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Effect of Succession Planning in Banking Industry

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ABSTRACT

This study sought to analyse the effect of succession planning on organization performance, with a specific focus on bank. The research questions that guided the study included: How has talent management impacted Bank's performance? What impact has the existing succession planning processes had on Bank's performance? What are the effects of skills and competencies gap analysis impacted Bank's performance? Descriptive research design was used in this study. The target population of the study comprised of employees from Bank. The sampling frame was drawn from the Bank Human Resource Department. Simple random sampling technique was employed to select the respondents. A sample size of 92 employees from Bank was used in the study. Study data was collected using structured questionnaires which were self-administered. A pre-test of questionnaire was performed by the researcher to identify their consistency in picking up the right information required for the research. This study used descriptive statistics to analyse the data that was obtained from the field. Regression and correlation analysis were used to determine the nature and the strength of the relationship between the independent and the dependent variables. The results of the study were presented using figures and tables. The study showed that the bank had a systematic approach to attract and retain high performing employees, achieved through talent management which promoted the workforce efficiency and productivity within the bank. Hiring and selection of employees influenced the bank's performance, as well as their investment in enhancing their employees' skills and competencies with the aim of meeting the needs of their dynamic business environment. The bank used coaching practices to assist employees to meet organizational goals, and to enhance the performance of its employees. The study revealed that succession planning processes at the bank involved preparing for change in leadership, and it ensured that high performing employees were retained and rewarded. Individual employee career goals and objectives were important to the bank's succession planning, because it identified key attributes that were essential for leadership development in critical roles. The bank however, faced barriers to its succession planning and leadership development, even though it focused on its sustainability. The recruitment v process ensured that the bank did not have a surplus or shortage of staff, and its application of knowledge management had facilitated the integration of people, processes and technology that created value for the organization. The study showed that the bank had the ability to identify the skill levels and competencies of workers who could meet its requirements, and as a result, its profitability had been adversely impacted by its employees' skills and competencies. Development of specific competencies had contributed to the bank's continual improvement in employee performance, and its leadership had a great impact on the performance of employees. The leadership team of the bank encouraged employees to participate in decision-making for the benefit of the bank, as well as playing a fundamental role in building leadership capacity by developing and preparing high potential employees for now and the future. On talent management, the study concludes that the bank had measures in place that encouraged employees to remain in the organization for the optimal period of time, and its compensation plan was considered an effective technique for organizational performance. On succession planning processes, it can be concluded that, generating new knowledge was vital for the bank since it had positive effect on its performance, thus conducive environment that encouraged sharing of essential business knowledge across functions had been fostered by the firm management. On skills and competencies gap analysis, it can be concluded that, utilization of knowledge acquired by the bank had been used to transform its potential capabilities to realized and dynamic capabilities. On talent management, the study recommends the managers of Bank to create retention programmes for the firm. On succession planning process, the study recommends Bank managers to fine-tune the process and ensure that fundamental positions within the

bank are always filled, and retain capable talent within its pipeline. On skill gap and competency analysis, the study recommends Bank managers to put in place programs that would effectively identify the skill gaps within the firm, and subsequently invest in training.

INTRODUCTION

2.1 Background of study

The continuous disruptions faced by organizations in today's environment are complex and sometimes unpredictable, thereby requiring specific leadership skills and experience to address these disruptions and ensure business continuity. Succession planning is 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 points out that lack of succession planning will cause challenges to businesses and has the potential of turning into a major problem in the future as technology evolves and create more disruptions for organization.

Succession planning is a process that helps to ensure the stability of the organization and tenure of personnel especially in key roles and who have gained valuable corporate knowledge. It is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department or work group by making provision for the development, replacement and strategic application of key people over time.

The notion of succession planning ranges from any efforts to plan for top management succession to an expansive view of systematic internal talent development. Succession planning has become a key concentration in organizations especially in the human resource department and also institutionally where it is part of the strategy enforced to ensure good organizational performance.

A good succession management however, will be able to think ahead so that in such circumstances, it will get the organization well covered. Non-governmental organizations in India are at this present age filling up management top leadership positions. Bank went over realized that there were concerns which are related to succession that are heavily featured in industries that are business related or where they are non-business related. However, it was found that a portion of businesses lack adequate plans for succession.

There have been a couple of studies done on the relationship between succession planning and organizational performance in major banks in India but none has focused on Banks succession planning. This study may be significant to the management, senior executive team and the bank's Board of Directors as succession planning is now one of the bank's top priorities and has been entrenched in the organization's 5-year strategic plan. This study therefore sought to answer the question, the impact succession planning has on organization performance of bank.

Statements of Problem

The current succession practices in many bank are not based on formal procedures and systems. The succession practices of leaders in bank can be described as dynastic, wherein the offspring of current leaders tend to take over without deliberate evaluation of their qualifications. Lack of financial transparency also leads to cronyism in succession practices. Moreover, charismatic personalities tend to be favoured because of their ability to attract and solidify followership in religious organization. In many banks, charisma was often viewed as both a relational and authoritative characteristic that is challenged in times of crisis and succession. Nepotism, cronyism, and the tendency to favour charismatic personalities in bank leadership underscored the lack of systematic planning for succession and transition among bank leaders. Consequently, leadership practices in banks tend to be less transparent and accountable to their members (Tushima, 2016). According to Tushima 4 (2016), bank leadership should endeavor to move their banks towards a more formal method of succession planning to ensure that pastoral qualifications remain the basis for leadership appointments. Without a formidable system that is transparent and emotionally honest, the succession of leaders often leads to mismanagement that affects the entire organization (Tushima, 2016). One example was provided by upper echelon theory (Hambrick & Mason, 1984), which held that contingencies are seen through a leader's lens of values, experiences, and personality. The lens used by the laity can differ considerably, and which was later applied to matters of doctrine and management.

Purpose of the Study

This phenomenological study explored 10 current bank employees lived experiences on succession planning practices, characteristics crucial for an influential bank official, and why formal succession plans were mainly non-existent in banks within an urban area in the region of the Indian Data was collected using interviews, questionnaires, where semi-structured interviews took place. The results have enhanced an understanding and insight into ban employees' experiences of succession planning practices in banks in the India.

Significance of the Study

This study is significant because the results can fill the literature gap on leadership succession practices and add to the understanding in this particular area of research (Stokes & Marler, 2015). This study aimed to identify theories that can successfully frame succession planning in bank leadership. According to Schepker et al. (2018), there was very little theoretical foundation for succession planning in different 5 organizations. This means that there was no definite theory to guide their practices for organizations with succession planning in place. The study results were instrumental in developing a theoretical model in implementing a succession planning framework in banks. More specifically, the leadership trait theory (Kenny & Zaccaro, 1983), and the charismatic leadership theory (Shamir et al., 1993) served as a framework.

The purpose of the study was to examine the impact succession planning has on organization performance in commercial banks in India: A case of succession planning in Banks.

Research Questions

The study was guided by the following broad research questions:

1. How has Talent Management impacted Bank's performance?
2. What impact has the existing succession planning processes had on Bank's
3. What are the effects of skills and competencies gap analysis impacted Bank's performance?

