MEASURING THE VALUE OF SUCCESSION PLANNING AND MANAGEMENT:
A QUALITATIVE STUDY OF U.S. AFFILIATES OF FOREIGN MULTINATIONAL COMPANIES

A Thesis in
Workforce Education and Development

by

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ABSTRACT

The purpose of this study was to offer a framework for placing value on succession planning and management in a business organization and to investigate the unique features of succession planning and management in foreign-owned companies in the U.S., especially U.S. affiliates of Asian-based multinational corporations. Four major themes emerged from conducted telephone interviews. The seven companies participating in this research considered their succession planning and management as corporate key strategies and established multiple objectives. Although, the level of sophistication of succession planning and management varies, implementation of a succession planning and management program follows four phases: initial, assessment, development and evaluation. Identification of measuring items for a succession planning and management program resulted in two categories: measurement of succession planning and management in process and measurement of its outcomes. The implication of the study suggests possibilities for several models and approaches, including expanding succession planning and management vertically by implementing technical succession planning, applying balanced scorecard approach in evaluating succession planning and management, and use of a contingency matrix in global succession planning and management. A key limitation of the study was the limited number of participants and data source, which requires further future research.
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Chapter 1

INTRODUCTION

This chapter provides an introduction to this study. The first section describes the background of the study. Second section highlights the purpose of the study. This section includes a description of the identified problem and reasons for conducting the study. Research perspectives of this study appear in the next section. The fifth section presents the research questions, followed by definitions, assumptions and the significance of this study. The fifth section presents the limitations of this study.

Background

The term “succession planning” has been used to describe a wide variety of activities that involve planning for key transitions in leadership within organizations (Garman & Glawe, 2004). Recently, succession planning and management have become very popular topics in the human resource management and development field. HR researchers and practitioners are continually looking for ways to start or improve talent management programs, to determine what to focus on in these types of programs, and how to do it correctly (Bucher & Kelly, 2005). Many academic and non-academic journals have devoted significant space to articles on this topic and related concerns. In addition, numerous surveys have highlighted the importance of succession planning and management. According to the Conference Board survey, succession planning and
management are among the major concerns of CEOs (Berenbeim & Conference Board., 1995; Kramer, 2000, 2003). In 1999, a survey by Sibson & Company and McKinsey & Company showed that organizations with better operating statistics are more likely to have succession management programs (Byham, Smith, & Paese, 2002). Of course, correlation does not mean causation. More recently, Garman and Glawe (2004) reported that about 40% to 65% is estimated of number of organization with formal succession planning processes in place.

Obviously, succession planning and management are essential to the future survival of organizations. In the 1980s, many studies centered on CEO succession practices and attendant issues. In those days, succession planning/replacement planning was the conventional term (Carnazza, 1982). In the 1990s, succession planning expanded its focus from CEOs alone to include executives and other key positions. At the beginning of the 21st century, succession planning and management include a much broader spectrum of positions. Current corporate thinking needs to include a systematic succession planning and management program rather than succession planning as a form of risk management (Byham, Smith, & Paese, 2002). Thus, succession planning and management are not just for the CEO–they are for all key employees, including key leaders (Leibman, Roth A, & Maki, 1996). The operation of succession planning and management is expensive in terms of time required of people in the pool and those who support program development. An organization, measurement of the system’s effectiveness is importance (Byham, 2002).

Curiously, evaluation of the value of succession planning and management has received relatively little attention from researchers and writers in comparison to other HR
functions such as training (Rothwell, 2001). According to Rothwell (2001), one reason for the lack of attention is that systematic succession planning and management is less common in organizations than more traditional HR functions. Another reason may be that succession planning and management are usually evaluated informally. The value of succession planning and management should not remain in uncharted terrain.

Several studies have attempted to reveal the value of succession planning and management using various sources of data. For example, Friedman (1984) investigated succession planning in relation to its financial performance. Zajac (1990) studied the effects of succession planning on a firm’s financial performance. Huang (2001) analyzed the effect of succession planning on human resource outcomes. Recently, two studies considered succession planning in its effect on firm’s learning capability (Hunte-Cox, 2004) and investor’s reaction (Shen & Cannella, 2003). Some of this research shows the significant value of succession planning and management but some has failed to demonstrate significance (Huang, 2001; Shen & Cannella, 2003). The differences are probably due to the methodology (inconsistent measurement) or contradictory results (Kesner & Sebora, 1994). In either case, the evaluation of succession planning needs a model or approach that may act as an effective guide on both the process and how to measure its value.

The Bureau of Economic Analysis reported that the total value added by U.S. affiliates of foreign-owned companies to US private industry have increased from 3.8% in 1988 to 5.7% in 2002, and total percentage of employees increased to 4.8% in 2002 from 3.5 in 1988. Whichard (2003) showed that the total assets of foreign affiliates of U.S. company was $704.5 billion and U.S. affiliates of foreign companies was $555.2
billion in the year 2000. This implied that U.S. affiliates of foreign companies generate as much economical impact as foreign affiliates of U.S. companies. The key question concerning human resource management in multinational companies is the extent of global standardization versus localization of human resource management practice (Ervasti & Vesa, 2004). Companies with an ethnocentric approach allow little autonomy to foreign affiliates and the major decisions are made in headquarters. The key positions are filled with parent company nationals. Companies with polycentric approaches use totally difference approaches: major decisions are made at foreign affiliates and key positions are typically filled with host country representatives. This leads to more localized solutions in the human resource management practice (Ervasti & Vesa, 2004).

Recently, many, especially Japanese and Korean multinational companies, often used localization strategy for human resource management (Kim, 2002). In addition, according to Rosenzweig & Nohria (1994), human resource management in U.S. affiliates of foreign-based multinational companies primarily tends to resemble local practices. These findings allow drawing an assumption that U.S. affiliates of foreign companies confront the same, at least similar, issues as companies in the U.S. Indeed, Levy & Teramura (1993) studied the success and failure of more than 50 Japanese-owned companies in the U.S. According to their study one of the major challenges for U.S subsidiaries of foreign-owned companies is executive development and managerial succession. Usually, employees of multinational corporations are natives of the nation in which the affiliate is located and expatriates from the nation of the parent company (Kramer, 2003). Still many U.S affiliates of foreign companies, even though they apply localization strategy, fill their key management positions with expatriates from the parent company (Sung, 2002). To be
successful or just to survive, foreign affiliates of multinational corporations need a strategy to satisfy both local needs and the needs of the parent company. However, empirical researches, that can prove this assumption, are not evident.

**Purpose of the Study**

A review of the literature shows a significant lack of research on the evaluation of succession planning and management programs. While authors (Borwick, 1993; Conger & Fulmer, 2003; Kesler, 2002; Rothwell, 2005; Rothwell & Kim, 2005) insisted on the importance of evaluation of succession planning and management program, little empirical research has mentioned how to evaluate the program after implementation. Frequently, investigations revealed the importance of succession planning and management and studied the factors that should be considered when planning and implementing such a program (Busine & Watt, 2005; Carnazza, 1982; Huang, 2001; S. Kim, 2003). Several other studies considered succession and organizational performance (Friedman, 1984, 1986; Huseled, 1995; Zajac, 1990). However, even the latter fail to show how to adequately evaluate the value of succession planning and management, since comparisons between the characteristics of succession planning and management programs are related to the organization’s financial performance (Friedman, 1986; Miller, 1993; Patterson, 1996; Zaich, 1986). The fundamental problems are the lack of empirical evidence regarding the evaluation of a succession planning and management program and a formal delineating of factors or elements that should be included in an evaluation. Simply put, no methodology and model, which are supported by empirical research, exist
for evaluating how companies, and other types of organizations, place and measure the
value of succession planning and management programs. Therefore, the purpose of this
study was, first, to investigate how companies place value on a succession planning and
management program.

Second, as previously described, foreign-owned companies in the U.S. are not
immune from the issues and problems of succession planning. Rather, they are like other
multinational corporations; which must reconcile two human resource management
issues. One is managing local human resources, while the other is integrating the human
resource strategies and activities of the parent company into the foreign affiliates. In
previous years, the human resource strategy of foreign multinational corporations was
ethnocentric. Recently, research suggests the need for changing to a non-ethnocentric
strategy (H. Kim, 2002) and the most important human resource strategy has become the
recruitment, retention and development of global talents (H. Kim, 2002; Sung, 2002),
which is closely related to a succession planning and management program. In
comparison to research on general succession planning and management in general
companies, no research was found on succession planning and management in U.S.
affiliates of foreign company. Therefore, the second purpose of this study was to
investigate how U.S. affiliates of foreign multinational companies implement and
evaluate their succession planning and management, focusing on the unique advantages
and challenges.

The primary purpose of this study was to offer a framework for placing value on
succession planning and management in a business organization. In addition, this study
investigates the unique features of succession planning and management in foreign-
owned companies in the U.S., especially U.S. affiliates of Asian-based multinational companies.

Research Problem

To answer two questions derived from the lack of empirical data on evaluation of succession planning and management programs and unique features of evaluation and implementation in foreign-owned companies in the U.S, this study posed two primary research problems:

1. How do companies place value on a succession planning and management program?

2. How do U.S. affiliates of foreign multinational companies implement and evaluate their succession planning and management, focusing on the unique advantages and challenges?

Research Perspectives

This section contains an outline of the research perspectives of the thesis topic, including the need for succession planning and management. A definition of succession planning and management appears, as well.
Need for Succession Planning and Management

The need for succession planning and management related to this research can be explained from two viewpoints: demographic change and shortage of future leaders (leadership talent shortage).

Demographic change is the single most important issue in succession planning and management. In 2000, the number of persons aged 60 years or older was estimated at 605 million worldwide. That number is projected to grow to almost 2 billion by 2050, when the population of older persons will be larger than the population of children (0–14 years) for the first time in human history (U.S Department of Heath and Human Services, 2003). In the U.S. alone, the population (65 and over) numbered 35.6 million in 2002, an increase of 3.3 million or 10.2% since 1992. By the year 2030, size of this population will more than double to about 71.5 million.

The importance of the maturing population becomes clear by simply looking at the current numbers. Generation X, the next generation to replace the baby boomers, is only 45 million, while the baby boomers total 77 million. The next generation, generation Y, only began to join the workforce in 2002 (Muson, 2003).

The issue arising from demographic change includes simple questions: How do industries replace positions in the retired workforce, and how do they transfer the intellectual property of skilled workers? Additionally, more complex and strategic questions arise: How do companies develop the next generation of management talent, and how do they maintain the competitiveness of the corporation? All of these issues are directly related to succession planning and management. Yet, what is not well publicized
are the links between succession planning and the answers to these questions (Rothwell & Kazanas, 2003; Rothwell & Kim, 2005).

Many articles report the trends and challenges to human resources related to issues of globalization. A global economy alters the nature of the market place and promotes increased interdependence and worldwide competition. Also, organizations increasingly embrace offshore outsourcing. In fact, according to the Bureau of Economic Analysis, the number of employees at U.S multinational companies increased by 35%, 22,489,000 in 1988 to 30,366,000 in 2003. As a result, U.S. companies have a tremendously increased need for international human resource management awareness and knowledge. In 2004, The Society for Human Resource Management (SHRM) established a new area of HR certification, Global Professional of Human Resource (GPHR).

Globalization, similarly, affects non-U.S. companies. Globalization allows non-U.S. competitors to penetrate and quickly develop market-share in the United States (Burpitt, 2004). The Bureau of Economic Analysis reported that the number of employees of majority-owned non-bank U.S. affiliates of foreign companies, defined as a U.S affiliate with ownership of more than 50% by foreign direct investors, increased to 5,449,000 in 2002 from 3,119,000 in 1988. The increase rate is 74%, and the trend will continue (Zeile, 2004). Perlmutter and Heenan (1986) described four global human resource strategies: ethnocentric, polycentric, regiocentric, and geocentric. Except for the first, the ethnocentric strategy, which largely depends on expatriates from the parent company, the success of global HR emphasizes the importance of the role of local
employees. That is to say, local talent management is a key factor in the success of multinational corporations.

Approaches in Succession Planning and Management

Three perspectives in this research regard succession planning and management. First, this study adopts the concept of succession planning and management as a system, not an event, such as CEO succession. Second, succession planning and management is a strategic HR activity and more than simply replacement planning, which was central to previous forms of succession planning. Third, this study adopts a definition of succession planning and management that expands the concept of succession planning. The rationale for each approach is as follows: First, succession planning is a system rather than an event. Friedman (1986) differentiated succession planning from a succession event by using the term “succession system.” He defined succession planning (succession system in his research) as “the rules and procedures that form the context for a typical succession event (i.e., a change in job incumbency), including executive development and placement practices” (Friedman, 1986, p.24). In this definition, he clearly mentions that succession planning is an ongoing process instead of a single change event. In previous years, research largely studied succession as an event rather than a human resource activity (Dessler, 2000; Friedman, 1986; Kesner & Sebora, 1994). Dessler(2000) defined succession planning as “the process of ensuring a suitable supply of successors for current and future senior or key jobs arising from business strategy, so that the career of
individuals can be planned and managed to optimize the organization’s needs and the individual’s aspirations (p. 133).

Second, replacement planning is a form of risk management. The simplest form of succession planning can be described as replacement planning (Rothwell, 2001). Until 1980, the terms succession planning and replacement planning were used interchangeably. Carnazza (1982) titled his research “succession/replacement planning” and did not differentiate between the two terms even though his research encompassed more than just an organizational replacement chart. Zaich’s (1986) study considered replacement planning to be a part of succession planning. Recently, Rothwell (2001) wrote that succession planning and management should not be confused with replacement planning. He explained that the chief aim of replacement planning is to reduce the chance of catastrophe stemming from the immediate and unplanned loss of the incumbent in a key job. However, succession planning and management is proactive and attempts to ensure the continuity of leadership by cultivating talent from within the organization through planned developmental activities.

Today’s globally competitive environment requires more than just succession planning. Rather than focusing on the right person for the right position at the right time, corporations need to develop strong leadership teams for strategic tasks (Leibman, Roth A, & Maki, 1996). Rothwell also agreed with the needs of systematic succession management. He argued that succession planning should be paired with succession management. Finally, Rothwell (2001) defined succession planning and management as:

The process that helps ensure the stability of tenure of personnel. It is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work
group by making provision for the development, replacement, and strategic application of key people over time. (pp. 5–6)

Also, he defined a succession planning and management program as:

A deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement. (p. 6)

This research follows the more recent definition of succession planning: succession planning and management.

Research Questions

To accomplish the purpose of this study, interviews were conducted with senior executives in human resources or an individual who was in charge of succession planning and management in foreign-owned companies in the U.S. The following questions were asked:

To investigate Research Problem 1, how companies place value on a succession planning and management program, the following questions were asked:

1. How does the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the characteristics of succession planning and management in the organization?

2. How does senior executive(s) in human resources or an individual who is in charge of succession planning and management evaluate the success of succession planning and management in the organization?
To investigate Research Problem 2, How U.S. affiliates of foreign multinational companies implement and evaluate their succession planning and management focusing on the unique advantages and challenges, the following question was asked:

3. How does the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the unique advantages and challenges of the value of succession planning and management in the organization as a foreign-owned company?

Definition, Assumption and Significance

Definitions

The following are definitions of major terms in this research:

*Succession planning and management*

This is the process that helps to ensure the stability of personnel tenure. It is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time (Rothwell, 2001, p. 6).

*Succession Planning and Management Program*

A deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement (Rothwell, 2001, p. 6).

*Evaluation*

A process of determining how much value is being added to an activity by a program. It is used interchangeably with measurement (Rothwell, 2001, p. 271).
Foreign-owned Company in the U.S.

Foreign-owned U.S. affiliates are owned by foreign direct investors. The definition of foreign-owned U.S. affiliates follows that of U.S. affiliates as offered by the Bureau of Economic Analysis (BEA). The BEA defines U.S affiliates as:

A U.S. business enterprise in which there is foreign direct investment—that is, in which a single foreign person owns or controls, directly or indirectly, 10% or more of the voting securities of an incorporated U.S. business enterprise or an equivalent interest in an unincorporated U.S. business enterprise. “Person” is broadly defined to include any individual, corporation, branch, partnership, associated group, association, estate, trust, or other organization and any government (including any corporation, institution, or other entity or instrumentality of a government). A “foreign person” is any person who resides outside the United States—that is, outside the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and all U.S. territories and possessions (Zeile, 2004, p. 193).

Assumptions

The need for the research, the research questions, and the reporting format are influenced by past experiences, value, and beliefs (Creswell, 1998). The bias in this study was rooted in researcher’s experience as a human resource practitioner and current employee in a human research office at a large educational institution. Five years of professional experience working with related issues bears on this research

This study operated under five assumptions:

1. The Senior Vice President (hereafter SVP) of Human Resources (hereafter HR) or an individual who is in charge of succession planning and management is involved in the evaluation of succession planning and management programs.
2. The SVP of HR or an individual who is in charge of succession planning and management realizes the value of succession planning and management.

3. The perceptions of the SVP of HR or an individual who is in charge of succession planning and management can be communicated via interview.

4. The term succession planning and management can be used interchangeably with succession planning, succession management and talent management.

5. The value of succession planning and management can be used interchangeably with Return on Investment (ROI) in succession planning and management or measurement of the results of succession planning and management.

Significance of the Study

The primary significance of this study was the collection of perceptions of senior executives in human resources or individuals who are in charge of the senior executive(s) in human resources or an individual who is in charge of succession planning and management in foreign-owned companies regarding implementation and evaluation of the succession planning and management program in a company. Many articles and studies (Borwick, 1993; Conger & Fulmer, 2003; Garman & Glawe, 2004; Kesler, 2002; Rothwell, 2005; Rothwell & Kim, 2005) insisted on the importance of succession planning and management. Research has been done on how to implement it successfully. However, only a few articles have been published on the evaluation of succession planning and management (Rothwell, 2005; Rothwell & Kim, 2005), and no study, to
date, specifically focused on evaluation of succession planning and management program and unique implementation features of foreign-owned companies in the U.S.

Hence, the results of the study potentially benefit at least two audiences. Practitioners of human resource can use the results to develop and execute their evaluation system for succession planning and management. More particularly, practitioners in international human resources can gain valuable insight as to how to plan, implement and evaluate succession planning and management in a multinational company. Researchers can use the results of this study to formulate and conduct a research agenda.

Limitations of the Study

Unfortunately, due to a lack of unlimited resources, this study has limitations, as does are any research.

First, due to the difficulty in accessing interviewees along with the time and expense involved in interviewing and collecting qualitative data, the sample size of this research limited to 7 interviewees for Phase 1 interviews, and 5 interviewees for Phase 2 interviews. In addition, the findings of this study are based on the perceptions of The Senior Vice President (here after SVP) of Human Resources (here after HR) or an individual who is in charge of succession planning and their superiors, therefore, the findings are not generalizable.

Second, the nature of the study is inductive, which creates some unique limitations. The exact number of interviewees was not determined until the research was
in process. In addition, an unpredictability existed as to what grounded theory would arise from the research analysis.

Third, the interviews were conducted over the phone, but disallowing control over other environmental factors that may have occurred during the course of the data gathering process, such as psychological or physiological distractions.

Fourth, the term “succession planning was” used during the interview, instead of the term “succession planning and management.” While the primary focuses of this study is to investigate evaluation and unique feature of succession planning and management in foreign-own companies, the term “succession planning” was used to facilitate interviewee’s clearer understanding.

Fifth, during the interview, with the same reason as using the term ‘succession planning”, several terms were used to describe evaluation, including ROI, measurement, placing value.

Summary

This chapter provides an introduction to the study, its background and purpose. Research problems are presented followed by perspectives of this study. Three research questions are listed. Major terms in this research, succession planning and management, succession planning and management program, evaluation, and foreign-owned company, are defined. Last section presented the significance and limitations of this study.
Chapter 2
LITERATURE REVIEW

Introduction

This chapter consists of four sections. The first section contains background information and the definition of succession planning and management. The second section describes the major models in succession planning and management. The third section details research on succession planning and management, including its historical context. In addition, the Section Three contains a review of the research that has been conducted on the measurement of succession planning and management. Last, the fourth section provides background information on measurement issues regarding human resources.

Succession Planning and Management

Succession Planning

‘Succession planning’ has been used to describe a wide variety of activities that involve planning for key transitions in leadership within organizations (Garman & Glawe, 2004). The term succession planning has traditionally referred to planning for leadership continuity at the CEO level, but today succession planning provides for leadership continuity at all levels (Cooke, 1995). In recent years, succession planning has been
practiced more routinely and systematically in many of larger organizations (Rioux & Bernthal, 1999) and at levels far below senior leadership.

Succession planning is the process of pinpointing the key need for intellectual talent and leadership throughout the organization over time and preparing individuals for present and future work responsibilities needed by the organization (Rothwell, 2005a). It has been defined as a means of identifying critical management positions, starting at the level of project manager and supervisor and extending upward to the highest positions in the organization. Succession planning also describes management positions to provide maximum flexibility in lateral management moves and to ensure that as individuals achieve greater seniority, their management skills will broaden and become more generalized in relation to total organizational objectives rather than purely departmental objectives (Carter, 1986).

Replacement Planning

Succession planning should not be confused with replacement planning, though they are compatible and often overlap (Rothwell, 2001). Traditionally, succession planning equates with replacement planning (Charan, Drotter, & Noel, 2001). In the simplest form, replacement planning is a form of risk management (Rothwell, 2001), which focuses on the actions that ideally should take place if a key executive should leave (Burdett, 1993). The chief aim of replacement planning is to reduce the chance of catastrophe stemming from the immediate and unplanned loss of key job incumbents (Rothwell, 2001). For decades, replacement planning has concentrated on preselecting
backup people for key positions and then charting a series of job assignments to prepare them to fill the positions (Byham, Smith, & Paese, 2002).

This was not an appropriate system when organizations were stable, large, and hierarchical: few changes occurred in job titles, job responsibilities, or organizational direction. Organizations employed many middle managers, most of whom had time for assignments outside their regular job duties. Technical and competitive changes occurred much more slowly. Human resources staffs were large, and control of the personnel system was more centralized. Succession planning was largely an HR-managed means for knowing who would replace departing leaders. People changed jobs and moved to new towns when asked to do so. In such an environment managers could tolerate a forms-driven system that consumed days or even weeks of their time each year (Byham, Smith, & Paese, 2002).

