highly influenced by the context and peculiarities of each professional, and is not an end in itself, since its main objective is to support the organization in achieving the strategy and ensure its survival, since it is based on people able to keep it competitive (Cappelli, 2008).

Ballaro and Ponk (2017) say that a structured succession plan and the development of successors collaborate in the process of retaining professionals and achieving their strategy. For Ferreira (2015), succession planning is "characterized by mapping actions of potential talent and potential leaders as future successors. Kur and Bunning (2002) confirm this position, reinforcing that organizations should develop the leadership function and not individual leaders. Groves (2018), Dutra (2015) and Ferreira (2015) go further, drawing attention to the need for a succession process that emphasizes assessment, development and a talent pool at all organizational levels, based on its strategic objectives. However, in order to identify a talent and form this pool, succession planning needs clear rules and procedures, taking into account the business strategy and interacting with the organization's current practices for people management. The development of the succession map alone is not enough. It is necessary to form a succession management system that supports the organization's continuity and the achievement of its strategy. For this to occur, the criteria for the selection of talents and candidates for succession must be clear and transparent, minimizing noise in the organization and offering the same chances to participate in the process (Rothwell, 2005; Dutra, 2010; Ohtshuki, 2013; Veloso *et al.*, 2013).

Retention is a consequence of the evaluation and succession process, followed by dialogue between the person and the manager for the alignment of expectations, helping in the development of a motivating environment for each professional as it takes into account their desires. Nevertheless, to support this process it is necessary to have an integrated people management system that contemplates aspects such as career, remuneration, movement, recognition, that is, integrating the human resources subsystems in a structured manner

¹ <http://www.successfactors.com/research/talent-2017>

² <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1102&context=intl>

(Dutra; Dutra, 2016). However, the authors found through a survey conducted in 2010 that organizations do not get to work on developing and retaining talent because they stop the succession process in the building of the map, which is nothing more than a fleeting picture of the organization and that without actions resulting from risk mapping, it is of no use.

It was observed in this research that after the meetings of the succession committees, the validation of the succession map in higher instances, discussion of the weaknesses of the organization, decision making to minimize the weaknesses and indicating the care with the people to be developed were developed. However, these actions did not actually take place, since they were treated individually and left to each manager. For these actions to occur, it is necessary to create structured rituals, perform follow-up and offer support to the manager. The monitoring of these actions must be included in the agenda of senior management so that they are effective and demonstrate the seriousness with which they are treated; however, they must be supported by the area responsible for the succession process by instrumentalizing managers with parameters based on indicators. Ferreira (2015) also found that the realization of development and retention actions and their effectiveness are highly related to the fact that they are monitored and there is a demand for their implementation.

Groves (2018) states that working with the talent development and retention process can minimize the risks identified by the organization from the succession map design. The 2014 KornFerry survey³ identifies the importance of working on talent development to generate internal promotions, as these actions allow deep understanding of the organization, allowing business intelligence to be passed on to the next leader, and allowing organizations to build the skills and leadership styles that meet their needs by helping attract and retain professionals and demonstrating that the organization is committed to the growth of its managers (Peter, 2014)⁴. These development and retention action indicators are usually established in the validation process and revisited throughout the monitoring process. The most common in the organizations researched and found in the literature by Dutra and Dutra (2016) were:

- Development – in this case, it is the periodic investigation of the implementation of development actions and the evaluation of the immediate leadership on the progress of the person. This research is carried out quarterly in most organizations that have this indicator;
- Valuing fixed remuneration – monitoring the position of people in the salary range and their history of salary movement in relation to other people in the organization. This is a relative measure, since it depends on the resources made available by the organization for salary movement. If there are procedures that are not consistent with the care of retention, the reasons should be investigated;
- Valuation of variable compensation - monitoring of the variable compensation received by the group of successors in relation to the others and analysis in case inconsistencies are perceived;
- Mobility – monitoring of the mobility of the group of successors in the organization and level of adaptation and results generated in new positions;
- Satisfaction – interviews with people in this group in quarterly or four-month periods to see how people are feeling about their challenges and development;
- Turnover – monitoring the turnover of the group of successors and the reason for their exiting the organization. In some organizations managers may not disconnect people from this group without superior authorization and must immediately report to the successor group if the person expresses an interest in leaving the organization;
- Cross evaluation – periodically the coordinators of the succession process interview the people nominated for succession, immediate leadership and some members of the succession committee who know the person. This gives them a clearer picture of the results and effectiveness of development and retention actions;
- External monitoring – the group of people thought for the succession undergoes interview and/or evaluation processes, at annual or biannual intervals, carried out by external specialists. In these