The study confirms if Bank has succession programs in place and the effect they have on its performance. It was expected that as a result of the study, challenges and barriers to successful implementation of the succession plans within Bank would emerge.

Scope of the Study

The study focused on issues to do with succession planning and how it affected organizational performance in commercial banks, with a main focus on Bank; therefore, its findings were not generalized to other financial institutions in

The study specifically focused on Bank’s talent management, skills gap analysis and succession planning processes and their impact on its performance. The study targeted Bank’s senior and middle management staff including its employees.

Nature of the Study

The study's practical significance is that the results were instrumental in facilitating leadership practices that will lead to the development of formal succession planning practices in banks in much of the India and beyond. A deeper understanding of banks organizational behaviour can facilitate changes that would lead to enhanced functioning (Thompson, 2008). Succession planning is a particularly important organizational behaviour to explore because the membership in banks is declining and there is currently a shortage of eligible leaders in many bank due to the declining enrolment in seminaries (Cafferata, 2017; Stokes & Marler, 2015). The results of this study will lead to an enhanced understanding and insights into the succession planning practices of pastors in banks. A qualitative research approach was selected for this proposed study. Qualitative research is an approach wherein the researcher's primary goal is to inductively uncover the mechanisms, processes, characteristics, or description of a complex phenomenon (Merriam & Grenier, 2019). Another important characteristic of qualitative research is that the data collection methods were less structured to allow new information to be generated based on the experiences, perceptions, or perspectives of individuals (Hesse- 6 Biber & Leavy, 2010). Compared to quantitative research, wherein the goal is primarily to confirm existing theories within a specific scenario using several variables, qualitative research is inductive. The data served as the foundation of the themes generated to answer the research questions (Flick, 2018). Other important characteristics of qualitative research included the use of a small number of participants in the sample to focus on their experiences in-depth; the focus on rich and long narratives as the raw data; and the emphasis on patterns and themes in presenting the findings (Flick, 2018; Merriam & Grenier, 2019). A phenomenological study was the appropriate research design for this study because the design’s philosophy and framework aligned with the overarching purpose of this study to explore bank leaders' lived experiences of succession planning practices in bank. Organizational change through leadership succession is an evolving issue (Kezar, 2011). Grounded theory was appropriate because the current study did not aim to inductively establish theories based on the themes from the data (Strauss & Corbin, 1990). Grounded theory is primarily utilized to develop theories from themes generated from qualitative data (Charmaz, 2014). Finally, the immersive nature of ethnography, wherein the investigator collaborated with the main actors central to the phenomenon to understand a phenomenon, was not aligned with the more conservative and less invasive goals of the current research (Hannerz, 2003

LITERATURE OVERVIEW

Introduction

This chapter looks into the information from the available literature impact of succession planning on organization performance. The literature is guided by the following research questions: How has talent management impacted Banking industry's performance? What impact has the existing succession planning processes have on Banking industry's performance?

Talent Management and Organization Performance Organization Performance

According to Rummler and Brache (2013), performance in general has many different context- based definitions. It can be referred to profitability, market standing, and efficiency of operation, financial performance, nonfinancial performance, and operational performance. Crandall and Crandall (2015), defines performance as the record of outcomes produced on a specified job function or activity during a specified period of time. Therefore, performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others.

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard (2009) organizational performance should be related to factors such as profitability, improved service delivery, customer satisfaction, market share growth, and improved productivity and sales. Organizational performance is therefore affected by a multiplicity of individuals, group, task, technological, structural, managerial and environmental factors. Individual incompatibilities between the employees and in their groups can adversely affect their work output resulting in decreased performance (Rummler & Brache 2013).

Talent Management

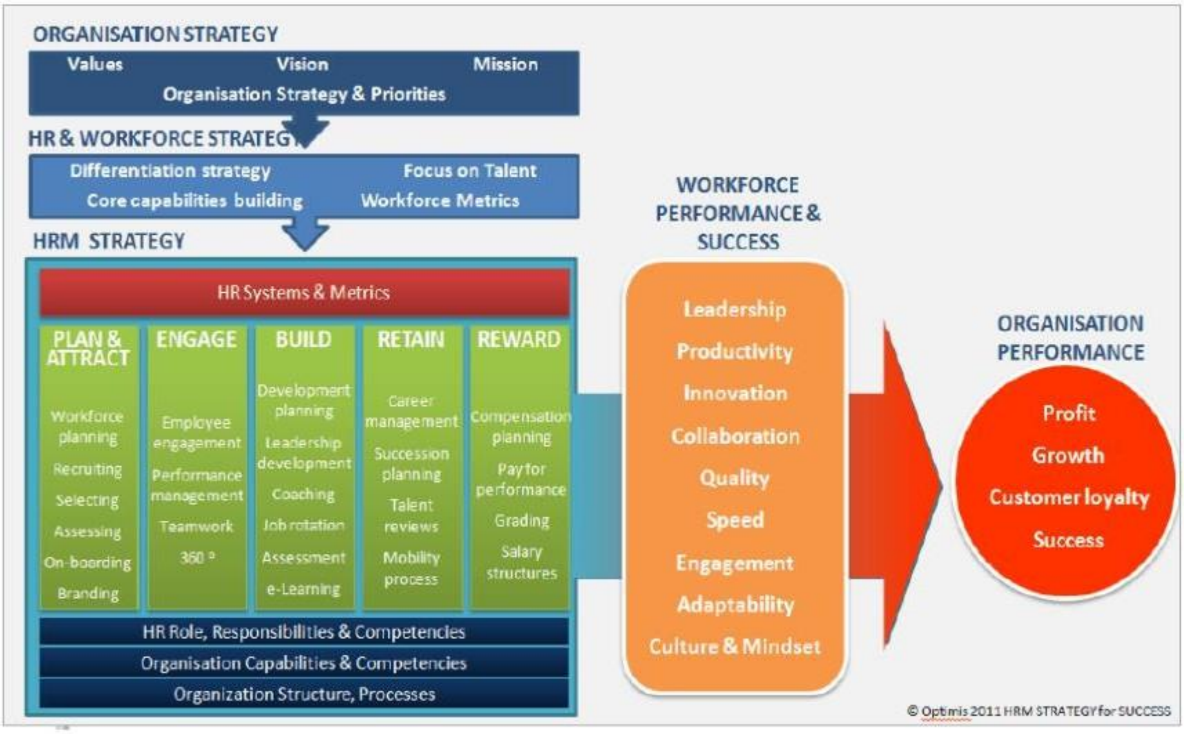
Today talent management is known as a systematic approach to attract, screen, select the right talent, engage, develop, deploy, lead and retain high potential and performer employees to ensure a continuous talent feeding inside the organization aimed at increasing workforce productivity (Thunnissen & Buttiens 2017). The goal of talent management is to create a high- performance, sustainable organization that meets its strategic and operational goals and objectives (Campbell & Smith, 2014). Attracting, selecting, engaging, developing and retaining employees are the five main focuses of talent management.

