Transformational Leadership and Succession Planning Among Public Sector Employees in Perlis

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Abstract: Critical labor market conditions, challenges in demographic and social trends such as globalization, outsourcing, downsizing, hiring freezes, budget cuts, aging population and smaller size of the new successors have become crucial issues in private as well as public sectors. Due to this unpredictable environment, organizations have considered an adequate succession plans. This mechanisms is important to retain highly skilled employees and maintain sustainable competitive advantage in today's competitive environment. However, the role of leadership style with succession planning has not received sufficient attention in the past literature. To date, there are only a few studies that have been conducted in public sector. Therefore, this research was conducted to ascertain the relationship between transformational leadership and succession planning mainly focused on employees who are working at public sector. A set of structured questionnaires was administered to 132 employees who are working at three organizations in public sector in Perlis. The data was analyzed using Statistical Package for the Social Sciences (SPSS). Result revealed that only individualized considerations which have a significant relationship with succession planning. The recommendations for future research were also discussed.

INTRODUCTION

The public sector is facing a struggle, complicated and insecure environments that may cause unpredictability in the organization performance [1]. Therefore, to adapt with all the changes, organization must have a proper approach to retain their employees [2]. Most of the organizations had zero internal candidate that was available as a substitute for a successor position [3]. It becomes significant in choosing employees that are fit for critical position especially when the position requires individuals that had a particular talents and capabilities [4]. Succession planning could be seen as a crucial issue in the human resource area. Previous scholars found that the approach will encourage the development of the employees' knowledge, skills, talents, capabilities, solve problems exists in the challenging environments [5] and maintain sustainable competitive advantage in today's competitive environment [6]. If little prominence was placed of grooming successors, it will be difficult for the top management to discover potential successors among young employees in the organization [7].

According to the survey by the Small and Midsize Business (SMBs), 66 percent of leaders with less than 10 years remaining before retirement had not yet identified the potential successor [8] to replace them. Another survey reported that 45 percent board of directors had no intention on grooming potential successors for their company and oddly, 24 percent company did not think about succession planning in their organization [9]. Thus, succession planning requires organization to put the right people in, get the wrong people off the organization and position the right people in the right seats [10].

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In Malaysia, government emphasized on the issue of succession planning due to economic growth and lack of clarity. It was stated that succession planning was a unique chance to reset and re-launch the future. Therefore, in order to move forward, government strictly needed strong methods and systems that could create positive and powerful values, eliminate the old principle that were not in sync for achieving better goal [11]. To date, succession planning has received a great deal of attention in private sector [12] but it still overlooked in public sector [20]. Only a few have been conducted such as among nurses [13], non-profit organization [14][15], police officers [16] and librarians [17]. However, succession planning rarely is undertaken among employees in Malaysian public sector [18]. Theoretically, there is still lack of attention among scholars in conducting leadership styles and succession planning [18]. Therefore, this study is intended to fill the gaps by investigating the relationship between transformational leadership and succession planning.

LITERATURE REVIEW

This section provides a discussion on studies related to the topic. It will begin with the discussion on succession planning, transformational leadership and dimension on each which consists of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

Succession Planning

Succession planning does not emerge as a new concept. The interest in succession planning can be traced back as early as 1945 when Barnard observed that the impact in replacing the entire management for the company in the aspect of company operations, knowledge, skills transferability and parallel job duties [19]. Many terms that have been used to explain these activities such as succession management, replacement planning and strategic succession management [20]. It was the well organized effort made by individuals that hold leadership positions in an organization in order to recruit, develop and retain employees who had the talents and skills with a range of leadership competencies [21]. Rothwell defined the concept of succession planning as "a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future and encourage individual advancement [22]. Additionally, the concept also can be described as "any type of formal rules or procedures in arranging for managerial succession [23].

Many scholars introduced different models on the succession planning, but the most popular one that consisted of two dimensions which were known as future leader and career development [24]. Another model inspired from the Leadership Pipeline Model suggested that succession planning was continuing the initiative by filling the leadership pipeline with highly potential individuals to ensure that every leadership level had plenty of these potential candidates to draw from for the present and the future [25]. This widespread interest of succession planning primarily stems from the fact that it is vital to the survival of organization and considered as the best chances to build a long term organizational sustainability [20]. Every organization that practiced succession planning had proven to be beneficial. Although the whole process of developing future leaders was proven to be time consuming and required extra resources, it was a useful investment in the long term [6]. Besides, it could be a valuable resources to an organization to recognize promising candidates earlier in actively foster the organizational development [26]. Furthermore, it is very important to have the right leadership at every level of the organization [6]. Interestingly, most existing succession planning were found in the private sector and few local governments which had anything to offer beyond a job rotation program. The scholar also found that there were merely identified and selected candidates to fill specific positions without providing any developmental skills [1].