Today conceiving of devoting even a fraction of that much management time to replenishing managerial talent or other related HR activities is impossible. In today’s business world, organizations are flatter, with horizontal career paths taking on increasing importance in addition to vertical paths. With fewer middle managers, those who remain have multiple demands that compete for the time required to develop themselves or coach and mentor their direct reports (Byham, Smith, & Paese, 2002). In addition, mergers, acquisitions, downsizing, delayering, globalization, and the Internet are profoundly impact organizations, causing previously important jobs to become less so or even unnecessary. In this environment, replacement planning makes little sense (Charan, Drotter, & Noel, 2001).
In short, while replacement planning sets in motion action that limits damage from unpredictable events (Burdett, 1993), succession planning is proactive and attempts to ensure the continuity of leadership by cultivating talent from within the organization through planned activities (Rothwell, 2001).

Succession Management

Succession planning has evolved over the last 30 plus years since its first inception as replacement planning. Increasingly, the process has expanded to encompass a broader scope, from organizational reviews to leadership development (Leibman, Roth, & Maki, 1996). To meet the challenges of today’s organization, corporations need to develop strong leadership teams for strategic tasks rather than focusing on the right person for the right position at the right time (Leibman, Roth, & Maki, 1996). Leading a corporation requires a constellation of skills and talents resident in more than one person and in more than one strata of an organization.

To re-engineer succession planning appropriately for today’s dynamic environment, which makes succession planning flourish, a much more active orientation is required, one that is better characterized by succession management and its emphasis on ongoing and integrated processes (Leibman, Roth, & Maki, 1996). Succession management assumes a more dynamic business environment. It recognizes the ramification of the new employment contract, where corporations no longer (implicitly) assure anyone continued employment, even for competent functioning (Leibman, Roth, & Maki, 1996). It is the process by which organizations assure that they have sufficient,
capable, and experienced people to fill senior management and executive positions (Byham, Smith, & Paese, 2002).

While the terms “succession planning” and “succession management” are often used interchangeably, they are different. Succession planning is defined as any effort designed to ensure the continued effective performance of an organization, department, or work group by making provisions for the development and replacement of key people over time. Succession management goes a step further. It is more encompassing. Succession management is defined as a deliberate and systematic effort by an organization to encourage individual advancement and ensure continuity in key positions, including management, technical, and professional specialist roles (Nova Scotia Public Service Commission, 2005). Table 2.1 summarizes the differences between succession planning and succession management.

Table 2.1
Succession Planning vs. Succession Management

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Succession Planning</th>
<th>Succession Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment</td>
<td>Stability</td>
<td>Rapid change</td>
</tr>
<tr>
<td>Corporation orientation</td>
<td>Deliberate</td>
<td>Opportunistic</td>
</tr>
<tr>
<td>Outcome</td>
<td>Snapshot</td>
<td>Dynamic / Ongoing</td>
</tr>
<tr>
<td>Replacement strategies</td>
<td>Slates</td>
<td>Cadre/Pools</td>
</tr>
<tr>
<td>Organizational focus</td>
<td>Individual</td>
<td>Team</td>
</tr>
<tr>
<td>Assessment criteria</td>
<td>Position description</td>
<td>Leader templates</td>
</tr>
<tr>
<td>Rater</td>
<td>Boss</td>
<td>360 Degree</td>
</tr>
<tr>
<td>Communication</td>
<td>Closely held</td>
<td>Open</td>
</tr>
<tr>
<td>Locus of responsibility</td>
<td>Corporate</td>
<td>Shard</td>
</tr>
<tr>
<td>Selection pool</td>
<td>Internal</td>
<td>External &amp; Internal</td>
</tr>
<tr>
<td>Selection criteria</td>
<td>Skills &amp; Experience</td>
<td>Competence &amp; Network</td>
</tr>
</tbody>
</table>

Talent Management

Similar to so many HR-related terms, the phrase talent management is used loosely and often interchangeably across a wide array of terms such as succession planning, human capital management, resource planning, and employee performance management. Gather any group of HR professionals in a room and you can be sure to have a plethora of additional terms. Talent management is the process of recruiting, on-boarding, and developing, as well as the strategies associated with those activities in organizations” (Hartley, 2004, p. 20).

Talent management, broadly, is defined as the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Society for Human Resource Management, 2005). Some organizational leaders associate talent management with efforts to devote special attention to managing the best-in-class talent of the organization, the upper 1 to 10% (Rothwell, 2005b). It is seated in a belief that having better talent at all levels allows a company to outperform its competitors. It is the recognition that better talent pulls all of the other performance levers (Handfield-Jones, Michaels, & Axelrod, 2001). Not limited to top-of-the-house planning, it may refer to investing money where the returns are likely to be greatest—that is, on high performing or high potential talent at any organizational level (Rothwell & Kazanas, 2003). Hence, it is the process of managing certain events, including recruitment and selection, orientation and training, performance management, management and executive development and succession planning, that each employee experiences (Perrine, 2005).
Succession Planning and Management

An SP&M program is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement (Rothwell, 2005b). Succession planning and management need not be limited solely to management positions or management employees. Indeed, an effective succession planning and management effort should also address the needs for critical backups and individual development in any job category—including key people in the professional, technical, sales, clerical, and production ranks (Rothwell, 2005b). The need to extend the definition of SP&M beyond the management ranks is becoming more important as organizations take active steps to build high-performance and high-involvement work environments. Decentralized in which decision-making leadership diffused throughout an empowered workforce, and proprietary technical knowledge accumulated from many years of experience in one corporate culture are keys doing business successfully (Rothwell, 2005b).

One aim of SP&M is to match the organization’s available (present) talent to its needed (future) talent. Another is to help the organization meet the strategic and operational challenges facing it by having the right people at the right places at the right times to do the right things. In these senses, SP&M should be regarded as a fundamental tool for organizational learning because SP&M should ensure that the lessons of organizational experience—what is sometimes called institutional memory—will be preserved and combined with reflection on that experience to achieve continuous
improvement in work results (what is sometimes called double loop learning) (Argyris, 1999; Senge, 1990). Stated in another way, SP&M is a way to ensure the continued cultivation of leadership and intellectual talent and manage the critically important knowledge assets of organizations (Rothwell, 2005b).

Major Models in Succession Planning and Management

Since succession planning and management is a process and system, like other HR activities, no single model or approach can fit all organizations and situations. Many models and approaches in succession planning and management exists. Among them three are models of succession planning and management widely used in practice: The Seven-Pointed Star Model by Rothwell (2003, 2005), Leadership Pipeline Model by Charan et al. (2001), and Acceleration Pool Model by Byham et al. (2002).

The Seven-Pointed Star Model

Rothwell (2001, 2005) metaphorically explained that to leap from no succession planning program to a state-of-the-art program is like trying to accelerate an automobile from a standing stop to 100 miles per hour in a second. He suggests a phased-in roll-out approach. Based on this roll-out approach, organizations go through a life cycle of development in their succession planning and management programs. At each generation, organizations gain sophistication about what to do and how to do it (Rothwell, 2005b).
He described the life cycle of succession planning and management in five generations (see Table 2.2).

Table 2.2

Five Generations of the Succession Planning and Management Life Cycle

<table>
<thead>
<tr>
<th>Life Cycle of SP</th>
<th>Typical Implementation Plan</th>
<th>Major Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation 1</td>
<td>A simple replacement plan for CEO</td>
<td>• A simple replacement plan for CEO</td>
</tr>
</tbody>
</table>
| Generation 2     | A replacement plan for the CEO and his or her immediate reports | • Simple Replacement plan for CEO and his or her immediate reports (the senior leaders, the senior executive team)  
                  |                             | • Involvement of Senior managers |
| Generation 3     | A succession planning and management program for middle managers and perhaps their key reports | • Succession planning and management program for middle managers  
                  |                             | • Drafts of Policies and procedures for succession planning and management  
                  |                             | • Use of Competency model  
                  |                             | • Value Statement |
| Generation 4     | A talent pool approach focused inside the organization | • Focusing on development of internal talent pools  
                  |                             | • Everyone in org considered a possible successor for key position  
                  |                             | • Provide tool for career development for future  
                  |                             | • No-more organization chart  
                  |                             | • Use of competency model, performance appraisal, individual development plan, full-cycle multi-rater assessment, and other sophisticated method for development |
| Generation 5     | A proactive talent pool approach focused inside and outside | • Include external talent pool |

Table 2.2 summarizes the main components of each generation of succession planning and management. The most sophisticated level of succession planning and management is the fifth generation which includes: a policy and procedure statement, in
writing, to govern the program: a statement of value governing the effort, competency models for the groups targeted, full-circle, multi-rater assessment efforts, individual development plans, and skill inventories for talent pools inside and outside the organization. The plan then looks at how the organizations can carry out their systematic succession planning and management. Rothwell (2001, 2005b) suggests the “Seven Pointed Star Model” for systematic succession planning and management. Figure 2.1 illustrates the model.

![Seven-Pointed Star Model](image)

*Figure 2.1:* The Seven-Pointed Star Model for Systematic Succession Planning and Management (Rothwell, 2001, p. 74)

As a first step, the organization’s decision-makers should commit to systematic succession planning and management and establish it as a program. In the second step,
decision-makers should assess the present work requirements in key positions. Only in that way can individuals be prepared for advancement solidly grounded in work requirements.

In this step, decision-makers should clarify where key leadership positions exist in the organization and should apply one or more approaches to determining work or competency requirements. In the third step, critical is evaluating how well individuals perform in their jobs, because most SP&M programs assume that individuals must be performing well in their present jobs in order to qualify for advancement. As part of this step, the organization should also begin establishing an inventory of talent, thereby establishing a clear idea of the available human assets. In step four, competency requirements in key leadership positions in the future need to be identified. To do this, decision-makers should make an effort to assess future work requirements and competencies. In that way, future leaders may be prepared to cope with changing requirements. The fifth step concerns the assessment of individuals’ future potential and its match to their future work requirements. The organization should establish a process for assessing future individual potential. That future-oriented process should not be confused with past- or present-oriented employee performance appraisals. In the sixth step, the organization should establish a continuing program for leadership development to cultivate future leaders internally. Decision-makers should also explore alternatives to traditional promotion-from-within methods of meeting succession needs. Finally, to improve, the SP&M program must be subjected to continual evaluation to assess how well it is working. That is the seventh and final step of the model. The results of the evaluation should, in turn, be used to make program refinements and to maintain a commitment to systematic SP&M (Rothwell 2001, 2005b).
Acceleration Pools Model

Pointing out that replacement planning is far behind the times, Byham et al. (2002) suggested a different approach to grooming executive talent. Rather than targeting one or two hand-picked people for each executive position, an Accelerate Pool emphasizes the development of a group of high-potential candidates for executive positions in general. The model highlights the accelerated development of pool members through stretch jobs and task-force assignments that offer the best learning, including mentoring, coaching, training, and special developmental activities such as university executive programs and in-company action learning sessions, and highest visibility opportunities. Byham explained the process of the Acceleration Pool in five phases. Figure 2.2 reveals a brief summary of the five phases of the Acceleration Pool and sub-processes in each phase.
Phase 1: Nominating, Identifying High Potentials
Business Units or Functions Nominate Potential Pool Candidate

Executive Resource Board Screens Candidates and Makes Final Decisions

Pros and Cons Explained to Candidate, Who Makes Decision to Enter or Not to Enter the Pool

Phase 2: Diagnosing Development Opportunities
Assessment of Strengths and Development Needs, Using and Acceleration Center

Feedback of Assessment Results and Determination of Development Priorities

Phase 3: Prescribing Solutions to Development Opportunities
Executive Resource Board Decides on Pool Members Assignments, Special Training, or Executive Coaching and Monitors Progress and Completion

Development Goals on Current or New Job Assignments Are Framed Relative to Diagnosis

Pool Member Targets Areas and Strategies for Development with the Help of Manager and Mentor

Phase 4: Ensuring that Development Takes Place/ Documenting Development
Pool Member Measures and Reports Results of Application of New Behavior or Knowledge

Pool Members Applies Behavior or Knowledge in Assignment or Short-Term Experience

Pool Member Develops Needed Behavior and Knowledge Through Training and Executive Coaching

Each Pool Member Starts Building a Career Development Portfolio and Meets with Manager and Mentor to Review Progress and Set New Development Goals

Phase 5: Reviewing Progress & New Assignment
Executive Resource Board Audits Pool Members’ Progress and Decides on New/Next Assignment

Figure 2.2 Implementation Process and Acceleration Pool Model: Modified from
Leadership Pipeline Model

The Leadership Pipeline Model focuses on leadership development rather than succession planning and management. Leadership Pipeline is a concept in a model created by Mahler, who contributed a great deal to human resource planning and succession planning. His approach laid the foundation for the modern succession planning approach (Mahler, 1983, p. ix). Charan et al. (2001) explained that in a large, decentralized business organization, this hierarchy takes the form of six career passage or pipeline turns. Figure 2.3 illustrates the six career pipeline turns. The pipeline is not a straight cylinder but rather one that is bent in six places. Each of these passages represents a change in organizational position—a different level and complexity of leadership—where a significant turn has to be made. Theses turns involve a major change in job requirements, demanding new skills, time applications, and work value.
If the organization has trouble bringing in qualified candidates at the top, it stands to reason that they are having even more trouble one or two leadership levels down. Even with the time and effort required to choose the right CEO, often making the right choice is difficult. With regard to lower-level leaders, when less time and energy are expended, wrong decisions are more likely. Based on this assumption, Charan et al. (2001) suggested an alternative definition for succession planning from the Leadership Pipeline Model. In their definition, succession planning is perpetuating the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of theses performers to draw from, both now and in the future (Charan, Drotter, & Noel, 2001). In addition, they suggested a five-step plan for succession planning. In the first step, the organization tailors the Leadership Pipeline Model to fit their organization. The second step is to translate standards for performance and potential into their own language. The next step involves documentation and communication of the
standards set in the previous step throughout the organization. In the fourth step, organizations evaluate succession candidates through a combined potential-performance matrix. A matrix used in this step is similar to GE’s nine-block diagram. The final step is to review the plans and progress of the entire pipeline frequently and seriously.

Research into Succession Planning and Management:
Evolution of Succession Planning and Management and Related Research

This section contains a description of research into succession planning and management as reported from an historical perspective. The history of succession planning and management has three periods. An explanation for each period of time, the trigger for research, trends, and related empirical research follows.

The historical context of succession planning and management in this research is divided into three time periods. The first period covers from 1960 to 1980. This period can be designated as “The Rise of Succession Research.” The second period, 1980 to 1990, is best described as “Emerging Trends and Development of Succession Planning.” The third period, “Succession Planning and Beyond,” covers from 1990 to the present.

While some debate exists on the origins of succession as a research topic, the bulk of empirically based studies of succession occurred during the mid-1950s to the mid-1960s. In this period of time, the main focus of research was on CEO succession and management development (Zaich, 1986). Then human resource planning came into vogue in the mid-1970s to mid-1980s. At this point research attention shifted focus to planning for the HR needs of an entire organization rather than focusing solely on the senior
management group (Zaich, 1986). Research into succession planning began in earnest in
the 1980s (Kesner & Sebora, 1994). Since then, succession planning has evolved with the
waves of change in workplace and human resource management.

Before 1980: The Rise of Succession Research

Along with the emergence of human resources, during this period, many of the
writings by Maslow, McGregor, and Argyris, regarding human factors, were very
influential. Some debate exists concerning the origins of research into succession. Mahler
and Graines (1983) considered the research done by Asbury as the first formal report.
Mahler and Graines studied the formal executive development programs in large
companies and reported the common elements in 1947 (Mahler & Graines, 1983). Kesner
and Sebora (1994) considered Grusky’s works the origin. They argued that Grusky’s
research was among the first to identify key variables in the succession equation, to
establish a research model, and to test a hypothesis.

The main theme of research and practices in this period of time was on Chief
Executive Officer (CEO) succession as an event and an executive development. Friedman
(1984) summarized the research in this period into two categories:
Sociological/organization theory and applied theories. In sociology and organizational
theories, the pervasive interests were directed toward establishing whether or not change
in leadership determines and is affected by system-level performance, and if so, how they
were affected. Strategic planning, human resource management, and organization
development research and theories contributed to the succession system. Strategic
planning, the importance of individual factors in strategic formulation and implementation, and the use of human resource data in business planning were examined in human resource management literature. Succession planning was researched as a complementary process in which the supply was matched with the demands of the organization. Research of the organization development area contributed to the succession issue with its broadened scope of activities. Friedman (1987) argued that the management of a succession system is the central intervention point in the shift from an Organization Development (OD) perspective of individual change to a perspective of long-range organizational-level change.

In the 1960s, research topics included the origin of succession, usually comparing succession from inside to outside, the relationship between the rate of succession and organizational size, the relationship between succession frequency and post-succession performance, and the relationship between succession and performance. In the 1970s, emerging research studied succession frequency, the relationship of style of successor and succession, and the relationship between the board of directors and CEO succession (Kesner & Sebora, 1994).

As mentioned above, most of the research studied CEO succession events in various situations from different perspectives rather than succession planning and the succession system. The main research related to succession planning in this period is described below.

Asbury investigated business and industry practices that had to do with personnel administration at the executive level in 1947. The study included fifty-three companies and identified five common elements in their formal plan for executive development,
including, organization analysis, selection, evaluation, development of executive level
talent, and inventory control. This study also concluded that the top management and line
management involvement were two essential factors in successful executive succession
and development planning (Mahler & Graines, 1983).

In 1954, Chapman evaluated the “state-of-the-art,” and identified the five
common elements in executive development programs. These included a defined
organization plan, performance appraisal, established replacement tables, development of
high potentials, job rotation, and training programs (Mahler & Graines, 1983). The
findings from these two studies still seem applicable today.

Trow (1961) examined the proportion of succession into top positions in 108
small companies. He found companies that prepared for succession were less likely to
experience financial difficulty during executive turnover. Also, he perceived a strong
association between planning for succession and profitability of an organization (Zaich,
1986).

Coleman’s research in 1970 illustrated the typical approach found in manpower
planning, showing similar elements with the earlier two, Asbury and Chapman, studies.
The common elements among the studies are the definition of organization objectives and
plans, determination of gross manpower, requirements for the planning period,
assessment of in-house capabilities, determination of net human resource requirements to
meet organizational goals, and development of an action plan and programs to meet
objectives.
The 1980s: Emergence and Development of Succession Planning

Succession planning is the area that received greater attention, during this period of research (Kesner & Sebora, 1994; Zaich, 1986), than previous years. Kesner and Sebora (1994) explained the reasons for the proliferation of succession planning research as the logical offshoot of twenty years of investigation into succession. A number of researchers began to consider the impact of both the degree and nature of the planning.

The first study from this period was Mahler’s study (1983), which reviews succession planning in 60 firms. He was among the first to suggest the need for, and advantages of, improving succession planning. Rhodes and Walker (1984) and Hall (1986) studied the approaches and stages of succession planning. (Friedman, 1984, 1986) and Hall (1986) emphasized the roles of learning and the development of management incumbents in preparation for succession. Pattan (1986), Sheibar 1986) and Kesner (1989) integrated strategic human resource literature and succession planning. They noted that succession should be planned to match managers with strategies, and plans should be specific when charting positional shifts and timing (Kesner & Sebora, 1994).

More of the research investigates succession planning using the terms “management succession and development planning,” instead of the term “succession planning.” The major research from the 1980s is described below.

In 1982, Carnazza reported on his in-depth interview research involving fifteen companies with succession/replacement planning programs. This is one of the most frequently quoted investigations of this period. He assumed the purpose of succession/replacement planning programs was to ensure the development of a sufficient number of
qualified persons to fill future vacancies in key managerial and professional positions.

The purpose of this research was to investigate how companies achieve the objectives of succession/replacement planning programs. The findings of this research included the following:

- The larger the company, the more likely it was to have formal succession/replacement planning.

- Companies should recognize that considerable time is necessary, perhaps as long as five years, for a succession/replacement planning program to be implemented fully and for the company to begin to accrue the expected benefit.

- A model of succession/replacement planning, which formed the basis for his own research findings, were the specifics of the procedures needed to attain two basic objectives of succession/replacement planning program: deciding the position to be covered, which involved a process of identifying essential positions, and the person to be included, which includes the process of managing essential managers.

- The essence of succession/replacement planning is linking person potential to position need (Carnazza, 1982).

Rhodes and Walker (1984) reported a survey research, called the TPF&C (Towers, Perrin, Forster & Crosby) study, which involved 30 large corporations. The purpose of the study was to review and analyze the management succession and development planning practices at that time. They identified four different approaches to management succession and development planning: informal, decentralized, centralized, and integrated. According to Rhodes and Walker (1984), factors affecting the selection of the
approach are, organization structure and management style, size and wealth of the organization, and the company’s growth rate. They also explained the six techniques used in implementing the programs: 1) senior management involvement, 2) information requirements, 3) assessment, 4) management review, 5) developmental techniques and 6) educational training. They related each approach to management succession and development planning with the employed procedure. They emphasized the importance of developing and implanting a program that fits each organization’s characteristics and culture (Rhodes & Walker, 1984).

Friedman published several articles about succession planning. Among them, one published in 1986 arose from the research for his own doctoral dissertation submitted in 1984 (Friedman, 1984). This was the first research done on succession planning as a system and its relationship with an organization performance. The importance of this research on succession planning is twofold. First, his research clearly differentiated between the research subject, succession planning, and CEO succession. Previous research focused mainly on CEO succession, which was considered to be an event occurring when a CEO leaves an organization or new CEO arrives. To an organization, on the other hand, a succession planning, which he defined as a succession system, is an ongoing process. Friedman (1986) defined the succession system as “the rules and procedures that form the context for a typical succession event (i.e., a change in job incumbency), including executive development and placement practice” (p. 192). Second, his research is the first to attempt to examine succession planning and its effect on organizational performance or outcomes. Frequently, previous research studied the relationship of one of the variables raised by CEO succession and organization
performance, but not the relationship of succession planning and organizational performance.

