International Journal of Undergraduate Research 1 (2): 14-20, 2019
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DOI: 10.26666/rmp.ijur.2019.2.3

Transformational Leadership and Succession Planning Among Public Sector Employees in Perlis

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

Key words: Transformational Leadership, Succession Planning, Public Sector

INTRODUCTION

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

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

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

LITERATURE REVIEWS

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

Succession Planning

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

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

Transformational Leadership

A succession planning whether in private or public sector should not serve as an isolated system but should work as an integral component for the entire process of human resource area. Literature indicates that transformational leadership fits into the succession planning. Transformational leadership focused on providing continuous support to perform more than what was being expected and thus creating a possible path for succession planning [26]. A transformational leader put effort on making changes within the organization to produce something that could be organization’s competitive advantage [27]. The leader with transformational leadership characteristic could be divided into four dimensions such as idealized influence, intellectual stimulation, inspirational motivation and individualized consideration [28]. A recent survey from The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) in collaboration with PricewaterhouseCoopers (PwC) Malaysia, revealed that 83 percent of the respondents viewed leadership as the top criterion in determining the next successors of any organizations [29]. Transformational leaders promote a better environment for open discussion resulting in higher level of achievement in succession planning [30].
Idealized Influence

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

Inspirational Motivation

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

Intellectual Stimulation

Intellectual stimulation acquired the leaders wiser in problem solving and be more creative [36]. Leaders whom practiced this type of leadership style encourage employees in making of rational thinking. In this way, employees were able to become creative and more free-thinker along with the empowerment to provide the ideas and solutions in decision making [31]. The intellectual stimulation concept in the transformational leadership scale have a significant human relationships with the additional efforts invests by the employees [37]. In terms of intellectual stimulation, transformational leadership had proven to enhance empowerment, higher self-efficacy and improve employees’ engagement toward tasks and successful succession planning [38]. Previous study also claimed that this type of leadership style have a significant relations with a succession planning program [18].

Individualized Consideration

Individualized consideration dealt with treating individuals as important human capital who contribute to the organization. Leaders gave full attention towards their employee needs and coached them to bring sustainable development [39]. Leaders focused on the mentoring and coaching that may create better expectations on their promotion opportunities [40]. It highly depended on the capability of the leader to guide employees according to their strength and abilities to obtain desired results [41]. Therefore, a transformational leader must identify what motives his or her employees individually because human needs were obviously different. Previous scholar reported that out of four dimension of transformational leadership, only individualized consideration claimed as a significant predictor to succession planning [18].

From the earlier discussion, the following hypothesis may be inferred

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

METHODOLOGY

A cross-sectional study was conducted to discover relationship between transformational leadership and succession planning. A total of 170 questionnaires were distributed using a proportionate stratified sampling to employees in three organizations under the Department of Agriculture (DOA), Malaysia. The questionnaire was design using both English and Malay languages to ease respondents to answer. The questionnaire consists of three sections. The first section consists of respondent profile such as age, gender, educational level and working experience. The second section contains all questions relate with transformational leadership consist of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration [42]. All succession planning consist of ten items [43]. Respondents express their agreement by using seven-point Likert scale where 1= Strongly Disagree and 7= Strongly Agree. The respondents was being briefly explained about the research and questionnaire in advance to ensure they could understand the purpose of the research and the
questionnaire clearly. As an overall, 132 data was being used for regression analysis by using Statistical Package for the Social Sciences (SPSS).

