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Financial Institutions: An analysis between the  
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# **Succession Planning in Brazilian Public Financial Organizations: an analysis between the stages of succession planning and the development of the Human Resource Department**

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## **INTRODUCTION**

Succession Planning refers to a systematic effort by the organization to collect and analyze information, to ensure leadership or key professionals' continuity in critical positions to maintain, to develop skills and knowledge for the organization's future (Rothwell, 2010; Schepker, Ulrich & Wright, 2018).

Institutionalized succession planning leads to better outcomes (Schepker et al, 2018) such as: (1) to obtain insights into candidates' skills and competencies, reducing the risk of adverse selection; (2) to enable the decision-making body to create development opportunities for the candidate's readiness; (3) to help overcome problems related to the confirmation bias when, e.g., decision-makers have a defined candidate and use evidence to support the decision, rather than carefully examining other evidence, and candidates and, (4) to increase the quality in decision making since candidates evaluation takes place through systematically designed criteria, reducing the possible influence of a single agent.

However, the structuring of the succession process and the complexity of the obstacles that organizations face concerning it depends on the development stage of each organization (Hall, 1986). According to academic references and empirical research (Grusky, 1963; Hall, 1986, 1995; Ohtsuki, 2013; Ferreira, 2015), organizations may be in three different stages of its succession's development. The first stage has no structured planning and occurs only for staff replacement; the second address it in a regular annual period, and the third is continuous planning considering strategic needs and integration with human resources management practices (Rothwell, 2010; JS. Dutra & Dutra, 2016).

The importance of studying the subject arise for some reasons: (a) succession planning is still one of the components that present weaknesses amongst human resources management activities. Many researchers suggest that private and public organizations do not have systematic succession processes (Hall, 1986,1995; Durst & Bruns, 2016), (b) the international literature focuses on the succession event, rather than focusing on its process (Kesner & Sebor, 1994; Giambattista, Rowe & Riaz, 2005), (c) Succession planning is a subject often studied in the private sector, it is not an issue often considered in the public sector (Durst & Bruns, 2016) and (d) in Brazil, the literature on succession planning is reduced and it concentrates on family businesses (Ferreira, 2015, JS Dutra & Dutra, 2016). This study focuses on managerial positions since performance in these positions demand specific skills, competencies, abilities and requires a gradual development and transparency regarding the role change (Charan, Drotter & Noel, 2009; Dutra, 2010). A study conducted in Organisation for Economic Cooperation and Development (OECD) countries' governments shows that managers' recruitment has been the subject of many reforms and, in general, countries regard it as a separate group from other professionals, recognizing the need for specific profiles and considering its singularities (OECD, 2010).

Because it possesses some specific particularities, the Brazilian context is the choice to investigate the subject deeply. One of them is that the Brazilian public administration, managerial positions are treated as commissioned positions, and the recruitment of professionals is decided by the public manager's discretion dismissing the need for any formal recruitment processes. However, this has been changing due to some regulatory initiatives in

the country. The Central Bank Resolution 4.538 of 2016 establishes that financial institutions must implement and maintain succession policy for higher managerial positions. The Act 13,303 / 2016 establishes the adoption of governance and control practices, such as to include in the Statute the specific requirements for the exercise of the position of director, performance evaluation, individual and collective, annual periodicity, administrators and the members of committees. Besides, according to some studies conducted in Brazil (OECD, 2010; TCU, 2016), the subject is essential for the improvement of human resources management in the Brazilian Public Administration.

The purpose of this paper is to analyse and to connect the stage of succession planning development within human resources management in Brazilian Public Financial Institutions. It considers the assumption that the more strategic the HR Department is, the more advanced is succession planning. Notwithstanding, to implement an institutionalized succession planning, it is vital for HR Departments to expand their scope of activities beyond the traditional HRM tasks and functions, and to intertwine HR activities to missions, also, entering partnerships with managers and employees (Pynes, 2009; Goodman, French & Battaglio, 2015).

This research is part of the first stage of a PhD thesis. The analysis is quantitative, and a Survey was introduced to begin the investigation and to identify the organizations, which are in more advanced stages of succession. Secondly, with the data collected it will be possible to choose three organizations in a more advanced stage of the succession planning that has a strategic HR and to realize semi-structured interviews with the managers to deepen the practices.

The paper contribution stems both from the relevance of the subject and the new insights on the importance of succession planning in the public sector. For organizations, it explains the current scenario on the stages of succession and human resource department. Moreover, the information can help the organization to locate its succession stage to plan for actions to achieve the step needed.

The article is structured as follows: firstly, it reviews the theoretical reference on the subject. Secondly, it presents the methodology and research procedures. Thirdly, it follows the exposure and analysis of the case studied and concluded with the final considerations and the continuity of the research.

## **THEORETICAL BACKGROUND**

This topic has the objective of recovering the theoretical background on two central themes to base the research carried out: Succession Process and Human Resource Management. Additionally, it discusses the case of the study briefly: Development Banks and Development Agencies.