In detail, Friedman’s (1984) research examined the succession system rather than an event in leadership succession and how these systems can and do relate to important organization-level outcomes. The assumption of this research was that a succession system in large corporations was characterized in terms of seven dimensions, including formalization, control system, resource allocation, information systems, political criteria, technical criteria, and staff role. The participants in this study were the human resource vice presidents and the CEOs of 235 Fortune 500 companies. The cumulative data came from 26-page leadership questionnaire developed by Friedman, which contained published financial data for the participating companies. The hypothesis was that high levels of formalization could be associated with good performance. The results of the study failed to confirm the hypothesis. Friedman summarized and explained the result:

No relationships were observed between formalization scale items and outcomes. The mere existence of such formal procedures as annual appraisal, human resource review, and replacement plans does not seem to differentiate good and poor performers. We may assert that these procedures are vehicles for the enactment of sound succession practice, but they are not useful reinforced by adequate control, information, resource allocation, appropriate selection criteria, and credible staff. In other words, formalization may be seen as a necessary but not sufficient condition for effective succession system. The finding of the research contains detail of each characteristic and correlation with financial performance and corporate reputation. (p. 206)

Even though the main hypothesis was not confirmed, Friedman suggested the following implications based on the detailed results of this study. First, for an effective succession system, CEO involvement is essential. Findings showed the degree to which CEO involvement correlates with outcome. Second, human resource review was a crucial
process in the succession system. Third, the internal staff’s role in the management of the succession system is necessary. The staff must do the background work—facilitating, coordinating, but not leading. Fourth, a well-developed cadre of management talent is essential for an effective succession system. Fifth, human resource strategy and business strategy should be integrated (Friedman, 1986).

The limitations and future recommendations were not shown in his article, but he mentioned in his dissertation that in-depth qualitative research needed to be done in the future.

The 1990s to the Present: Succession Planning and Beyond

In the 1990s no one seemed to raise questions about the importance of succession planning. Recently, not just business organizations, but all types of organizations, including educational institutions and government offices, realized the necessity of succession planning and implementation of effective succession planning that fit their own organizations. Therefore, research in this period expanded to other than business organizations, such as educational institutions, government, non-profit organizations, healthcare, and small businesses (Rothwell, 2003). The topics contained within the overall umbrella of succession planning have become diverse. For example, Hunte-Cox (2004) researched the relationship between succession planning and organizational learning capacity. Palmer (2001) and Sekarbumi (2001) investigated succession planning and career development.
In spite of shared agreement on the importance of succession planning and the proliferation of the quantity of articles, research about succession planning did not seem to expand research to anything other than the types of organizations. Many studies still examined the topic of CEO succession from previous period.

This conclusion comes from a search of a database using the keywords, succession planning, succession management, leadership succession, executive succession, leadership pipeline, management succession, and executive development. After reviewing the abstracts for each dissertation, 53 related dissertations were identified. The focus of these dissertations, which related to issues of succession, includes CEO succession, succession process, and succession planning from 1990 to present. Among the 53 dissertations, 16 dissertations were related to succession planning and four dissertations were written about the succession process. However, even the dissertations on succession planning still examined the characteristics of succession planning and insisted on its importance.

Other non-doctoral dissertations also focus primarily on CEO succession. For instance, Zajac (1990) studied CEO selection, succession, compensation and firm performance. The purpose of his study was to offer a more complete conceptual model of the relationship between CEO-related issues and firm performance. He built several hypotheses. Among them, his second hypothesis related to succession planning; it asserts that a CEO who has a specific successor in mind will head a higher performing firm. He combined financial data and survey results collected from 183 CEOs of large corporations listed in the Forbes 500. The results supported the hypothesis. Firms whose
CEOs had a specific successor in mind tended to be significantly more profitable than firms whose CEOs did not have a specific successor in mind.

The most relevant study found during the literature review is one by Huang in 2001. Huang (2001) researched succession management systems and human resource outcomes. He wrote that one factor complicating the analysis of the effect of succession planning on human resources was the great variability of planning practices across firms. He argued that a plan may be extremely simple, providing for only the development of backups and potential successors to the most senior-level managers. Huang (2001) found that the other extreme may be very formal, including a documented rule and procedures for managerial succession at all levels. The central question of his research was, “Do more sophisticated programs produce more favorable human resource outcomes than less sophisticated ones?” The purpose of his study was to determine whether local firms with a more sophisticated succession plan achieved more favorable human resource outcomes than those with a less sophisticated plans. The participants in this research were human resource managers of 100 U.S. owned companies, 150 Japanese-owned companies, and 400 local companies in Taiwan. The companies were randomly selected. Huang developed a questionnaire that included 10 factors for determining the degree of sophistication of succession planning and a 5-point indicator of human resource outcome, which included staff morale, organizational climate, staff turnover rate, organizational commitment, and job satisfaction. The results of the study found no significant difference in human resource outcomes between companies who adopted succession planning and those that did not adopt it. But in detailed results, a significant relationship appeared between the level of sophistication with which succession plans were carried out and
human resource outcomes. Some of the characteristics, such as line-manager involvement, non-political succession criteria, the credibility of succession planning staff, review and feedback, and effective information systems, affected the performance of human resources. The limitation of the reported research was that no cause-and-effect relationships or direction of casualty of variables existed. Also, a limitation arose from using only one informant to report organization-level construct.

This section contained a review of the research on succession planning and management from an historical perspective. Again, with 30 years of background, no single studies are directly related to this study. Kesner and Sebora (1994) identified much research on the antecedents, consequences, or contingencies of a CEO succession event. Ten years have passed since the Kesner and Sebora’s review of the previous research. During that time no significant change in research topics and variables has occurred. As for research into succession planning, those also tend to study the variables of succession planning rather than succession planning itself. In other words, research on succession planning directly investigates factors or variables of succession planning and suggest that those factors or variables might be useful when implementing a succession planning program (Friedman, 1984; Huang, 2001; Hunte-Cox, 2004). The measurement tool of the outcomes for succession planning has become varied from solely depending on the financial performance of a firm to learning capability (Hunte-Cox, 2004), HR effectiveness (Huang, 2001) and investors’ reaction (Shen & Cannella, 2003). Yet the research looked at similar topics and came to the same conclusions: Identify the variables that affect a succession planning program, and considering those variables when implementing a program is important.
Measuring HR

Over the years, tremendous emphasis has been placed on making human resource practitioners strategic business partners and a value-added resource within organizations. Traditionally, human resource professionals could talk generally and conceptually about employee morale, turnover, and employee commitment as outcomes of human resource efforts. Furthermore, the human resource function was often viewed as an expense-generator and administrative function and not as a value-added partner (Ramlall, 2003). Ulrich (1997) said that to fulfill the business partnership role of human resource, concepts need to be replaced with evidence, ideas with results, and perception with assessment.

Measuring Succession Planning and Management

Measuring the value of training stood at the center of evaluation efforts. On the other hand, writers on evaluation have tended to pay less attention to succession planning and management than to training. Rothwell (2001) suggested two reasons: First, systematic succession planning and management is less common in organizations than training is, and second, evaluation of succession planning and management is conducted informally on a case-by-case basis.

Indeed, recent surveys show a decrease in succession planning and management programs. About 46% of organizations do not have a succession plan in place for their leaders. This figure is notably higher than the 2001 study, which indicated that 37% of organizations did not have a succession plan. It is unclear why there are fewer organizations with succession plans today. Perhaps the changing economic conditions
have led organizations to focus more on cutting costs and improving the bottom line and less on promoting succession (Bernthal & Wellins, 2003).

Speculatively, one reason for the decrease in succession planning in organizations in spite of the many opinions that stress the importance of succession planning and management, is that human resources has failed to show the value of succession planning and management to an organization.

Evaluation means placing value or determining worth. It is a process of determining how much value is being added to an activity by a program (Rothwell, 2001). The simplest way to measure the value of succession planning and management might be to calculate the percentages of key positions with succession planning and management. But when considering the complexity of current succession planning and management programs, measuring the value of a specific succession planning and management program should include more detail about its process and elements. Unfortunately, empirical research that shows how the value of succession planning and management is measured in organizations is lacking. Therefore, this section of the literature review contains a description of the various models for measuring human resource activities. Three models are reviewed: 1) an adaptation of Kirkpatrick’s model, 2) a Balanced Scorecard model, and 3) a ROI model.

Adaptation of Kirkpatrick’s Model

To be performed effectively, evaluation for succession planning and management should focus on several key questions, including: Who will use the results? How will the
results be used? What the program’s client expects from it? And who is to conduct the evaluation? The first question seeks to identify the audience. The second question seeks to clarify what decisions will be made based on evaluation results. The third question establishes the evaluation of client expectations and program objectives. The fourth question provides clues for appropriate evaluation techniques based on the expertise of the chosen evaluator (Rothwell, 2001).

Rothwell (2001) suggested a model for measuring the value of succession planning and management with guides for implementation. Although no empirical research using this model directly exists, it is the only model suggested to date. He adapted Kirkpatrick’s Hierarchy of Training Evaluation to provide a conceptual basis for the evaluation of an effective succession planning and management program.

The first level is customer satisfaction, which corresponds to the first level, reaction, of Kirkpatrick’s model. The purpose of this level of evaluation is to measure client feelings about the program and its results. The main question to measure at this level is, “How much did members of the organization like the succession planning and management program?”

The second level is program progress, which measures the learning in Kirkpatrick’s model. The purpose here is to measure the results of each component of the succession planning program. The main question to measure in this level is, “How much did participants in the succession planning and management program learn from participating it?” It can be measured, for instance, by examining individual movements through the organization.
The third level is effective placements, which corresponds to Kirkpatrick’s behavior level. The purpose of this level is to measure the results of the succession decision made. The main question posed here is, “How much did participants in the succession planning and management change their on-the-job behavior as a direct result of participating in the program?” For example, the measurements used at this level include performance checklist, performance appraisals, critical incident analysis, and self-appraisal.

The fourth level is organizational results, which corresponds to Kirkpatrick’s outcomes or results. The purpose here is to measure the impact of a succession planning and management program on the organization. The question posed in this level is, “How much did the organization gain, in terms of increased revenue or decreased cost, as a direct consequence of training, organizational analysis, speed of replacement, cost of replacements, cost of non-replacements, and turnover?” (Rothwell, 2001)

Adaptation of the Balanced Scorecard Model

The concept of a balanced scorecard is not new, but its application has become increasingly popular. A balanced scorecard focuses on serving multiple stakeholders (i.e., investors, customers, and employees) and can be a total performance index assessing executive performance (Ulrich, 1997).

The approach of the balanced scorecard is fundamentally different from the traditional approach of measurement. While financial measures are included, the scorecard targets leading indicators. The rationale for this is that if the leading indicators
are good, then the financial measures will reflect this in future activity. Another way of
expressing this is that the scorecard focuses on the drivers for the future rather than past
profitability. The other benefit that accrues from this approach is the communication of a
corporate vision. Doing so in this way empowers employees while ensuring that they are
aligned with the vision and goals of the organization (Kaplan & Norton, 1996).

The fourth perspective of the scorecard permits a balance between short- and
long-term objectives, between outcomes desired and the performance drivers of those
chosen outcomes, and between hard objective measures and softer, more subjective
measures. The “Financial Perspective” monitors the traditional monetary measures that
are familiar to most people. These include profitability, revenue growth and shareholder
value. The “Customer Perspective” looks at an organization through the eyes of its
customers. It employs indicators such as service levels, satisfaction ratings, and volume
of repeat business. The “Internal-Business-Process Perspective” reports the efficiency of
the internal processes and procedures. It encompasses a matrix that includes elements
such as productivity, cycle time and cost. Finally, the “Organization and Learning
Perspective” deals with employee issues. Indicators here might be intellectual assets,
market innovation and skills development (Kaplan & Norton, 1996).

A balance of measures across these four perspectives is what gives the balanced
scorecard its name. However, the measures that make up a scorecard do not exist in
isolation from each other. They relate to a set of objectives that are themselves linked; the
final link usually relates to a financial result of one form or another. Measurement, in this
context, can be used to communicate, not simply control. Language is what gives clarity
to vague concepts, and the process of building a scorecard develops consensus and teamwork throughout the organization (Kaplan & Norton, 1996).

Rothwell (Rothwell & Kim, 2005) suggested the possibility that the Balanced Scorecard could be used to measure the value of succession planning and management in a theoretical and conceptual sense. He wrote that succession planning and management is clearly a strategic issue for organizations. Decisions about the successors of senior leaders who are near retirement or are about to leave are key to future organizational success. He restated the four perspectives of the Balanced Scorecard with questions to be answered to measure succession planning and management:

- Financial perspectives: How much does the succession planning and management program contribute to reduced costs or enhanced revenue of the organization?

- Customer perspective: Who are the customers of a succession planning and management, and how do they assess the value of the succession planning and management program?

- Internal process perspectives: What is the process associated with an effective succession planning and management program, and how can their relative value be measured?

- Learning and innovation perspective: How much does the succession planning and management program contribute to enhanced learning and innovation in the organization? (Rothwell & Kim, 2005)
Return On Investment (ROI) Model

Return on Investment (ROI) is a traditional financial measure based on historic data. It is a management tool that systematically measures both past performance and future investment decisions. In other words, it is a financial tool that measures historical and anticipated results. The definition of ROI depends upon the investment base used (Rachlin, 1997). Calculating monetary ROI requires identifying the total financial benefit and then subtracting from that the total investment. The following is the basic equation for ROI.

\[
ROI = \frac{Benefit}{Cost} \times 100
\]

Two, well-liked approaches, to the ROI model are the attractions for human resources. One is the work of Fitz-enz, who wrote “The ROI of Human Capital” and is often cited as “the guru of human resource measurement.” The other is Phillips, who is most popular in the area of measurement in human resource development, especially training and development. Both use the term ROI, yet their approaches are different.

Phillips et al. (2001) explained that the ROI process adds a fifth level to the four levels of evaluation developed by Kirkpatrick and is the ultimate level of evaluation as shown in Table 2.3.

<table>
<thead>
<tr>
<th>Characteristic of Evaluation Levels</th>
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<tbody>
<tr>
<td>Level</td>
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</table>

The process of ROI is comprehensive; data gathered at different times and from different sources were used in developing the six types of measures. Broadly, the ROI process follows six steps.

The first step is evaluation planning, which includes two parts: development of human resource program objectives and development of evaluation plan.

The second step is data collection. In this step, data for one to four levels are collected.

The third step is isolating the effect of the human resource program. Phillips et al. (2001) explained that this is the step in evaluation often overlooked. In this step, specific strategies are explored to determine the amount of performance improvement directly related to the program. This step is essential because many factors will influence performance data after a human resource program.

<table>
<thead>
<tr>
<th>Measure Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. Reaction and satisfaction</td>
<td>Measures participant’s reaction to the initiative and stakeholder satisfaction with the human resource project and the planned implementation</td>
</tr>
<tr>
<td>2. Learning</td>
<td>Measures skills, knowledge, or attitude changes related to the human resource program and implementation</td>
</tr>
<tr>
<td>3. Application and implementation</td>
<td>Measures changes in behavior on the job and specific application and implementation of the human resource program</td>
</tr>
<tr>
<td>4. Business impact</td>
<td>Measures business impact changes related to the human resource initiative</td>
</tr>
<tr>
<td>5. Return on Investment</td>
<td>Compares the monetary value of the business impact with the cost for the human resource program; usually expressed as a percentage</td>
</tr>
</tbody>
</table>

The next step, the fourth, involves converting data to monetary value. To calculate the return on investment, business impact data are converted to monetary value and compared with intervention costs. Tabulating the cost of the human resource program is the other part of the equation in a benefit/cost analysis of a human resource program’s cost.

The fifth step includes monitoring or developing the costs related to the program. This last step calculates the Return On Investment using the data collected from previous steps. In addition to tangible, monetary benefits, intangible, non-monetary benefits are identified in the sixth step, the last. During the data analysis, every attempt is made to convert all data to monetary value. However, if the process used for conversion is too subjective or inaccurate, the resulting value loses credibility in the process, and then the data are listed as intangible benefits with the appropriate explanation. The last step involves reporting. The process is illustrated in Figure 2.4.

Figure 2.4  ROI Process Model (Phillips, Stone, & Phillips, 2001)
Fitz-enz (2000) showed the task of measuring the value of the human resource process with a value chain. He said that all human resource processes are supposed to add value. And, the objective is to develop ways to measure and evaluate human resource processes, the resulting outcomes, and their ultimate value. “For every process improvement in the human resource function is completed, the result should be a better outcome. The difference between this outcome and the outcomes before the process improvement is the impact. The dollar improvement represented buy the impact is the value added” (Fitz-enz, 2000, p. 27). These four are linked to the value chain as shown in Figure 2.5.

Value can be measured through a combination of five indices of change: cost, time, quantity, error rate, and human reaction. These can be applied to the three value types, which can be condensed into service, quality, and productivity. Typically, cost is a productivity measure: cost per unit of product or service. It can also be used in quality: cost on nonconformance (involving rework or customer complaint). Time is used by the quality people: cycle time of a process. Volume is a productivity measure: ratio of input
to output. Error is obviously quality (Fitz-enz, 2002). Human reaction is a service measure, as in customer satisfaction or employee morale. Fitz-enz developed and described more than 60 ways to measure cost, time, quantity, quality, and human reactions of various human resource functions. He also adopted the performance matrix, which is a basic methodology for process management as a general template for evaluating all functions and performance. Table 2.4 shows an example of the performance matrix, adapted to evaluate human capital performance.

Table 2.4
The Performance Matrix

<table>
<thead>
<tr>
<th></th>
<th>Acquiring</th>
<th>Maintaining</th>
<th>Developing</th>
<th>Retaining</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>Cost per hire</td>
<td>Cost per paycheck</td>
<td>Cost per trainee</td>
<td>Cost of turnover</td>
</tr>
<tr>
<td></td>
<td>Cost per employee assistance program case</td>
<td>Cost per employee assistance program case</td>
<td>Cost per trainee</td>
<td>Cost of turnover</td>
</tr>
<tr>
<td><strong>Time</strong></td>
<td>Time to fill job</td>
<td>Time to respond</td>
<td>Time to fulfill request</td>
<td>Turnover by length of service</td>
</tr>
<tr>
<td>Quality</td>
<td>Number hired</td>
<td>Number of claims proceeded</td>
<td>Number trained</td>
<td>Voluntary turnover rate</td>
</tr>
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The three models for measuring human resource activities were reviewed. Rothwell (2001) suggested a model that measures a succession planning and management program based on Kirkpatrick’s four levels of evaluation. He also recommended an adaptation of the Balanced Scorecard model to evaluating succession planning and management. Last, the Return On Investment model from Fitz-enz was described briefly.

With a proliferation of research on CEO succession from the 1950s to 1980s, studies of succession planning emerged from the 1980s. Much research investigated the antecedents and outcomes and revealed the importance of the implementation of succession planning to an organization. Still there are few empirical studies about how to evaluate a succession planning and management program. Evaluation researchers did pay much attention to succession planning and management in comparison to evaluation of training programs. Therefore, this study reviewed three major models of measuring human resource activities.
Alternative Methods

Measuring Staffing Effectiveness

The strategic staffing is defined as a process of identifying and addressing the staffing implications of business strategies and plans (Bechet, 2002). Unlike succession planning and management, staffing applied to entire employees in an organization. In this book, Becher (2002) differentiated staffing strategy and staffing plan. According to him, staffing strategy is a long-term, directional plan that describes what an organization is going to do over the course of its planning horizon to ensure that its supply of staff matches its demand for staff (Bechet, 2002, p. 7).

Staffing plans, on the other hand, are short-term, tactical plans that describe what an organization will do in the short term to address immediate staffing gaps and surpluses (Bechet, 2002, p7). He argued that is easy measuring the efficiency of staffing process by measuring time, speed, cost, or volume. Examples of staffing efficiency measures are shown in Table 2.5.

Table 2.5

*Examples of Staffing efficiency measures* (Bechet, 2002 p, 231)
<table>
<thead>
<tr>
<th>Category</th>
<th>Items</th>
</tr>
</thead>
</table>
| Time of speed measure | - Average time to fill an opening (all openings)  
                      | - Time to fill (external sources only)  
                      | - Time to fill (internal sources only)  
                      | - Number of jobs filled per time period  
                      | - Average time between requisition and acceptance  
                      | - Average time between requisition and interview  |
| Cost measure     | - Average cost per hire  
                      | - Cost per hire per source  
                      | - Cost per interview  
                      | - Cost per acceptance  
                      | - Cost per promotion  
                      | - Cost per relocation  |
| Volume measure   | - Acceptance rates  
                      | - Number of jobs filled  
                      | - Number of candidates per source  
                      | - Number of candidates per opening  
                      | - Ratio of callbacks to initial interviews  
                      | - Job posting response rates  
                      | - Turnover rates  
                      | - Number of losses  |

Bechet (2002) suggested another measures: staffing effectiveness. According to him, most efficiency measures address quantity, but none of them address quality, which can show whether an organization fires, promotes, redeployes, and retains the right people. The staffing effectiveness should be measured during the strategic process. In measuring strategic staffing, he concluded, both quantitative measures, staffing efficiency, and qualitative measures, staffing effectiveness, should be analyzed and counted.
Summary

This chapter provided theories and previous research related to this study. First, several terms used interchangeably with succession planning and management were defined. Second, major models of current succession planning and management were described, and then the research of succession planning and management and its evaluation were reviewed chronologically. The last section of this chapter explained approaches and models that can be applied in evaluation of succession planning and management.
Chapter 3

METHODOLOGY

Introduction

In this chapter, the seven-step process used in conducting the qualitative research for this study is described (see Figure 3.1). Explaining the process of collection and interpretation of data (Bodgan & Biklen, 1992). The validity of the findings corresponds to the quality and rigors of the methodology and process used. First, the general qualitative research is described, followed by a more extensive explanation of grounded theory and the processes used to select informants and to analyze data from which the theory emerged. The role of the researcher is delineated and the general research process, including data collection procedures, is explained.

