

AN EMPIRICAL ANALYSIS ON CORPORATE FIRMS' READINESS TOWARDS SUCCESSION PLANNING AND MANAGEMENT

Sonam Yadav ¹, Sudhanshu Chaman Ji ², Dr. Pankaj Mishra ³, Dr. Shubhangi Tripathi ⁴, Dr. Abhishek Kumar Pandey ⁵

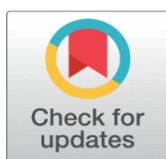
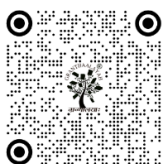
¹ Research Scholar, Department of Commerce, Dayanand Anglo- Vedic (PG) College Kanpur Affiliated to C.S.J.M. University, Kanpur, India

² Professor, Department of commerce, Dayanand Anglo-Vedic (PG) College Kanpur Affiliated to C.S.J.M. University, Kanpur, India

³ Assistant Professor, Department of Commerce, University of Lucknow, India

⁴ Subject Expert, Faculty of Commerce, University of Lucknow, India

⁵ Assistant Professor, Department of Management, IILM Academy of Higher Learning, Lucknow, India



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Corresponding Author

Dr. Abhishek Kumar Pandey,
abhishek.pandey@iilmko.ac.in

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ABSTRACT

In the age of internet and advanced technologies like Artificial intelligence (AI) organizations are formed and closed on a rapid manner. Many successful businesses lost their image and name due to non-availability of a competent successor. In these situations, it is a very critical and relevant topic to research on issues and challenges related to succession planning within organizations. In start-ups segment also who will be steering the company after the founder is a big challenge and calls for proper succession planning. From the perspective of sustainability, where question of survival is paramount, organizations need to work on succession planning and business continuity to ensure next generation existence of their business ventures. In Indian context, this area is still on its nascent development stage as many Indian firms are facing a transition and challenges of balancing the generational leadership role requirements. In this empirical paper succession readiness of Indian corporate organizations has been analysed through descriptive analysis. It is intended to explore and assess different dimensions and approaches of succession planning in Indian context. Our investigation will be useful for corporate organizations in creating a leadership pipeline and those engaged in researches on succession planning and management. The study has offered a context based on realistic data analysis and proposes some prominent themes of succession management practices.

Keywords: Succession Readiness, Succession Planning, Business Continuity, Leadership Pipeline, Corporate Firms

1. INTRODUCTION

Succession ready organisation may be defined as an organisational effort to create a leadership pipeline ahead of time so that the organization is able to carry out its business without any hurdle of successor or no successor at the

moment. This is one of the major aspects in succession management sector, through which stakeholders can witness the preparedness of management towards sustainability of business through creation of pool of skilled or high potential managers. Succession Readiness can be broken down into four steps. These are emergency leadership planning, standing succession committee, evaluations and alignments and preparing the organization. (Lind Kay Fairburn, 2012). In simple word it is one of the main essentials for successful succession management intervention in any business organisations. Mihir & Padroo (2025) observed that talent management plays a critical role in succession planning & management.

The question of succession planning must be investigated from corporate level perspectives or strategies adopted by Indian businesses in managing their family ties or hiring the professional manager. Succession readiness is important so that immediately handover the business responsibilities at a time when there is some emergent needs of leaders within organization due to internal or external factors of business environment. Readiness towards succession may be different when we talk about nature of business, type of ownership, size, strategic intent and ethos of the business. A research intervention will highly beneficial if it will assess the Indian imperatives and challenges related to succession readiness and planning. While executing succession planning and ascertaining executive management roles for internal candidates the process may be fairly depicted as follows:

Figure 1



Figure 1 Flow Chart to Process of Succession Planning & Management within A Proactive Organization

2. LITERATURE REVIEW

Succession planning and management can be defined as a process which helps in stabilizing the tenure of personnel. It is an effort to ensuring continuity of organizational performance over time by focusing on developing and nurturing the key managers. Both succession planning and succession management focused on developing internal talent so that full fill current and future talent needs of the organization (Rothwell, 2010). Succession readiness is one of the important aspects when we see preparedness of organizations towards a readymade or on the spot planning for successor to key positions within organizational setting. Many studies suggest that just a fifth of Indian organizations understand the importance of having a succession plan or its roadmap. It shows the lack of readiness in Indian companies to devote time, efforts and money to have a succession planning in place (Brand Connect, 2022). Succession planning is an important topic for discussions in Indian family-owned businesses because of recent challenges spotted in organizations like Tata and Infosys (Budhiraja,2018).

