
Does Succession Planning Affect Employee Retention? The Intervening Roles of Career Development and Employee Engagement

Mary Jane M. Legaspi (Corresponding Author)

Polytechnic University of the Philippines – College of Business Administration Graduate Studies
Sta. Mesa, Manila, Philippines
maryjanelporras@gmail.com

Jean Paolo G. Lacap

City College of Angeles, Angeles City, Philippines
Polytechnic University of the Philippines – College of Business Administration Graduate Studies
Sta. Mesa, Manila, Philippines

Abstract

This study examines the influence of succession planning on employee retention and explores the mediating effects of career development and employee engagement. The respondents, selected through purposive sampling, were computer programmers and employed in Metro Manila, Philippines. Adopting a predictive-causal research design and employing partial least squares structural equation modeling (PLS-SEM), the findings revealed that succession planning directly impacts career development, employee engagement, and employee retention. Additionally, career development and employee engagement significantly influence employee retention. Mediation analysis further indicated that career development and employee engagement indirectly strengthen the relationship between succession planning and employee retention.

Keywords: *succession planning, employee retention, career development, employee engagement*

Introduction

Employees are the most vital asset of an organization (Keay, 2018) and a key factor for company success. Companies should invest in their employees by satisfying their needs to remain in the company. In today's world of digitalization, computer programmers are the world's most in-demand profession (Hunt, 2022, Lewis & Soroñgon, 2022; Philstar, 2022) because companies require professionals who will develop and maintain systems and software for their organizations as technology advances.

In the Philippines, the IT sector is still expanding despite the obstacles posed by the global pandemic. Maintaining the growth requires more individuals to be skilled in recent technology used in software development (Philstar, 2022). There is an increasing demand but a low supply of computer programmers, resulting in a labor shortage, which companies struggle with employee retention (Yara, 2022). The IT sector reported a high turnover rate in the Philippines at 117.14% (Sprout Solutions, 2022 as cited in Cahiles-Magkilat, 2022) and around the world at 12.9%, (second from professional services) on LinkedIn data (Lewis & Soroñgon, 2022) and 57.3 in 2021 based on US Bureau of Labor Statistics report (as cited in Koifman, 2022).

Succession planning is essential for the long-term continuity of business, which many companies do not begin until someone is about to leave (Kelly, 2018). Succession plans should be comprehensive for all levels (Ceridian, 2022; Half, 2022; Zanfardino, 2020), but most companies focus on senior roles (Barton, 2019). Najam ul Hassan and Siddiqui (2020) pointed out that succession planning and employee retention are mutually beneficial. Furthermore, Eshiteti et al. (2013) confirmed that succession planning positively affects employee retention and encouraged utilizing succession programs as an intervention for employee retention. To have a qualified candidate for succession requires career development. The career development program is a crucial facet of human resource management in employment procedures (Sheraz et al., 2019). Companies offer career development such as training, seminars, upskilling, and coaching/mentoring to improve individual employability to obtain the preferred career (Adnyani & Dewi, 2019). Employee engagement is the extent of an employee's emotional and intellectual commitment to their job, teams, and company (Quantum Workplace, 2021a). Sergio & Rylova (2018) stated that there are various ways in which employee engagement benefits both the company and the employees themselves. Employee engagement is essential because it is a vital factor for performance, productivity, satisfaction, and retention (Cabrera, 2020). These two factors, career development (Frimayasa, 2021) and employee engagement (Cabrera, 2020), have a significant impact on employee retention.

However, there is little in-depth literature on the impact of succession planning on employee retention in the IT industry. Even though most executives know that they need to focus on succession planning, relatively few actively develop key workers as part of the company's strategy (Odengo & Bett, 2016). Moreover, in a digital era where computer programmers are considered in-demand and essential, with the high turnover rate in the IT industry and the relevance of latent constructs (succession planning, career development, and employee engagement) on employee retention, computer programmers are a relevant subject to explore to understand what satisfies them to remain in the company and continue developing software and applications for businesses success and continued growth and development of IT sector in the Philippines. Furthermore, succession planning requires further research (Rezaei & Beyerlein, 2018), and the mediating effect of career development and employee engagement on the relationship between succession planning and employee retention has limited study in the Philippines. Therefore, the present study fills these gaps in writing since these variables affect employee retention.

The present study contributes to the body of knowledge in human resource management in Business Administration by providing valuable insights and the best strategies for managing employee retention by offering appropriate and efficient benefits and rewards, such as succession planning, career development, and employee engagement for computer programmers to remain in the company.

Theoretical Framework

The current study underpinned the Social Exchange Theory (SET) founded by George Homans. Homans (1958, 1961) defined the theory as the exchange of activity between two people, whether tangible or intangible, rewarding or costly. It emphasized the behavior of actors in interacting with each other (Cook et al., 2013).

Blau (1964) expounded on the theory and defined it as a process of negotiated exchanges between parties that were mutually responsible and dependent on each other. The idea is that a relationship between two individuals develops through a process of a cost-benefit analysis (Tulane University, 2018) and a give-and-take interaction between the company and its staff (Toling et al., 2021). Cherry (2022) states that the

theory suggests that our decision to maintain a social connection is based on how much we value the advantages and disadvantages of each relationship.

