

# Succession Planning Avoids Inevitable Attrition – An Empirical Insight

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*The purpose of succession planning is to identify and develop people to replace current job holders in key positions. Succession planning is the process of ensuring suitability of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimize the organization's needs and the individual's aspirations. Through succession planning companies assure a steady flow of internal talent to fill important vacancies. Succession planning encourages hiring from within and creates healthy environment where employees have career and not merely jobs. The research aims at identifying the potential successors for key positions, and to identify the key leadership positions and the core competencies of those positions. The study involves competency mapping of employees and suggest training for competency development. The structured questionnaire has been designed to administer a survey. The targeted respondents were the employees of a renowned retail firm in Chennai city. The sample size of the study was 136. The samples have been collected through census survey. The data has been analyzed and interpreted using tables, the statistical tools used were Correlation, Multiple Regression and Chi square. The results of the tests have been discussed and the meaningful conclusions have been presented in this paper.*

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**Key words :** Succession planning, competency, attrition and Leadership

## INTRODUCTION

### SUCCESSION PLANNING

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The purpose of succession planning is to identify and develop people to replace current job holders in key positions. Through succession planning companies assure a steady flow of internal talent to fill important vacancies. Succession planning encourages hiring from within and creates healthy environment where employees have career and not merely jobs. It helps in identifying human resource shortages and skill shortages before openings occur. Thereafter it becomes easy to groom qualified candidates for future vacancies. The organization is thus assured of continuity of operations and better qualified incumbents.

Preparing a schedule for succession is critical to the success of a company especially at the top level. When the baton changes over a period of time disruption and dislocation are minimized. Indeed when a new CEO is meant to consolidate on past success a slow shift is ideal. If qualified candidates are not available within the company, outsiders can be considered readily for possible openings. Complete dependence on succession from within or from outside is not desirable. Internal candidates require a pat on the back when they do well. External candidates are needed for injecting flesh blood into the company.

The absence of a succession plan can seriously hamper the growth prospects of an organization. Imagine the disastrous consequences when there is a sudden vacuum at the top level. There is no one to steer the ship. Critical plans needing immediate action get postponed. The organization remains headless and directionless for a while. Suitable candidates may not be available internally as no one has been groomed in the past, keeping such an eventuality in mind. Bringing in outsiders may mitigate the crisis temporarily but the long term impact is bound to be negative. Internal forces may start a rebellion and create a tug of war situations with frustrating regularity.

### **Problem Focus**

The need for succession planning arise as the company is creating more top level opportunities due to the expansion of the company and its launch of new stores across Tamil Nadu. The purpose of succession planning is to identify and develop people to replace current job holders in key positions. Planning for successors is critical for filling up the vacancies at higher levels when they fall vacant due to retirement, resignation, promotions & transfer of top-level executives.

### **Objectives**

- To determine if competency development is required to prepare employees for future role.

- To identify the critical competencies that contribute to the success of leadership.
- To analyze, to what extent the existing talent is capable of meeting the succession planning requirements.
- To substantiate the opinion of employees, that succession planning would prevent employee attrition.

### **Review of Literature**

**Brian Wilkerson (2006)**, Succession planning is a much more dynamic process that is focused on securing the future talent of the organization. It reaches across levels and boundaries, and is focused on creating a pool of talent that is available to meet the needs of the organization at multiple levels, regardless of the genesis for that need. Most organizations have started looking at succession planning as parallel processes- one focused on addressing immediate succession needs, with the other focused on ensuring an adequate pool of talent available to address needs as they evolve.

**James A Cannon(2006)**, the key differentiator between good and great organizations is their ability to find, develop and retain talent. If an organization is to survive, then it will only be through ensuring the continuity of its management and having the right people in the right place at the right time with the right skills. It provides practical guidance, checklists and tools to enable you to: clarify what talent management and succession planning actually are; identify the talents your organization needs now and in the future set up talent management and succession planning processes, including managing, developing and retaining talented individuals, and attracting those individuals.