Sharma et al. (2025) explored that managing talent internally is linked to succession planning. Further, Dutta (2026) observed that effective succession is necessary to keep future leadership within the organisation. In a study, George & Krishnakumar (2023) examined that organisational development can be achieved through proper succession planning in the organisation. Kulkarni (2023) observed that succession planning is crucial for organisational performance in IT sector companies in India. It shows the relevance of succession and leadership studies in toady's context. In another study, it has been explored that succession planning helps organisations in retaining their employees (Dekom , 2025).

Keerio & Ahmad (2024) explored that formal succession plan is essential to develop future leadership in public sector educational universities. It shows that succession planning is relevant topic to research now a days.

At a time when tight talent market and competition exist, succession planning is quite important question (Pandey & Sharma, 2014). According to Ugoani (2020), "Management succession planning should not be a search for the best person to lead the organization because there is no best person. The focus should rather be on the exceptional person well equipped for performance and long-term organizational sustainability". Some common barriers to succession planning are lack of formal structure /tools, lack of plan implementation, unionization and lack of career ladder positions (Dumont et. al, 2019). Middle and senior level executive roles can be studied in relation to succession planning practices as there is a scope available for the same (Kumar et. al, 2022).

A business will be failed if it lacks in nurturing and developing the successor (Korang ,2021). In this way, question of succession readiness will be important to study and explore for us. In a study , it was revealed that In Kerla , India , many family businesses are still in a dilemma about implementing a family based governance structure (GS) and planning for succession (Renuka &Marath, 2021). In corporate India, the topic of succession and its transition is one of the popular and most discussed especially when some high level executives exit the organization (Hawaldar, 2019).

CEO appointments were wrong in some of largest and mighty organizations of the world because of five prominent reasons, less focus on succession, improper leadership development, Substandard board level composition, slow recruitment activities and problems with executive search firms (Fernández-Aráoz et. al , 2021). According to Monica Agrawal (2018) that "When CEO succession is not viewed as a progressive and planned out move, the focus of the board tends to be on replacing the current CEO rather than on the long-term vision to develop a multi-generational leadership team" ('Indian Companies Lack Succession Planning', 2018). Succession planning is more complex due to joint family structure and cultural complexities in Indian context (Jain, 2022). In organizations, succession planning should not be taken as a simple exercise but emphasis should be given on its conversion into succession development which plays prominent role in ensuring talent pipeline and achieving organizational goals (Pandey & Sharma, 2014). There is a need of strict plan in place with boards so as to manage the anticipated and unforeseen departure occur (Succession Planning, 2022). Usually, there are two types of succession planning, one is long term-oriented plan and second one is emergency succession planning (Groh, 2026). It is assumed that succession planning is a cost centred activity. It will be more economical in investing in existing employees for potential roles than hiring outsider to fill open positions within organization (PeopleFluent, 2022). K.Siambi (2022) observed that to achieve a sound and smooth leadership progression and render the established system, it will be expected that generational organizational transition occurs from forerunner to successor in terms of policies, procedures and programs.

Organizational executives and staff must be included to support succession planning and its implementation in any business organization. Integration of organizational strategy and commitment from city or country level manager is a required component to any succession plan. If, this support and commitment will not obtain then even a succession plan will be identified that will not work properly according to the culture of the firm (Oluwaseun Oduwusi, 2018). In a review article, it is highlighted that succession planning process offers anticipation for vacancies to key leadership position, assess the required skills to fill positions at top and lay down a system which prepares employees for top leadership profiles. This succession programs will be beneficial in addressing the gaps on critical positions at different functions due to retirements, promotions and turnover. Succession Planning can resolve the problems of retention, filling up skills gaps and diversify the leadership bench at all levels of organization (DiPetrillo, 2022).

