

## Effective Strategies for Talent and Succession Management in Corporate Firms

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### Abstract: -

Succession Management is one of the most discussed strategic issues in Family as well as professional business organizations. It is linked with talent management interventions and strategic intent of the corporate firms.

The present study aims to explore and describe the succession strategies prevalent in corporate firms in line with assurance of talent pool availability so as to achieve business continuity in long run. Primary data has been collected in the form of structured questionnaire from mid and top level HR professionals working with registered firms in India. Data has been collected from both Group affiliated Firms (GAFs) and Standalone Firms (SAFs). A descriptive statistical investigation has been performed to extract different inferences.

This study provides insight that *Career Aspiration Management (CAM)* and High Potential Talent Management (HIPOTM) are crucial variable related to talent management activities and their linkages with succession activities in Corporate Firms. It helps in ensuring right way to succession planning in corporate firms. This is one of the unique study which attempts to link the succession management with talent strategies utilized by corporate firms. Study signifies the relevance of firm's involvement in developing the talent pool for potential strategic and leadership roles. HIPOTM is new term coined in the area of succession and talent management.

**Keywords:** Talent Management, Succession Management, Corporate Firms, Succession Planning, Strategic HRM

### Introduction:

In strategic human resource management (Strategic HRM), the world talent management signifies the value of people resources as a source of competitive advantage. Thinking talent management with a view of effective succession planning can offer many advantages to corporate firms. In this exploratory cum descriptive research, it is attempted to offer an analysis of talent management activities which ensures bench strength development in corporate firms.

Having a dynamic leadership bench is linked to strong corporate identity for a firm. Leadership transition is crucial aspect of any firm as it decides the current as well as future performance roadmap to any company. In strategic human resource management, the term, 'Talent' mostly used in the sense of management of talented employees who serve to critical or strategic roles within the organization (Vardi & Collins, 2023). It is important to nurture and develop people who can handle the critical vacancies in the organization whenever it needed or a time of organizational emergency. It has direct relationship with succession planning and management in the organization. Even, it is found that Talent Management (TM) can be a topic that emphasises psychological responses (Tanaka & Ishiyama, 2023).

Succession Planning can be defined in terms of successful talent management which offers replacement planning as a tool to ensure availability of capable people on critical roles (Rothwell, 2011). Career and succession management are

part of the Talent management system of the organization (Jindal & Shaikh , 2020 ). Talent preparedness is critical for efficient and effective leadership. Furthermore, research and academia have demonstrated that talent agility is crucial for organisational development, growth, and sustainability (Martin, 2015). Having a talent pool is essential to ensure timely availability of professional managers who can handle emergent positions in case sudden requirements. The term "talent pool" refers to a pool of high potential and high performance incumbents from which the organisation can draw to fill critical talent jobs (Collings & Mellahi , 2009).

### **Effective Talent Management Strategies**

Effectiveness in TM can be achieved if organization has a solid plan of action to fulfil the critical roles on a timely manner. HR department, CEO and Board members can formulate such policies which might be useful in retaining those candidates who are performing or have higher potential to contribute in the growth story of the organization. Talent identification, talent development and retention will be effective one if it offers overall benefits to the organizational sustainability and cutting the cost, time to take a position to lead and overall contribution in setting the work culture through visionary leadership. Succession Planning (SP) has linkage to Organizational talent pool development and hence policies, procedures and system related to TM activities have wider impact to the organizational performance and growth.

### **Literature Review:**

According to Yildiz & Esmer (2023), "Talent management is a developing field with key functions such as talent planning, talent identification, talent attraction, talent acquisition, talent development, talent deployment, and talent retention." It is important to understand the organization wide practices relevant to Talent Management (TM). Organizations can sustain in long run when they ensure proper succession at top level positions. Thus, succession planning is also linked with talent management activities of the business corporations. Developing talent pool is critical aspect for business continuity. In a research, it has been observed that work life balance (WLB) is essential to engaging and retaining talented staff (Deery & Jago, 2015). It implies that survival of organization also linked to strategies promoting retention of capable employees within an organizational setting.

It is quite challenging and hectic task for organizations to replace a leader on a sudden if situations and business dynamics demand for the same. Businesses may face challenge at a time of natural succession (superannuation), key person risk (when an important leader leaves the organization) etc. and succession planning may provide a solution to the organization by ensuring bench strength (Decrevel, 2018). Roles shift as the needs of the business emerges. People's employment requirements alter as their situations demand for the same. It's necessary to fill open positions in organisations all the time. But some positions are more crucial than others, and it is impossible to keep them unfilled for an extended period of time without harming the organization (Fuhl, 2020).

