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pISSN 2321-5453
eISSN 2347-5722

Available at: <http://itirj.naspublishers.com>

INNOVATIVE THOUGHTS

INTERNATIONAL RESEARCH JOURNAL

Volume 4
Issue 6 **June 2017**

Indexed / Listed In



SUCCESSION PLANNING IN SMALL AND MEDIUM SCALE INDUSTRIES IN KOTTAYAM DISTRICT

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Abstract

The study intended to find out the succession planning process and to know the demographic profile of the employees who are working in the higher grade positions in the small and medium scale industries in Kottayam district of Kerala state. The research design is descriptive in nature, the method of random sampling is employed for the selection of the sample. The study population consists of 50 managers working in small and medium scale industries. The tool used for the study is succession planning questionnaire and socio demographic data sheet. The collected data were analysed and presented in the form of percentages. The results showed that vast majority of the organizations have no succession planning strategy in the small and medium scale industries in Kottayam district. The study also reveals that most of the managers were degree holders.

Keywords: *Succession planning, Small and medium scale industries, Managers, Socio demographic profile.*

INTRODUCTION

Succession planning includes forecasting leadership gap and recruiting or finding talents within the organization and develops them for filling the leadership gaps. The leadership gaps arise in many ways such as planned retirement, resignation etc. or it can happen quite accidentally like unexpected demise or disease to key personnel. Succession planning enables an organization to face these types of management challenges by maintaining a strong cadre of personnel in different management pipelines. The scope of succession planning is much wider than Talent pool management.

Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the company. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning. Effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan et. al. 2001). Succession planning is a systematic process of planning for the development and placement of people in senior management positions. By identifying leadership talent early and cultivating it through training, mentoring and job rotation, and the organization can establish, maintain and nurture a pipeline of leadership talent – the goal of succession planning. (Jodi Lehner, The world Bank Group)

In the last few years, most organizations have become intensely aware of the need to develop managerial talent from within their organizations. A study ranked the top 10 issues of highest concern

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for human resources leadership development was listed succession planning as the second highest concern. Major corporate initiatives should outline extensive employee recruitment, retention, leadership development, and succession planning programs to increase organizational performance and accountability (Collins and Collins,2007). Succession planning is entirely different from replacement planning because it focuses on forecasting organizational needs and not based upon reactions to an unforeseen event. Succession planning is based upon proactively securing the human resources and it will help to ensure the continuity and prosperity of the enterprises. Each member of the administrative team will need to focus on the skills required by future leaders while developing a succession plan. The skills determined by considering the ever-changing business dynamics in concerned sector (Toolkit, 2004). Support of staff is vital in the succession planning process. Vigilant executives will not view their positions as permanent and they will recognize that the long term success of the company depends not only on their accomplishments, but also on those of the successor (Freeman,2004).

Kottayam is one of the prominent districts in the state of Kerala in India. It has a geographical area of 22 square miles and a population of more than two million. Kottayam is the first town to achieve 100% literacy in India. Industries in the districts consists mostly of small and medium scale units, rubber and wood based products, printing and publishing, food processing, footwear, coir processing industries, and tourism. Rubber tapioca, coconut, pepper and vegetables are the major agriculture produces of the district.

OBJECTIVES OF THE STUDY

1. To identify the practice of succession planning in the respondent organisations.
2. To study the demographic profile of the respondent.

METHODOLOGY

This study intended to find out the respondent profile and succession planning of small scale industries in Kottayam district of Kerala state, India. Descriptive survey design is adopted for this study. The study population is composed of managers of small and medium scale industries. The sample study consists of 50 managers from the industries. The random sampling method is used for the selection of the sample. The collected data are analysed using percentages. The instruments used are;

1. Socio personal Information Sheet
2. Succession planning Questionnaire (prepared by the investigator)

Succession planning questionnaire consists of fourteen items and five responses such as never, infrequently, not sure, frequently and consistently with scores from one to five respectively. The minimum score and maximum score are 14 and 70 respectively.