RESULTS AND DISCUSSION

A total of 170 questionnaires had been distributed to employees in three public sector organizations in Perlis. However, only 132 questionnaires (77.6%) had been returned and the majority (52.3%) of the respondents were female employees. Most of them having job experience of 10 to 14 years (26.5%) and above 20 years (26.5%) and held a diploma (43.9%). The respondents’ demographic profile are shown in Table 1. Means, standard deviation and the inter correlation matrix of the variables are reported in Table 2. The findings shows that all correlations were significant and none of the correlation are more than .70. It shows that the problem of multicollinearity is somewhat low [44]. Cronbach alpha coefficients ranged from .83 to 0.94 showed strong internal consistency for all variables and are adequate to use [44]. From the results, the means scores of all variables were considered high. To test whether transformational leadership influence succession planning, regression analysis were conducted and can been seen in Table 3. Based on the table, of the four transformational leaderships, only individualized consideration (β=.42, p<.05) significantly and positively contributed to the prediction of succession planning. However, idealized influence (β=.094, p>.05), inspirational motivation (β=.217, p>.05) and intellectual stimulation (β=.096, p>.05) were found to be not significant predictors to succession planning. Overall, the variance explained by the set of predictors is 54.9%. It was also stated that the F value is 38.613. Only hypotheses 4 was supported while hypotheses 1, 2 and 3 were not supported.

Table 1 Demographic Profile of the Respondent

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

Table 3. Multiple regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>β</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>.094</td>
<td>.264</td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>.096</td>
<td>.377</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>.217</td>
<td>.073</td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>.422</td>
<td>.000</td>
</tr>
</tbody>
</table>

R²   .549
Adjusted R² .535
F Value 38.613

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

Table 2 Means, Standard Deviations, Reliabilities and Intercorrelation Matrix

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized Influence</td>
<td>5.73</td>
<td>.69</td>
<td>(.83)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual Stimulation</td>
<td>5.60</td>
<td>.75</td>
<td>.66** (.90)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspirational Motivation</td>
<td>5.63</td>
<td>.76</td>
<td>.68** (.82** (.91)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualized Consideration</td>
<td>5.37</td>
<td>.83</td>
<td>.52** .69** .74** (.86)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Succession Planning</td>
<td>5.55</td>
<td>.80</td>
<td>.52** .62** .67** .702** (.94)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Meanwhile, individualized consideration was found to be a significant predictor to succession planning among employees in Malaysia public sector. The finding is consistent with the findings from [18][45][46] which revealed individualized consideration positively guided potential future leaders in the organization. It is because this type of leadership style more emphasized mentoring and coaching in helping potential future leaders to do their task effectively [47]. It can be concluded that individualized consideration could be developed to fill in the jobs demands in the career path. Thus, the finding were essential to contribute in carrying out a proper succession planning program for Malaysia public sector. Based on the results obtained from the employees, it undeniably showed that the employees who have been coaching and mentoring individually with full respects from their leaders tended to be able to create stronger features as potential leaders in the future and showed more possibilities for career development. Encouragement, strong support and developmental expertise given to employees would make them easily to reach the future goals, able to develop and took full advantage of their potential. Thus, it will be easier for management to discover their next successors.

Contrary to a previous study which have been conducted in Malaysia school setting, succession planning program lead by the idealized influence of transformational leaders. Principals able to facilitate teachers in creating a sense of empowerment and show determination in achieving goal of school organization. At the same time it will encourage leadership succession in the school organizations. The present study found that idealized influence not predict the succession planning program in public sector organization.

**CONCLUSIONS**

The findings of this study support those of earlier studies on transformational leadership style namely individualized consideration which has a significant impact on succession planning among employees in public sector. However, in terms of idealized influence, inspirational motivation and intellectual stimulation the finding were contradictory where in this study the leadership style not determine succession planning. In the context of this study, leaders in public sector should apply individualized consideration of transformational leadership in the organization by discovering employees’ strength and abilities while mentoring employees. Proper succession planning program will possibly happen if the organization considered any set of policies regarding the role of transformational leaders such as participate in the process, formulate changes, aware of current necessities and accelerate the development of employees. Hopefully, the current finding will contributes to fill the gaps in order to enhance the understanding of the role of leadership in designing the implementation of succession planning program at the public organization in Malaysia.

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

**REFERENCES**

https://doi.org/10.1108/00197850610646016