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REAL TIME OBSTACLES IN SUCCESSION PLANNING

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ABSTRACT

Since long, it has been a widely accepted truth across the business organizations that absence of succession plan can seriously hamper the growth prospects of an organization. Despite its far reaching importance, many organizations are not really able to implement succession planning in its real spirit. Most companies fail to think about succession planning until disaster strikes – suddenly a vacuum at the top, and no one has been pre-selected or prepared, considering such eventuality. Is it only because of lethargy, negligence or something beyond that? This empirical research paper, by adopting the Communication Approach of Descriptive Research Design, attempts to find out major reasons – the real time obstacles – for failure of succession planning in the organizations. Based on the analysis of the data collected from 100 experienced HR professionals from various sectors; the obstacles – reasons of failure have been found out. The awareness of these obstacles and suggested remedial measures can be of great help to HR heads trying to equip the organization with the ability to fill a void at any time, by removing the succession taboo of people from CEO on down, and that too without affecting the morale and motivation of those presently working well.

KEYWORDS

Potential Appraisal, Replacement Charts, Succession Plan, Succession Taboo.

INTRODUCTION

Great companies can neither be built nor their greatness sustained without great leaders. Again, no leader is considered good unless he/she develops and nurtures future leaders under his/her tutelage or otherwise. In other words, a leader's prime role is to create leaders, and not merely the followers, if he/she is interested in the long term survival and growth of the organization he/she belongs to. Choosing a right successor is one of the important responsibilities of the existing key people. And here comes the biggest challenge for Human Resource Professionals to make the senior / key people believe in creating "Second Line Leadership" in the organization and thereby ensuring that the risk associated with the sudden loss of key human resource can be mitigated. The whole idea of creating second line leadership is actually pointing out towards the most inevitable HR function in today's ever changing business environment to ensure continued existence, survival and growth of any organization, that is, Succession Planning. Survival, growth and efficient continuous existence of any organization require a succession of people to fill various important jobs (Subba Rao, P., 2010).

Today, the business world has realized the importance of succession planning and incorporated this in their strategic plan also, which is certainly a welcome sign. Some of the Indian corporates like Infosys, Reliance, the houses of Tatas and Birlas, Ranbaxy, and the host of others have been writing success stories with their succession plans. However, in general, the picture is very disappointing. Succession planning, as it is constituted today, is a hotly debated but generally ignored practice in corporations and businesses. Suddenly there is a void at the top and nobody has been primed to fill it. Despite its far reaching impact and importance, most of the organizations are not really able to implement succession planning in its right spirit. A surprising fact of corporate life is that most companies fail to think about succession planning until disaster strikes in the form of an unannounced or announced, expected or unexpected void at the top; and there is no one to steer the ship. The reason being no one has been pre-selected or prepared to fill such void. Suitable candidates may not be available internally, as no one has been groomed in the past, keeping such eventuality in mind. Bringing in outsiders may mitigate the crisis temporarily but the long-term impact is bound to be negative. At the same time, internal forces may start a rebellion and create tug-of-war situations with frustrating regularity (Rao, VSP; 2010). In short, the absence of a succession plan can have deadly dangerous impact on the organization.

In the present paper, the researcher has tried to unearth some pitfalls associated with the implementation of succession planning programme in the organizations.

CONCEPT & MEANING OF SUCCESSION PLANNING

Succession Planning is a crucial part of an organization's human resource strategy. It has to do with the upward movement of the staff in the hierarchy of organizations (Saiyadain, M. S., 2006).

It is actually a proactive strategy on the part of an organization to mitigate the loss of any key personnel for any reason whatsoever. It is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions. It is mainly concerned with identifying, developing and making people ready to occupy higher level / key jobs as and when they fall vacant (Pattanayak, B., 2009).

According to VSP Rao (2010), Succession Planning is,

"the process of ensuring a suitable supply 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 individuals' aspirations."

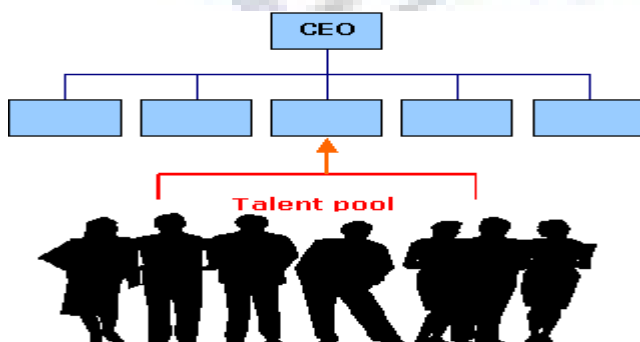
The prime purpose of this process is to identify particular individuals and develop them as possible successors to replace current jobholders at least in key positions. Through this, companies can assure a steady flow of internal talent to fill important vacancies, and thereby it is assured of continuity of operations and

better-qualified incumbents.

Succession Planning is a process of development of future leaders with the help of present leaders for the profitable survival and growth of an organization. It is a process, which helps the organizations to develop structured career development programme for the most talented individuals and align this with the needs of the organization.

