The Effects of Succession Planning Practice on Employees Retention : In the case of National Cement

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Declaration

I, **Eskindir Nigussie**, hereby declare that the thesis entitled "The Effect of Succession Planning on Employee Retention in Case of National Cement PLC" is based on my original work, except for quotations and citations, which have been duly acknowledged. I further declare that this thesis has not been previously or currently submitted to Addis Ababa University or any other institution for any degree or academic qualification.

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This certificate certifies that the thesis entitled "The Effect of Succession Planning on Employee Retention in Case of National Cement PLC" was conducted by Eskindir Nigussie as partial fulfillment for the Master of Science Degree in Human resource Management at Addis Ababa University, School of Commerce. I confirm that this work is original and has not been submitted for any degree, either at AAU or any other university. With my approval, this thesis is now submitted for consideration.

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This is to certify that the thesis prepared by Eskindir Nigussie, entitled: "The Effect of Succession Planning on Employee Retention in Case of National Cement PLC" and submitted in partial fulfillment of the requirements for the Degree of Master of Art in Human Resource Management complies with the regulations of the University and meets the accepted standards concerning originality and quality.

Signed by the Examining Committee

Advisor Signature _____ Date_____

Internal Examiner Signature _____ Date_____

External Examiner Signature _____ Date_____

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List of Abbreviations

AAU	Addis Ababa University
HR	Human Resource
HRM	Human Resource Management
PLC	Private Limited Company
T&D	Training and Development
NC	National Cement PLC
S.C	Share Company
EAH	East African Holdings
WCC	West China Cement
SPSS	Statistical Package for the Social Sciences
SGI	Schulz Global Investment
LDP	Leadership Development Programs

Abstract

The purpose of this study was to assess the effect of succession planning on employee retention at National Cement PLC. Specifically, the study examined the influence of successor identification, leadership development programs, career development, and transparency and fairness on employee retention. The study was motivated by the growing need for organizations to develop strong internal leadership pipelines and reduce dependence on expatriate employees for key managerial and technical positions.

A mixed research approach was employed, using both descriptive and explanatory research designs. Primary and secondary data were utilized in the study. Primary data were collected through structured questionnaires and semi-structured interviews. The target population consisted of division managers, directors, and executive management employees. Out of 72 distributed questionnaires, 63 were returned and found usable for analysis.

The quantitative data were analyzed using descriptive statistics, correlation analysis, and multiple regression analysis using SPSS version 27. The qualitative data were analyzed using thematic analysis. The findings revealed that succession planning dimensions are positively associated with employee retention. The regression results further indicated that leadership development programs, as well as transparency and fairness, have a statistically significant positive effect on employee retention, while successor identification and career development were found to have an insignificant effect. The qualitative findings further supported that employees' commitment to remain in the organization improves when succession planning practices are transparent, fair, and supported by top management.

The study concludes that effective succession planning practices play a significant role in enhancing employee retention at National Cement PLC. In particular, leadership development programs and a transparent and fair succession planning system are critical in strengthening employees' commitment to remain in the organization. Therefore, the study recommends that the management of National Cement PLC strengthen leadership development initiatives and improve transparency and fairness in succession planning practices to enhance employee retention.

Keywords: Succession Planning, Employee Retention, Leadership Development Programs, Transparency and Fairness, Career Development, Successor Identification, National Cement PLC

CHAPTER ONE

INTRODUCTION

1.1. Back Ground of the Study

In today's fast-paced and competitive business environment, employees are widely recognized as the most critical asset that provides organizations with a sustainable competitive advantage. As a result, organizations are increasingly focusing on managing and developing their human capital to ensure continuous alignment with corporate strategies and long-term organizational success. One of the key approaches used to achieve this is succession planning, which helps organizations systematically identify and develop future leaders.

Succession planning is defined as the process through which successors are identified for key positions or groups of positions, and appropriate career development and training activities are designed to prepare them for future responsibilities. These successors may be ready to assume positions in the short term or may require long-term development to reach full readiness (Harish, 2000). Through this process, organizations aim to ensure leadership continuity and reduce disruptions caused by employee turnover.

A well-structured succession plan enables organizations to continuously identify, develop, and retain capable employees for critical roles. It also supports strategic human resource planning by helping organizations anticipate future workforce needs and build internal talent pipelines. In addition, succession planning contributes to employee retention by creating clear career development pathways, which enhance employee motivation and commitment.

Employee turnover, particularly in key positions, is associated with significant organizational costs. Studies indicate that replacing an employee can cost up to 150% of an employee's annual salary for critical roles (Curtis & Wright, 2001), while other estimates suggest replacement costs may be approximately one-third of a new hire's annual salary (Michand, 2005). These costs include not only financial expenditures but also losses related to skills, institutional knowledge, productivity, and the time required for recruitment and training (Curtis & Wright, 2005).

Beyond financial implications, high employee turnover can negatively affect organizational reputation. Organizations experiencing frequent turnover may be perceived as unstable or poorly managed, which can discourage potential employees from joining the organization. Therefore, managing employee retention has become a critical priority for organizational success.

1.2. Background of National Cement PLC

National Cement PLC was established in 2006 by acquiring the state-owned Dire Dawa Lime and Cement Factory, which was originally set up and built in 1936 by the Italians, as the first cement factory in Ethiopia. It was established through a joint venture of East Africa Mining Corporation, the Federal Democratic Republic of Ethiopia's privatization and public enterprises supervising Agency in which 80% share of the factory was owned by East African Mining Corporation, and the 20% was by the government. Since past few years, government shares were bought out by East African Mining Corporation. Since July 2010, it is a fully privatized company under the share of East African Mining Corporation, & a global partner called the Schulz Global Investment /SGI/ joined the company as foreign investor.

When we come to the case organization, the top management leaders are advanced in age, their health conditions are poor which leads to frequent absence and they reached the apex of their productive inertia which generally affects the young, energetic and productive employees' stability in the factory. Thus, it seems proper for the National Cement plc to study such a topic and create awareness among senior managers of the factory on the issue under study.

This study will generally attempt to assess the current practices of succession planning and its effect an employee's retention in National Cement plc management members. Besides, it will try to investigate factors that affect the implementation of succession planning program.

1.3. Statement of the Problem

Succession planning refers to the process of identifying employees with the potential to assume key positions in the future and preparing them through training, mentoring, and other development interventions. Within this process, some employees may already be close to readiness for leadership roles, while others require longer-term development support to reach the required level of competence. Previous studies indicate that succession planning enables organizations to prepare for leadership replacement, minimize operational disruptions caused by employee turnover, and facilitate the transfer of knowledge and experience from current employees to future leaders, thereby ensuring organizational continuity (Rothwell, 2023; Atwood, 2020).

Despite these benefits, the absence of an effective succession planning system can expose organizations to several challenges, including leadership gaps, increased employee turnover, loss of organizational knowledge, and higher recruitment and training costs. These challenges can significantly affect organizational stability and long-term performance.

In the context of National Cement PLC (NC), this issue has become increasingly significant in recent years. The joint venture between East African Holdings (EAH) and West China Cement (WCC) is expected to substantially increase the company's production capacity, which will in turn intensify competition among cement manufacturers in Ethiopia. As a result, the organization is under increasing pressure to improve operational efficiency, reduce costs, and ensure sustainable leadership. Failure to address these challenges may weaken the organization's ability to remain competitive in a rapidly changing business environment.

However, National Cement PLC continues to rely heavily on expatriate employees in several key technical and managerial positions. Although expatriates bring valuable expertise and experience, their employment is associated with high costs, including salaries, housing, transportation, and other benefits. In addition, expatriates often remain in the organization for a limited period due to regulatory requirements, personal circumstances, or security-related concerns. This situation leads to frequent staff turnover, disruptions in leadership continuity, and potential loss of critical organizational knowledge when expatriates leave.

At the same time, local employees within the organization work closely with expatriate professionals in various technical and managerial roles. Through this collaboration, many local employees have developed significant skills, knowledge, and practical experience, and some have already assumed important operational responsibilities. However, despite this internal capacity development, the organization lacks a structured and systematic succession planning framework to progressively prepare local employees to replace expatriate staff in key positions.

As a result, the organization is likely to continue facing challenges such as high operational costs, unstable leadership continuity, and long-term dependence on expatriate employees. Therefore, the main problem of this study is the absence of a clear and structured succession planning system that can effectively prepare capable local employees to assume key leadership and technical positions currently held by expatriates. Establishing such a system is essential to ensure leadership continuity, reduce operational costs, and enhance the overall performance and sustainability of National Cement PLC.

1.4. Research Questions

The study intends to address the following basic questions:

- To what extent does successor identification affect employee retention?
- Do leadership development programs affect employee retention in the case organization?
- To what extent does career development opportunities affects employee retention?
- Does the transparency and fairness of the succession planning process affect employee retention?
- Do the dimensions of succession planning collectively affect employee retention?

1.5. Objective of the Study

1.5.1. General Objective

The general objective of this study is to assess the succession planning and its effect on employee retention in the case of National Cement PLC.

1.5.2. Specific Objectives

This study intends to address the following specific objectives:

- To determine the effect of successor identification on employee retention.
- To examine the effect of leadership development programs on employee retention.
- To assess the effect of career development programs on employee retention.
- To determine the relationship between the transparency and fairness of the succession planning process and employee retention.
- To determine the aggregate effect of succession planning dimensions on employee retention?

1.6. Significance of the Study

Developing succession planning as a retention strategy plays a vital role for the effectiveness and productivity of any organization.

Hence, this study will have the following significances.

Primarily, this study is expected to provide invaluable input and practical guidance to National Cement plc in assessing and designing succession planning program as a retention strategy. Findings will help the top management of the organization to reinforce their Human Resource practices specifically the succession and retention and aligning them to the overall business strategy.

Secondly, this study will help various stakeholders of the organization and other parties understand the current status and effectiveness of the succession practice. This will help them develop data-driven decision and identify areas of improvement to take proper corrective action.

Finally, the study will provide invaluable insight to the existing literature of the succession planning by examining key dimensions such as successor identifications, training and development, coaching and monitoring and career development and their impact on employee retention in cement manufacturing industry. It will also serve as reference for future researches interested in exploring such relationships.

1.7. Scope of the Study

This study will focus on selected succession dimensions; successor identification, training and development, coaching and mentoring, and career development and will examine their effect on employee retention at National Cement PLC. This study covers management employees working at the head office as well as those working at the factory located in Deredewa. Consequently, the findings will reflect perceptions within single Cement manufacturing organization in Ethiopia, and may not be fully generalize to other organizations such as Banks, financial institutions or other organizations operating in different sectors.

1.8. Limitation of the Study

The study may face some limitations. Shortage of finance and limited time may reduce the scope of the study. The study will focus only on leadership positions at division level and above, as well as some critical positions in the cement industry. Therefore, lower-level positions will not be covered. In addition, the company is managed by both Ethiopian and Chinese leaders, and differences in culture and communication may create difficulties during data collection. Moreover, limited availability of reference materials related to succession planning may also affect the study.

1.9. Definition of Terms

- **Succession Planning:** refers to strategic, systematic and deliberate process of identifying and developing internal talent to fill leadership positions while ensuring organizational continuity (Armstrong, M., & Taylor, S. 2023).
- **Successor identification:** Is a systematic evaluation of employees, typically through performance data and psychometric assessments to determine their readiness and potential to step up into specific future posts (Rothwell, W. J. 2020).
- **Leadership Development Programs:** LDP are formal initiative desighed to enhance the competencies of current and future leaders through a mix of training, coaching, stretched assignments and mentorship (McCauley, C. D., & Velsor, E. V. 2024).

- **Career Development:** Is the process of developing and improving individual abilities, skills and knowledge to achieve desired career goals (Sun & Wang, 2012)
- **Transparency and Fairness:** The practice of utilizing objective, bias-free criteria in talent decisions and clearly communicating these processes to employees to ensure perceived procedural and distributive justice (Dessler, G. 2024).
- **Employee Retention:** refers to the ability of an organization to prevent unwanted turnover by creating a work environment that meets employee needs, foster engagement, and encourages employees to remain within the organization (Armstrong, M., & Taylor, S. 2023).

