



A Study on Significance of Succession Planning in Organization

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ABSTRACT:

The study aims to identify challenges and contributing factors to successful succession planning using a mixed-methods approach that combines primary and secondary data collection methods. The study found that challenges in succession planning include creating a pool of candidates and lack of assessment tools, while successful factors included prioritizing succession planning as a strategic priority and integrating it with performance management. The study's findings provide valuable insights for organizations seeking to improve their succession planning processes and ensure a smooth transition of leadership roles, ultimately contributing to the long-term success and sustainability of the organization.

INTRODUCTION:

In the dynamic realm of modern businesses, the intricacies of succession planning play a pivotal role in ensuring organizational resilience and longevity. This comprehensive study endeavors to illuminate the profound significance of succession planning, examining its multifaceted aspects, encompassing its benefits, challenges, best practices, implementation strategies, case studies, and the forecasted future trends and considerations within organizational sustainability.

REVIEW OF LITERATURE:

Bolt (1989) and Clunies (2007), by effectively planning for succession, organizations can realize cost savings and achieve the synergies necessary to thrive within the rapidly evolving contexts in which they operate. Finally, effective succession planning instills confidence in the employees of an organization and improves buy-in to the organization's culture. These are critical components not only of the successful operation of an organization on a day-to-day basis, but of the longer-term satisfaction and retention of employees.

According to **Rothwell (2001)**, in his study there are four fundamental reasons for succession planning. First, succession planning is the method that an organization must employ to ensure "the right people in the right places at the right times." Second, succession planning lessens the effect of downsizing. Third, succession planning advances diversity and multiculturalism. Fourth, succession planning provides a framework for the establishment of career paths, training, developmental plans, and individual career moves.

Charan et al. (2001), suggested an alternative definition for succession planning from the Leadership Pipeline Model. In their definition, "succession planning is perpetuating the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both now and in the future".

Ahmad, M., & Schroeder, R. G. (2003) Employee retention serves as intermediary variable as the investigation analyzes the body of research to comprehend the connection among succession planning and organizational performance. According to multiple studies, good succession planning helps organizations function better by providing a seamless change in leadership and preserving continuity of operations. Additionally, because firms with strong succession planning strategies typically have greater staff retention rates, retention of staff serves as a mediating influence. Employee commitment, engagement, and motivation are higher when they believe there are prospects for career growth and development within the company, which improves organizational performance. The analysis emphasizes the value of succession planning as a tactical instrument for promoting staff retention, which in turn boosts company efficiency.

Groves (2003), today, succession planning serves as a tool to manage knowledge and change, develop leadership capacity, build smart teams, and retain and deploy talent in a manner that helps an organization operate to its greatest potential. Doing so is increasingly important for several reasons

Robb (2005) states that a new trend in succession planning and management is the movement away from succession planning for only the top executives; "companies are pushing it down in the organization and using succession planning more as a development tool as opposed to a disaster recovery tool", because the organizations recognize the value that an effective succession planning and management strategy adds to the organization.

M. Dami Baldwin (2005), in his article “The Strategy of Succession Planning” states that succession planning plays a major role in the companies’ strategic planning. Succession planning is not only for CEOs but also for all key positions. It further illustrates the advantages and disadvantages associated with succession planning. The process of developing succession planning requires a long-term strategy for the company involving the key area that requires continuity and development and the key people that the organization wishes to develop. **Redman (2006)** Incorporating succession planning into the organizations strategic goals has several benefits; it provides an avenue to develop talent and retain experienced employees, reduces the need for expensive external recruitment efforts, and reduces new staff learning curve errors and lengthy adjustment periods.

OBJECTIVE OF THE STUDY:

PRIMARY OBJECTIVES:

To identify the significance of succession planning in organization.

SECONDARY OBJECTIVES:

1. To analyze the challenges faced in succession planning.
2. To identify the leadership styles for succession in occupying key position.
3. To analyze the difference practices used for knowledge sharing.
4. To analyze the impact of succession plan in implementing other management areas.