WHAT EXACTLY A SUCCESSION PLAN IS?

Succession Planning in an organization actually takes place through Succession Plan. A Succession Plan is a plan for identifying who is currently in post and who is available and qualified to take over in the event of planned or unplanned, anticipated or unanticipated dissociation of those particular personnel. A typical succession plan shows the details of key personnels and brief references to their possible successors (Rao, VSP, 2010).



It will be much more than an organization chart which merely shows the reporting relationships among the personnel's at different levels. It is a perfect representation of "who succeed whom".

A Succession Plan can also be termed as Replacement Chart, as it is a visual representation of who will replace whom if there is a job opening. The Replacement Chart indicates likely replacements for each key job and shows their relative strengths and weaknesses. It reveals the status of likely candidates who could be considered on the basis of performance and potential, and the opinions by immediate superiors of future success in a new job.

Here, it is very much necessary to associate the succession plan with the annual appraisal process, both performance and potential, then only it can at least ensure that it is given a serious detailed attention at such time of the year when management is more predisposed to long term thinking.

Again, a succession plan should not be rigid and fixed at a point of time. It should cope with the changes in business plans.

SUCCESSION PLANNING – WHY INDISPENSABLE?

The concept of succession planning has become almost indispensable now-a-days for the organizations. In these days, where words like globalization, M & As, attrition, headhunting, poaching, job hoping etc. have become the buzz words, every organization invariably goes through situations where it is struck with a sudden movement of a senior executive; disaster strikes its key personnel making them unable to contribute further; constant challenges are thrown by a competitive and robust market making the availability of rightly skilled professionals a challenge; competition comes swooping down on its critical star performers; or a department head leaves taking his/her team along. These situations which if an organization has not planned and provided for well in advance, can impact the business in a manner which can hinder the life cycle of the business, be it sales, production, development or any other function as well as seriously hamper the overall growth prospects of the organization. A well thought out plan to mitigate these risks is what a meticulously designed succession planning programme in an organization can bring about.

In the book "Built to Last - successful habits of visionary companies", Jim Collins has identified 18 companies that had been at the forefront of their industries for at least 50 years. He found that one of the key reasons behind their success was their history of strong focus on succession and leadership planning, ensuring leadership excellence and continuity. This process involves more than merely finding a deputy; instead it is a conscious process of ensuring a seamless handover at a time when the business has the strength to anticipate this type of eventuality.

Long back, Henry Fayol (1841-1925) also recognized and signalled the need for management to take on the responsibility of ensuring stability of their personnel in their organizations. Fayol believed that ignoring this need would pave way for ill-prepared personnels making their way to key positions in the management, thereby affecting performance which is the fuel for growth.

The example of General Electric is a good one where CEO Jack Welch and the Board of Directors engaged in a lengthy and systematic review of the potential successors prior to his retirement. General Electric (GE) CEO, Jack Welch articulated this reality when he proclaimed well before his retirement, "From now on, choosing my successor is the most important decision I will make. It occupies a considerable amount of thought almost every day."

Similarly, when Orin Smith became president and CEO of Starbucks in 2000, he made it a top priority to plan his own succession. He established an exit date – in 2005, at age 62 – which helped him push his business agenda. Then, he started focusing attention on emerging leaders throughout the company. But, when he realized that the internal contenders would be too unseasoned for the CEO position by his exit date, he even did not hesitate to bring in an outsider, Jim Donald, as a promising successor.

And how can we forget the most recent and inspiring example of Infosys' Founder and Chairman, NR Narayana Murthy? As all know, Infosys would not have been possible without Murthy, but in August 2006, at the age of 60, when NR Narayana Murthy retired as the company's Chief Mentor and Executive Chairman, Infosys Technologies Ltd. was not really chewing its nails anxiously. A succession plan had long been put in place and a smooth transition of authority and leadership ensured. Although Murthy will continue as the Non-Executive Chairman of Infosys for another five years, he will not be involved in the day-to-day management of the company. Of the seven original founders of Infosys, one of India's greatest corporate success stories, only four remained at the helm of affairs of the company from August 2006. And yet, Infosys continues to be in very good hands to take on any challenge. The reason is a strong conviction in the philosophy of succession planning.

We have illustrations of GE, Infosys and such other corporate on one hand, while corporate like Thermax on the other. When Thermax's chief died suddenly, his wife Anu Aga had to step in without any previous experience. Thermax had to pay a heavy penalty for not finding a suitable successor, as in less than 5 years time, Thermax's sales declined from 990.45 crore in 1996 to 185.88 crore in 2000 (Rao, VSP, 2010).

So, we can say that the CEOs need to embrace succession planning to achieve their own legacies and financial success of the organizations they leave behind. In short, in the current cut-to-throat and highly turbulent business scenario, the need to devise a succession plan for key positions in the organization has only multiplied. The multiple needs served by succession planning can be summarized as follows:

Succession Planning – Why Indispensable?