1.10. Organization of the Research

The study is organized into five chapters. The first chapter focuses on the introduction of the study. The second chapter deals with literature and the theoretical framework of the study. Chapter three covers the methodology of the study. The fourth chapter also covers data presentation, analysis and discussions. Chapter five concludes the study and makes a summary of findings and recommendations.

Chapter Two

Review of the Literature

2.1. Introduction

As stated by J. Rothwell (2010), research adds weight to the argument favoring succession planning. First, it has been shown that firms that have a specific successor for the critical positions are more profitable and retain their employees than those in which no specific successor has been identified.

Any organization should conduct succession planning in good times as well as bad times. Employers must plan for their future and planning for people is part of that. Relying solely on the external labor market for talent can be an optimal strategy, ignoring the value of company culture, specific experience and wisdom, and also increase the turnover rate due to lack of recognition of employees' future career development. Therefore, the general concept of succession planning and its effect on the employees' retention will be examined and discussed in this chapter.

2.2. Theoretical Review

2.2.1. Succession Planning

Succession planning is widely recognized as an important strategic human resource management practice that enables organizations to ensure leadership continuity and long-term organizational sustainability. According to Noe et al. (2011), succession planning is the systematic process of identifying and tracking high-potential employees who possess the capability to assume critical leadership positions when they become vacant. Rather than responding to leadership vacancies after they occur, succession planning prepares organizations in advance by developing employees who have the potential to assume greater responsibilities in the future.

The importance of succession planning extends beyond replacing key personnel. It enables organizations to identify leadership talent, provide developmental opportunities, and prepare employees for future managerial responsibilities. Through structured development activities,

organizations are able to build internal talent pipelines while reducing dependence on external recruitment. At the same time, employees benefit from clear career progression opportunities, which strengthen their motivation, organizational commitment, and intention to remain with the organization.

Succession planning primarily targets employees with high potential who demonstrate the competencies, performance, and leadership capabilities required for senior management positions such as department managers, directors, and chief executive officers (Noe et al., 2011). By investing in the development of these employees, organizations can minimize leadership disruptions, facilitate knowledge transfer, and improve overall organizational effectiveness.

Succession planning therefore represents more than a replacement strategy; it is a comprehensive human resource management practice that integrates several interrelated activities designed to develop future organizational leaders. To understand how succession planning influences employee retention, it is important to examine its major dimensions.

2.2.2. Dimensions of Succession Planning

Succession planning is widely recognized as a multidimensional human resource management practice comprising several interconnected activities designed to ensure leadership continuity and organizational sustainability. Although different scholars emphasize different aspects of succession planning, the literature consistently identifies successor identification, leadership development, career development, and transparency and fairness as the principal dimensions of an effective succession planning system (Armstrong & Taylor, 2023; Rothwell, 2023). These dimensions complement one another and collectively contribute to improved employee retention and organizational performance.

The succession planning process begins with the systematic identification of employees who possess the competencies, performance, and leadership potential required to assume future leadership positions. Rather than relying on subjective judgments or personal preferences, organizations increasingly use competency-based assessments, performance evaluations, and leadership potential assessments to identify high-potential employees (Mihir & Padroo, 2025). A structured successor identification process enables organizations to align existing employee capabilities with future organizational requirements, thereby ensuring leadership continuity.

Moreover, employees who perceive that they have been recognized as potential future leaders often develop stronger organizational commitment and are less likely to leave the organization. Conversely, unclear selection criteria or perceived favoritism may reduce employee trust and increase turnover intentions (Gabriel et al., 2025).

Identifying talented employees alone, however, is insufficient unless organizations invest in their continuous development. Consequently, leadership development has become a central component of succession planning. Leadership development encompasses a range of developmental activities, including formal training, mentoring, coaching, job rotation, developmental assignments, and experiential learning opportunities that prepare employees for future leadership responsibilities. Day (2024) argues that leadership development should be viewed as a continuous organizational process rather than a series of isolated training events. Similarly, Onyango and Makhamara (2024) reported that organizations integrating leadership development into their succession planning systems strengthen employee competencies, improve organizational performance, and develop a sustainable leadership pipeline. In contrast, organizations that neglect leadership development frequently experience leadership shortages and become increasingly dependent on external recruitment, which may adversely affect employee morale and retention.

Career development represents another important dimension of succession planning because it aligns employees' professional aspirations with organizational objectives. Employees are more likely to remain committed to an organization when they perceive clear career paths, equitable promotion opportunities, and continuous opportunities for learning and professional growth. Career development initiatives such as promotions, lateral transfers, skill enhancement programs, and professional development activities encourage employees to envision long-term careers within the organization, thereby reducing turnover intentions. Previous studies also suggest that career development strengthens succession planning by preparing employees for future leadership responsibilities while reducing organizational dependence on external recruitment. Consequently, career development contributes not only to employee retention but also to organizational stability and leadership continuity.

In addition to identifying and developing future leaders, the effectiveness of succession planning largely depends on the degree of transparency and fairness throughout the process. Transparency refers to openly communicating succession planning policies, procedures, and selection criteria so

that employees clearly understand how leadership opportunities are determined. Fairness refers to ensuring that succession decisions are based on merit, competence, and organizational needs rather than favoritism or personal relationships. Transparent and equitable succession planning promotes employees' trust in management, enhances perceptions of organizational justice, and strengthens organizational commitment. According to Lattimer (2023), organizations that openly communicate succession planning processes experience higher employee satisfaction and greater confidence in organizational leadership. Conversely, employees who perceive succession decisions as unfair are more likely to become dissatisfied, lose motivation, and consider leaving the organization.

Taken together, these four dimensions—successor identification, leadership development, career development, and transparency and fairness—form an integrated succession planning system. When implemented collectively, they help organizations develop capable future leaders, enhance employee commitment, reduce turnover intentions, and ensure long-term organizational sustainability.

While these dimensions explain the major components of succession planning, their successful implementation depends on several guiding organizational principles. The following section discusses the key principles that support effective succession planning.

2.2.3. Key Principles for Effective Succession Planning

Effective succession planning requires more than identifying potential successors; it must be supported by clear organizational principles that guide its implementation. According to Fiseha (2011), successful succession planning should be systematic, transparent, and aligned with the organization's long-term strategic objectives. Organizations should establish a succession planning culture that encourages leadership development at all organizational levels rather than limiting succession planning to senior management positions. Such a culture demonstrates that employees are valued and reinforces the importance of career development and professional growth.

An effective succession planning system should also be integrated with workforce planning. Before initiating succession planning activities, organizations should conduct workforce analyses to identify current and future staffing requirements, assess critical positions, and determine the

competencies needed to achieve strategic objectives. Aligning succession planning with workforce planning enables organizations to anticipate future leadership needs and prepare qualified employees accordingly.

Another important principle is the establishment of realistic implementation timeframes accompanied by regular monitoring and evaluation. Succession planning should not be treated as a one-time activity but as a continuous process that is periodically reviewed and updated to reflect changes in organizational priorities, workforce composition, and business strategies. Continuous evaluation enables organizations to assess the effectiveness of development initiatives and make necessary improvements over time.

Furthermore, organizations should establish objective and clearly defined criteria for identifying potential successors. Selection should be based on employees' competencies, performance, leadership potential, and readiness for advancement rather than seniority or personal preference. A merit-based approach increases employees' confidence in the fairness of succession planning and supports organizational credibility.

Finally, ethical considerations should guide every stage of the succession planning process. Employees should be provided with equal opportunities to express their career aspirations and participate in leadership development programs. Succession planning decisions should be transparent, fair, and consistent with organizational values while maintaining appropriate confidentiality regarding individual assessments. Adhering to these principles strengthens employees' trust in the organization and contributes to the successful implementation of succession planning initiatives (Fiseha, 2011).

Despite adherence to these principles, organizations frequently encounter implementation challenges that reduce the effectiveness of succession planning. Understanding these common mistakes enables organizations to strengthen their succession planning practices.

2.2.4. Succession planning culture

An effective succession planning system requires the development of a supportive organizational culture that encourages leadership development at all organizational levels rather than limiting succession planning to senior management positions. According to Fiseha (2011), succession

planning should be viewed as a shared organizational responsibility in which managers, supervisors, and employees actively participate in identifying and developing future leaders. Establishing such a culture communicates to employees that the organization values their contributions and is committed to supporting their long-term career growth and professional development. As a result, employees are more likely to demonstrate stronger organizational commitment and actively engage in leadership development initiatives.

A succession planning culture should also be closely integrated with workforce planning. Before implementing succession planning activities, organizations need to conduct a comprehensive workforce analysis to identify current and future staffing requirements, critical positions, and the competencies needed to achieve organizational objectives. Reviewing the organizational structure and workforce profile enables management to anticipate future leadership needs and align succession planning with broader strategic workforce planning (Fiseha, 2011).

Another important characteristic of a strong succession planning culture is the establishment of realistic implementation timeframes accompanied by continuous monitoring and evaluation. Succession planning should not be considered a short-term initiative but rather an ongoing organizational process. Development activities, implementation strategies, and evaluation mechanisms should be incorporated from the planning stage to ensure that succession initiatives remain responsive to organizational changes and future leadership requirements.

Furthermore, organizations should adopt objective and transparent procedures for identifying potential successors and evaluating employee performance. Selection criteria should be based on employees' competencies, demonstrated performance, leadership potential, and readiness for advancement rather than informal preferences or seniority. Applying clear and consistent assessment criteria improves the credibility of the succession planning process and strengthens employees' confidence in organizational decisions.

Ethical considerations are equally important in developing an effective succession planning culture. Succession planning should be implemented through a fair and transparent process that provides employees with equal opportunities to express their career aspirations and participate in leadership development programs. While the overall succession planning process should be communicated openly across the organization, confidentiality must be maintained regarding

individual assessments and succession decisions. Balancing transparency with confidentiality promotes trust, supports organizational justice, and enhances employee acceptance of succession planning initiatives (Fiseha, 2011).

Overall, establishing a supportive succession planning culture enables organizations to institutionalize leadership development, promote employee career progression, and ensure leadership continuity. Such a culture reinforces the effectiveness of succession planning by integrating workforce planning, objective talent identification, ethical decision-making, and continuous evaluation into a unified organizational process.

2.2.5. Common Mistakes in Succession Planning

Although succession planning offers significant organizational benefits, its effectiveness can be undermined by several common implementation mistakes. According to Varnall (2008), one of the most frequent mistakes is treating succession planning as a reactive response to organizational crises rather than as a continuous strategic process. Organizations that begin succession planning only after the unexpected departure of key employees often make hurried decisions that may result in the appointment of individuals who are not adequately prepared for leadership responsibilities. Consequently, succession planning should be initiated while the organization is stable so that potential successors can be identified and developed over time.

Another common mistake is making promotion decisions too quickly without conducting a thorough assessment of employees' competencies and leadership potential. Organizations should apply objective selection criteria and carefully evaluate whether potential successors possess the knowledge, skills, experience, and personal attributes required to perform effectively in higher-level positions. Premature promotion decisions may expose employees to responsibilities beyond their capabilities and negatively affect organizational performance.

Varnall (2008) further emphasizes the importance of seeking independent advice during the succession planning process. External experts or experienced professionals can provide objective perspectives that reduce personal bias and assist organizations in selecting the most suitable candidates for leadership positions. Such independent assessments contribute to more transparent and merit-based succession decisions.

Finally, succession planning should not be regarded as a one-time exercise. As organizational strategies, workforce composition, and business environments continue to evolve, succession plans should be reviewed, updated, and refined regularly. Continuous evaluation ensures that succession planning remains aligned with organizational needs and that employees identified as potential successors continue to receive appropriate developmental support (Varnall, 2008).