Recent trends in Human Resource Management are continuously triggering the performance of the workforce as well as the production of the organizations (Goswami, 2016). Organization performance is the organizations' ability to attain its goals by using resources in an efficient and effective manner. It is also the ability of organization to achieve its goals and objective (Rop, 2015). Talent management needs to be seen as essential for achieving the organization's goals and objectives if it manage properly in a comprehensive way (Milky, 2013). Organizations can hardly compete without highly skilled workers and without the continual investment in the human capital. To have the right people in the right places and in the right time is critical for any organization to achieve the competitive advantage. Furthermore, the success of any organization depends strongly on having talented individuals. Talent management promotes workforce efficiency and productivity in work organization, talent management and organization performance model identifies various talent management components and links them to workforce performance which eventually leads to organization performance as illustrated in figure 2.1.

Some benefits of using a talent management process include the following:

- Revenue. A stronger workforce commonly improves profit.
- Production. Capable and hardworking employees create stronger possibilities for effective production and plentiful output.
- Quality. Talented employees produce high quality work. It is more likely an employee will do their best work if they are happy with and feel supported by the company.
- Cost. By investing in high-quality employees, companies can keep costs lower as managing employee churn is time-consuming and expensive. Companies can also avoid additional costs by promoting and advancing employees from within, as well as taking measures to avoid employee burnout.

An ideal high performing employee has industry-specific characteristics. These might include broad or specialized skill sets, knowledge of a product or research area, the ability to learn quickly and a willingness to gain the skills needed by a company.



Talent Attraction

Talent attraction is a management technique that employers use to pull desired skills into the organization. This technique is administered in order to get the right job fits (Songa & Oloko, 2016). Talent attraction is composed of recruitment and selection, employer branding, employee value preposition and employer of choice (Rop, 2015). Human resource departments should also consider flexible working hours as a strategy for attracting key talent. Employer branding involves a set of activities which would help an organization attract the potential employees.

A company or firm that is focused on being successful, it must invest in talent management of their workers to obtain some conditions in the company like good business environment (Snell, 2007). Recruitment and selection required that organizations use various methods or techniques of selecting the right talent that reflects the culture and value of an organization. According to Armstrong (2011), having proper recruitment policy is crucial for success of the company, poaching/head hunting talented employees improves organization performance, good employee allowances given by the institution enables the company to attract committed workforce. Proper selection of talented employees benefits the company in getting the right people who do the right job and that improves performance.

Talent Development

Talent development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization. Talent development is process of upgrading the skills and attitude of the employees (Lyria, 2013 & Rabbi 2015). In this competitive and dynamic organizations, learning and development has become a backbone of success, without continuous learning, gaining and maintaining performance may become impossible (Rabbi, 2015). Learning and development of talented employee has become a mainstay for organizational success, without unceasing learning & development it may become problematic for employees to maintain their performance in today's competitive era.

Mentoring

At its core, mentoring is a structured and nurturing relationship that transcends traditional employee training. It is a partnership in which an experienced individual, known as the mentor, offers guidance, support, and wisdom to a less experienced counterpart, the mentee. The primary objectives of mentoring encompass various dimensions of personal and professional development, such as: Skills Development: Mentoring helps individuals hone their existing skills and acquire new ones. Mentors provide hands-on guidance and opportunities for mentees to refine their competencies.

- Knowledge Transfer: Experienced mentors share their expertise, industry insights, and practical knowledge, contributing to the mentee's growth and understanding of their field.
- Career Advancement: Mentoring often leads to increased visibility within an organization, enabling mentees to progress in their careers more swiftly.
- Leadership and Soft Skills: Beyond technical proficiency, mentors guide mentees in developing essential soft skills, such as communication, leadership, and emotional intelligence.

Coaching

Coaching is a highly personalized process that revolves around goal setting, self-discovery, and continuous improvement. It is facilitated by a coach who partners with an individual, known as the coaches, to identify and achieve specific objectives.

Different Coaching Models and Methodologies

There are various coaching models and methodologies employed to achieve different outcomes. Some of the most popular include:

GROW Model: This model, which stands for Goals, Reality, Options, and Will, is a problem- solving and goal-setting approach that encourages coaches to explore their goals, current reality, options for action, and commitment to action.

Talent Retention

Talent retention aims to take measures to encourage employees to remain in the organization for the maximum period of time. Retention of talent is of greater importance for organization to maintain competitiveness this is possible through executing compensation practice to avert employees from exiting the job. On the other hand, Mabaso (2016), also asserted that retention of valuable employees has ascended as the prime challenge for organizations. Retention aims to take measures to encourage employees to remain in the organization for the maximum period of time.

Succession Planning Processes

According to Schall (1997), succession planning process involves preparing the agency for a change in leadership, but it also includes assessing what has been valuable and how that can be preserved and transferred to the subsequent regime. Succession planning process is viewed as a leadership pipeline that increases leadership effectiveness over time. Through succession planning process, superior employees are recruited, and subsequently their knowledge, skills, and abilities, are developed in order to prepare them for advancement or promotion into ever more challenging roles.

Succession planning is a strategic process that aims to identify and develop potential leaders within an organization to ensure a smooth transition of key roles. While traditionally viewed as a human resource management function, succession planning has increasingly gained recognition as a critical driver of organizational performance. This literature review synthesizes existing research to explore the effects of succession planning on organizational performance across various industries and contexts.

Enhancing Leadership Continuity:

Research indicates that effective succession planning enhances leadership continuity, thereby reducing disruptions and maintaining organizational stability during leadership transitions (Berdrow & Evers, 2017). Organizations with robust succession plans are better equipped to fill key positions promptly, ensuring that critical functions continue uninterrupted.

Improving Employee Engagement and Retention:

Succession planning contributes to employee engagement and retention by providing clear career paths and development opportunities (Dhawan & Bhardwaj, 2019). Employees are more likely to remain committed to an organization that invests in their growth and offers opportunities for advancement. Moreover, the prospect of upward mobility encourages high- performing employees to stay with the organization, reducing turnover costs.

Facilitating Knowledge Transfer:

Succession planning facilitates knowledge transfer by systematically identifying and developing talent across different levels of the organization (Rothwell & Kazanas, 2019). By ensuring that expertise is passed down from experienced employees to their successors, organizations can preserve institutional knowledge and maintain competitiveness in the face of workforce turnover and retirement.

Enhancing Organizational Agility:

Organizations with effective succession planning are more agile and responsive to changing market dynamics and business challenges. A steady pipeline of capable leaders enables organizations to adapt quickly to emerging opportunities and threats, driving innovation and maintaining a competitive edge in the marketplace.

Fostering Diversity and Inclusion:

Succession planning initiatives that prioritize diversity and inclusion contribute to organizational performance by leveraging a broader range of perspectives and talents (Briscoe & Bastian, 2017). Diverse leadership teams are better equipped to understand and serve diverse customer segments, leading to improved decision-making and innovation.

Aligning Leadership with Organizational Strategy:

Successful succession planning aligns leadership development efforts with organizational strategy, ensuring that future leaders possess the skills and competencies required to execute strategic objectives (Wentling & Palma-Rivas, 2018). This alignment enhances organizational performance by ensuring that leadership capabilities are closely tied to the organization's long- term goals and vision.

Knowledge Management

Knowledge management is defined as the processes and activities that assist the organization in generating, acquiring, and subsequently discovering, organizing, using and disseminating knowledge in the organization among working individuals, transforming the information and experiences that the organization possesses and employing them in its administrative activities such as decision-making, working procedures and strategic planning. The effectiveness of knowledge management and its contribution to organizational performance is a major challenge for many organizations, and what defines the effectiveness of knowledge management in an organization is the benefits or the outcomes of using knowledge management.