➤ **Ensuring Leadership Continuity**

Imagine the disastrous consequences when there is a sudden vacuum at the top level, and the organization remains headless and consequently directionless for a while. The impact of a shaken leadership structure on an organization is tremendous. Too often organizations address the succession challenge through the rearview mirror. They wait for someone to step down or even worse, be removed. Then and only then do they entertain thoughts of who or what should happen next? If leadership transition is managed in this way, and not as a planned process, it will be done reactively, which almost always is inadequate and can create complications. An effective succession plan provides a healthy pipeline to ensure that leadership continuity in the organization will not be hindered at any cost. Aggressive succession planning is one of the best ways to ensure the long term success of the organization and help to build a steady, reliable leadership talent. Good succession planning builds a long "talent runway" – one that extends deep into the organization.

➤ **Recruit and Retain Star Performers**

Attracting and retaining star performers – one of the biggest challenges that today's HR managers face, can also be cope up with succession planning. At times, we need to keep in mind the 80-20 rule. If only 20% of the employees are the Star Performers in any organization then it would minimize the adverse impact of the remaining 80% not-so-good performers. And for this reason, it makes complete business sense to focus 80% management efforts in attracting and retaining such 20% key performers. But, being cosmopolitan in their outlook, these professionalized employees are known for organizational rootlessness and job hopping. So, an organization always runs the risk of losing these key people as their ability to find greener pastures by virtue of their service offering is undoubted. These fast trackers' development as potential leaders (successors) through succession planning initiative is complimentary – it's all about getting the right skills at the right place at the right time. Companies which fail to prioritize succession planning and subsequent leadership development end up either experiencing a steady attrition in talent or retaining people with outdated skills (the remaining 80%). Such organizations become extremely vulnerable when they have to cope with inevitable organizational upheavals.

➤ **Knowledge Management**

In this competitive era, the significance of knowledge management can hardly be underestimated. It is becoming a key differentiator and a source of competitive edge in many cases. Succession Planning can be effectively utilized as a tool to identify and tap the underlying intellectual capital in the organization. This certainly refers to the intellectual talent that an organization holds to funnel its growth opportunities and provide a niche for itself in the market.

➤ **Strategic Imperative**

Succession planning is becoming a distinct strategic imperative deserving the same attention as other strategic programmes, such as brand building; and an increasingly important factor in an ever-changing economy. Now, any initiative in the direction of succession planning in an organization can definitely act as a strong catalyst in the process of strategic planning at two ends. At the beginning of strategic planning, succession planning incorporated as an integral part of Human Resource Planning, provides a set of inputs into the strategy formulation process in terms of deciding whether the types and numbers of people are available to pursue a given strategy. At the end of the process, succession planning is relevant in terms of implementation concerns. To successfully implement and roll the growth strategy, the human resource pool plays a critical role and demand-supply gap in this pool can be efficiently addressed by succession planning to support the overall growth strategy. So, it is necessary to figure out the talent required to implement the business strategy and constantly strengthen the talent pool. In a sense, as HR is inching its way to claim a seat at the strategic table, the responsibility of making a proper succession plan to facilitate the formulation of the best-fit strategy for an organization and finally its successful implementation falls in their lap.

➤ **Right Sizing the Organization**

A constant challenge that the HR manager faces in any organization is to manage the headcount to an extent that the organization is neither understaffed nor overstaffed, but at any point is rightly staffed. Succession Planning ensures that there is neither the need for downsizing the organization nor the need for extensive and emergency recruitment. This ensures that there are no surprises in staffing and at any point of time, the organization has adequate buffer in the employee pool. Effective implementation of succession planning promises that the management will have the right person with the right skills at the right time in the right place to do the right things; and the headcount is managed.

➤ **Risk Combating Mechanism**

As pointed out earlier, an organization always runs the risk of losing its key personnel for many different reasons, ranging from retirement, and pursuit of new challenges, illness, death, decision to relocate to a new geographic region or position, head hunting by your competitor etc. It is not an easy task dealing with the ever-changing equations of the key people pipeline. In this era, the costs of hiring, training, and developing the employees can at times constitute to as much as 20-40% of an organization's operating costs. Again, one needs to consider the Time Lapsed Data (TLD) for filling up the key positions with suitable people at the right time. A key factor to combating this sort of crisis lies in identifying and developing internal talent. So, succession planning can act as a proactive approach to human resource staffing solutions than reactive. It is a risk combating mechanism to mitigate the business risks associated with the loss of key human resources. It can certainly act as a panacea of corporate risk or key man insurance. After all, it is more than just the passing of power and responsibility – it is about survival and continuity of the organization.

➤ **Removing the Succession Taboo**

Succession Planning should drive future leadership development in an organization with the help of present leaders. This sounds reasonable enough but is hard for many managers to accept and digest the logic of planning for their own exit. Psychologically, no body prefers to think about their mortality. Executives/Leaders are no exception to this rule.