Avoiding these common mistakes alone is not sufficient. Organizations also need to follow a systematic process that guides succession planning from identifying critical positions to selecting qualified successors. The following section outlines the key steps of succession planning.

2.2.6. Key steps of succession planning

An effective succession planning system follows a systematic process that enables organizations to identify, develop, and prepare employees for future leadership responsibilities. Tekelehimanot (2010) outlines several key steps that organizations should follow to establish a successful succession planning program.

The first step involves identifying current and future organizational requirements for critical positions based on the organization's strategic plan. Critical positions are those whose vacancy would significantly affect organizational performance because of their strategic importance. At this stage, organizations assess both the demand for future managers and the available internal and external talent capable of filling those positions. Burger and Burger (2004) emphasize that evaluating both internal and external sources of leadership talent enables organizations to anticipate future workforce requirements and minimize leadership gaps.

Once critical positions have been identified, organizations should determine the competencies required for successful performance in those roles. Competency frameworks provide a clear description of the knowledge, skills, abilities, and personal attributes necessary for effective leadership. These competencies generally include managerial competencies required for supervisory responsibilities, technical or functional competencies specific to particular occupational areas, and general competencies expected of all employees regardless of their position. Establishing competency profiles provides objective standards for evaluating potential successors and identifying developmental needs.

The next step involves assessing employees against the established competency framework. Organizations should evaluate the current competencies, leadership potential, and performance of prospective successors to determine their readiness for future managerial responsibilities. Employees who already possess the required competencies may be considered ready for immediate or near-term promotion, while those with competency gaps require additional development before assuming leadership positions. Conducting systematic competency assessments enables organizations to make evidence-based succession decisions while identifying areas requiring further improvement.

Following competency assessment, organizations should implement appropriate development interventions to prepare potential successors for future leadership roles. Training and development activities should be based on identified competency gaps and individual development needs. In addition to formal management development programs, organizations may use mentoring, coaching, job rotation, delegation of authority, acting assignments, and cross-functional experiences to strengthen employees' leadership capabilities. These developmental opportunities enable employees to acquire practical experience while gradually preparing them for increased responsibility.

The final step is designing the succession plan and establishing a transparent selection process. A succession plan should identify potential successors for current and anticipated leadership vacancies according to their competencies, readiness, and development progress. Selection decisions should be guided primarily by the succession plan and based on merit rather than personal preference or seniority. Although selection procedures may differ across organizations depending on their policies and organizational culture, the overall objective should remain the identification of the most qualified candidate for each leadership position. A structured and merit-based selection process contributes to leadership continuity, organizational effectiveness, and employee confidence in the succession planning system (Tekelehimanot, 2010).

Collectively, these steps provide organizations with a structured approach to developing future leaders and ensuring leadership continuity. When implemented effectively, succession planning contributes not only to organizational sustainability but also to employee commitment and retention. The following section reviews the concept of employee retention and its relevance to succession planning.

2.2.7. Retention

2.2.7 Employee Retention

Employee retention refers to an organization's ability to retain competent and valuable employees over time while minimizing voluntary turnover. Although employee retention is often measured using retention rates, it is more broadly understood as the policies, practices, and strategies organizations adopt to encourage employees to remain with the organization. In this sense, employee retention represents not only an organizational outcome but also a continuous human resource management process aimed at maintaining a stable and committed workforce.

Employee retention has become a strategic concern for organizations because high employee turnover results in substantial financial and operational costs. These costs include recruitment and selection expenses, training and development costs, loss of organizational knowledge, reduced productivity, and disruptions to business operations. Consequently, organizations increasingly invest in human resource management practices that improve employee satisfaction, organizational commitment, and long-term employment relationships.

The literature suggests that employee retention is influenced by a combination of organizational and individual factors, including career development opportunities, leadership support, recognition, organizational justice, training and development, and opportunities for advancement. Employees are more likely to remain with an organization when they perceive that it values their contributions and provides clear opportunities for professional growth. Conversely, limited career prospects, inadequate development opportunities, and perceptions of unfair treatment often increase employees' intentions to leave the organization.

Although organizations generally seek to reduce employee turnover, not all turnover is necessarily undesirable. In some situations, organizations may experience positive turnover, whereby employees with poor performance or limited commitment leave the organization while high-performing employees are retained. Nevertheless, the primary objective of employee retention strategies is to preserve talented, experienced, and high-performing employees who contribute to organizational performance and long-term competitiveness.

Within the context of succession planning, employee retention is particularly important because organizations rely on experienced and high-potential employees to fill future leadership positions. Effective succession planning creates opportunities for career advancement, leadership development, and professional growth, thereby strengthening employees' commitment to the organization and reducing voluntary turnover. Consequently, employee retention serves as an important outcome of successful succession planning and is therefore considered the dependent variable in this study.

2.3. Retention Strategies

Employee retention strategies refer to the policies and practices that organizations implement to encourage employees to remain with the organization and reduce voluntary turnover. Effective retention strategies seek to balance organizational objectives with employees' personal and professional expectations, thereby creating a mutually beneficial relationship between employers and employees. Early motivational theories, including Valence Theory and Expectancy Theory, provide a theoretical basis for understanding employee retention by suggesting that employees are more likely to remain with an organization when they believe their efforts will be rewarded and their personal needs will be fulfilled (Curtis & Wright, 2005). However, contemporary human resource management recognizes that employee retention depends on a broader range of organizational practices.

Recent studies suggest that organizations can improve employee retention by implementing integrated human resource management practices such as career development opportunities, leadership development, employee recognition, fair reward systems, effective communication, and supportive leadership. These practices increase employee engagement, organizational commitment, and job satisfaction, while reducing employees' intentions to leave the organization (Curtis & Wright, 2001; Armstrong & Taylor, 2023).

Among these practices, succession planning has become an increasingly important retention strategy, particularly in organizations that depend on technical and managerial expertise. Effective succession planning demonstrates the organization's commitment to employee development by identifying high-potential employees, providing leadership development opportunities, and preparing them for future responsibilities. Employees who perceive clear career progression

opportunities are generally more committed to the organization and are less likely to seek employment elsewhere (Rothwell, 2023; Noe et al., 2011).

Furthermore, succession planning contributes to employee retention by strengthening employees' confidence in their future within the organization. Through structured training, mentoring, coaching, and career development initiatives, organizations create an environment in which employees can develop their competencies and pursue long-term career aspirations. Such opportunities enhance organizational commitment while reducing the costs associated with employee turnover and external recruitment (Armstrong & Taylor, 2023).

Overall, the literature indicates that employee retention is influenced by a combination of organizational practices rather than a single intervention. Organizations that integrate succession planning with broader human resource management strategies are more likely to retain skilled employees, ensure leadership continuity, and sustain long-term organizational performance. This understanding provides the foundation for examining the relationship between succession planning practices and employee retention at National Cement PLC.

2.4. Empirical Literature Review

A considerable number of empirical studies have examined the relationship between succession planning and employee retention. The overall findings consistently indicate that organizations with structured and well-implemented succession planning systems are more effective in retaining skilled employees and ensuring leadership continuity.

Rothwell (2010) found that organizations with formal succession planning systems tend to experience lower employee turnover compared to those without structured plans. The study further emphasized that employees are more likely to remain in organizations where clear career pathways and opportunities for future leadership roles are visible. This suggests that succession planning contributes to retention by strengthening employees' perception of career progression.

Similarly, Atwood (2020) examined succession planning in relation to leadership development and employee retention. The study revealed that organizations that prioritize internal talent

development are less dependent on external recruitment. Employees who receive mentoring and training through succession planning initiatives tend to feel valued, which enhances their organizational commitment and reduces turnover intentions.

Armstrong (2014) also supports this view by highlighting that limited career development opportunities and lack of promotion prospects are key factors driving employee turnover. The study indicates that succession planning, when effectively implemented, helps organizations address these issues by creating structured pathways for advancement.

In the African context, Fiseha (2011) found that the absence of formal succession planning systems contributes to leadership gaps and loss of experienced employees. The study further emphasized that developing internal employees through succession planning reduces reliance on expatriates and improves employee retention by increasing local capacity and ownership.

Noe et al. (2011) similarly argue that succession planning integrated with training and development enhances employee commitment and job satisfaction. Employees who are provided with leadership development opportunities are more likely to remain within the organization due to increased motivation and perceived organizational support.

Dessler (2015) adds that organizations operating in technical and managerial environments benefit significantly from succession planning, as it reduces turnover and improves workforce stability. The study highlights that investment in employee development and leadership preparation strengthens retention outcomes.

Overall, the empirical literature consistently shows that succession planning has a positive influence on employee retention. Organizations that systematically identify high-potential employees, invest in their development, and prepare them for leadership roles are more successful in retaining skilled personnel. These findings provide a strong empirical foundation for this study, which examines the effect of succession planning practices on employee retention at National Cement PLC.

2.5. Retention and Motivation Theory

Employee retention is closely linked to motivation, as employees' decisions to remain with an organization are largely influenced by how well their needs, expectations, and career aspirations are fulfilled. Motivation theories therefore provide an important theoretical foundation for understanding employee retention and its relationship with succession planning.

Maslow's Hierarchy of Needs explains motivation as a progression of human needs ranging from physiological and safety needs to social, esteem, and self-actualization needs (Maslow, 1943; 1954). In the workplace, basic needs such as fair compensation, job security, and safe working conditions must first be satisfied before employees focus on higher-level needs. Once these foundational needs are met, employees become more concerned with recognition, career development, and personal growth. These higher-level needs are particularly relevant to succession planning, as employees are more likely to remain with organizations that provide opportunities for advancement and professional development.

Herzberg's Two-Factor Theory further distinguishes between hygiene factors and motivators (Herzberg et al., 1959). Hygiene factors such as working conditions, salary, supervision, and company policies do not necessarily motivate employees, but their absence can lead to dissatisfaction and turnover. On the other hand, motivators such as achievement, recognition, responsibility, and career advancement directly enhance job satisfaction and encourage long-term commitment. Among these motivators, opportunities for career growth and leadership development are especially important in the context of succession planning.

From this perspective, effective employee retention requires organizations to address both hygiene factors and motivators. While fair working conditions help reduce dissatisfaction, career development opportunities, training, and leadership preparation strengthen motivation and commitment. When employees perceive that the organization supports their professional growth and future career progression, they are more likely to remain with the organization.

In summary, motivation theories provide a useful explanation of why employees stay or leave organizations and highlight the importance of career development and growth opportunities. These theoretical insights reinforce the argument that succession planning contributes to

employee retention by addressing key motivational needs and preparing employees for future leadership roles.

2.6. Conceptual Framework

This study examines the relationship between succession planning practices and employee retention at National Cement PLC (NC). The conceptual framework is developed based on the identified organizational problems, reviewed literature, and the objectives of the study.

Succession planning is treated as the independent variable, while employee retention is the dependent variable. Based on the literature, succession planning is understood as a set of interrelated human resource practices that ensure the identification, development, and preparation of employees for future leadership roles. These practices are reflected through key dimensions such as successor identification, leadership development, career development, and transparency and fairness.

In this study, succession planning is operationalized through practices such as identifying employees with high potential, providing training and development opportunities, offering mentoring and coaching from experienced employees, and preparing local employees to take over key technical and managerial positions. These practices are expected to enhance employees' competencies, confidence, and readiness for future responsibilities.

Employee retention refers to the organization's ability to retain skilled employees for a long period of time and reduce voluntary turnover. When employees perceive that there are clear opportunities for career growth, development, and advancement within the organization, they are more likely to remain with the organization and build long-term careers.

Therefore, the conceptual framework of this study assumes that effective succession planning practices positively influence employee retention at National Cement PLC.



