Employee Training and Succession Planning of Selected Deposit Money Banks in Abia State, Nigeria

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Abstract

Purpose- This study investigates the relationship between employee training and succession planning to deposit money banks in Abia State using a cross-sectional survey. Ten deposit money banks were surveyed using a simple random sampling technique. Design/Methodology- A total population of one hundred and twenty staff was investigated with a sample size of ninety-two. The validity of the instrument was determined using face validity while Cronbach Alpha was used to ascertain the reliability of the instrument. Spearman's Rank Order Correlation Coefficient (rho) was used to analyze the hypotheses with the aid of statistical package for social sciences (20.0). Findings- The study found that employee training has a positive significant relationship with succession planning. It concluded that employee training measured in terms of on-the-job training and mentoring promotes succession planning to deposit money banks. Practical Implications- The study recommends that managers, human resource professionals as well as directors of financial institutions should employ on-the-job training and mentoring for effective succession planning in the workplace.

Introduction

Most organizations that are making waves today are as a result of the foundation that its founding fathers laid through succession planning process and leadership. This is not exception for deposit money banks operating in Nigeria. Most banks make adequate preparations for succession because of the volatility of the industry. Thus, management of most deposit money banks planned leadership succession through on-the-job training and mentoring. The reason is because; deposit money banks usually want to make profit but avoids anything decision that will not yield positive result. Therefore, instead of employing the services of training consultants; they prefer training their employees themselves using on-the-job training and mentoring. The employment of these methods has yielded huge positive results in terms of profitability, performance, commitment, efficiency as well as effectiveness.

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However, succession planning is very significant to the growth and expansion of deposit money banks quite apart from other service enterprises. It is an integral part of any living organization that has a road map for prospective future leaders that will use the limited resources to achieve set goals (Dessler, 2013). Succession planning helps to identify the right human resource that will pilot the affairs of the organization in the next coming years (Swanson and Holton, 2001). Barnett and Davis (2008) contended that succession planning is an effective tool used over the years by businesses and industries to address leadership challenges facing organizations. Succession planning can be an important way to identify employees who have the current skills or the potential to develop skills that can help them move up in an organization, or on to other positions (Leigh, 2015). Additionally, Peet (2012) asserted that succession planning is a means of generating knowledge in order to achieve cost and operational efficiencies in firms.

Rothwell (2001) accentuates that succession planning has four fundamental benefits to organizations. First, succession planning is a strategy that firms must employ to ascertain that the right human resources are in the positions as at when needed. Secondly, succession planning curtails the impact of downsizing on the progress of the firm. Thirdly, succession planning promotes workplace diversity quite apart from multiculturalism. Lastly, succession planning shows the framework for career prospects, training and employee career progression. For Sharma, Chrisman, Pablo, and Chua (2000) succession planning enhances the probability of a successful succession of leadership. Byars and Rue (2006) argued that with succession planning in place, production of goods and services will not be interrupted. In the perspective of Griffiths (2012), planning for succession is necessary to maintain and develop knowledge, talent especially in a volatile and unstable political economy engineered by competition in the international business environment. In addition, Robbins, Judge and Sanghi (2009) accentuates that succession planning that is built on enhancing the skills of employees remains the bedrock on which prosperity thrives.

However, one major problem that Nigerian banks faced today is succession planning. Akani (2015) reported that most Nigerian banks lacks the capacity to plan and implement succession because, the executives at the headquarters of these banks are skeptical of training their subordinates that will replace them in the near future. As a result of nonexistence of succession planning policies in the Nigerian banking, most directors has held their positions to themselves year in and year out which resulted to failures of most banks in Nigeria. Supporting this argument Akani (2015) posited that the central bank of Nigeria (CBN) in 2012 rescued eight banks through the injection of capital and removal of the leadership of the erring banks (Akani, 2015).