LIMITATION OF THE STUDY:

- **Sample Size and Scope:** The study may be limited by the size and scope of the sample population, which could affect the generalizability of the findings to a broader range of organizations or industries.
- **Data Collection Constraints:** Constraints related to data availability, accessibility, or reliability could limit the depth and breadth of the study's analysis, potentially impacting the accuracy and completeness of the findings.
- **Research Bias:** There may be inherent biases in the research process, including selection bias in participant recruitment or response bias in survey data collection, which could influence the validity and objectivity of the study's conclusions.
- **Time Constraints:** Time limitations may restrict the duration of the study or the extent to which longitudinal data can be collected, limiting the ability to assess the long-term impact of succession planning initiatives.
- **External Factors:** External factors beyond the control of the researchers, such as changes in economic conditions, industry trends, or organizational leadership, could confound the study results or impact the interpretation of findings.
- **Cross-cultural Variability:** The study may overlook cultural or contextual differences that could influence succession planning practices and outcomes, particularly in multinational or diverse organizational settings.
- **Self-reporting Bias:** Participants' self-reporting of their experiences, attitudes, and behaviors related to succession planning may be influenced by social desirability bias or memory recall bias, affecting the accuracy of the data collected.
- **Resource Constraints:** Limitations in terms of funding, time, or personnel may constrain the ability to conduct a more comprehensive or in-depth study, potentially compromising the depth of analysis or the breadth of research methodologies employee

Research Methodology

The study on organizational succession planning aimed to identify challenges and success factors. It used a mixed-methods approach, gathering primary data through surveys and interviews in Chennai, and secondary data from existing research. Challenges included the inability to create a candidate pool, lack of assessment tools, and difficulty in identifying future needs. Success factors included prioritizing succession planning as a strategic imperative, involving potential successors in development, and integrating succession planning with performance management. The study involved 80 participants, primarily full-time employees from the healthcare and finance industries.

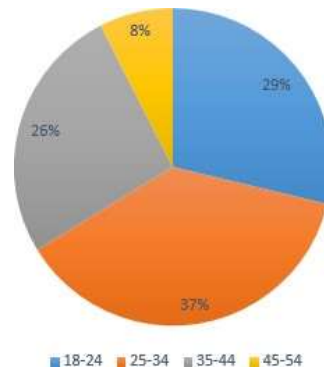
Data analysis & Interpretation

ANALYSIS AND INTERPRETATION OF THE DATA

TABLE NO: 1 AGE OF THE RESPONDENTS

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
18-24	23	29%
25-34	30	37%
35-44	21	26%
45-54	6	8%
TOTAL	80	100%

SOURCE : PRIMARY DATA

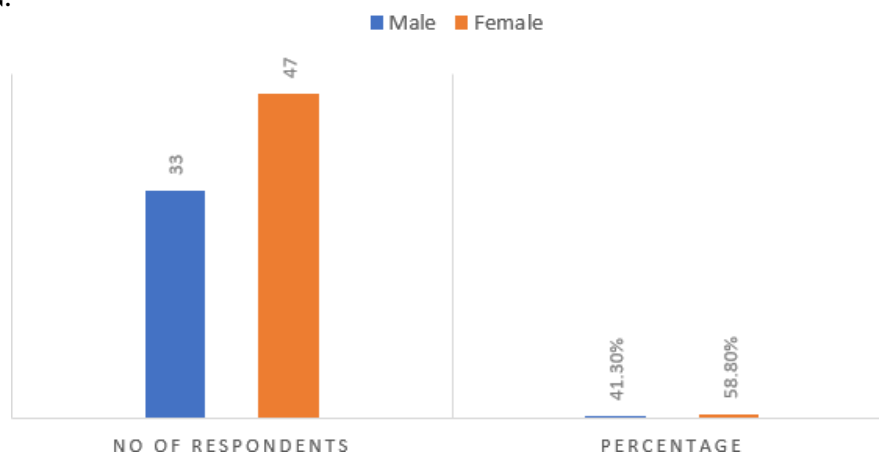
CHART NO: 4.1**INTERPRETATION:**

The above table and chart show that 29% of the respondents are from the age group 18 – 24 and 37% of the respondents are from the group 25 - 34 and 26% of the respondents are from the group 35 – 44 and 8% of the respondents are 45 - 54.