Restatement of the Purpose of the Study

The importance of clarifying of the purpose of a research project is essential since decisions about design, measurement, analysis, and reporting all flow from purpose (Patton & Patton, 2002). The purpose of this study was to offer a framework for measuring the value of SP&M in a business organization. In addition, this study investigated the unique features of placing value on SP&M for the foreign-owned
companies in the U.S. These issues are addressed through qualitative research, using interviews and the philosophy of grounded theory.

Figure 3.1 Seven steps of research process
Rationale for Qualitative Design

The qualitative approach chosen for this study is accepted as being particularly well suited for the exploration of uncharted areas of inquiry (Guba, 1981). In addition, the qualitative approach has been utilized in SP&M studies. Kesner and Sebora (1994) said that, as with any scientific process, the clarification of the succession picture and the selection and fitting of the pieces require a variety of methodologies. Most succession research has relied on archival data sources and highly quantitative analysis techniques (Friedman, 1984, 1986; Rhodes & Walker, 1984; Shen & Cannella, 2003; Zaich, 1986; Zajac, 1990). Researchers suggested that some questions may be better answered using other approaches (Friedman, 1984; Kesner & Sebora, 1994). Accordingly, more qualitative and longitudinal methods may improve understanding of phenomena.

What is Qualitative Research?

Qualitative research may be generally defined as a study that is conducted in a natural setting where the researcher, an instrument of data collection, gathers words or pictures, analyzes them inductively, focuses on the meaning of participants, and describes a process that is both expressive and persuasive in language. The simplest way to define qualitative research is to say that it is a type of research that involves interpreting nonnumeric data. The underlying tenant of qualitative research is that meaning is situated in a particular perspective or context, and since different people and groups have different perspectives and contexts, many different meanings exist in the world, none of which is necessarily more valid or true than another (Gay & Airasian, 1999).
Creswell (1998) defined qualitative research as:

an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, report detailed views of informants, and conducts the study in a natural setting.

Why Use Qualitative Research?

To engage in qualitative enquiry, one must first determine whether a strong rationale exists for choosing a qualitative approach. The following reasons could call for a qualitative inquiry:

- Need to explore topics: This is a situation in which variables cannot be easily identified, and theories are not available to explain behavior of participants or population of the study.
- Need to present a detailed view of the topic: This is the case in which the distant panoramic view is not enough to present answers to the problem.
- Need to study individuals in their natural settings: This is the case when, participants are removed from their natural setting, contrived findings arose that are out of context.
- Need to write in a literary style: This occurs when research reporter engages in a story-telling form of narration and the personal pronoun “I” is used.
- Where there is sufficient time and resources to spend on extensive data collection in the field and detailed data analysis of “text” information.
- The nature of research question: In a qualitative study, the research questions often start with a how or a what.
Advantages of Using Qualitative Research

Qualitative research provides a means of attempting to understand a world that cannot be understood in terms of numbers and objectivity. In an article published in *Reading Research Quarterly* in 1999, Putney and Green gave an excellent summary of the contributions of qualitative research. Some key points included in their article are that:

- Qualitative approaches have provided ways of transcribing and analyzing the discursive construction of everyday events, of examining the consequential nature of learning within and across events, and of exploring the historical nature of life within a social group or local setting.

- Qualitative research has also provided insights into the insider, knowledge needed by members of a group (especially outsiders) to participate in socially and academically appropriate ways.

- Qualitative research provide(s) information about why and how miscommunication among actors occurs, particularly when such actors are members of different groups (e.g., administrators-teachers, ethnic groups, genders).

- Qualitative approaches and the theories guiding them have also made us aware of different voices and the need to consider whose voice will be represented, how, in what ways, and for what purposes qualitative research has provided ways for understanding the local and situated nature of everyday life; how this life is consequential for those who are members, as well as those seeking membership; and for exploring how equity of access to academic knowledge.
and societal resources are locally constructed in and through the actions of people in local settings.

In theory, qualitative research appears to be the best route to take in every research situation. After all, it provides an understanding that takes into account the fact that each person is an individual with a unique perspective on the world, different reactions to occurrences, and different opinions on how the world should be. Quantitative research hardly, if ever, takes any of these variables into account. So, why is it that researchers continue to use quantitative methods in circumstances where a qualitative method would give a more in-depth account of the research topic? The answer could lie in the fact that, at times, numerical data are absolutely necessary to test a hypothesis, or it could have to do with the many disadvantages associated with conducting qualitative research.

Disadvantages of Using Qualitative Research

After discovering what is basically involved in the process of conducting qualitative research, many disadvantages automatically begin to surface. If a researcher is only working with one person, or even a small focus group, the results are likely to only be valid for that particular person or focus group. Therefore, one could not necessarily make a generalization from the results in the way that one could with the results of a quantitative research study. Also, because qualitative research focuses on depth, a researcher must spend a significant amount of time with the research, which often causes a rise in the cost of the research. An article published in *Qualitative Health Research*
(Peck & Secker, 1999) outlined many disadvantages of qualitative research. According to the article, these disadvantages include:

- The fact that current techniques of data collection typically involve semi-structured interviews that can place considerable demands on participants’ time, making it difficult to recruit managers and others for whom time is often at a premium.

- Qualitative research is a time-consuming exercise, not only in relation to the data collection process, but also because the process of analysis involves continual movement between the data and emerging themes to adapt and verify the analytical framework being developed.

- The conclusions of qualitative research typically are disseminated through academic publications and papers, which people, not familiar with the academic repertoire, can find difficult to follow.

- Time delays between submission and publication may again mean that the findings are no longer relevant to the target audience.

Another disadvantage of qualitative research involves the accuracy of the researcher’s interpretations. Because the researcher is a person, like the participants, possibly, the researcher has biases to overcome or consider when carrying out inductive reasoning processes.

All of these concerns are important to consider, especially the one which contends that this type of research is so time-consuming, the results may no longer be valid or relevant by the time they are published. Therefore, in many instances not only is qualitative research not necessary, but also sufficient time (or money) to conduct the research is lacking.
Rationale for Grounded Theory

The area of interest in this study is the perception of senior human resources executives or of those who have responsibility for determining the value of an SP&M program. The measurement of the value of SP&M is relatively undocumented. Also, the purpose of this research is to offer a framework for measuring the value of the SP&M program. To accomplish this, the nature of the research is very explorative. Thus, the philosophies and theoretical perspectives of the grounded theory is appropriate for this study. The next section contains an explanation of the rationale for choosing grounded theory.

The intent of grounded theory is to generate or discover a theory—an abstract analytical schema of a philosophy—that relates to a particular situation. This situation could be one in which individuals interact, take actions, or engage in a process in response to a phenomenon (Creswell, 1998).

The selection of a particular qualitative design is determined by how the problem is shaped, by the questions it raises, and by the type of end product desired (Bodgan & Biklen, 1992; Creswell, 1994; Strauss & Corbin, 1990, 1998).

Grounded theory has its conceptual origin in sociology and was founded by Glaser and Strauss in the 1960s. Strauss and Corbin (1990) gave this explanation of grounded theory:

A grounded theory is one that is inductively derived from the study of the phenomenon it presents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. (p. 23)
Grounded theory derives from data systematically gathered and analyzed through the research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another. A researcher does not begin a project with a preconceived theory in mind. Rather, the researcher begins with an area of study and allows the theory to emerge from the data (Strauss & Corbin, 1998).

The three basic elements of grounded theory are concepts, categories and propositions. Concepts are the basic units of analysis since from the conceptualization of data, not the actual data per se, theory arises. Corbin and Strauss (1990, p. 7) stated:

Theories can’t be built with actual incidents or activities as observed or reported; that is, from “raw data.” The incidents, events, happenings are taken as, or analyzed as, potential indicators of phenomena, which are thereby given conceptual labels. If a respondent says to the researcher, “Each day I spread my activities over the morning, resting between shaving and bathing,” then the researcher might label this phenomenon as “pacing.” As the researcher encounters other incidents, and when after comparison to the first, they appear to resemble the same phenomena, then these, too, can be labeled as “pacing.” Only by comparing incidents and naming like phenomena with the same term can the theorist accumulate the basic units for theory.

The second element of grounded theory, categories, defined by Corbin and Strauss (1990, p. 7), is:

Categories are higher in level and more abstract than the concepts they represent. They are generated through the same analytic process of making comparisons to highlight similarities and differences that is used to produce lower level concepts. Categories are the “cornerstones” of developing theory. They provide the means by which the theory can be integrated. We can show how the grouping of concepts forms categories by continuing with the example presented above. In addition to the concept of “pacing,” the analyst might generate the concepts of “self-medicating,” “resting,” and “watching one’s diet.” While coding, the analyst may note that, although these concepts are different in form, they seem to represent activities directed toward a similar process: keeping an illness under control. They could be grouped under a more abstract heading, the category: “Self Strategies for Controlling Illness.”
The third element of grounded theory is propositions that indicate generalized relationships between a category and its concepts and between discrete categories. This third element was originally termed “hypotheses” by Glaser and Strauss (1967). Widely accepted is that the term “propositions” is more appropriate since, as Whetten (1989, p. 492) correctly points out, propositions involve conceptual relationships whereas hypotheses require measured relationships. Since the grounded approach produces conceptual and not measured relationships, the former term is preferred.

The generation and development of concepts, categories and propositions is an iterative process. Grounded theory is not generated *a priori* and then subsequently tested. Rather, it is:

. . . *inductively* derived from the study of the phenomenon it represents. That is, discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. Therefore, data collection, analysis, and theory should stand in reciprocal relationship with each other. One does not begin with a theory, then prove it. Rather, one begins with an area of study and what is relevant to that area is allowed to emerge. (Strauss and Corbin, 1990, p. 23.)

Grounded theory research generally adheres to the following procedures:

- In *open coding*, the researcher forms initial categories of information about the phenomenon being studied by segmenting information. Within each *category* (a category represents a unit of information composed of events, happenings and instances), the researcher finds several *properties*, or subcategories, and looks for data to *dimensionalize*, or show the extreme possibilities on a continuum, of the property.

- In *axial coding*, the researcher assembles the data in new ways after open coding. The researcher presents this using a coding paradigm or logic diagram which identifies a *central phenomenon*, explores *causal conditions* (i.e.,
categories of conditions that influence the phenomenon), specifies strategies (i.e., the actions or interactions that result from the central phenomenon), identifies the content and intervening conditions (i.e., the narrow and broad conditions that influence the strategies), and delineates the consequences (i.e., the outcomes of the strategies) for this phenomenon.

- In selective coding, the researcher identifies a “story line” which results in a story that integrates the categories in the axial coding model. In this phase, conditional propositions (or hypotheses) are typically presented.

- Finally, the researcher develops and visually portrays a conditional matrix that elucidates the social, historical, and economic conditions influencing the central phenomenon (Strauss & Corbin, 1990).

Role of the Researcher

In a grounded theory study, the actions of the researcher are similar to those of a detective in an engrossing mystery story, in which various suspects emerge and are cleared. Similarly, false leads waste time and effort, new subplots materialize, some hunches pay off, earlier suspicions are reinterpreted, and each puzzle solved poses yet another. The sleuth never quite knows where the trail will lead. The ability to assume the role of a detective is referred to as theoretical sensitivity in grounded theory design. Theoretical sensitivity is a personal quality of the researcher, and experience qualifies the researcher to undertake the study (Strauss & Corbin, 1990, 1997). For this reason information about the researcher’s background seems appropriate. Data are filtered through these particular values, beliefs, and biases.
A qualitative researcher should have adaptability, flexibility, and good listening skills (Yin, 2003). Thus, researcher has completed all of the training courses and educational counseling sessions. Also, my most recent employment was as a specialist in human resource development. The job required the skills of a qualitative researcher. While doing this work, an interest in measuring the value of the activities in human resource management and development arose. One of the difficult parts of an HRD specialist’s work is to persuade senior executives and CEOs to invest company assets in human resource development programs and to convince them that their decisions are appropriate. In addition, the subject of systematic approaches to leadership development piqued special interest. These interests, measuring the value of HR activities and leadership development, continue in the conceptualization and completion of this study.

Rationale for Interview Research

As an inductive research design, grounded theory includes the use of documents, observation, and interview (Corbin & Strauss, 1990; Strauss & Corbin, 1990, 1994). For this study, interview is the major source of data. Interviews were conducted with senior human resources executives or persons responsible for an of SP&M program. Other research on perceptions used the interview as a tool of data collection such as Lindholm’s (1999) interviews with CEOs to discover CEO perceptions of workplace learning and performance. Heuer (2003) used interviews to study the perceptions of chief HR officers on the importance of SP&M. The following explains the rationale for using interviews in this study.
Qualitative interviewing is based on a guided conversation in which researchers ask questions and listen to the respondents’ answers (Rubin & Rubin, 2005). What a researcher hears through careful listening forms the basis for the meaning of the conversation. Thus, interviewers are more likely to be viewed as meaning makers, not as passive conduits for retrieving information from existing vessels of answers (Warren, 2002). Patton and Patton (2002) explained that the reason for conducting interviews is to find out the things that cannot be directly observed. That is to say, the purpose of interviewing is to make cultural inferences from which description provides insight into a given social world analyzed for cultural patterns and themes (Warren, 2002).

The advantages of qualitative interviewing in a grounded theory analysis seem unassailable. An interviewer assumes more direct control over the contraction of data than does a researcher using most other methods. Qualitative interviewing provides an open-ended, in-depth exploration of an aspect of life about which the interviewee has substantial experience, often combined with considerable insight. The interviewer can elicit a view of this person’s subjective world. The interviewer sketches the outline of these views by delineating the topic and drafting the questions. An interview is a flexible, emergent technique for ideas and issues emerging during the interview, and the interviewer can then immediately pursue these leads.

Grounded theory method depends upon a similar kind of flexibility. In addition to picking up and pursuing themes in interviews, the grounded theorist looks for ideas by studying data and then returning to the field to gather focused data to answer analytic questions and to fill conceptual gaps. Thus, the combination of flexibility and control inherent in in-depth interviewing techniques fits grounded theory strategies for increasing
the analytic incisiveness of the resultant analysis. But, grounded theory interviewing differs from in-depth interviewing as the research process proceeds—the grounded theorist narrows the range of interview topics to gather specific data for theoretical frameworks.

Limitations

The limitations on this study were:

- Due to the difficulty in accessing interviewees along with the time and expense involved in interviewing and collecting qualitative data, the sample size of this research is limited to 7 interviewees for Phase 1 interview, and 5 interviewees for Phase 2 interviews. In addition, the findings of this study are based on the perceptions of The Senior Vice President (here after SVP) of Human Resources (her after HR) or an individual who is in charge of succession planning and their seniors, therefore, the findings are not generalizable.
- The nature of the study was inductive, which created some unique limitations. The exact number of interviewees could not be determined until the research was in process. In addition, an unpredictability exists as to what grounded theory would come out of the research analysis.
- The interviews were conducted over the phone, but the researcher did not have control over other environmental factors that may have occurred during the course of the research gathering process, such as psychological or physiological distractions.
• The term succession planning was used during the interview, instead of the term succession planning and management. While the primary focuses of this study is to investigate evaluation and unique features of succession planning and management in foreign-owned companies, the succession planning was used to facilitate interviewee’s clearer understanding.

• During the interview, with the same reason as using the term succession planning, several terms were used to describe evaluation, including ROI, measurement, and placing value.

Assumptions

The need for the research, the research questions, and the reporting format were influenced by past experiences, value, and beliefs (Creswell, 1998). The researcher’s bias in this study was rooted in experience as a human resource practitioner and as a current student a large educational institution. Five years of professional experience working with related issues are applied to this project.

This study operated under five assumptions.

1. The Senior Vice President (here after SVP) of Human Resources (HR) is involved in the evaluation of succession planning and management programs.

2. The SVP of HR realizes the value of succession planning and management.

3. The perception of the SVP of HR could be communicated to the researcher in interview.
4. The term succession planning and management can be used interchangeably with succession planning or management succession and leadership development.

5. The value of succession planning and management can be used interchangeably with Return on Investment (ROI) in succession planning and management or measurement of the results of succession planning and management.

Delimitation

The delimitations of this study include:

- Creswell (1998) indicated that 5–25 participants is the typical range. Straus and Corbin (1998) suggested that in most theory building research, data collection continues until theoretical saturation takes place, which means, within the limits of available time and money, the researcher finds that no new data are being unearthed. For this study after 7 interviewers, the assumption was that no new data will emerge.

- Before the interview, contact with interviewees occurred several times to schedule an interview with minimum interruption. In addition, interviewees of Phase 1 interview were asked to allow 60-90 minutes and for Phase 2 were 10-20 minutes.

- Prior to the interview, asking preliminary questions about definition and understanding of the terms, succession planning and management occurred for
two reasons: to build rapport before the interview, and to clarify the understanding about the research topic. Interviewees were very familiar with both terms. Therefore, no confusions arose from using succession planning instead of succession planning and management.

- Before the interview, explanation of the topic and purpose of this study occurred again. Also before posing Interview question 2, a discussion took place to define the terms in this research. Similar to the term succession planning, interviewees were familiar with terms. Hence, no confusions arose by using different term than evaluation.

General Research Process

Restatement of Selection of Qualitative Study

The qualitative approach chosen for this study is accepted as being particularly well suited for the exploration of uncharted areas of inquiry (Guba, 1981). In addition, the qualitative approach has been required in SP&M studies. Kesner and Sebora (1994) said that, as with any scientific process, the clarification of the succession picture and the selection and fitting of the pieces require a variety of methodologies. Most succession research has relied on archival data sources and highly quantitative analysis techniques (Friedman, 1984, 1986; Rhodes & Walker, 1984; Shen & Cannella, 2003; Zaich, 1986; Zajac, 1990). Researchers suggested that some questions may be better answered using
other approaches (Friedman, 1984; Kesner & Sebora, 1994). Accordingly, more qualitative and longitudinal methods may improve understanding of phenomena.

Restatement of Selection of Grounded Theory

The area of interest in this study was the perception of senior human resources executives or of those who have responsibility for determining the value of an SP&M program. The measurement of the value of SP&M is relatively undocumented. Also, the purpose of this research was to offer a framework for measuring the value of an SP&M program. To accomplish this, the nature of the research should be very explorative. Thus, the philosophies and theoretical perspectives of the grounded theory was appropriate for this study.

Restatement of Selection of Interview Research

As an inductive research design, grounded theory includes the use of documents, observations, and interviews (Corbin & Strauss, 1990; Strauss & Corbin, 1990, 1994). A telephone interview provides the best source of information when the researcher does not have direct access to individuals (Creswell, 1998). For this study, telephone interviews were the major source of data to interview the participants due to difficulty to access them. Interviews were conducted with senior human resources executives or persons responsible for an of SP&M program. Other research on perceptions used the telephone interview as a tool for data collection such as Lindholm’s (1999) interviews with CEOs to
discover CEO perceptions of workplace learning and performance. Heuer (2003) used interviews to study the perceptions of chief HR officers on the importance of SP&M.

Selecting Participants

In interview research, participants are viewed as meaning makers (Warren, 2002). “There are no rules for sample size in qualitative inquiry. Sample size depends on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility, and what can be done with available time and resources” (Patton, 1990, p. 184). Lincoln and Guba (1985) identified the goal of sampling as “to maximize information, the sampling is terminated when no new information is forthcoming from new sampled units: thus redundancy is the primary criterion” (Lincoln & Guba, 1985, p. 202). How many people should be interviewed? The general rule in grounded theory, as stated by Strauss and Corbin (1998), is to “Sample until theoretical saturation of each category is reached” (p.188). This means that data should be gathered until: no new or relevant data seem to emerge regarding a category; the category is well developed in terms of its properties and dimensions demonstrating variation, and the relationship between categories is well established and validated. These authors stressed that without the achievement of this level of saturation, the theory will be conceptually inadequate. The sample size is the number of participants in the study. Creswell (1998) indicated that 5–25 participants is the typical range. Straus and Corbin (1998) suggested that for most theory building researchers, data collection continues until theoretical saturation takes
place, which means, within the limits of available time and money, the researcher finds that no new data are being unearthed.

Warren (2002) suggested that in a qualitative interview study, respondents may be chosen based on an a priori research design, theoretical sampling, snowball, or convenience sampling. Using a theoretical sampling strategy, the interviewer seeks out respondents who seem likely to epitomize the analytic criteria of interest (Glaser & Strauss, 1967). Because the object of qualitative interviewing is to discern meaningful patterns within thick description, the researcher may try to minimize or maximize differences among respondents.

Therefore, to fulfill the study’s purposes the following criteria were established based on the literature review and theoretical framework.

The criteria for the selection of study participants are:

- Phase 1 interview: Senior Vice President (SVP)s of HR or persons responsible for Succession Planning
  - SVPs of HR who have responsibility for the SP&M program
  - Executive or equivalent level persons who are in charge of the SP&M program in their organization

- Phase 2 interview:
  - General Managers of organizations to which the interviewees from Phase 1 belong
  - General Managers in this research include chief executive officers (CEOs), senior executives or equivalent level persons other than interviewees from the Phase 1 interview research
Foreign-owned companies in the U.S. that:

- Have subsidiary or headquarter in the U.S.;
- (and) Have SP&M programs for the U.S. operation (both independent and dependent programs from their parent companies), and
- (and) Have been implementing systematic SP&M programs for more than 2 years.

In the recruitment process, for the Phase 1 interview, various sources supplied leads for participants over a three-month period. Compiling a list of potential participants was the first step. The Directory of Foreign Firms Operating in the United States, Directory, Japanese-affiliated companies in USA & Canada (Nihon Boeki Shink*okai., 2002) and the KOTRA (Korea Trade Investment Promotion Agency) members’ directory which all allow members to access other members’ contact information via their web-site were the sources. A non-commercial personal membership allowed access. More than 200 invitations were sent to HR departments in all of the listed companies. The invitation asked the recipients to forward the correspondence to the person in charge of succession planning and management in the organization. In addition to the mailing, this research also used a snowball process: One located respondent, who fulfills the theoretical criteria helps to locate others through networks (Warren, 2002). In total, 10 people from 10 organization responded to the invitation. Contacted with all 10 potential participants via email ensued to schedule the preliminary interview. Through the preliminary interview, 7 interviewees were selected for this study, because the other three companies either did not have systematic succession planning or had implemented succession planning and management less than two years ago. The first interviews were conducted in a four-month period, from April to August 2005. After 7 interviews, researcher stopped the
recruitment of interviewees, because there were no new significant new data were emerged and there was limitation of time and resources for this study.