Transformational Leadership

A succession planning whether in private or public sector should not serve as an isolated system but should work as an integral component for the entire process of human resource area. Literature indicates that transformational leadership fits into the succession planning. Transformational leadership focused on providing continuous support to perform more than what was being expected and thus creating a possible path for succession planning [26]. A transformational leader puts effort on making changes within the organization to produce something that could be organization's competitive advantage [27]. The leader with transformational leadership characteristic could be divided into four dimensions such as idealized influence, intellectual stimulation, inspirational motivation and individualized consideration [28]. A recent survey from The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) in collaboration with PricewaterhouseCoopers (PwC) Malaysia, revealed that 83 percent of the respondents viewed leadership as the top criterion in determining the next successors of any organizations [29]. Transformational leaders promote a better

environment for open discussion resulting in higher level of achievement in succession planning [30].

Idealized Influence

Idealized influence indicates that a leader that is not afraid or willing to challenge risks, to take the employees' needs and abilities into consideration and sets high standards of ethics as well as behaves upon it [31]. A recent research conducted among principals in national secondary schools from Malaysia discovered that transformational leadership style portrays significant relationship on succession planning. It shows that idealized influence becomes the main predictor for succession planning program. They further claimed that succession planning is influenced by leadership characteristics as perceived by the followers [32]. The influence of leader may help the employees to create several new knowledge that they get while observing their role models [33].

Inspirational Motivation

However transformational leaders who practiced inspirational motivation usually communicated many shared values to the employees to ensure they are aware of positive values that they need to apply at work [34]. Leaders who practiced inspirational motivation had an intention to foster teamwork and employees' commitment by creating a strong environment of putting hundred percent commitment and determination among the employees [35]. They further added that the link between individual needs and organization's objectives was a basic strategy for inspirational motivation. A study conducted among 576 respondents from 21 organizations of Malaysian public sector revealed that inspirational motivation of individuals found to have a significant relations in the context of implementation of succession plans [18].

Intellectual Stimulation

Intellectual stimulation acquires the leaders to be wiser in problem solving and be more creative [36]. Leaders who practiced this type of leadership style have encouraged employees in making rational thinking. In this way, employees are able to become creative and more free-thinker along with the empowerment to provide the ideas and solutions in decision making [31]. The intellectual stimulation concept in the transformational leadership scale has a significant human relationships with the additional efforts invested by the employees [37]. In terms of intellectual stimulation, transformational leadership had proven to enhance empowerment, higher self-efficacy and improve employees' engagement toward tasks and successful succession planning

[38]. Previous studies also claimed that this type of leadership style has a significant relations with a succession planning program [18].

Individualized Consideration

Individualized consideration deals with treating individuals as important human capitals who contribute to the organization. Leaders give full attention towards their employees needs and coach them to bring sustainable development [39]. Leaders focus on the mentoring and coaching that may create better expectations on their promotion opportunities [40]. It is highly depended on the capability of the leader to guide the employees according to their strengths and abilities to obtain desired results [41]. Therefore, a transformational leader must identify his or her employee's individual motives because human needs are obviously different. Previous scholars reported that out of four dimensions of transformational leadership, only individualized consideration is claimed as a significant predictor to succession planning [18].

From the earlier discussion, the following hypothesis may be inferred:

H1: There is a relationship between idealized influence and succession planning.
H2: There is a relationship between inspirational motivation and succession planning.
H3: There is a relationship between intellectual stimulation and succession planning.
H4: There is a relationship between individualized consideration and succession planning.

METHODOLOGY

A cross-sectional study was conducted to discover the relationship between transformational leadership and succession planning. A total of 170 questionnaires were distributed using a proportionate stratified sampling to employees in three organizations under the Department of Agriculture (DOA), Malaysia. The questionnaire was designed using both English and Malay languages. The questionnaire consisted of three sections. The first section consisted of respondent profiles such as age, gender, educational level and working experience. The second section contained all questions related to transformational leadership consisted of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration [42]. All succession planning consisted of ten items [43]. Respondents expressed their agreement by using seven-point Likert scale where 1= Strongly Disagree and 7=Strongly Agree. The respondents were briefly explained about the research and questionnaire in

advance to ensure they could understand the purpose of the research and the questionnaire clearly. As an overall, 132 data was being used for regression analysis using Statistical Package for the Social Sciences (SPSS).