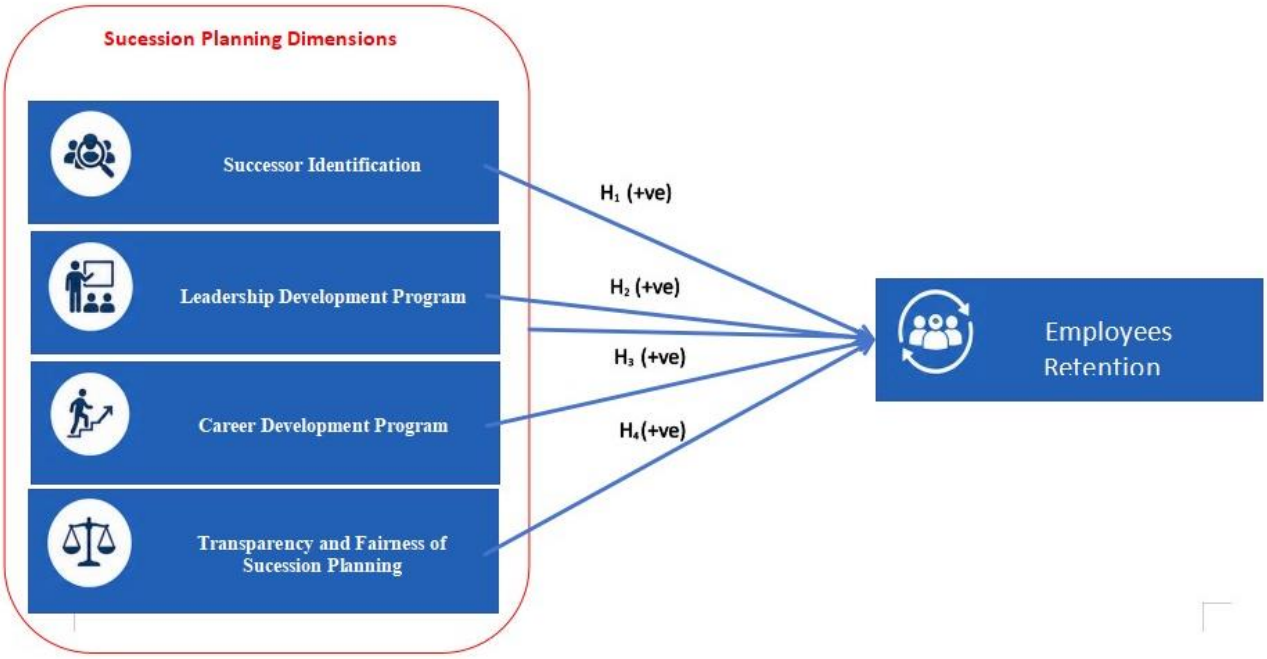


Fig: Conceptual framework of the study

2.7. Research Hypothesis

- H_1: Successor identification has a positive significant effect on employee retention.
- H_2: Leadership development programs have a positive significant effect on employee retention.
- H_3: career development program has a positive significant effect on employee retention.
- H_4: Transparency and fairness of succession planning has a positive significant effect on employee retention.
- H_5: Succession planning dimensions in aggregate have a positive significant effect on employee retention.

CHAPTER THREE

Research Methodology

3.1. Introduction

Good research requires appropriate methods of data collection and data analysis that fit the purpose of the study. This research focuses on examining the effect of succession planning on employee retention at National Cement PLC. This chapter explains the methods and procedures that were used to collect and analyze the data needed for the study.

The chapter covered the setting of the study, the target population, sample size and sampling technique, research instruments, data collection methods, and data analysis techniques.

This study was conducted at National Cement PLC. The company was established in November 2005 in the Dire Dawa Administrative Region, which is about 505 kilometers from Addis Ababa. At the beginning, the company was formed as a joint venture between East African Mining Corporation PLC and the Ethiopian Government. Later, East African Mining Corporation took full ownership, and National Cement PLC became a privately owned company.

National Cement PLC is one of the major cement producers in Ethiopia.National Cement PLC has a production capacity of approximately 3,000 tons of clinker per day, equivalent to about 1.3 million tons of cement annually. The company produces Ordinary Portland Cement (OPC) and Pozzolanic Portland Cement (PPC) for both domestic and export markets. In addition, it supplies clinker to its grinding plants.

The company currently operates under a joint venture between East African Holding and West International Holding Limited, a Chinese industrial company. Through this partnership, several cement and industrial projects are being developed, including Lemi Cement and Industrial Park, Melka Jebdu Cement Factory, and Red Fox International. According to company plans, these projects are expected to make a significant contribution to Ethiopia's cement supply upon completion.

The joint venture has signed a large investment agreement worth USD 2.2 billion, which will be implemented in different phases. The first phase will include the construction of several industrial projects in Lemi Industrial Park, located in the Amhara Region. These projects are expected to help reduce the gap between cement supply and demand, increase export earnings, and support the country's industrial development.

3.2. Research Design

A cross-sectional explanatory research design was employed for this study. This design involves collection of data at single point of time to determine the pattern and relationship among the variables. The explanatory aspect also gives emphasis in determining the cause and effect relationships between the independent and dependent variables stated under the conceptual framework.

The design helps the researcher to explore how and to what extent succession planning can affect employee retention in the case organization.

3.3. Research Approach

This study employed mixed-research approach by integrating both quantitative and qualitative research approaches supported by both descriptive and explanatory research designs. The quantitative approach uses to explore the relationship between the two main variables i.e., succession planning and employee retention using numerical data collected from National Cement PLC permanent employees. This approach allows the researcher to statistically test the research hypothesis and generalization of findings across the overall population.

The qualitative part also complements the quantitative finding by collecting pertinent information from key informants such as Division Managers and Directors of the organization using semi-structured interviews. This helped the researcher get detailed and deeper insights on the effect of these selected succession elements on employee retention.

3.4. Data Sources

For this study, the researcher was collected both primary and secondary data. The primary data was collected from the case organization's division manager and above permanent employees using two techniques. A structured questionnaire was designed using Likert's five-point scale ranging from 1=strongly disagree to 5=strongly agree to assess the employees' perception on succession planning and employee retention. In addition to the questionnaire, semi-structured interview was prepared with some selected incumbents to obtain deep insight about the dependent and independent variables of the study and complement the quantitative findings. The research instrument has items adapted from different established and validated scales in prior empirical studies to ensure reliability and validity.

And other necessary secondary data was gathered from the organization's policies, procedures, manuals, financial reports and other pertinent documents. Additionally, other published scholars including but not limited to books, journal articles, theses, and other credible online sources were reviewed to support the empirical and theoretical foundations of the study.

3.5. Sampling Design

This section explains how the study participants were chosen. It discusses the target population, the sampling technique used, and the method applied to determine the sample size.

3.5.1. Target Population and Sampling Technique

The target population for this study consists of employees holding the position of Division Manager and above at National Cement PLC. These employees were selected because they are directly involved in leadership responsibilities and have experience with succession planning practices within the organization.

At the Head Office in Addis Ababa, there are 34 employees in these positions, of whom 21 are local employees and 13 are expatriates. At the factory, there are 54 employees, including 44 local employees and 10 expatriates. Therefore, the total target population for the study is 88 employees.

To select the study participants, a stratified random sampling technique was used. First, employees were grouped into two categories based on their employment status: local employees and expatriates. This approach ensured that both groups were represented in the study. After the groups were established, participants were selected using simple random sampling, giving each employee an equal chance of being included in the sample. A list of eligible employees was obtained from the Human Resources Department, and the required number of respondents was selected using randomly generated numbers.

3.5.2. Sample Size

The sample size was determined using Yamane's (1967) formula, which is appropriate when the total population size is known.

$$n = \frac{N}{1 + N(e)^2}$$

Where

- n= Sample size,
- N= Total population, and
- e = margin of error (0.05)

$$n = \frac{88}{1 + 88(0.05)^2}$$

$$n = 72$$

Based on this calculation, a sample of 72 respondents was selected from the total population of 88 employees using stratified random sampling. The sample was considered adequate to provide information on succession planning and employee retention among employees holding managerial positions at National Cement PLC.

Before the main data collection, a pilot test was carried out to assess the quality of the questionnaire. The reliability of the instrument was evaluated using Cronbach's Alpha. In general, a Cronbach's Alpha value of 0.70 or above indicates an acceptable level of internal consistency among the questionnaire items.

3.6. Method of Data Analysis

The quantitative data were coded and analyzed using the Statistical Package for Social Science (SPSS) version 27. Descriptive statistical methods such as frequency, mean, median and standard deviation were applied to describe the demographic backgrounds of the respondents and to describe the overall pattern of responses regarding the study variables. Inferential statistical methods such as Pearson correlation analysis were used to evaluate the strength and direction of relationships between succession planning dimensions and employee retention. Additionally, multiple regression analysis was conducted to test the direct effect of the succession planning dimensions on employee retention.

Regression analysis uses to assess the relationship between succession planning elements and employee retention. Multiple regressions are an extension of simple linear regression. It is used when we want to predict the value of a variable based on the value of two or more other variables. The variable the researcher want to predict is called the dependent variable (or sometimes, the outcome, target or criterion variable). The variables that the researcher is using to predict the value of the dependent variable are called the independent variables (or sometimes, the predictor, explanatory or regressor variables). Finally reasonable explanation of data and interpretation was accomplished.

The qualitative data obtained from the semi-structured interview was transcribed, edited, coded and analyzed using thematic analysis.

3.7. Validity and Reliability

3.7.1. Validity

Validity is the extent to which a test measures what it intends to measure (Creswell J. W. 2009). To check and maintain the validity of the data collection items, intensive literature was reviewed, human resource experts were consulted and pilot study was conducted. Based on the expert's comments, necessary corrections were made. The validity concern was addressed through the review of literature and adapting valid instruments used in previous researches.

3.7.2. Reliability

Prior to the main data collection, reliability check for the questionnaire was checked by using Cronbach's Alpha statistical method to ensure internal consistency by using pre-testing method. The pilot study was involved 21 respondents who have similar characteristics with the target population of the study.

S/N	Variables	Cronbach's Alpha	Number of Items
1	Successor Identification	0.806	5
2	Leadership Development Programs	0.748	5
3	Career Development	0.818	5
4	Transparency and fairness	0.716	5
5	Employee Retention	0.824	5

The overall Cronbach's alpha of the scales used in this study was rated as good and acceptable. As a result, it indicated the reliability of the scales was high showing a strong internal consistency among the measurement items and the selected instrument accurately measures the variables selected. Values of 0.70 or greater were considered the data collection instrument is reliable.

3.8. Ethical Consideration

The respondents were approached after the purpose of the study has been explained in detail so that they will be comfortable to give their response in time. All participants were asked to voluntarily participate in the data collection by collaborating in filling the questionnaire and in the semi-structure interview. By doing so, the researcher made the respondents free of any harm and more importantly their responses was very confidential and anonymous.

During the interview the five basic ethical considerations were applied to the interview. These were informed consent, no deception, the right to withdraw, debriefing and confidentiality (willing, 2008) and all the above were discussed with the interviewee before the interview.

Chapter Four

Result and Discussion

4.1. Introduction

The interpretation of the results of analysis is based on data collected from the 63 respondents representing employees National Cement PLC. Out of the distributed 72 questionnaires, a response rate of 87.5% was achieved, highlighting the outstanding level of participation from the targeted participants. The study findings have been summarized and presented below. The findings provide valuable insights into the level of succession planning dimensions and employee retention and show their magnitude and direction of relationship. This section presents the key demographic characteristics of the respondents, including gender, age, tenure, position level, and educational background. These variables help describe the overall profile of the participants in the study.

4.2. Response Rate

Table 1: Response Rate

Sample Size	Number of Responses	Response rate (%)
72	63	87.5

This table revealed that the data collection was very successful with a final response rate of 87.5%. Out of 72 distributed questionnaires, the researcher obtained 63 successful respondents, which far exceeds the standard threshold for academic researches. This high level of response highlights that the findings are representative enough for the target population and provide robust foundation for subsequent statistical analysis such as correlation, and regression.