For the second phase interview, the first phase interviewees were asked to provide contact information for a second phase interviewee within their organizations. Assurances were forthcoming that the individual results of the first phase interview would not be revealed to the second phase interviewees, to avoid possible disadvantages and prevent bias. Also, they were advised that, if requested, the interview guide for the Phase 2 interview would be sent to the Phase 1 interviewees before interviewing the Phase 2 interviewees. Three interviewees from Phase 1 requested the interview guide for the Phase 2 interview. It was sent to them before the Phase 2 interviews were conducted. In the Phase 2 interview, 5 interviewees from 5 organizations were interviewed. In sum, a total of 12 interviewees participated in this study. All of the participating interviewees were employees of foreign-owned multinational companies. Of the 7 companies, 6 companies were listed in the Forbes Asia Ranking 100 and Fortune Global 100.

Table 3.1 and Table 3.2 shows a summary of demographic information of interviewees for this study.
### Table 3.1

*Demographic Information of Participating Organizations*

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Head Office Location</th>
<th>Years of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Entertainment</td>
<td>Japan</td>
<td>3+</td>
</tr>
<tr>
<td>B</td>
<td>R&amp;D</td>
<td>Japan</td>
<td>2+</td>
</tr>
<tr>
<td>C</td>
<td>Manufacturing</td>
<td>Korea</td>
<td>2+</td>
</tr>
<tr>
<td>D</td>
<td>Manufacturing</td>
<td>Korea</td>
<td>3+</td>
</tr>
<tr>
<td>E</td>
<td>Manufacturing</td>
<td>Korea</td>
<td>3</td>
</tr>
<tr>
<td>F</td>
<td>Engineering</td>
<td>Japan</td>
<td>2</td>
</tr>
<tr>
<td>G</td>
<td>Manufacturing</td>
<td>Korea</td>
<td>2</td>
</tr>
</tbody>
</table>

### Table 3.2

*Demographic Information of Interviewee*

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Company</th>
<th>Interview Phase</th>
<th>Position</th>
<th>Nationality of Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee A</td>
<td>A</td>
<td>Phase 1</td>
<td>SVP of HR</td>
<td>U.S.</td>
</tr>
<tr>
<td>Interviewee B</td>
<td>B</td>
<td>Phase 1</td>
<td>VP of HR</td>
<td>U.S.</td>
</tr>
<tr>
<td>Interviewee C</td>
<td>C</td>
<td>Phase 1</td>
<td>Manager of HR</td>
<td>Korea</td>
</tr>
<tr>
<td>Interviewee D</td>
<td>D</td>
<td>Phase 1</td>
<td>VP of HR</td>
<td>Korea</td>
</tr>
<tr>
<td>Interviewee E</td>
<td>E</td>
<td>Phase 1</td>
<td>Manager of HR</td>
<td>U.S.</td>
</tr>
<tr>
<td>Interviewee F</td>
<td>F</td>
<td>Phase 1</td>
<td>Manager of HR</td>
<td>U.S.</td>
</tr>
<tr>
<td>Interviewee G</td>
<td>G</td>
<td>Phase 1</td>
<td>Manager of HR</td>
<td>Korea</td>
</tr>
<tr>
<td>Interviewee H</td>
<td>A</td>
<td>Phase 2</td>
<td>SVP</td>
<td>U.S.</td>
</tr>
<tr>
<td>Interviewee I</td>
<td>B</td>
<td>Phase 2</td>
<td>SVP</td>
<td>U.S.</td>
</tr>
</tbody>
</table>
Design of Interview Protocols

Creswell (1998) suggested designing the interview protocol with a form about four or five pages in length, with approximately five open-ended questions and ample space between the questions to write responses to the interviewee’s comments. Therefore, this study designed and used this interview protocol for both Phase 1 and 2. In addition, Strauss and Corbin (1990) explained four types of questions; sensitizing, theoretical, structural, and guiding question. Sensitizing question tune the researcher into what the data might be indicating. For example, “What is going on here? Who are the actors involved.” Theoretical questions help the researcher to see process, variation, and the like, and to make connections among concepts, example, “What is the relationship of one concept to another? What would happened if?” Third, structural questions are more practical and provide direction for sampling and help with development of the structure of the evolving theory, example, “Which concepts are well developed and which are not. How long will it take?” Guiding questions direct the interviews, observations and analyses of these and other documents. These questions changed over time, are based on the evolving theory, and are specific to the particular research. Since the purpose of this study is to offer a framework to evaluate succession planning and management, interview
questions were created by following examples of theoretical questions for Phase 1 interview. In Phase 2 interview, since the purpose of the interview was to verify the findings from Phase 1 interview, interview questions were developed in a more structured and guided way.

First, in Phase 1 interview, four interview questions were created (see Appendix A). To collect data on Research Question 1: “How does the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the characteristics of succession planning and management in organization?”, interviewees were asked the following question:

1. How do you perceive the characteristic of succession planning and management in your organization?

To collect data on Research Question 2: “How does senior executive(s) in human resources or an individual who is in charge of succession planning and management evaluate the success of succession planning and management in the organization?”, interviewees were asked the following question:

2. How do you evaluate the success of succession planning and management in your organization?

To collect data on Research Question 3: “How does the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the unique advantages and challenges of the value of succession planning and management in organization as a foreign-owned company?”, interviewees were asked the following questions:
3. If any, tell me what uniqueness do you perceive regarding the succession planning and management of your organization as a foreign-owned company in U.S.?

4. If any, tell me what uniqueness do you perceive regarding evaluation of the value of succession planning and management for your organization as a foreign-owned company in U.S.?

First, in Phase 2 interview, after analyzing the data from Phase 1 interview, more structured interview questions were designed (see Appendix B). In this phase of interviews, interviewees received interview questionnaires a week prior to the interview (See Appendix C). For both interview phases, in addition to the questions in the guide, other questions were asked as follow-up and to probe for further comments.

Data Collection

The data collection method in this study was telephone interview. Interview questions for the participants in interview Phase 1 include four questions. All of the participant interviews were tape-recorded, with human subjects’ permission, for later transcription. Before starting the interview, participants were asked to allow up to one and one-half hours for the interview and were advised that a follow-up interview might be requested. The durations of the interviews were from 49 to 97 minutes in Phase 1. In the second phase interviews, interviewees were sent the interview questionnaire. Before starting the interview, they were advised that the interview could take 10 to 20 minutes, and also were advised that a follow-up interview might be requested. The durations of
Phase 2 interviews were from 10 to 15 minutes. All interviews were conducted over the telephone while the interviewees were either in their own offices or in a home office. No interruption occurred during the interviews. All participants were also advised that they could be asked to check the validity of the researcher’s summary of their responses to all interview questions. During interviews, two interviewees supplied documents about their succession planning and management program. Since this study did not include the analysis of documents in the research design, and the interviewees presented the documents for the purposes of clarifying their descriptions, the supplied documents were not analyzed and were used only to clarify information gained during the interviews.

Data Analysis

Data coding and analysis followed a three-level format derived from the grounded-theory model of Glaser and Strauss (1998). Open-coding, the first level of the coding process, began with a line-by-line examination of the verbatim transcripts. Open coding refers to that part of the analysis that deals with the labeling and categorizing of phenomena as indicated by the data. The product of labeling and categorizing are concepts—the basic building blocks in grounded theory construction.

Open coding requires application of the comparative method, that is, the asking of questions and the making of comparisons. Data are initially broken down by asking simple questions such as what, where, how, when, how much, etc. Subsequently, data are compared and similar incidents are grouped together and given the same conceptual
label. The process of grouping concepts at a higher, more abstract level is termed categorizing.

Whereas open coding fractures the data into concepts and categories, axial coding reconstructs those data in new ways by making connections between a category and its sub-categories (i.e., not between discrete categories, which is done in selective coding). Thus, axial coding refers to the process of developing main categories and their sub-categories.

Selective coding involves the integration of the categories that have been developed to form the initial theoretical framework.

First, a story-line is either generated or made explicit. A story is simply a descriptive narrative about the central phenomenon of the study and the story-line is the conceptualization of this story (abstracting). When analyzed, the story-line becomes the core category. The core category must be the sun, standing in orderly systematic relationships to its planets (Strauss & Corbin, 1990, p. 124).

Subsidiary categories are related to the core category according to the paradigm model, the basic purpose of which is to enable thinking systematically about data and relate information in complex ways. The basic idea is to propose linkages and rely on the data for validation (move between asking questions, generating propositions and making comparisons).

An important activity during coding is the writing of memos. Corbin and Strauss (1990, p. 10) maintained that:

Writing theoretical memos is an integral part of doing grounded theory. Since the analyst cannot readily keep track of all the categories, properties, hypotheses, and generative questions that evolve from the analytical
process, there must be a system for doing so. The use of memos constitutes such a system. Memos are not simply "ideas." They are involved in the formulation and revision of theory during the research process.

At least three types of memo may be distinguished: code memos, theoretical memos and operational memos. Code memos relate to open coding, and thus focus on conceptual labeling. Theoretical memos relate to axial and selective coding, and thus focus on paradigm features and indications of process. Finally, operational memos contain directions relating to the evolving research design.

<table>
<thead>
<tr>
<th>Table 3.3</th>
<th>Emerging Themes by Category</th>
</tr>
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<tbody>
<tr>
<td>Subcategories</td>
<td>Subcategories</td>
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<tr>
<td>SP&amp;M as a corporate core strategy</td>
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<td>-----------------------------------</td>
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<tr>
<td>Objectives of SP&amp;M</td>
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<td>Position based approach</td>
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<td>Pool based approach</td>
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<td>Initial phase</td>
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<td>Assessment phase</td>
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<tr>
<td>Stakeholders/customers of SP&amp;M</td>
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<tr>
<td>Measurement of process</td>
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<tr>
<td>Measurement of outcomes</td>
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</table>

- Communication
- Localization strategy
- Management of expatriates
Following the guides from the literature, as well as instruction from thesis committee members, the first step in this study’s analysis is to skip through the transcriptions from the Phase 1 interviews before starting the opening coding. Next is to read through the transcripts again line by line, using a memoing strategy by using N-vivo. As a result the first analysis identified 84 nodes. Through the axial and selective coding program, nodes from the open coding process, combined with memos, were categorized. Figure 3-2 shows the detailed process of this study.

Four main categories were developed and in each category sub-categories were defined as shown in Table 3.3.
Figure 3-2  Data analysis process
Credibility and Validity

There are standards for assessing the quality of qualitative studies (Creswell, 1998; Howe & Eisenhardt, 1990; Lincoln, 1995; Marshall & Rossman, 1995). Key issues related to the scientific truthfulness of the products of qualitative research are often discussed under the heading of reliability and validity. Guba (1981) and Lincoln and Guba (1985) provided methods and techniques that advanced validity and reliability. These authors weighed the traditional methodological issues of internal validity, external validity or generalizability, reliability, and objectivity as having parallel issues appropriate to the assumptions of the naturalistic paradigm. They are, respectively, credibility, transferability, dependability, and confirmability. These four aspects are, together, reflective of the “trustworthiness” of research findings in qualitative inquiry (Lincoln & Guba, 1985).

Credibility refers to the truthfulness of the study findings (Lincoln & Guba, 1985). It is reflected in one’s level of confidence in the veracity of study findings. Transferability speaks to the degree to which findings in one study are true beyond the bounds of the particular contexts and subjects of the investigation. Dependability refers to the likelihood that similar subjects and similar contexts would yield similar results. Confirmability refers to the degree to which findings are the result of the subjects and conditions present in the study and not the result of such other influences as the perceptions or biases of the researcher (Lincoln & Guba, 1985).

This study used several techniques in order to maintain credibility and validity. First, this research employed triangulation method by collecting data from different
sources. Lincoln and Guba (1985) suggested that the techniques of triangulation are a mode of improving the probability that finding and interpretations will be found credible (p, 305). The researcher often relies on triangulation, or the use of several kinds of methods or data (Denzin & Lincoln, 1998). Following Denzin’s (1978) classic distinctions, Miles and Huberman (1994) suggested four types of triangulation by data source—which can include persons, times, places, etc. by method—observation, interview document; by researcher—investigator A, B, etc. and by theory. To this Miles and Huberman (1994) added data type—qualitative text, recordings, quantitative. Miles and Huberman explained:

If you self-consciously set out to collect and double-check findings, using multiple sources and modes of evidence, the verification process will largely be built into data collection as you go. In effect, triangulation is a way to get to the finding in the first place-by seeing or hearing multiple instances of it from different sources by using different methods and by squaring the finding with others it needs to be squared with. (p. 266)

Since the aim of triangulation is to pick triangulation sources that have different biases, different strengths, so they can complement each other, this research used triangulation by interviewing different people in the same organization.

Second, this research used member check. The member check, whereby data, analytic categories, interpretations, and conclusions are tested with members of those stakeholding groups from whom the data were originally collected, is the most crucial technique for establishing credibility (Lincoln & Guba, 1985). If the investigator is to be able to purport that reconstructions are recognizable to audience members as adequate representations of their own (and multiple) realities, they must be given the opportunity
to react to them. Member checking is both informal and formal, and it occurs continuously (Lincoln & Guba, 1985). Informal checking serves a number of purposes:

- It provides the opportunity to assess intentionality—what it is that the respondent intended by acting in a certain way or providing certain information.

- It gives the respondent an immediate opportunity to correct errors of fact and challenge what are perceived to be wrong interpretations.

- It provides the respondent the opportunity to volunteer additional information; indeed, the act of "playing back" may stimulate the respondent to recall additional things that were not mentioned the first time around.

- It puts the respondent on record as having said certain things and having agreed to the correctness of the investigator's recording of them, thereby making it more difficult later for the respondent to claim misunderstanding or investigator error.

- It provides an opportunity to summarize, which is the first step along the way to data analysis.

- It provides the respondent an opportunity to give an assessment of overall adequacy in addition to confirming individual data points (Lincoln & Guba, 1985, p. 314).

Formal checking is necessary if a claim to credibility is to be entertained meaningfully. For this purpose, the investigator may wish to arrange a session, perhaps lasting an entire day or even several days, to which are invited knowledgeable individuals from each of the several interested source groups. Copies of the inquiry report may be furnished to such a member-check panel in advance for study and written commentary, while at the session itself, representatives of different groups may wish to air their disagreements with the investigator or with one another. Clearly the investigator is not bound to honor all of the criticisms that are mounted, but a tacit agreement exist to hear them and weigh their meaningfulness (Lincoln & Guba, 1985). Equally important is not
to confuse the concept of member checking with that of triangulation. Superficially, these two techniques appear identical, but there is a crucial difference. Triangulation is a process carried out with respect to data—a datum or item of information derived from one source (or by one method or by one investigator) should be checked against other sources (or by other methods or investigators) (Lincoln & Guba, 1985). Member checking is a process carried out with respect to constructions. Constructions may be found to be noncredible because they are based on erroneous data, but the careful investigator will have precluded that possibility by virtue of assiduous earlier triangulation. Member checking is directed at a judgment of overall credibility, while triangulation is directed at a judgment of the accuracy of specific data items.

Following the guide suggested by Lincoln and Guba (1985), in this research, along with informal member checking during the interview, participants were given a chance to review the contents of the interview and returned those reviews to the researcher with a formal member check form. All interviewees were given two weeks to review and provide feedback on their interview transcription. Six out of 7 interviewees of Phase 1 interview responded to the member check. Two interviewees added explanations about their succession planning and management program in practice, but none of the interviewees disagreed with the transcriptions. Three out of 5 interviewees of Phase 2 interview responded to member check and none of them disagreed or added comments to the interview transcriptions and the results of interviews.

Third, this study sought secure, external validity by using thick descriptions in research. Guba and Lincoln (1981) defined this term as follows: “Thick description involves literal description of the entity being evaluated, the circumstances under which it
is used, the characteristics of the people involved in it, the nature of the community in which it is located, and the like…But thick description also involves interpreting the meaning of such demographic and descriptive data in terms of cultural norms and mores, community values, deep-seated attitudes and motives, and the like” (p. 119).

Fourth, to ensure validity in this research project, data analysis used the qualitative data analysis software package N-Vivo, which also facilitates the construction of case study databases. In the past, the tools used to aid the type of data analysis elucidated above were simply scissors, a copier and piles of blank paper. The use of computer programs to aid the analysis of qualitative data is a recent innovation. Lee and Fielding (1991) argued that the presence of considerable progress in the analysis of qualitative data using a variety of specially written computer programs. At present, about a dozen program exist on the market or are under development, each with different characteristics and facilities.

The principal advantage of using a program is that it simplifies and speeds the mechanical aspects of data analysis without sacrificing flexibility, thereby freeing the researcher to concentrate to a greater extent on the more creative aspects of theory building. Tesch (1991) gave details which show that the thinking, judging, deciding, interpreting, etc., are still done by the researcher. The computer does not make conceptual decisions, such as which words or themes are important to focus on, or which analytical step to take next. These analytical tasks are still left entirely to the researcher.

Qualitative research, by nature, involves the compilation of massive amounts of data. Because of this, many researchers have begun using computer software to help organize and make sense of the volumes of information. Many reasons support using
computers in qualitative research, but according to Richards and Richards (1993), "Computers [offer] to address each of the obvious barriers to qualitative analysis by manual methods--limitations on size, flexibility and complexity of data records, and systems of theorizing about data" (p. 136). The authors also argue that using computers for qualitative research can give studies more credibility and status because of the association between computers and “hard” data. Research software can also help the researcher analyze data that was previously too unwieldy for study. Finally, computers greatly speed up the process of retrieving and exploring data.

Before choosing software for a qualitative study, researchers should not only be familiar with the types of software available, but also they should be well versed in the particular program functions and features needed. Flexibility and user-friendliness are two more considerations addressed by Weitzman and Miles (1995). They explained that before choosing software, researchers should determine if the software is designed to do what they need. If not, can the software be adapted to meet the needs of a particular study? In addition, researchers should consider how complicated the software is to learn and use. Researchers should also find out if the software comes with a manual, has on-screen help, and/or has a technical support phone number. Following the recommendations from Weitzman and Miles (1995), the researcher went through the tutorial included in the N-Vivo software and practiced with their sample data before beginning to analyze the data from this study.

Fifth, the interviews were tape-recorded in order to ensure the accuracy of the ideas. “Whether one uses modern technology to support fieldwork or simply writes down what is occurring, some method of keeping track of what is observed must be
established” (Patton, 2002, p. 309). Taped recordings were transcribed and double-checked by the researcher for accuracy. Transcribed and coded interviews were then stored in the researcher’s office to guarantee confidentiality and safe-keeping.

Out of 12 interviews, three interviewees wanted to do the interview in Korean. Hence, as a sixth technique, along with the member check process, to ensure the credibility and validity of the quality and contents of the interviews, a series processes for verifying the translation of transcription was used. Translation and reverse translation in this study followed the guides from Brislin (1997). First, interviews were transcribed by the researcher, whose first language is Korean. As a second step, the transcriptions were sent to a translator to translate from Korean into English. Then the transcriptions that were translated into English were sent a graduate student who uses Korean as his first language to reverse the translation. The original transcription with Korean and the last translated transcription, which were also written in Korean, were compared. Even though some differences in vocabulary appeared the contents were the same. In addition, the three interviewees preferred to do the interviews in Korean, they affirmed their full capability to respond in written English. The researcher sent transcripts in both Korean and English to those interviewees for a member check. All three interviewees agreed that the translation fully reflected what they had said to the researcher.

According to Miles and Huberman (1994) one way to increase reliability of the study is to do check-coding. Hence, this study uses check-coding, by a colleague of the researcher, who is a HR professionals. He is a doctoral candidate majoring in human resource development, and has about 10 years of experience in HR. The researcher asked for check-coding at the end of November 2005. The first 10 pages of transcriptions from
both first and second interviews were coded separately. Then the results of this coding were compared with the one done by the researcher. At first, the agreement was only about 50%. Therefore, a review and discussion followed to determine the reasons for discrepancy. After discussions, transcription underwent independent coding again. In the second check-coding, the agreement rate was about 95%, which was over the 90% range suggested by Miles and Huberman (1994, p. 64)

Summary

In this chapter, the choice of qualitative methodology, and especially of grounded theory, for this study is explained and verified. The researcher’s assumptions, criteria for identifying participants, and data collection and analysis methods are presented. Also, information on the study’s research design and methods used to improve trustworthiness are included.
Chapter 4
Results and Findings

The purpose of this study was to offer a framework for placing value on succession planning and management in a business organization. As Glaser (1998) suggested, the research issue for individuals who use grounded theory is “to discover a core variable and ensuring theory that accounts for what he/she is finding to be the main concern of the participants” (p. 119). Accordingly, this chapter contains a discussion of the results drawn from the interview data, an analysis of the main concerns of participants about succession planning, and an evaluation of its value. Nonverbal cues were not coded in this process, in line with the ambiguous nature of nonverbal communication, due to the nature of this study, which focused on fact and actual practices rather than the emotional portion of the participants’ interview. Documents provided by interviewees were used only to verify interview contents. All interviewees and their comments were reported using a personal male pronoun to conceal the identification of interviewees and their organizations. See Figure 4.1 for the process used in preparing the study results.
Figure 4.1  Process used in preparing the
Profiles of the Participants

The total of 12 interviews with 7 companies were recruited by using theoretical sampling and the snowball technique (Table 4.1).

