

# Succession Planning and Diversity Relationship: Corporate Sector Study

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## Abstract

Today, most of the organizational survival, in a globally competitive environment, depends in a part on having identified and developed replacements, i.e., successors for key positions. The major current problem is the lack of effective succession planning strategies to facilitate the transfer of expertise from retiring employees to younger employees. Succession planning is defined as the process of identifying one or more successors for key positions and preparing them for expanded organizational responsibilities through job assignments and other developmental activities. Review of literature has underscored many research gaps relating to the factors affecting succession process to have an effective process and its relationship with generation diversity. As both these variables are interdependent variables, moreover there is a lack of awareness in companies regarding its process; as most of the Indian companies are just carrying it on their paper work but not implementing it in their real processes. In this context, the study is an attempt to fill these gaps relating to the factors affecting succession process and relationship between succession planning and generation diversity.

The main objective of the research is to identify the factors affecting succession process, its relationship with generation diversity and identification of the problems of succession plan and Generation diversity. At the methodological plane, the study has used both the primary and secondary sources of data. The secondary data have been obtained from BSE 100 companies. In addition, the primary data have been used which have been collected through a well structured questionnaire. For analysis of the data, appropriate multivariate statistical and econometric techniques have been used which include correlation, regression, factor analysis and so on. The findings of the study will go a long way to serve a policy guide for academicians, planners and the corporate world.

**Keywords:** Succession Planning, Generation Diversity, Human Experience management, correlation, problems of succession planning.

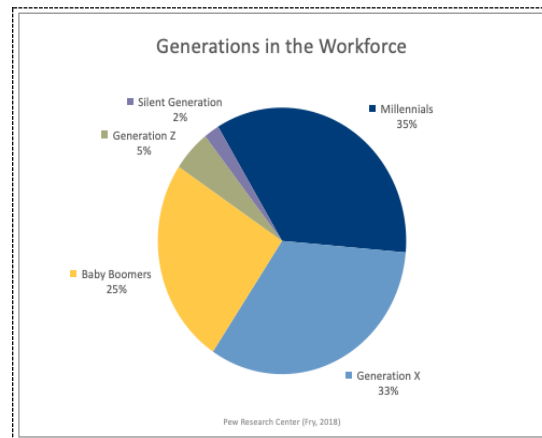
## I. Introduction

**Succession planning:** Succession Planning is the process that ensures continuity for the organization and for the individual high potentials. That's why it looks from both of those perspectives: that of the organization and that of the individual. Seen from these dual perspectives, it begins to realize the complexity of succession planning. It is the risk management, workforce analysis, strategic planning, a link between performance management and retention, and an outcome of professional development. It is the process of identifying and preparing successors for key positions, is rated as one of the top three focus areas for HR today. More than 40% of survey respondents say the process requires major improvement in their organizations. In today's tight labor market, succession planning is critical to creating a flexible, sustainable business. Key managers and line workers cannot be replaced easily. Succession planning creates an insurance policy for talent losses. It forces managers to identify key criteria for success, assess people carefully, and develop them for these positions.

## II. Generation diversity

For the first time in the modern timeframe workforce, five generations are working alongside each other and competing for opportunities. Each of these generations, having come of age in

different cultural and economic environments, has developed distinct fundamental values and predominant work styles. These differences raise a wide range of challenges and complexities for organizations, including attracting, developing and retaining people with different motivators and at various stages of their careers. However, there is one overarching challenge: finding and hiring younger executives with the potential to become tomorrow's CEOs, CFOs and other C-suite executives to lead organizations into the future while continuing to leverage the experience, knowledge and wisdom of older executives.



2018), Millennials (also known as Generation Y and born between 1981 and 1996) represent the largest component of the U.S. labor force, at 35 percent of workers. Generation X (born between 1965 and 1980) follows closely, representing 33 percent of the workforce. The Baby Boom generation (born between 1946 and 1964) represents 25 percent of the workforce, a number that is shrinking as the youngest in this group reaches age 56 and the oldest reaches age 74. Generation Z (born after 1997), now entering the workforce and representing 5 percent, is an increasing component of the labor force as these young adults complete school and look for jobs. We still have the Silent Generation (born between 1928 and 1945) in the workforce, representing 2 percent.

The India workforce largely comprises Millennials and Generation X, between 24 and 55 years of age. Baby Boomers, who dominated the workforce for decades, are now over 55 and many are retired or planning to retire in the next ten years. The reins of corporate leadership are being handed over to Generation Xers in their 40s and 50s. As they move up into the senior executive ranks, the next emerging group of workers includes Millennials and Generation Z, who are in their 20s and 30s and are the future talent being developed and mentored to take the lead. The Silent Generation is still represented in small numbers, with improvements in healthcare extending the duration that people can continue their careers.