Even when NR Narayana Murthy stepped down as the Chief Mentor and Executive Chairman of Infosys in August 2006, at the age of 60, he said, "It is not easy to let go. I will be less than honest if I say it was easy even for me. The reason why most people don't give up is that we all become victims of power, fame and it is not easy to give all that up."

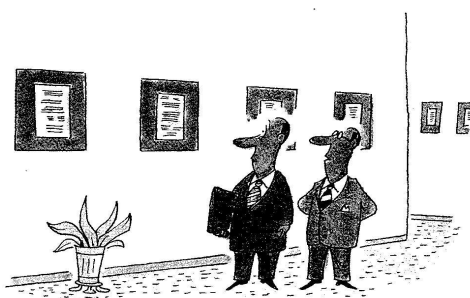
So, it's no secret that senior executives, especially those new to the position, see themselves as bulletproof. In their minds, talk of succession is analogous to talk about potential failure - they will be there forever - so they have little appetite for developing their successors. This is because many people, from the CEO on down, consider the word "succession" a taboo. Planning your own exit is like scheduling your own funeral; it evokes fears and emotions long hidden under the layers of defense mechanisms and imperceptible habits. Perversely, the desire to avoid this issue is strongest in the most successful CEOs. Their Standard Operating Procedure (SOP) is to always look for the next mountain to climb, not to step down from the mountain and look for a replacement. They have a deep rooted apathy and aversion towards creating second line leadership – the potential threats for their own status and power. But, systematic efforts in the

direction of succession planning involving the key people and ensuring their fullest commitment will definitely help to remove this succession taboo.

➤ **Keeping them on their toes**

Out of the many risks facing companies; one major risk is what is known as key people survival dependence. This is particularly the case with some key personnel whose association with the organization is pivotal in the securing of deal flow and ongoing revenue stream. But, one needs to understand that while strong leadership provides energy, drive, trust, credibility, personality and passion, reliance to the point of survival is risky and unhealthy. Added to this, due to a feeling of indispensability, the key personnel can become complacent and gradually non-responsive to the needs and demands of the organization in the changed scenario. This can be a killer for any organization. Succession Planning can be used to keep these key people on their toes to ensure the best performance under a bit of pressure of ready-to-serve second line leaders. This ensures that while executives within the organizations are building on their confidence to perform their roles better, they are at the same time not getting complacent in their roles.

Being conscious that the organization has a plan to build and support a position by strengthening and



Dave Coverly

"Those are our motivational posters. They're résumés of people who can replace us."

enabling more than one person to occupy a position will provide the required challenge within the organization for the executives to ensure that they are continuously making efforts to improve and deliver. This will definitely keep the required heat on.

SUCCESSION PLANNING STATUS

With some really amazing success stories and a strong body of evidence in favour of succession planning, there should be no surprise that organizations are taking a serious look at succession planning and more and more companies are making an effort to establish succession plans. But, only taking interest in succession planning is not enough.

The National Association of Corporate Directors found that forty-five per cent of companies worth over 500 million US dollars still did not have a clear succession plan.

In the year 2000, a Retention Practices Survey conducted by the Society for Human Resource Management reported that the highest rate of resignations occurred within professional ranks. As well, the 2001 Russell Reynolds survey, CEO Turnover in a Global Economy, interviewed three hundred institutional investors in Australia, Canada, France, Japan, the UK and the US. Fifteen per cent had called for a CEO's termination in the past year, and as much as twenty-seven per cent of the UK investors and thirty-seven per cent of Australian investors had "contributed" to a CEO's departure with an overall eighty-one per cent indicating that succession planning was a major concern.

Top 20 Companies for Leaders, a 2002 Hewitt Associates Study of 240 major U.S. companies, revealed that 73% of responding organizations had a defined succession planning process in place. However, only 13% said that their organizations always use succession plan well when making selection decisions. According to Marc Efron, Hewitt's Leadership Consulting Practice Leader, "This statistic really highlights the implementation challenge. Organizations need to focus on what will enable their plans to actually work."

There are also issues regarding the retiring baby boomer generation as the baby boomers continue to depart the workforce in increasing numbers, and the decreasing population of younger talent to replace them. By 2005, one in five executives will be eligible for retirement and according to Development Dimensions International, a significant number of companies will see forty to fifty per cent of their executives leave in the next five years. Occurring immediately after the economic conditions that caused the delay of previous retirement plans and the downsizing of talent pools that could have been developed, the mass exodus of a huge retirement population has many companies preparing for a talent war.

Investigating best business practices in this area, Beverly Kaye and Sharon Jordan-Evans studied twenty-five global talent leaders and found that the engagement and retention of talent has become a mission-critical priority for sustaining leadership in the marketplace. In addition, the 2002 Hackett Best Practices Survey of two thousand global companies cited succession management and planning as the single most successful strategy for reducing voluntary turnover. According to the Hackett survey, companies that practiced this approach reduced turnover by an average of sixty-five per cent.

According to a report by US-based business research firm Cutting Edge, while many companies have succession plans, very few follow through with the rigorous implementation required. In fact, 70 percent of succession plans fail due to bad execution.

