



## A STUDY ON PERCEPTION OF EXECUTIVES ON SUCCESSION PLANNING AND MANAGEMENT WITH REFERENCE TO COMPANIES BASED IN BANGALORE CITY

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### ABSTRACT:

*Since future is uncertain and unpredictable, companies should always be prepared to face the crisis which may arise at various stages of business operation, especially where the key positions become vacant due to unforeseen circumstance. When the company is not prepared for this, it may incur huge losses, reduced efficiency, dissatisfied employee and customers. This necessitates the companies to think of implementing succession planning and management. Succession planning and management identifies the talent pool of promotable employee. It provides a basis for preparing people to fill key position in the future. The role of executives plays a key role in this process.*

*The main objective of this paper is to throw enough light on the perception of executives towards the succession planning and management in selected groups of companies based out of Bangalore. The study is diagnostic in nature, required data for the study were collected from both the primary and secondary sources. The main focus of the study is to assist to know the perception of executives towards the succession planning and management in the global competitive business organizations.*

**KEYWORDS:** *Business Operation, Key Positions, Talent Pool, Perception, Executives, Succession Planning & Management, Critical Positions, Transition.*

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### CONCEPT OF SUCCESSION PLANNING:

Identification and nurturing of talent to fill the critical position of the business in future and in times of crisis is the need of the hour for all the business organization irrespective of their sizes to achieve smooth running and continued success. Succession planning ensures that skilled, talented and highly qualified work force is available at all times to occupy the key positions whenever the vacancy arises in future, especially during the times of transition.



## REVIEW OF LITERATURE:

Haralalka Sraboni (2017)<sup>1</sup> expressed that a formal or informal succession planning ideally divides the assets optimally between inheritors and also puts into place the roles and responsibilities of the heirs to the business. If this is done in an amicable way, keeping all interests in mind and with the consent of all parties involved, it keeps the wealth, family and business together and ultimately paves the way for their growth.

Perrenoud. J. Anthony and Sullivan T Kenneth (2017)<sup>2</sup> 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)<sup>3</sup> 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.

Pratap Rashmi (2016)<sup>4</sup> pointed out that most of the Indian companies failed to have an organized succession process and a smooth movement of leadership. Further suggested that having a written consent is always good for the companies to fill the gap in the emergency.

Miller Beth (2015)<sup>5</sup> revealed in his study that the selection of potential leaders in enterprises is very critical irrespective of the size of the organization as every organization is exposed to a very complex business environment in modern days; hence, there is a need for succession planning process in all kinds of the enterprises.

## STATEMENT OF THE PROBLEM:

Succession plan is not just about naming the successor while the successor ultimately plays the lead role in creating a smooth leadership transition. The successful implementation of the succession planning needs that all the stakeholders understand and take ownership of the integrated roles they play in the continuous process of leadership transition. Executives are also one of the stakeholders and their perception and involvement is important for the effective implementation of the succession planning and management, this study focuses to know the perception of the executives towards the succession planning and management.

## OBJECTIVE OF THE STUDY:

To study the perception of executives towards the succession planning and management.

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<sup>1</sup> Haralalka Sraboni, 'Succession Plans Save Business Family', Live mint, Aug-28-2017.

<sup>2</sup> Perrenoud. 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.

<sup>3</sup> -- Talent Guard, 'Five Ways to Develop Employees using succession planning', Human Resource Today, May,8,2017.

<sup>4</sup> Pratap Rashmi, 'Tata Cyrus: A clear case of the need for succession planning', Business Line, Oct 25, 2016.

<sup>5</sup> Miller Beth, 'Technology makes Succession Planning Successful', Clear Company HRM, May 21, 2015.



**DATA ANALYSIS:**

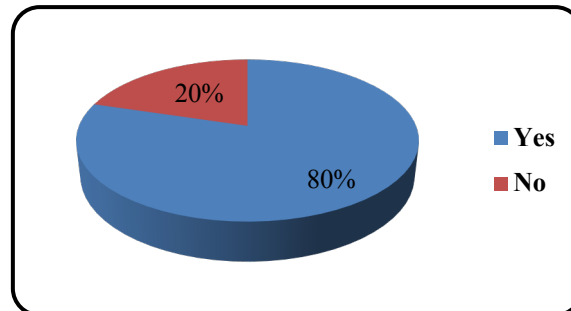
**1. Employees familiarity with the succession planning**

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.