SET is one of the most well-known theoretical viewpoints in management and related disciplines like sociology and social psychology (Cropanzano et al., 2017). Based on the study of Almaaitah et al. (2017), staff can establish a social exchange connection with their superiors, colleagues, company, and customers that may affect their behavior. Toling et al. (2021) posited that when employees feel their relationship with the company is beneficial, they are more likely to stay with it. However, when the costs of the relationship outweigh the advantages, they are more likely to leave. Furthermore, Ali et al. (2019) and Keay (2018) asserted that when employers invest in their employees, the employees will reciprocate by dedicating their efforts to attain the company's goals.

In this study, the social exchanges are between employer and employee or IT manager and computer programmer who are reliant and responsible for one another. The exchanges are rewarding (positive outcome) or costly (negative outcome) and tangible (monetary) or intangible (non-monetary). Rewards are favorable results and experiences that employees receive, such as career growth, learning and development, and good working relationships. On the other hand, costs are the trade-offs that come with social contact, such as time, effort, and commitment. The negotiated exchange can be succession planning (understudy) or career advancement (promotion), career development (training, seminars, mentoring, and further studies), and improved employee engagement (open communication and belongingness) of computer programmers to perform well and stay in the company. The employer or IT manager will enter into a negotiated exchange by offering rewards like training, engagements, and promotions to the employee or computer programmer. In exchange, the employee or computer programmer will reciprocate it with costs like hard work, high productivity, dedication, and loyalty to the company. Employees conduct cost-benefit analysis - computer programmers know what they should receive from the interaction (employment). If they were promised a promotion when they achieved targets and it was provided by their employer the relationship or employment will develop and continue. However, if the negotiated exchange is not fulfilled by one party, the social contact or employment may end. People choose which social exchange is beneficial to them. If the benefits outweigh the cost, they will stay in the company (Toling et al., 2021). However, if the rewards are less than the cost or there is a breach or negotiations, they will end the interaction (Anil, 2021). The give-and-take process should continue and mutually beneficial for both parties to maintain the social contact. It means that when the organization provides career development and succession planning, the employees will be more engaged, improve their performance, and remain in the company. Thus, the theory utilized to analyze the proposed relationships in this study to identify what influences employee retention.

Succession Planning

Succession planning is one of the crucial challenges that organizations face today (Sigma Assessment System, 2020). Many firms that lack a succession plan (Javed & Jafar, 2019), which can lead to financial risk, low staff retention and difficulty in filling replacements (Nana, 2013). Companies should create or enhance their succession plan, disseminate, and implement them.

Succession planning is a business activity that centers on employee planning, which comprises recruitment and employee development that can assume leadership or higher positions (Owolabi & Adeosun, 2021). Batool et al. (2022) describe it as an organized process to develop a competent management pool. It is a development strategy to motivate employee participation in career development

opportunities and produce new leaders for the company (Ali et al., 2019; Najam ul Hassan & Siddiqui, 2020). Its main goal is to produce competent and qualified executives to replace staff shortages caused by upcoming immediate employee exits (Javed & Jaffar, 2019; Najam ul Hassan & Siddiqui, 2020). HR Practitioners could use succession planning tools to monitor and assist IT manager to make informed decision on employees' career opportunities (Yara, 2022).

Succession planning is vital for an organization's continued success (Kelly, 2018). Crosper (2022) believes that succession planning is an excellent retention and recruiting tool because it creates future directions, increases engagement, offers a route for career development, and maintains culture through developing and promoting existing employees. It guarantees the company's continuation of operation even if there is a staff movement, resignation, retirement, or death of an employee (Kenton, 2022). Based on Sprout Solutions State of HR report (2022), career advancement (70%), third on the list, is one way to motivate employees to stay in the company. Furthermore, it increases employees' dedication and motivation while decreasing staff turnover (Najam ul Hassan & Siddiqui, 2020).

Employee Retention

Employee retention theory covers various elements that affect an employee's decision to remain with a company. To determine the reasons for employee departure and reduce turnover, companies use a variety of employee retention theories (Anil, 2021). It is not easy to find and keep the best computer programmers and with that, it is necessary to ensure that they are satisfied. Employee retention is any activities and methods utilized by firms to retain employees (Amushila & Bussin, 2021) and lower attrition (Holliday, 2021). Organizations develop fresh and creative strategies to retain the best employees (Haladay et al., 2017; Sergio et al., 2017; Onyango et al., (2017) describe it as a process of encouraging staff to stay in the firm as long as possible. It is a talent protection that secures employees and prevents them from being stolen by other companies (Amushila & Bussin, 2021). Additionally, it is considered as the most crucial task in human resource functions (Ikram, et al., 2021; Sergio & Rylova, 2018). According to Alshurideh (2019), employee retention is more significant than recruitment because training new hires are expensive than keeping the existing employees.

Effective employee retention has many benefits cost reduction, improved moral (Anil, 2021), customer satisfaction, increased revenue, and better employee engagement (Holliday, 2021). Onyango et al. (2017) stated that retention techniques must be implemented to improve a firm's capacity to recruit and keep employees. Furthermore, Holliday (2021) argued that companies that invest in keeping their employees and reducing the risk of turnover gain huge benefits.

According to Najam ul Hassan and Siddiqui (2020), Succession planning lowers attrition and produces competent employees. Succession planning is a great retention strategy because it provides future opportunities and a roadmap for personal growth, boosts engagements, and upholds culture (Crosper, 2022). Succession plans should be comprehensive for all levels (Half, 2022; Zanfardino, 2020) and use technology to assist in preparing succession planning to lower business risk and decrease unwanted turnover (Ceridan, 2022). Based on the study of Javed and Jaffar (2019), succession planning develops leaders at different job levels, motivates staff, and manages employee retention. Large corporations have identified that good succession planning can control staff retention (Perera & Edirisooriya, 2021) and assure continuity of operation even if an employee leaves, resigns, retires, or dies (Ali & Mehreen, 2019; Kenton, 2022).