**Subhash Lakhotia R. N. Lakhotia(2005)**, Succession planning refers to the process of planning for filling up the vacancies at higher levels when they fall vacant due to retirement, resignation, promotions & transfer of top-level executives. The need for succession planning may also arise when the company is creating more top-level opportunities. It may be from within the organization or people may be recruited from outside for filling up the vacancies. The organizations must manage Human Capital with the same clarity, discipline, and objectivity with which they manage other business assets.

**Rebecca Luhn Wolfe**. Systematic Succession Planning Explains the benefits and the operation and evaluation of a systematic succession plan shows how to identify leaders and leadership positions and how to develop a succession program to meet the organization's needs. This requires the processes, systems, and most importantly, measures that clearly show the return on Human Capital.

This includes integration to all the related Talent Management processes and linkages to ground-breaking Workforce Planning tools.

**Prescott(2006)**, says that many transit systems of varying size are financially constrained, and although they recognize the need for succession planning, are struggling with the resources, both in terms of people and dollars to carry out an effective plan. Approaching succession planning on a regional basis may be a solution for many transit systems. Most, if not all states, have Transit Associations or Transit Task Forces, Regional Councils or some means of working together on transit related issues for their respective areas

**Gene Dalton(2009)**, The key elements of succession planning are Assessment of Key Positions: What are the competencies and experience needed to qualify for each key position? Identification of Key Talent: Typically people at the top two levels of the organization and high potential employees one level below. Identified by their management's assessment of their performance and potential for advancement. Assessment of Key Talent: For each person on the radar screen, primary development needs are identified focusing on what they need in order to be ready for the next level. Generation of Development Plans: A development plan is prepared for how we will help the person develop over the next year. Development Monitoring & Review: An annual or semi-annual succession planning review is held to review progress of key talent and to refresh or revise their development plan.

**George C. Thornton III and Deborah E. Rupp (2007)**, As technology advances and more organizations address impending retirements and talent shortages, there will be a need to continue to evolve the practice of succession planning. Many of the gaps that will be coming in the workforce will not be able to be solved by traditional strategies. Some estimates place the size of the coming generation in the workforce at half that of the current generation

**Richard A(2009)**, Replacement Planning is a process of replacing a candidate or employee with another employee or candidate. The replacement can be done at the request of the employee, when a person finds it difficult to perform effectively in a particular position and or in a particular place then he may request for transfer. The company can also replace the employee with another. The HR manager should provide the list of potential employees to the mgmt, which would facilitate the mgmt to make a decision on the selection of the candidate to fill up the vacancy at the higher level. Right person must be selected for succession planning.

**Sylvester Fadal (2007)**,The Strategic Leadership Development Program is a proactive, long-term, management level strategy for recruiting, selecting, and

developing a core group of employees into management positions. The employees will obtain training and development in the competencies and characteristics needed to function in leadership positions within, through participation in a multi-phased program. The program will accelerate the delicate and complex transition of qualified employees from individual contributors to managers and leaders. Will ensure that equitable selection guidelines are followed. The major purpose of the Strategic Leadership Development Program is to have timely availability of experienced and diverse employees prepared to fill leadership positions at as they become available.

**David Creelman (2008)** Strategic Leadership Development Program candidates selected for the program will proceed to the next stage. This phase includes developing each candidate's individual career path and customizing the training and development needed to enable the candidate to perform the essential and critical functions for the position they are seeking. The Executive Development Team will refine the leadership positions, to include position title and description, job specifications, training requirements, and the essential job specific competencies and characteristics. The candidate will be involved in the design of their personal course of study adding to the core curriculum, which will include, Internal sources such as training programs, workshops, computer based training, mentoring and coaching; and External sources such as specialized training consultants, college level classes, certificate programs and degree programs.

### **Methodology**

**Research Design:** The validity of any research is based on the systematic method of data collection. The study was designed as descriptive in nature. An empirical study has been conducted in a renowned retail firm in Chennai. The collection of data from the population by census method implies 100% enumeration of items in the population. As a sample population all, the employees of same firm in different branches in Chennai city alone considered, i.e. 136 respondents who are eligible for Succession Planning was considered. Primary data has been collected through a structured questionnaire as a data collection instrument. The questionnaire was designed in a structured form to get unbiased information from the respondents.

