

“SECURING ORGANIZATIONAL SUSTAINABILITY: THE VITALITY OF SUCCESSION PLANNING IN INDIAN PUBLIC SECTOR ENTERPRISES”

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Abstract: Rapid environmental shifts intensify competition for organizations, compelling them to adapt policies and procedures towards sustainability. Employing diverse measures to preserve the environment becomes essential in a volatile, uncertain, complex, and ambiguous (VUCA) climate. This present study aims to achieve sustainability amid these conditions, emphasizing the crucial need for continuous expansion while meeting the demands of future generations. Organizations must navigate evolving circumstances alongside emerging leaders, especially in critical leadership roles. Succession planning presents a significant challenge for Public Sector Units (PSUs) in India, where identifying and grooming future leaders within an organization involves various management practices. Past studies have established the link between talent management and effective succession planning for each organization. A comprehensive investigation into management practices within Indian PSUs utilized a mixed-method approach. This involved scrutinizing Human Resource Development (HRD) policies, guidelines, procedures, and reports. Additionally, gathering employee feedback through engagements with key stakeholders was conducted. The analysis employed thematic analysis techniques to establish correlations between Talent Management and Succession Planning. The findings advocate for an inclusive Talent Management strategy as a foundational element for effective Succession Planning.

Keywords: Talent Management, Succession Planning and Public sector Organizations

Introduction

Sustainability, in essence, denotes persistent progress while safeguarding the needs of future generations. Within an organizational framework, it embodies the survival and thriving of an entity amid the Volatile, Uncertain, Complex, and Ambiguous (VUCA) environmental conditions, ensuring sustained growth. Attaining sustainability necessitates the establishment of a robust succession plan. This plan encompasses the cultivation and placement of both current and prospective leaders, poised to assume pivotal and critical leadership roles as the need arises. The key lies in identifying and situating the most suitable individuals for these crucial positions at precisely the right juncture.

In today's economic landscape, Indian Public Sector Units (PSUs) grapple with placing top-tier leaders effectively. Often, a single individual holds two or more roles with added responsibilities, or positions remain vacant for extended periods due to the lack of suitable candidates. Temporary, makeshift arrangements are instituted to sustain operations temporarily, impacting organizational growth and sustainability significantly. Fulfilling these roles typically involves two avenues: developing talent internally from the identified pool or recruiting externally. The latter approach

presents advantages and disadvantages regarding availability, costs, acceptance, impact on loyalty, and organizational culture.

Identifying and nurturing internal talent through various Talent Management Processes stand out as a preferred and widely embraced method. This approach fosters a win-win scenario where the organization finds adept leaders from within its ranks and deserving employees experience job satisfaction through career advancement. This method ensures a symbiotic relationship, benefiting both the organization and its employees in achieving effective leadership placements.

Numerous studies, both domestically and internationally, across various sectors, have extensively explored the correlation between Talent Management Practices and Succession Planning. Discussions in numerous forums underscore the significance of effective Succession Planning in fostering organizational sustainability and development. However, there remains a pressing need to cultivate and execute optimal Talent Management Practices explicitly tailored for successful Succession Planning, ensuring organizational longevity.

A critical and detailed analysis of the existing Talent Management Practices within Indian PSUs is imperative. This examination aims to align these practices with organizational objectives, specifically targeting sustained organizational sustainability. The goal is to harmonize Talent Management strategies with the overarching organizational mission, enhancing the prospects of long-term viability and success. There is a need to find answers to these basic questions - what are the Talent Management practices that support Succession Planning? What is the significance of Performance Management System over Talent Management? what is the relevance in integrating these two and how does it contribute to achieve organizational sustainability? This study aims to pinpoint the impact of Succession Planning on Organizational Sustainability and unravel the most effective contemporary Succession Planning methodologies.

Literature Review

There are various studies conducted on succession planning both nationally and internationally. Pawaskar's (2021) study examines sustainability practices' influence on Small and Medium-sized Enterprises' (SMEs) overall performance. Likely exploring various sustainability strategies, it aims to uncover their impact on organizational outcomes. While potentially offering practical insights, the review's depth is constrained without direct access to assess the study's methodologies or specific findings.