³ <https://www.kornferry.com/insights/articles/816-korn-ferry-nacd-annual-survey-of-board-leadership-2014>

⁴ <https://www.kornferry.com/insights/articles/seven-ceos-essential-purpose-succession-management>

cases the process is recommended so that there is an external monitoring of the person's development.

- Critical people management – indicating those people whose loss could have a major negative impact, defining criteria for electing them and indicating them. For these people, a differentiated retention program should be created.

As a matter of fact companies tend to lose forty percent of the potential value estimated from their strategy for low performance and talent management (Mankins; Steele, 2005). Berggren and Fitz-Enz (2006)⁵ identify with the authors by stating that the most successful organizations are those that identify and develop potential professionals and succeed in retaining them.

According to Galagan (2010), companies establish two parts of a succession plan: a plan to select the right people and a process to retain, promote and train the appropriate people to take up a new position. Given the importance of the development of the following professionals, a discussion on the structuring of the development process of the candidate for succession is carried out.

2 METHODOLOGY

The quantitative method will be used for this research, as it aims to identify the intensity of relationship between phenomena, relating stages I, II and III with various organizational characteristics and people management practices. For this purpose, the data analysis technique allows the identification of the association strength between the research variables (Creswell, 2010; Perdigon; Herlinger; White, 2011; Marconi; Lakatos, 2008; Sampieri; Callado; Lucio, 2006). Regarding the other characteristics of the quantitative research, this is a population survey, with delimitation of results and inference are the responding companies of the survey entitled "The 150 best companies for you to work for". This survey, developed in 1997, was based on studies on organizational climate management, and was carried out with companies that seek to excel in people management, with the aim of valuing good people management practices. In 2006, the research methodology was improved with the entry of the Administration Institute Foundation, which started to build the research based on the current literature on the subject and with the purpose of generating data for studies in the Human Resources Management area, contributing to the creation of knowledge in the area through the publication of articles, dissertations and theses, among other studies. Responding companies participate on a voluntary basis and researchers may enter their questionnaires as long as they relate to people management policies, practices and processes. The survey questions used in this study were inserted in the 2019 questionnaire, which had 497 respondents.

The analyses of the data from the survey took place in four steps: selection of the variables; cleaning of the headings and standardization of the variables; preliminary analyses of the answered cases; and statistical analyses. The interpretation of the results done after the conclusion of the analysis phase consists on the comparison with the aspects presented in the literature in contrast and/or agreement with what was empirically observed (Hair Jr. *et al.*, 2005a).

The selection of variables took place already thinking on testing the hypotheses of the study. The cleaning of the headers and standardization of the variables occurred due to the need of organizing the database for data processing in the statistical software. The preliminary analysis of the answered cases consisted in identifying patterns of questionnaire filling that are incoherent or anomalous. All steps of data analysis were performed in the Stata/IC 15.1[®] software.

For the data analysis was used the Phi correlation coefficient, and χ^2 is a 2x2 table, suitable for two dichotomous variables; and n is the sample size (Lira, 2004)⁶. The Phi coefficient may vary from $-1 < \phi < +1$. When the sign is positive, it indicates that the variables have joint variation in the same direction, while the negative sign indicates the opposite, of joint variation in opposite direction. Regarding the magnitude of the relationship between the variables, it was decided to adopt the criterion proposed by Hair Jr. *et al.* (2005b):

⁵www.successfactors.com/research

⁶http://www.ipardes.pr.gov.br/sites/ipardes/arquivos_restritos/files/documento/2019-09/sachiko_dissertacao_2004.pdf

coefficient ± 0.91 to ± 1.00 , very strong correlation; coefficient ± 0.71 to ± 0.90 , high correlation; coefficient ± 0.41 to ± 0.70 , moderate correction; coefficient ± 0.21 to ± 0.40 , small more defined correlation; and coefficient ± 0.01 to ± 0.20 , slight correction, almost imperceptible.