4.3. Demographic Characteristics of Respondents

This section of the questionnaire is designed to collect relevant demographic data of the respondents. This section covered important demographic aspects such as gender, age, tenure,

position level, employment type and educational level of the respondents. This part helped the researcher know the characteristics of the respondents.

Table 2: Demographic Information of Respondents

S/N	Demographic Characteristics		Number of Respondents	% of Respondents
2	Age	18-29	5	7.94
		31-39	29	46.03
		40-49	26	41.27
		+50	3	4.76
3	Sex	Male	41	65.08
		Female	22	34.92
4	Educational Level	Degree	19	30.16
		Masters	41	65.08
		PHD	3	4.76
5	Work Experience in Year	5 Years and below	6	9.52
		6-10	26	41.27
		11-15	22	34.92
		16 and Above	9	14.29
6	Position level	Division Manager	33	47.62
		Director	24	38.10
		Executive	6	9.52

Source: Own Survey (2026)

A. Distribution of Respondents by Sex

The gender distribution of the 63 respondents demonstrated that majority of respondents were male 41 (65.08%) of the total sample. Female participants covered the remaining 34.92 % (22 individuals). While both genders are represented, the response is predominantly covered by male participants, which provides a demographic profile that should be considered when analyzing the data.

B. Distribution of Respondents by Age

The age distribution revealed that the sample is primarily composed of individuals in their mid-career stages. The largest portion is covered by 31-39 age group, representing 46.03% (29 respondents). This age group is followed by 40-49 age brackets at 41.27% (26 respondents). These two categories together covered about 87% of respondents. In contrast, younger employees (18-29) and aged staff (50+) represent very smaller fraction of the overall response.

C. Distribution of Respondents by Educational Level

In terms of educational qualification of respondents, the majority of respondents hold Master's degree (65.08%), followed by Bachelor's degree holders (30.16), while very small portion of respondents 3(4.76%) hold PhD and above. Overall, this indicated that all respondents hold bachelor degree and above, which is suitable for providing informed responses to the study variables.

D. Distribution of Respondents by Work experience in the Organization

In terms of employees work experience, the largest population (41.27) worked for 6-10 years in the organization, followed by those having 11-15 years (34.92%). Those with more than 16 years of work experience have covered 14.29%, while the smallest group (9.52%) has 5 years and below work experience in the organization.

E. Distribution of Respondents by Position Level

The distribution of respondents by position level indicates that the largest proportion of respondents are Division Managers (47.62%), followed by Directors (38.10%). Executive Management covered the smallest group with 6 respondents (9.52%). This highlights that the data is mainly drawn from middle to senior management; it may provide strategic insight relevant to the study.

4.4. Quantitative Analysis

The descriptive statistics of this study was described using the following table.

Table 3: Descriptive statistics interpretation scale

Mean Score Range	Interpretation
1.00-1.80	Very Low
1.81-2.60	Low
2.61-3.40	Moderate
3.41-4.20	High
4.21-5.00	Very High

Adapted from Rensis Likert's five-point Likert scale interpretation approach.

4.4.1. Descriptive Statistics

A. Successor Identification Dimension

Table 4: Descriptive result of Successor Identification

Successor Identification Items	Frequency (% of 63 respondents)					Mean	SD
	1	2	3	4	5		
The organization has a clear system for identifying potential successors.	3.2	14.3	46.0	19.0	17.5	3.33	1.032
Employees are selected for future roles based on merit and performance.	1.6	15.9	30.2	46.0	6.3	3.40	0.890
High-potential employees are systematically identified.	1.6	7.9	36.5	33.3	20.6	3.63	0.955
Criteria for selecting successors are clearly defined.	1.6	9.5	14.3	65.1	9.5	3.71	0.831
The organization regularly reviews potential leadership candidates.	1.6	12.7	27.0	31.7	27.0	3.70	1.057
Grand Mean						**3.554**	**0.953**

Source: Own Survey (2026)

Regarding the organization's successor identification system, responses indicated a moderate perception of clarity. While 36.5% of respondents agreed or strongly agreed, large proportion of respondents (46%) remained neutral and the remained 17.5% expressed disagreement. The mean score of 3.33 (SD=1.03) suggests that the system exists but may not be clearly communicated or clearly understood across the organization.

Regarding merit based employee selection for future roles, majority of respondents perceived that merit and performance guide selection decision with 46.0% agreeing and 6.3 strongly agreeing. However a notable number of respondents (30.2%) remained neutral while some expressed disagreement. The mean score of 3.49 (SD=0.89) implies a positive but not strong in terms of fairness and meritocracy.

Regarding high-potential employees identification, the majority of respondents agreed (33.3%) or strongly agreed (20.6) that high potential employees are identified systematically by the organization. However, considerable number of respondents (36.5%) remained neutral while there were some level of disagreements. The mean score of 3.63 (SD=0.96) implies a moderately positive perception, suggesting to use structured method to identify high potential employees.

Regarding the clarity of the successor identification criteria, majority of respondents agreed (65.1) with an additional 9.5% strongly agreeing. Only a small portion of respondents expressed disagreement regarding it. The mean score of 3.71 (SD=0.83) implies relatively strong perception that the selection criteria being used by the organization are well-defined and communicated.

Regarding the organizations potential leadership candidate reviews, 31.7% agreement and 27.0% strong agreement was reported. However, 27.0% remained neutral and some disagreement was noted. The mean score of 3.70 (SD=1.06) indicates while review practices are present, their consistency may vary across the organization.

The grand mean of 3.554 with a standard deviation of 0.953 shows that this variable got high level of employee satisfaction. This means employees of the organization are generally satisfied with the successor identification process of their organization.

B. Leadership Development Program Dimension

Table 5: Descriptive result of leadership development programs

Leadership development program items	Frequency (% of 63 respondents)					Mean	SD
	1	2	3	4	5		
The organization provides formal leadership training programs.	0	7.9	22.2	52.4	17.5	3.79	0.826
Employees are given opportunities to develop leadership skills.	1.6	6.3	36.5	42.9	12.7	3.59	0.854
Coaching from supervisors supports employee development.	1.6	1.6	28.6	52.4	15.9	3.79	0.786
Mentoring relationships exist between senior and junior staff.	1.6	3.2	20.6	50.8	23.8	3.92	0.848
Job rotation and challenging assignments prepare employees for leadership roles.	1.6	9.5	30.2	42.9	15.9	3.62	0.923
Leadership development initiatives effectively prepare employees for future positions.	1.6	4.8	25.4	39.7	28.6	3.89	0.935

Source: Own Survey (2026)

Regarding the organization's formal training programs, majority of respondents agreed (52.4) or strongly agreed (17.5) that the organization provider formal training programs regularly to its employees.

No respondents selected strong disagreement in relation to the items measured. Only a small proportion indicated disagreement or remained neutral across the statements.

The mean score of 3.79 (SD = 0.83) suggests that respondents generally perceive the organization as having structured and regular training programs.

Regarding leadership development opportunities, 42.9% of respondents agreed and 12.7% strongly agreed that employees are given opportunities to develop their leadership capabilities, while 36.5% remained neutral. A smaller proportion expressed disagreement. The mean score of 3.59 (SD = 0.85) indicates a moderately positive view, suggesting that leadership development practices exist but may not be equally accessible to all employees.

In relation to supervisory coaching, 52.4% of respondents agreed and 15.9% strongly agreed that they receive adequate coaching from their supervisors, while only a few reported disagreement. The mean score of 3.79 (SD = 0.79) reflects a generally positive perception of supervisory support.

For mentor-ship practices, 50.8% of respondents agreed and 23.8% strongly agreed that mentor-ship relationships exist between junior and senior employees. Only a small number of respondents were neutral or disagreed. The mean score of 3.92 (SD = 0.85) suggests that mentor-ship is present and contributes to employee development.

Finally, 42.9% of respondents agreed and 15.9% strongly agreed that job rotation and challenging assignments are used to prepare employees for future roles. However, 30.2% remained neutral, while a smaller proportion disagreed. The mean score of 3.62 (SD = 0.92) indicates a moderately positive perception of this practice.This suggests that these practices are applied by the organization but not consistently

Regarding the effectiveness leadership development initiatives, most respondents agreed (39.7%) or strongly agreed (28.6%) that leadership development initiatives of the organization prepares employees for future roles. A smaller neutrality and disagreement were expressed. The mean score of 3.89 (SD=0.94) indicates strong perception that such initiatives are effective in building future leadership capacity.

C. Career Development Dimension

Table 6: Descriptive result of Career development programs

Career Development Items	Frequency (% of 63 respondents)					Mean	SD
	1	2	3	4	5		
The organization provides clear career growth opportunities.	3.2	25.4	17.5	36.5	17.5	3.40	1.144
Employees have access to promotion opportunities.	1.6	20.6	31.7	38.1	7.9	3.30	0.944
Career paths are clearly defined in the organization.	3.2	25.4	27.0	31.7	12.7	3.25	1.077
The organization supports employees' long-term career goals.	3.2	17.5	28.6	25.4	25.4	3.52	1.148
Career development initiatives motivate employees to stay.	1.6	15.9	25.4	50.8	6.3	3.44	0.894

Source: Own Survey (April, 2026)

Regarding the career growth opportunities provided by the organization, majority of employees 36.5% agreed and 17.5% strongly agreed, while considerable number of participants (17.5%) remained neutral. However, 28.6% of respondents disagreed that the organization is not providing clear career trajectory opportunities for its employees. The mean score of 3.40 (SD=1.144) implies moderately positive satisfaction with the need for some interventions in making clear and communicable career paths.

Considerable number of respondents (38.1%) agreed and (7.9%) strongly agreed that the organization is providing access to promotion opportunities, while 31.7% remained neutral. However, 20.6% of respondents disagreed. The mean score of 3.30 (SD=0.944) showing moderately positive satisfaction while there is a need for some enhancement in promotion opportunities.

Regarding the clarity of career paths, 44.4% of respondents agreed and strongly agreed that the organization has clearly defined career trajectories, while 27% remained neutral. There is also some participants expressed disagreement. The mean score of 3.25% (SD=1.077) reveals a moderately positive result while the organization has to intervene on developing clear career paths

Majority of respondents 50.8% agreed and strongly agreed that the organization is providing long-term career opportunities to its employees, while considerable number of respondents (28.6%) remained neutral. Additionally, some level of disagreement is observed. The mean score of 3.52 (SD=1.148) implies a moderately positive result while there is a need for some enhancement.

Majority of respondents 57.1% respondents agreed and strongly agreed that the career development initiatives motivate employees to stay within the organization, while 25.4% remained neutral. Some disagreements also observed. The mean score of 3.44 (SD=0.894) shows a moderately positive result.

D. Transparency and Fairness Dimension

Table 7: Descriptive result of transparency and fairness

Transparency and Fairness Items	Frequency (% of 63 respondents)					Mean	SD
	1	2	3	4	5		
Succession planning processes are transparent.	3.2	12.7	30.2	34.9	19.0	3.54	1.045
Decisions about promotions are fair.	1.6	11.1	28.6	44.4	14.3	3.59	0.927
Employees trust the organization's selection process.	0	12.7	30.2	44.4	12.7	3.57	0.875
There is no favoritism in leadership selection.	4.8	4.8	28.6	44.4	17.5	3.65	0.986
Information about career advancement is clearly communicated.	1.6	15.9	19.0	44.4	19.0	3.63	1.021

Source: Own Survey (April, 2026)

With a mean score of 3.54, around 54% agreed and strongly agreed that the succession planning of the organization are clear and transparent, while considerable proportion (30.2%) remained neutral. Few disagreements were also observed.

Decisions made during promotion are perceived as fair by significant respondents (58.7%) while 28.6% remained neutral. However, there are some respondents (12.7%) of respondents perceive the program as unfair. The mean score of 3.59 (SD=0.92) revealed a moderately positive result

The third item has a mean score of 3.57, shows there is moderate trust in the organization's selection procedure. The lower standard deviation score of 0.875 suggests more consistent responses, though a significant portion remains neutral, implying room to reinforce trust.