However, many organizations have no succession plan (Javed & Jafar, 2019), which creates technical difficulties while filling vacant positions (Nana, 2013) and financial risk. It causes employee dissatisfaction, lower performance, and retention rates (Tetteh, 2015).

Various studies and reports support that succession planning and employee retention are mutually beneficial, which means proper succession planning leads to increased employee retention (Aberdeen Group, 2005; Eshiteti et al., 2013; ICONIQ, 2021; Najam ul Hassan & Siddiqui, 2020; Perera & Edirisooriya, 2021; Sprout Solutions, 2022; Tetteh, 2015).

H1. *Succession planning has a significant and direct effect on employee retention.*

Career Development

The Sprout Solutions (2022) report revealed that 87% of HR leaders think that learning and development initiatives are important in attracting and keeping employees. The drive to learn is understandable given how rapidly the IT sector is evolving.

Career development is a life-long process of deciding on a career, honing your skills, and progressing along a career path (Mckay, 2020). It is concrete actions you take to improve your professional skills and prepare yourself for present and future positions (Betz, 2022). Adnyani and Dewi (2019a) stated that career development improves the person's employability to attain the chosen career. Moreover, it offers opportunities to attain higher positions and gives additional responsibilities and acknowledgment for their efforts (Afiyati, 2018, as cited in Niati et al., 2021) which means employees have the opportunity to get a promotion in the company (Al-sharafi, 2018). Career development is another aspect that impacts employee retention (Frimayasa, 2021). In the study of Kahiga et al. (2019), they found that career development is statistically significant with employee retention. This has been confirmed in the study of Nagarathanam et al. (2018), where career development practices were identified as a significant factor in employee retention.

Succession planning and career development are frequently seen as connected (Compliance Prime, 2020). Succession planning is an organizational activity that offers a roadmap for career development (Crosper, 2022) and encourages employees to participate in learning and development opportunities to produce future leaders of the company (Ali et al., 2019; Najam ul Hassan & Siddiqui, 2020).

According to Adnyani and Dewi (2019a), career development enhances worker's employability to achieve the desired career. It is a vital facet of human resources management (Sheraz et al., 2019). It is a strategy to improve the competencies of potential successors (Owolabi & Adeosun, 2021) through focused learning, training, and job rotation to fill critical roles (Ali et al., 2019; HR Exchange Network, 2021; Najam ul Hassan & Siddiqui, 2020). Moreover, opportunities for career advancements improve the company's support for career growth and performance (Kraimer et al., 2011, as cited in Ali et al., 2019).

This is evident in the study of Ahmad et al. (2017), which found that succession planning helped employees' career growth and boosted confidence in managing the organization. Kraimer et al. (2011) argued that career opportunities strengthen managerial support for the success of the labor force. Rothwell (2002) pointed out that succession planning contributes to career growth. Similarly, Larsen (2022) highlights that succession planning motivates employees to develop their careers to apply for future vacant positions aligned with their career goals. To have successful succession planning, companies

should identify the goal, determine the employee's development needs, and ensure staff know their career goals. Therefore, it is hypothesized that:

H2a. *Succession planning has a significant and direct effect on career development.*

Nowadays, employees give importance to their learning and growth and feel appreciated when employers invest in their development (Cabrera, 2020). Employee development is one of the reasons employees stay in the organization (LinkedIn, 2020). Each employee expects career development to inspire them to perform efficiently (Afiyati, 2018, as cited in Niati et al., 2021) because it assists workers in their future careers in the firm (Jumawan & Mora, 2018a). According to Al-sharafi et al. (2018), companies with career development initiatives are more likely to have a high level of staff loyalty and retention.

In contrast, companies that have no or few learning and development opportunities lead to low employee retention (Presbitero et., 2016). When employees' skills are not used effectively in their work, there is a likelihood that they will seek new employment (LinkedIn, 2022). Various reports proved that no or limited learning and development can lead to resignation or attrition (ICONIQ, 2021; Mercer, 2021)

Previous studies show that the career development of employees has an influence and a positive effect on employee retention (Al-sharafi et al., 2018; Frimayasa, 2021; Kahiga et al., 2019; Kamau & Kamara, 2017; Nagarathanam et al., 2018; Pratiwi et al., 2020). Nagarathanam et al. (2018) argued that career development strategies are vital in keeping employees in the company. Therefore, it is hypothesized that:

H2b. *Career development has a significant and direct effect on employee retention.*

Employee Engagement

Based on Sprout Solutions (2022) report employee engagement is the top one (76%) affected area of Human Resources. Moreover, the HR practitioners cited that workers care about employee engagement initiatives (95.79%). The ICONIQ (2021) study shared that team and company culture are the top three (90%) that tech employees would like to have to stay in the company. Employee engagement measures how connected the employee is with his colleagues, leaders, and organization.

