



Succession Planning and Management – A Study with Reference to Companies Based in Bangalore City.

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ABSTRACT:

Traditionally, the organizations were paying attention on replacing key employees just before and after they leave the organization. Organizations were only concentrated on replacing employees and not on development of employees. This was the big and common mistake by most of the organizations. Since the organizations were facing many problems in finding the right employee in a short period of time. As the organizations could not find a right employee inside their organization, they were depending on the external sources of recruitment, which is time consuming and costly. Later the years the organizations have realized that using the tool of succession planning and management they can find out their future leaders and managers inside their own organizations.

The main objective of this paper is to study the demographical profile of the respondents and to examine the perception of executives towards the succession planning and management in selected groups of companies based in Bangalore. The type of the research adopted in this study is diagnostic study. The required data for the study were collected from both the primary and secondary sources. The primary data is collected through administered questionnaire from 300 executives. The data collected were analysed and presented with the percentages. The findings of the study help to know the perception of executives towards the succession planning and management.

Concept of Succession Planning:

Succession planning is an ongoing vibrant process which helps the organizations in accomplishing their goals and human capital requirements. Succession planning can be defined as the process where key roles are identified; potential successors are assessed and developed to assume the key positions of the organization.ⁱ Succession planning involves identifying star performers or potential successors and motivating and developing them to take up higher positions and stay in the organization for longer period.

Review of literature:

Gabrielle Schroder (2017)ⁱⁱ ascertained that the responsibility of the directors in SP&M is very vital as the board must be clear that the skills, capabilities and their requirement for future endeavors of the organization. Future she highlights in her study that the presence of directors at various board meetings, on-site visits and other networking events are opportunities to access executives.

Devasia Joseph expressed that (2017)ⁱⁱⁱ having the succession planning system is very much necessary to companies and it do exist in the many of Indian companies but many new and large Indian companies are not comfortable in the implementation of the system in their company. Still many Indian companies' thing succession planning is very complex concept and not easy to implement. Further experts pointed out that Indian company are very poor and not advanced in the implementation of the system when it is compared to international companies. The main reason for this the companies are not proactive to the replacement of human resource.

The survey conducted by International Finance Corporation and Institutional Investor Advisory Services (2017)^{iv} revealed that the family owned companies are stressed out with the succession matters and many family managed business are preferring to move to professionally managements companies. Survey further highlights that this is not a good move for the business environment.

Perrenoud. J. Anthony and Sullivan T Kenneth (2017)^v opined that to minimize the potential negative impact, the companies must prepare for leadership transition in advance. The research findings also indicated that this is a strong positive correlation between the various succession strategies followed by company and the degree of satisfaction of managerial.

Talent Guard (2017)^{vi} a consulting firm in their research survey explored 5 ways to develop employees using succession planning which includes constructive feedback from employees, lateral movement of the employees, posing them to leadership roles, putting them

on special offshore/onshore assignments and also providing them with extensive internal and external training program to gain their confidence and improve their performance.

Statement of the problem:

Today’s business environment is very challenging, competitive and changing rapidly. Due to this organizations are facing problems of unpredictability and uncertainty. The unstable business environment has created a complex labour market. Hence the organizations have to rely on the most important asset, their Human Resource. Thereby the biggest challenge for most of the organization is to have an undisturbed organizational continuity even when there is a change of leadership. Key positions may become vacant as employees retire, promoted from within, find jobs elsewhere or terminated. If the organizations are not prepared for this the organizations have to face the problems of labour crisis and this decreases the efficiency of the organizations. Hence it is important to the study the succession planning and management.

Objectives of the study:

1. To study the demographic profile of the respondents.
2. To examine the perception of executives towards the succession management.