TABLE NO: 2**GENDER OF THE RESPONDENTS**

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
Male	33	41.30%
Female	47	58.80%
TOTAL	80	100%

SOURCE : PRIMARY DATA

CHART NO: 4.2**INTERPRETATION:**

The above table and chart show that 41.30% of the respondents are male and 58.80% of the respondents are female.

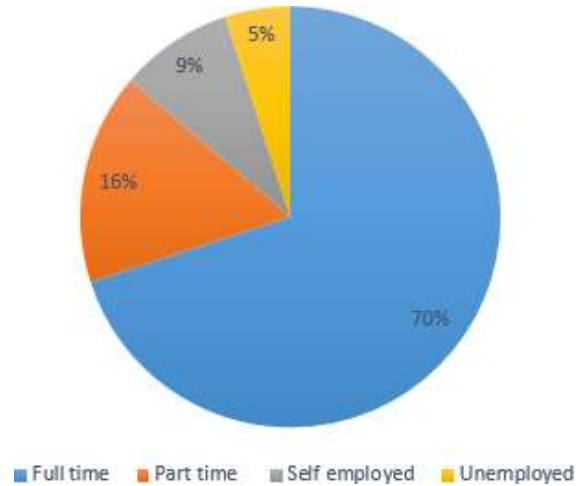
TABLE NO: 3

EMPLOYMENT STATUS OF THE RESPONDENTS

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
Full time employed	56	70%
Part time employed	13	16.2%
Self employed	7	8.8%
Unemployed	4	5%
TOTAL	80	100%

SOURCE : PRIMARY DATA

CHART NO: 4.3



INTERPRETATION:

The above table and chart show that 70% of the respondents are full-time employees and 16% of the respondents are part-time employees and 9% of the self-employed and 5% of the respondents are unemployed.

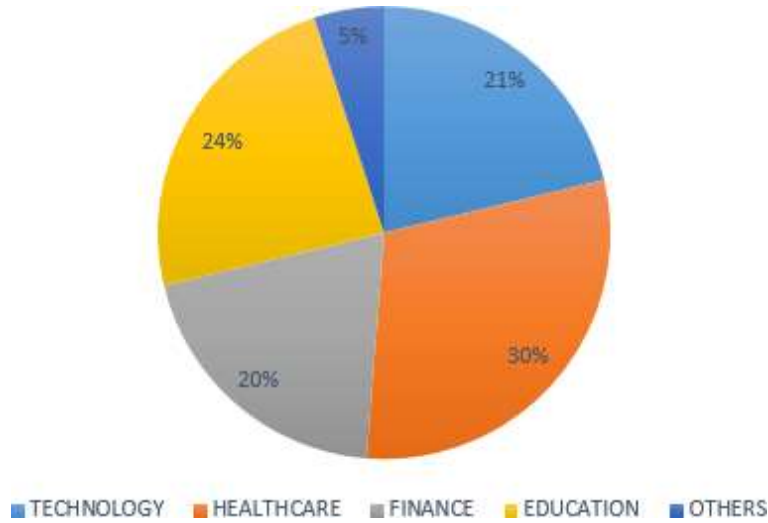
TABLE NO: 4

INDUSTRY WHERE THEY ARE CURRENTLY WORKING

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
TECHNOLOGY	17	21%
HEALTHCARE	24	30%
FINANCE	16	20%
EDUCATION	19	24%
OTHERS	4	5%
TOTAL	80	100%

SOURCE : PRIMARY DATA

CHART NO: 4.4



INTERPRETATION:

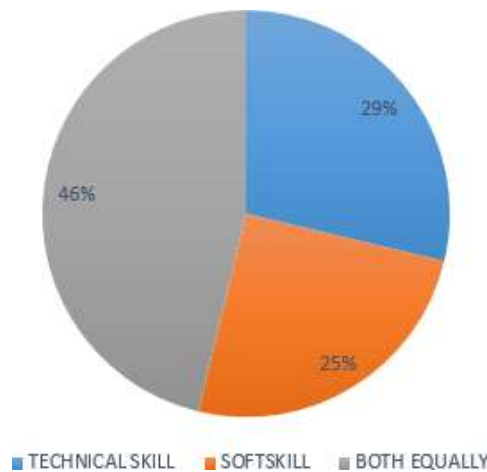
The above table and chart show that 21% of the respondents are from technology, 30% of the respondents are from healthcare and 20% of the respondents are from finance, 24% of the respondents are from education and 5% of the respondents are from others.

TABLE NO: 5 SKILL ENHANCEMENT

PARTICULARS	NO OF RESPONDENTS	% OF RESPONDENTS
TECHNICAL SKILL	23	29%
SOFTSKILL	20	25%
BOTH EQUALLY	37	46%
TOTAL	80	100%

SOURCE : PRIMARY DATA

CHART NO: 4.5



INTERPRETATION:

The above table and chart show that 29% of the respondents have technical skills, 25% of the respondents have soft skills and 46% of the respondents have both equally.

Chi-square

STEP 1:

- i) **CHI-SQUARE TEST**

A chi-square test is a statistical test used to compare observed results with respected results.

STEP 1

AIM: To test whether, there is a significant relationship between the industries currently working by the respondents and the leadership style they prefer for succession planning.

H0 (Null Hypothesis): There is a no significant relationship between the industries currently working by the respondents and the leadership style they prefer for succession planning.

H1 (Alternative Hypothesis): There is a significant relationship between industries currently working by the respondents and the leadership style they prefer for succession planning.

STEP 2

OBSERVED TABLE

PARTICULARS	CHARISMATIC	COLLABORATIVE	STRATEGIC	TOTAL
Education	04	12	03	19
Finance	05	05	06	16
Health care	08	13	03	24
Others	0	04	0	4
Technology	04	08	05	17
TOTAL	21	42	17	80

STEP 3

EXPECTED VALUE

O	E	O - E	(O - E) ²	(O - E) ² /E
4	4.98	-0.98	0.9604	0.1928
12	9.97	2.03	4.1209	0.4133
03	4.03	-1.03	1.0609	0.2632
05	4.2	0.8	0.64	0.1523
05	8.4	-3.4	11.56	1.3761
06	3.4	2.6	6.76	1.9882
08	6.3	1.7	2.89	0.4587
13	12.6	0.4	0.16	0.0126
03	5.1	-2.1	4.41	0.8647
0	1.05	-1.05	1.1025	1.05
04	2.1	1.9	3.61	1.7190
0	0.85	-0.85	0.7225	0.85
04	4.46	-0.46	0.2116	0.0474
08	8.92	-0.92	0.828	0.0928
05	3.61	1.39	1.9321	0.5352
CALCULATED VALUE				9.9983

CALCULATED VALUE: 9.9983

STEP: 4

DEGREE OF FREEDOM d.f = (r-1) (c-1)

= (5-1) (3-1)

= 4*2

= 08

Level Of Significance: 0.05

Table Value: 15.51

The chi-square statistic is 9.9983. The p-value is 15.51 the result is no significant

C.V < T.V

STEP: 5 INFERENCE

Therefore, calculated value is 9.9983 which is lesser than the table value 15.51. So, accept H0. Hence proved that there is no significant relationship between the industries currently working by the respondents and the leadership style they prefer for succession planning.

ii) WEIGHTED AVERAGE METHOD

The weighted average method is a statistical technique used to calculate a measure that reflects the average value of a set of numbers, where each number has a different weight or importance assigned to it.

STEP 1

AIM: To identify and rank the following challenges faced in succession planning.