With five generations in the workforce, companies are faced with diverse groups of workers to engage and manage. Each generation brings different perspectives, viewpoints, motivators, communication preferences and work styles. These differences can result in misunderstandings and missed opportunities, especially in the workplace. Organizations should use distinct approaches to attract, retain and develop the right talent from each generation to fill their critical roles while appealing to many diverse types of candidates.

Research Methodology: Qualitative and quantitative research methods were used in this research. These methods were used by the way of complementary instead of competition with each other. Explanatory research design along descriptive research design is adopt for the achievement of the objectives of the present study.

The sample size had been restricted to 500 respondents. Out of 100 questionnaires 48 were found to be appropriate and usable. The data were analyzed by applying appropriate statistical techniques. The statistical tools include factor analysis, chi-square, ANOVA, student's-test etc. for analyzing data to meet the objectives.

### III. Objective one

To identify different factors affecting succession planning following 39 statements extracted from extensive review previous research on this topic. In this part Factor Analysis techniques is used to investigate the factors.

#### *KMO and Bartlett's Test*

	Kaiser-Meyer-Olkin measure of sampling Adequacy	0.745
Bartlett's Test of Sphericity	Approx. Chi-Square	6807.270
	Df	210
	Sig.	.000
Source: Primary Data		

The KMO statistic was 0.745, greater than bare acceptable value of 0.5 (Kaiser, 1974) and fall within the range of being superb (Hutcheson and Sofroniou, 1999). Thus, the sample size was found adequate for factor analysis considering the statistics. Since tests have passed the minimum standard, hence, factor analysis can be conducted on this data. The affecting factors are Result are Senior Management Involvement, Line Manager Involvement, Leadership Development Activities HIPO Management, Transparency in succession process ,HR Policies and Involvement ,Succession Planning Software and Tools ,Monitoring of Succession Process.

### IV. Objective 2

Identified the Relationship between the successions planning and generation gap by using Pearson correlation coefficient

Results of Pearson Correlation Coefficient between Succession Planning and Generation Gap

	Successions Planning	Generation Gap Diversity
Successions Planning Correlation Sig. (2-tailed) N	1 48	0.635 0.000* 48
Generation Gap Diversity Correlation Sig. (2-tailed) N	0.635 0.000* 48	1 48

Computer from primary data, \* Correlation is significant at the 0.01 level (2-tailed).

Pearson correlation coefficient between these two variables i.e. successions planning and generation gap diversity has been determined and this correlation coefficient is equal to 0.635

### **V. OBJECTIVE 3**

***To Identify the problems regarding succession planning and Generation Diversity*** :The list of statements related Problems being faced by the Indian corporate sector with regards succession planning and generation diversity statements were extracted from review of literature. The responses were recorded for these statements on five Point Likert-scales and for analyzing, t-test (Univariate Analysis) is used 'with hypothetical value, 3 (neutral) i.e., Middle value of Likert scale. If the P-value (Sig.) is smaller than or equal to the level of significance, then the mean of a statement is significantly different from a hypothetical value of 3. On the other hand, if the P-value (Sig.) is greater than the level of significance, then the mean of a paragraph is insignificantly different from a hypothetical value of 3.

#### ***The Degree of Problem in Regard Succession Planning***

The result indicate that out of the nine statement of problems Transition the Family business to the next Generation in their family is consider as the major problem follow by Lack of support of top management, Corporate politics, Low Visibility in short period, Non Communication about the succession plans, Quick Fix Attitudes to top management, Too many meetings, Too Much Paper Work and Rapid Pace of Organizational Change.

#### ***The Degree of Problem in regards of Generation diversity***

The result indicate that out of the five statement of problems Communication problems is consider as the major problem follow by Different work styles, Negative stereotyping, Qualities, Attitudes and Conflicts in workplace and Attitudes towards work.

### **VI. CONCLUSION**

On the bases of interviews, literature review and factor analysis, eight factors i.e. senior management involvement, line manager involvement, leadership development activities, HIPO Management, transparency in succession processes, HR policies and involvement, succession management tools and monitoring of succession processes were identified as independent variable which have strong impact on the succession planning of Indian corporate sector. between the succession planning and generation diversity and the value of correlation was 0.063 which shows a strong positive relationship between the succession process and a relationship was determine between the succession planning and generation gap which shows a positive relationship with all those elements like work ethics, creativity , innovative and leadership style. So the organization should keep in mind all these factors while planning succession plan. the problems regarding the succession planning and generation diversity . The result indicate that the next Generation in their family is consider as the major problem follow by Lack of support of top management, Corporate politics, Low Visibility in short period, Non Communication about the succession plans, Quick Fix Attitudes to top management, Too many meetings, Too Much Paper Work and Rapid Pace of Organizational Change. On the other hand the problems regarding the

generation diversity The result indicate that out of the five statement of problems Communication problems is consider as the major problem follow by Different work styles, Negative stereotyping, Qualities, Attitudes and Conflicts in workplace and Attitudes towards work.

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