Upadhye & Kulkarni (2023) concluded that "The basis of the global economy is commerce. There are and will be non-family persons entering the clan and taking the firm ahead if the next generation (Gen Z) of family-owned businesses is not very motivated to operate their setups. Organisations are slowly beginning to recognise the value of mentoring dynamic managers. Times are shown that successful CEOs are effectively managing the firm even they don't belong to any family legacy of business."

Agnihotri, Sareen & Sivakumar (2018) observed that "Competency mapping is being adopted by businesses for a number of HR-related tasks, including recruitment and selection, performance appraisal, performance management, career and succession planning, training and development need analysis, and retention strategy." Competency mapping is linked to identifying high potential candidates in organizations.

### **Research Objectives**

- 1) To explore the linkages of Talent management strategies and Succession Planning in Corporate Firms
- 2) To identify the prominent factors contributing to talent management in Corporate Firms

**Hypotheses**

H10: Firms having *readymade succession plan* do not work upon *identifying the HIPO candidates*

H11: Firm having *readymade succession plan* do work upon *identifying the HIPO candidates*

H20: Having a sound *Performance Management System* does not relate to firms engaged in considering the *internal candidates for filling up top management positions*

H21 Having a sound *Performance Management System* relates to firms engaged in considering the *internal candidates for filling up top management positions*

**Methodology:**

The population of study targeted to firms trading in NSE and BSE stock exchange in India excluding the public sector enterprises. The data collected during July 2022 to December 2022 through structured questionnaire in the form of Google link. The sampling frame includes corporate firms operating from more than 05 years in Indian stock market. The respondents include top level executives working in HR domain and heading the top level profiles. The sample size is 120. Data Tab online (Subscribed tool) has been utilized to test the hypotheses. The reliability of 08 items of questionnaire was 0.69. Expert suggestions have been incorporated to check the content validity of scale in the present study.

**Results**

**Data Analysis and Interpretation**

**Hypothesis Testing for H10**

As outcome variable, *Readymade succession plan* is a binary one (categorical data) and predictor, *Formal system\_ identifying high potential individuals (HIPO)* is in metric form so binary logistic regression analysis was performed. The test results are as follows:

**Table -1**

Total no. of cases	Correct Assignments	In Percent
120	114	95%

**Table-2**

**CLASSIFICATION TABLE**

Observed		Predicted		
		0	1	Correct
	0	25	2	92.59%
	1	4	89	95.7%
	Total			95%

**Table-3**

**CHI-SQUARED TEST**

Chi <sup>2</sup>	Df	P
87.91	1	<.001

**Table -4**  
**MODEL SUMMARY**

-2 Log-Likelihood	Cox & Snell R <sup>2</sup>	Nagelkerke R <sup>2</sup>	McFadden's R <sup>2</sup>
40.05	0.52	0.79	0.69

**Table-5**  
**BINARY LOGISTIC MODEL**

	Coefficient B	Standard error	Z	p	Odds Ratio	95% confidence Interval
Formal system_ identifying high potential individuals (HIPO)	2.31	0.42	5.56	<.001	<b>10.12</b>	4.47- 22.87
Constant	-4.8	1.03	4.65	<.001		

The binary logistic model was significant ( $\chi^2(1) = 87.91, p < .001, n = 120$ , table-3). The table -4 , model summary shows that the robustness of the logistic model obtained.

The coefficient for the predictor, *Formal system\_ identifying high potential individuals (HIPO)* is 2.31 (Table -5, binary logistic model). This value is positive one. It means that an increase in the predictor would be associated with an increase of possibilities that a firm having readymade succession plan will also engage in HIPO identification. As p – value of less than .001 indicates that influence of predictor in the binary logistic model is statistically significant one. Explaining the odds ratio( exponential B) , it results that one scale increase in predictor , *Formal system\_ identifying high potential individuals (HIPO) would increase the possibilities 10.12 times that firm would engage in having a readymade succession plan. The alternative hypothesis will be accepted and it can be interpreted that Firm having readymade succession plan do work upon identifying the HIPO candidates in corporate firms.*

**Hypothesis Test for H20**

**Table-6**  
**VALID CASES**

	Valid cases
Number	120

**Table-7**  
**TEST FOR NORMALITY OF SAMPLE PERFORMANCE MANAGEMET SYSTEM**

Test of normality of Data	Statistics	Probability (p) value
Kolmogorov-Smirnov (KS test)	0.36	<.001
Kolmogorov-Smirnov (Lilliefors Corr.)	0.36	<.001
Shapiro-Wilk (SW)	0.76	<.001

Anderson-Darling( AD)	12.97	<.001
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**Table-8**

**TEST FOR NORMALITY OF SAMPLE INTERNAL CANDIDATES FOR FILLING UP TOP MANAGEMENT POSITIONS**

Test of normality of Data	Statistics	Probability (p) value
Kolmogorov-Smirnov	0.32	<.001
Kolmogorov-Smirnov (Lilliefors Corr.)	0.32	<.001
Shapiro-Wilk	0.77	<.001
Anderson-Darling	10.43	<.001

Sample data utilized to test the hypothesis (H20) by Pearson correlation Analysis have properties of normality (Table -7 & 8).