<table>
<thead>
<tr>
<th>Interview Phase</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 Interview</td>
<td>7</td>
</tr>
<tr>
<td>Phase 2 Interview</td>
<td>5</td>
</tr>
</tbody>
</table>

The Phase 1 interviews for this study were conducted with 7 interviewee participants from 7 different companies. The interviewees were contacted via mail or email to obtain their agreement (see Appendix D). All 7 interviewees (100%) agreed to participate. Participants received the informed consent form by email. Prior to the interviews, all participants signed their consent forms and returned either by email with an electronic signature or by fax. The Phase 1 interviews were conducted over a 4-month period from April 2005 to August 2005. The demographic information (Table 4.2) was obtained.
during the interview. All interviews were conducted via telephone, while interviewees were in their offices at work or at home. No significant interruptions occurred during the interviews. The duration of each interview was 52 to 97 minutes.

Table 4.2
*Summary of Demographic and Employment Characteristics of Interviewees: Phase 1 (N=7)*
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>N</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
</tr>
<tr>
<td>Nationality</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>4</td>
</tr>
<tr>
<td>Non U.S.</td>
<td>3</td>
</tr>
<tr>
<td>Job position</td>
<td></td>
</tr>
<tr>
<td>Vice President</td>
<td>2</td>
</tr>
<tr>
<td>Senior Manager</td>
<td>2</td>
</tr>
<tr>
<td>Manager</td>
<td>3</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4</td>
</tr>
<tr>
<td>Engineering</td>
<td>1</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>1</td>
</tr>
<tr>
<td>Size of company</td>
<td></td>
</tr>
<tr>
<td>1000 or less employees</td>
<td>2</td>
</tr>
<tr>
<td>1001 - 5000 employees</td>
<td>2</td>
</tr>
<tr>
<td>5000 or more employees</td>
<td>3</td>
</tr>
<tr>
<td>Location of parent company</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>3</td>
</tr>
<tr>
<td>Korea</td>
<td>4</td>
</tr>
<tr>
<td>Years of Operation of SP&amp;M</td>
<td></td>
</tr>
<tr>
<td>less than 3</td>
<td>5</td>
</tr>
<tr>
<td>more than 3</td>
<td>2</td>
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</tbody>
</table>
In the second phase interview, for the purposes of data sources triangulation, five participants from 5 different companies were interviewed. The interviewees received an invitation to participate in the research via email. Phase two interviewees were identified during Phase 1 interview process (see Appendix D). All five interviewees (100%) agreed to participate. Each interviewee signed a consent form and returned it before the interview either by email with an electronic signature or by fax. In addition, since the purpose of the Phase 2 interview was to verify the results of the Phase 1 interview for triangulation purposes, interviewees received an interview questionnaire (Appendix C) a week prior to their interview. The Phase 2 interviews were conducted over a 3-month period from November 2005 to January 2006. The demographic information was obtained during the interview as shown in Table 4.5. All interviews were conducted via telephone, while the interviewees were in their office at work. The duration of Phase 2 interviews was 12–35 minutes.

Additional Demographic and Employment Characteristic Information

During the interview, interviewees supplied more information, which could help understanding the organization and the succession planning and management program. Interviewee A said that it had been only about three years since they had implemented current succession planning, which he labeled a pool-based succession planning program. However, he added that his organization has had different forms of formal succession planning programs for more than 15 years.
Table 4.3

Summary of Demographic and Employment Characteristics of Interviewees: Phase 2 (N=5)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
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<tr>
<td>Male</td>
<td>5</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
</tr>
<tr>
<td>Nationality</td>
<td></td>
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<tr>
<td>U.S.</td>
<td>2</td>
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<tr>
<td>Non U.S.</td>
<td>3</td>
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<tr>
<td>Job position</td>
<td></td>
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<tr>
<td>Senior Vice President</td>
<td>4</td>
</tr>
<tr>
<td>CLO</td>
<td>1</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4</td>
</tr>
<tr>
<td>Size of company</td>
<td></td>
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<tr>
<td>1000 or less employees</td>
<td>1</td>
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<tr>
<td>1001 - 5000 employees</td>
<td>2</td>
</tr>
<tr>
<td>5000 or more employees</td>
<td>2</td>
</tr>
<tr>
<td>Location of parent company</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
</tr>
<tr>
<td>Korea</td>
<td>4</td>
</tr>
<tr>
<td>Years of Operation of SP&amp;M</td>
<td></td>
</tr>
<tr>
<td>less than 3</td>
<td>3</td>
</tr>
<tr>
<td>more than 3</td>
<td>2</td>
</tr>
</tbody>
</table>

Interviewee B’s organization is a R&D division of a large manufacturing company. Although officially listed as a subsidiary of a large manufacturing company in
North America, his organization ran independently with other offices in U.S. Still, they were under the control of the parent company in the foreign country.

Interviewee C described his organization as a service division in North America. He later explained that in fact, the HR department in the service division acted as a representative of all other divisions. Therefore, the HR department in interviewee C’s division should be considered an HR department in the North American headquarters of their parent company. Interviewee C added that they had succession planning before they began a new form of succession planning two and one-half years ago.

Interviewee D also mentioned that the history of the succession planning program in his company was more than three years old, which is the official number of years of operation for the present succession planning and management program. Since some of the companies did not have their own HR department that offered leadership development and succession planning, interviewee D’s department managed several companies under parent company group in North America. Hence, the actual size and scope of succession planning covered by interviewee A’s department was larger than the reported employee size. When Interviewees G and F answered the question about the size of their companies, they explained that as in the case of interviewees C and D, their succession planning covered more than their own company.

Additional Interview Information

The interviews for this study began by asking how interviewees defined succession planning in their organizations and whether the interviewees agreed with the
definition of succession planning in this study. Posing this question has two reasons. First, as Seidman (1998) suggested, researchers can begin interview research by orienting the interviewee around a conceptual environment. The question about the definition of succession planning anchors the interviewees’ response with succession planning practices in their organizations. Second, as mentioned in Chapters 1 and 2, several terms were used to describe succession planning. In addition, organizations that applied succession planning usually create their own title and/or term to describe succession planning program that might cause confusion with other HR programs. Such terms leadership development programs, replacement planning as a form of risk management rather than succession planning, and general HR functions including recruitment and selection are typical. Hence, the interview question was needed to check whether the sample organizations actually conduct a succession planning program, and whether the interviewees understand their program. This preliminary question also verified the appropriateness of the samples for this study. All contributing participants either described the definition of succession planning in their organization within the context of this study’s definition or agreed that the definition of succession planning in this study depicted the succession planning process in their organizations.

Findings

The following categories and themes in each category emerged from interview Phase 1. First, under the category of the characteristics of succession planning, four
themes appeared: 1) succession planning as a corporate core strategy, 2) objectives of succession planning, 3) position based approach, and 4) pool-based approach. In the category titled operation of succession planning, four themes described four phases: 1) initiation phase, 2) assessment phase, 3) development phase, and 4) evaluation phase. In the evaluation of succession planning category, three themes emerged: 1) stakeholders of succession planning, 2) in-process measure, and 3) outcome measure. Under succession planning in foreign companies, four themes appeared: 1) communication, 2) localization strategy, and 3) management of expatriates.

Research Question 1: How does the senior executive(s) of Human Resources or an individual who is in charge of succession planning and management perceive(s) the characteristic of succession planning and management in the organization?

To identify the general features and implementation components, the interview asked, “How do you perceive the characteristic of succession planning and management in your company?” Through the analysis process, three themes emerged under two main categories. First, under the category of the characteristics of succession planning and management, four themes emerged: 1) SP&M as corporate core strategy, 2) objectives of succession planning, 3) position-based approach, and 4) pool-based approach. Second, for the operation of the succession planning and management program, four themes were identified: 1) initial phase, 2) assessment phase, 3) development phase, and 4) evaluation phase.

For the purpose of clarity, the following conventions are employed for direct quotation of transcribed interview comments: 1) to maintain confidentiality, all specific
references to persons, organizations, countries, and etc. are removed and replaced by a
generic term in [   ], and phrases in bold indicates a coding concepts

Characteristics of SP

SP as Corporate Key Strategy

Succession planning as a corporate key strategy refers to how the companies
perceive and place importance on succession planning for their future survival and
maintaining competitiveness. Not surprisingly, all interviewees realized the importance
of succession planning and thus considered succession planning as a key strategic plan
for the future. Three out of seven interviewees expressed the importance of succession
planning as a key strategy for the entire organization or a key function of HR even before
the researcher posing the first question. The other four interviewees also mentioned that
their companies consider succession planning as a key function for the future.

*Interviewee A:* One of the major roles and responsibilities of Heads of HR in each
parts of globe to supply information to head quarter in [country] and execute [title
of succession planning and management program]. [Company name] put a lot
emphasis on [title of succession planning and management program]. Our
[title of succession planning and management program] council members put their
energy and time intensely.

*Interviewee B:* What we do is **we look at the Succession Planning as part of**
our **overall** kind of **corporate objective** to try to find a candidate for position….

*Interviewee C:* **We do put succession planning in higher rank of our task list**
because of that. Right now, we have sufficient supply of employees and high
potentials. But, what we really need now and for the future is developing leaders
in our company. Succession planning and management program can be a **great
strategic tool for that.**
Interviewee D: the key management philosophy of our company is [title of succession planning and management program]….Therefore, we consider succession planning, as a part of our management strategy, is one of key strategy for the future of our company

Interviewee E: Succession planning in our company is a wonderful key management strategy. We do think that Succession Planning is one of the keys in HR functions, especially companies like us. We are growing pretty fast……. So, in our management and our HR, one of our missions is to train our own employees, educate, and let them succeed as a leader in the future

Interviewee F: in [company name] in U.S. we have been trying to grow local talent for so long. To do that [title of succession planning and management program] is a key factor.

Interviewee G: … and development of key people always have been a top issue in [company name]…. we expect to evaluate, develop, and retain our key people through succession planning…as like many other it is one of our core strategy in HR.

Apparently, all of the participants recognize, actually establish and implemented succession planning as a key strategy in their company, even though their expectations from such programs are not the same.

The next theme, similar and yet unique objectives of succession planning, reveals the objectives of succession planning that were implemented by the participants’ companies.

Objectives of Succession Planning

In succession planning programs in interviewees’ organizations, objectives of succession planning refers both to official, which is a form of written document and is shared organization-wide, and unofficial objectives, which may or may not be formally
stated in official written documents but still shared with stakeholders. Some of the interviewees actually read the official objectives statement from their documents and others explained objectives according to their perceptions and understanding. In this study, interviewees’ comments under the terms of mission, vision, goal, expected outcome, wants and future goal were coded under the objectives of succession planning when they were described as measurable, behavior-oriented and concrete objective statements rather than as strategic mission, vision statement, and description or perception of the obscure image of the future of the program. Several comments, such as the benefit of succession planning, were also coded as objectives of succession planning.

Five objectives were identified by the interviewees: 1) to enhance diversity, 2) to meet future needs, 3) to strengthen the internal leadership bench, 4) to fill the position, and 5) to accelerate development. Each interviewee reported more than one objective of succession planning for their companies. Since some of the objectives were interrelated and intertwined, several objectives are embedded in one or two objectives statements. For the purposes of the analysis, each goal was identified and counted separately.

To Enhance Diversity

Five interviewees mentioned diversity, which has two concepts. Interviewees explained that SP&M has been an issue in increasing the percentage of females and minorities, especially in leader positions. It also relates to EEOC guidelines. In implementing succession planning, companies expect to develop and manage female and minority employees. As suggested in many articles and by opinion leaders (Byham, 2002;
succession planning can be a tool best used to *enhance and cultivate diversity* in companies. Indeed, this study’s findings correspond with that thought. Because the study focused on foreign-owned companies, one unique interview finding in terms of diversity emerged. Interviewees set the objective, to enhance diversity, in terms of nationality:

local (U.S. citizens) versus expatriates at headquarters.

*Interviewee B:* You know, it is the diversity problem and I have been compliant about it, and I have been here 16 years and there was only been one or two women who ever got to the middle manager level. So this is just one way and maybe a short-term benefit but they might actually get a *better diversity of female and ethnic minority*[diversity of EEO] through [title of succession planning and management program].

*Interviewee E:* Our goal of succession planning is to increase the number of young talent pool members and put them in right track so that we can grow our own talent inside fast..... Also we want to use succession planning and a *tool for diversity*[diversity of EEO].

*Interviewee F:* Some of the key points is that people tend to be drawn to people very similar to them. There is *not much diversity in our management.* So we expect [title of succession planning and management program], is not like we only trying to meet EEO, can *change it*[diversity of EEO].

*Interviewee C:* we are trying *fill certain percentages of key management position by local talent*[diversity of nationality] . One of the goal we set for [title of succession planning and management program] is that.

*Interviewee D:* still many top management positions are taken by expiates from [country]. In this year, for example, we set our goal[goal for succession planning and management program] to *increase*, at least 10, of *local talents in key position*[diversity of nationality].


*Interviewee G:* In U.S., as you already know, we have an obligation to hire certain percentage of local people to do our business here. Thing is, I do not want to fill that *percentage with just hire locals*[diversity of nationality]. We try to
hire local, “talented” people. **Woman, minorities [diversity of EEO]** also. One of reason we do [title of succession planning and management program] is for that

To Meet Future Needs

The first and most frequently mentioned objective was to meet future needs, which refers to the fulfillment of needs such as change of business environment, companies’ business strategy and demographic changes in organizations in the future. This goal was closely related to the objective to fill the position but was more focused on succession planning as a strategic tool for future survival and growth of the organization rather than on filling open positions currently and in the near future.

*Interviewee A:* and what the major responsibilities of those positions are and to also identify positions that are not, **they may not exist today but that we believe they can be created for us in order for us to remain competitive.**

*Interviewee B:* and then we also try to **project to the future needs** to see **what needs we might have in the future**…[evaluate people] mainly a lot used for more, not just of succession planning, but also developing the people to become ultimately **fulfill some future openings.**

*Interviewee C:* We are growing pretty fast, so, as we grow fast, uh, we see there are only some amount of people you can bring out of the sides of organization, even if you have a position, of the management side. So, not only fill current opening, **we are preparing for the positions created in future.**

*Interviewee G:* I will read the objectives from documents. The mission statement for [title of succession planning and management program] is we **develop a talents pool to fill leadership pipeline in current and future** to accomplish our vision through entire organization.
Strengthen Internal Leadership Bench

Strengthen internal leadership bench was also listed by interviewees. This comment referred to the need to build leadership bench strength by managing and developing talents among those who may be promoted to key positions. Interviewees mentioned that one of the objectives of succession planning is to build bench strength, especially for key positions.

*Interviewee A:* The overall objective of succession planning is to accelerate the development of talent and to **increase our bench strength.**

*Interviewee B:* It is mainly a lot used for more not just for Succession Planning but also for **developing number of people in each position** to become ultimately fulfill some future openings...what we try to do is to do the best we can do to look forward to future hiring before people come to in the recruiting process, try to get them to grow with the company.

*Interviewee D:* The first goal of succession planning in our company is **to develop and grow successors as next generation leaders within organization.** Second goal is to fill the position when there are opening without any impact and shock, also minimize the possible effect empty position internally...The ultimate goal is to develop leadership and other feature and fill out key position with local talent.

*Interviewee E:* Our goal of succession planning is **to increase the number of young talent pool members and put them in right track** so that we can grow our own talent inside...Also we want to use succession planning and a tool for diversity.

To Fill the Position

The fourth objective was to fill the position. As mentioned earlier, this objective closely relates to the first objective, to meet future needs, but focuses more on current and near future needs. Apparently, companies who are less sophisticated in succession planning focus more on this objective. This finding comedies with five generations of
succession planning as suggested by Rothwell (2005). An earlier generation of succession planning can be similar to replacement.

Interviewee B: It is mainly a lot used for more not just for Succession Planning but also for developing number of people in each position to become ultimately fulfill some future openings..... what we try to do is to do the best we can do to look forward to future hiring before people come to in the recruiting process, try to get them to grow with the company.

Interviewee C: We are growing pretty fast, so, as we grow fast, uh, we see there are only some amount of people you can bring out of the sides of organization, even if you have a position, of the management side. So, not only fill current opening, we are preparing for the positions created in future.

Interviewee D: The first goal of succession planning in our company is to develop and grow successors as next generation leaders within organization. Second goal is to fill the position when there are opening without any impact and shock, also minimize the possible effect empty position internally...The ultimate goal is to develop leadership and other feature and fill out key position with local talent.

Interviewee G:...the bottom line, [title of succession planning and management program] is to prevent any empty period of key position by cultivate people who can take the position over right away or even before opening.

To Accelerate Development

The fifth and last objective was to accelerate development. This objective was mentioned by three interviewees and referred to the accelerated development of talents by exposing them to more experiences and providing developmental activities such as mentoring and coaching with succession planning. Unlike leadership bench strength, this objective focused more on the development of talents. All interviewees mentioned that one of the objectives of succession planning was to strengthen the leadership bench. This had implications for the developmental plan and activities for candidates.

Interviewee A: The overall objective of succession planning is to accelerate the development of talent and to increase our bench strength.
Interviewee D: …the chance of development is open to everyone, but for key talent we are trying to give them more chances.

Interviewee E: Our goal of succession planning is to increase the number of young talent pool members and put them in right track so that we can grow our own talent inside fast…. Also we want to use succession planning and a tool for diversity.

Position-Based vs. Pool-Based: Generation of a SP&M Program

The generation of succession planning and management refers to the sophistication level of the succession planning and management program in the participants’ organizations. As Rothwell (2001) suggested, no succession planning and management program can leap into being a state-of-the-art program from scratch. He described the evolution of succession planning through a life cycle of development (see Table 2.3). The generations of succession planning and management depict its evolutionary continuum; even the organizations in the same generation are at different levels of implementation. A coding process revealed that several common components exist. Many of the observed components were similar to those in the life cycle of succession planning and management—five generations of succession planning and management, as described by Rothwell (2001). Therefore, levels of sophistication of succession planning and management program are analyzed by using the main components of Rothwell’s five-generation model. Since imposed limitations restricted the participants to organizations that have implemented SP&M for more than two years, the SP&M program in all participating companies fell in the upper generation rather than the first generation, which is simple replacement planning. None of the companies reached
the fifth generation fully. To analyze the obtained data in vivo, categorizing succession planning and management used two approaches rather than five generations: the position-based approach of succession planning and management and the pool-based approach.

Position-based approach

The position-based approach refers to succession planning based on specific key positions selected. Five companies’ succession planning categorize under position-based succession planning. Unlike the pool-based approach which focus on developing the candidate pool, commonly one or two potential candidates are slated to fill a specific key position.

Interviewee A: … in the US. We limited it to top 20 to 25 positions in terms of position based succession planning.

Interviewee B: Unlike [company], we are kind of unfortunately scattered all over. So it is kind of hard to fine people willing to move, but we try at least one candidates for key positions.

Interviewee C: .. but in each position, we have first successor and second successor. So in case first successor did not work out, then we go for second successor but in HR department in that points, we only focus on first successor…. As a whole organization standpoint HR department only focuses on first successor [ of each key position]

Interviewee D: As for the scope of succession planning in our company, we specified the goal of succession planning for each group of leaders. For first tier leaders, which are CEO of each business division, the objective is to gear up successors who can be ready within six month. If there are internal successors, grow them. If not, find external successors. In second tier leaders, which are senior leaders who directly report to CEO of each division, the objective is to increase the ratio of internal successor. For third tier, which is senior directors and director, the goal is to increase the talent pool…. You can see in the documents [ in document, there were three cells for each position candidates beneath each key positions]
Interviewee E: each local subsidiary is responsible for succession of local area. And so we put charge to each manager for **developing 1 to 2 successor**.

Interviewee F: in short, I gave them a blank organization chart, asked them to fill in their name and two possible successors and then they rate their successors for how ready they are, and then asked them to, on the next level, write in all the names of the middle managers, **to choose two successors for each middle manager, and also rate them for how ready they are, for the future.**

Interviewee G: we follow up 1 to 3 candidates in each senior manager position.

Use of organization chart. The most apparent characteristic in position-based succession planning was the use of an organization chart. Interviewees mentioned that they use an organization chart in their initial phase.

Interviewee B: well it is easier when, actually we do **pull out organization chart** and pick the position.

Interviewee C: ...And the position that we follow up is, when **we post up organizational chart**, only key positions we leave the name of actually employee organizational chart. Their name is on that organizational chart and we set up the Succession Planning for that certain position ....

Interviewee E: ...at first, [name] and I, we stared this [title of succession planning and management program]. **we pull out [organization] chart.** Erase all current names, then filled that out with candidates.

Interviewee F: in short, I gave them a blank **organization chart**, asked them to fill in their name and two possible successors and then they rate their successors for how ready they are, and then asked them to, on the next level, write in all the names of the middle managers, to choose two successors for each middle manager, and also rate them for how ready they are, for the future.

Interviewee G: organization chart in U.S. is much simpler. We are not take care all positions. **From organization chart** CEO and HR picked core positions to be taken care.
Use of less delineated competency model. Another characteristic of position-based approach was use of a less delineated competency model. Companies using position-based approach employ either competency model or an alternative method other than a competency model.

Interviewee B: “We evaluate individual by performance achievement by demonstrating competencies. … We are using competencies tied to Malcolm Baldridge, in management leadership, strategic planning, customer market focuses process management and problem solving information analysis [for entire organization]….we do not have competency model particularly for management or technical positions.

Interviewee E: we have competency model for [company] we use it for our [title of succession planning and management program]. [name] and I, we do need more than that. Not for entire employee, for leader group.

Interviewee G: ….for example, we use competency model of [parent company] in [country]. I think that we need to revise it to apply it in U.S. Some of competencies are not really fit to the culture here.

Alternative method of competency model.

Interviewee C: We are using KPI index for departments and individuals. I am not sure whether our company aware the link our succession planning to our competency model. They see the needs of both in some way and aware of the importance of each one but still in organization standpoint, I don’t think they are aware of linkage between the two steps.

Interviewee F: we use competency model in global level, I mean in headquarter in [country]. But here I think we more rely on job description. They[senior leaders and head of HR] prefer to use job description…
Pool-based Approach

Apparently, the position-based approach is less sophisticated but is not necessarily a poorer approach than pool-based succession planning. Even with a company at level 4, position is based in higher-level leadership. Two interviewees explained that they have pool-based succession planning. However, those two companies that implemented pool-based succession planning applied the mixed approach, a combined approach that uses both position-based and pool-based approaches.