### **Succession Planning**

Succession is a process that occurs in organizations regardless of whether it was planned or not. It does not necessarily link to any definition or previous actions nor any specific criteria for decision making, and in most cases, it can be considered only an isolated event (Ferreira, 2015; JS Dutra & Dutra, 2016). However, in recent years succession has been receiving more attention from managers, human resources professionals, and the academic community due to the impact on the longevity and performance of the organizations, as well as the Board,

demands more significant forecast and continuity in business management (Brant et al., 2015). *Society for Human Resource Management* (SHRM) has defined some reasons for the organizations to structure their succession process: (a) adapting to demographic changes and talent shortages, (b) identifying skill and competences gaps and training needs, (c) retaining institutional knowledge in a knowledge economy, (d) encourage motivation and retention by investing in employees, and (e) replace exclusive or highly specialized skills (SHRM, 2015).

Based on academic references and empirical research, SHRM (2007), Ohtsuki (2013) and Ferreira (2015) proposed the following stages:

First Stage - Replacement Planning. This stage characterizes as the simple staff replacement, so the succession process focuses on finding the best candidate for the position vacant or imminent to become vacant. It begins with the need to replace a particular position and ends once the post is replaced (Giambatista et al., 2005; Ferreira, 2015). Managers identify the successors among their direct and indirect employees, but often, the choices do not occur in a way aligned with the needs of the organization. At this stage, usually, succession is for candidates for senior executive positions such as the presidency, chief executive officer, board of directors and committees (Ferreira, 2015; Giambatista et al., 2005). The main criticism of the approach is the lack of transparency in the process. Since the occupants of the positions determine the criteria of choice, and it ends up favouring subjective aspects such as personality traits or professionals' image (Hall, 1986).

Second Stage - succession planning with an emphasis on development.

At this stage, the HR department does the introduction of the plan in a regular period, usually annual, before succession events, and the adoption of procedures that may include committee decision (Grusky, 1963, Kesner & Sambora, 1994; Ferreira, 2015). The organization encompasses senior executive positions and other levels of leadership (such as managers and coordinators), and it gives priority to more objective and transparent evaluation as criteria for recruiting candidates (Hall, 1986). The assessment identifies the staff's development needs as demanding for the proposal of actions, the integration of succession planning, and leadership development processes (Hall, 1986; Ohtsuki, 2013). However, at this stage, employees are developed to perform in a specific position, with emphasis on the technical aspects of the work (Metz, 1998; Ohtsuki, 2013). One of the main criticisms at this stage is that the professional is prepared to perform in the future the same tasks and activities performed by the current occupant of the position, which may not attend business challenges and compel the organization to search for an external candidate when the succession occurs (Ohtsuki, 2013).

Third Stage - Succession planning with an emphasis on the organization strategic needs (Succession management). This stage considers the organization's strategic needs and integration with HRM practices (Rothwell, 2010), forming "a succession management system rather than just creating a plan as it is in the case of previous approaches" (Ohtsuki, 2013, p.21). The importance of positions determines the scope of the succession process; those considered as managerial or technical positions if not fulfilled may undermine the organization's strategy (Rothwell, 2010). The introduction of succession processes aligned with the organizational strategy and the preparation of potential successors in the organization's agenda is due to the concern of possessing, when necessary, professionals trained for the corporate critical positions, either because of the value added to the business or because of the risk of compromising the company (Groves, 2007; Mulcahy, 2010). Thus, the overall goal is to have a pool or pipeline of leaders prepared, not just a list of potential candidates, at all organizational levels to fill positions in central positions when necessary (SHRM, 2007).



**Figure 1:** Continuum of Succession Processes.  
Source: Adapted of SHRM, 2007 by authors.

In Public Administration, there are some additional challenges, and there is the necessity to improve "the transparency requirement for appointments to these positions which need to systematically base on an assessment of candidate competency profiles and transparent recruitment procedures" (OECD, 2010, p.14). Also, there has been a need for strategic people management with a focus on skills and performance (OCDE, 2010). This focus has been changing over the years, as we will see below.

## Human Resource Management

### *Traditional Human Resource Management x Strategic Human Resource Management*

In recent years, there have been several books and papers observing that Human Resources department has evolved from an operational model towards a more strategic model (Höpner *et al.*, 2008; Ulrich 1998; Pynes, 2009).

Traditional Human Resource Management was present until the mid-1970s when market demand was higher than supply. In this scenario, companies had the challenge of increasing productive capacity and had no concerns with the establishment of consistent strategies (Fleury & Fleury, 2000). The organizational environment was conservative, and there was a relative degree of certainty about external changes, which allowed organizations to care about their production problems, with efficiency being the critical issue (Fernandes, 2002). Mayo's (1880-1949) studies on human relations at work revealed that human behaviour in organizations is complicated and depends not only on economic stimuli, but it also receives influences by other social and affective factors (Alho & Carvalho, 2007). As a result, HR's focus on the task, cost, and immediate production output changed to people's behaviours, and organizations began to invest in actions that promoted employee well-being and motivation. HR department emphasis in this model is in short-term, and following Ulrich (1996) classification, two roles define the HR department: *Administrative Expert* role in which the department provides and effectively manages processes and people management in the organization. HR seeks continuous improvement of its operations and activities to improve its administrative efficiency, through management technologies such as reengineering and streamlining processes, simplification, cost reduction and waste elimination. Thereby, HR can increase its effectiveness, as well as discovering and deploying new and better ways of doing things.

