



A STUDY IN UNDERSTANDING THE IMPACT OF SUCCESSION MANAGEMENT ON SMALL AND MEDIUM ENTERPRISES FOR CORPORATE SUSTAINABILITY

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Abstract

Small and medium-sized businesses in India and other regions have been confronted with a substantial challenge in the form of strategic succession. This process is the deliberate transfer of operational, management, and ownership responsibility from the founders to the subsequent generation. At the same time, there is a growing understanding that older professionals should be responsible for developing, guiding, and include younger professionals in new duties in order to gradually manage company operations and assure continuity. In order for businesses to ensure their continued success in the future, it is necessary for them to acquire, keep, and cultivate potential partners or talent inside their own ranks. This is because the present dynamics in the business world require it. However, despite the decision to transfer leadership between generations and, consequently, changes in market conditions, succession management has primarily been disregarded. This occurred despite the fact that the decision was made.

Keywords: *Succession Management, Sustainability, Competitive Advantage.*

Introduction

The vast majority of people have a propensity to undervalue the relevance of small and medium-sized businesses (also known as SMEs). Many countries all across the world that are developing and emerging. The contributions they make and the value they bring to the table as a means of addressing the growing problems of poverty and unemployment, the cultivation of reverence was undertaken. Small, micro, and Companies, unfortunately, suffer from a lack of endurance; only a tiny proportion of them are able to survive to the second generation, and even fewer survive to the third generation. According to **Nwaise, (2017)**, the number of people who continue to advance to the third level is decreasing. The failure of many small and medium-sized enterprises (SMEs) can be attributable to According to **Monyei, (2020)**, the primary reason for the failure of succession planning is the incapacity of small businesses to manage the complicated process of handing over ownership and management to the next generation in an efficient and effective manner.

According to **Hakovirta (2020)**, insufficient managerial performance is necessary for the successful operation of a small to medium-sized business. When it comes to succession planning, there is more to it than merely filling the highest-ranking posts. The utilization of talent management in this manner is a wise step. Put into action a plan that will guarantee that the talented people that is retained within the business will continue to be aligned and will guarantee that This particular firm is in possession of the resources that are required to properly adapt to the surroundings that are always changing. Develop an understanding of the modern-day corporate environment (**Bansal, 2017**). The importance of finding a way to ensure a smooth transition of power has reached a very high level of recognition in the field of literature. Organisations are able to choose the appropriate candidates for succession by putting succession planning into action. The individuals working for the company who possess the mentality necessary to assume managerial, ownership, or leadership roles there. Therefore, the corporation is able to fulfill its role as a viable entity and carry out its functions (**Ruban, 2021**).



Meseguer-Sánchez (2021), contend that the concept of business sustainability is not only relevant in the modern world but also has a solid foundation in verifiable evidence. During that time period, the authors state that the early emphasis placed on business sustainability with regard to society and social concerns was interpreted as a responsibility towards stakeholders. On the other hand, they highlight the fact that early corporate sustainability was primarily concerned with environmental management, which is distinct from the contemporary case for environmental preservation, which has grown to include economic development, which is today recognized as sustainable development. Furthermore, they underline that when discussing the sustainability of corporations, the company is also enmeshed into the social and environmental systems that it operates within **Bebbington (2018)** in his nomothetic study that the notions of corporate and sustainability have several roots and implications, which calls into question the homogeneity that exists between them at the present time. Furthermore, they say that their convergence resulted from the use of strategic strategies to solve environmental and corporate sustainability challenges. It makes it easier to make strategic decisions that are in line with the prevalent neoclassical perspective of small and medium-sized enterprises (SMEs) as organizations that are focused on making a profit.