**TABLE-9**

**PEARSON CORRELATION ANALYSIS RESULT**

	Coefficient of correlation ( r )	p ( 2-tailed)
Performance Management System and Internal Candidates for Filling up the top management Positions	-0.07	.476

Table-9 offers insight that there is no significant relation exists between, negative correlation between variables, *Performance Management System and Internal Candidates for Filling up the top management Positions (r (118) = -0.07, p= .476)*. There is a negative association between *Performance management system and internal candidates for filling up top management positions in this sample*. This result may be contrary to the general believe that companies work upon performance management to offer promotion to internal employees to top level executive positions. It offers insight that internal succession of candidates do not necessarily linked to existing performance management policy of corporate firms.

**Analysis for Objective 02**

Principal Component Analysis was performed to reduce the most prominent factor (A total 07 factors were taken into consideration) contributing to talent management and its linkages to succession management activities of the corporate firms. The following results obtained,

**Table-10**

**KMO and Bartlett test for Sampling Adequacy**

Kaiser-Meyer-Olking Measure ( KMO) of Sampling Adequacy	0.75
Bartlett's Test of Sphericity Approx. Chi-Square	310.65
Df	21
Significance according Bartlett	0

**The criterion for no. of factors to be extracted is set on 02 factors.**

**Table-11**

**CORRELATION MATRIX**

Formal system to assess the Career	time and resources for framing Individual Development Plan	Performance management system	Formal system_ identifying high potential individuals	Executives hired on top management level go	Standard talent review process exists	Sponsors _Outside development programs
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	Aspiration			(HIPO)	through formal development program		
Formal system to assess the Career Aspiration	1	0.62	0.26	0.48	0.33	0.46	0.31
time and resources for framing Individual Development Plan	0.62	1	0.54	0.49	0.27	0.5	0.29
Performance management system	0.26	0.54	1	0.55	0.41	0.31	0.28
Formal system_ identifying high potential individuals (HIPO)	0.48	0.49	0.55	1	0.52	0.57	0.37
Executives hired on top management level go through formal development program	0.33	0.27	0.41	0.52	1	0.54	0.23
Standard talent review process exists	0.46	0.5	0.31	0.57	0.54	1	0.32
Sponsors _Outside development programs	0.31	0.29	0.28	0.37	0.23	0.32	1

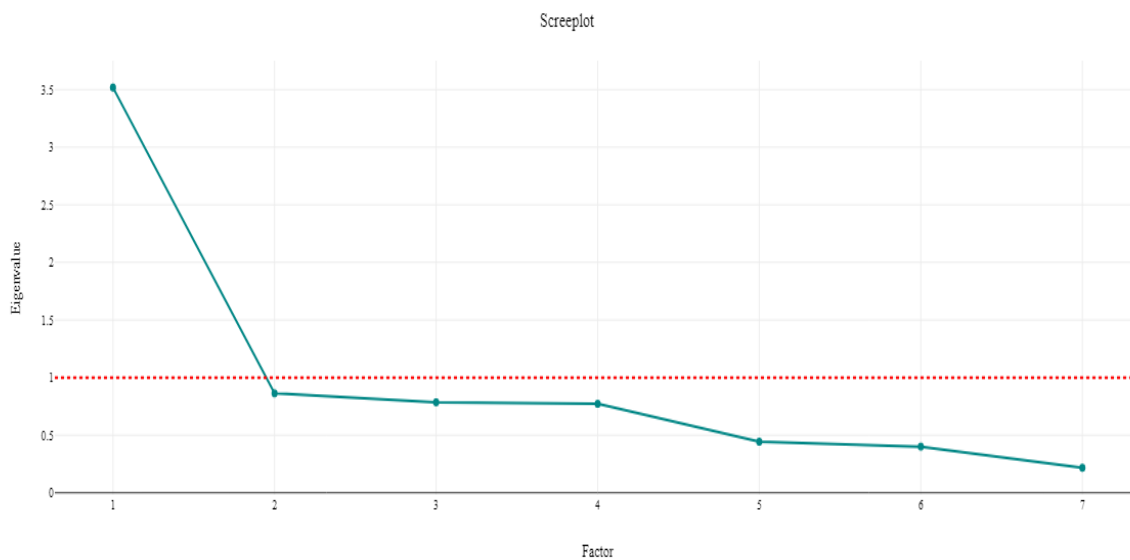
**Table-11**  
**Explained total variance**

Component	Total	% of variance	Accumulated %
1	3.52	50.25	50.25
2	0.86	12.33	62.58
3	0.79	11.22	73.81
4	0.77	11.03	84.84
5	0.44	6.33	91.17
6	0.4	5.73	96.9
7	0.22	3.1	100

Factor 1 itself explaining around half of the variance and considering the factors 2, 3 and 4 accumulating approx 85% variance explained. It provides insight that factor 1, 2, 3 and 4 are contributing maximum to succession management practices adopted by corporate firms.

