



## ENHANCING ORGANIZATIONAL PERFORMANCE THROUGH EMPLOYEE ENGAGEMENT, RETENTION, AND SUCCESSION PLANNING

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### ABSTRACT

*This paper explores the interconnected roles of employee engagement, retention, and succession planning in strengthening organizational performance and sustainability. Drawing on existing literature, the study highlights how engagement – driven by motivation, leadership, organizational culture, and development opportunities – directly influences job satisfaction, productivity, and turnover intentions. Retention is examined as a strategic process that combines both financial and non-financial incentives, supportive work environments, and career development opportunities to maintain a high-performing workforce. Additionally, the paper discusses succession planning as a proactive approach to ensuring leadership continuity and minimizing disruption during organizational transitions. Based on the analysis, practical recommendations are provided, emphasizing the importance of continuous learning, work-life balance, effective reward systems, and strategic workforce planning. The findings suggest that organizations can achieve long-term competitiveness and stability by adopting an integrated approach to managing human capital.*

### Introduction

In today's competitive and rapidly evolving organizational environment, human capital has become a critical driver of success. Organizations are increasingly recognizing that attracting talented individuals is not sufficient; equal emphasis must be placed on engaging, developing, and retaining employees to ensure long-term sustainability. Employee engagement, defined as the emotional and psychological connection individuals have with their work and organization, plays a central role in shaping performance outcomes, motivation, and organizational commitment.

At the same time, employee retention remains a pressing challenge for many organizations. High turnover rates not only increase recruitment and training costs but also disrupt organizational stability and productivity. Therefore, understanding the key factors that influence retention – such as rewards, career development, organizational culture, and leadership – is essential for building a committed workforce.

Furthermore, succession planning has emerged as a strategic necessity in modern organizations. It ensures continuity in leadership and critical roles by preparing capable employees to take on future responsibilities. Without effective succession planning, organizations risk losing valuable knowledge and experience when key employees leave or transition to new roles.

This paper aims to examine the relationships between employee engagement, retention, and succession planning, and to provide practical recommendations for organizations seeking to enhance performance and maintain a competitive advantage.

### **Employee engagement, retention and planning**

#### **Engagement**

Sandhya and Sulphery (2019) in their paper described employee engagement as “positive or negative emotional attachment to their job, colleagues and organisation that profoundly influences their willingness to learn and perform at work”. One of the strongest influences on the engagement is employee’s motivation factor (Bakker and Demerouti, 2008). Al-Mehrzi and Singh (2016) found out strong relationship between employee engagement and enthusiasm, leadership, team, organizational support and culture. The positive influence of engagement on job satisfaction and organizational commitment; work outcomes (low attrition, high performance) were examined by Saks (2006). While higher engagement has strong negative relationship with levels of turnover intention (Demerouti et al., 2001; Turnley et al., 2003). Research by BlessingWhite (2005) concluded that “85 percent of engaged employees indicating that they planned to stay with their current employer”.

Gibbons, 2008 provided the main factors that are influenced on work engagement, they are:

- career growth, learning and development opportunities;
- fair reward system and benefits;
- being recognized, valued, and respected;
- challenging work;
- supportive management;
- trust and integrity;
- pride of the company;
- culture: coworkers/team members.

It was concluded that the highest predictors were opportunities for development, reward and recognition system. Rothmann (2014) highlighted that work-life balance and goal internalization also have significant influence on the employee engagement.

It was concluded by several researchers (Bakker et al., 2014; Nienaber, 2020) that employee engagement is an effective instrument that develops competitiveness and innovativeness of the company. Consequently, it is crucial for company to focus on development of engagement process in the organizations.

#### **Retention**

Frank et al. (2004) determined retention as “the effort by an employer to keep desirable workers in order to meet business objectives”. Employee retention is a systematic process that motivate, involve, encourage and keep talents in the organisation. There are two types of retention in the literature: (1) Functional – valued employee are staying in the organisation; (2) Dysfunctional – employee who bringing little value are staying in the organisation. Company should concentrate more on functional retention process and motivate employees who deliver considerable value for the organisation.