Employee engagement is the degree of eagerness and commitment of an employee to his work (Smith, 2020). Engagement is essential for employees' growth and organizational success, which gives organizations a competitive edge (Rubel & Kee, 2013). Companies should promote the engagement and empowerment of employees to be motivated and content with their careers (Sergio & Rylova, 2018) and to lower attrition and keep employees (Cabrera, 2022). Smith (2020) pointed out that engaged employees tend to be invested in their work and company and strive toward the company's objectives. Furthermore, the engagement between the organization and employees will influence the performance and image of the whole business (Sergio & Rylova, 2018; Pandita & Ray, 2018) confirmed that engaged employees assure lower attrition. Therefore, employee engagement is a vital and necessary element for business productivity, performance, satisfaction, and retention (Cabrera, 2022).

Succession planning is a development approach that motivates employee engagement in learning and growth opportunities for future leaders of the organization (Ali et al., 2019; Najam ul Hassan & Siddiqui, 2020). Companies with structured succession planning promote a strong culture of leadership (Groves, 2019) and increase employee engagement (Cropper, 2022). Employees who feel valued and have the

chance to advance will probably show the organization more loyalty and commitment (Lovett, 2017). According to Glassdoor (2021), being an engaged employee is one of the eight (8) habits to get promoted. It entails participating actively in the company's activities and contributing fresh ideas for the organization's success.

However, numerous companies lack succession planning (Javed & Jafar, 2019) which can affect financial and organizational health (Sigma Assessment). It may also result in unqualified successors and low morale of employees. Engagement is vital regardless of an employee's potential (Gulzar & Durrani, 2014).

Succession planning promotes employee engagement by offering clear career paths to employees in the organization. Prior studies show that succession planning has a significant and positive effect on employee engagement (Ali et al., 2019; Gulzar & Durrani, 2014; Najam ul Hassan & Siddiqui, 2020). To have a feasible succession plan, companies must use employee engagement as a strategy (Scott, 2022). Therefore, it is hypothesized that:

H3a. *Succession planning has a significant and direct effect on employee engagement.*

The workplace is not just a place to get your work done. Computer programmers are not machines that operate alone -the office and colleagues they work with can influence their stay in a company. Having a good working environment is necessary for computer programmers' productivity.

Employee engagement is a vital element of employee retention (Cabrera, 2022; Sergio & Rylova, 2018) because engaged employees are deeply connected to their work and motivated to contribute to the company's goals (Smith, 2020). According to Sergio and Rylova (2018), organizations and employees both benefit from employee engagement because it will affect the employees' job performance and the company's image. With the high competition in the market, employee engagement provides success and competitiveness in the organization (Prerana, 2017; Saks & Gruman, 2014).

In addition, Johnson and Pike (2018) believe that promoting employee engagement can result in improved productivity and strengthened employee retention. Engaged employees make the company run smoothly. Moreover, engaged employees are expected to remain in the company because of their strong sense of belonging and need to be part of the company (Bale & Pillay, 2021).

However, disengaged employees, if continually disregarded, will create problems that affect other employees' productivity (Munavar, 2019). Disengaged workers are easily convinced to resign by little wage increase or higher positions by other companies which leads to increased turnover (DDI, 2021).

Prior undertakings confirmed that employee engagement affect employee retention (Pandita & Ray, 2018; Bale & Pillay, 2021; Johnson & Pike, 2018; Lacap, 2019; Sergio & Rylova, 2018). Thus, employers should start engaging with their employees to lower attrition and keep employees (Cabrera, 2022). Therefore, it is hypothesized that:

H3b. *Employee engagement has a significant and direct effect on employee retention.*

Career development is a continuous process of improving skills (Sheraz et al., 2019) to enhance employability and achieve the chosen career (Adnyani & Dewi, 2019). Moreover, employees anticipate

career advancement to encourage them to work productively (Afiyati, 2018). Larsen (2022) emphasized that succession planning motivates career development. Both terms are essential in talent management and are viewed as related (Compliance Prime, 2020). While succession planning and career development affect employee retention (Najam ul Hassan and Siddiqui, 2020). Croser (2022) stated that succession planning is a predictor of employee retention. Prior studies showed that career development has an impact on employee retention (Frimayasa, 2021; Kahiga et al., 2019; Kamau & Kamara, 2017; Pratiwi et al. 2020).

According to the study of Javed and Jaffar (2019) and Tetteh (2015), succession planning produces leaders, motivates employees, and manages employee retention. Additionally, succession planning promotes career growth (Rothwell, 2002) and affect their intent to stay in the company (Al-sharafi et al., 2018). Yara (2022) recommended companies to upskill their employees and provide career advancement opportunities. Furthermore, Tetteh (2015) examined the mediating role of career development to the relationship of succession planning and employee retention. The results revealed that career development significantly affects and strengthens the link between succession planning and employee retention. Therefore, it is hypothesized that:

H4. *Career development has a mediating effect on the link between succession planning and employee retention.*

Succession planning is a developmental approach that encourages employees to take part in learning and development to prepare for future vacant roles (Ali et al., 2019; Najam ul Hassan & Siddiqui, 2020), while employee engagement is the commitment and eagerness of workers to help the firm succeed (Azmy, 2019). Succession planning encourages employee engagement (Ali et al., 2019; Najam ul Hassan & Siddiqui, 2020).

Engaged employees actively participate in activities, learning, and development to manage their careers and prepare for career advancement opportunities (Glassdoor, 2021). Moreover, employee engagement influences employee retention (Pandita & Ray, 2018; Hewitt, 2018 as cited in Bale & Pillay, 2021; Johnson & Pike, 2018; Lacap, 2019; Sergio & Rylova, 2018). The promotion of employee engagement will lead to high employee retention (Johnson & Pike, 2018). Furthermore, engaged workers are invested in their work and have a strong sense of belongingness, which tends to stay in the company (Hewitt, 2018 as cited in Bale & Pillay, 2021).

