

# [Conclusion into succession planning in smes](https://assignbuster.com/conclusion-into-succession-planning-in-smes/)

The present work is a study to establish whether, despite the perceived benefits of succession planning/management, most small to medium-sized organisations fail to nurture sufficient ‘ home-grown’ talent and have to look outside their own organisations to fill key senior positions. A secondary issue raised by the choice of population for the research was whether the IT industry brought its unique perspective to the subject.

Especially in growing firms it is important to adjust the organisational structure on a regular basis. Clear communication what is including a clear definition of responsibilities is a crucial element of the survival of the company and its further growth. A key competency is innovation and on the same time the skill of keeping the adequate bureaucratisation to order the processes. Tolerance for failures and trust between management and staff is elementary for the performance of a young organisation.

During the development and growth of the organisation HR management practices also have to be uptated cuntinually. Every organisations needs a clear model of their workflows and requirements. On the same time training and development should be one of the key responsibilities to keep motivation and innovation alive and to keep the spirit of their employees of moving forward. Rewarding can help in this challenge but is and can not be the main point, especially in young companies, as they dont have the equipment – the high budget.

5. 1 Succession Planning / Management Process

It seems apparent from all the research data that organisations, in general, do acknowledge, if only at an intellectual level, the need for a succession planning system. This appears to hold true as equally for small to medium-size organisations within the IT industry as for organisations in general. Evidence indicates that succession planning came to the fore within the last decade and many of the systems in place today stem from this time.

Latterly, it has been recognised, in line with Hirsch (2000) and Liebeman (1996), that a simple succession planning system is not sufficient to support businesses in today’s fast-moving competitive market place. A more holistic approach, an all-encompassing resource and development processes, is required. This holistic approach is termed ‘ succession management’.

The findings indicate that, in many cases, the process is still hidden away from the majority of employees. This contradicts good practice which recommends visibility and clarity for the sake of employee development, commitment to the process, as well as good employee relations. Coupled with this, the linkage to reward/compensation seems tenuous at least. No matter how good the selection or development processes may be organisations will not retain the high performers if they do not have an appropriate reward strategy. Expectancy theory shows a direct link between effort (performance) and outcomes (reward) and organisations ignore this at their peril.

5. 2 Organisational Commitment

Responses concerning executive and senior team commitment to the process appear to indicate limiting of involvement, to a great extent, to membership of the succession planning teams. Actual participation seems to be extremely scant, with team meetings, in the majority of cases, taking place only annually. There is little evidence to show confirmed commitment by the executives and senior teams to the complete process. This conflicts absolutely with theory and best practice, which puts CEO and senior management commitment at the centre of succession planning. indeed, without genuine CEO support, it is unlikely that any process will have any chance of success.

On the face of it, the position concerning human resources shows quite a different picture with significant amounts of time being given to the succession planning process, albeit less within the IT industry. Employees with a technical bias tend to be more development-oriented and, possibly more accepting of their own responsibility for the development process. Notwithstanding this, on closer examination it appears that the HR contribution is really at an operational level and that strategic involvement, at least within the population surveyed, is non-existent.

The level at which HR representatives appear to operate is incompatible with the role of facilitator outlined in the Literature Review. It does seem consistent, however, with the findings that it is rare for HR directors to have board-level influence.

5. 3 Culture of Development

The data surrounding commitment, supported by responses to a number of questions, serves to sustain the view that control of the succession management process remains even now an area dominated by senior management. This position appears not to have strayed far from the traditional model.

Additionally, the findings of this report support the assumption that the majority of succession planning systems is targeted still at the senior levels within organisations. Furthermore, many companies appear to follow this course at the expense of linkage to organisational strategy.

Quite surprisingly, even within a high technological environment, companies fail generally to make a direct link with organisational strategy, ignoring specialist skills and sourcing difficulties in favour of rank. By so doing, organisations run the risk of focusing on one position, possibly erroneously, at the expense of another.

All the evidence supports the premise that the majority of succession planning systems is run by people for whom the processes apply and that development centres on employees with high potential. There is very little to suggest that the process is starting to broaden to more junior management levels and none at all (expecting a feeling expressed by a minority) to suggest a culture of succession planning, which permeates all levels of the organisation.