In the knowledge-based economy era, superior organizations depend more on their knowledge- based resources to survive and to cope with the changes. Knowledge Management (KM) is a vital source of sustainable competitive advantage for firms and has more positive influence on firm performance in the last two decades. Therefore, the Knowledge Management (KM) implementation is increasingly becoming a main power to improve organizational performance for various organizations. Jayasingam (2013) confirmed that there is a significant effect of KM implementation and practices on the organizational and sales performance.

Knowledge Creation

Knowledge creation is a process in which new knowledge is created through four sub processes (socialization, combination, externalization, and internationalization) of the theory of continuous organizational knowledge creation (Shujahat, Ali, Nawaz, Durst, & Kianto, 2018). Knowledge is one of the most valuable assets in modern organizations and it has become one of the most important factors of production in addition to human resources and capital. Knowledge generates creativity and transforms it into products and processes (Chien, 2015). According to Baldé (2018), organizations that better apply the process of knowledge creation can connect knowledge in new ways, and present more value to customers by improving market offerings. When firms are better at knowledge creation through SECI process; they are more successful in reaching competence, development, and return. Thus, generating new knowledge is vital since it has positive effect on organization performance.

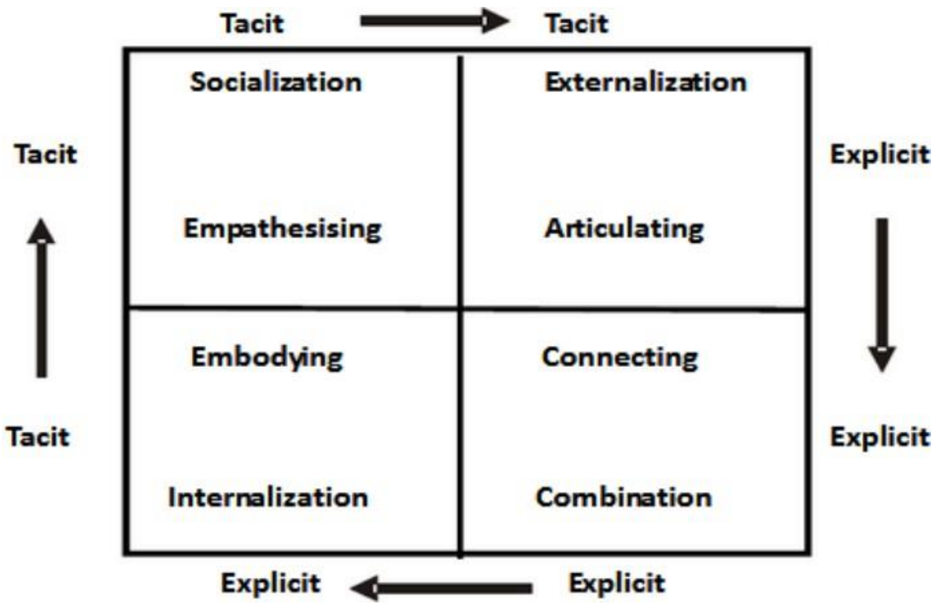


Figure 2.3: The Engine of Knowledge Creation (Model Exhibiting Categorical Dimension of KM adopted for

Hammami, Kassem, & Alhousary, 2015

Knowledge Sharing

Knowledge sharing is defined as the processes and methods of the organization to disseminate and transfer knowledge among employees to use and develop it to generate new knowledge (Obeidat 2018). Knowledge sharing is one of the most important elements of successful knowledge management because it covers the differences that cannot be achieved from other knowledge management processes, and is critical for the 20 proper utilization and use of knowledge assets, as well as having a direct impact on other knowledge processes such as knowledge integration and generation (Masa'deh, 2016), the process of knowledge sharing is done through people sharing implicit and explicit knowledge which generates new knowledge (Hsiao, 2011). Explicit and implicit knowledge are considered the main resource for companies to gain and maintain a competitive advantage. Knowledge sharing or integration combines dispersed knowledge to foster innovation and creativity. There are many current knowledge sharing practices such as training and development programs, IT systems, reports, official documents and multifunctional teams, are all examples of integrating knowledge by combining knowledge across a wide spectrum or environment to enhance the quality of products and services which increase responsiveness to customers' needs, enhance innovation capacity, and to improve the overall organization performance.

Knowledge Utilization

Knowledge utilization is defined as a routine that applies and exploits newly modified knowledge to modify and create operating routines that improve performance results (Lee, Hung, & Chau, 2011). Effective use of the knowledge and its efficiency use is to ensure the achievement of the objectives of the organization efficiently and effectively, and this requires the delegation of wide powers and giving sufficient freedom to use knowledge, the organization is to apply the actual knowledge of its activities and benefit from it after storage and develop ways to use and implement (Bouraghda & Dris, 2015). The success of any organization in its knowledge management program depends on the Knowledge size used in relation to what it stores (Shujahat, 2019). Through the utilization of knowledge gained knowledge can be transformed from potential capabilities into realized and dynamic capabilities that impact organizational performance (Mills & Smith, 2011), through the utilization of knowledge acquired knowledge can be transformed from potential capabilities into realized and dynamic capabilities that impact organization performance (Kimaiyo, Kapkiyai & Sang 2015). The research result from Alaarj (2016), prove that knowledge utilization has a positive and significant effect on organization performance.

Skills and Competencies Gap Analysis and Organizational Performance

2.4.1 Skills and Competencies Gap Analysis

Skill gaps describe the phenomenon whereby the skill levels of workers are insufficient to meet the requirements of their current job. The lack of research in this area is particularly surprising given that skill gaps represent a primary motivating factor in the training investment decisions of both firms and workers. Skill gaps have the potential to harm firm-level productivity as average worker productivity is likely to be lower in the presence of substantial skill gaps; skill gaps will also tend to inflate average labour costs as organisations require more workers per unit of output. Finally, firm-level profitability will be adversely impacted by skill gaps as a consequence of the additional training and recruitment investments that arise as a direct consequence of skill gaps (McGuinness & Ortiz 2016). Mwithi (2016) did a study on the effect of leadership competencies on performance of state corporations in Kenya. Results by Mwithi (2016) revealed that all the leadership competencies did portend a positive and significant relationship with the financial performance of state corporations in Kenya. The difference however, was in the magnitude of the influence for the specific leadership competencies Employees who have these competencies contribute to the improvement of job performance. Competencies form the foundation for optimal performance and engagement at work. Identification and developing specific competencies can be key to continued improvement in employee job performance.