Resource-Based View

Wernerfelt is credited as being the person who first used the word in its current sense. This is despite the fact that a number of academics have made contributions to the development of the resource-based view of strategy. A company can be characterized as a collection of resources that are essentially constrained to a condition of semi-permanence, as stated by the author that was referenced. Within the context of a company's Resource-Based View (RBV), the internal environment is regarded as a significant component in determining the company's competitive advantage. It takes into account the resources that the company has developed in order to perform functions within the industry in an efficient manner. Since the 1980s, the focus of research investigations has switched from the industrial structure, which encompasses the five forces model and the structure-conduct-performance (SCP) paradigm, to the internal structure of the organization. The Resource-Based View (RBV) is comprised of two fundamental components: experiences and resources. This internal structure is comprised of both of these components. Furthermore, the Resource-Based View (RBV) discovered that the resources that an entity possesses, uses, and deploys are significantly more essential than the industrial structure that such an entity possesses.

Review of Literature

The provision of replacements in case of emergencies or the development of short-term succession plan; organizational talent management or long-term strategic planning for the organization; and an amalgamation of the approaches that were discussed earlier.

Certain businesses require the participation of each and every employee in the vital evaluation process in order to select the candidate who is the best fit for meeting the organization's future requirements. In the event that an organization has the objective of developing its leadership from the pool of talent that it already possesses, succession planning becomes an essential component of its long-term human capital strategy. The presence of specialized personnel or a pool of skilled individuals that facilitates the identification and cultivation of future indispensable talents for the functioning of the organization is one of the advantages of this strategy (**Rosenthal, 2018**). Another advantage is the ability to be able to attract and retain personnel through the utilization of internal capabilities.



The concept of corporate sustainability refers to the view that firms and the business leaders who oversee them have duties that extend beyond the pursuit of financial gain. Having a comprehensive understanding of the definition of corporate sustainability, as supplied by **Guo (2018)**, is made possible by gaining an understanding of the current application of corporation sustainability. In their definition of business sustainability, the authors define it as the capacity of a firm to fulfill the obligations of the present without endangering its capacity to fulfill the requirements of the future. This investigation, while unquestionably borrows on the concept of sustainable development, is limited to the organization as its subject matter. The company's stakeholders, who have direct authority over the company's operations, finances, or market, are growing increasingly concerned about the situation. There is not the slightest hint of ethics anywhere in the term either. They contend that the environment is not specifically addressed, despite the fact that there appears to be an underlying pragmatic consensus that business sustainability incorporates environmental, social, and economic organizational benefits.

According to the findings of the study by **Abeysekera (2018)**, the length of time an employee is employed at Covenant University is mostly determined by the prospects for career progression that are available. Therefore, it is absolutely necessary for members of the staff to acquire the necessary skills in order to make progress toward meeting the succession criteria of the university, which will ultimately ensure the institution's continued viability over the long term.

The focus of this approach is on a pressing requirement, such as the requirement to find suitable replacements for employees who are leaving the firm. In addition, the model of long-term personnel management or planning is based on a strategic framework that determines the future goals of an organization, the important activities that are required for growth, and the ideal employees who are capable of carrying out those responsibilities (**Hanaysha, 2016**).

Methodologies

Using a qualitative research methodology, the study gathered internet reviews by means of user-generated material extracted from several websites. The researchers has used different secondary data sources like EBSCO, ProQuest, Google scholar in order to collate the necessary articles and documents for the purpose of the study. The researchers have collated nearly 152 journal articles from the sources based on the keywords like “succession management”, “Growth indicators”. “Sustainability” etc. these were chosen based on the topic of the study. The researchers then shortlisted 39 articles from the available journal database for the study, the researchers has then finalized 19 journals and uses them to understand the conceptual framework and build the study.



Total Articles identified from
different database [N = 152]

Articles selected based on
keywords, abstract [N = 42]

Total articles included in the
studey [N = 21]