Nevertheless, planning for succession of leadership is usually propelled by training the subordinates that will take over the responsibilities in the future. Thus, employee training becomes relevant due to technological changes, political dynamism, product variations and cultural behaviors of consumers. Training promotes product development which in turn draws customers’ attention to brands. Training of new entrants stimulates them to exhibit discretionary behavior which ordinarily they would not do. Redmond (2006) asserts that when employee skills are enhanced their normative commitment is usually very high compared to those that did not received training. Martocchio (2015) accentuates that through training, service enterprises usually maximize profits but records more losses when training policies are withdrawn. Millmore, Lewis, Saunders, Thornhill and Morrow (2007) on their part maintained that training is an instrument through which companies’ uses to open their gates for opportunities. In order words, employee training predicts planning for succession of leadership in both service and production organizations (Klikauer, 2014). Thus, this study becomes imperative as it x-rays the significance of training employees so as take over responsibilities from those retiring from active services in deposit money banks in Nigeria.

From the foregoing, the scope of this study will be limited to on-the-job training and mentoring as the dimensions of employee training obtainable within deposit money banks work environment. These indicators
were used to formulate the research objectives quite apart from hypotheses that are subjected to empirical examination using appropriate statistical tools as will be seen in the methodology.

Aim/Objectives of the Study

The aim of this study is to ascertain the effects of training on succession planning of selected banks in Umuahia. Specifically, the study sought to:

1. Identify the relationship between on-the-job training and succession planning
2. Examine the relationship between mentoring and succession planning

Research Hypotheses

The following null hypotheses were drawn from the specific objectives.

HO1: There is no significant relationship between on-the-job training and succession planning
HO2: There is no significant relationship between mentoring and succession planning

Literature Review

Employee Training

Employee training is the process of introducing employees into various skills that they are unaware in order to acquire such skills and use it for the benefit of the organization. Scholars such as Ofobruku and Nwakoby (2015) perceived training as the process of developing employees’ skills and learning new concepts, rules or attitudes in order to increase effectiveness on a particular job. Wadj, Khalil and Maria (2014) on their view, contended that training is a planned process to modify attitude, knowledge, skill or behavior through learning experience to achieve effective performance in an activity or range of activities. On another angle, Dialoke (2015) stressed that training is all about teaching or developing in self or people, skills as well as knowledge that associate with specific useful competencies. Beardwell and Holden (2001) opined that training is a systematic process, which helps workers to learn how to be more effective at work by enhancing their knowledge, skills or attitudes through learning experience to achieve effective performance in a specific activity or range of activities. DeNissi and Griffin (2008) viewed training as a planned attempt by organizational executives to facilitate employee learning that is associated with job activities in the workplace.

However, Wagonhurst (2002) elucidated that training is the development of skills, specifies measurable objectives, and should result in observable change in behavior. Buckley and Caple (2000) contended that training is a systematic process, which helps workers to learn how to be more effective at work by enhancing their knowledge, skills or attitudes through learning experience to achieve effective performance. On the part of human resource management expert; Armstrong (2009) accentuates that training involves the application of formal processes to impart knowledge and assist subordinate to acquire the skills necessary for them to perform their jobs satisfactorily.

Dimensions of Employee Training

On-the-job training: On-the-job training refers to type of training whereby employees acquire various skills while on their job. Ivancevich (2004) stressed that on-the-job training is when an employee is placed into the real work situation and shown the job and the tricks of the trade by an experienced employee or the supervisor. On-the-job training refers to how an employee is guided to complete a task or assignment when they are already hired and working (Study.com, 2018). Noe, Hollenbeck, Gerhart and Wright (2004) asserted
that on-the-job training refers to a method of training in which an employee with job experience and skill guides trainees in practicing job skills at the workplace. They also argued that on-the-job training takes two dimensions which are apprenticeships and internships. Glover (1988) in Noe, Hollenbeck, Gerhart and Wright (2004) accentuates that apprenticeship is a training method that teaches job skills through a combination of on-the-job training as well as classroom training. Internship on the other hand is on-the-job learning sponsored by an educational institution as a component of an academic program (Noe, Hollenbeck, Gerhart and Wright, 2004).