Data Analysis:

Objective 1: To study the demographic profile of the respondents:

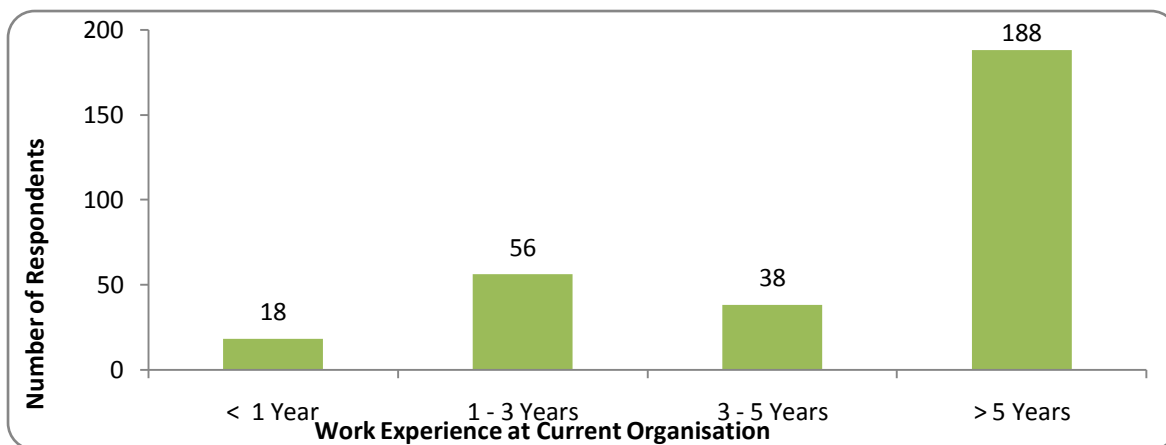
1.1 Work experience in current organization:

Out of 300 respondents 62.7% of employees have experience of above 5years in the current organization where they are working. Employees with less than one-year experience are 6% only. Employees with experience between 1-3 years and 3-5 years are 18.7% and 12.7% respectively.

Work experience in current organization

| Work Experience | Frequency (f) | Percent(%) | Cumulative Percent(%) |
|-----------------|---------------|------------|-----------------------|
| < 1 Year | 18 | 6 | 6 |
| 1 - 3 Years | 56 | 18.7 | 24.7 |
| 3 - 5 Years | 38 | 12.7 | 37.3 |
| > 5 Years | 188 | 62.7 | 100 |
| Total | 300 | 100 | |

Source: Field survey



Work experience in current organization

Inferences:

Most among the respondents are associated with their current organization for more than 5 years. Hence, we can say as the duration of association is longer there is a good relationship between the employees and management and the employees are satisfied with their organization.

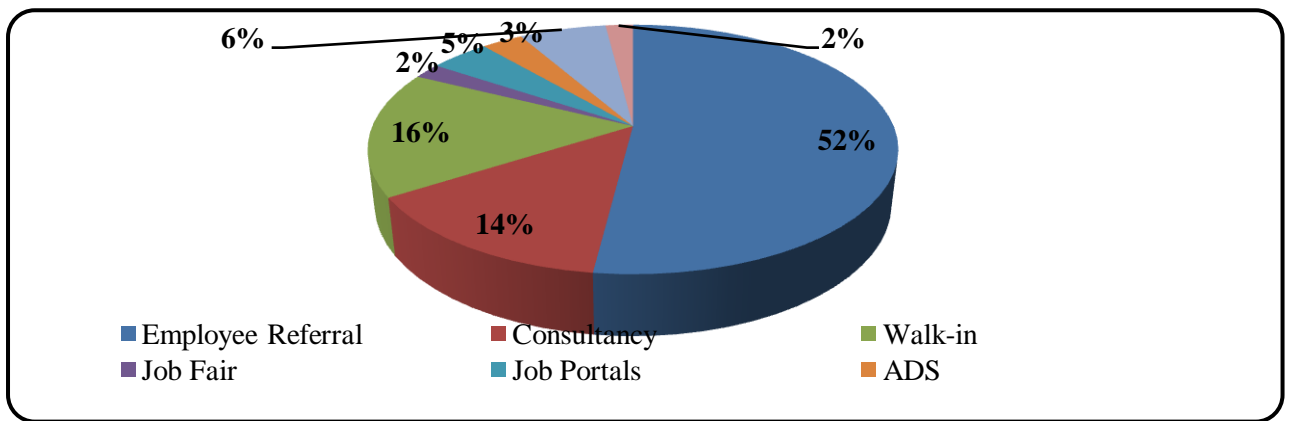
1.2 Mode of recruitment of respondents:

Out of 300 respondents 52% of the employees are recruited by the employee referral. Only 2% of the employees are recruited through job fair. Employees recruited by consultancy, walk-in, job portals, ads, campus recruitment are 14%,16.3%,4.3%,3% and 6.3% respectively.