Regarding the favoritism in leadership selection, majority of employees agreed (44.4%) and strongly agreed (17.5%) while notable respondents 28.6 remained neutral. With the highest mean of 3.65 (SD=0.986) implies respondents tend to agree that favoritism is limited in the selection process. However, the higher standard deviation implies that not all employees fully share this view.

Regarding to the clarity of career advancements, a mean score of 3.63 indicates that employees generally agree that career advancement information is communicated clearly. However the higher standard deviation (1.021) implies there might inconsistency in communication across the organization.

E. Employee Retention Dimension

Table 8: Descriptive result of employee retention

Employee Retention Items	Frequency (% of 63 respondents)					Mean	SD
	1	2	3	4	5		
I intend to remain with this organization for the foreseeable future.	0	1.6	30.2	41.3	27.0	3.94	0.801
I feel committed to this organization.	1.6	1.6	23.8	54.0	19.0	3.87	0.793
I rarely think about leaving this organization.	0	3.2	30.2	44.4	22.2	3.86	0.800
I am satisfied with my job in this organization.	1.6	4.8	20.6	47.6	25.4	3.90	0.893
I would recommend this organization as a good place to work.	0	3.2	22.2	46.0	28.6	4.00	0.803
I feel valued and appreciated in this organization.	0	1.6	22.2	52.4	23.8	3.98	0.729

Source: Own Survey (2026)

With the mean score of 3.94, respondents generally agreed that their intention to stay with the organization is high. Majority of respondents 68.3% expresses agreement and strong agreement, while considerable number (30.2%) remained neutral. The lower standard deviation (0.801) implies that there is high consistency among respondents.

Regarding the commitment of respondents to the organization, the majority of respondents 54.0% agreed and 19% strongly agreed, while 23.8% remained neutral. There are also very few disagreement. The mean score of 3.87 (SD=0.793) implies positive result while the lower standard deviation is showing high level of consistency among respondents.

Majority of respondents 66.6% agreed and strongly agreed that they are rarely consider about leaving their organization, while significant portion also remained neutral. The mean score of 3.86 indicates that employees do not frequently consider leaving the organization. The relatively lower standard deviation (SD=0.800) indicates that there is strong consistency among respondents.

With a mean score of 3.90, employees generally report being satisfied with their jobs. Though there is strong level of agreement, the slightly higher level of standard deviation (0.893) suggests some differences in satisfaction levels among respondents.

Majority of respondents, 73% of employees agreed and strongly agreed that they are highly likely to recommend the organization to other, while 20.6% remained neutral. The mean score of 4.00 indicates that employees are highly likely to other external employees to work for the organization.

With a mean score of 3.98, majority of respondents largely feel recognized and appreciated. The lower standard deviation (0.729) shows strong agreement across employees, highlighting a generally positive perception of the organizational support and recognition.

4.4.2. Correlation Analysis

Table 9: Correlation between succession planning practices and employee retention

Correlations						
		SI	**LDP**	**CD**	**TF**	**ER**
Successor Identification (SI)	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	63				
Leadership Development Programs (LDP)	Pearson Correlation	.525**	1			
	Sig. (2-tailed)	.000				
	N	63	63			
Career Development (CD0	Pearson Correlation	.256*	.392**	1		
	Sig. (2-tailed)	.042	.001			
	N	63	63	63		
Transparency and Fairness (TF)	Pearson Correlation	.335**	.402**	.383**	1	
	Sig. (2-tailed)	.007	.001	.002		
	N	63	63	63	63	
Employee Retention (ER)	Pearson Correlation	.380**	.472**	.293*	.441**	1
	Sig. (2-tailed)	.002	.000	.020	.000	
	N	63	63	63	63	63
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source: Researcher's Computed SPSS result (2026)

The Pearson correlation analysis was conducted to assess the relationship among variables; successor identification, leadership development programs, career development, transparency and fairness and employee retention. The result demonstrated that all variables are positively and

significantly related with each other. This suggests that the improvement in succession planning dimensions is associated with higher employee retention in the case organization.

Among the independent variables, leadership development programs (LDP) have the strongest relationship with employee retention ($r=0.472$, $p<0.01$). This implies that providing leadership development programs such as formal training, coaching, and mentoring contributes substantially to retain employees. Next to leadership development programs, transparency and fairness is positively correlated with employee retention ($r=0.441$, $p<0.01$). This shows that fair and transparent process in succession planning can enhance the willingness of employees to stay in the organization.

Similarly, successor identification (SI) had a significant positive relationship with employee retention ($r=0.380$, $p<0.01$). It suggests that identifying and preparing potential successors can positively influence employees' intention to stay in the organization. Career development also showed a positive and significant relationship with employee retention ($r=0.293$, $p<0.05$), though this relationship is weaker than the other independent variables.

The interconnectedness among the independent variables was also positive and significant. The strongest relationship was observed between successor identification and leadership development programs ($r=0.5525$, $p<0.01$). This implies that organizations with effective successor identification practices are likely to implement strong leadership development initiatives. Since none of the correlation coefficients exceeded 0.80, the findings indicating that multidisciplinary is not a serious issue in this study.

Overall, the correlation analysis revealed that succession planning dimensions are positively correlated with employee retention in National Cement. This implies that strengthening in fairness and transparency of the succession planning process, leadership development practices, career growth programs and successor identification can contribute to improving employee retention.

4.4.3. Test of Assumptions

In quantitative research, especially when primary data is collected through questionnaire a survey, conducting a preliminary data analysis is essential to ensure the usability, reliability, and validity of the data for subsequent analyses. In this study, assumptions underlying ANOVA and regression

analysis were examined using appropriate statistical methods to identify and address unengaged respondents, sample size adequacy, outliers, and normality assumptions. Moreover, prior to testing the hypothesis, the model undergone through a serious of assessments for assumptions including normality, linearity, reliability and the independence and normal distribution of error terms.

A. Unengaged Respondents

The collected data was examined to identify unengaged respondents by computing the Standard deviation of each response. Subsequently, no response was found with SD value of 0.2 and below. Since the minimum SD exceeded the cutoff point of 0.2, there are no unengaged respondents in the dataset (Gaskin, 2017).

B. Normality Test

The normality test was conducted using Skewness and Kurtosis. The result indicated that majority of variables (career development, transparency and employee retention) were within the acceptable range ±2.0, implying normal distribution. However, LDP demonstrated a high kurtosis value of 4.659, indication some deviation from the normality. Despite these deviations, the overall data can be considered approximately normal.

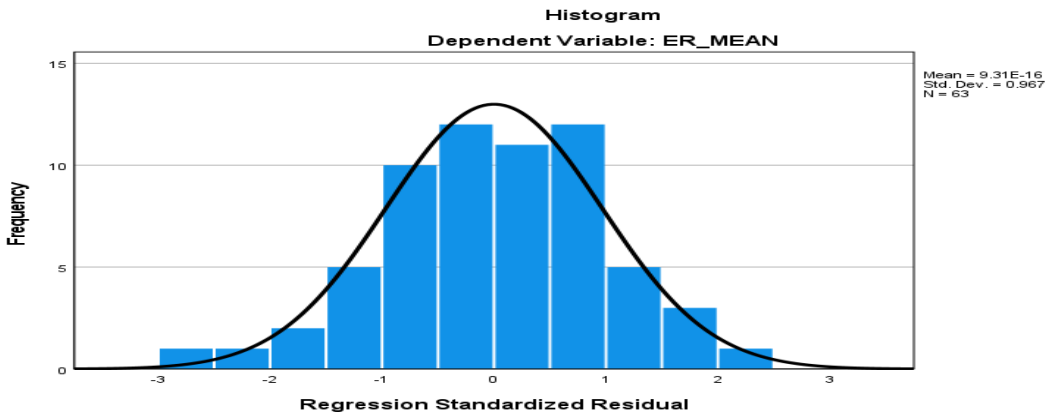


Fig: Histogram

In addition to Skewness & Kurtosis, histogram was used to further check the normality. As a result, the diagram of standardized residuals appeared as bell-shaped and symmetric. This indicates that the residuals are normally distributed. Therefore, the test of normality is satisfied.

C. Linearity Test

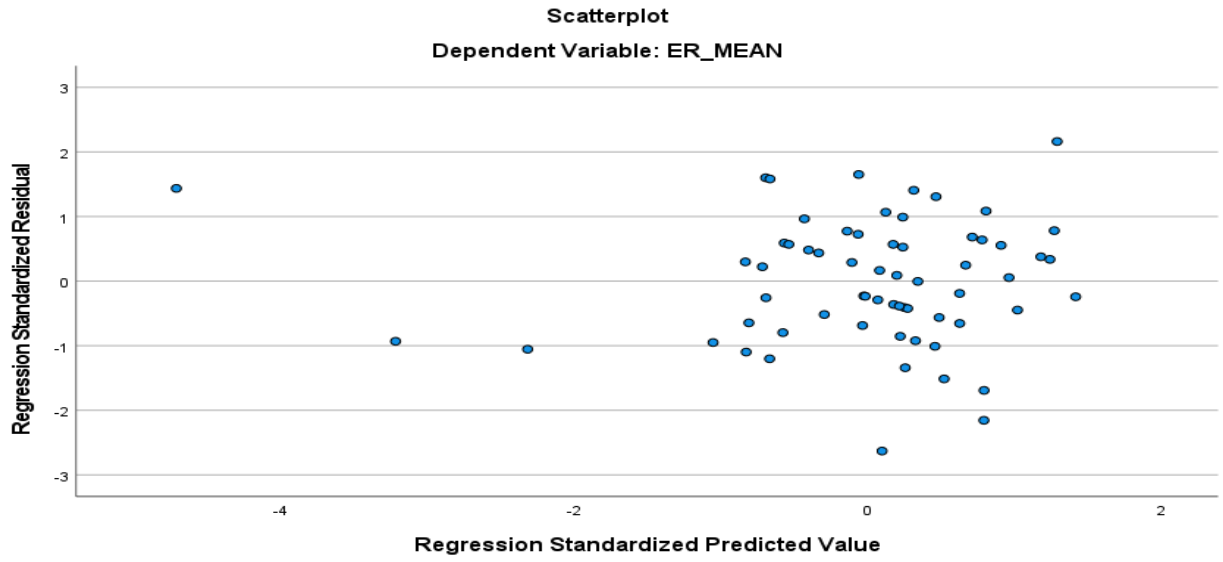


Figure: P-P Plot

The scatter-plot of standardized residuals against standardized predicted values shows that the points are randomly distributed without clear or systematic pattern. This implies that the linearity assumption is satisfied. Additionally, this result also confirmed that there is no serious hetroscedasticity problem in this study.

D. Multicollinearity Test

Table 10: Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	(Constant)		
	Successor Identification	.706	1.417
	Leadership Development Program	.627	1.594
	Career development	.785	1.273
	Transparency and Fairness	.762	1.313

Source: Researcher's Computed SPSS result (2026)

Multicollinearity test was conducted using Tolerance and Variance Inflation Factor (VIF) values. As presented in the above table, the tolerance values ranged from 0.627 to 0.785, which are all above the minimum threshold of 0.10. Similarly, the VIF ranged from 1.273 to 0.1594, which are

far below the maximum threshold limit of 10. Therefore, the result implies that there is no multicollinearity problem among the independent variables included in this study.

4.4.4. Reliability Test

Table 11: Reliability test

S/N	Variables	Cronbach's Alpha	Number of Items
1	Successor Identification	0.713	5
2	Leadership Development Programs	0.728	6
3	Career Development	0.806	5
4	Transparency and Fairness	0.750	5
5	Employee Retention	0.724	6

Source: Researcher's Computed SPSS result (2026)

Reliability test was conducted using Cronbach's Alpha using SPSS version 27 to check the internal consistency of the measurements used in the study. The result indicates that all dependent and independent variables demonstrated acceptable level of reliability, with Cronbach's Alpha exceeded the minimum threshold of 0.7.