Leadership Skills

Leadership is one of the vital factors for improving firm performance. Leaders impact organizational performance through their followers (Ng'ethe, 2012). Leadership can have a great impact on participation of employees within the organization. Leaders, as the key decision-makers, determine the acquisition, development, and deployment of organizational resources, the conversion of these resources into valuable products and services, and the delivery of value to organizational stakeholders. Thus, they are strong sources of managerial and sustained competitive advantage (Rowe, 2001). Top quality leadership skills are essential in achieving the mission and vision along with coping with the changes occurring in the external environment. Today, setting and defining goals as well as producing and assessing performance are the major challenges of top managers (Farhangi & Dehghan, 2010). Attaining the best performance and achieving desired results is not possible if there is not a formulated plan in an integrated system. This system should be able to plan the performance, devise and implement its plans through an appropriate administrative system, and assess the results using evaluation procedures in order to improve the performance of the organization (Pirouz, Razavi, & Hashemi, 2009). In current time, many companies are facing problems related to unethical practices, high labor turnover, poor financial performance, etc. This may be due to the lack of effective leadership skills. An organization therefore needs to nurture new managers who will take the organization to higher levels of organization performance.

2.4.2.1 Inspiration

In an organization, the leader will try to influence the behaviour of employees with the aim of having them assist the organization to achieve its objectives. Any leader should be able to inspire those he is leading, make appropriate decisions and show them the best way to achieve whatever they set out to do. Leadership is thus responsibility to lead 23 others to achieve organizational goals (Kradwoski, 2004). As such, according to Kotler (2003), managers have to positively inspire their workers to achieve better results. They are leaders. Managers may be overwhelmed by their responsibilities as a lot is expected of them. To acquire all the necessary skills necessary to ensure that managers are leaders, they have to accurately predict what would happen in the foreseeable future and plan for such. Transformational leadership is significantly different than transactional leadership but in reality, most leaders adopt both styles at different times and in different situations (Northouse, 2001). Transformational leaders provide an inspiring vision of goals that can help overcome self-interest and narrow factionalism in organizations.

Creativity

Many decisions a leader will encounter will be unique to the business and will require more thought than simply throwing a canned solution at it. Teams will often look to a leader for innovative thinking, so being able to tap into previous experiences and a treasure chest of new deas will pay off for any leader. Innovation is a key element of survival in the modern business world. While leadership styles may need to be tailored to suit specific situations and businesses, these seven traits can provide the tools necessary to steer an organization down the path of success. Some people may be born leaders, but these are characteristics anyone can display with the right amount of determination. Herti (2011) in their study noted that leadership creativity has a significant effect on productivity.

2.4.3 Staff Skills

Lawrence (2010) argues that skills development in organizations is a key plank in improving organizational performance. For organizations to become competitive, it must have the skills needed for its sector. This means that organizations that go out of their way to have their employees acquire the necessary skills will ultimately do better than those who frown at such undertakings. Skills are acquired through training and practice (Pigors, 2007). Training should be planned, should be systematic and should also be geared towards obtaining some predetermined objectives. Pigors demonstrates the positive co-relationship between training and performance. This is because of the fact that training imparts the ability to perform the tasks with ease and efficiency.

Organizations with teams will attract and retain the best people. This in turn will create a high- performance organization that is flexible, efficient and most importantly, profitable. Adeojo (2012) conducted research titled effective time management for high performance in an organization with the objective to explain that how effective time management can improve the productivity and efficiency of the employees. The findings pointed out that time management is important for effective service delivery, timely completion of assignments and for the promotion of excellence. The result indicated that there is a positive relationship between adequate time management and organization performance.

Conceptual Skills

Conceptual skill is defined by Yukl (2002) as a skill that requires more thinking and conceptualizing as compared to technical, hands-on skills. Yukl (2002) viewed conceptual skills as skills that focused on ideas and concepts and are considered to be mental capabilities that allow managers to view the organization as part of a larger suprasystem. basis for other researches on managerial skills including Analoui (1996) and all the author's subsequent researches Furthermore, according to Peterson and Van Fleet (2004), work was still very much the. Strong management skills are a basic necessity for an organization to survive in the world of competition where there is a need to track changes continuously. Conceptual skills gain more importance towards the upper levels as they include being able to see the organization as a whole, to coordinate and integrate the interests and activities of the organization and to see the relation between departments of the organization.

2.4.3.1 Technical Skills

According to Koontz and Weihrich (2010), technical skill refers to the ability to apply knowledge, method, and technique of the means required to perform certain tasks through experience to carry out organizational activities. In this scope, special information, mastery, tactics and methods necessary to achieve a task, are all included under the topic of technical skills. Technical skills also require information about products and services, organizational properties, properties of employees, management systems and rules along with methods, processes and the equipment needed to complete the task at hand. Katz explains that (2009), managers with special skills such as technical are needed for building and maintaining an effective organization. Technical knowledge and skills are gained with formation, training and experience while having a strong memory and being able to acquire new information one may need from various sources is also important in enhancing organizational performance.

Evolving Succession planning in financial services

As a regulated industry with significant economic impact, succession planning has always been a central concern for financial services firms. But over the past twelve months, ensuring leadership continuity has taken on heightened importance.

Regulators are pressuring boards to develop talent management plans that are more robust and go further into the organisation. They want greater assurances of succession with a deeper pipeline of talent.

At the same time, competition for talent is growing. Hedge funds and challenger brands are poaching senior leaders from incumbent firms, while 2023 witnessed the Great Resignation's "executive wave." In short, there is greater competition for a smaller pool of talent.

The scope of succession planning is also growing. An increasing number of digital, data, and technology leadership roles are now considered critical, adding an additional remit to the succession plan.

This is how financial services firms are adapting to these trends, and how succession planning is likely to evolve in the sector.

There are two succession tracks:

To meet the growing need for leadership continuity in digital, data, and technology positions, financial services firms are developing an additional succession track.

Many now have a technical specialism succession track as well as a general management track. Technical specialist succession planning develops talent in specific technical areas critical to the business; unlike the management track, which prepares individuals for leadership in general management roles.

It is widely recognised in financial services that lacking a technical leader can now hold a firm back as much, or even more than, lacking a key senior management role.

- **Leadership retention is taking the spotlight**

With strong competition for talent and high turnover in the senior leadership market, financial services firms are concentrating on retaining successor candidates.

Various methods are being implemented. Planned rotations and secondments keep senior leaders "interested" while helping them develop broader management experience by leading different business units. Likewise, providing successor candidates with leadership development, coaching, and exposure to the board means they feel valued, while also helping to build necessary leadership skills and experience.

Psychometric testing is also increasing. This approach evaluates a potential leader's motivations and personal goals, and aligns them with specific leadership roles. It also means organisations have a better understanding of who is likely to leave and who is likely to stay – improving the accuracy of the succession plan.

- **A growing emphasis on skills**

Financial services firms are relying less on methodology and focusing more closely on key skills. This means less reliance on management assessment tools like the nine-box matrix, and more emphasis on leadership potential and critical skills and behaviours.

These include self-awareness, emotional intelligence, cultural alignment, learning agility, commitment, and whether they possess a growth mindset. Firms are increasingly looking for these skills and using them to identify leadership potential.

This approach makes succession planning more individualised, resulting in a better fit between the candidate and the role. It also improves the leadership talent pipeline across the business, helping firms focus on levelling up the broader base of candidates, rather than just finding individuals to fit roles.

<u>The future of succession planning in financial services:</u>

Financial services firms will spend more time on succession plans that encompass more roles and include additional management levels.