Despite the growing awareness that succession planning is an essential process with numerous benefits, a recent study titled Effective Succession Management found that only one per cent of surveyed organizations rated their succession-management plans as "excellent" and as much as two-thirds described them as "fair or worse".

Now, as per the 2002 Hewitt Associates Study of 240 major U.S. companies and the report by US-based business research firm Cutting Edge, almost 70 percent of succession plans fail due to bad execution. Thus, organizations need to focus more on what will enable their plans to actually work, because ultimately, you can win by execution, not by having artful design only. So, are there any standard guidelines for making succession planning really work? When does succession planning succeed?

To have an insight into this, let's try to know,

why do traditional succession plans often fail?

In this research paper, based on the survey of 100 HR professionals across various sectors like Textile, Diamond-Jewellery, Chemical, Pharmaceutical, Insurance and Share Trading (Broking) Firms; the researcher has tried to find out the major reasons for the failure of succession planning.

RESEARCH METHODOLOGY

RESEARCH OBJECTIVES

- To study the spread and implementation of succession planning in selected organizations.
- To study the opinions of HR Professionals regarding the implementation of Succession Planning Programme in their organizations.
- To find out the major pitfalls / reasons for the failure of Succession Planning Programme in organizations.
- To suggest remedial measures for overcoming the obstacles and successfully implementing Succession Planning in the organizations.

RESEARCH DESIGN

Descriptive – Cross Sectional Research Design is used in this study.

DATA SOURCES

(i) Primary Data

Primary data regarding perceptions/opinions of HR Professionals about the implementation issues and concerns in Succession Planning Programme have been collected from 100 HR Professionals selected on the basis of convenience through a well designed structured questionnaire.

(ii) Secondary Data

Secondary data sources like the Internet, books, magazines, related research papers, etc. have been greatly used for Literature Review.

SAMPLING DESIGN AND SAMPLING METHOD

The respondents (100 HR Professionals) were selected by using Convenience Sampling method – One of the methods of Non-Probability Sampling Design Approach.

LIMITATIONS

- The time period being too short, the scope of the study had to be narrowed down.
- As samples were selected on the basis of convenience of the researcher, they may not be the representative of the total population.
- Sample size being too less compared to the total population, the findings cannot be directly generalized. Further research is expected.

DATA ANALYSIS AND INTERPRETATION (FINDINGS OF THE STUDY)

RELIABILITY ANALYSIS OF THE MEASUREMENT INSTRUMENT

Reliability Analysis of the Measurement Instrument used (the structured questionnaire) for this study has given the following finding:

Cronbach's Alfa	N of Items
0.802	40

Here Alpha is 0.802. According to thumb rule of Alpha, here instrument reliability is very good.

FREQUENCY ANALYSIS OF THE DEMOGRAPHICS

The Frequency Distribution of the Demographics of the 100 respondents – the HR professionals is presented in Table 1.

TABLE 1: CLASSIFICATION OF RESPONDENTS BASED ON DEMOGRAPHIC PARTICULARS

Sr. No.	Demographic Particulars	No. of Respondents
(1)	Age Group	
	21 – 30 years	19
	31 – 40 years	43
	41 – 50 years	07
	> 50 years	31
(2)	Industry Sector	
	Textile	15
	Diamond – Jewellery	25
	Chemical	10
	Pharmaceutical	22
	Insurance-Share Broking	28
(3)	Experience	
	2 – 5 years	37
	6 – 10 years	21
	11 – 15 years	18
	> 15 years	24
(4)	Gender	
	Male	79
	Female	21

Source: Primary Data

- Factor Analysis**

Factor Analysis has been used as a tool for data reduction through the use of SPSS.

COMMUNALITIES

	Initial	Extraction
Top Mgt. Clarity	1.000	.911
Employee Rootlessness	1.000	.959
Belief in Delegation	1.000	.997
Progress Tracking	1.000	.997
No One Within	1.000	.952
Chain Preference	1.000	.961
No Link with Performance Appraisal	1.000	.994
Line Mgt. Role Clarity	1.000	.983
No Grooming of Rising Stars	1.000	.919
Managers' Insecurity	1.000	.984
Belonging To HR Only	1.000	.870
Abuse of Power	1.000	.950
No Openness and Fairness	1.000	.955
Subjective Judgments	1.000	.985
Puppet Development	1.000	.929
Competencies Not Identified	1.000	.990
Trade Union Interference	1.000	.986
Managers Weed out Threats	1.000	.966
Top Mgt.'s Privilege	1.000	.962
No Thought of Stepping Down	1.000	.931
No Recognition And Rewards	1.000	.986
Second Line of Command	1.000	.902
Ad-hoc Activity	1.000	.978
No Involvement of Managers	1.000	.997
No Strategic Alignment	1.000	.974
No Integration among HR, Line And Top Mgt.	1.000	.993
Planning Own Funeral	1.000	.982
No Alignment with Recruitment	1.000	.934
No Encouragement to Stars	1.000	.966
Secret Agenda	1.000	.905
Reliance on Performance Appraisal Data	1.000	.989
Not Considered a Strategic Imperative	1.000	.968
Stand Alone Activity	1.000	.977
No Potential Appraisal	1.000	.990
Failure of HR	1.000	.961
No Alignment With Trg. & Devt.	1.000	.998
Easy To Fill	1.000	.892
No One Accountable	1.000	.974
Managers Always Look For Next	1.000	.973
No Integration of Individual And Organization	1.000	.968