Moreover, *Employee Champion* role in which the department continually seeks to improve the competence, performance and commitment of employees and to manage employee's contribution in an integrated and participative way. It implies an HR capable of recognizing, engaging and attending the demands, concerns, aspirations and needs of employees. As well as creating and managing activities and mechanisms able to listen, respond and find ways to attend people's changing demands, providing the resources and means to enable them to realize their

work in the required manner and to achieve the expected results. Currently, in many companies, this role is divided with managers, and it is up to HR to guide and empower the leadership to respond effectively to the demands of their subordinates.

Since the 1970s, the globalization phenomenon has intensified with rapid market changes, technologies integration and increased international competitiveness that leads to a rupture of the previous view (Castells, 1999; Miyahira, 2016). Strategic Human Resource Management appears as a new model that shows that the organization is composed of various subsystems that interact with one another, influence each other and become productive, thus, is an open system that interacts, suffers and exerts influence on the external environment (Alho & Carvalho, 2007).

In this new scenario, companies can not only rely on people who are motivated and who knows how to perform well their tasks, since that does not mean that it aligns with organizational guidelines. In this way, the new HRM emphasis is converted to the search for alignment between HR policies, practices and strategy, intensifying efforts to adapt the model to the real needs of the company. To do so, organizations start to focus on professionals' skills and knowledge. As a result, it regards the professional as partners who contribute to the success of the business through continuous innovation of organizational practices and processes (D'Oliveira, 2014; Miyahira, 2016). In this context, there is the intention to establish closer links between people's performance and business results and acquisition, development and management of skills are an essential factor in business strategy and competitiveness (D'Oliveira, 2014).

The HR department positioning and its way of acting become increasingly essential to direct people's energy to organizational needs. However, to be considered as strategic partners, HR departments

"must possess high levels of professional and business knowledge. HRM must establish links to enhance organizational performance and to be able to demonstrate continually how HRM activities contribute to the success and effectiveness of the organization. Unfortunately, many HR departments have spent their time ensuring compliance with rules and regulations lacking the skills and competencies to act as a strategic partner"(Pynes, 2009, p.400).

Along these lines, the HR department has two roles with a long-term focus: *Strategic Partner* role which HR department links people management to organizational strategies (Ulrich, 1996; Fischer, 2002), that is, it plans and determines its strategic priorities in full compliance with corporate strategy (Corso, Sperb, Jou, & Salles, 2013). Moreover, *Change Agent* role which the HR department starts to promote organizational transformation, managing change, identifying, deploying and driving crucial processes of change within companies (Ulrich, 1996). Besides, it should facilitate dialogue and build relationships of trust to make changes happen. HR should attempt. As a result, to improve and increase the ability to change an organization.

## **Development Banks and Development Agencies**

Institution-building for lending and financing began after World War II, both for countries recovery involved and for avoiding the recurrence of conflicts. In this period, established in 1944, the International Bank for Reconstruction and Development (IBRD) to provide long-term

loans, and in 1945 International Monetary Fund (IMF) was found for medium-term financing of balance-of-payments deficits. Subsequently, regional development banks were also found, aiming at the funding of areas and regions (Almeida, 2017). There is a consensus, according to Comini (2000), that there will always be situations that justify the presence of development banks or to finance social projects that do not aim at economic-financial results or plans whose results can not be fully appropriated by the investor or high-risk projects.

In Brazil, in the 1950s, there was the creation of development banks. They are defined in accordance with CMN Resolution 394/ 1976 of Central Bank of Brazil; as financial institutions controlled by the state governments with the objective of "providing opportune and adequate supply of resources needed to finance, in the medium and long term, programs and projects aimed at promoting the economic and social development of the respective State". They must be incorporated in the form of an anonymous society with headquarters in the state capital that holds its shareholding control.

In the 1980s, influenced by Washington Consensus<sup>1</sup>, there was a reduction in the number of Development Banks because "the effectiveness of many banks began to be questioned, given the frequent need for recapitalization and the generation of fiscal losses" (Almeida, 2017, p.4). In Brazil, in 1996 Central Bank created a Program for the Incentive of Reducing the State Public Sector in Banking Activity, whose objective was to refinance the indebted Brazilian states with the closure or privatization of Public State Banks. As a result, many banks were extinguished or privatized.

In this scenario of public participation reduction in banking, Resolution 2828/2001 establishes the Development Agencies. They are defined as institutions focused on stimulating the growth of enterprises and are usually linked to the federal, state or municipal government. The main difference is that the Agencies have a smaller scope than the Banks because they pass on their resources, funds of government and resources of governmental entities. So Banks can also raise funds from third parties through term deposits, foreign loans, issuance of Economic Development Bonds, among other financial products (Reis, 2018).

These conceptual bases are articulated in the methodological proposal presented below.

## **METHOD**

The research question is the following: Evolution stage of succession planning in the public organizations is associated with an advanced HR department acting strategically and in long-term?