Discussion

The ability to effectively manage succession is absolutely necessary for the continued existence of small and medium-sized businesses (SMEs). Especially in businesses that are closely held or owned by a family, where the absence of a key member could potentially lead to instability, effective succession planning helps limit the risks that are connected with leadership changes. Having a succession management strategy that is precisely organized guarantees that leadership is continually revitalized with personnel that not only embody the principles and culture of the company but also bring innovative ideas and insights (Fehre, 2018). This particular dynamic has the potential to greatly improve the long-term viability of small and medium-sized businesses (SMEs) by significantly enhancing their resilience to both internal disturbances and changes in the market. The long-term viability of small and medium-sized enterprises (SMEs) is not, however, guaranteed by succession management. In many cases, the success of these initiatives is contingent upon the organization's capacity to strike a balance that is both harmonious and harmoniously balanced between the preservation of existing institutional expertise and the introduction of new talent (Madden, 2020). The failure to adequately manage successions can result in the loss of strategic direction, worker morale, and shareholder confidence, which in turn puts the company's capacity to remain in business in jeopardy. Furthermore, in the context of small and medium-sized businesses (SMEs), where resources may be limited, the implementation of effective succession planning can be capital-intensive. As a result, it offers the possibility of redirecting cash and focus away from other crucial aspects of the organization.

Furthermore, succession management has a substantial impact on a number of indices of company performance, including the growth of revenue, the expansion of market share, and the power to innovate. In order to ensure that leadership is appropriately trained and strategically aligned with the growth objectives of the firm, effective succession management can promote seamless transitions and uninterrupted corporate operations. This is accomplished by ensuring that leadership is adequately trained (Liu, 2020). When new leaders are brought on board, they will bring with them creative ideas



and tactics, which could potentially lead to growth that is either consistent or even accelerated. In addition, the implementation of a proactive strategy for succession management can assist in the identification and cultivation of potential leaders from within the organization, so contributing to the development of a culture that values learning and development. As a consequence of this, it has the potential to improve several essential areas of business expansion, including staff participation, worker retention, and operational efficiency. In highly competitive markets, succession management plays an essential part in the maintenance of connections with consumers, suppliers, and other stakeholders, all of whom are essential for the continuing expansion of the economy. An alternative possibility is that the impact of succession management on measures of corporate expansion may be limited if the process is not managed with the requisite caution and proactive planning (Dorobantu, 2017). If succession were to be viewed only as a procedural need rather than a strategic imperative, then it would not be sufficient to adequately prepare future leaders for the difficulties that they will face in the future. Furthermore, a narrow focus on internal succession without taking into consideration international candidates might lead to stagnation because it may hinder the adoption of creative ideas and practices that are important for growth in a business environment that is continually changing.

It is possible for small and medium-sized enterprises (SMEs) to have a considerable competitive advantage brought about by their ability to effectively manage succession. A succession plan that has been thoroughly prepared may be able to ensure that the company continues to maintain a strategic advantage by assigning persons to leadership roles who not only display competence but also have significant experience of the organization and the competitive landscape in which it operates. This is of utmost importance in small and medium-sized businesses (SMEs), as the success of the company frequently depends significantly on key personnel whose distinctive viewpoints and relationships can provide a competitive advantage. The preparation of the organization for future possibilities and challenges is another component of an effective strategy for succession management. The ability of small and medium-sized enterprises (SMEs) to more precisely foresee market trends, adapt to changes, and exploit new opportunities more swiftly than their competitors is brought about by aligning changes in leadership with long-term strategic objectives. The ability to maintain a competitive advantage in the fast-paced business climate of today is strongly dependent on the ability to be agile (Xing, 2019). On the other hand, the degree of success that succession management may achieve in terms of providing a competitive advantage is significantly impacted by the efficiency of the process of succession planning. It is possible that the efficiency of succession management could be hindered by factors such as insufficient transparency, inadequate preparation, or resistance to change. If the process is carried out without taking into account or disregarding the ever-changing demands of the market, it may result in leadership decisions that are not in line with the strategic goals of the company, so putting the business's competitive position out of reach.

Conclusion

When it comes to boosting the long-term viability, growth, and competitive advantage of small and medium-sized businesses (SMEs), succession management is of the utmost significance. The ability to ensure continuity, stimulates innovation, and maintains their market share is made possible for small and medium-sized businesses (SMEs) through the implementation of effective strategic planning of leadership transitions. The success of succession management, on the other hand, is contingent upon careful planning and a close alignment with the long-term goals of the organization. The proper implementation of succession management not only protects the operations that are currently being carried out by the company, but it also places the organization in a position to achieve future success in a business environment that is continuously shifting.



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