**DATA ANALYSYS****Table.1. Genderwise Classification of the Employees**

<b>Gender</b>	<b>No of Respondents</b>	<b>Percentage of Respondents</b>
Male	122	89.71
Female	14	10.29
<b>TOTAL</b>	<b>136</b>	<b>100.00</b>

It is observed that 90% of the respondents are male, whereas 10% are female

**Table 2. Experience Wise Classification of Respondents**

<b>Experiencewise Classification of the Employees Experience</b>	<b>No of Respondents</b>	<b>Percentage</b>
Less than a Year	29	21.30
1-3 Years	43	31.60
3-5 Years	43	31.60
More than Five Years	21	15.40
<b>Total</b>	<b>136</b>	<b>100</b>

It noted that 31.6% of the respondents have experience between 1-3 years, another 31.6% of the respondents have experience between 3-5 years, 21% of the respondents are having below 1 year of experience.

**Table 3. Succession Planning Leads to Talent Pool for Future Needs**

<b>Options</b>	<b>No of Respondents</b>	<b>Percentage</b>
Strongly Agree	52	38.23
Agree	48	35.29
Disagree	18	13.23
Strongly Disagree	18	13.23
<b>Total</b>	<b>136</b>	<b>100</b>

It is inferred that 38% of the respondents strongly agreed that succession planning creates a talent pool for future needs. 35% of the respondents agreed that succession planning leads to talent pool of employees for future requirements.

Table 4. Successors Ready To Succeed

Options	No of Respondents	Percentage
Yes	28	20.58
No	108	79.41
Total	136	100

It is found that 79% of the respondents feel that there are no successors to succeed to replace now and 21% of the respondents feel that there are successors available to succeed the successors immediately

Table 5. Leadership Skills

Options	No of Respondents	Percentage
Critical	54	39.70
Significant	70	51.47
Desirable	6	4.41
Nice to have	6	4.41
Total	136	100

It is found that 51% of the respondents stated that Leadership is a significant competency where as 39.70% of the respondents stated that leadership is a critical competency to succeed.

Table 6. Technical Knowledge

Options	No of Respondents	Percentage
Critical	65	47.79
Significant	70	51.47
Desirable	1	0.73
Total	136	100

It is inferred that 51% of the respondents stated that technical knowledge is a significant competency, depending on the importance of its existence in the successor where as 43% of the respondents opined that technical knowledge is a critical competency to become successful.

**Hypothesis****CORRELATION****Relationship between Technical Knowledge and Decision making ability****Hypothesis:**

**H0:** There is no significant relationship between technical knowledge and decision making ability

**H1:** There is a significant relationship between technical knowledge and decision making ability

**Table 7**

	Technical Knowledge	Decision Ability
Pearson Correlation	1	1.3
Sig. (2-tailed)		0.131
N	136	136

**RESULT:**

Since the calculated value is greater than zero ( $131 > 0$ ) there is a positive relationship between the variables i.e. technical knowledge and decision making ability. The variable technical knowledge has relative influence over the variable decision quality. Hence Technical knowledge contributes to quality of decision making.

**MULTIPLE REGRESSION****Relationship between Communication skills and Performance****Hypothesis:**

**H0:** There is no significant relationship between communication skills and performance

**H1:** There is a significant relationship between communication skills and performance

**Table 8**

	Sum of Squares	Do	Mean Square	F	Sig.
Regression	13.153	5	2.631	1.578	0.171
Residual	216.722	130	1.667		
Total	229.875	135			



**RESULT:**

The calculated value is greater than the tabulated value. Hence,  $H_0$  is rejected. Hence

There is a significant relationship between the dependent variable (Past three year's performance of the employees) and the independent variables (Negotiation Skills, Precision in communication, Presentation, Listening Skills, Persuasiveness) Hence, the performance of the employees is dependent on the key competency of communication skills.