Specifically, successor identification (0.713), leadership development program (0.728), career development (0.806), transparency and fairness (0.750), and employee retention (0.724) have scored good reliability scores.

Overall, the findings revealed that all measurement items are internally consistent since they exceed the minimum threshold 0.7. This shows that all variables used in this study are convenient for further analysis.

4.4.5. Regression Analysis

A. Model One: The Effect of Individual Succession Planning Dimensions on Employee Retention

Table 12: Model one's Model Summary

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.559[a]	.313	.266	.35901
a. Predictors: (Constant), Transparency & Fairness, Successor Identification, Career Development, Leadership Development Programs				

Source: Researcher's SPSS result (2026)

Regression analysis was conducted to assess the effect of succession planning dimensions (successor identification, leadership development practices, career development and transparency and fairness) on employee retention.

The model summary indicated that correlation coefficient with R=0.559, shows a moderate positive relationship between the dimensions of succession planning and employee retention. Additionally, the coefficient of determination R^2=0.313 indicates that 31.3% of variation in employee retention is explained by the combined effect of the succession planning dimensions included in this study. This also highlights the remained 68.7% of the variation may be explained by other variables not included in this study. The adjusted R square with 0.266 value suggests that after adjusting the number of predictors, the model still explains 26.6% of variance in employee retention. Additionally, the standard error of the estimate score 0.35901 indicates a relatively acceptable level of prediction error.

Table 13: Model one's ANOVA

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	3.406	4	.851	6.606	.000[b]
	Residual	7.475	58	.129		
	Total	10.881	62			
a. Dependent Variable: Employee Retention						
b. Predictors: (Constant), Transparency & Fairness, Successor Identification, Career Development, Leadership Development Programs						

Source: Researcher's SPSS result (2026)

The ANOVA results further confirms the overall fitness of the regression model. The model produced F=6.606 with a significance value of 0.000, which is below the acceptable threshold of 0.05. This shows that the independent variables jointly have a statistically significant effect on employee motivation.

Overall, the finding implies that succession planning practices significantly contributes to explaining employee retention in the case organization. Therefore, strengthening practices such as successor identification, leadership development programs, career development, transparency and fairness can positively contribute to the enhancement of employee retention.

Table 14: Model one's Coefficients Table

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.074	.362		5.726	.000		
	SI	.085	.083	.133	1.028	.308	.706	1.417
	LDP	.205	.102	.276	2.006	.050	.627	1.594
	CD	.026	.065	.049	.398	.692	.785	1.273
	TF	.189	.088	.267	2.143	.036	.762	1.313
a. Dependent Variable: Employee Retention								

Source: Researcher's SPSS result (2026)

The coefficient table presents the individual contribution of each succession planning dimensions on predicting employee retention.

The regression equation can be expressed as;

ER=2.074 + 0.085(SI) + 0.205(LDP) +0.026(CD) + 0.189(TF)

The constant value of B=2.074 with significance value of $p<0.001$ indicates the baseline level of employee retention when all independent variables held constant.

Among the dimensions of succession planning dimensions, leadership development programs showed a positive and statistically significant effect on employee retention (Beta=0.276, p=0.050). This implies that improving leadership development practices contribute positively in retaining employees. Specifically, one unit increase in leadership development programs can be resulted in 0.205 units (R) increase in employee retention, holding other variables constant.

Similarly, transparency and fairness have a strong positive and statistically significant effect on employee retention (Beta=0.267, p=0.036). This implies that transparent and fair succession planning practices significantly enhances employee retention in the organization. Specifically, one unit increase in transparency and fairness in the succession planning process can be resulted in 0.189 units.

On the other hand, successor identification showed a positive but statistically insignificant effect on employee retention (beta=0.133, p=0.308). Although the relationship is positive, since the p-

value exceeds the maximum threshold of 0.05 the successor identification process does not significantly predict employee retention in this organization.

Similarly, career development has positive but statistically significant effect on employee retention (Beta=0.049, p=0.692). This means that career development practice does not have statistically significant effect on employee retention in this organization.

Regarding the relative importance of the independent variables, leadership development programs are the strong predictors of employee retention with Beta value of 0.276, followed by transparency and fairness of succession planning (Beta=0.267). This indicates that these two variables are the most influential predictors of employee retention in this model.

Overall, the result indicates that leadership development practice and transparency and fairness have statistically significant positive effect on employee motivation, while successor identification and career development do not show statistically significant effect in this model.

B. Model Two: The Effect of Succession Planning Dimensions in Aggregate on Employee Retention

Table 15: Model two's Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.531[a]	.282	.270	.35796
a. Predictors: (Constant), Succession Planning Dimensions in aggregate				

Source: Researcher's SPSS result (2026)

The model summary result indicates that 28.2% variation in employee retention is explained by all dimensions of succession planning in aggregate. The adjusted R^2 value of 0.270 implies that the model has moderate explanatory power. Additionally, R value of 0.531 indicates that there is a moderate relationship between dimensions of succession planning in aggregate and employee retention.

Table 16: Model two's ANOVA Table

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
2	Regression	3.065	1	3.065	23.920	.000[b]
	Residual	7.816	61	.128		
	Total	10.881	62			
a. Dependent Variable: Employee retention						
b. Predictors: (Constant), Succession Planning Dimensions in aggregate						

Source: Researcher's SPSS result (2026)

The ANOVA result implies that this regression model is statistically significant (F=23.920, 0<0.001). This indicates that the dimensions of succession planning in aggregate have a statistically significant effect on employee retention and the model is suitable for explaining the relationship between the variables.

Table 17: Model two's coefficient table

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
2	(Constant)	2.241	.346		6.473	.000
	Succession Planning dimensions in aggregate	.470	.096	.531	4.891	.000
a. Dependent Variable: Employee Retention						

Source: Researcher's SPSS result (2026)

The coefficient result shows that succession planning dimensions in aggregate have a statistically significant and positive effect on employee retention in the organization (B=0.470, Beta=0.531, p<0.001). This implies that a single unit increase in succession planning dimensions can be resulted in 0.470 points improvement in employee retention, indicating a strong positive relationship.

4.4.6. Hypothesis Testing

Table 18: Hypothesis Testing

Hypothesis	Relationship	β	Sig. (p)	Decision
H_1	Successor Identification → ER	.133	.308	Rejected
H_2	Leadership Development Program → ER	.276	.050	Supported
H_3	Career Development → ER	.049	.692	Rejected
H_4	Transparency & Fairness → ER	.267	.036	Supported
H_5	Succession Planning Dimensions → ER	.531	.000	Supported

Source: Researcher's SPSS result (2026)

H1: Successor identification has a positive significant effect on employee retention.

The result revealed that successor identification has a positive but statistically insignificant effect on employee retention (Beta = 0.133, p = 0.308). Since the p-value is greater than the minimum acceptable level of significance, the relationship between successor identification and employee retention is not statistically significant. Therefore, the hypothesis stating that successor identification has a positive and significant effect on employee retention is rejected.

This finding suggests that simply identifying potential successors is not enough to keep employees committed to the organization. Employees are more likely to stay when succession planning is backed by real development opportunities, fair processes, and clear paths for career growth.

In other words, people seem to value succession planning more when it is part of a broader system that supports their growth, not just a process of naming future leaders.

This also contrasts with Rothwell (2020) and Armstrong and Taylor (2023), who argue that identifying and preparing future leaders on its own can strengthen employee commitment and support organizational continuity.

H2: Leadership development programs have a positive significant effect on employee retention.

The results show that leadership development programs have a statistically significant effect on employee retention (Beta = 0.276, p = 0.050). Since the p-value is at the accepted significance threshold, the relationship is considered significant.

Based on this result, H2 is supported, and the hypothesis is accepted.

This finding suggests that employees are more likely to stay with the organization when they are given opportunities to build their leadership skills and grow in their careers. In practice, leadership development programs appear to strengthen employees' sense of value and support, which can encourage them to remain with the organization. This result aligns with Armstrong and Taylor (2023) and Rothwell (2020), who argue that employee development plays an important role in improving retention and supporting organizational continuity.

H3: career development program has a positive significant effect on employee retention.

The results indicate that career development programs have a positive but statistically insignificant effect on employee retention (Beta = 0.049, p = 0.692). Since the p-value is above the accepted level of significance, the relationship is not statistically significant. As a result, H3 is rejected.

This suggests that career development programs, on their own, may not strongly influence employees' decisions to stay in the organization. While employees may still value opportunities for career growth, retention may depend more on other factors such as working conditions, leadership practices, or organizational support.

This finding differs from Armstrong and Taylor (2023) and Sun and Wang (2012), who argue that career development opportunities generally play a key role in strengthening employee commitment and retention.

H4: Transparency and fairness of succession planning has a positive significant effect on employee retention.

The result showed that transparency and fairness in succession planning have a statistically significant positive effect on employee retention (Beta = 0.267, $p < 0.036$). Since the p-value is below the minimum acceptable level of significance, the relationship between transparency and fairness of succession planning and employee retention is statistically significant. Therefore, H_4 was **supported**.

This finding indicates that employees are more likely to stay in the organization when succession planning processes are implemented fairly and transparently. Employees develop trust and confidence in the organization when promotion and development opportunities are handled openly and without bias. The finding is consistent with Rothwell (2020) and Varnall (2008), who stated that fairness and transparency in succession planning strengthen employee commitment and confidence in the organization.

H5: Succession planning dimensions in aggregate have a positive significant effect on employee retention.

The result showed that succession planning dimensions in aggregate have a positive and statistically significant effect on employee retention (Beta = 0.531, $p < 0.001$). Since the p-value is far below the minimum acceptable level of significance, the relationship between succession planning dimensions and employee retention is highly significant. Therefore,H_5 was **supported**.

This finding suggests that when succession planning is done well, it can help improve employee retention in the organization. Employees tend to stay longer when they can see clear opportunities for development, a sense of continuity in leadership, and fair practices in how decisions are made.

The result is in line with Rothwell (2020), Armstrong and Taylor (2023), and Dessler (2024), who all point out that succession planning supports employee growth, strengthens organizational stability, and contributes to long-term retention.

4.5. Qualitative analysis

4.5.1. Overview of Respondents

Out of the planned 10 interviews, a total of 7 participants were interviewed using purposive sampling. The majority of these respondents have substantial work experience (ranging from 8-15 years) in the organization, implying their responses are informed and reliable enough.

4.5.2. Thematic Analysis

The interview data were analyzed using thematic analysis. Accordingly, six main themes were emerged.

Theme one: Merit-Based Identification as a retention plan

The data consistently highlights that the identification of potential successors is based on merit in the organization. Criteria such as performance appraisals, supervisor recommendations, and competency assessments, and leadership potential have been utilized by the organization to identify successors.

Majority of participants highlights that employees who demonstrate strong technical and leadership competencies are likely to be considered in the succession planning. Several respondents perceive this positively as it can improve their performance and remained committed to the organization.

For example, one respondent says that employees feel encouraged to stay when they observe that high performing employees are recognized and considered in the succession planning. Additionally, one respondent explained that identifying employees based on merit and their performance increase confidence in the organization's future opportunities.

Key codes identified

- Performance-based successor identification
- Supervisor recommendation
- Leadership potential assessment

- Competency based evaluation

Overall, the participants agreed that succession planning practices are positively associated with employee retention when the selection process is fair and merit based. Conversely, lack of transparency may reduce employees' trust in the organization and increase intention to leave the organization.

Theme two: leadership Development Programs and Employee Readiness

Most of respondents highlighted that leadership development programs such as formal training, coaching, and mentoring improve employees' confidence, competency, leadership capability and readiness to assume higher role in the future.