**Table 1: Employees familiarity with the succession planning**

<b>Familiarity with succession planning</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage (%)</b>
Have familiarity	265	88.3	88.3
Do not have familiarity	35	11.7	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

Source: Field survey



**Figure 1: 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 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.

**Table -2: Whether the company has a formal succession planning in place**

<b>Company possess formal succession planning</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>	<b>Cumulative Percentage (%)</b>
Company has formal SP	239	79.7	79.7
Company does not have SP	61	20.3	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

Source: Field survey

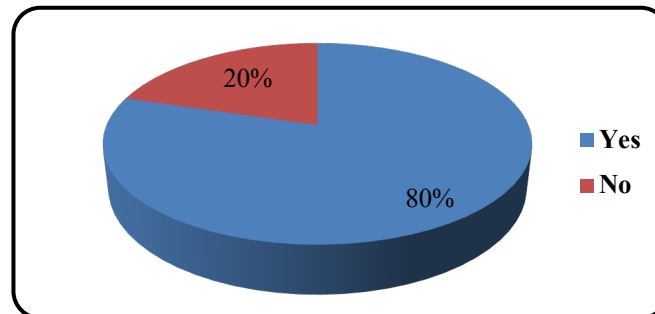


Figure 2: Whether the company has a formal succession planning in place

### *Inferences:*

Majority among the respondents expressed that the companies has a recognized succession planning in place. Therefore, it can be concluded that the respondent companies have established the succession planning.

### **3 Opinion about success of succession management at various levels of management**

Out of 300 respondents 65.7% of the employees think that succession management system would be successful at all management levels. The opinion about the success rate at the top management is 14.3% and it is 17.3% in middle management and at lower management is 2.7%.

**Table -3: Success of Succession Management System at various management levels**

At what management level SMS would be successful	Frequency (f)	Percentage (%)	Cumulative Percentage (%)
Top management level	43	14.3	14.3
Middle management level	52	17.3	31.7
Lower management level	8	2.7	34.3
At all management level	197	65.7	100
<b>Total</b>	<b>300</b>	<b>100</b>	

Source: Field survey

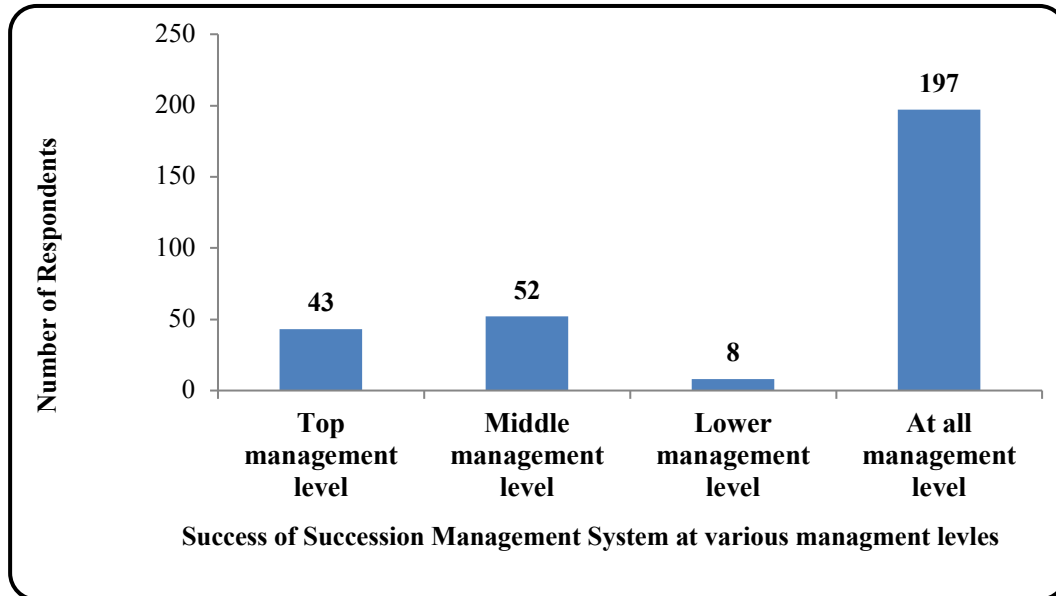


Figure 3: Success of Succession Management System at various management levels

**Inferences:**

Majority of respondents opined that the succession planning is required at all the management level. Hence it can be inferred that the organizations ought to have a systematic succession management system in all the management levels because the key roles exist in all the management levels.