These plans will become more personalised, driving greater alignment between the candidate's motivations and the role's needs. Retention will become an increasing priority, with firms putting more time into retaining unsuccessful candidates who are often flight-risks if they don't succeed to the role. Retention will also include the successor themselves; supporting them through coaching, mentoring, and development to ensure they succeed when in the new position.

What makes a successful leader is evolving rapidly, and to ensure they keep up with current leadership dynamics, firms will increasingly benchmark against the external market. Importantly, bringing external talent into the succession process enables organisations to understand how their talent, practices, and performance compare to the external market, revealing competitive strengths and weaknesses.

Succession planning will take more time, be more focused and broader in scope. While more intensive for the senior leaders involved, it will result in more successful leadership appointments across financial services.

RESEARCH METHODOLOGY

This chapter has provided an overview of the methods and procedures that were used to conduct the study. It included the research design, target population, sampling design which includes the sampling frame, sampling technique, and finally the data analysis methods that were employed in the study.

Research Design

According to Cooper and Schindler (2014), a research design is a blueprint for the collection, measurement, and analysis of research data. The research design reveals the structure of the research problem and the program of investigation used to obtain empirical evidence. In this study descriptive research design was used. Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way.

This research design was ideal for this study since it enabled the researcher to examine how the independent variables (talent management, succession planning processes and skills and competencies gap analysis) influenced the dependent variable (organization performance).

Research Questions

Research Questions Based on the problem that was identified based on the literature gap, the following research questions are proposed:

1. What traits do current leaders view as essential to adequately fill the leadership role?

2. What patterns of succession do bank leaders see as crucial for their congregations?

3. How do current leaders explain the lack of formal succession planning in many banks?

Sampling technique

According to Thompson, (2013), stratified sampling is a process used in market research that involves dividing the population of interest into smaller groups, called strata. The choice of this sampling technique is based on the ability of populations to be divided into several mutually exclusive subpopulations, or strata hence inferences on the specific groups of the population.

Data Collection Methods

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes. Data collection methods can be divided into two categories: secondary methods of data collection and primary methods of data collection (Cox & Hassard 2010). Primary data was the base of this study using structured questionnaires. Cooper and Schindler (2014) opine that questionnaires are a set of questions that have a defined structure from which respondents select answers in a predetermined order. The questionnaires were close ended and were structured into two areas, general information and questions related to the research questions. Questionnaires were developed and designed in the most understandable way by the respondents with simple language, simple questions that would be easily answered without consuming the time of the respondents. The questionnaire constituted of six sections, the first section constituted of general information of the organization, followed by the second section demographics information of the respondents, the third section questions on organization performance, the fourth section questions addressing talent management, fifth section questions addressing succession planning process and lastly the sixth section questions addressing skills and competencies gap analysis.

Research Procedures

According to Cox and Hassard (2010) research procedures are the step by step processes that guide a researcher on how to conduct the study, or how to collect data for the study. Prior to data collection, an introduction letter authorizing data collection was obtained from the Chandaria School of Business, and submitted to Human Resource Managers of bank. A research permit was obtained from NACOSTI for the validity of the study. An online Google forms tool was used because it enabled prompt filling of the questionnaires as well as immediate feedback to the researcher upon completion by the respondents.

The researcher created digital questionnaires using Google forms in order to be able to cover all respondents conveniently within a short period of time. This ensured that respondents were able to complete the forms at their own convenience, and minimized physical visits to the element's physical locations. A pre-test of the questionnaire was performed by the researcher to identify its consistency in picking up the right information required for the research. The pre-test was conducted randomly on 8 respondents, and the results that confirmed the tool was reliable were presented. The online survey questionnaire was digitally circulated to the respondents during data collection for the staff to take survey for a for two weeks period. Reliability Test Questionnaire Item No. of Items Coefficient Comment Organizational performance Talent management questions Succession planning processes questions Skills and competencies gap analysis questions.

Data Analysis

Data analysis refers to the process through which raw data from a survey is converted into the information that is meaningful and easily understood through data analysis tool (Cooper & Schindler, 2013). Both descriptive and inferential statistics were computed in analysis.
According to Cooper and Schindler (2014) descriptive studies refer to methods of organizing and summarizing data. This study used descriptive statistics to analyse the data that was obtained from the field. With respect to descriptive statistics, the mean was the main item of determination. However, other descriptive statistics were also analysed such as standard deviation, and frequency. Demographic characteristics of respondents were analysed by the use of frequencies, and percentages. The variables of study were subjected to some level of descriptive analysis. Inferential statistics refers to methods of drawing conclusions from sample data about a population (Cooper& Schindler, 2014). For this study, regression and correlation analysis were used to determine the nature and the strength of the relationship between the independent and the dependent variables. The inferential statistics to be considered in analysis were correlation and regression where the Pearson correlation coefficient and the linear regressions were computed respectively.

Case Studies Analysis:

Case Study of Axis Bank:

This case discusses the issue of succession at Axis Bank Ltd. (Axis Bank), India's third largest private sector bank. The case details the growth of Axis Bank under Pangal Jayendra Nayak (Nayak) the CMD of the bank from January 1, 2000 to April 20, 2009. Analysts credited him with taking the bank to a new level during his tenure. However, Nayak also attracted criticism for his failure to identify and groom an able successor to lead the bank after the end of his tenure. In early 2009, the board of the Axis Bank initiated the succession planning process and hired a global HR firm, Egon Zehnder International to identify the new CEO. After many months of scouting and intense media speculation about Nayak's successor, the Axis Bank board zeroed in upon Shikha Sharma (Sharma), the then CEO and chairman of ICICI Prudential Life Insurance Company Ltd., as the new CEO and MD of Axis.

The decision was opposed by Nayak as he reportedly wanted an insider to succeed him. According to Nayak, Sharma did not have the relevant banking experience to take up the position and in any case he felt that people who had been involved in building up the bank should be asked to lead it. The board, however, contended that the insiders who were front runners for the position were experts in their fields but lacked an overall vertical experience.

They also criticized Nayak for not grooming his successor. With the board deciding to go ahead with the appointment of Sharma, Nayak quit the bank well before his tenure was to end July 31, 2009. As Sharma joined in her new role as the CEO and MD of Axis bank in June 1, 2009, industry observers felt she had her job cut out, considering the succession drama that unfolded at Axis Bank after her name was announced as Nayak's successor. Another challenge before Sharma was to spur growth in the bank that had a culture that was in stark contrast to that of ICICI group.

Issues:

» Understand the significance of succession planning and leadership development in large organizations.

» Examine the impact of issues like corporate culture, leadership, and shareholder management with regard to succession planning.

» Identify the problems an organization has to face due to the lack of a succession plan.

» Understand the role of a CEO in the performance of a company.

» Understand the challenges in bringing in a new CEO.

Background Note:

The Axis Bank was one of the first private sector banks which were set up after the reforms in the banking sector in India in the early 1990s (Refer to Exhibit I for a brief note on reforms in the Indian banking sector)...

Nayak's Reign at Axis Bank

Nayak, a doctorate degree holder from Cambridge University, had served as an Indian Administrative Service (IAS) officer before coming to Axis Bank (Refer to Exhibit V for a brief profile of Nayak). On January 1, 2000, he took over the position of CMD of Axis Bank from Supriya Gupta (Gupta).