According to the study of Lovett (2017), companies that invest in their employees' growth produce fully engaged and loyal staff. When employees are fully engaged, they are expected to remain in the company because they have a strong sense of belonging and need to be part of the company (Hewitt, 2018). Finally, businesses with established succession planning methods promote strong leadership (Groves, 2019), enhance employee engagement (Croser, 2022), and lower turnover rates (Najam ul Hassan and Siddiqui, 2020). With this, employee engagement is vital to succession planning and employee retention. Therefore, it is hypothesized that:

H5. *Employee engagement has a mediating effect on the link between succession planning and employee retention.*

Methods

This study utilized a predictive-causal research design. The research approach focuses on prediction in estimating statistical models where the structure was examined to provide causal explanations (Sarstedt

et al., 2017). It explained the prediction approach of the study (Hair et al., 2019). The research evaluates the direct and indirect effects of the structural model. This research design is applicable in measuring the hypothesized relationships of the study. The main objective of predictive research is to look for potential outcomes that can be used for screening, selection, or monitoring. On the other hand, the goal of causal analysis is to look for causal relationships, which include variables and their interactions with dependent variables.

Participants

The respondents of the current study are computer programmers employed within Metro Manila. They were selected using a purposive sampling technique. The sampling method was used, the respondents were at least 18 years old, currently working as a computer programmer in Metro Manila, regular employee, and with at least five years of working experience.

The sample size used in the study was estimated using inverse-square root and gamma-exponential methods (Kock & Hadaya, 2018). Using the minimum significant path coefficient of 0.224, significance level of 0.050, and statistical power of 0.80, inverse square root method recommended a minimum sample size of 124, while the gamma-exponential approach suggested 110. The present undertaking has 405 valid responses, more than the recommended sample sizes by the two methods. Therefore, the robustness of the sample size was established.

Research Instrument

The survey instrument used in the study is composed of three (3) sections. The first section of the questionnaire consists of inclusion/exclusion criteria questions. The second section deals with the profile of the respondents. And the third section deals with the latent construct of the study – succession planning, employee retention, career development, and employee engagement.

The study utilized the adopted research questionnaire for succession planning (three-item) from Rothwell (2002), employee retention (six-item) from Govaerts et al. (2011), career development (four-item) from Ashraf and Joader (2016), and employee engagement (nine-item) from Soane et al. (2012). The first two constructs (succession planning and employee retention) were measured using a five-point Likert scale where 5 means strongly agree, and 1 means strongly disagree while the third and fourth constructs (career development and employee engagement) were measured using a seven-point Likert scale where 7 means strongly agree and 1 means strongly disagree.

Data Analysis

The study employed partial least squares - structural equation modeling (PLS-SEM) to evaluate the parameter of the research model. According to Hair et al. (2019), PLS-SEM is a causal-predictive approach to SEM variance-based method that emphasizes the prediction in the statistical model estimate and designed to provide causal explanations. Additionally, it assesses the hypothesized relationships and allows researchers to gauge complex models with multiple variables (Hair et al., 2019). Furthermore, composite-based SEM techniques are the best and most effective method to assess mediation and conditional process models using PLS-SEM. Therefore, PLS-SEM is a powerful tool and appropriate for complex models. It utilized WarpPLS version 8.0 software to measure the hypothesized relationships (Kock, 2022).

Results

Partial least squares – structural equation modelling (PLS-SEM) was utilized to gauge the research hypotheses of the present study. In assessing the hypothesized relationships using PLS-SEM, measurement model and structural model evaluations are performed.

Measurement Model Assessment

The measurement model assessment involves the examining the reliability and validity of the latent constructs. The reliability of the variables was measured using Cronbach's alpha (CA) and composite reliability (CR). Nunnally and Bernstein (1994) contended that the CA and CR must be at least 0.70 to conclude that a latent construct is reliable. Based on the results in Table 1, succession planning (CA = 0.892, CR = 0.933), employee retention (CA = 0.898, CR = 0.923), career development (CA = 0.897, CR = 0.929), and employee engagement (CA = 0.955, CR = 0.962) passed the requirement for reliability.

In terms of validity, convergent and discriminant validity tests were performed. To claim that a latent construct exhibits convergent validity, the average variance extracted (AVE) and factor loading must be equal to or larger than 0.50. Additionally, each factor loading must be significant, meaning each corresponding p-value must be equal to or smaller than 0.05 (Amora, 2021). Based on the findings in Table 1, succession planning (AVE = 0.823), employee retention (AVE = 0.765), career development (AVE = 0.765), and employee engagement (AVE = 0.738) passed the requirement for convergent validity.

Table 1. Reliability and Convergent Validity of the Latent Constructs

Latent Construct	Item	Factor loading	Average variance extracted	Cronbach's alpha	Composite reliability
Succession planning	SP1	0.898	0.823	0.892	0.933
	SP2	0.928			
	SP3	0.895			
Employee retention	ER1	0.810	0.667	0.898	0.923
	ER2	0.777			
	ER3	0.873			
	ER4	0.873			
	ER5	0.676			
	ER6	0.873			
Career development	CD1	0.879	0.765	0.897	0.929
	CD2	0.905			
	CD3	0.821			
	CD4	0.891			
Employee engagement	EE1	0.849	0.738	0.955	0.962
	EE2	0.874			
	EE3	0.882			
	EE4	0.866			
	EE5	0.804			
	EE6	0.802			
	EE7	0.859			
	EE8	0.899			
	EE9	0.891			

All factor loadings are significant ($p < 0.001$).