ANALYSIS AND INTERPRETATION OF THE DATA

Table 1. Age-wise Categorization of the Respondents

Sl.No.	Age (in yrs)	No. of respondents	Percentage
1	< 30	8	16.0
2	31 – 40	13	26.0
3	41 – 50	17	34.0
4	>50	12	24.0
	Total	50	100

An analysis of the above table reveals that 16% of the respondents that is 8 respondents are below 30 years of age. 26% that is 13 respondents are between 31 to 40 years of age and 34% that is 17 respondents are between 41 to 50 years of age, and 24% that is 12 of the respondents are above 50 years of age.

Table 2. Gender-wise Categorization of the Respondents

Sl.No.	Gender	No. of Respondents	Percentage
1	Male	44	88.0
2	Female	6	12.0
	Total	50	100

The gender wise categorization of the respondents shows that majority of the respondents that is 88% of them are men and only 12% that is 6 of the respondents are women.

Table 3. Income-wise Categorization of the Respondents

Sl.No.	Income (p.a)	No. of Respondents	Percentage
1	< 3 lacs	22	44.0
2	3 – 5 lacs	18	36.0
3	>5 lacs	10	20.0
	Total	50	100

An analysis of the above table shows that 44% that is 22 respondents are drawing less than three lacs per annum and 36% that is 18 respondents have annual salary of 3 to 5 lacs and 20 % that is 10 respondents have salary of 5 lacs or above.

Table 4. Educational Qualification-wise Categorization of the Respondents

Sl.No.	Education	No. of respondents	Percentage
1	Undergraduates	9	18.0
2	Graduates	24	48.0
3	Postgraduates	17	34.0
	Total	50	100

The above table clearly reveals that majority of the respondents that is 48% are graduates and 17 respondents that is 34% are postgraduates and only 9 that is 18% of the respondents are under graduates.

Table 5. Experience in the Organisation

Sl.No.	Experience (years)	No of respondents	Percentage
1	0 – 3	6	12.0
2	3 – 6	12	24.0
3	6 – 9	14	28.0
4	>9	18	36.0
	Total	50	100

An analysis of the experience of the respondents in the organisation shows that 12% that is only 6 of the respondents have less than 3 years' experience, 24% that is 12 of the respondents have 3 to 6 years' experience in the organisation. 28% that is 14 of the respondents have 6 to 9 years of experience and 36% that is 18 respondents have more than 9 years of experience in the organisation.

Table 6. Succession Planning Scoring

Sl.No.	Value	Percentage
1	65 – 70	14.0
2	50 – 64	12.0
3	40 – 49	38.0
4	<39	36.0
	Total	100

Table 6 shows succession planning scoring and it is found that 14% of organizations have excellent succession planning and 12% need to focus more on succession planning efforts, 38% of the organizations are at risk and may face potential transition crisis and 36% of the organisations are at serious risk.

RESULTS AND DISCUSSIONS

The study reveals that excellent succession planning practices are followed only in 14% of the organizations. Although 12% of the companies have some sort of succession planning, the remaining majority of the companies are struggling for a viable succession plan and the transition of management to the next generation is at serious risk.

The socio demographic profile of the respondents reveals that majority of them are in the age group of 41 to 50 and vast majority of the respondents are male that is 88%. Most of the respondents, that is 44% draw an annual salary of less than rupees three lakhs per annum, 48% of the respondents are graduates and 36% of the respondents have more than 9 years of experience in the organization.

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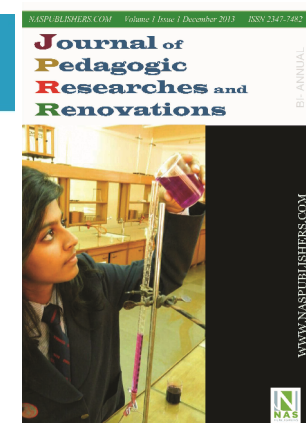
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