The Issue of Succession:

On December 15, 2004, the board of Axis Bank decided to split the posts of CMD to comply with the RBI ruling. The directive passed by the RBI after a recommendation of a panel set up in 2002 under A S Ganguly, former chairman, Hindustan Unilever Limited , required dividing of top posts in all large banks in order to ensure better corporate governance.

No One to Fill Nayak's Boots:

In his second term with the bank, Nayak planned to grow the bank through organic growth. According to Nayak, "Right now, we are only looking at organic growth. The bank has been growing at the rate of 35-40 per cent over the past five years. There is no need for us to look at inorganic growth, unless our current business model fails.".

The Search for the Successor Begins:

After receiving flak from several quarters, the board decided to instruct Nayak to develop a second line of leadership - his successor who would lead Axis Bank after his retirement. Experts felt that this issue was of critical importance as by the time Nayak's tenure expired, some of the senior executives in the bank, including Agarwal, Kumar, and Ramani would be close to their retirement.

New Successor Amidst High Drama

At a board meeting conducted on April 20, 2009, Sharma's name was proposed. Nayak was vehement in opposing the proposal. He was particularly displeased over the fact that all the three candidates being considered by the board, including Sharma, were outsiders..

Nayak's View

Nayak said that he had no regrets as he left the bank in a very strong position. "It is a collective effort with an extremely strong set of business leaders within the bank; whether you look at Agarwal in corporate banking or Hemant Kaul in retail, everyone is working cohesively to ensure the bank's profitability. This is something the world outside does not recognize," he said...

What Others Say

Industry observers were taken aback by the series of events at Axis Bank that led to the abrupt exit of Nayak. Many felt that this was due to a lack of advanced succession planning and blamed Nayak for the fiasco. They felt that his 'insider Vs outsider' argument wasn't convincing.

The Road Ahead:

On June 1, 2009, Sharma took charge at Axis Bank as its CEO and MD. The same day, the shareholders of Axis Bank approved her appointment at the AGM in Ahmedabad. They also agreed to alter the Articles of Association in respect of splitting the posts of CMD into non-executive chairman and CEO and MD to be effective from June 1, 2009, as opposed to August 1, 2009.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter completes the study through the provision of the study's discussions, conclusions, and recommendations. It is composed of various sections that are as follows: section 5.2 summary of the study findings, section 5.3 discussions, section 5.4 conclusions, and section
5.5 recommendations based on the findings.

5.2 Summary of the Study Findings

This study sought to analyse the effect of succession planning on organization performance, while focusing on bank. The research questions that guided the study included: has talent management impacted bank's performance? What impact has the existing succession planning processes had on bank's performance? And, has skills and competencies gap analysis impacted Bank's performance?

Descriptive research design was used in this study. The target population of the study comprised of 300 employees from Bank. The sampling frame was drawn from the Bank Human Resource Department. Simple random sampling technique was employed to select the respondents. A sample size of 92 employees from Bank was used in the study. Study data was collected using structured questionnaires which were self-administered. A pre-test of questionnaire was performed by the researcher to identify their consistency in picking up the right information required for the research. This study used descriptive statistics to analyse the data that was obtained from the field. Regression and correlation analysis were used to determine the nature and the strength of the relationship between the independent and the dependent variables. The results of the study were presented using figures and tables.

Development of specific competencies had contributed to the bank's continual improvement in employee performance, and its leadership had a great impact on the performance of employees. The leadership team of the bank encouraged employees to participate in decision- making for the benefit of the bank, as well as playing a fundamental role in building leadership capacity by developing and preparing high potential employees for now and the future. The firm fostered an environment that promoted and rewarded innovative thinking and creativity, and its strong management skills were a basic necessity for it to survive in the competitive business world. Managers with technical skills were used by the bank to build and maintain an effective organization.

On succession planning, correlation analysis showed that succession planning processes were significant to organization performance (r=0.641, p<0.01). Regression analysis proved that succession planning processes influenced organization performance by 41.1%, furthermore, a single unit increase in succession planning processes, would result in a 55.7% increase in organization performance. The study also revealed that succession planning processes at the bank involved preparing for change in leadership, and it ensured that high performing employees were retained and rewarded. Individual employee career goals and objectives were important to the bank's succession planning, because it identified key attributes that were essential for leadership development in critical roles.

The bank however, faced barriers to its succession planning and leadership development, even though it focused on its sustainability. The recruitment process ensured that the bank did not have a surplus or shortage of staff, and its application of knowledge management had facilitated the integration of people, processes and technology that created value for the organization. Generating new knowledge was vital for the bank since it had positive effect on its performance.

Succession Planning Processes and Organization Performance

The study concludes that succession planning processes at the bank involved preparing for change in leadership, and it ensured that high performing employees were retained and rewarded. Individual employee career goals and objectives were important to the bank's succession planning, because it identified key attributes that were essential for leadership development in critical roles. The bank however, faced barriers to its succession planning and leadership development, even though it focused on its 65 sustainability. The recruitment process ensured that the bank did not have a surplus or shortage of staff, and its application of knowledge management had facilitated the integration of people, processes and technology that created value for the organization.

Generating new knowledge was vital for the bank since it had positive effect on its performance, thus conducive environment that encouraged sharing of essential business knowledge across functions had been fostered by the firm management. Utilization of knowledge acquired by the bank had been used to transform its potential capabilities to realized and dynamic capabilities.

Skills and Competencies Gap Analysis and Organization Performance

The study concludes that the bank had the ability to identify the skill levels and competencies of workers who could meet its requirements, and as a result, its profitability had been adversely impacted by its employees' skills and competencies. Development of specific competencies had contributed to the bank's continual improvement in employee performance, and its leadership had a great impact on the performance of employees. The leadership team of the bank encouraged employees to participate in decision-making for the benefit of the bank, as well as playing a fundamental role in building leadership capacity by developing and preparing high potential employees for now and the future.

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DISCUSSIONS

Discussions

5.3.1 Talent Management and Organization Performance

The study showed that the bank has a systematic approach to attract and retain high performing employees. These results agree with Thunnissen and Buttiens (2017) who state that, today talent management is known as a systematic approach to attract, screen, select the right talent, engage, develop, deploy, lead and retain high potential and performer employees to ensure a continuous talent feeding inside the organization aimed at increasing workforce productivity. Campbell and Smith (2014) note that, the goal of talent management is to create a high- performance, sustainable organization that meets its strategic and operational goals and objectives.

The study indicated that talent management promotes workforce efficiency and productivity in the bank. Various authors (Kehinde, 2012; Lucy, 2015; Goswami, 2016) support these findings by stating that, the success of any organization depends strongly on having talented individuals, and talent management promotes workforce efficiency and productivity in work organization. According to Optimis (2011) talent management and organization performance model identifies various talent management components and links them to workforce performance which eventually leads to organization performance.

CONCLUSIONS

5.4 Conclusions

5.4.1 Talent Management and Organization Performance

The study concludes that the bank had a systematic approach to attract and retain high performing employees, achieved through talent management which promoted the workforce efficiency and productivity within the bank. Hiring and selection of employees influenced the bank's performance, as well as their investment in enhancing their employees' skills and competencies with the aim of meeting the needs of their dynamic business environment. The bank used coaching practices to assist employees to meet organizational goals, and to enhance the performance of its employees. It also had measures in place that encouraged employees to remain in the organization for the optimal period of time, and its compensation plan was considered an effective technique for organizational performance.