**4 Opinion about main purpose(s) of succession management in the organization:**

Out of 300 respondents’ major portion of the employees that is 42% have opinion that the main initiative of progression management system in the association is to hold highly talented human resource in the organization for several years.

Table - 4: Main purpose(s) of succession management in the organization

Purpose of SMS in the organization	Frequency (f)	Percentage (%)	Cumulative Percentage (%)
To easily identify replacements to fill key positions	26	8.7	8.7
To develop employees for future	55	18.3	27.0
To attain strategic goals of organization	93	31.0	58.0
To hold organizational talent for longer period	126	42.0	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

Source: Field survey

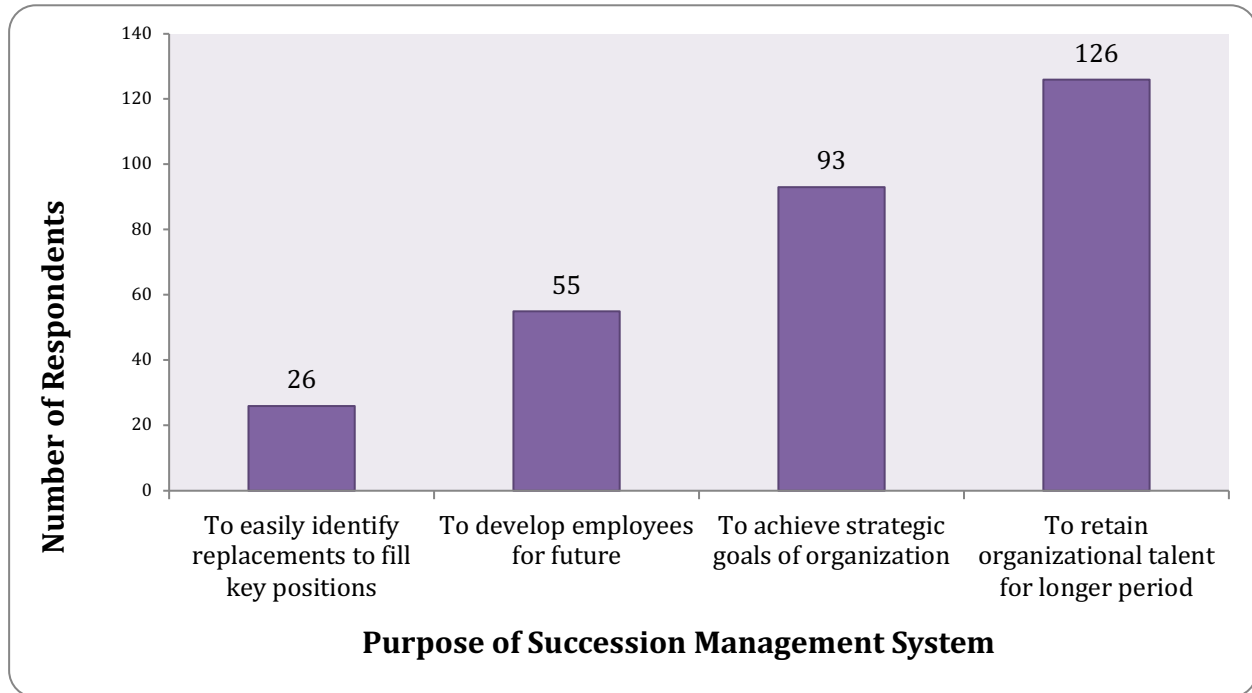


Figure 4: Main purpose(s) of succession management in the organization

**Inferences:**

Majority among the respondents opined that the purpose the implementation of succession management system in the organization is to hold highly talented human resource in the organization for several years. Hence it can conclude that the succession planning is an important tool for retaining the talented employees for longer period. As the talent employees can be retained, it will contribute for the organizational growth and survival.