Table 2 reflects the results of discriminant validity test performed using heterotrait-monotrait ratio of correlations (HTMT). The conservative threshold for HTMT, according to Clark and Watson (1995) is 0.85. As seen in Table 2, all HTMT ratios are less than 0.85, thus, all latent constructs passed the discriminant validity test.

Table 2. Discriminant Validity of the Latent Constructs

	SP	ER	CD	EE
SP				
ER	0.579			
CD	0.496	0.644		
EE	0.286	0.540	0.715	

SP-succession planning; ER-employee retention; CD-career development; EE-employee engagement.

Structural Model Assessment

The assessment of the structural model involves evaluation of the path coefficients, p-values, standard errors, and effect sizes. Figure 2 and Table 3 present the results of the structural model evaluation.

The results showed that succession planning has a significant and positive influence on employee retention ($\beta = 0.303$, $p < 0.001$) with a medium effect size ($f^2 = 0.158$). Thus, H1 is supported.

Moreover, the findings revealed that succession planning and career development are significantly and positively related ($\beta = 0.542$, $p < 0.001$) with medium magnitude of effect ($f^2 = 0.204$). Additionally, career development was found to have a significant and positive influence on employee retention ($\beta = 0.224$, $p < 0.001$) with small effect size ($f^2 = 0.135$). Therefore, H2a and H2b are supported.

Analysis of the data further revealed that succession planning has a significant and positive influence on employee engagement ($\beta = 0.292$, $p < 0.001$) with small effect size ($f^2 = 0.085$). Furthermore, employee engagement was found to have a significant effect on employee retention ($\beta = 0.367$, $p < 0.001$) with a medium magnitude of effect ($f^2 = 0.218$). Hence, H3a and H3b are supported.

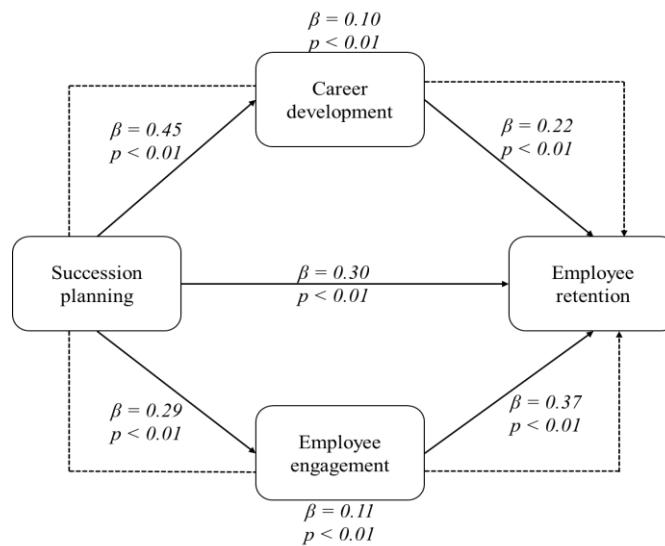


Figure 2. Structural Model with Parameter Estimates

The indirect effects of career development and employee engagement on the link between succession planning and employee retention were also measured using mediation analysis. The findings showed that career development ($\beta = 0.101$, $p = 0.002$, $f^2 = 0.053$) and employee engagement ($\beta = 0.107$, $p = 0.001$, $f^2 = 0.056$) act as mediators on the relationship between succession planning and employee retention with small magnitude of effects respectively. Therefore, H4 and H5 are supported.

Table 3. Direct and Mediating Effects

Hypothesis	Path coefficient	p-value	Standard error	Effect size	Decision
Direct effects					
H1. SP → ER	0.303	<0.001	0.048	0.158	Supported
H2a. SP → CD	0.542	<0.001	0.047	0.204	Supported
H2b. CD → ER	0.224	<0.001	0.048	0.135	Supported
H3a. SP → EE	0.292	<0.001	0.048	0.085	Supported
H3b. EE → ER	0.367	<0.001	0.047	0.218	Supported
Mediating effects					
H4. SP → CD → ER	0.101	0.002	0.035	0.053	Supported
H5. SP → EE → ER	0.107	0.001	0.035	0.056	Supported

SP-succession planning; ER-employee retention; CD-career development; EE-employee engagement. Effect size evaluation (Cohen, 1988): 0.02 – small; 0.15 – medium; 0.35 – large.

Discussion

Assessment of the study revealed that succession planning has a significant and positive effect on employee retention. It implies that having a well-structured succession planning helps to retain computer programmers in the organization. When a company provides future career directions, such as a line of succession or having an understudy who can fill the open positions, computer programmers will be inclined to stay in the company. The pandemic tested the succession planning of companies - many employees resigned and moved to another company, took a leave because of sickness, and unfortunately died because of the virus, which most of the companies not prepared for. Companies experienced challenges in recruiting and hiring replacements for vacated positions. Observing effective succession planning practices shortens the replacement process by selecting from the leadership pipelines and managing these employee retention problems. Prior studies confirmed that succession planning decreases attrition (Najam ul Hassan and Siddiqui, 2020) and control employee retention (Javed and Jaffar, 2019). It is vital for organizations to create succession planning procedures and involve computer programmers in building the leadership pipelines that matched their target positions to motivate them to work longer or stay in the company.