*Interviewee A:* We limit it to the top 20 to 25 positions (which is top leaders of organization), in terms of position based Succession Planning. We actually have a very robust account management process that extend to the manager level here is U.S. Rather identifying replacement, individuals who are replacement candidates for each position in the company, we take more of a pool approach.

*Interviewee D:* As for the scope of succession planning in our company, we specified the goal of succession planning for each group of leaders. For first tier leaders, which are CEO of each business division, the objective is to be geared up successors who can be ready within six month. If there are internal successors, grow them. If not, find external successors. In second tier leaders, which are senior leaders who directly report to CEO of each division, the objective is to increase the ratio of internal successor. For third tier, which is senior directors and director, the goal is to increase the talent pool.

The aforementioned companies at the pool-based succession planning stage use a more sophisticated competency model. They use an already developed competency model by hierarchical level, such as the competency model for senior leaders, senior directors, and directors. In all aspects of implementation, they use a competency model.

When both Interviewees A and D were asked to provide more detail about their succession planning and management program, they remitted their official documents
during the interview via email. The common elements from the two documents are the following:

- Mission statement of company
- Vision statement of company
- Value statement of company
- Vision statement of succession planning and management program
- Value statement of succession planning and management program
- Description of leadership competency model
- Process of succession planning and management program
- Curriculum for candidates

Since the documents were provided to help understanding their succession planning and management program, and since they were sent with the agreement of total confidentiality, revealing no detailed information or contents of any documents in any form of publication, the details of those documents cannot be illustrated here.

Summary of Characteristics of Succession Planning and Management

This section contains a description of the interview results for research question 1; “How does the senior executive(s) of Human Resources or an individual who is in charge of succession planning and management perceive(s) the characteristic of succession planning and management in their organization?” Three themes emerged. First, interviewees described their succession planning and management as a core strategy in their companies. Second, five objectives were identified. The interviewees’ most
frequently mentioned objectives are to enhance diversity, to meet future need, to strengthen internal leadership bench, to fill the position, and to accelerate development. Third, a sophisticated level of succession planning and management program emerged. Two types of approaches appeared. Position-based approaches, which are considered less sophisticated than pool-based approach, were used by five of the interviewees’ companies. Two interviewees’ companies used both the position-based approach for higher leadership positions, including CEO and top management team, and the pool-based approach for senior leaders other than CEOs and top management team. Companies that use the position-based approach use an organization chart, less delineated competency model or alternative method of competency model. Companies using the pool-based approach show documented mission, vision and value statements of the company, vision and value statements for succession planning and management, more delineated competency model, formalized processes for succession planning and management programs and a sophisticated form of development methodology. Table 4.6 provides a summary of this section.

Table 4.4

Summary of Characteristic of SP&M : Themes Identified from Research Question 1 (N=7)
Succession planning and management refers to the process of succession planning and management in the participating interviewees’ organizations. As with other HR activities, no single model can be applied to all organizations. One of the ways to succeed in implementation is to develop a program that fits with the organization. The succession
planning and management programs of participating interviewees’ organizations also have different details. However, in a broad sense, they showed a common process. Categorized the operation of succession planning and management programs in interviewees’ organizations into four stages occurred by analyzing the data collected through the interviews. The four categories are: initial phase, assessment phase, development phase and evaluation phase.

Phase 1: Initial Phase

In the initial phase, organizations review the previous model and procedure for their own succession planning and management programs. If they already have one, they set the policies and procedures for implementing the program.

Commitment of CEO and senior leaders

In the initial phase, the commitment of CEOs and senior leaders involved in succession planning and management program is one of the key factors for establishing an appropriate program. Interviewees indicated the importance of commitment of the CEO.

Interviewee A: Interviewees A emphasized the role HR in this phase in line with the importance of pull out CEO and senior leaders’ commitment on succession planning. Interviewee A said that HR’s role in SP is just to set up the system, and suggest them the review process and check those process and help. According to Interviewee A, it is leaders’ role to actually conduct succession planning program.
**Interviewee C:** CEO and senior leaders commitment is one of the key factor that hold away over its success. It is the far most important factor in succession planning than other factors. Once we have CEO’s commitment, than other factors can be ignored.

**Interviewee D:** Eventually, the most benefit of SP is to get attention from CEO. The true implementation of SP goes with CEO’s commitment…. While SP is implemented, senior leaders such as division head and subsidiary head pay their attention to the internal talent and constantly review them, which make them thinking out their own internal talents constantly. Also while the process of review with CEO and senior leaders, naturally successors are reviewed, recognized as a key talent and successor. This recognition implicate that the SP is implemented properly.”

**Interviewee G:** It is impossible to set up and implement succession planning without CEO and senior executives support. Especially when it goes down to senior director and director level, they won’t pay attention to succession planning, if the CEO and senior executives shows their interests by put their time and attention to it.

**Interviewee F:** The first year we started our new succession planning program, we had hard time persuading our leaders actually move to do succession planning. Some of senior leaders did not fill out the documents needed for succession planning on time. Sometimes they just put the documents on their desk and expected us (HR department) fill those out for them. Succession planning we planned simply did not work that way. It was their responsibility to select and help successors. When the process delayed in top level, all other processes are lagged. Indeed, we could not complete our annual review process [imply importance of commitment from senior leaders].

While several interviewees express their perception about top management’s commitment to succession planning, other interviewees see the importance of top management’s involvement from different angles. They argued that top management commitment is a key factor in the successful implementation of succession planning, and, at the same time, succession planning can induce top management’s involvement and commitment to it.
Use of Competency Models or Alternatives

In the initial phase, interviewees mentioned the use of competency models or alternatives to it. Although competency models are a building block in succession planning and management (Rothwell, 2001), not all of the participating companies use competency models in their succession planning and management as discussed in the previous section.

Three companies use the less delineated competency model and two companies use a more delineated competency model. Rothwell and Lindholm (1999) classified traditional competency modeling methodology into three approaches: the borrowed approach, the borrowed-and-tailored approach, and the tailored approach. The competency models described by interviewees categorize according to their classification in terms of purpose and use in the organization.

*Interviewee B:* We evaluate individual by performance achievement by demonstrating competencies. … *We are using competencies* tied to Malcolm Baldridge, in management leadership, strategic planning, customer market focuses process management and problem solving information analysis [for entire organization]…. *we do not have competency model particularly for management or technical positions.* [borrow approach]

*Interviewee E:* *We have competency model for [company]* we use it for our [title of succession planning and management program]. [name] and I, *we do need more than that.* Not for entire employee, for leader group. [borrowed-and-tailored approach]

*Interviewee G:* ….for example, we use *competency model of [parent company] in [country].* I think that we need to revise it to apply it in U.S. Some of competencies are not really fit to the culture here. [borrowed approach]

*Interviewee D:* … and [title of competency model] from [country] a basic model. The core competency model was developed based on global operation…. They competency model we developed here is almost the same, it should be, but in some way it is different from core competency model in [country]. Of course,
global level top leaders use [title of core competency model]. In here, we needed
to develop own competency model that also can attract local talents. So we
developed our own for U.S. operation by position level and by business
division.[tailored approach]

_Interviewee A_: Each of the managers of these individual complete an evaluation
of them on competencies that were custom designed to reflect those culture
and framework and philosophies of leadership. **This competency model is bit
more directed toward senior level capabilities** so it is a model that we sued for
our top positions in here. For [company] global that model would apply to more
individuals. But that same [competency] model tends not to be suitable for people
who in more middle level management position here in U.S. **We develop and
use a [competency] model that is more appropriate to middle level managers.**
[tailored approach]

**Identification of Key Position**

The element most emphasized by interviewees in the initial phase is identification
of the key position in their succession planning. Two kinds were mentioned. One is the
identification of current key positions. The other is identification of future key positions.

_Interviewee A_: What we(HR) are asked to do is to describe key positions in our
part of the company[identification of current key position], and what the
major responsibilities of those positions are and to also identify positions that
may not exist today but can be or need to be created in order for us to remain
competitive[Identification of future key position].

_Interviewee B_: HR department analyzes each person, job analysis, and of course
after that, there are thirteen certain key positions in our organization, that we need
to take care of particularly[identification of current key positions], but it is not
mainly by job function right now, but it is by position-level.

_Interviewee C_: ..the main position that we are following up in HR department
is about 15 positions. CEO, of course, one person, and then second level is the
vice-president level, and third level of management is senior director and the next
is director level. We basically identify key positions in three levels from vice
president to director level[identification of current key positions] At the
beginning of the year, they review the organization chart and make new
positions[identification of future position] and identify new successor to that
position.
Interviewee D: during the annual [title of succession planning and management program] review, ..... also we review the positions in [title of succession planning and management program] whether current key positions should be considered as key position, whether add some new key position in [title of succession planning and management program] or get rid of some positions from it [identification of current key position/ identification of future key position].

Interviewee E: along with that, we do organizational restructuring, at the beginning of the year. Whenever you do that, you will see new positions and new names on the organizational chart[identification of future key position]. That is the starting point that you identify new successor planning.

Interviewee G: … and in our annual review process, we include a review of key positions[identification of current key position]. Not only the position we have now, we also request leaders to review future key positions, which is may not on current organization chart[identification of future key position]

Phase 2: Assessment Phase

The next phase is the assessment phase. Assessment in this research refers to the assessment of individuals who are nominated or selected as a candidate for a succession planning and management program or who are in the talent pool. Interviewees described several methods of assessment and diagnosis of candidates.

Interviewee A: Potential successor to those positions so that we ascribe in terms of their general background of experience[work experiences] and identify people who are likely successor to those positions, and identify position to their basic characteristics[personal characteristic], job history[job history] and area where they might need to develop further in order to be ready to take on this position[area of weakness] and areas of strength[area of strength]… In addition to evaluation skill[skill], c competencies[competencies], strength, weakness and etc. we have each of the managers of theses individuals(succession candidates and talent pool members) compete an evaluation of them on competencies what were custom designed to reflect these cultures(culture of each country) and framework and philosophies of leadership.

Interviewee B “We pretty much pull up a blank sheet, employees’ name, the group or division they work in, their title, how long they’ve been in the positions. Kind of internally, what salary band they are in, and the date they were
hired[work experience]. Then we pull down their performance achievement by demonstrating competencies[competency] including strengths[area of strength] and developmental needs[area of weakness]. And then we tied those to [a published criteria] competency, like in management leadership, strategic planning, customer market focus, process management, and problem solving, information analysis and communication. And employees are rated between one to five in terms of their competencies. Then we talked about estimated ready for promotion and training recommendation. The Evaluation of more of a top-down approach with one-way evaluation.

Interviewee C: Regular performance evaluation involves, individual performance[performance], assessment of individual competency level[competency], combined with organization performance. Of course, to pace up the change we review and revise responsibility annually. Under the position description, in each position, there are two items, one is position and the other is requirements. Under position, we have several items to describe mission and role. In position requirements, we include critical issue, which is related to current business situation. There are three columns we evaluate under requirements, one is job experience[work experience], whether this person has good enough job experience to success this job. Second is constant ability, which include ability[ability] and attitude [personal characteristic]. There is key knowledge [knowledge]. Those are the evaluation criteria. Typically it is done with so called 360 degree evaluation. Evaluated by supervisor and subordinates…

Interviewee D: There are review processes. Annually HR in headquarter[headquarter in U.S.], head of division, and division HR review the entire [title of succession planning and management program] process. Each division review their candidates monthly with division HR. Our organization is changing constantly, performance also changes so, we review, update and feedback monthly and document. Candidates review includes individual performance [performance], all three dimension of competency level[competency], retention risk[intention of retention], especially in first and second tier, evaluates their strength[area of strength] and weakness[area of weakness], personal characteristic[personal characteristics], their attitude on people and our company[attitude] ….[title of succession planning and management program] include individual development plan, candidates report and talked to their mentor monthly about the progress on their individual development plan. Mentors reports the results to division HR[progress of individual development plan] also after selected as a successor how many years will be needed to be ready to take the position[readiness]….

Interviewee E: We use performance and potential matrix. Three performance level; high, middle, low [performance] and three potential level. To evaluate their[candidates] potential, compare performance improvement, leadership skill,
communication skill, their knowledge on their job and company products, loyalty ...

Interviewee F: I asked managers to pick people with management skills, the people skills, and technical skills.

Interviewee G: In terms of succession planning, along with all evaluation such as performance, competency, leadership, skills and knowledge, we also try to include candidates’ attitude such as loyalty to our company, intention of retention, and willingness of movement (geographically) to be a global leader.

Four out of seven participating companies use a matrix to assess individual candidates.

Interviewee A: We recently adjusted the model from the four box matrix that was a little bit more rigid to one that is more inclusive and positive in its wording so that employees could see where they stand but also understand how well they are valued. From organization standpoint, we defined 5 groups. [group 1] and [group 2], which are two subsets of our high potential group, by definition we limit that total population to about 8-10%. So what that means about 80-90% of that population are what we refer to as [group 3], people that are essential to the effective operations of our business who might not ever be senior level manager. And then we have another smaller percentage of people who, either because they are placed in the wrong role or because they simple need more extensive performance coaching, are in a category to what we refer to as [group 4], which means that they really are not meeting the expectations for the role that they are in. Figure 4.2 illustrated the matrix described by interviewee. It is presented with permission from interviewee.
Interview C: There are two ways to graph the matrix. X way we use the leadership and Y is performance. So based on that graph direction we make our decision.

Interviewee D: We use performance/potential matrix. Unlike GE’s, we use 9 levels of performance, 3 dimension of competency, combined with future potential.

Interviewee E: We use performance and potential matrix. Three performance level; high, middle, low and three potential level. [Figure 4.3. shows an example of performance/ potential matrix]
Phase 3: Development

The third phase is development. The development phase in this research refers to all developmental activities for candidates in succession planning programs that have been designed to close developmental gaps identified through assessment. Interviewees reported several methods of developing individual candidates who are nominated and selected as candidates in succession planning programs and/or members of the talent pool. Unsurprisingly, the most frequently mentioned method is training, especially leadership training. All seven interviewees said that one of the major developmental activities the
candidates need to go through is training, although there are differences in training structures and programs.

*Interviewee A:* …sent training curriculum, which described development methods in detail. Development methods includes, **internal leadership training** program, **off-the-job degree programs** at university, **action learning**, e-leaning, mentoring, **on-the-job training**, and special assignments.[special task]

*Interviewee B:* Then the other facet which we are doing right now, would be identifying key people and kind of set them up for various corporate wide training[internal classroom leadership training] to get a better understanding of the whole corporation…. we do internal cross –training[cross training] of people. we send people either from our headquarters off to the U.S. or the U.S. people to work in [county]. When the people go there they go over there for a one to two years with several specific project[special task].

*Interviewees C:* We provide **staff training program** When we provide the successor, and general training program, for those who are identified as a successor for upper level management, we strongly impose them to take a **leadership training program[internal classroom leadership training]**. For example Management 101 class, which is required for candidates.

*Interviewee D:* The assessment reveals the strength and weakness of each individual candidates, which lead t hem to **mentorship program[mentoring]**. In out mentorship program, the protégés initiate the action learning, and mentors guide them. It is very interactive mentoring system. Also it is combined with **leadership training program[internal classroom leadership training]**, which is not just for succession candidates. We didn’t reward mentors for mentoring their protégés. In our organization, to be nominated as a mentor is considered as reward. Mentors have change to review and reflect their own performance and leadership, which give them a chance to develop themselves. Being a mentor also means that organization recognize his or her importance in our organization. Not to mention that CEO remember their name. Mentoring as not an item added in their job description, it is an importance responsibility as a leader of our organization.

*Interviewee E:* we do have **training class matrix** , where candidate is expected to take certain **management and leadership classes[internal classroom leadership training]**. Some of the candidates were sent to [country] to attend leadership training in there[cross training]. While they[candidates] are staying there we usually assign them special task[special task].
Interviewee F: … once that additional man is created[candidates are selected], than the extra links of the development proposal will be set for special task or management[![special task]]…

Interviewee G:…they[candidates] are required to attend the basic and advanced leadership training program[![Internal classroom leadership training]]. We don’t have strong HRD function here is U.S. Many time we recommend them and actually before we even ask, they requested us for financial support for attending MBA program or seminars[![Off-the-job degree program]]. And we encourage them do to so.

Phase 4: Evaluation

The fourth and last phase is evaluation. The evaluation phase in this research refers to the evaluation of succession planning and management. Predictably, the refinement level of evaluation varies along with the sophistication level of the program and its goals in participating organizations. Two participating organizations set formal evaluation criteria and procedures and shared the evaluation results with program stakeholders. Two organizations established a formal evaluation, but the results were used only within the HR department or with the group of people in charge of the program. Reports were provided to the CEO and sometimes to senior leaders who are interested in the results. The other three organizations had evaluation criteria and procedures for evaluating its value within their organizations, but those are not formally documented and shared with anyone other than the people in charge of the program. The detailed descriptions of evaluation procedures are discussed in the next section, the evaluation of succession planning and management.
Summary of Operation of SP&M

The four categories that also seem coincide with the process, as suggested in the three major models, are shown in Table 4.5. Four themes emerged in this section, which depict four stages in the implementation of succession planning. Although differences exist in implementing the program in detail, all interviewees described four phases in common.

Table 4.5

<table>
<thead>
<tr>
<th>Operation of SP</th>
<th>The Seven-Pointed Star Model</th>
<th>Acceleration Pool</th>
<th>Leadership Pipeline</th>
</tr>
</thead>
</table>
| Initial Phase - Set policies and procedures | Step 1: Make the commitment to systematic SP&M and establish an SP&M program
Step 2: Assess present work requirement
Step 3: Appraise individual job performance
Step 4: Assess future work requirements | Build Acceleration Pool Model | Step 1: Tailor the leadership Pipeline model to fit your organization’s succession needs
Step 2: Translate standards for performance and potential into your own language
Step 3: Document and communicate these standard through out the organization |
| Assessment - Assess individual candidates | Step 5: Assess individual potential | Phase 1: Nominating, identifying high potential
Phase 2: Diagnosing development opportunities | Step 4: Evaluate succession candidate through a combined potential-performance matrix |
| Development - Development of candidates | Step 6: Close the developmental cap so as to meet SP&M needs | Phase 3: Prescribing solutions to development opportunities
Phase 4: Ensuring that development takes place/documenting development | |
| Evaluation of SP | Step 7: Evaluate the SP&M program | Phase 5: Reviewing progress and new assignment | Step 5: Review the plan and progress of the entire pipeline frequently and seriously |
First, in Phase 1, interviewees described the importance of the commitment of the CEO and top management. This phase, also stressed identification of current and future key positions. In Phase 2, the assessment phase, the main focus was on the identification and assessment of individual succession candidates or talent pool members. For assessment, interviewees used various methods, including competency models and an alternative model of the competency model, performance evaluation, and different types of performance/potential matrices designed to fit their succession planning and management. In Phase 2, the development phase, interviewees reported several development activities. The leadership training program was the primary tool for most of the interviewees. Mentoring and coaching also were reported as development tools. Lastly, evaluation of the succession planning and management program occurs in Phase 4. Table 4.6 shows the summary of this theme.
### Table 4.6

**Summary of Operation of SP&M: Themes Identified from Research Question 1 (N=7)**

<table>
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<tr>
<th>Themes</th>
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<tbody>
<tr>
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<tr>
<td>Commitment of CEO &amp; Senior leaders</td>
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<tr>
<td>Use of competency model</td>
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<tr>
<td>Borrowed approach</td>
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<td>Tailored approach</td>
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<td>Borrow-and-tailored approach</td>
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<tr>
<td>Identification of key position</td>
<td>6</td>
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<tr>
<td>Current key position</td>
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<td>Future key position</td>
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<td><strong>Phase 2: Assessment Phase</strong></td>
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<td>Competency</td>
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<td>Job history</td>
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<td>Performance</td>
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<td>Skill</td>
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<td>Performance/Potential or leadership matrix</td>
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<td>Work experience</td>
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<td>Personal characteristic</td>
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<td>Area of strength/weakness</td>
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<td>Knowledge</td>
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<td>Attitude</td>
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<td>Intention of retention</td>
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<td>Ability</td>
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<td>Intention of relocation</td>
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<td>Readiness</td>
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<td>Progress of IDP</td>
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<td><strong>Phase 3: Development Phase</strong></td>
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<tr>
<td>Internal leadership training</td>
<td>6</td>
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<td>Special task</td>
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<td>Off-the-job degree program</td>
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<tr>
<td>Cross training</td>
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<tr>
<td>Mentoring</td>
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<td>Action learning</td>
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<td>E-learning</td>
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<tr>
<td>On-the-job training</td>
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<td><strong>Phase 4: Evaluation Phase</strong></td>
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<tr>
<td>Formal</td>
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<td>Informal</td>
<td>5</td>
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</table>
Evaluation of Succession Planning

Research Question 2: How do senior executive(s) in human resources or an individual who is in charge of succession planning and management evaluate the success of succession planning and management in the organization?

To identify the evaluation practice, the interviews asked, “How do you evaluate the success of Succession Planning and Management in their organization?” For clarify in this research evaluation means a process of determining how much value is being added to an activity by a program, which is different from assessment which refers to a process of diagnosing individual candidates in various ways. Evaluation is used interchangeably with measurement. During the interviews, some of the interviewees were confused about the terms evaluation and assessment. When asked about evaluation, several interviewees started to describe the assessment process again or to elaborate more on the assessment process which they had already explained. This was not surprising. Particularly in practice, evaluation and measurement, in many cases, imply evaluation or measurement of an individual’s performance, competency level and potential, which were defined as assessment in this research. Therefore, an explanation which elucidated the definition and meaning of evaluation for this research followed. One of the ways to clarify the concept of evaluation to interviewees is to use the term Return On Investment (ROI). Although in its real definition Return on Investment (ROI) is a traditional financial measure based on historic data, it becomes a representative term of evaluation for HR programs. Two prominent, widely known models are suggested by Fitz-enz, who wrote “The ROI of
Human Capital,” and Phillips, who often was called “the guru of human resource measurement.” Hence, in addition to describing the purpose of this study at the beginning of each interview and before posing the third question, an explanation of the meaning of the term evaluation confirmed interviewees’ understanding of it by using several related or analogous terms such as ROI, outcome measurement, and outcomes of the program.