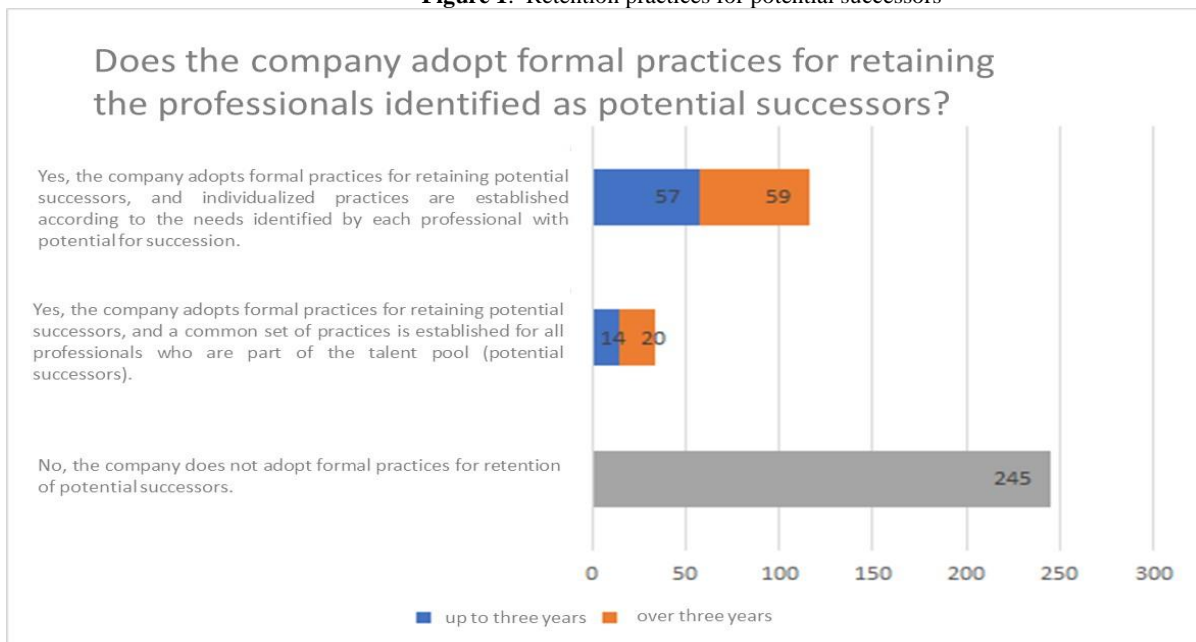
3 ANALYSIS OF RESULTS

As may be seen on Figure 1, 62% of the companies surveyed do not adopt formal practices for retention of potential successors, only 38% do that. This corroborates with the Groves (2018) and Dutra and Dutra (2016) surveys, stating that most organizations do not have structured processes for retaining their talents. These percentages indicate that 149 companies claim to conduct a formal talent retention process; however, only 24%, corresponding to 34 companies, identify a talent pool developing structured practices for all potential successors, or approximately 9% of the total survey respondents. It is worth mentioning that the sample worked is composed of companies that seek to excel in people management. These numbers show that Brazilian companies still have a vast space to work on retaining their talents in a structured and strategic manner.

Most of the organizations that work to retain their talent, 77%, corresponding to 116 companies, still do so individually. This leads us to infer that they do not have a determined ritual with clear parameters and integrated with other people management processes to work on this retention process. This number corresponds to 29% of the total companies surveyed.

This tells us that only 38% of companies concerned on standing out in people management have some action to retain their talent. If talent is the organization's main competitive advantage, as Serrat (2010) and Cappelli (2008) state, and there are no actions to retain it by the organizations, they are putting their perennality at risk.