To reach the objective, we opted for quantitative research approach and descriptive purpose as it seeks to identify manifest situations and the phenomena distribution in a population (Freitas, Oliveira, Saccol & Moscarola, 2000). The research procedure was a Survey to begin the investigation of the topic and to identify the organizations with more advanced stages of succession. The questionnaire has objective and subjective questions about succession planning, such as the time for nominating candidates for succession and the criteria used to choose the successor. There is also a list of assignments from the HR department according to the roles of Ulrich (1996), without identifying which position each assignment applied to, after the answers, the authors graded each position.

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<sup>1</sup> This meeting took place in 1989 when a series of recommendations were made to develop and expand neoliberalism in Latin American countries.

It was decided to study the organizations of the Brazilian Development Association (ABDE) that gather the Development Finance Institutions in all country, and many ABDE organizations are institutions authorized by the Central Bank and follow as its guideline Resolution 4.538, and also many are public companies and mixed-capital company and must follow Law 13,303 / 2016.

Data collection was cross-sectional between September and November 2018 for all ABDE organizations and counted on the help of the association itself (non-probabilistic sample for convenience). The total response rate was 48% with 15 good responses, and responses were received from all regions of the country.

## Results analysis

### *ABDE - Brazilian Development Association*

Brazilian Development Association was created in 1969 and brought together the Financial Development Institutions (FDIs) spread throughout the country - is divided into sub-national FDIs (Development Agencies and State and Regional Development Banks); FDIs Commercial Banks with Development Portfolio; National FDIs - Commercial and National Development Bank; FDIs Cooperative Banks and Institutions to Support the system. Together these institutions comprise the National Development System (NDS). ABDE defines strategies and implements actions that encourage the strengthening of NDS, and its mission is to contribute to the country's sustainable development, as well as to represent with excellence the interests of the members.

It currently has 31 members, and the 15 organizations that responded to the survey are listed in Table 1 according to the type of classification (we have obtained at least one institution of each type of IFDs), number of professionals and date of foundation. The organizations mentioned allowed the disclosure of the names, the ones which did not allow it is replaced by letters A, B and C replaced.

Table 1

#### List Organizations Participating

<b>Tipo IFDS</b>	<b>Organization Name</b>	<b>Professionals Number</b>	<b>Foundation date</b>
Subnational FDIs (Development Agencies and State and Regional Development Banks)	Development Agency of Tocantins State	33	2005
	Development Agency of Alagoas State	45	2004
	Amapá Development Agency	101	1999
	State Development Agency of Rio de Janeiro State	116	2002
	Desenvolve SP - Paulista Development Agency	157	2009
	BANDES - Development Bank of Espírito Santo	174	1967
	Organization A	199	2001
	Organization B	157	1997
	Organization C	150	2002
	BDMG - Development Bank of Minas Gerais	343	1962
	BRDE- South Region Development Bank	430	1961
FDIs Commercial Banks with Development Portfolio	Bank of Brasília	3100	1966
National FDIs - Commercial and National Development Bank	BNDES - Brazilian Social Development Bank	2800	1954

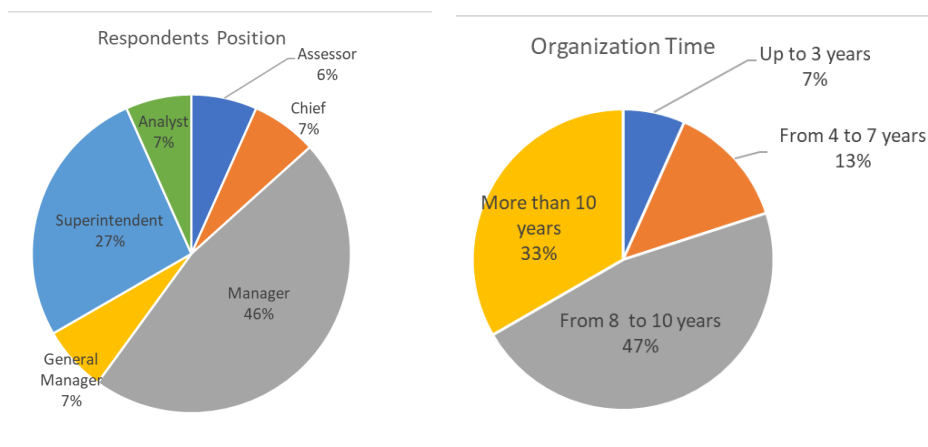


Tipo IFDS	Organization Name	Professionals Number	Foundation date
FDIs Cooperative Banks	Bancoob - Brazilian Cooperative Bank	567	1996
Institutions to Support the system	Finep - Financier of Studies and Projects	650	1967

**Note.** Source: Prepared by authors.

Some analyses were carried out in an individualized way and others in a conventional way. In the individual study, we chose not to enter the organizations' names and only identify them by numbers. We decided not to exclude Bancoob, which is private since it presents similar information with the others.

All regions of Brazil were contemplated, with 27% of the respondents being from the Southeast region, 20% from the federative areas, 20% from the South, 13% from the North and Northeast, and 7% from Midwest. The dates of banks and agencies foundation corroborate with the history described. The Development Banks and FINEP were founded in the 1950s to 1970s and the development agencies after Resolution 2365/1997. Most of the respondents have a management position, and 80% have been in the organization for more than eight years, which allows us to assume a good knowledge about the Organization and its history.