COMPONENT MATRIX (a)

	Component									
	1	2	3	4	5	6	7	8	9	10
Top Mgt. Clarity	.260	-.750	.296	.191	-.155	-.177	-.263	-.068	-.161	.037
Employee Rootlessness	.398	-.692	-.376	-.086	.160	.003	.209	-.140	.290	-.024
Belief in Delegation	.890	-.164	.258	.102	.036	.083	-.222	.027	-.197	-.055
Progress Tracking	.755	-.128	-.350	-.154	-.229	.131	-.068	-.370	-.090	-.213
No One Within	.244	.786	-.013	-.324	-.067	-.188	.159	.031	.279	.162
Chain Preference	.322	.699	-.459	.155	.249	-.144	.119	.097	-.157	.055
No Link with Performance Appraisal	.342	.049	.382	.657	.358	.176	.060	-.274	-.117	-.214
Line Mgt. Role Clarity	.058	.113	-.015	.794	.138	-.118	.513	-.191	-.055	.018
No Grooming of Rising Stars	.533	-.347	.212	.078	-.608	-.270	.129	.048	-.039	-.017
Managers' Insecurity	.630	.509	.111	-.491	.069	-.089	.123	-.148	-.137	.079
Belonging To HR Only	-.102	-.181	.664	-.280	.303	.078	.147	-.410	.124	-.068
Abuse of Power	.234	.479	.096	-.347	-.202	.555	.021	-.372	.068	-.209
No Openness and Fairness	.742	.243	-.330	-.299	.122	.050	.030	-.118	-.303	.152
Subjective Judgments	.150	-.073	.610	-.508	-.027	.454	.326	.053	-.078	.069
Puppet Development	.701	-.347	.000	-.397	-.210	-.043	.179	-.001	.279	.056
Competencies Not Identified	-.054	-.236	.522	.586	-.286	.126	.324	.294	-.146	.066
Trade Union Interference	.284	.104	.812	.001	.233	-.060	-.273	.091	.043	.306
Managers Weed out Threats	-.078	-.007	.144	.036	-.153	.911	.142	.022	-.237	.084
Top Mgt.'s Privilege	.648	-.607	.119	.275	.146	.147	-.096	.130	-.124	.022
No Thought of Stepping Down	.701	-.264	-.176	.372	.269	-.214	.202	.129	-.152	.053
No Recognition And Rewards	.380	.516	-.059	.446	.237	.247	-.137	-.342	.336	.077
Second Line of Command	.272	.058	.204	-.185	.778	.224	-.011	.212	.214	-.054
Ad-hoc Activity	.324	.204	.499	-.106	.398	-.107	.014	.530	.092	-.334
No Involvement of Managers	.715	.006	-.510	-.088	-.335	-.229	-.032	.063	.145	-.162
No Strategic Alignment	.679	.166	.085	.060	-.540	.071	.402	-.049	.082	.086
No Integration among HR, Line & Top Mgt.	.517	.188	-.087	.689	-.049	.166	.121	.130	.364	.119
Planning Own Funeral	.647	-.035	.183	-.007	.549	-.398	.081	-.235	.054	-.074
No Alignment with Recruitment	.337	.079	-.542	.271	.468	.332	-.208	-.057	-.060	-.261
No Encouragement to Stars	.667	-.423	.218	-.310	-.175	-.222	-.302	-.011	.146	.077
Secret Agenda	.593	-.335	-.563	-.079	-.183	.120	.177	-.074	-.146	.108
Reliance on Performance Appraisal Data	.663	-.441	.052	-.138	.168	.379	-.110	.034	.156	.353
Not Considered a Strategic Imperative	.783	.209	.114	.037	-.149	.238	-.280	.313	-.177	.106
Stand Alone Activity	-.244	-.404	-.442	-.337	.167	.401	.332	.295	.112	-.217
No Potential Appraisal	.556	.185	.179	-.229	-.065	-.132	.400	.467	-.082	-.393
Failure of HR	-.054	.722	.131	-.341	.208	-.195	.066	-.071	-.449	.107
No Alignment With Trg. & Devt.	.333	.726	.301	.234	-.304	-.086	.281	-.114	.108	.107
Easy To Fill	-.416	-.443	.075	-.197	.437	-.117	.431	-.039	.173	.237
No One Accountable	.077	.304	-.656	.012	.261	.144	-.061	.453	.025	.383
Managers Always Look For Next	.516	.558	.220	.119	-.236	.075	-.364	.154	.290	-.176
No Integration of Individual & Organization	.723	-.235	-.065	-.171	.494	-.209	.118	-.143	-.184	.035

Extraction Method: Principal Component Analysis
 10 components extracted.