**Mentoring:** Mentoring is a training approach through which an employee can develop new leadership skills from a superior that have been working in the organization for a longer period of time. Santamaria (2003) contended that mentoring is one-to-one relationship in which an expert or a senior person voluntarily gives time to teach, support, and encourage another. Zachary (2002) is of the view that mentoring passes on knowledge of subjects, facilitates personal development, encourages wise choices, and helps the protégé to make transitions. Viewing succession planning differently, Nwambure (2010) contended that mentoring a subordinate is a strategy for succession planning especially in the banking industry. But Bell (2000) maintained that mentoring refers to an individual that assists a protégé learn something new that will help him/her to take over from the superior when the time comes. It therefore means that in mentoring, relationship remains the key for knowledge to be transfer from the mentor to mentee (protégé). Supporting this argument, Munro (2009) asserted that in a formal mentoring relationship, the organization kicks off the process with the aim of passing on one’s greater knowledge to those who don’t have it. Other scholars perceived mentoring as a process as can be seen hereunder. Özkalp, Kırel, Sungur and Cengiz (2006) contended that mentoring is a process during which the experienced employees of an organization assist newcomers complete their individual as well as organizational development. Lastly, Bozeman and Feener (2007) accentuates that mentoring is a process for psychological support, informal transmission of knowledge and professional development.

**Succession Planning**

Sayed, Azam and Alireza (2014) perceived as the transition of business ownership as a result of retirement. They further contended that it is an attempt to ascertain the number of managers that are qualified as well as skilled employees that are due for either retirement or promotion. Succession planning can be viewed as a systemic and long term process of ascertaining goals, needs, and roles within an organization at the same time prepare individuals for tasks relative to work needed within an organization (Luna, 2012). Collins (2009) cited in Osibanjo, Abiodun and Obamiro (2011) perceived succession planning as a process that can provide seamless leadership transition across the organization. Buttressing the significance of succession planning, Groves (2003) argued that, it serves as a tool to manage knowledge and change, develop leadership capacity, build smart teams, and retain and deploy talent in a manner that helps an organization operate to its greatest potential. In line with the above contention, Garman and Glawe (2004) perceived succession planning as an organized process comprising the identification of an individual that will take over leadership from the manager or director that is due for retirement. Sharma, Chrisman and Chua (2003) perceived succession planning as a process put in place by organization for a future planned retirement or permanent exit of the executive. Charenet (2001) cited in Ali, Freyedon and Javad (2012) contended that succession planning is the drive to employ high potential workers for different leading positions in every organization with the aim of maintaining leadership high quality for now and future given the existing constraints.

Nevertheless, scholars and researchers have dissected both predictor and criterion variable in different geographical locations, industries using various methodologies as can be seen here. Osibanjo, Abiodun and Obamiro (2011) examined succession planning and organizational survival. The results of their study indicated that talent retention, organizational conflict and nepotism positive and significantly correlated with
organizational survival. Akani (2015) examined management succession planning and corporate survival in Nigeria. Results of Akani study shows that management succession planning has a positive correlation with corporate survival. Rhoda, John and Samad (2013) examined succession planning and family-owned business continuity in the Wa Municipality. Result from their study show that many of the family owned businesses do not have formal or written succession plans for their businesses, hence; owners of family owned businesses preferred the appointment of their family member as a successor. Fapohunda (2015) investigated the effect of human resource planning on succession planning in Nigeria’s higher education. Result of her investigation revealed that most tertiary institutions in Nigeria do not plan for talent retention and succession planning especially for academic staff. Hassan and Zahra (2014) investigated the correlation between succession planning and strategic planning. Results of their study indicate that succession planning has a positive correlation with strategic planning.

**Succession Planning Models**

**Scharmer’s Theory U Model:** Theory U model was propounded by Scharmer (2007). He argued that for succession planning to be effective, top management or business owners must support and take adequate steps in planning for a successor. Sharmer’s argument is focused on planning process which is the bedrock of succession. Thus; when directors or general managers fails to plan for the incoming leaders it becomes difficult for the new leadership to perform effectively. Therefore, it is very important for bank directors to plan ahead of time the right individual that will be in charge of leadership position as at when due.

**Relay Succession Planning Model:** This model was propagated by Santorin (2004). Santorin’s argument is that current business leaders must hand over the mantle of leadership to someone that will succeed them. The tenets of this model is anchored on athletes on relay race; in order for the athletes to win a race, the first person with the baton must ensure he/he get to their team member as fast as possible. Thus; for business continuity; organizational leaders should handover their baton of relay to the best qualified individual that will continue from where they stop.