Gomes et al.'s (2023) study delves into Strategic Organizational Sustainability amidst the Sustainable Development Goals era. Likely exploring the alignment of organizational strategies with global sustainability aims, the research might outline practical approaches. However, without direct access, the review is limited in assessing methodologies or specific insights presented in the study published in Sustainability (Switzerland).

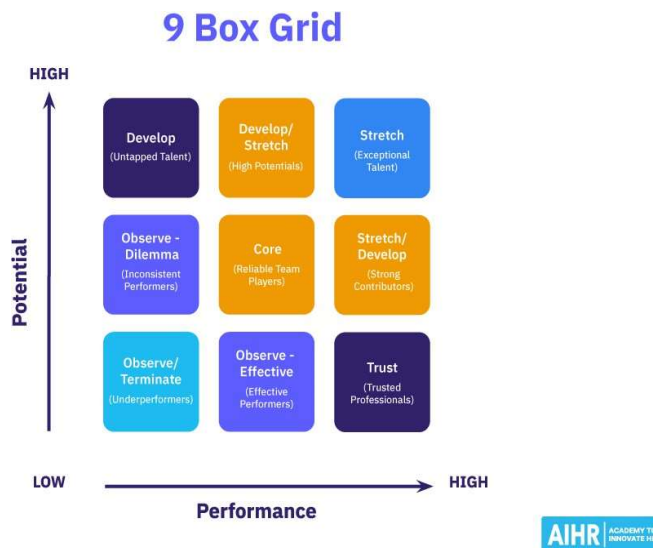
Frostenson, Helin, and Arbin's (2022) study in the Scandinavian Journal of Management explores Organizational Sustainability Identity, focusing on self-construction as sustainable entities. Likely, the research investigates how organizations shape and perceive their sustainable personas. While offering valuable insights, the review is constrained in assessing the study's methodologies or specific findings without direct access to the published work and its DOI reference.

Vargas-Hernández's (2021) study likely investigates Strategic Organizational Sustainability, exploring frameworks and practices to foster sustainability within enterprises. While insights into strategic sustainability initiatives are expected, the review can't assess methodologies. The study could offer practical strategies but lacks detailed evaluation without direct access to the content. Horak, Arya, and Ismail's (2018) work in "Business Strategy and the Environment" introduces a conceptual framework elucidating Organizational Sustainability Determinants across diverse cultural contexts. Likely discussing factors influencing sustainability in varied settings, the study might address cultural influences on sustainability strategies. However, without direct access, specifics on methodologies or findings are unavailable.

Maphisa, Zwane, and Nyide's (2017) study in "Risk Governance and Control: Financial Markets and Institutions" examines Succession Planning and Staff Retention Challenges, potentially focusing on industrial perspectives and associated risks. Likely discussing issues in succession planning and staff retention within industries, the study could offer insights into mitigating risks. However, specifics on methodologies and findings are inaccessible without direct access. This review anticipates the study to highlight challenges in succession planning, possibly shedding light on strategies to alleviate retention risks.

Akinyele, Ogbari, Akinyele, and Dibia's (2015) study in Jorind explores Succession Planning's influence on Organizational Survival. While specifics are unavailable without direct access, the research likely examines the relationship between succession planning strategies and organizational longevity. The study may offer insights into the significance of succession planning in ensuring organizational continuity.

A 9-box grid model is widely adopted by most of the Indian PSUs, which explains the Succession Planning methodology for identifying and developing the inhouse Talent for the Key Leadership



positions. (Erik van Vulpen, n.d.)

The process of Succession Planning involves three key steps: identifying a Talent Pool and implementing Talent Management strategies. This comprises evaluating performance, assessing

potential, and subsequently integrating these two dimensions. (Erik van Vulpén, n.d.).