**Figure 2.** Graphs of Respondents Profile.  
Source: Prepared by authors.

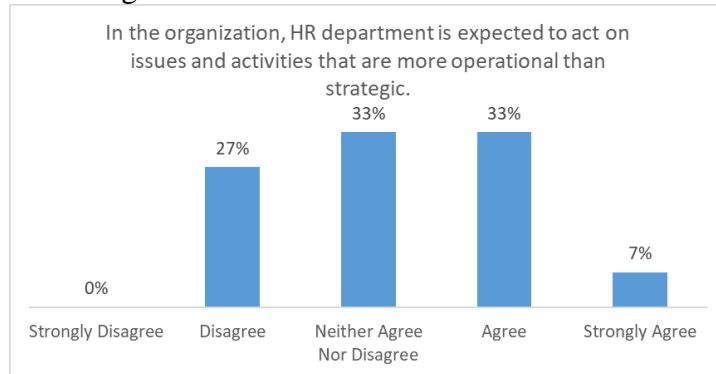
### *About People Management / Human Resources department or equivalent*

The highest level in the HR department focuses on the positions of managers and superintendents/general managers. Only one organization has the position of HR Director. In 80% of the organizations, the highest level is occasionally involved in strategic decisions and/or strategic planning, that is, it is invited only when there are matters related to the area and in 20% of the cases it participates in all Board meetings, strategic decisions and/or strategic planning of the Organization.

This information inferred that even organizations with positions considered strategic (such as the Director and Superintendent), the performance is still more operational and focused in the short term, and in most of the respondents, there is no active participation of HR in strategic planning and Organization direction. In absolute terms, only one organization responded that it has a focus on planning the actions of the area for the next five years. In this organization the

highest HR position is Superintendent; the organization with the most senior position of Director position responded that it participates in all meetings of the Board but that the focus of the department is still in the short term.

The finding of more short-term performance corroborates the data of Figure 3, which indicates that only 27% partially disagree that it is an expected activity of the area in activities more operational than strategies.

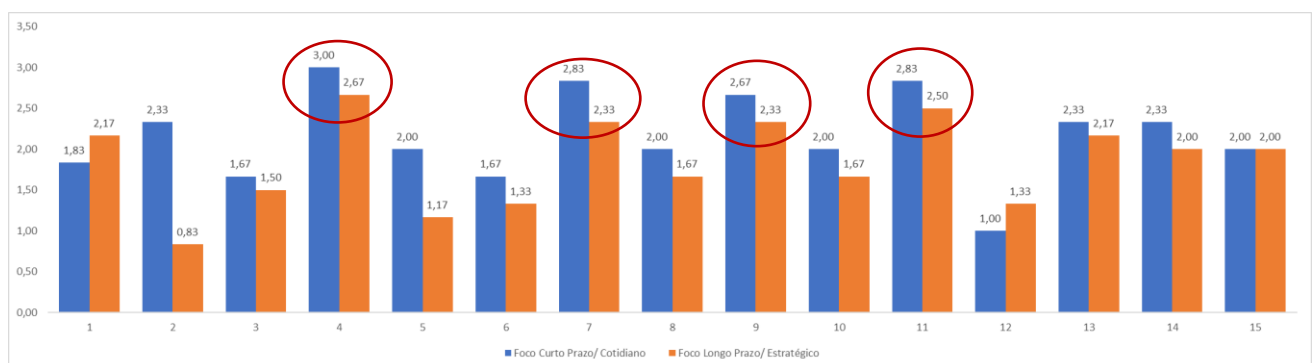


**Figure 3.** Affirmative about HR department expectation.

Source: Prepared by authors.

Other data that were collected had as objective to capture the organization performance concerning the four leading roles for professionals in HR department described by Ulrich (1996). Respondents were asked to indicate the degree of department performance in each item of the questionnaire, which could be: not active (0), low (1), moderate (2) or high (3), e.g., one of the items to capture the role Strategic Partner was "Helping the organization achieve its business goals and objectives". In the questionnaire, there were three items for each role. Responses related to the Strategic Partner and Change Agent roles, focused on the long-term and strategic activities were grouped, and the answers to the Employee Defender and Administrative Specialist roles focused on short-term and daily activities, were organized in another group. Then, we take the arithmetic average of the responses assigned to each group to verify how they behave (Freitas et al., 2000).

The results confirm (Figure 4) that most organizations have the short-term focus as pointed out in the previous analyses. It also allows highlighting that four organizations are with average above 2.5 in the operational roles and are the ones that have a higher average in the strategic roles, which demonstrates a higher performance in the attributions. In their research, Ulrich (1996) found that most companies had higher scores in the operating quadrants and lowered in the strategic quadrants, a result consistent with the traditional role of HR. Only in two organizations (1 and 12) the strategic roles is larger than the operational ones, it is a point to investigate in future interviews.