Figure 1. Retention practices for potential successors

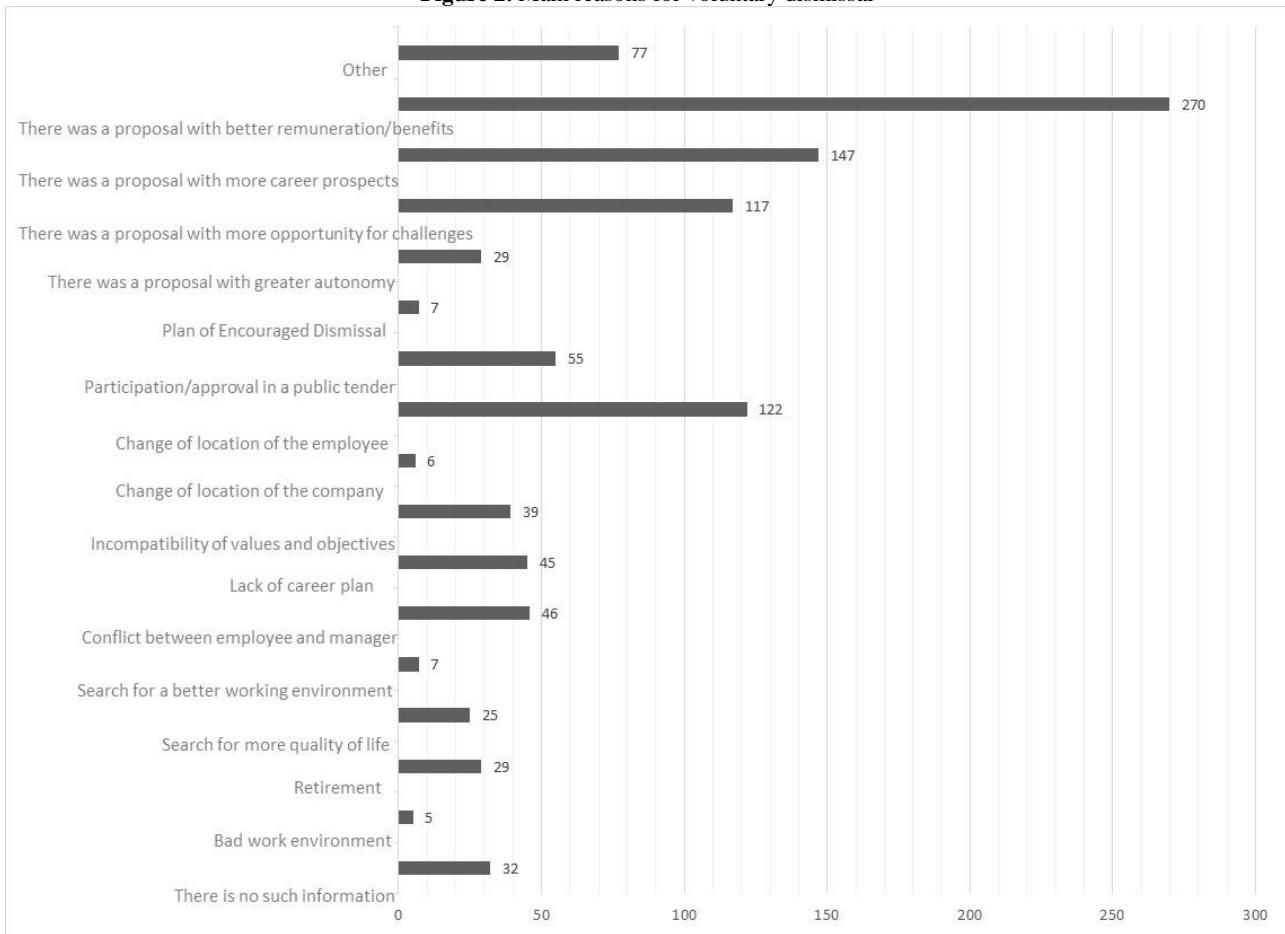


Source: Prepared by the authors

Now as may be seen in Figure 2 the data also brought a perspective on what are the main reasons for voluntary dismissal in the organizations surveyed, for which the companies were asked: "What are the three main reasons for voluntary dismissal of employees of this company? Among the main reasons pointed out in relation to voluntary dismissal, 270 received proposals with better remuneration/benefits, 147 for proposals with more career prospects, 122 due to the employee's change of location, and 117 for proposals with more opportunity for challenges. This data supports the lack of a structured retention process. The construction of the indicators for development and retention pointed out by Dutra and Dutra (2016), aligned with organizational policies and a

ritual of alignment of expectations carried out periodically between managers and potential candidates for succession, could minimize the risks of losing talent.