3. RESEARCH OBJECTIVES

- 1) To analyze the state of succession readiness and planning among Indian corporate firms.
- 2) Assess the extent of succession readiness across top and top-middle management levels.

4. RESEARCH METHOD

Data was collected by structured questionnaire consisting of six questions linked to succession preparation in Google form. Sampling method was convenience sampling. Sample size = 123 The intended respondents were senior HR profiles and executives working in the HR department.04 items were completed using statistical methods based on

metric data set and 02 things were analysed through Pareto – chart and bar-diagrams based on nominal data. A descriptive research design has been employed to structure the study process.

5. RESEARCH TOOLS

Descriptive study, with statistical tests like multiple linear regressions Analysis along with ANOVA measures was performed with the support of Online Data Tab Statistics Calculator.

6. DATA ANALYSIS AND INTREPRETATIONS

6.1. RESULT OF RELIABILITY STATISTICS OF ITEMS USED IN ANALYSIS

Table 1

Table 1	
Cronbach's Alpha	Number of Items
0.94	4

Table 2

Table 2		
Predictors	Total Correlation for Corrected Item	if Item Deleted the Cronbach's Alpha
Organization has clearly worked out frameworks/policies for Succession Planning	0.92	0.90
Organization normally intends to use a written and integrated (Data base supported) succession plan	0.89	0.91
Organization timely undertakes appropriate steps to resolve issues pertaining to executive succession planning	0.85	0.93
Being ready to fill up open positions on top level promptly is a concern	0.79	0.94

The above table shows that our survey items /scales are reliable as values ~ 0.9 or above indicate excellent reliability, close to 0.8 Good, close to 0.7 acceptable, less than 0.6 being questionable, close to 0.5 being poor and less than 0.5 is deemed as unacceptable (George and Mallery, 2003). In addition, multi-linear regression analysis was carried out to explore the influence of the above factors organization has developed structures/policies for succession planning organization normally intends to use a written and comprehensive succession plan (supported by a data base) and being capable to fill up vacancies on top level rapidly is a concern on the variable organization takes appropriate actions in time to sort out issues regarding executive succession planning.

Table 3

Table 3 A Model Summary			
R	R ²	Adjusted R ²	Std. Error of the estimate
0.39	0.15	0.13	0.86

B Anova			
Model	Df	F	P
Regression	3	7.08	< .001

Table 3

Table 4 Normality of Errors		
Tests for normal distribution of Residuals		
Test for normality of Data	Statistics	P
KS test	0.24	<.001
SW test	0.84	<.001
(AD) Anderson-Darling test	8.89	<.001

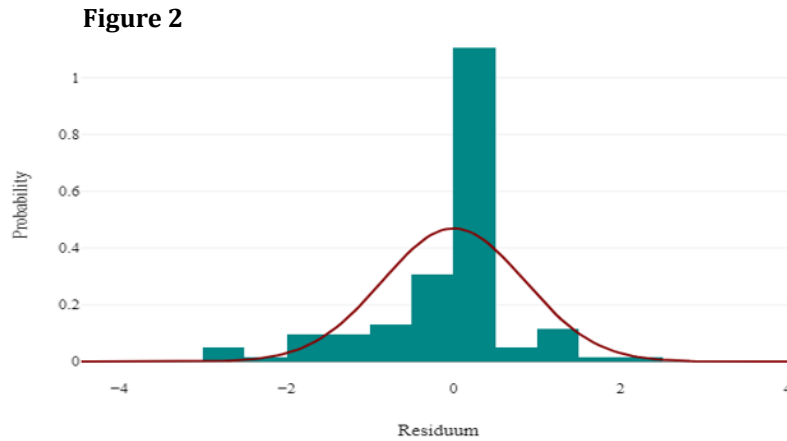


Figure 2

On combining the Table -04 and Fig. 01, it shows the essential requirements to perform the multiple linear regression analysis.

Our model results in the following graph Fig. 3. It shows there is no such concern for Heteroskedasticity in the analysis.