Mode of recruitment of respondents

| Mode of recruitment | Frequency (f) | Percent(%) | Cumulative Percent(%) |
|---------------------|---------------|--------------|-----------------------|
| Employee Referral | 156 | 52.0 | 52.0 |
| Consultancy | 42 | 14.0 | 66.0 |
| Walk-in | 49 | 16.3 | 82.3 |
| Job Fair | 6 | 2.0 | 84.3 |
| Job Portals | 13 | 4.3 | 88.7 |
| ADS | 9 | 3.0 | 91.7 |
| Campus Recruitment | 19 | 6.3 | 98.0 |
| Others | 6 | 2.0 | 100.0 |
| Total | 300 | 100.0 | |

Source: Field survey



Mode of recruitment of respondents

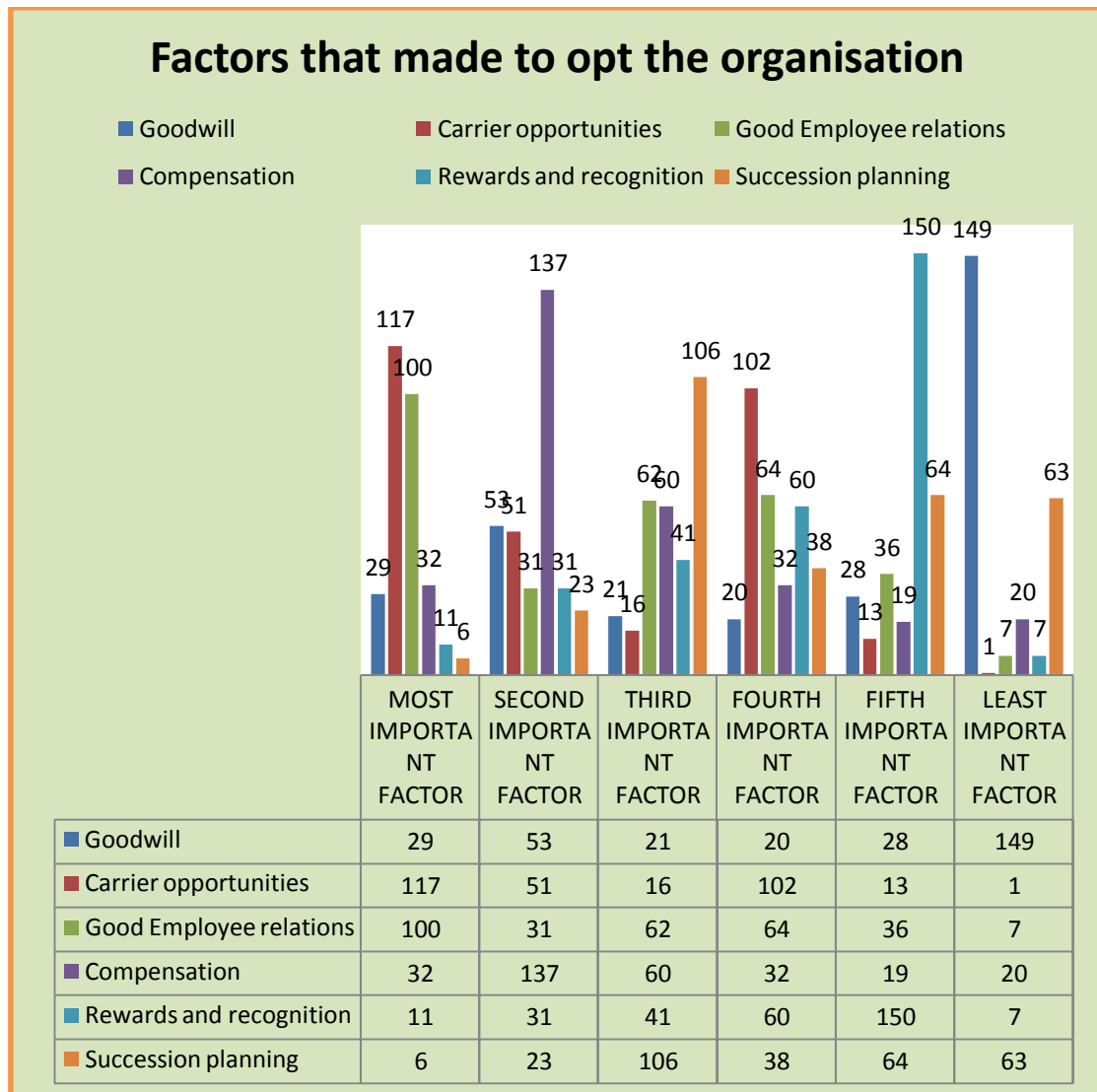
Inferences:

The above table demonstrates that majority among the respondents have been recruited through employee referrals to their organizations. Hence it can be inferred that the organizations prefer to recruit their human resource through employee referrals and we can also know that in the recruitment process this source of recruitment plays a very important role.

1.3 Factors which made the respondents to opt organization

Out of 300 respondents 117 respondents revealed that carrier opportunities as most important factor to opt the organisation, 137 think compensation as second important factor, 106 think succession planning as third important factor, 150 think rewards and recognition as fifth important factor and 149 think goodwill as least important factor for opting the organisation.

Figure - 4.9: Factors influence the respondents to choose the organization



Source: Field survey

Objective 2: To examine the perception of executives towards succession planning and management:

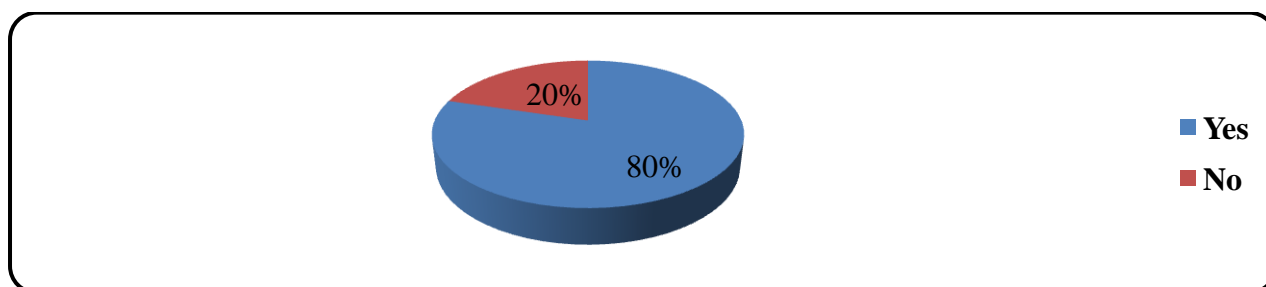
2.1 Employees familiarity with the succession planning

Out of 300 respondents 88.3% of the employees have familiarity with the succession planning whereas 11.7% do not have any knowledge about succession planning.

Employees familiarity with the succession planning

| Familiarity with succession planning | Frequency (f) | Percent(%) | Cumulative Percent(%) |
|--------------------------------------|---------------|--------------|-----------------------|
| Have familiarity | 265 | 88.3 | 88.3 |
| Do not have familiarity | 35 | 11.7 | 100.0 |
| Total | 300 | 100.0 | |

Source: Field survey



Employees familiarity with the succession planning.

Inferences:

Majority among the respondents expressed that they are familiar with succession planning process. Hence it can be inferred that the majority of employees aware of the succession plan.

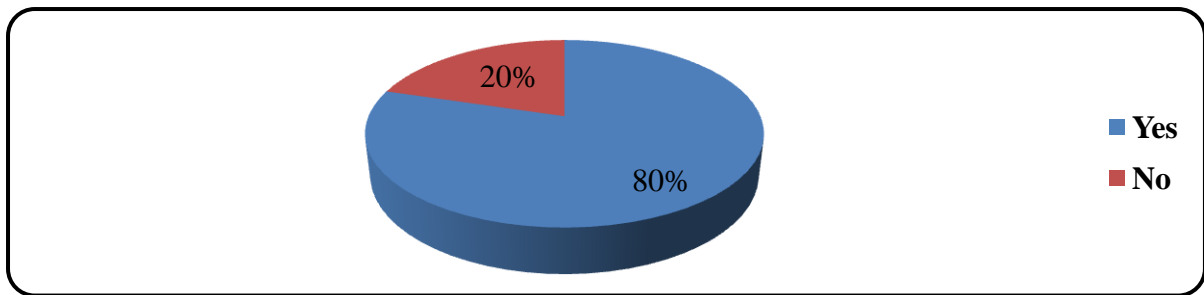
2.2 The existence of the formal succession plan in place at the organization:

Out of 300 respondents 79.7% think that the establishment has a formal progression plan, whereas 20.3% of respondents think that the company doesn't possess any succession planning.

Existence of the formal succession plan in place at the organization

| Company possess formal succession planning | Frequency (f) | Percent(%) | Cumulative Percent(%) |
|--|---------------|--------------|-----------------------|
| Company has formal SP | 239 | 79.7 | 79.7 |
| Company does not have SP | 61 | 20.3 | 100.0 |
| Total | 300 | 100.0 | |

Source: Field survey



Existence of the formal succession plan in place at the organization

Inferences:

Majority of the respondents considered for the study opined that the company which they working at has a recognized succession planning in place. Therefore, it can be concluded that the respondent companies have established the succession planning.

Major findings of the study:

- Work experience in current organization: Out of 300 respondents 62.7% of employees have experience of above 5years in the current organization where they are working. Employees with less than one-year experience are 6% only. Employees with experience between 1-3 years and 3-5 years are 18.7% and 12.7% respectively.
- Sources of recruitment: Out of 300 respondents 52% of the employees are recruited by the employee referral. Only 2% of the employees are recruited through job fair. Employees recruited by consultancy, walk-in, job portals, ads, campus recruitment are 14%, 16.3%, 4.3%, 3% and 6.3% respectively.
- Factors that made to opt for the current organisation: Out of 300 respondents 117 respondents revealed that carrier opportunities as most important factor to opt the organisation, 137 think compensation as second important factor, 106 think succession planning as third important factor, 150 think rewards and recognition as fifth important factor and 149 think goodwill as least important factor for opting the organisation.
- Perception of executives towards familiarity with succession planning: Out of 300 respondents 88.3% of the employees have familiarity with the succession planning whereas 11.7% do not have any knowledge about succession planning.
- Whether the company has a formal succession planning in place: Out of 300 respondents 79.7% think that the company has a formal succession planning, whereas 20.3% of respondents think that the company doesn't possess any succession planning.

Suggestions:

- The skills and capabilities being assessed must map to the required competencies and be consistent with the organizations' culture and with legal and professional guidelines. Further to ensure the process is cost effective, administration processes for candidates should be efficiently designed and minimize travel expenses that do not add value to the assessment process.
- Every company should prepare their own succession plan chart that suits for their organization.
- Potential successors are the products of years of planning and development. Hence leadership transition period should not be short. It must depend upon the competency's requirement of each key position.
- Organizations must develop the practice of training the potential successor by the outgoing employees before they leave the organization by sharing their knowledge and work experiences.

Conclusion:

A well implemented succession planning and management throws increasing productivity, profitability and financial benefits of the organization. Hence there is need for the organizations to strengthen the succession planning system.

ⁱDauda, Abdulwaheed, '*Business Continuity and Challenges of Succession in Nigeria: what happens when the CEO leaves?*', ISOR Journal of Business and Management, Vol 8, Issue 4 (Mar – Apr) 2013 pp 59-65.

ⁱⁱ Gabrielle Schroder, '*CEO Succession planning: The Boards Role*', Australian Institute of Company Director, 28-Nov-2017.

ⁱⁱⁱ Ib.id,

^{iv} -'*CEO Succession Planning in India*', International Finance Corporation and Institutional Investor Advisory Survives, Survey Report, Nov 2017.

^vPerrenoud. J. Anthony and Sullivan T. Kenneth, '*Analysis of Executive Succession Planning in 12 Construction Companies*', International Journal of Construction Education and Research, Vol 13, issue 1, 2017.

^{vi} -Talent Guard, '*Five Ways to Develop Employees using succession planning*', Human Resource Today, May,8,2017.

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