Most Public Sector Units (PSUs) maintain SMART (Specific, Measurable, Achievable, Relevant, Time-Bound) performance goals, ensuring objective ratings against KRA/KPI. Yet, gauging potential remains subjective, varying in perception. Erik van Vulpén offers guidelines:

Low potential: The employee works at maximum capacity or lacks motivation, unlikely to improve.

Moderate potential: Potential for further development within the current role, be it in performance or expertise.

High potential: Exceeds current role expectations, poised for more complex responsibilities.

Interpreting potential is subjective, influenced by various factors like working conditions, managerial perspectives, organizational policies, and market conditions. To unearth true potential, strategic tools like competency mapping, 360-degree feedback, or Assessment Centers are crucial. A notable gap exists between final ratings and performance assessments, widening in higher management tiers. Bridging this gap poses a challenge in accomplishing effective Succession Planning.

After identifying talent, the focus shifts to their development to meet present and future demands. Diverse talent development practices are employed, including exposure to various functions for comprehensive interdepartmental understanding, geographical orientation to tackle diverse challenges, and participation in functional and behavioural developmental programs. These initiatives nurture in-house talent, preparing them for evolving organizational needs. Finally, it is to retain the developed talent by keeping them motivated to avoid career plateau situation. Experienced employees need to be engaged and given responsibilities according to their competence and potential.

Methodology

This study used a mixed study approach of Qualitative and Quantitative approach, The data is collected from the employees of various Indian PSUs from different sectors on the role of succession planning as a tool of attaining organizational sustainability. Prevailing management practices in Indian PSUs related to Succession Planning and Talent Management Practices were reviewed through study of Policy/guidelines, Procedures and Reports related to Human Resource Development (HRD). Feedback on perception of employees was collected through interactions with key stakeholders including Functional Managers, Human Resource Managers and leaders at Middle, Senior and Top Management levels from various PSUs. The inputs collected were analyzed using thematic analysis to connect Talent Management, Succession Planning and Organizational Sustainability.

The data is collected from 82 samples belong to Middle, Senior and Top Management bands and HR Managers based on above methodology from Indian PSUs under different Sectors (Steel, Coal, Mining, Avionics, Oil and Power) – SAIL, Coal India Limited, NMDC, BEL, HAL, BPCL, HPCL, ONGC, OIL, BHEL, NTPC, Power Grid Corporation of India Ltd. An interview

method is adopted to collect information from them.

This study would provide an insight on importance of Succession Planning and explore its best practices with improved methodology to achieve organizational sustainability. It would elaborate on the impact of several Talent Management practices on Succession Planning and would also recommend the best practices for continual organizational growth. The study would thus provide a big picture by integrating Talent Management, Succession Planning and Organizational Sustainability.

Observations and discussion points

Following points emerged out with the interactions at various levels:

- The employees who have been rated consistently high in their Performance Appraisals are provided with the opportunity for the Key and Top Leadership roles.
- In most of the Indian PSUs, promotion policies are not made available to every employee. However, these policies are available with HRD for a specific management grade.
- Indian PSUs follow the path of selecting and developing people for the key leadership roles from the available talent pool based on Seniority in grades and their ratings through Performance Management System.
- Seniority of employee is considered for various opportunities primarily from the date of joining of an employee in a specific grade rather than their joining in the organization.
- Competency Mapping exercise is not done in most of the Indian PSUs. The frequency of such exercise is too low (once in 10 years or so), if at all done.
- The results of Competency Mapping are not shared with the Functional Heads or the Authority for deciding the final rating. It is with HRD only, and only the scores are disclosed to the concerned employee.
- The current year Appraisal Rating of an employee is affected significantly by the previous year ratings as it is almost impossible to improve the current year ratings, if an employee is rated low in the past due to some unfavorable condition.
- The ratings in the past also impact on Bell Curve, which is still existing in most of the Indian PSUs.
- The information about ratings on Competence, Values and Potential is vague amongst the people working in the field. There is no plan or action to improve on these

parameters.