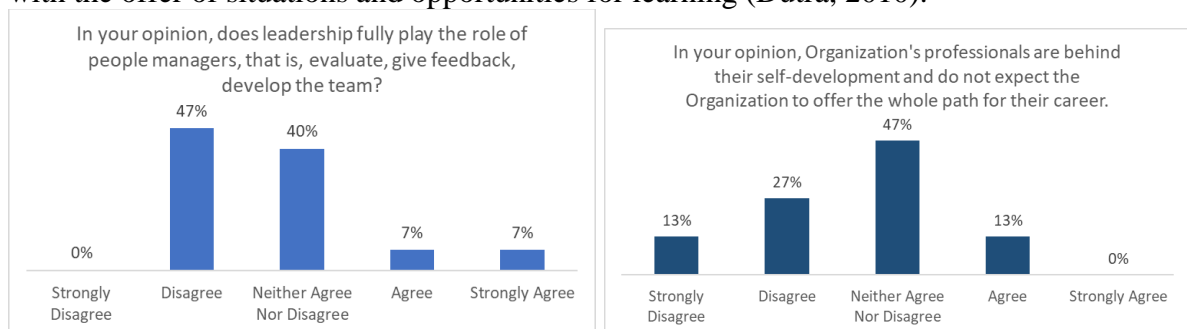


**Figure 4.** Average of strategic and operational roles.

Source: Prepared by authors.

From the data, we find two main points about the HR department: (1) in most organizations the HR department is still more operational and focused on short-term actions in relation to strategic activities, ie, they are in consolidation phase and therefore there is space for the department to develop strategic HR activities and focus on the long term, and (2) more operational activities are performed with high HR action and participation, more strategic operations are performed; there is a direct proportional growth of strategic activities with daily activities.

It is worth noting that responsibility for each role is not unique to the HR department. It often shares with managers, external consultants, employees, computer systems or other mechanisms, but HR professionals need to ensure results and help define each person's responsibility in each role (Ulrich, 1996). However, there is still a way to go with the division of roles. According to Ulrich, the Employee Defender role should be exercised mainly by managers and partly by employees themselves. However, for the following assertions, it turns out that managers still do not adequately perform the function of people managers and employees do not assume their development. In Brazil, the effectiveness of a practice based on self-development runs into cultural issues. Although Brazilians are worried about their development, they rarely take over their career management, usually charging the company with the offer of situations and opportunities for learning (Dutra, 2010).



**Figure 5.** Affirmative about the role of leadership and professionals

Source: Prepared by authors.

So far, the findings of this research reinforce the positioning of Pynes (2004) that

“it is important for HR departments to expand their scope of activities beyond the traditional HR tasks and functions, and enter partnerships with managers and employees. Working together provides managers and employees with a better understanding of HR issues”. (Pynes, 2004, p. 394).

The next topic discusses succession planning.

### *Succession Planning*

For succession planning analysis was used the comparison performed by Ohtsuki (2013) presented in Table 2. However, *Considered Positions of Succession Planning* has been changing since in senior executive positions (top management, as Director and President) are often political and free-appointment positions, and generally, do not have succession planning. Therefore it was considered for the classification in the first stage when the respondent only pointed out some leadership positions (and not necessarily the top management).

Table 2

#### **Comparison of succession approaches**

Item	First Stage	Second Stage	Third Stage
Time for succession candidates nomination	Present: When there is a position vacancy	Future: carried out in a regular period, configuring a periodical photograph usually annual; but still for the present context.	Future: planning on the readiness of candidates for positions in future contexts and aligned with the strategy.
Considered Positions of Succession Planning	Only a few leadership positions have been pointed out.	All leadership positions (all levels) OR all leadership positions without regard to senior executive positions and technical positions.	Critical positions: management or techniques that may make it impossible to carry out the organization's strategy if they are not fulfilled. All leadership OR all leadership positions without regard to senior executive positions + technical positions.
Criteria used to choose the successor	Informal and subjective; determined by the occupants of positions	Job description: skills and levels of complexity for the position	Competencies and levels of complexity for the position and other criteria such as Goals and Objectives, Profile.
Development and training actions for the preparation of successors	There are no structured development actions for the preparation of successors.	The immediate manager structures an Individual Development Plan for the preparation of successors	The immediate manager and the professional jointly structure the Individual Development Plan
The professional decision to position	Punctual evaluation by the manager	Assessment can be carried out by the manager individually or in Management Committees	Evaluation by People Management Committee

Note. Source: Ohtsuki (2013), based on Dutra (2010), Groves (2007), Hall (1986), Metz (1998) e Rothwell (2010)

We performed the analysis for each item above and determined the stage in which the organization is, the summary is in Figure 6:

	Time for succession candidates nomination	Considered Positions of Succession Planning	Criteria used to choose the successor	Evaluation Process	Development and training actions for the preparation of successors	Professional decision to position
1	First Stage	Second Stage	Second Stage	Second Stage	First Stage	Second Stage
2	First Stage	First Stage	First Stage	First Stage	First Stage	First Stage
3	First Stage	First Stage	Second Stage	Second Stage	Second Stage	First Stage
4	First Stage	Second Stage	Third Stage	Second Stage	Third Stage	First Stage
5	First Stage	Second Stage	First Stage	Second Stage	First Stage	First Stage
6	Second Stage	First Stage	Second Stage	First Stage	Third Stage	Second Stage
7	Third Stage	Second Stage	Third Stage	Third Stage	Third Stage	Second Stage
8	First Stage	Second Stage	Second Stage	First Stage	Second Stage	Second Stage
9	First Stage	Second Stage	Second Stage	Second Stage	First Stage	Second Stage
10	First Stage	First Stage	Second Stage	First Stage	First Stage	Second Stage
11	First Stage	First Stage	Third Stage	Second Stage	Second Stage	Second Stage
12	First Stage	First Stage	Second Stage	Second Stage	First Stage	Second Stage
13	First Stage	First Stage	Second Stage	Second Stage	First Stage	First Stage
14	First Stage	First Stage	Second Stage	Second Stage	First Stage	Second Stage
15	First Stage	First Stage	Second Stage	Second Stage	First Stage	Second Stage

**Figure 6.** Stage of Succession Planning.

Source: Prepared by authors.