**Graph-01**

**Scree Plot**



Only factor 01 has Eigen value greater than 1 and values of Eigen for factors 2, 3 and 4 are closer to cut-off point 1. Thus, these 04 factors can be taken for explaining the succession planning process in Indian corporate firms.

**TABLE-12  
COMMUNALITIES**

	Extraction
Formal system to assess the Career Aspiration	<b>0.7</b>
time and resources for framing Individual Development Plan	<b>0.75</b>
Performance management system	0.48
Formal system_ identifying high potential individuals (HIPO)	<b>0.7</b>
Executives hired on top management level go through formal development program	<b>0.8</b>
Standard talent review process exists	0.6
Sponsors _Outside development programs	0.34

As values greater than 0.7 or equal to 0.7 indicates ideal factors contributing to the factor model to assess succession planning & management are *formal system to assess the career aspiration, time & resources for framing individual development plan , HIPO identification and Executive go through the formal development program.*

**TABLE-13**  
**COMPONENT MATRIX**

	Component	
	1	2
Formal system to assess the Career Aspiration	<b>0.71</b>	-0.45
time and resources for framing Individual Development Plan	<b>0.76</b>	-0.41
Performance management system	0.68	0.15
Formal system_ identifying high potential individuals (HIPO)	<b>0.82</b>	0.17
Executives hired on top management level go through formal development program	0.67	0.6
Standard talent review process exists	<b>0.76</b>	0.16
Sponsors _Outside development programs	0.53	-0.24

**TABLE-14**  
**ROTATED COMPONENT MATRIX (VARIMAX)**

	Component	
	1	2
Formal system to assess the Career Aspiration	<b>0.82</b>	0.17
time and resources for framing Individual Development Plan	<b>0.84</b>	0.24
Performance management system	0.38	<b>0.58</b>
Formal system_ identifying high potential individuals (HIPO)	0.47	<b>0.69</b>
Executives hired on top management level go through formal development program	0.06	<b>0.89</b>
Standard talent review process exists	0.44	<b>0.64</b>
Sponsors _Outside development programs	0.54	0.2

On the basis of optimal rotation in the table -14, we can give some name to extracted component-1 ( Correlation values , 0.82, 0.84 ) as **Career Aspiration Management ( CAM)** and component- 2 ( Correlation Values , 0.58,0.69,0.89and 0.64) as **High Potential Talent Management ( HIPOTM)**. **This matrix explores highly crucial variable related to talent management activities and their linkages with succession activities.**

#### **Discussion:**

Findings offer insight that CAM and HIPOTM can be taken as lead function while designing an effective succession plan in place by the corporate firms. Even, managing top performing potential candidates should be a vital part of succession management program design. A larger sample may offer more accurate insights on prevailing trends in succession management and talent development. Even, there is lesser theoretical support available for the study in the context of succession strategies in standalone firm rather family firms. Executive reservation is again a problem to get prudent view on succession and talent management in the present study.

The findings of this paper can be utilized to develop thorough business policy which promotes succession management in corporate companies. Variables under this study can be taken into considerations while designing teaching case



related to succession planning & management. Effective succession plan may provide a long lasting corporate identity to the firms.

**Conclusion:**

The present study suggests that CAM and HIPOTM are the prominent factors in relation to talent management in Corporate Firms. It signifies the importance of firm's involvement in developing the talent for potential strategic roles. Succession Planning & Management (SPM) also depends on variables like performance management system, talent review system and organizational support to make the employees more capable in performing the challenging organizational tasks. Study reveals that Internal Candidates for filling up the top management Positions may not be always a preferred choice to leadership positions in corporate firms. It indicates that companies might hire external professional manager who can lead the organization in various capacities without any personal or biased interest. Choice to hire an external candidate may provide a leadership system which is unbiased and don't work in any pressure exerted by intra-organizational group or peer pressure. Succession Management strategies might be vary with firm specific interventions and influences imposed by micro and macro business environment.

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All relevant and concerned contributors have been listed in chronological order in this paper.

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