- Most of the Indian PSUs did not implement 360-degree feed-back technique. Even if it is done, the results are not disclosed or discussed with the concerned employees.
- Talent Development Programs are designed in such a way that the people of high PMS rating are getting maximum and best exposures in flagship Management Development Programs such as Senior Management Program, Advance Management Program, Company Sponsored/paid Management programs from the best Management Schools.
- Foreign training and exposures are taken as reward and recognition rather than development opportunities.
- A variety of experiences (geographical as well inter-departmental) attracts no positive impact on career, rather it is having a negative effect due to time and energy spend for tuning with a new set of people in line with Appraisal Ratings.
- Once developed within the organization, it is difficult to retain the best Talent due to limitations in Compensation and Benefits by Indian PSUs. People at Senior and Top Management level leave PSUs and join competing companies for their own benefits in their career growth and other opportunities. Sometimes, it is also due to the pressure by changing political environment.
- The selection for the Top leadership roles is influenced by lobbying and political influence to a large extent in most of the Indian PSUs irrespective of their exposures in the subject field.
- The core value of an organization is affected by the top leadership. If the person from outside is placed on the Top (example: Head of HR or Chairperson), it has a significant impact on Core Value of an organization thus impacting the organizational culture.
- There is a significant impact on loyalty and Organizational Culture, when a Top Leader from outside an organization is placed and retained for a significant period of time.
- Organizational Performance and Sustainability is also affected by the positioning of Top leaders in the organization.

Recommendations

From the above observations and points that are discussed with employees of various levels and various sectors, the following recommendations were emerged during the discussion with them.

- It is better to develop in-house talent than recruiting them from outside to avoid deviation

in organizational core values and culture, which has a long-term impact on organizational sustainability.

- Talent Management practices need to be inclusive of Talent Identification, Talent Development, and Talent Retention with the help of various tools in addition to Performance Management System/Appraisal Ratings. Competency & Potential Mapping, 360-degree feedback, Assessment Centers, variety of exposures to different roles and responsibilities.
- Performance Management System needs to be aligned with organizational goal rather than Appraiser's demand for continual improvement.
- 360-degree feedback evaluation should be shared and discussed with employees by the functional heads/authority for final Appraisal Ratings.
- Frequency of Competency Mapping is to be increased (once in every Performance Appraisal Year)
- The Score on Competency Mapping should be shared with the Departmental Heads also for further development. Currently it is disclosed to employees and kept with HRD only.
- Exposure to versatile roles and responsibilities and variety of experience should be given proper weightage during identifying and developing talent pool for Top Leadership roles.
- Bell Curve categorizes employees in different segments, which is de-motivating for employee's professional growth and in turn on organizational performance. Recommended to be removed.
- Subjectivity of Rating on Competence, Values and Potential needs to be minimized, which is having an increasing effect on Talent Management and Development at Middle, Senior and Top Management level.
- Distribution Ratio of Performance Ratings based on KRAs/KPIs and Competence, Values and Potential needs to be reviewed.
- Cumulative effect of grades should be reviewed and minimized while identifying Talent for the critical and key leadership roles.

Conclusions

Succession planning and talent management serve as pivotal tools for organizations, fostering motivation among their workforce and nurturing a cohesive bond between employees and top management. They contribute to a sense of belonging and harmonious relationships within the

workplace. Performance management plays a crucial role in identifying talents and devising strategies to cultivate these abilities, thereby converting the workforce into a valuable human asset. In the pursuit of optimal succession planning practices for ensuring organizational sustainability, a comprehensive approach is essential. Merely selecting top performers for the Talent Pool is insufficient; a holistic perspective is necessary. Integrating talent management practices with succession planning becomes imperative, as both are intertwined with achieving organizational sustainability. Sustained organizational performance growth without compromising the professional and career advancement of employees within the organization is a key aspect of achieving organizational sustainability. Talent management isn't a standalone event but an ongoing continuum that spans from recruitment to departure. It remains active even when employees transition out of the organization, underscoring its enduring nature in nurturing human resources and organizational sustainability.

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