Regarding the time to nominate candidates, we can verify that practically all signal that it occurs only when there is a vacancy of the position, not having systematic planning for the succession. For the positions considered in the succession planning, the majority (53%) signalize only a few leadership positions such as coordinator and managers, these are in the First Stage; and 40% were in the Second Stage (when they pointed out all managerial positions or technical positions). No organization does planning for all management positions and

technical positions. It is noteworthy that in public management, senior executive positions (top management) are often political with free choice and usually are not filled by internal professionals. Some organizations have changed this; they determine the percentage of vacancies for management positions that should be filled by career professionals.

Although political and free choice, the choice for all positions must be held among professionals, who have the preparation for the new position challenges, for this, the clarity of the criteria is fundamental. By the research, concerning the criteria used to choose the successor, most are in the Second Stage, this means that they used skills and levels of complexity for the choice. Further opening the criteria, we observe that 50% of the institutions declare that they use informal and subjective measures, but only 10% use only these criteria, the others jointly appropriate other criteria. The majority (86%) use competencies and 66% competencies and levels of complexity, which is in line with Decree 5707/2006 that established the Policy and Guidelines for Personnel Development focusing on competence management. Only one institution declared using quantitative targets as a criterion for successor choice.

Conceptually, the succession process is not limited to the choice between candidates, but should involve the preparation and development of professionals:

"Training and development are used by organizations to improve the skills of employees and enhance their capacity to cope with the constantly changing demands of the work environment. Agencies that wish to be viable must develop strategies to maximize their human resources. Training and development must be integrated into the core human resources management functions" (Pynes, 2004, p. 395).

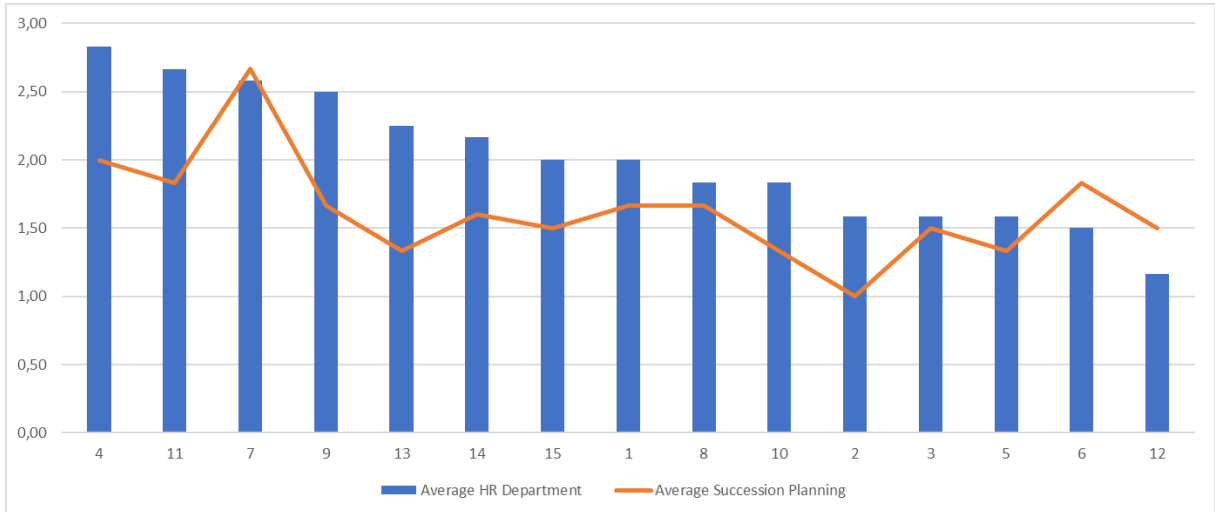
However, despite the importance, 60% of organizations do not fulfil structured development actions to prepare successors.

Regarding the decision of the professional to the position, 66% answered the evaluation could be accomplished by the manager individually or in management committees and 33% the decision is only the manager.

From the data, we established four main points: (1) practically all organizations (86%) signal that the time for candidates nomination occurs only when there is vacancy of the position, not having a forecast or future planning; (2) the criteria used to choose the successor are in line with the literature since most consider competencies and levels of complexity; (3) development actions does not yet integrates the succession planning, 60% do not perform actions to prepare successors, and (4) it is observed that organizations are still in different stages depending on the item observed.