**Operative Skills and Performance**

**H0:** There is no significant relation between the independent and dependent variable on the given sample.

**H1:** There is a significant relation between the independent and dependent variable on the given sample.

**Table 9**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.826	5	2.165	1.285	0.274
Residual	219.049	130	1.685		
Total	229.875	135			

Result: The calculated value is greater than the tabulated value. Hence,  $H_0$  is rejected

There is a significant relationship between the dependent variable (Past three years performance of the employees) and the independent variables (Business development and Information system ) Hence the performance of the employees depends on the key competencies of operational skills.

**CHI SQUARE****Experience & Performance****HYPOTHESIS:**

**H0:** There is no significant relationship between Experience and Performance

**H1:** There is a significant relationship between Experience and Performance

Table 10

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.056	9	0.734
Likelihood Ratio	7.809	9	0.554
Linear-by-Linear Association	0.0029	1	0.957
No of Valid Cases	136		

**RESULT:**

Calculated value: .734

Tabulated value: .05

Since the calculated value is greater than the tabulated value. Ho is rejected, hence there is a significant relationship between Experience and Performance.

**Age & Innovation****HYPOTHESIS:**

Ho: There is no significant relationship between age and innovation.

HI: There is a significant relationship between age and innovation.

Table 11

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.57049813	12	0.012
Likelihood Ratio	25.84343405	12	0.011
Linear-by-Linear Association	0.601446671	1	0.438
No of Valid Cases	136		

**RESULT:**

Calculated value: .012

Tabulated value: .05

Since the calculated value is less than the tabulated value. Hence, Ho is accepted, There is no significant relationship between age and innovative skills.

There is no significant relationship between age and Innovative skills.

**Results & Discussion**

80% of the respondents felt that succession planning is necessary.60% of the respondents satisfied with the succession strategies that were adopted by the firm.

79% of the respondents opined that they do not have a successor who is suitable to succeed the superior immediately. 91% of the respondents have ranked Leadership as the critical competency depending on the importance of its existence in the successor. Majority of the respondents have ranked Individual characteristics and Communication skills as a significant competency that a successor must possess. Most of the respondents ranked People Management skill as a desirable competency to be a potential successor. 46% of the respondents feel that Technical Knowledge is a critical competency. 59% of the respondents have ranked Leadership as a critical competency. 47% of the respondents stated that competency of Listening skills are not up to the expectations. 57% of the respondents stated that the competency on Information System, fail to meet the acceptable Standards and needs a major development. 54% of the respondents felt that competency of Business Development fail to meet the expected Standards and needs a major development. 65% of the respondents substantially recommended for training to develop potential successors. As the study proved that majority of the respondents are not in a position to meet the required competencies, 90% of the respondents strongly agreed that systematic succession planning would prevent inevitable attrition as it assures the significant career growth in the same organization. As the research reveals that respondents who are ready to occupy their immediate successors despite lack of required competencies, the study also found that the same could overcome with pre planned training programmes as desired by the most of the respondents to fulfill their aspirations which in turn will avoid hiring as well as recruitment and attrition costs.

### **Conclusion**

The study concludes that the Successors who were identified as to succeed next, need to be trained on the competencies such as leadership skills, listening skills, communication skills, operational skills and technical skills which are desirable to occupy the key positions. Monetary and non monetary incentives need to be considered as it is one of the most dominant factor that prompts the man to work and would contribute to retain the candidates who are identified as potential successors for key positions. The study was useful for the organization to identify the potential successors and training methods were suggested for the development of the successor. Succession planning program aims to identify high growth of individuals, train them with new talent. Succession planning is an on-going process; therefore, the firm needs to update the status, review assumptions, and modify strategies and continually feedback environmental developments. Through succession planning companies assure a steady flow of internal talent to fill important vacancies to avoid inevitable attrition those who are aspiring for higher positions

in the same organization. Succession planning encourages hiring from within and creates healthy environment where employees have career and not merely jobs. It helps in identifying human resource shortages and skill shortages before opening occurs. Thereafter it becomes easy to groom qualified candidates for future vacancies to occupy critical positions.

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