**5 Opinion about whether personality tests are used to assess potential successors:**

Out of 300 respondents 89.3 % have responded that to assess potential successor’s personality test can be used whereas only 10.7 % differ with their view.

Table -5.5: Whether personality tests are used to assess potential successors

Personality Test	Frequency (f)	Percent(%)	Cumulative Percent(%)
Used	268	89.3	89.3
Not Used	32	10.7	100.0
Total	300	100.0	

Source: Field survey

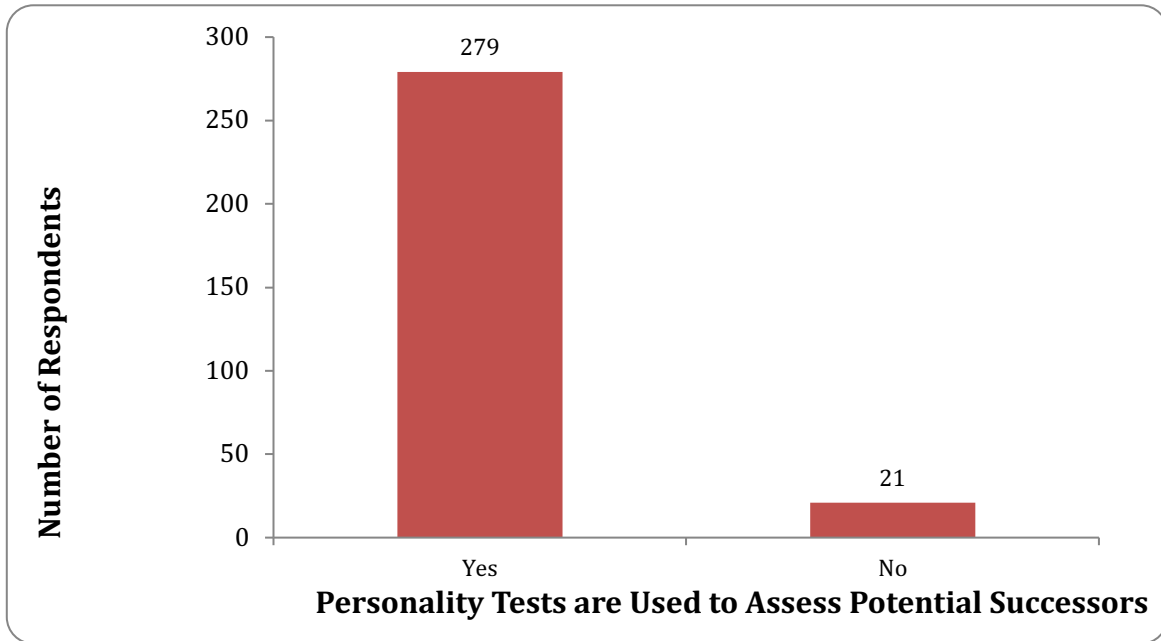


Figure 5: Whether personality tests are used to assess potential successors

**Inferences:**

Majority among the respondents have expressed that PT can be used to evaluate the possible heirs. Hence it can be inferred that personality tests plays a major role in assessing the potential successors.