RESULTS AND DISCUSSION

A total of 170 questionnaires had been distributed to employees in three organizations in public sector in Perlis. However, only 132 questionnaires (77.6%) had been returned and the majority (52.3%) of the respondents were female employees. The age of the samples was ranged between 30 to 39 years (40.2%). Most of them have job experience of 10 to 14 years (26.5%) and above 20 years (26.5%) and held a diploma (43.9%). The respondents' demographic profiles are shown in Table 1. Means, standard deviation and the inter correlation matrix of the variables are reported in Table 2. The findings show that all correlations were significant and none of the correlation was more than .70. It shows that the

problem of multicollinearity is somewhat low [44]. Cronbach alpha coefficients ranged from .83 to 0.94 showed strong internal consistency for all variables and were adequate to use [44]. From the results, the means scores of all variables were considered high. To test whether transformational leadership influenced succession planning, regression analysis was conducted and would been seen in Table 3. Based on the table, out of the four transformational leaderships, only individualized consideration (β=.42, p<.05) is significantly and positively contributed to the prediction of succession planning. However, idealized influence (β=.094, p>.05), inspirational motivation (β=.217, p>.05) and intellectual stimulation (β=.096, p>.05) are found to be not significant predictors to succession planning. Overall, the variance explained by the set of predictors is 54.9%. It is also stated that the F value is 38.613. Only hypotheses 4 is supported while hypotheses 1, 2 and 3 are not supported.

Table 3. Multiple regression

Variables	β	*Sig.*
Idealized Influence	.094	.264
Intellectual Stimulation	.096	.377
Inspirational Motivation	.217	.073
Individualized Consideration	.422	.000
R^2	.549	
Adjusted R^2	.535	
F Value	38.613	

Idealized influence, intellectual stimulation and inspirational motivation do not influence succession planning although all variables are significantly related. The finding is not supported with the previous scholars which portrayed that idealized influence, inspirational motivation and intellectual stimulation were significant predictor to succession planning [18].

Table 1 Demograpic Profile of the Respondent

Characteristics		%
Gender	Male	47.7
	Female	52.3
Age	20 – 29	10.0
	30 – 39	29.9
	40 – 49	43.8
	50 – 60	16.9
Status	Single	19.2
	Married	75.4
	Divorced	3.8
	Widowed	1.5
Education	Diploma	2.3
	Bachelor	10.8
	Master	80.0
	PHD	6.9
Tenure	Less than a year	3.8
	1 – 5	8.5
	6 - 10	24.6
	11 – 15	25.4
	16 – 20	23.1
	21 – 25	10.8
	Above 26	3.8

Table 2 Means, Standard Deviations, Reliabilities and Intercorrelation Matrix

	Mean	SD	1	2	3	4	5
Idealized Influence	5.73	.69	(.83)				
Intellectual Stimulation	5.60	.75	.66**	(.90)			
Inspirational Motivation	5.63	.76	.68**	.82**	(..91)		
Individualized Consideration	5.37	.83	.52**	.69**	.74**	(.86)	
Succession Planning	5.55	.80	.52**	.62**	.67**	.702**	(.94)

Meanwhile, individualized consideration was found to be a significant predictor to succession planning among employees in Malaysia public sector. The finding is consistent with the findings from [18][45][46] which revealed individualized consideration positively guided potential future leaders in the organization. It is because this type of leadership style emphasized more on mentoring and coaching in helping potential future leaders to do their tasks effectively [47]. It can be concluded that individualized consideration could be developed to fill in the jobs demands in the career path. Thus, the findings were essential to contribute in carrying out a proper succession planning program for Malaysian public sector. Based on the results obtained from the employees, it undeniably showed that the employees who have been coaching and mentoring individually with full respect from their leaders tended to be able to create stronger features as potential leaders in the future and showed more possibilities for career development. Encouragement, strong support and developmental expertise given to employees would make them easily to reach the future goals, able to develop and take full advantage of their potentials. Thus, it will be easier for management to discover their next successors.

Contrary to the previous studies which have been conducted in Malaysian school setting, succession planning program is led by the idealized influence of transformational leaders. The principals are able to facilitate teachers in creating a sense of empowerment and show determination in achieving the goal of school organization. At the same time, it will encourage leadership succession in the school organizations. The present study found that idealized influenced was not predicted the succession planning program in public sector organization.

CONCLUSIONS

The findings of this study support those of earlier studies on transformational leadership style namely individualized consideration which has a significant impact on succession planning among employees in public sector. However, in terms of idealized influence, inspirational motivation and intellectual stimulation, the findings were contradictory where in this study the leadership style does not determine succession planning. In the context of this study,

leaders in public sector should apply individualized consideration of transformational leadership in the organization by discovering employees' strengths and abilities while mentoring employees. Proper succession planning program will possibly happen if the organization considers any set of policies regarding the role of transformational leaders such as participating in the process, formulating changes, creating awareness of current necessities and accelerating the development of employees. Hopefully, the current finding will contribute to fill the gaps in order to enhance the understanding of the role of leadership in designing the implementation of succession planning program at the public organization in Malaysia.

However, this study has certain limitations. Firstly, the sample size was small. It is suggested that a larger sample size should be conducted in other public sector organizations in Malaysia and should not be limited only to Department of Agriculture (DOA). The coverage of the distribution survey should be expanded in wider area to get accurate and valid data. Secondly, it is suggested for future research, researchers should conduct the study by focusing on other leadership style such as transactional leadership style and laissez-faire. Thirdly, this study is based on cross-sectional data and thus, causality cannot be firmly established. More longitudinal studies are needed.

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