The study's results presented that succession planning significantly and positively impacts career development. It indicates that succession planning influences employees to develop their careers to be the company's qualified successors. As a result, the better company's succession planning, the better effort of employees to develop themselves to be competent and fit for their desired positions. Computer programmers may attend training and seminars and enroll in further studies to learn more, improve their skills, and advance their careers. They may also look for mentoring or coaching from their seniors and join boot camps to meet fellow computer programmers and discuss new trends and techniques in software development to prepare them for their preferred careers. The result supports Ahmad et al. (2017) study, which concluded that succession planning improved employees' career growth and increased confidence in leading the company. Effective succession planning drives career growth for computer programmers and enhances their professional competency to fit their desired leadership roles.

Moreover, the findings suggest that career development significantly and positively affects employee retention. It demonstrates that career development is essential to employees and influences their decision

to continue working for the organization. Companies should provide career development programs like training, seminars, upskilling, and coaching to keep up to date and enhance the skills of their employees. Computer programmers choose to remain with firms that support and value their learning and development because they think the company values and see them as organizations' future leaders by investing money, time, and effort in them. Earlier studies revealed that the development of the career of employees promotes employee retention (Frimayasa, 2021; Kahiga et al., 2019; Kamau & Kamara, 2017; Pratiwi et al., 2020). Career development motivates employees to work effectively (Afiyati, 2018, as cited in Niati et al., 2021) and prepares them for future careers within the organization (Jumawan & Mora, 2018a). Thus, firms that provide career development and support the learning and improvement of skills of their employees are well appreciated by computer programmers and affect their decision to remain in the company.

Other findings showed that succession planning significantly and positively influences employee engagement. It signifies that organizations with strong succession planning practices increase the involvement of employees with the company's activities, objectives, and targets. Companies that prepare employees as their future leaders motivate them to be active and committed to their work. Computer programmers feel empowered and valued by the management when considered for possible future vacancies, so they perform well on their job, actively participate in company activities and events, and maintain good relationships with colleagues, superiors, and clients. This was supported by previous studies, which found that succession planning increases employee engagement (Ali et al., 2019; Najam ul Hasinsan & Siddiqui, 2020). Higher career opportunities and future promotions motivate computer programmers to be actively engaged in the company so that they may be seen by their superiors, human resources, and executives and recognized as potential organizations' future leaders. Furthermore, the level of interaction between an organization and its staff will affect the overall performance and reputation of the company (Sergio & Rylova, 2018).

Additionally, the result proved that employee engagement significantly and positively impacts employee retention. It implies that engaged employees are likely to stay in the firm because they feel they belong and are part of the group or an organization. When companies promote employee engagement, employees perform better and collaborate with others easier. Computer programmers who actively perform their tasks and get more involved in company activities and events tend to remain in the organization because they have built good relationships with their officemates, superiors, and clients and feel comfortable with their working environment. Prior studies confirmed the importance of employee engagement to employee retention and how it significantly affects employees' intention to stay in the company (Pandita & Ray, 2018; Hewitt, 2018, as cited in Bale & Pillay, 2021; Johnson & Pike, 2018; Lacap, 2019). Therefore, firms should highlight the importance of employee engagement because it creates a good working relationship and environment for computer programmers that make them feel valued, which keeps them in the company.

Similarly, the mediation analysis revealed that career development mediates the link between succession planning and employee retention. It indicates that career development influences succession planning and employee retention. When companies create effective succession planning, computer programmers are inspired to develop themselves through learning and development. Computer programmers may enroll to further studies or attend training, seminars, and boot camp to keep up-to-date and fit for their desired roles. It solves the concern of employee retention and keeps a competent management pool that produces qualified future successors of the company. Succession planning drives career development,

while career development significantly affects employee retention. Career development is a crucial component of succession planning that impact employee retention. Succession planning and career development should be simultaneously practice to ensure the effectiveness of employee retention of computer programmers in the company. If there is succession planning but no or low career development programs, efforts in succession planning will not be efficient or maximized, which leads to low employee retention. This was also supported by prior research that concluded career development significantly affects and increases the link between succession planning and employee retention (Tetteh, 2015). With that, organizations that conduct well-structured succession planning promote professional competence and help computer programmers to advance their careers, which motivates them to better themselves and serve and remain in the company.

The mediation model revealed that employee engagement mediates the link between succession planning and employee retention. This signifies that employee engagement affects succession planning and employee retention. Career advancement encourages employee engagement, while strong belongingness and good working relationships improves employee retention. It suggests that companies that offer career paths or potential promotions to computer programmers produce positive and active workers. These employees are dedicated to their work because they feel appreciated and see a future for themselves within the company, which makes them loyal and remain in the company. Therefore, companies should practice effective succession planning to foster good working relationships among colleagues, superiors, and clients; and encourage a professional working environment for them to work better and longer in the company, that solves the problem of retaining employees.

Conclusion

The present study revealed that succession planning affects employee retention. This indicates that when companies offer career paths and prepare computer programmers for future leadership roles, they will be dedicated to staying in the company. It was also established that succession planning influences career development. This means that when companies provide structured succession planning procedures, computer programmers are motivated to enhance their knowledge and skills to be suitable for future target positions.