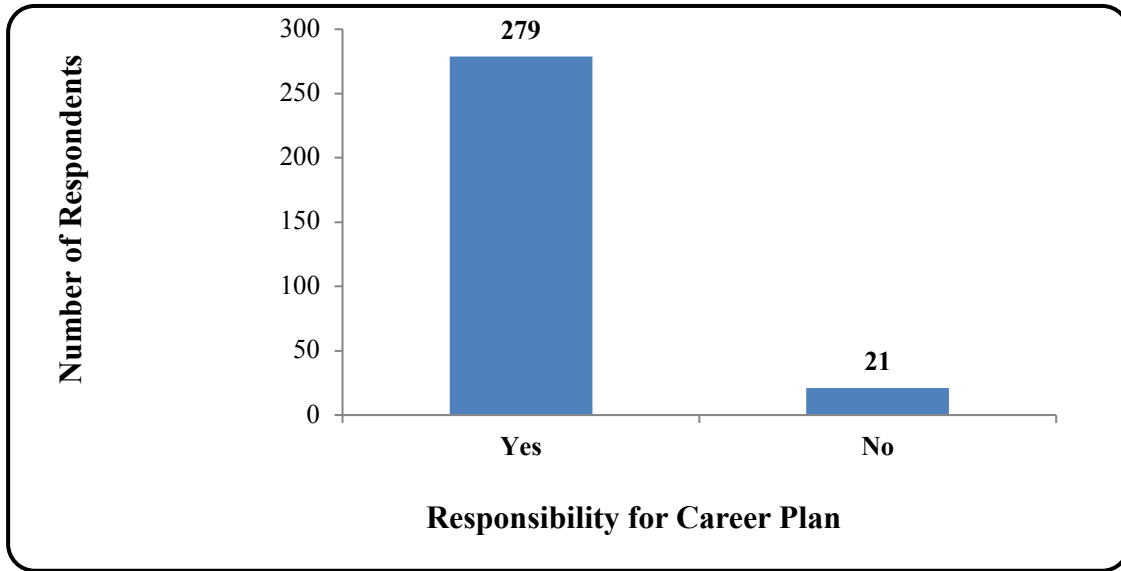
**6 Opinion approximately whether or not employees ought to be held definitely liable for their career plans**

Majority among the respondents 51.3 % have expressed that employees should be held totally responsible for the career plans where as 48.7 % differ with their view.

Table -6: whether or not employees ought to be held definitely liable for their career

Career plans	Frequency (f)	Percentage (%)	Cumulative Percentage (%)
Liabe	154	51.3	51.3
Not Liabe	146	48.7	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

Source: Field survey



**Figure 6: Whether employees should be held totally responsible for their career plan**

**Inferences:**

Majority among the respondents articulated that the employees should be totally held responsible for their career plan. Thereby we can conclude that the employees are very much interested and focused in their career growth.

**7 Opinion about whether the development period should vary according to the level of the position**

Most among the respondents 81.7 % have view that development period should vary according to the level of the position where as 18.3 % differ with their view.

**Table -7: Whether the development period should vary according to the level of the position**

Development period	Frequency (f)	Percentage (%)	Cumulative Percentage (%)
Varies	245	81.7	81.7
Does not Varies	55	18.3	100.0
Total	300	100.0	

**Source:** Field survey



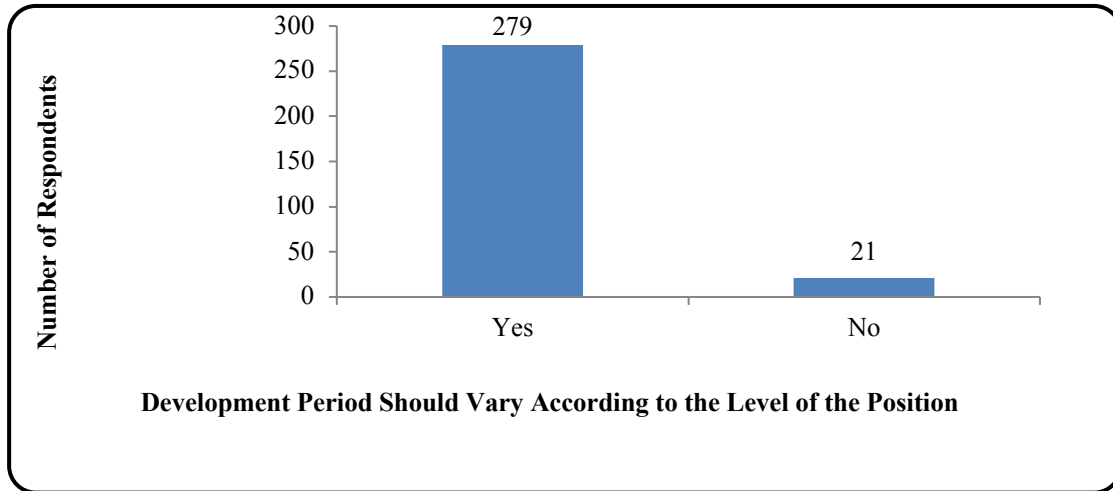


Figure 7: Whether the development period should vary according to the level of the position

**Inferences:**

Majority of the respondents expressed that the development period must vary according to the level of position. Therefore, it can be inferred that there may be a positive association between the development period and the level of the position because employees need to be developed according to their position.