This view of the process is supported by the tenure at which organisations identify employees; once again looking to seniority as a signpost for selection. Within the IT industry, however, this selection does appear to come a little earlier. Employees, generally are recruited for specific skills, which make the brightest progress more quickly and arrive in the succession planning zone somewhat sooner. The very bright, who do not progress sufficiently quickly, will leave the organisations.

The responses to the questions concerning employee development, whilst still struggling to advance significantly beyond the senior and middle management positions do show some signs of reaching out to the lower levels in the organisation.

5. 4 Effectiveness of the Process

Data provided in support of senior team tenure was inconclusive, with conflicting data within and without the IT industry. Certainly, within the industry, the data does nothing to support the contention that succession management assists overall retention, although it does seem to indicate reasonable progression paths. This may be the nature of the industry, although somewhat restricted within the small to medium business sector with many owner/founders still in place.

The data provided regarding future retirements within the senior teams, and the provision made with regard to succession planning for these and other members of the teams, appears to indicate a failure of the process at the fundamental level of providing successors. Although, in many cases, this is early days for succession planning, the poor level of internal recruitment is very disappointing. This statistic is all the more telling because there is ample evidence to support the rise of internal advertisements.

More than any other area, the data obtained with regard to the time to fill senior vacancies, is noteworthy. One would have expected significant improvement on recruitment times where succession planning existed and identified internal successors. This is not the case, as the data reported no advantage over the national average; in some cases it was far worse. Coupled with this, retention rates for the organisations overall are not good; pointing to either poor candidate selection or lack of development.

5. 5 Summary

Although the benefits of succession planning are acknowledged almost universally, very few organisations attempt even to extend the process beyond the senior management and, even in these quarters, it is difficult to find really determined commitment.

Whilst good practice points to HR involvement as a pre-requisite of a successful system, by and large this is ignored, with HR participation relegated to the operational and transactional. This evidence, coupled with low internal recruitment and relatively high turnover, does little to contend that true succession planning exists and much to suggest that most organisations only pay lip service to the process.

In conclusion, therefore it seems quite clear that organisations are not using their succession planning processes to good effect and are failing to reap the recognised benefits of internal development. The result of this is a continuing need to access external recruitment with all its uncertainties.

The findings show that the small/medium-size business sector bring its own specific difficulties of lack of available opportunities, and in all probability resource, made worse by possible ‘ resident’ managers. These issues are exacerbated when faced within the IT industry, which carries with it exceptional career aspirations and sometimes unreasonable levels of impatience.

6. Scope for Further Research

Despite these findings, there are some suggestions that development for its own sake, rather than succession planning, is starting to reach further into organisations. This coupled with the really quite optimistic view of a belief in a culture of self-development, whilst not supported conclusively by evidence, does provide some hope for the future.

With the advantage of hindsight expressed in the author’s Personal Reflections, it would be good to revisit this subject, in order to look in more depth at the factors underpinning a successful succession planning/management process. Some areas for further consideration:

Strategic Focus of process: To what extent is succession management integrated to protect strategic business interests?

Focus of employees: How are employees being selected?

Employee Development Process: Are employees being stretched and leadership skills developed to the best advantage of the organisations?

High Performer Remuneration: Do organisations have a robust compensation policy to reward high-performers adequately?

It became apparent during the research for this report that these areas, although exceptionally important, had been overlooked to a large extent during the preparatory work. Obtaining feedback on these questions should give a much better understanding of the work that needs to be done if succession management really is going to come into its own in the 21st Century.

7. Statement of Personal Reflections

The difficulties experienced by me during the compiling of this report came somewhat as a surprise. The relative ease (despite personal company difficulties) with which I undertook the Management Report at the conclusion of my CIPD studies led me to believe that I should be able to carry out this dissertation in a similar manner.

A major problem occurred in the selection of topic, which I found enormously difficult as the company size was small and problems were unusual. In fact, I pursued three separate paths, quite extensively, before deciding on succession planning very late in the day. The main cause of my problem was my search for originality; it took me some time to realise this was originality of thought that was required, not necessarily originality of topic.

Whilst appreciating the inherent difficulties in questionnaires, e. g. poor response, time and effort required chasing down responses; quite possibly, I still would have taken this route. I would have had time, however, in which to frame my research questions more appropriately and undertake a pilot study. I believe that result of this would have been the probable exposure of the inadequacy of the questions; a serious concern for me when analysing the findings.

In spite of this, I do believe that my conclusions are an accurate reflection of how organisations really behave within regard to succession planning, notwithstanding the impression given by initial responses.