Figure 3

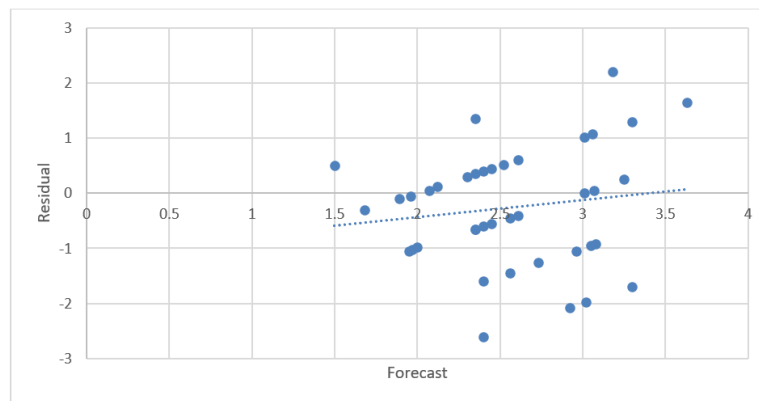


Figure 3 Heteroskedasticity

The regression model showed that the predictors variable, Organization has clearly worked out frameworks/policies for Succession Planning, Organization normally intends to use a written and integrated (Data base supported) succession plan and Being ready to fill up open positions on top level promptly is a concern explained 15.14% of the variance from the variable Organization timely undertakes appropriate steps to resolve issues pertaining to executive succession planning. An ANOVA test ($F=7.08$, $p < .001$, $R^2 = 0.15$) has been utilized to check that whether this value has been significantly different from zero or having no effect. But, model is significant in spite it explaining only less part of total variance.

Obtained regression model can be written as below

The organization takes proper measures, timely, to address matters related to executive succession planning = 0.67 +0.45 The Organization has clearly developed frameworks/policies for Succession Planning +0.33 Normally Organization plans to employ a written and integrated (Data base backed) succession plan +0.05 · The aim is to be ready to fill available positions on top level swiftly. The regression model reveals that the predictor Organization has clearly worked out frameworks/policies for Succession Planning has the strongest effect on the outcome variable Organization timely undertakes necessary steps to resolve concerns relevant to executive succession planning. Organization generally expects to employ a documented and integrated succession plan (Planned steps for succession planning) is a Predictor variable that supports the variable Organization timely conducts suitable steps to resolve concerns pertaining to executive succession planning. This clearly shows that Indian corporate firms are focused on having a fully defined succession plan in their respective organization.

In the analysis of data in connection to the question which Management level positions promptly filled by the organizations? We analyzed on the basis of Bar chart (including pareto chart) that middle level and CEO/CMD/President level positions are getting more attention to be filled up by the more than half of Indian organizations.

Figure 4

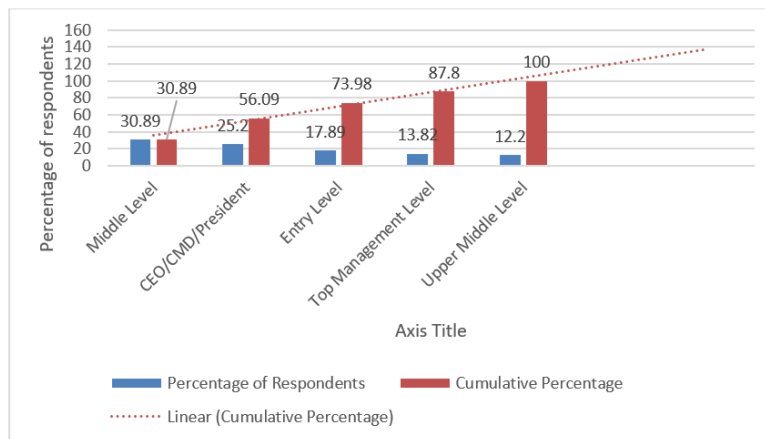


Figure 4 Succession Management and Levels of Management

In pie chart analysis, it is evident that middle level and CEO/CMD/President level positions are getting higher attention to be filled up by the organizations. Entry level positions are getting importance in terms of succession preparedness as 17.9 % respondents agree on the same point. Executives' succession at Top level and Upper Middle level positions combinable get more than 25 % response. It shows the transition of succession planning activities around these vacancies in many Indian organizations. Please refer below pie -chart:

Figure 5

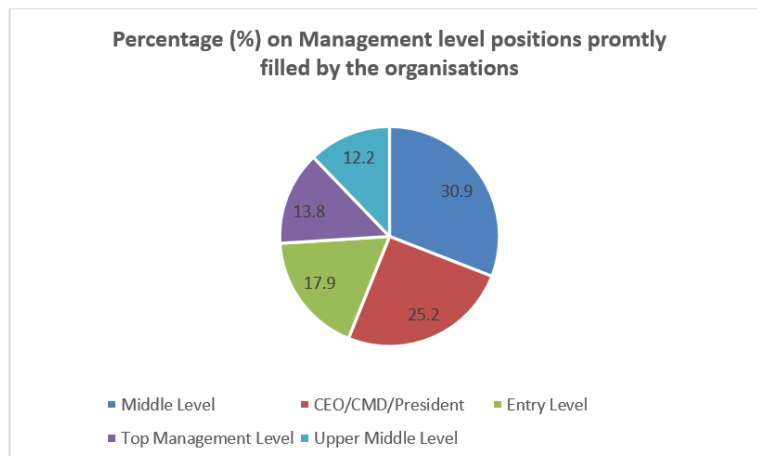


Figure 5 Time to Fill Management Level Positions

In response to the question, Average time spends in months on searching candidates for top level positions; majority of respondents (44% approx.) says that it takes 1-3 months. It again shows that organizations understand the importance of readiness towards succession give attention to get quick successor to top level positions. Around 34 % respondents say 6-9 months time frame incurred in searching the successor /candidates which again shows that succession planning is a complex activity which takes time to find good candidates to top level positions. Refer below chart:

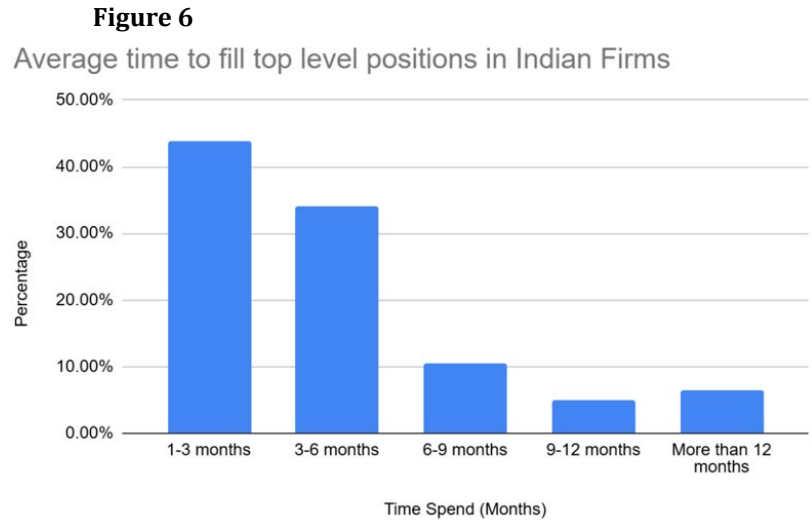


Figure 6 Time Spent on Searching Candidates for Top Level Positions

7. CONCLUSION

Indian business organizations are diverse in nature and the challenges of succession planning are also multifaceted. Indian organizations both stand alone and family business group need to re-think about managing their next generation of leaders who can better handle the challenges of an organization operating in multi cultural society. To achieve timely steps in resolving executive succession planning Indian organizations can work upon variables like clear framework policy development, utilization of a written plan and prompt basis filling up top level openings. Even, Indian businesses can opt succession planning based on priority to various levels of management positions. Succession readiness is quite important concept in Indian scenario as most of Indian companies are growing its scale of operations and becoming multinational or enlarging their product and services portfolios. Succession readiness is also important in the context of start-ups as they are becoming the drivers of today’s economic operations. Analysis shows that corporate firms need to work upon strategies and developing talent pool so that they can fill the positions of leaders /top management in a prompt manner. Global firms can take imperatives to plan their succession strategies by referring key findings of this study.

CONFLICT OF INTERESTS

None.

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