5.4.2 Succession Planning Processes and Organization Performance

The study concludes that succession planning processes at the bank involved preparing for change in leadership, and it ensured that high performing employees were retained and rewarded. Individual employee career goals and objectives were important to the bank's succession planning, because it identified key attributes that were essential for leadership development in critical roles. The bank however, faced barriers to its succession planning and leadership development, even though it focused on its 65 sustainability. The recruitment process ensured that the bank did not have a surplus or shortage of staff, and its application of knowledge management had facilitated the integration of people, processes and technology that created value for the organization. Generating new knowledge was vital for the bank since it had positive effect on its performance, thus conducive environment that encouraged sharing of essential business knowledge across functions had been fostered by the firm management. Utilization of knowledge acquired by the bank had been used to transform its potential capabilities to realized and dynamic capabilities.

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RECOMMENDATIONS

Recommendations for Improvement

5.5.1.1 Talent Management and Organization Performance

The study recommends the managers of Bank to create retention programmes for the firm. These programmes should not be a one-fit-all i.e. uniform for all employees', since people are different, and thus the retention efforts of the firm should be able to fit individual employees' needs for retention.

5.5.1.2 Succession Planning Processes and Organizational Performance

The study recommends Bank managers to strengthen the succession planning process in the bank. This process should be fine-tuned to ensure that fundamental positions within the bank are always filled, and retain capable talent within its pipeline. This would ensure that the bank is proactive in its recruitment process, rather than reactive which would lead ensure that they are always ready to cope with the ever changing business environment.

5.5.1.3 Skills and Competencies Gap Analysis and Organizational Performance The study recommends Bank managers to put in place programs that would effectively identify the skill gaps within the firm, and subsequently invest in training. This training programme should be planned, systematic and also be geared towards obtaining the predetermined firm goals and objectives.

5.5.2 Recommendations for Further Studies

The study focused on issues to do with succession planning and how it affected organizational performance in commercial banks, with a main focus on Bank. Therefore, there is a need for similar studies to be carried out across the entire financial industry, as well as other industries for comprehensiveness. The study also specifically focused on Bank talent management, succession planning processes, and skills gap analysis, and there is room for more variables to be studies, and future scholars could explore them. performance, sustainable organization that meets its strategic and operational goals and objectives.

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CONCLUSIONS

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An organisational succession planning can be divided into 5 total steps. These are:

1. Recognising the critical positions of the organisation
The focus of the entire succession planning process is on the critical positions of an organisation. Therefore, it is of utmost importance to identify those positions at the first step of the creating a succession plan. A risk analysis can be done to find out how the organisation may react when those critical positions are vacant and how the workforce can handle such vacancies.

2. Identify competencies
Keeping track of your employee's performance plays a vital role, which is no different in this case. It is crucial to find competencies such as technical skills, behavioural skills, communication, qualification, etc. Each employee must have a clear understanding of the role that they are to play. The process of competencies helps the employees to get a firm grip on the present situation as well as future expectations.

3. Hiring a succession planning company or succession management strategy
Why is this an important part? Well, once you're aware of your critical positions and have found out the competencies and profiled them accordingly, the next big thing is to approach the entire process with proper management. You have to find an appropriate strategy which includes the development of the internal talent pool, recruiting, training, skill assessment, etc.

4.Implementation of succession plan
Now, once you have a strategy of succession planning, you must document all your strategies and plans. With the help of succession management, it is important to implement those plans and convert them into actions. To carry

out the entire process smoothly, define roles, timelines, responsibilities and expectations.

5. Evaluate performance

It is necessary to evaluate the effectiveness of the succession planning management and agency. This will help you to modify and adjust the necessary steps in future for a better outcome. You can evaluate this by monitoring the workforce data and by keeping all the tracks of each and every step of the entire process systematically.

These are some basic steps that are important to approach your succession planning process, but this is the management's duty to understand when, why and where they have to implement the succession planning. The entire process may become relatively less effective if it is too late. Accurate succession planning is crucial for any organisation to become bigger and successful.

HR Practices in Succession planning:

After looking at the benefits that can accrue from implementing the HR best practices in banks, let us look at some of the best HR practices that banks can adopt in 2023 to improve their performance and achieve their business goals. These practices include:

1. Agile organization structures

The banking industry is evolving at a rapid pace and has an aggressive growth mandate to meet. Continuing with traditional hierarchical structures can be detrimental to banks. Agile organizational structures are designed to be more responsive and provide the adaptability to respond to changes in the market or the broader industry.

They often involve decentralized decision-making and cross-functional teams, which can help to foster innovation and collaboration. In the banking industry, where customer expectations are constantly changing, and new technologies are emerging, an agile structure can allow banks to respond more quickly to customer needs and take advantage of new opportunities, such as the adoption of digital banking services.

Selective recruitment

Another great method of recruiting for key roles in banks is selective hiring. It means coming up with hiring strategies that are more proactive and attract highly qualified candidates with specific skill sets. In selective hiring, HR teams do a thorough job analysis of the open positions, look at publicly available data on the labor force to target recruits, and ask current employees for referrals. With this method, less time and money are wasted looking for and interviewing people who aren't right for the job.

2. **360-degree feedback system**

360-degree feedback is a system in which employees get feedback on their skills from their direct reports, manager, peers, and even customers. This feedback is anonymous and is kept private. To implement this practice, an online, anonymous feedback form is sent to 7 to 12 people. The questions on the form cover a wide range of job-related skills.

This system lets HR get honest feedback, better understand development needs (training, behavior, leadership, etc.), and get a complete picture of a possible candidate for leadership. By using this approach, banks can ensure that their employees are performing to the best of their ability and are well-positioned to meet the challenges of the future.

3. **Streamlined succession planning**

In the banking industry, succession planning is critical for ensuring that the organization has a pipeline of qualified leaders who are ready to step into key roles as they become available. The following steps can be followed to implement succession planning in banks:

- 80% of corporate value in banking organizations is driven by 50 roles or so, which is why it is important to identify the key roles and responsibilities that are critical to the success of the organization. This includes identifying the skills, experience, and competencies that are necessary for success in these roles.

• Next, it is important to assess the current pool of internal candidates to determine who has the potential to fill these key roles. This may involve conducting assessments, such as 360-degree feedback or leadership development programs, to identify strengths and areas of improvement.

• Once potential candidates have been identified, it is important to develop a plan to prepare them for leadership roles. This may include providing training and development opportunities, as well as assigning them to key projects or assignments that will allow them to gain the skills and experience they need to succeed in leadership roles.

Rewards and recognition programs

In the banking industry, meeting high standards of customer service is critical to success. Rewards and recognition programs can help foster a culture of excellence within banking organizations, as they encourage employees to go above and beyond in their work. These programs also help in improving employee morale and job satisfaction, as they acknowledge and appreciate the contributions of individual employees.

This can lead to increased productivity and a more positive work environment. Finally, these programs can help retain top talent, as they demonstrate to employees that their contributions are valued and appreciated. This is particularly important in the banking industry where competition for top talent is fierce.

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