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How are Companies Engaging Employees in the Succession Planning Process, and What are the Potential Benefits or Concerns Related to Increased Transparency?

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How are Companies Engaging Employees in the Succession Planning Process, and What are the Potential Benefits or Concerns Related to Increased Transparency?

Abstract

[Excerpt] With today's movement for a more transparent employee experience in the workplace, it is important that companies engage in succession planning whereby employees are more involved. Employers must be willing to both express an employee's potential and also work with them to achieve it. The advantages, disadvantages, and consequences of transparency in succession planning are examined. (Note: General research on this topic is limited; strong, explicit international research on succession planning is not available and therefore not provided.)

Keywords

Human Resources, succession planning, transparency, employee experience, workplace, succession planning, high potential, culture, performance management, HIPO, talent, talent management

Comments

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Research Question

How are companies engaging employees in the succession planning process, and what are the potential benefits or concerns related to increased transparency?

Introduction

With today's movement for a more transparent employee experience in the workplace, it is important that companies engage in succession planning whereby employees are more involved. Employers must be willing to both express an employee's potential and also work with them to achieve it. The advantages, disadvantages, and consequences of transparency in succession planning are examined. (Note: General research on this topic is limited; strong, explicit international research on succession planning is not available and therefore not provided.)

Transparency in Succession Planning: The Good, the Bad, the In-Between

There is great debate on whether organizations should tell their employees they are considered "high-potential." In a survey completed by 80 top leadership development companies, 34 percent of these companies said they do not actively inform their employees of the level of potential they have been designated¹. This lack of transparency is partly due to the fear of disenfranchising non-high potential employees, or the 'B' players, who perform well but lack the skills to transform. Concerns about placing additional pressure on high-potential employees, inflating their sense of entitlement, and having unrealistic expectations of fast advancement are additional reasons for why transparency in succession planning is avoided. Further, companies fear that having a more transparent process could lead to declines in productivity, profits, and a spike in turnover among 'B' players.

There are great advantages to being more transparent in the process. In a study conducted by The Center for Creative Leadership (CCL), 199 of leaders who attend CCL's developments programs were asked to identify what they thought about being told of their status in succession planning. 77% placed a high degree of importance on being formally identified as 'high potential' in their organization². For employees, formal high-potential identification is a form of feedback signaling they are performing well, as well as a form of recognition. For employers, a more transparent process of succession planning facilitates open discussion around what skills and development needs are needed for the employees to succeed^{3 4}.

Informally notifying employees of their high-potential status is not necessarily bad, but it is more beneficial for both groups when high-potential identification is formally done^{1 2}. Whether informally or formally told, "high potentials in general respond positively about the recognition and opportunities they receive from their organization"¹. Furthermore, formally told high-potentials receive greater development opportunities, mentoring, and special assignments that allow them to develop more so than informally told high-potentials.

Employee Engagement and Behavior in Transparent Succession Planning

Transparent succession planning leads to increased employee engagement, positively influencing employee behavior. In a survey launched by an employee engagement firm, respondents reported that a "lack of transparency and information to do the job" is the third highest factor in decreased employee productivity⁵. Increasing the level of transparency in an organization's culture is thus critical in driving desired behavior. This specifically involves communicating frequently and openly with employees – particularly in succession planning. The CCL study revealed that when high-potentials are aware of their status, they are motivated to continue developing and performing, positively driving behavior; with 96% of respondents agreeing that they are motivated by their jobs, it

is clear that a high-potential knowing they are being invested in for future roles increases engagement. It is important to note that informally identified high-potentials, while still expressing high levels of job motivation, are 19% more likely to be actively seeking other employment than formally identified high-potentials ⁶.

Succession Planning Transparency in Action

PepsiCo's Potential Leader Development Center – Employees are invited (based on performance and tenure) to participate in a multi-method assessment approach identifying and developing high-potentials. Fully aware of the purpose behind participating, PepsiCo reports participants are highly satisfied with the program regardless of their high-potential score, with no significant negative effect on organizational commitment.

BT Group's "Talent Deal" HIPO Recognition Strategy – The organization formally identifies high-potentials and creates a "talent deal" whereby they are provided a suite of organizational commitments that are tied to a specific set of expectations the organization establishes. Annual reviews ensure obligations and opportunities of development remain present.

Corning's Transparent Talent Planning Process – To evolve the culture of succession planning, the global company has stored talent profile data through an organization-wide database where leaders all over the world have access to talent they would otherwise not know. This cultural shift in transparency is further aided by encouraging open discussions between managers and employees to better align their expectations for the future.

Recommendations

There is convincing evidence that the benefits of transparency in succession planning outweigh the potential risks. To have a proactive transparent succession plan, we recommend the following:

1. Rebrand succession planning as a transparent process, informing the entire organization of your intentions for a more inclusive talent planning process. This signals inclusion and a desire from leaders to better communicate and understand their employees and their talents.
2. Communicate explicitly the expectations by which high-potentials will be held, clarifying the duration for which they will be considered for promotion, and explaining the objective metrics and criteria involved in making the decision to promote.
3. Offer support throughout the process and check in with high potentials on a weekly basis to offer open conversation and feedback on developing their skills and accomplishing assignments that will take them to the next level.

It is important to not forget the potential negative aspects in transparency in succession planning. As mentioned, employees' newfound status may lead to a sense of entitlement, pressure to perform extraordinarily well, or feel insulted they are not designated "high-potential." With our proposed recommendations, employees are informed that expectations and duration of a 'high-potential' status is not permanent; communication, support and feedback is open and frequent; and high-potential status, or lack thereof, is not a permanent designation and can be attained partly by engaging in career conversations that reveal employer-employee aspirations and intentions. Indeed, there is significant investment and commitment that needs to be made from both the organization and employees if the shift for a more transparent talent planning process is to be successfully done.

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