ROTATED COMPONENT MATRIX (a)

	Component									
	1	2	3	4	5	6	7	8	9	10
Top Mgt. Clarity	.400	-.677	.065	.023	-.310	.280	-.271	-.093	-.133	-.118
Employee Rootlessness	.761	-.190	-.368	.026	.150	-.198	-.029	-.039	-.108	-.363
Belief in Delegation	.685	-.206	.465	.214	-.001	.346	-.082	.272	.085	.129
Progress Tracking	.829	.071	.402	.003	.105	-.297	-.115	-.142	.049	.090
No One Within	-.015	.904	.153	-.082	-.021	.108	.154	.162	-.130	.158
Chain Preference	.047	.451	.198	.330	.263	-.153	.543	.115	-.197	.410
No Link with Performance Appraisal	.053	-.194	.216	.826	.235	.201	-.306	.143	.096	.071
Line Mgt. Role Clarity	-.087	.020	-.146	.950	-.119	-.137	.054	-.063	-.102	.022
No Grooming of Rising Stars	.529	-.105	.254	.070	-.712	.015	-.151	.074	-.096	-.121
Managers' Insecurity	.436	.621	.194	-.087	.048	.169	-.074	.239	.043	.518
Belonging To HR Only	-.028	.052	-.339	-.010	.118	.329	-.768	.110	.162	.036
Abuse of Power	.101	.548	.400	-.104	.228	-.140	-.333	-.051	.525	.093
No Openness and Fairness	.687	.297	.195	-.004	.197	-.006	.254	.033	.080	.496
Subjective Judgments	.154	.171	-.186	-.207	-.174	.269	-.382	.345	.691	.093
Puppet Development	.840	.198	-.023	-.197	-.215	.058	-.115	.179	.019	-.223
Competencies Not Identified	-.206	-.345	-.007	.507	-.609	.166	-.036	.182	.314	-.199
Trade Union Interference	-.013	.027	.139	.073	-.054	.905	-.235	.270	.034	.092
Managers Weed out Threats	-.084	-.096	.079	.078	.035	-.034	.013	-.096	.961	-.036
Top Mgt.'s Privilege	.661	-.550	.095	.279	-.002	.260	.025	.189	.113	-.138
No Thought of Stepping Down	.642	-.225	-.034	.523	-.014	.054	.276	.241	-.218	.094
No Recognition And Rewards	.070	.427	.380	.574	.480	.209	.047	-.176	.002	-.132
Second Line of Command	.142	.079	-.201	.050	.614	.373	-.004	.551	.112	-.028
Ad-hoc Activity	-.035	.057	.122	.039	.112	.313	-.070	.914	-.071	.033
No Involvement of Managers	.703	.214	.396	-.064	-.109	-.324	.262	.065	-.308	-.104
No Strategic Alignment	.527	.449	.301	.290	-.508	-.057	.000	.069	.222	-.064
No Integration among HR, Line & Top Mgt.	.227	.194	.314	.702	-.007	.123	.341	.054	.022	-.422
Planning Own Funeral	.539	.104	-.089	.336	.262	.294	-.258	.324	-.420	.239
No Alignment with Recruitment	.266	-.154	.240	.297	.737	-.248	.296	.021	.028	.026
No Encouragement to Stars	.726	-.107	.214	-.304	-.190	.375	-.212	.108	-.198	-.129
Secret Agenda	.817	-.061	.010	.027	-.058	-.316	.295	-.172	.114	.027
Reliance on Performance Appraisal Data	.763	-.120	-.036	-.030	.169	.444	.086	.024	.324	-.228
Not Considered a Strategic Imperative	.456	.044	.633	.053	-.056	.338	.299	.266	.250	.120
Stand Alone Activity	.101	-.168	-.487	-.314	.238	-.516	.190	.206	.345	-.287
No Potential Appraisal	.315	.235	.159	.033	-.272	-.166	.024	.826	.039	.148
Failure of HR	-.276	.446	.036	-.089	.072	.116	.034	.127	-.016	.800
No Alignment With Trg. & Devt.	-.078	.698	.375	.458	-.329	.148	-.038	.074	.035	.127
Easy To Fill	-.069	-.091	-.914	-.049	.051	.081	-.133	.021	-.033	-.112
No One Accountable	.039	.183	-.061	-.058	.327	-.014	.907	-.008	.025	.024
Managers Always Look For Next	.049	.394	.805	.077	.034	.246	.029	.262	-.040	-.169
No Integration of Individual & Organization	.773	-.057	-.172	.166	.247	.161	-.045	.248	-.190	.350

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. (a Rotation converged in 20 iterations)