Figure 2. Main reasons for voluntary dismissal



Source: Prepared by the authors

In order to cross-check the percentage of companies that have a structured talent retention process with the maturity levels of the succession process, a new data filtering was necessary, considering in the sample only the companies that answered the questions regarding having a structured succession process and preparing the succession map, reducing the sample to 396 companies, 222 of which were allocated in Stage I, for not having a structured succession process and preparing the succession map of the organization, totaling 56% of the valid cases in the sample. Both Stages II and III obtained the same number of classified companies: 87, a number that totals 22% in each of the groups, respectively. In stage II, the companies that reported having the succession process structured and building the succession map were classified. In stage III of maturity of the succession process, the organizations that have both and consider the future strategy of the organization in these processes are classified.

As may be seen in Table 1 all variables have some correlation with all stages of maturity of the succession process, except for the variable "Yes, the company adopts formal practices for retention of potential successors, and a set of common practices is established for all professionals who are part of the talent pool (potential successors)", because this variable has no correlation with stage II.

For stages I and III there is a weak correlation, almost non-existent; however, it is relatively stronger for stage III, since it is considered practically small, but defined with $\Phi = 0.2075$.

The variable "No, the firm does not adopt formal practices for the retention of potential successors" is the strongest in all stages of maturity of the succession process, and is moderate in stage I and small, but it is defined in stages II and III (in stage III almost moderate) with $\Phi = 0.5411$, $\Phi = 0.2490$ and $\Phi = 0.3996$, respectively.

The variable "Yes, the company adopts formal practices for the retention of potential successors, with individualized practices being established according to the needs identified by each professional with potential for succession" comes in second place in all stages, with the correlation moderate in stage I and small, but defined in stages II and III and the variable with $\Phi = 0.4750$, $\Phi = 0.2713$, and $\Phi = 0.2980$, respectively.

It is observed that, although most companies do not have a formal retention practice in all stages, companies in stage III have proximity in the strength of the correlation between the two items that claim that the company adopts formal practices of retention of potential successors. This may imply that companies in stage III are more mature in this respect, not only developing professionals individually, but also defining common practices for those in the succession map.

Table 1. Distribution of internships by formal retention practices of potential successors

Variable	Stage I		Stage II		Stage III	
	Phi	p-value	Phi	p-value	Phi	p-value
No, the company does not adopt formal practices for retention of potential successors	0.5411	0.000	0.2490	0.000	0.3996	0.000
Yes, the company adopts formal practices for retaining potential successors, and a common set of practices is established for all professionals who are part of the talent pool (potential successors)	0.1646	0.001	0.0102	0.839	0.2075	0.000
Yes, the company adopts formal practices for retaining potential successors, and individualized practices are established according to the needs identified by each professional with potential for succession	0.4750	0.000	0.2713	0.000	0.2980	0.000

Source: Prepared by the authors

CONCLUSION

The purpose of this article was to verify whether organizations have a structured process for retaining professionals identified as potential successors and whether there is differentiation according to the level of maturity of the succession process. As pointed out by Dutra and Dutra (2016) and Groves (2018), it was found that a small proportion of organizations have a process for retaining professionals identified as potential successors.

The aspects that lead to most of the voluntary dismissals of professionals in the organizations researched are linked to remuneration, career and development actions. These aspects could be minimized with simple actions, such as conversations about aligning expectations with these professionals and defining policies related to these aspects for the retention of these professionals. In addition, it was observed that as expected, organizations that were more mature with respect to their succession process are more likely to work on retaining their talents in a structured manner.

This study represents a contribution for alerting organizations about the importance of working on the structuring of the retention process of professionals identified as potential successors in the organization, and brings some suggestions for this process to be established. Regarding the academic contribution, reinforces the idea that the previous studies by Dutra and Dutra (2016) and Groves (2018) are still valid. Moreover suggest the need to do more research on this area to include now companies that seek to excel in people management, hence replication of this work to a significant sample of Brazilian companies where the percentage of companies that have a structured process for retaining potential succession candidates may even be lower, except perhaps in case of Family Organizations that are highly common (90%), and are leaders in Brazil, but where most of them (72%) they die when founder/lider dies; so they are not prepared⁷. This theme may also instigate other surveys

⁷ <https://www.pwc.com.br/pt/sala-de-imprensa/artigos/empresas-familiares-e-plano-de-sucessao.html>

related to the difficulties encountered in implementing this retention process and in formatting related indicators or policies.

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