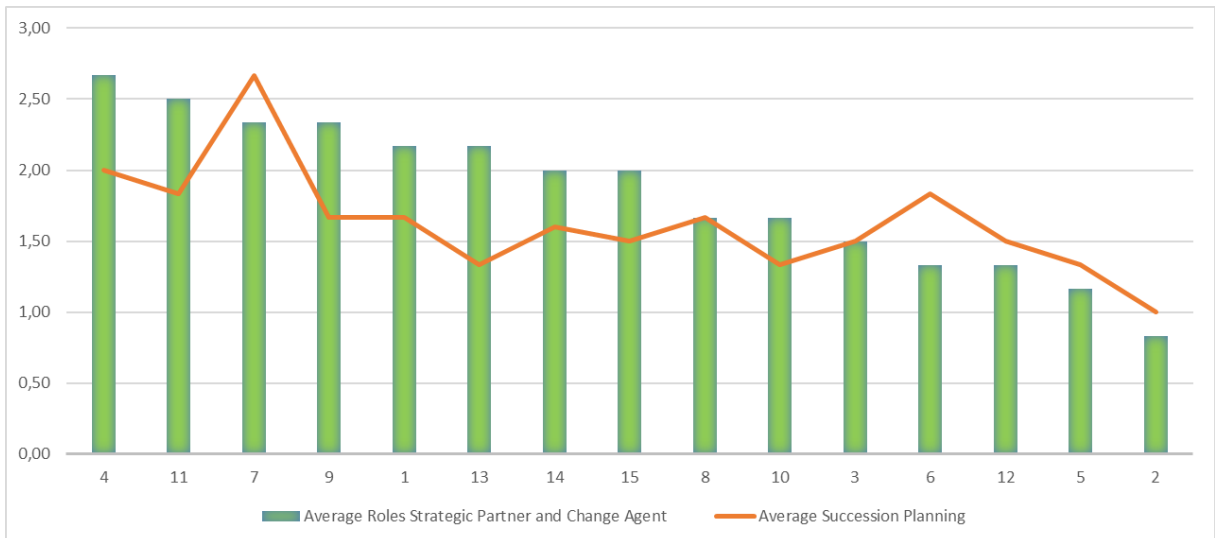
### *Succession Planning and HR department*

In Figure 7, we take the average of succession planning, for this we classify the stages in numbers from 1 to 3, and for the HR department, we take the average of all Ulrich's roles. We have been able to note that the higher the percentage of all roles of the HR department, the higher the average of the succession planning; therefore, the stage is more advanced.



**Figure 7.** Average of succession planning and all roles of the HR department.  
Source: Prepared by authors.

Answering the research question: *evolution stage of succession planning in the public organizations is associated with advanced HR departments acting strategically and in the long-term?* We can say yes. By charting the average of the succession stages and taking only the long-term HR roles (Strategic Partner and Change Agent), we can observe that there is an association between them.



**Figure 8.** Average of succession planning and all roles long-terms of the HR department.  
Source: Prepared by authors.

Organizations 4, 7, 9 and 11 have the average HR performance for the strategic roles above 2.33, with organizations 4, 11 and 7 having more advanced stages in the succession process, being in some items in the Third Stage. Organization 9 does not present in the Third Stage in any item but has a high score in strategic activities. It is necessary to check the information more carefully. All of them have HR that occasionally participates in strategic decisions and focuses on the medium or long term. The other two organizations that have signalled a focus on the medium term (10 and 14) still do not present high averages in the succession process but are probably working on HR practices.

Organizations 1, 13, 14, and 15 are high on HR practices which assume that they are moving towards more strategic activities and, as expected, are in the process of moving from the First

to the Second Stage of Succession Planning. An organization that calls attention and needs to be investigated in depth is six because it presents most of the items in the Second Stage and one in the Third Stage, but the average performance of the HR is still distinct from being strategic (average 1.33). Also, having the highest position, the HR Director is focused in the short term, even taking part in all strategic decisions. It will be necessary to verify deeply the practices of people management of this company and why their performance in HR still seen as operational, despite the elevated position that occupies the principal executive of the area.

## FINAL CONSIDERATION

The objective of this paper was to analyze the relationship between the development stage of succession planning and the evolution in the management of human resources in Brazilian public financial institutions. The answer to the research question, according to the data, shows that there is an association between the succession planning stage of development and the HR department, despite some exceptions that need to be investigated in greater depth.

We can observe some critical points that make the organizations have not yet advanced so much in the stages of succession planning. The first is that in most of these organizations, the HR department operates in a more operational and focused manner in short-term actions, that is, they are in the consolidation phase and, therefore, there is space to develop strategic activities of HR and long term. According to Goodman et al. (1985, 148), "strategic human resource management is a central component of today's efforts to improve public sector organizations by linking HR activities to missions, rather than reacting to traditional needs of HR ". The second is that there is still space for advancement in succession planning, especially regarding the time for nomination (not only when vacancies are vacant) and for the preparation and development of professionals. As two Fortune 100 executives observed (Schepker et al., 2018, page 427): "Succession planning is not a once a year meeting; it is an ongoing process." Moreover, as another senior executive shared, "We begin planning for the next CEO succession the first day our CEO takes office."

The study limitation is its cut in predominantly indirect public administration organizations; other types of organizations can lead to differentiated analyzes. For future studies, we suggest researching other public organizations of different types to verify if they confirm the relationship between the evolution of HR and the succession planning identified in this research.

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