**Employee Training and Succession Planning in Deposit Money Banks**

Employees can be trained inside the organization without necessary sending them outside. This is called on-the-job training which includes job rotation and job enlargements. One advantage of this method is that, production activities will be sustained and enhanced (Edeh and Nwaji, 2017). Secondly, there will be an instant change in employees’ attitude within and outside the firm. Thirdly, it is cost effective and bridges the gaps of theory and practice. Bank industries adopt this type of training methods most times. A bank teller can be advised to move to marketing departments so as to acquire marketing skills. When an employee is employed in some banks, the first assignment is to introduce such employee to cash points where customers can deposit and make withdrawals. At this point, the employee will be trained on communication skills, negotiation skills as well as human relationship skills.

Deposit money banks trained their employees with the notion of transferring knowledge from the experienced to newly recruited employee for the purpose of succession planning. This is enshrined in the management policies drawn from the board of directors down to branch managers. Thus, every branch is expected to implement this policy to enable the bank achieve its goals and objective. The two fundamental approaches used by most of these deposit money banks are on-the-job training and mentoring. In some banks, new employee are mentored on how to; create customer relationship, count cash, identify fraudsters, use bank software for cash postings to mention but a few. In line with the above, mentees are encouraged to ask questions wherever they are not comfortable. Departmental managers such as head of operations, marketing and customer relationship are responsible for mentoring subordinates under their departments.
From the foregoing; deposit banks utilizes mentoring and on-the-job training to close gaps in terms of retirement by any of the departmental head by promoting a subordinate who have been under tutelage of such manager for some years. In the case of on-the-job training; employees that have been serving customers at the counter for a number of months may be moved to marketing department to acquire marketing skills especially when dealing with potential customers outside the banking environment. Apart from that; other employees can be instructed to move from marketing department to customer relationship department in order to learn the ingredients of customer relationship management. Deposit money banks employ these two methods to avoid spending money on training consultants thereby increasing their capital base.

Research Methodology

Research design employed in this study is cross-sectional survey. Ten deposit money banks were surveyed using simple random sampling technique. The population of the study is one hundred and twenty staff. Sample size of ninety two was ascertained using Krejcie and Morgan (1970). Ninety two copies of questionnaire were administered but seventy one copies were correctly filed and returned. Validity of instrument was determined using face validity while Cronbach alpha was used to ascertain the reliability of the instrument which yielded coefficient α of 0.73 and 0.82. Mentoring and on-the-job training were measured with three items each; while succession planning was measured with three items; all on a five point Likert scale ranging from 5= Strongly agree; 4 = Agree; 3= Disagree; 2 = Strongly disagree 1= Neither agree nor disagree. Spearman’s Rank Order Correlation Coefficient (rho) was used to analyze the hypotheses with the aid of statistical package for social sciences (20.0). This is because the data is on ordinal scale.

Results

Respondents’ profiles were analyzed with statistical package for social sciences (SPSS 20.0) using frequencies as shown below.

Table 1 - Respondent’s Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Male</td>
<td>51</td>
<td>71.8</td>
<td>71.8</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>20</td>
<td>28.2</td>
<td>28.2</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>71</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

From table 1 above; 51 respondents representing 71.8% were males; while 20 respondents representing 28.2% were females. This implies that male employees are more than the females in the selected deposit money banks as at the time this research was conducted.

Table 2 - Age Bracket

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>46-50</td>
<td>20</td>
<td>28.2</td>
<td>28.2</td>
</tr>
<tr>
<td></td>
<td>36-45</td>
<td>40</td>
<td>56.3</td>
<td>84.5</td>
</tr>
<tr>
<td></td>
<td>20-35</td>
<td>11</td>
<td>15.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>71</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The above table shows that; 20 respondents representing 28.2% were between 46-50 years; 40 respondents representing 56.3% were between 36-45 years; and 11 respondents representing 15.5% were between 20-35 years. This implies that majority of the respondents’ in this study falls within the age brackets of 36-45 years.
Table 3 - Respondents' Number of Years in Service

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9-15</td>
<td>10</td>
<td>14.1</td>
<td>14.1</td>
</tr>
<tr>
<td>5-8</td>
<td>40</td>
<td>56.3</td>
<td>70.4</td>
</tr>
<tr>
<td>1-4</td>
<td>21</td>
<td>29.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 3 above indicates that; 10 respondents representing 14.1% have worked in the selected deposit money banks between 9-15 years; 40 respondents representing 56.3% have worked in the deposit money banks between 5-8 years; and 21 respondents representing 29.6% have worked in the deposit money banks between 1-4 years. This means that majority of the respondents in this study have worked between 5-8 years in the banks.