According to Naim and Lenka (2017) the main factors that impact on retention are: recruitment, talent development (opportunities to learn), recognition, performance management and rewards. It was also identified that both financial (salary, pension, insurance, bonuses) and non-financial (meals, extra vacation days) rewards have strong influence on the talent retention (Bansal, 2014). Chapman et al. (2005) concluded that the employer branding (rewards and competencies) is important for determining the organizational in the market and influence on the retention of the employees. Valuable findings were provided by Batra (2017) that determined that flexible working environment (work-life balance) with staff autonomy and flexibility lead to retain employees. While Echols (2007) concluded that promotion and salary, learning and development process are the strongest retention activities. There is no clear connection was found between educational level and employee's retention. Christiaensen et al. (2009) and Kyndt et al. (2009) proved negative relationship between these two variables, whereas Abrams et al. (2008) and Van Hamme (2009) did not derive any correlation between educational and retention level.

Open, friendly, honest, innovative and creative thinking environments develop motivation and level of retention among academic staff that will lead to stay within the organisation for a long time (Sullivan, 2004). Providing challenging and meaningful task for academic staff also has a positive relation with the level of employee retention.

### **Succession planning**

Succession planning is also known as replacement planning and it focuses on that working process continue to run smoothly after talents or employees who contribute a lot to the company will leave the position. Succession planning is important for identifying and developing leaders for replacement in advance. According to (Kenton, 2020) succession planning includes staff training and skills development, knowledge of the position, and deep understanding of the company. Literature indicates four key steps of the succession planning: transition, initiation, selection, and education. Effective implementation of succession planning helps to increase employees motivation and efficiency, and also decrease spending and save time on recruitment and development of new staff member.

### **Recommendations**

From the literature review it is obvious that engagement and retention are important factors of organisation development. Disengagement leads to absenteeism, withdrawal behavior and increasing in turnover rate as a result decreasing in productivity and outcome level of the organisation, falling in customer satisfaction and profitability (Harter et al., 2013).

Based on the research it is important to start from evaluating the level of engagement among employees. It could be done by observing main factors that might effect on engagement and monitor the level of retention. Reward system of the company should include both financial and non-financial elements of rewards practices. It was also highlighted that work-life balance has strong influence on employee engagement, so providing opportunities of flexible working hours, part-time work, autonomy, implement parental leave system, etc will increase engagement levels of employees. Employees should feel that their qualities and competencies are valued by the company and rewarded properly. This factor will lead to motivation, loyalty and engagement of the staff. Such aspects as interesting work, participation in decision-making, flexibility, significance of role, self-efficacy in the workplace, career opportunities and relationships with supervisors should be taken into account to some extent in the organization in order to meat high level of engagement and retention (Kyndt, 2009).

According to the importance of talent development and influence of development and learning opportunities on the retention and engagement level, it is recommended to provide supportive learning and working culture as well as organize effective training programs for staff on a permanent basis. Learning strategy of the company will help not only to decrease turnover rate but also boost employees' performances and motivation. Research showed that it is crucial for the organisation to pay more attention on the development and learning process of the employees in order to retain talents and attract customers.

It is crucial to develop and implement succession planning strategy for the company. In order to develop succession planning it is important to plan in advance. First it is recommended to find out key positions in each department and analyses their impact on the company as a whole. Succession planning will be useful not only with talents leaving but also when employee on key position is promoted or restructure of the organisation is occurred. On the next stage strong candidates who can effectively cover this position should be determined. During this phase it is important to think about development/learning of the new candidate (whether they would need specific trainings) and their future career plans (whether employee wants promotion or he/she will decline the offer). Mentoring and job rotation are a good practice for gaining specific knowledge and experience for the position. Competencies and efficiency of successor could be checked during mentor's vacation time. It is important to be sure that the right person is chosen and he/she is ready to take the position. Succession planning will guarantee that the company has prepared qualified staff ready to fill the new role.

Finally, attraction, retention, development and implementation of succession planning are highly important for profitability, progress and growth of organisation.

### **Conclusion**

The analysis demonstrates that employee engagement, retention, and succession planning are deeply interconnected elements of effective human resource management. High levels of engagement contribute to increased motivation, improved performance, and reduced turnover intentions, while well-designed retention strategies ensure that organizations preserve valuable talent and institutional knowledge.

Moreover, succession planning plays a vital role in securing organizational continuity by preparing future leaders and minimizing disruptions associated with workforce transitions. Together, these practices form a comprehensive approach to talent management that supports both short-term efficiency and long-term growth.

To remain competitive, organizations must adopt a holistic strategy that integrates engagement initiatives, retention mechanisms, and succession planning processes. Emphasizing continuous learning, fair reward systems, supportive leadership, and work-life balance will not only enhance employee satisfaction but also strengthen organizational resilience. Particularly in today's competitive and rapidly evolving organizational environment, where intellectual capital is a key asset, investing in people-centered strategies is essential for achieving sustainable development and organisational excellence.

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