Participants commonly reported that leadership development programs can enhance the competencies such as practical and managerial skills necessary to assume future roles. Formal training programs, coaching, mentoring were viewed as important tools that prepare employees for future leadership roles and enhance their confidence to take higher and complex responsibilities.

Several respondents noted that when the organization invests in employee development, it creates a sense of belongingness among employees. Employees develop strong emotional attachment with the organization when they perceive the organization is valuing them and invest in their long-term development.

Despite these positive responses, some participants highlighted that unequal access to training and development and inconsistent implementation of the development programs. A few participants noted that if development opportunities are not equally available to all employees, it may reduce the motivation of employees and create sense of unfairness.

Codes identified

- Training opportunities
- Coaching and mentoring
- Increased confidence
- Organizational investment in employees' development

Overall, the finding revealed that leadership development programs such as formal training, coaching and mentoring play significant role in enhancing employee retention in National Cement. Employees are highly likely to remain within organizations that support their career development and leadership growth. However, unequal access to the development programs may create a sense of unfairness and may weaken employees' trust and motivation.

Theme Three: Career Growth Opportunities and Long-Term Commitment

Career development opportunities have emerged as third them influencing employee retention. Majority of respondents agreed that promotion opportunities, skill development and clear career trajectories can strongly influence employees' willingness to remain emotional attached in the organization.

Participants highlighted that employees will remain with the organization when they envision their long-term career progression within the organization. Internal promotions and cross-functional learning opportunities were perceived as critical motivators that encourage employees to invest in the organization and to stay with it.

In addition to these positive insights, some respondents highlighted that promotion opportunities are limited and highly competitive. A few participants highlighted that unclear career paths and delayed career progression can enhance the employees' intention to leave the organization.

Key codes identified

- Internal promotion opportunities
- Skill development
- Career progression
- Long-term commitment
- Competitive promotion opportunities

Overall, the result indicated that career growth opportunities are a critical determinants of employee retention. Employees are likely to remain within the organization when they perceive clear and achievable career advancement opportunities. However, limited and unclear career paths reduce employee commitments and may increase the intention to leave the organization.

Theme Four: Transparency and Fairness in Succession Planning

Transparency and fairness of the succession planning programs have emerged as one of the critical themes across the interviews. Participants repeatedly mention that fairness, communication and merit-based decisions significantly influence employees' trust in the organization and their intention to leave the organization.

Majority of participants explained that employees are more committed when succession planning process used by the organization are fair and transparent. Participants highlighted that fair treatment of employees in the succession program strengthens trust in management and increase employees' confidence in the organizational system.

Key codes identified

- Transparency in decision-making
- Fairness and equity
- Merit-based succession planning
- Organization's trust

Overall, the finding revealed that transparency and fairness in succession planning are a crucial factors influencing employee retention. Employees are likely to stay in the organization when they perceive the succession planning as objective, merit-based and decisions are clearly communicated. Lack of fairness and transparency may reduce trust in the organization and increases turnover intentions.

Theme Five: Factors influencing employee retention

The final theme identified from the interview finding was about the broader factors influencing employee retention in the organization. Majority of participants identified variety of factors contributing to employee retention such as career opportunities, fair compensation, job security, recognition, fairness, and supportive work environments.

Most respondents reported that career development opportunities are the strongest reasons employees remain in the organization. Employees' intention to stay in the organization increases when they feel there is a future for them within the organization.

In addition to career opportunities, fair compensation and supportive leadership were also listed as critical retention factors. Participants highlighted that employees are more committed when they receive fair treatment, recognition and managerial factors.

Key codes identified

- Fair compensation and recognition
- Career development opportunities
- Supportive work environment

Generally, several participants also specifically highlighted succession planning, compensation programs, management support and supportive work environment as an important factor influencing employee retention.

Chapter Five

Summary, Conclusion and Recommendation

5.1. Summary

This study examined the effect of succession planning practices on employee retention at National Cement PLC. The research emphasized that succession planning as strategic tool that improve leadership continuity, reduce employee turnover and uplift organizational competitiveness. The four dimensions of succession planning (successor identification, leadership development programs, career development, and transparency and fairness) were identified as a key factors influencing employee retention.

The case organization (National cement PLC) is currently facing challenges such as aging leadership, over reliance on expatriates, and lack of structured succession planning program. These challenges have led to higher cost, unstable leadership and risk of tacit and explicit knowledge loss. Therefore, this study intends to investigate how succession planning can be used as retention strategy to address such challenges.

5.2. Conclusion

Generally, the findings of the study revealed that succession practices have varying levels in influencing employee retention. The correlation result indicated that all succession planning dimensions were positively associated with employee retention and each with each other. This suggests that improvement in succession planning practices contributes to enhancing employees' willingness to stay in the organization. However, the regression analysis demonstrated that not all dimensions significantly influence employee retention. Among the five hypotheses, three of them were supported. Specifically, the study found that leadership development programs such as formal training, coaching and mentoring have statistically significant and positive effect on employee retention. This suggest that employees are highly likely to remain in the organization when they are provided with development programs such as leadership training, coaching, mentoring and other professional growth opportunities. Similarly, transparency and fairness in

succession planning practices were found to have statistically significant positive effect on employee retention. Employees commitment to stay will be enhanced when the organization make the succession planning process fair, clear, and transparent. Transparent promotion opportunities and objective evaluation criteria increase trust in management and reinforces employees' confidence in the organization. Furthermore, the study also revealed that the succession planning dimensions collectively have a significant and positive effect on employee retention. This suggests that succession planning can serve as a strategic tool that contributes to leadership continuity and long-term success of the organization. However, the study rejected two hypotheses related to successor identification and career development both variables showed positive but statistically insignificant effect on employee retention. This implies that the existing successor identification process and career development programs may not be well structured and consistently implemented to significantly influence the employee retention in the organization. The qualitative finding further finds that employee retention is not only influenced by the selected succession planning practices but also by different factors such as management support, recognition, job security, and supportive work environments. Overall, the study concludes that succession planning significantly contributes to employee retention particularly through the provision of leadership development programs and transparent and fair organizational practices. Therefore, the organization can enhance its employee retention through strengthening its leadership development programs and improving transparency and fairness in the succession planning process.

5.3. Recommendations

Based on the findings of this study, the following recommendations are proposed;

1. **Development of formal succession planning framework:** the organization shall establish clear policies and procedures for identifying and preparing successors for key position in the organization. Additionally, the organization shall regularly review and update the framework to reflect organizational changes.
2. **Strengthen successor identification processes:** Instead of subjective criteria, the organization shall use objective performance data and competency-based assessments to

identify high-potential and high-performance employees (Potential successors). Additionally, the organization shall apply transparent criteria to avoid favoritism and bias.

3. **Investment in leadership development programs:** for better employee retention, the organization shall implement structured leadership development programs such as formal trainings, coaching and mentoring. Furthermore, leadership development programs should be more closely aligned with the organization's overall business strategy so they can better support the development of future talent.
4. **Enhance career development programs:** To improve employee retention, the organization should provide clearer career paths, fair promotion opportunities, and continuous skill development programs.

Additionally, the organization shall encourage employees to envision long-term growth within the organization

5. **Promote transparency and fairness of succession planning process:** The organization shall communicate its succession planning openly to its employees. Additionally, it shall ensure decisions are merit-based and in alignment with the organizational justice principles.
6. **Reduce over reliance on expatriates:** through gradual knowledge transfer and transfer of responsibilities from expatriates to local employees, the organization can enhance local employees' retention.

5.4. Suggestions for Future Research

While this study provides valuable insights, it also opens door for further research to deepen understanding of succession planning dimensions and employee retention.

- This study employed cross-sectional research design where data was collected at one time, which limits the ability to establish causal relationship over time. Future research should adopt a longitudinal approach to examine how these selected dimensions of succession planning can affect employee retention through time.
- Future researchers should include other independent, mediating (such as job satisfaction and organizational commitment) and moderating variables (leadership styles or organizational culture) that may impact the relationship between the succession planning practices and employee retention.

- To enhance the generalization of the findings, future studies should include other cement factories, other financial institutions and other organizations from different sectors. Comparative studies across different organizations and sectors can provide deeper insights to the HRM literature.

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Appendix

Appendix 1: Questionnaire



COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MA IN HUMAN RESOURCE MANAGEMENT (EXTENSION) PROGRAM 2024/25

I am Eskindir Nigussie, a postgraduate student of the Master of Arts in Human Resource Management, Addis Ababa University. I am carrying out a study on "The Effect of Succession Planning Practice on Employee Retention in the case of National Cement PLC''. It will be of great value if you can share your wealth of knowledge by completing the attached questionnaire. Your answers will be handled with the highest anonymity and confidentiality; this will be achieved by no indication of names.

Please kindly return the completed questionnaire to me. Your participation will be highly appreciated.

Yours Sincerely

Eskindir Nigussie

Section One: Demographic Profile

Instruction – please tick the appropriate answer you choose.

Age (in years)	18-30	[ ]
	31-39	[ ]
	40-49	[ ]
	+50	[ ]
Sex	Male	[ ]
	Female	[ ]
Education level	Diploma and below	[ ]
	First Degree	[ ]
	Master	[ ]
	PhD	[ ]
Your work experience in the organization	Below 5 years	[ ]
	6 to 10 years	[ ]
	11 to 15 years	[ ]
	Above 16 years	[ ]
Position Level	Division Manager	[ ]
	Director	[ ]
	Executive Management	
	Other	

Section Two: Close-Ended Questions

Items Questions	Measurement Scale				
Successor Identification	**1**	**2**	**3**	**4**	**5**
The organization has a clear system for identifying potential successors.					
High-potential employees are identified based on objective performance criteria.					
There is transparency in selecting employees for future leadership roles.					
Employees are aware of the criteria used for succession decisions.					
The organization regularly reviews its talent pool for future leadership needs.					
Leadership Development Programs					
The organization provides formal leadership training programs.					
Employees are given opportunities to develop leadership skills.					
Coaching from supervisors' supports employee development.					
Mentoring relationships exist between senior and junior staff.					
Job rotation and challenging assignments prepare employees for leadership					

roles.					
Leadership development initiatives effectively prepare employees for future positions.					
Career Development					
The organization provides clear career growth opportunities.					
Employees have access to promotion opportunities.					
Career paths are clearly defined in the organization.					
The organization supports employees' long-term career goals.					
Career development initiatives motivate employees to stay.					
Transparency and Fairness					
Succession planning processes are transparent.					
Decisions about promotions are fair.					
Employees trust the organization's selection process.					
There is no favouritism in leadership selection.					
Information about career advancement is clearly communicated.					
Employee Retention					
I intend to remain with this organization for the foreseeable future.					
I feel committed to this organization.					
I rarely think about leaving this organization.					
I am satisfied with my job in this organization.					
I would recommend this organization as a good place to work.					
I feel valued and appreciated in this organization.					

Thank you for Your Cooperation!

Section Three: Interview Questions

1. How does the organization identify and select employees with potential to fill future leadership positions, and how does this process influence their decision to stay in the organization?

_____

2. How do the leadership development programs (such as training, mentoring, or coaching) affect employees' readiness for higher roles and their willingness to remain in the organization?

_____

3. How do career growth opportunities within the organization influence employees' long-term commitment and intention to stay?

_____

4. How do you perceive the transparency and fairness of succession planning processes, and how does this perception affect employee retention?

_____

5. What factors most influence employees' decisions to remain in or leave the organization, and what role does succession planning play in this?

_____

Appendix 2: Normality test

Statistics						
		SI	**LDP**	**CD**	**TF**	**ER**
N	Valid	63	63	63	63	63
	Missing	0	0	0	0	0
Skewness		-1.203	-1.550	-.447	-1.095	-.306
Std. Error of Skewness		.302	.302	.302	.302	.302
Kurtosis		2.829	4.659	-1.181	1.387	.208
Std. Error of Kurtosis		.595	.595	.595	.595	.595