Table 4 - Respondents' Educational Qualification

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ph.D</td>
<td>3</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Others</td>
<td>9</td>
<td>12.7</td>
<td>16.9</td>
</tr>
<tr>
<td>OND/HND</td>
<td>17</td>
<td>23.9</td>
<td>40.8</td>
</tr>
<tr>
<td>Master</td>
<td>11</td>
<td>15.5</td>
<td>56.3</td>
</tr>
<tr>
<td>Bachelor</td>
<td>31</td>
<td>43.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The above table shows that; 3 respondents representing 4.2% hold Ph.D. degrees; 9 respondents representing 12.7% holds other educational qualifications; 17 respondents representing 23.9% hold OND/HND diploma certificates; 11 respondents representing 15.5% holds master degrees; and 31 respondents representing 43.7% holds bachelor degrees. This implies that; majority of the respondents in this study holds bachelor degrees.

Analysis of Hypotheses

Table 5 - Correlation between On the Job Training and Succession Planning

<table>
<thead>
<tr>
<th></th>
<th>On-the-job training</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>Correlation Coefficient</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>71</td>
</tr>
<tr>
<td>Succession planning</td>
<td>Correlation Coefficient</td>
<td>.773**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>71</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

H1: There is No Significant Relationship between On-The-Job Training and Succession Planning

The above result shows the bivariate analysis between on-the-job training and succession planning. From the table, a high coefficient of correlation (.77**) exist between the two variables while p<0.05 which indicate significant level. Therefore, since p<0.05, null hypothesis is hereby rejected and alternate hypothesis accepted. The study states that on-the-job training has a positive significant relationship with succession planning.
Table 6 - Correlation between Mentoring and Succession Planning

<table>
<thead>
<tr>
<th></th>
<th>Mentoring</th>
<th>Succession planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mentoring</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>1.000</td>
<td>.802**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Succession planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>.802**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>71</td>
<td>71</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.05 level (2-tailed).

H2: There is no significant relationship between mentoring and succession planning.

The above result revealed that mentoring has a positive significant relationship with succession planning. The correlation coefficient between the two variables is high (.802**) with p < 0.05. It therefore means that the null hypothesis will be rejected and alternate hypothesis accepted.

Discussion

Based on the result above the study found that employee training has a positive significant relationship with succession planning of deposit money banks in Nigeria. Specifically, the following discussion of findings was drawn from the literature. On-the-job training was found to have positive significant relationship with succession planning. This implies that as on-the-job training increases, succession planning will also increase. This is in line with Akani (2015) investigation on management succession planning and corporate survival in Nigeria. Akani’s finding shows that management succession planning has a positive correlation with corporate survival. The last result revealed that mentoring has a positive significant relationship with succession planning. This means that when mentoring is given a positive consideration, succession planning will be boosted in the deposit money banks. The finding corresponds with Hassan and Zahra (2014) examination on the relationship between succession planning and strategic planning. Their results revealed that succession planning has a positive correlation with strategic planning.

Conclusion

Drawing from the discussion of findings, this study concluded that employee training measured in terms of on-the-job training and mentoring enhances succession planning in deposit money banks. It also shows that managers of deposit money banks develop the skills of their subordinates according to the policies establishing the banks to pave way for a successor through on-the-job-training and mentoring. Management executives preferred these two methods of preparing their leaders for future positions because of it is costs effective and does not require moving the employees to another destination.

Human resource management professionals in charge of recruitment, selection, placement and succession planning in these deposit money banks have admitted positively the enormous benefits that have accrued to them by employing on-the-job-training and mentoring to plan for succession in the industry. Based on the conclusion above, the study recommends that;

1. Managers, human resource professionals as well as directors of financial institutions should employ on-the-job training and mentoring for effective succession planning in their workplaces.

2. To avoid spending money on external human resource management consultants, service organizations should adopt on-the-job-training and mentoring as tools for succession planning.
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