Furthermore, the study proved that succession planning affects employee engagement. This suggests that career advancement opportunities encourage interactions among employees. Possible promotion and recognition drive employees to perform tasks and participate in activities. It was demonstrated that career development impact on employee retention. This signifies that when companies provide up-to-date learning and development projects, computer programmers are motivated to improve their knowledge and skills and stay in the company. And it was revealed that employee engagement influences employee retention. This proposes that when computer programmers are engaged and feel belong to their group, they remain in the organization.

The current undertaking confirmed that with the help of career development, succession planning affects employee retention. This implies when companies have excellent succession planning, computer programmers are motivated to enhance their careers and be loyal to the company. This finding established that, with the help of employee engagement, succession planning impacts employee retention. This signifies that effective succession planning produces active and engaged employees who will love and own their job and stay long in the firm.

Practical Implications

In the industry where retention is important, IT companies, executives, HR practitioners and IT managers need to understand and prepare the requirements to enhance employee retention, especially for computer programmers who are in high demand today. IT companies and HR practitioners should create or improve succession planning to prepare for unforeseen events and have a pool of talent for critical positions. The succession plan should be informed, disseminated, and implemented to the employees to inspire them to advance their careers, which results in high employee retention. HR professionals should use software to help make informed decisions on staff career advancement. Additionally, HR practitioners should create more and offer training and professional development to equip employees with their target careers in the organization. IT Department managers should have an understudy for mentoring to motivate computer programmers to improve their careers through learning and development to assume future vacant positions.

IT Companies and HR practitioners should also identify the future staffing requirements. HR and IT department managers should determine the high potential employees or candidates for succession to encourage employees to engage in the organization's activities and programs. HR practitioners should keep up with the new trends in career development (training, workshops, and upskilling in Artificial Intelligence, Edge Computing, and other advanced technology) in information technology to encourage computer programmers to enhance their knowledge and skills to be competent and qualified companies' future leaders, which boosts employee retention. The IT companies should intensify the use Learning Management System to monitor, evaluate, and provide feedback to employees' performance and development.

Moreover, HR practitioners should create or boost positive company culture, collect employee feedback to know their concerns, recognize employees' achievements, and provide activities and events to raise engagement and employee retention. HR and department heads should promote employee engagement among employees, leaders, and clients to develop good working relationships that will make employees invested in their work and connected to their peers and the organization to strengthen employee retention. IT Companies, HR practitioners, and IT Department managers should work together in developing or strengthening succession planning and explaining the future vacant roles and their job functions to employees to inspire them to advance their careers and develop their skills and knowledge, which results in high employee retention. Further, they should design or enhance their succession planning, disseminate, and implement it to intensify engagements in the company that will build employer-employee relationships and result in controlled employee retention.

Theoretical Implications

This study enriches social exchange theory (SET) by demonstrating that succession planning directly strengthens employee retention while simultaneously fostering career development and engagement as pathways for retention. SET posits that employees reciprocate positive organizational investments with loyalty and commitment (Blau, 1964), and the findings indicate that succession planning is a potent exchange mechanism. By establishing clear paths for advancement, organizations encourage employees to view their roles as long-term commitments, leading to increased retention. This aligns with SET's concept of reciprocal exchange, showing that employees interpret succession planning as a sign of the organization's investment in their future, which they reciprocate by remaining with the company (Cropanzano & Mitchell, 2005).

Moreover, the study highlights the mediating roles of career development and employee engagement, suggesting that these factors serve as conduits through which succession planning influences retention. This mediating effect emphasizes that the value employees place on organizational initiatives like succession planning is magnified when these initiatives are supported by tangible development opportunities and heightened engagement. Thus, the findings extend SET by illustrating how succession planning influences retention indirectly, through development and engagement, thereby enhancing employees' sense of reciprocity and commitment to the organization (Emerson, 1976).

Limitations and Future Research Directions

One key limitation of this study is that the sample was restricted to programmers working in Metro Manila, potentially limiting the generalizability of the findings to other regions or types of employees within the IT industry. Programmers, as a highly specialized group, may have unique perspectives on succession planning, career development, and engagement that differ from those of IT professionals in other roles or geographical areas. Additionally, factors specific to Metro Manila, such as the local job market, industry demand, and cost of living, may influence employee retention differently than in other regions. As a result, caution should be taken when applying these findings to other IT professionals or locations.

Another limitation is the reliance on self-reported data, which may introduce common method bias. Respondents' perceptions of succession planning, engagement, and retention could be influenced by personal biases or recent experiences, potentially impacting the accuracy of the data. Moreover, the cross-sectional design of the study limits causal inferences, as it captures a single point in time without tracking how succession planning initiatives impact retention over the long term.

Future research should expand the study to a broader population of IT professionals, including those in other roles, cities, and regions, to improve the generalizability of the findings. Comparative studies that examine succession planning and retention in different geographic areas or across various IT specializations (e.g., software developers, data scientists, IT managers) would provide deeper insights into how context-specific factors affect retention strategies in the IT industry. Furthermore, examining employees in both urban and rural settings could reveal distinct needs and expectations regarding succession planning.

Longitudinal studies are also recommended to explore how succession planning, career development, and employee engagement impact retention over time. Tracking changes in retention and engagement over extended periods would help clarify the long-term effectiveness of succession planning strategies. Additionally, future studies could incorporate objective organizational data, such as turnover rates and promotion histories, to complement self-reported data, thereby reducing potential bias and enhancing the robustness of the findings. Finally, exploring potential moderating factors, such as organizational culture or job satisfaction, may provide a more nuanced understanding of how these factors interact with succession planning to influence retention.

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