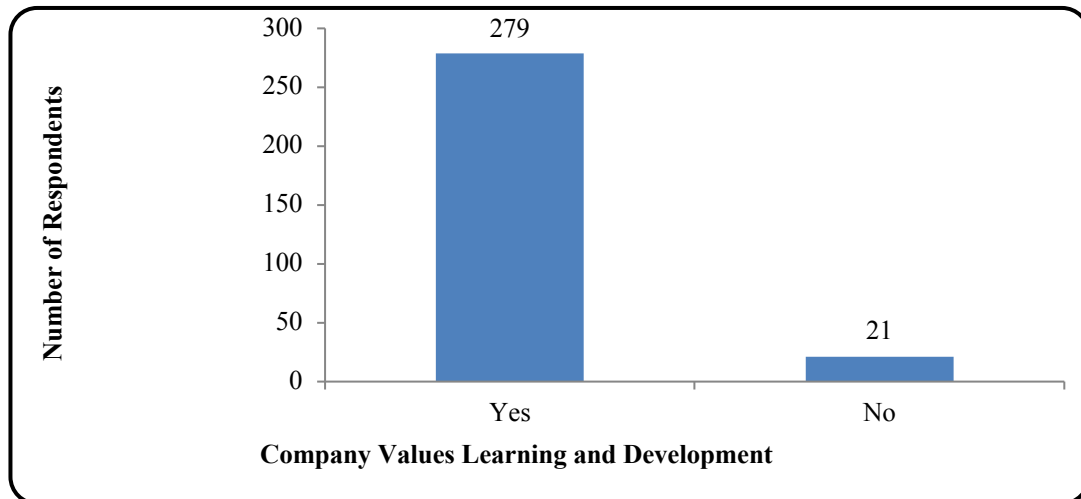
**8 Opinion about whether company values learning and development**

Most among the respondents 93% have articulated that the company values learning and development where as 7 % differs with their view.

**Table - 8: Whether the company values learning and development**

Learning and development	Frequency (f)	Percentage (%)	Cumulative Percentage (%)
Values	279	93.0	93.0
Does not Values	21	7.0	100.0
<b>Total</b>	<b>300</b>	<b>100.0</b>	

Source: Field survey



**Figure 8: Whether the company values learning and development**

**Inferences:**

Majority among the respondents opined that the company values learning and development. Hence it can be inferred that the companies are providing positive environment and encouraging for learning and development of employees because it helps the employees to acquire more skills and become more competent.

**MAJOR FINDINGS:**

**Employee’s familiarity with the succession planning:** 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.

**Whether the company has a formal succession planning in place:** Majority among the respondents expressed that the companies has a recognized succession planning in place. Therefore, it can be concluded that the respondent companies have established the succession planning.

**Success of Succession Management System at various management levels:** Majority of respondents opined that the succession planning is required at all the management level.

**Main purpose(s) of succession management in the organization:** Majority among the respondents opined that the purpose the implementation of succession management system in the organization is to hold highly talented human resource in the organization for several years.

**Whether personality tests are used to assess potential successors:** Majority among the respondents has expressed that personality tests can be used to evaluate the possible heirs. Hence it can be inferred that personality tests plays a major role in assessing the potential successors.



**Whether the development period should vary according to the level of the position:** Majority of the respondents expressed that the development period must vary according to the level of position.

**Whether the company values learning and development:** Majority among the respondents opined that the company values learning and development. Hence it can be inferred that the companies are providing positive environment and encouraging for learning and development of employees because it helps the employees to acquire more skills and become more competent.

#### SUGGESTIONS:

- 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.
- Organizations ought to have a systematic succession management system in all the management levels because the key roles exist in all the management levels.
- There must be a positive association between the development period and the level of the position because employees need to be developed according to their position.

#### CONCLUSION:

Hence it can conclude that the succession planning is an important tool for retaining the talented employees for longer period. As the talent employees can be retained, it will contribute for the organizational growth and survival.

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