COMPONENT TRANSFORMATION MATRIX

Component	1	2	3	4	5	6	7	8	9	10
1	.826	.149	.370	.227	.004	.177	.061	.258	-.009	.074
2	-.409	.707	.383	.132	.143	.016	.185	.086	-.002	.328
3	-.232	-.034	.053	.097	-.296	.602	-.584	.327	.187	.027
4	-.220	-.310	.219	.822	-.069	.026	.186	-.156	-.120	-.230
5	-.018	-.110	-.431	.208	.737	.258	.034	.297	-.134	.203
6	.000	-.039	.132	.027	.334	-.045	.037	-.079	.901	-.219
7	.100	.338	-.589	.398	-.342	-.370	-.042	.242	.233	.053
8	-.169	-.186	.026	-.204	-.215	.089	.620	.645	.064	-.188
9	.014	.435	-.086	-.038	.165	.119	-.098	.031	-.220	-.837
10	.098	.173	-.328	-.008	-.204	.615	.434	-.474	.120	.073

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Through Factor Analysis, the following 10 components have been identified. The factors representing these 10 components are:

1. No progress tracking of rising stars and Managers interested only in puppet development
2. Top management's disbelief in internal talent
3. Managers looking for next level
4. No linkage with Performance Appraisal and Line managers not clear about their role
5. No alignment with recruitment
6. Trade union interference
7. No one clearly accountable
8. Ad-hoc activity and No Potential Appraisal
9. Managers' Insecurity
10. Failure of HR to integrate the efforts

The above 10 components contribute for about 96% for the failure of succession planning programme in the organizations.

We can reduce these factors and club them into 3 as follows:

1. **Managers' Insecurity**
2. **Stand-alone and Ad-hoc Activity**
3. **Lack of commitment on the part of top management**

Let us understand the aforesaid real time obstacles in succession planning programme:

- (1) **Managers' Insecurity:** The managerial level staff is not comfortable when it comes to delegation of power and authority to a lower ranking subordinate. And this has been the prime obstacle in succession planning which requires a manager to substantially share his/her powerbase with the identified successors and groom him/her. So, they have a deep rooted apathy and aversion towards creating second line leadership – the potential threats for their own status and power. In absence of inner urge on the part of higher ranking managers to whole heartedly strive for developing the future leaders through succession planning, the succession planning remains on paper only.
- (2) **Stand-alone and Ad-hoc Activity:** The succession planning function should be an integrated HR function having close links with Manpower Planning, Performance Appraisal, Potential Appraisal, Career Planning & Development, Assessment & Development Centre and such other HR functions. But, ironically, in most of the organizations, it is carried out as a Stand-alone function leading to failure. Further, the whole process of succession planning is not a one-shot affair. It's an ongoing process. Further, it should not be carried out only with "as and when needed" attitude. It should be an integral part of top management's strategic plans itself.
- (3) **Lack of commitment on the part of top management:** Every HR initiative requires continued blessings from the top management. And Succession Planning is not an exception to this general rule. On the contrary, in order to nurture the philosophy of cultivating future leaders with the help of present leaders and create non-threatening professional culture; the top management should go beyond "leap service". They should openly support it as such leadership identification and development initiatives would be fruitless if it does not enjoy consistent support, backing, and blessings from the top.

RECOMMENDATIONS

As such, there is no "one size fits all" framework for succession planning as every organization is different and so would be its plans for succession at various levels. Yet, some broad guidelines can be given. Based on the findings of the research study in terms of the major reasons for the failure of succession planning programme, I would like to suggest the following remedial measures for successfully designing and implementing succession planning programme in organizations. These steps will certainly ensure success in filling up a void at any time without affecting the morale and motivation of those presently working well.

- ☞ In the beginning itself, it is necessary to clarify the responsibility and accountability of the concerned parties. This is crucial as many executives believe that leadership development is a job of the HR department – the single biggest misconception. Companies that are good at growing leaders, operating managers, not HR people, are at the front line of planning and development.
- ☞ There should not be any secrecy in implementation of succession plans. All employees should be aware that such a process exists and how the process works.
- ☞ The succession planning programme must be given strategic importance and linked to major subsystems of HR.
- ☞ The line managers should be made responsible for mentoring the emerging leaders, passing on important knowledge, helping them to cultivate new skills, and providing helpful evaluations and feedback. They must come out of their so called feeling of insecurity and succession taboo; and assist in the process of nurturing and grooming the future talent to serve the organization. They should not treat them as potential threats to their own status and power. This becomes possible only when HR devises some mechanisms for recognizing and rewarding managers for building great leaders and seeding the company with this talent. HR should make the line managers understand that their own evaluations, development plans, overall success etc. depend on how successfully they nurture their subordinates; and thereby grow potential leaders. This will probably remove the 'succession taboo' among them.
- ☞ The CEO / Board / top management has a major role to play in succession planning. The board should assume high-level ownership of the overall system. The success of succession planning programme depends much on the support, backing, and continued blessings of the board. Their support should go beyond leap service, as they have a key part to play in building a culture of coaching and mentorship and upliftment throughout the organization. Here, the HR expert is responsible for explaining the underlying goals of the whole process to business leaders, conveying accountability, and training the concerned people on company's succession planning programme. HR should also focus on creating a culture wherein managers feel comfortable in identifying high potentials and developing them, rather than being threatened by them.

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