STEP 2

PARTICULARS	X1	X2	X3	X4	X5	TOTAL
a) Inability to create a pool of candidate	03	14	23	19	21	80%
b) Lack of assessment tools	02	08	27	27	16	80%
c) Inability to identify future needs	03	08	22	25	22	80%
d) Lack of normal process	02	08	15	26	29	80%

STEP 3

The formula for calculating the weighted average is: Weighted Average = $\Sigma (w_i * x_i) / \Sigma w_i$

w = weighted average.

n = number of terms to be average. xi = data values to be average.

wi = weights applied to x values.

PARTICULARS	W5	W4	W3	W2	W1	TOTAL	RANKING
a) inability to create a pool of candidate	15	56	69	38	21	199	I
b) Lack of assessment tools	10	32	81	54	16	193	II
c) Inability to identify future needs	15	32	66	50	22	185	III
d) Lack of normal process	10	32	45	52	29	168	IV

STEP 4 INFERENCE

Through weighted average method inability to create a pool of candidate is the 1st factor that have an impact of succession planning in facing challenges.

SUMMARY OF FINDINGS:

- 37% of the respondents are from the age between 25 – 34.
- 59% of the respondents are female.
- 70% of the respondents are full time employed.
- 30% of the respondents are working in healthcare sector.
- 46% of the respondents use skill enhancement equally for succession planning.
- 40% of the respondents prefer positive reinforcement that satisfied feedback and orientation in succession planning.
- 53% of the respondents prefer collaborative leadership style.
- 44% of the respondents opinion that creative problem solving approach is essential for succession planning.
- 40% of the respondents prefer strong verbal as their communication skill.
- 27% of the respondents prefer classroom setting is the best way to train an individual for leadership development.

RECOMMENDATIONS:

- Implement programs and policies aimed at promoting gender diversity in leadership positions, including mentorship programs, leadership training, and unbiased talent management processes.
- Recognize the predominance of full-time employed respondents by offering flexible training and development opportunities that accommodate their work schedules, such as online courses or lunch-and-learn sessions.
- Develop specialized training programs for employees in the healthcare sector, focusing on leadership skills relevant to the industry's unique challenges and dynamics.
- Design comprehensive skill enhancement programs that emphasize continuous learning and development, incorporating feedback mechanisms and recognition for achievements to motivate participation.
- Foster a culture of constructive feedback and positive reinforcement within the organization to support employee growth and development, particularly in relation to succession planning.
- Encourage collaborative leadership styles through team-based projects, cross-functional initiatives, and peer mentoring programs to cultivate a culture of shared leadership and innovation.
- Organize workshops and training sessions focused on creative problem-solving techniques, providing employees with the tools and skills necessary to address complex challenges in succession planning.
- Offer communication skills training workshops and coaching sessions to help employees strengthen their verbal and written communication abilities, essential for effective leadership and succession planning.
- Provide a variety of training formats, including classroom-based sessions, online modules, workshops, seminars, and on-the-job training opportunities, to accommodate different learning preferences and maximize engagement.
- Establish formal mentorship programs that pair experienced leaders with aspiring successors, facilitating knowledge transfer, skill development, and career advancement opportunities.
- Implement technology-enabled knowledge sharing platforms and collaborative tools to facilitate information exchange, best practice sharing, and mentorship across the organization.
- Develop tailored development plans for key roles within the organization, aligning training and succession planning efforts with the specific competencies and requirements of each position.

CONCLUSION

In conclusion, effective succession planning is crucial for organizations to ensure continuity, resilience, and sustainable growth. Based on the findings, demographic considerations, gender diversity, employee preferences, sector-specific needs, and skill enhancement are key factors to consider. By addressing challenges such as creating candidate pools, improving assessment tools, and forecasting future needs, organizations can foster a culture of

leadership development, innovation, and collaboration. Ultimately, a strategic and proactive approach to succession planning ensures that organizations can navigate transitions smoothly, mitigate risks, and thrive in an ever-changing business landscape.

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