Four themes emerged in the evaluation of succession planning and management. First, stakeholders and customers of the program were described as the group of people who share the benefits of the program and those who are interested in the results. Second, measurement of the program in process refers to the evaluation of succession planning and management program in process, including the details of components and features of the evaluation of the program in terms of its implementation. The third was measurement of outcomes. Unlike the measurement of process, measurement of outcomes focuses more on the final product of the succession planning and management program. While the measurement of process refers to whether the succession planning and management program is being implemented as planned, the measurement of outcomes is centered on what measurable outcomes are produced by implementing the program. The fourth, and last, was ultimate value creation, which refers to the overall benefits and outcomes of succession planning and management. It spotlights overall value rather than the sum of the individual measurements of components and features of a succession planning and management program.
Stakeholders/Customers of SP

As mentioned in the definition, evaluation is a process of measuring how much value is being added. To measure the added value, we need to know who will evaluate what kind of thing by what methods (how) with what measurement standard (perspective, approach, model, or criteria) and for what purpose. Who will read and how it will be used also need to be considered. Who wants to know how much value is being added by implementing succession planning? Interviewees described the stakeholders and customers for their succession planning program.

Interviewee A: We separate them into the following five groups: one is the employees [Employee] across the board, employees across all levels, because we all have dreams and aspirations and desires of how and where we want to develop and part of our responsibility is to make the strongest connection that we can to individuals goals and with company goals and strategies. So that is part of our explicit mission is that one of the things that we pay special had done to evolve our model is to pay more attention to people who were in, who are not necessarily members of the talent pool. Our [title of succession planning and management program] council which is a board of people, most of whom are direct reports to our president, who serve in an advisory and leaders of policy-making capacity [advisory board]. Talent pool members [succession candidates], who are potential successors, BU(business unit) heads [business unit head] and immediate managers [immediate managers].

Interviewee B: There are two folds of customers. One is the different laboratories where different types of management positions need to be filled[business unit]. The other is the employees themselves[employees] who need development opportunities to be come a future leader of company.”

Interviewee C: I think, CEO, VP of HR [HR], I directly report to both of them, as for [title of succession planning and management program] they are stakeholders, customers can be all employees[employees], and potential successors [succession candidates]. Bottom line, customers [customer] are ultimate customers.

Interviewee D: CEO[CEO], HR division in headquarter [HR], head of each division [business unit head], HR department of each division[HR], and
candidates of succession planning program [succession candidates], and all employees [employees].

*Interviewee E:* all employees as a primary customers of the program [employees] and added CEO [CEO], shareholders [shareholders] and their external customers [customers].

As shown Table 4.7, five interviewees mentioned stakeholders and customers of succession planning and management. A total of 100% of the interviewees included all of the employees of their organization as stakeholders or customers. the CEO was the next. Succession candidates and business unit heads were mentioned by three interviewees. The HR department in charge of succession planning and management was considered a stakeholder/customer by two interviewees. One interviewee mentioned immediate advisor, advisory board, customer, and shareholder as stakeholders/customers of succession planning and management.

<table>
<thead>
<tr>
<th>Stakeholders and Customers of Succession Planning and Management (N=5)</th>
<th>Table 4.7</th>
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<tbody>
<tr>
<td>Stakeholders and Customers of Succession Planning and Management</td>
<td>(N=5)</td>
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</table>
Measurement of succession planning and management

*Interviewee A: in a number of ways, what I can send to you is some of metrics* that we use to evaluate [title of succession planning and management program] here in U.S. And they are very similar to metrics on a global level. Uh, they include things like **number of promotions that have been made, number of rotations into new positions across functional positions**, uh, **numbers of robust development plans**, uh, that have been placed for [candidates pool]. We **measure diversity** of our [candidate pool] so that we have a balance of people from all backgrounds, and both men and women in leadership positions[**diversity of female**]. Diversity with respect to minority and ethnic backgrounds as well[**diversity of ethnics**]. Those are based on, on actual metrics. Of course they’re qualitative metrics that have to do with peoples’ general, particularly with our most talented people. What are their **feelings about [company]** what their intent to stay and remain with the company[**intention of retention**], how engaged they are with their overall strategy and business challenges[**level of engagement**]. Those are, a little bit more difficult to measure then uh, **whether people have moved or been promoted along the track** that you have wished for them to be. And another thing, that sort of lends to the qualitative realm is the whole idea of relevance plan and if they can exist, it’d be beautiful but if they’ve actually not been implemented or if they have been implemented poorly, uh, then you’re really missing the mark. So those are our other things that we also pay
attention to. (* Interviewees sent the evaluation matrix. Items in evaluation matrix document includes:

- Movement of talent: **Number of cross-business/function transitions made** by [candidates pool] and **number of promotions into key/critical roles made** by [candidates pool]
- Accelerated development: **Number of active development plans** and **number of [candidates pool] participating in special/task force assignment**
- Retention of talent: **Percentage and/or number of turnover of [candidates pool] since last review** and **number of [candidates pool] entering or exiting talent pool in a given review cycle**
- Exposure of talent: **Number of meeting with President, council members, senior managers from [county]**
- Diversity of talent: **Number of females in talent pool**, percentage increase in **female representation since last review**, number of ethnic groups in [candidates pool], percentage increase in **ethnic group representation since last review**
- [title of succession planning and management program]: **Frequency of review meetings** and **quality of review discussions**
- Bench strength: **Number of ready now candidates for specific key/critical roles** and **number and/or percentage of females slated as potential successors**

**Interviewee B**: The best way to evaluate is to determine **how many people we were actually able to move to different positions, or within our organization, without operation**… and then basically **how many people do we fulfill during this [title of succession planning and management program] how many people we place through the kind of formal structure?** …not necessarily as an evaluation format, what we also do is we do internal cross-training of people where we send people either from our headquarters off to the U.S. or the U.S. people to work in [county], we counted **how many we sent**. …partly, this not necessarily be the main factor. We are looking at it like a mentoring program for people that are minorities and females. So different types of would have opportunely to be advance in the company. Kind of part of our EEO type angle, you know, whether the demographics of the people run the program.

**Interviewee C**: I will say in two ways, one is **individual performance** and the other is **department performance**. And compare key performance index. We compare the key performance index of previous one and next one. One of measure in key performance index of department is **turn over rate**.

**Interviewee D**: If our succession planning really developed with systematic review process then we can say we are on the right track. But if the participants of succession planning only try to filled out the document, just put the name in the blank without careful and thorough review process, or doesn’t realize and
perceive the importance of SP review process, than SP is not implemented well as planned. One evaluation factor of succession planning is a consistency of talent pool. During the course of implementing succession planning, we gather the data of all talent pool. During the review process for the selection of successor, if there is a frequent change of the successors name, that may indicate that the succession planning doesn’t really successfully understood and implemented. Also whether the selected successors are managed well or not also a factor. Whether they enroll the training, they need to get. Whether the successor get proper and thorough performance evaluation. Whether the right person are selected, If the person without high performance and capability stays in succession planning, than it can be a wrong selection. Whether the successor leave the organization, whether the successor are lost. Turn over rate of successor also indicates the success of succession planning and management program.....what we try to do is localization..... we count how many local talents fill the key positions, how many local talents are selected as successors. What more important than calculating number is thing we cannot count. Naturally it is quite subjective and still we are trying to measure. How well the successor adjust and perform after succession actually happened.

*Interviewee E:* it is closely related to our objective, I think. So what we do is head counts . how many number of candidates we have. How many talent we put on track. How many key positions are filled by talent inside. Another thing we do is time count. How long it takes to fill the opening[in key position], how long it takes the successor adjust and perform.

*Interviewee F:* Let me say, right now we only see the turn over rate, promotion rate, and diversity of candidates compare to entire company.

*Interviewee G:* We are one the way to review whether the participants and stakeholders of the SP, such as CEO and CHO really have ability to implement succession plan. For example, review whether the right successors are selected. If a person who selected as a successor who doesn’t really fit to the position he is selected for, or doesn’t really have capability, performance level, and have problem with record when HR review the plan, the plan should be reviewed again such as why the successor are selected, is there any other candidate for the position. Therefore, HR and stakeholders review and check the entire plan in detail. One of the most important thing we want to measure is whether succession planning really helps the candidates. I am not just talking about their ability, competency and performance. We also want to use our succession planning program as a tool to motivate our key talents.....How many people we placed and helped them settle down in their position through the formal structure we construed through the program.
Through the analysis a total 48 evaluation items are identified as shown in Table 4.8. Items are categorized into two areas: measurement of a succession planning and management program in process (process), and measurement of succession planning and management program outcomes. Table 4.9 shows the cumulative frequency and number of interviewees mentioning items by categories.

Table 4.8
List of Evaluation Items by Category
<table>
<thead>
<tr>
<th>Evaluation Items</th>
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<tbody>
<tr>
<td><strong>Process</strong></td>
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<tr>
<td><strong>Movement</strong></td>
<td></td>
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<tr>
<td>Horizontal movement</td>
<td></td>
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<tr>
<td>- # of cross business/function transition X</td>
<td></td>
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<tr>
<td>- # of movement within organization</td>
<td>X</td>
</tr>
<tr>
<td>Vertical Movement</td>
<td></td>
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<tr>
<td>- # of promotions into key role X</td>
<td></td>
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<tr>
<td>- How long it takes to fill the opening</td>
<td></td>
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<tr>
<td>- How many candidates SP help to settle down</td>
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<tr>
<td>- # of position filled by successor</td>
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<tr>
<td><strong>Development</strong></td>
<td></td>
</tr>
<tr>
<td>- # of active development plan X</td>
<td></td>
</tr>
<tr>
<td>- # of participating in special task X</td>
<td></td>
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<tr>
<td>- # of people in cross training</td>
<td></td>
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<tr>
<td>- Whether they enroll in the training program they need to get</td>
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<tr>
<td><strong>Exposure</strong></td>
<td></td>
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<tr>
<td>- # of meeting with CEO X</td>
<td></td>
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<tr>
<td>- # of meeting with council members X</td>
<td></td>
</tr>
<tr>
<td>- # of meeting with senior manager X</td>
<td></td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td></td>
</tr>
<tr>
<td>- Frequency of review meeting X</td>
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<tr>
<td>- Quality of review discussion X</td>
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<tr>
<td>- Whether the candidates properly evaluated</td>
<td></td>
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<tr>
<td>- Whether the right person is selected</td>
<td></td>
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<tr>
<td>- Consistency of talent pool</td>
<td></td>
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<tr>
<td>- Whether stakeholders have ability to implement plan</td>
<td></td>
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<tr>
<td><strong>Results</strong></td>
<td></td>
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<tr>
<td><strong>Diversity</strong></td>
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<tr>
<td>- # of females X</td>
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<tr>
<td>- % increase of female X</td>
<td></td>
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<tr>
<td>- # of minority X</td>
<td></td>
</tr>
<tr>
<td>- % increase of minority X</td>
<td></td>
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<tr>
<td>- # of females slated as potential successor X</td>
<td></td>
</tr>
<tr>
<td>- # of minority slated as potential successor X</td>
<td></td>
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<tr>
<td>- Demographic of the people run in program</td>
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<tr>
<td>- # of local talents in key position</td>
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<tr>
<td>- # of local talent in candidates pool</td>
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<tr>
<td><strong>Bench strength</strong></td>
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<tr>
<td>- # of ready now candidates for specific key role X</td>
<td></td>
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<tr>
<td>- # of females slated as potential successor X</td>
<td></td>
</tr>
<tr>
<td>- # of minority slated as potential successor X</td>
<td></td>
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<tr>
<td>- # of candidates in SP system</td>
<td></td>
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<tr>
<td>- # of candidates</td>
<td></td>
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<tr>
<td><strong>Retention</strong></td>
<td></td>
</tr>
<tr>
<td>- #/% of turnover since last review X</td>
<td></td>
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<tr>
<td>- # of entering candidates pool X</td>
<td></td>
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<tr>
<td>- # of exiting candidates pool X</td>
<td></td>
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<tr>
<td>- Whether the candidates leave the org</td>
<td></td>
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<tr>
<td>- Whether the successor lost</td>
<td></td>
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<tr>
<td>- Turn over rate</td>
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<tr>
<td><strong>Satisfaction</strong></td>
<td></td>
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<tr>
<td>- Whether SP&amp;M really helps the candidates</td>
<td>X</td>
</tr>
<tr>
<td>- Whether SP&amp;M motivate candidates</td>
<td></td>
</tr>
<tr>
<td>- Feeling about company X</td>
<td></td>
</tr>
<tr>
<td>- Intention to retention X</td>
<td></td>
</tr>
<tr>
<td>- Level of engagement X</td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Individual</strong></td>
<td></td>
</tr>
<tr>
<td>- How long it takes the successor adjust and perform</td>
<td></td>
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<tr>
<td><strong>Organization</strong></td>
<td></td>
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<tr>
<td>- Department performance</td>
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</table>
Measurement of Succession Planning and Management in Process

Measurement of program in process refers to the evaluation items that can show whether a succession planning and management program is implemented as planned and how well it is implemented. Four subcategories were identified: movement, development, exposure, and process.

Movement includes horizontal movement, which is movement within the organization across business units or functions, and vertical movement, which is promotion in succession planning and management. The second subcategory was development, which refers to the measurement of planned development activities. The

<table>
<thead>
<tr>
<th>Evaluation category</th>
<th>Cumulative Frequency of items mentioned by interviewee</th>
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<tbody>
<tr>
<td>Process</td>
<td></td>
</tr>
<tr>
<td>Movement</td>
<td></td>
</tr>
<tr>
<td>Horizontal movement</td>
<td>2</td>
</tr>
<tr>
<td>Vertical Movement</td>
<td>5</td>
</tr>
<tr>
<td>Development</td>
<td>4</td>
</tr>
<tr>
<td>Exposure</td>
<td>3</td>
</tr>
<tr>
<td>Process</td>
<td>7</td>
</tr>
<tr>
<td>Results</td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
<td>10</td>
</tr>
<tr>
<td>Bench strength</td>
<td>7</td>
</tr>
<tr>
<td>Retention</td>
<td>7</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>5</td>
</tr>
<tr>
<td>Performance</td>
<td>3</td>
</tr>
<tr>
<td>Individual</td>
<td>2</td>
</tr>
<tr>
<td>Organization</td>
<td>1</td>
</tr>
</tbody>
</table>
third subcategory, exposure, can also be considered a method of development in some organizations according to the development methods and plans for candidates. The fourth category was process, which measures whether the program is implemented as planned.

Measurement of Outcomes

Unlike the measurement of process, measurement of outcome focuses more on the final product of a succession planning and management program. In this category, evaluation items were categorized into five subcategories. The first subcategory was diversity. As mentioned previously, diversity in this study refers to both to diversity in gender and ethnics, which is a common meaning, and diversity in nationality, which refers to the ratio of local talent (U.S. citizens) versus expatriates from the parent company’s country. The second subcategory was bench strength. This subcategory includes the number of succession candidates placed in and managed through succession planning and management. The next subcategory was retention, which refers to the retention of succession candidates rather than the retention of all employees. The fourth subcategory was satisfaction. This subcategory was most qualitative and had a high possibility of subjective measurement. The last subcategory was performance.
Summary of Evaluation of SP&M

This section contains a description of the interview results that addresses Research Question 2: How does the senior executive(s) of Human Resources or an individual who is in charge of succession planning and management evaluate(s) the success of succession planning and management in the organization? There were three themes emerge. First, the stakeholder and customers of the succession planning and management program, who share the benefits and are interested in the results of the program, were described. Interviewees consider the CEO, succession candidates, business unit head, HR department, immediate supervisor, advisory board, customers, and shareholders as stakeholders and customers. Evaluation of succession planning and management was categorized into two areas. Measurement of program in process includes the evaluation factors that can be measured and shown as the interim output of the implementation of succession planning and management. Measurement of outcomes describes the final outcomes by implementing a succession planning and management program. A total of 48 evaluation items are identified under two main categories.

SP&M of Foreign-Owned Companies in the U.S

Research Question 3: How does the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive(s) the unique advantages and challenges of the value of succession planning and management in the organization as a foreign-owned company?
To identify evaluation practices, the interviews asked, “If any, tell me what uniqueness you perceive regarding the succession planning and management in your organization as a foreign-owned company in the U.S.?” and “If any, tell me what uniqueness you perceive regarding the evaluation of the value of succession planning and management in your organization as a foreign-owned company in the U.S.?”

Communication with the Parent Company

One of the most frequently mentioned challenges for a foreign-owned company was communication problems. There were two main problems: language itself and culture. The language barrier is not just a challenge in succession planning, but it is a challenge facing foreign-owned companies in general, especially when they depend heavily on and/or are related to their parent company in a foreign country.

Language Barrier

*Interviewee B:* [as for cross-training] We have to be quite careful because it can be very expensive, and then kind of rightly or wrongly they also they to have some type of knowledge of [foreign language]. Which is kind of a challenge. It limits very much of type of people who can participate.

*Interviewee C:* One of the key criteria is communication. I think it is a unique aspect of succession planning as a foreign owned company. Communication is a lot important than other thing in succession planning such as keep the balance of nationality. For example, our headquarter is located in [county]. Where main language is not English. So if you’re a manager, even if you are a local manager, in our case American Manager, he needs to communicate people in headquarter. We do not require an American employees to learn the language used in headquarter. Many people in headquarter are reluctant to speak in
English. Therefore, American managers are going to be the one who deal with that problem.

Interviewee D: Every company has their own issues, but as a multinational company, there are kind of language issue. For instance, to develop a global leader within our company, one of the development opportunities they can get is to work at the headquarters. Usually, due to the cost, they are allowed to stay in the headquarters less than a year to maximum 2 years. Even with extraordinary ability and performance, they have to deal with a language problem.

Cultural Barrier

Another barrier in communication may have a greater effect on succession planning and management than language itself. It is the cultural barrier.

Interviewee B: The other problem is all the countries have different culture and different demographic information, the different status, that might affect succession planning and management now we are implementing.

Interviewee C: The culture of U.S. is based on performance and competency of person unlike culture of [county]. There are cultural bias in [the country] which prefer people from same country. Without change of culture in headquarter such as selection based on performance instead of select only among people from same country, it is much more difficult to localize the key position.

Interviewee D: We are trying to develop talents in global level. It seemed ineffective to have global program, especially when one of our business strategy is localization. Unlike [country], employees in U.S., especially when they have great ability, move easily. They are less loyal to organization than their job. They are familiar with performance evaluation and direct feedback, which is not our culture….Hence what we decided to do was to develop our own succession planning program for U.S. subsidiaries…..

Interviewee G: …for example, we use competency model of [parent company] in [country]. I think that we need to revise it to apply it in U.S. Some of competencies are not really fit to the culture here.

Interviewee A also mentions language and culture but he shares a success story that might serve as a solution to this communication barrier.
Interviewee A: … along with not necessarily speaking the same language, lately, we have been doing a lot more collaboration with our colleges in other country. To develop and promote more global movement, what is required is to get comfortable with other sectors. How we do is not just comparing the methods but literally getting to know each other’s people in more intimate way… Once we have confidence, it will make global movement happen more easily.

Localization Strategy and Succession Planning and Management

As the definition of the SP&M program indicates, succession planning and management is a systematic strategic plan for the future, which inevitably relates to the organization’s business strategy. Hence, interviewees described their succession planning and management program in connection with their HR strategies. Interviewees explained that they plan and implement a localization strategy. One of their objectives was to attain, develop and retain local talent. This objective was explained in the previous section of this chapter as enhancing diversity. Unlike diversity usually mentioned in the literature, interviewees’ companies set a strategy for enhancing the diversity of the company in terms of local talent versus expatriates.

The Difficulties in Increasing Local Talent: Viewpoint of Expatriates from the Parent Company

Interviewee C: We are trying to keep only certain percentage of [expatriated from parent company] in top management. Even if this is foreign owned company located in U.S., we are aiming global company and we are trying to localize as much as possible. So, in that sense, we are trying to bring more local management side as possible. Our company is growing so fast. Hence one of the advantage for local key talents have is they can built their success story relatively easily. It is a strength for us to attract local talent. But at the same time, when local talents built their success story, they moved to other company without hesitation.
Interviewee D: …Sure we hire many local employees but key positions are not really localized yet. To become international company, **localization of key position is important.** Localization of key position can be an example for key talent that they have career vision in this organization. Right now we are lack of local key talent and that is one barrier.”

Glass Ceiling for Local Talent: Viewpoint of Local Managers

Interviewee F: I think the biggest uh, difference would be maybe, a [county] subsidiary and an American company is that, the parent company really wants the subsidiary department to decide global human resources of all the hiring, the prefer to hire Americans[localization strategy]. However, at the same time, our managers know that they will never be president; it will always be a [natives of parent company] president and the [native employees of parent company] clearly have some formal development plan that we don’t know about. So I think that the Americans think the [native employees of parent company] are doing more things than they really are.”

Interviewee B: There exists a kind of glass ceiling in the localization strategy in terms of developing top level leaders, which affect the succession planning and management in local level. In senior director and director level, [country] wants to cultivate local talent, but there were no CEO and senior executives in key position were promoted from local talents.

Interestingly, two interviewees who argued about barriers for local talent in foreign-owned companies are U.S citizens, and thus local talents. On the other hand, two interviewees expressed their difficulties in hiring and retraining local talent, which in these cases are either expatriates from the parent company or locally hired foreigners from the country of the parent company.

Management of Expatriates

Six interviewees discussed problems with managing expatriates in terms of succession planning. The period varied, but expatriates in the interviewees’ companies
sent by the parent companies and local offices had no control over them in terms of succession planning and management, which included their assessment and development.

**No Control Over Expatriates From the Parent Company**

*Interviewee D:* For first tier leaders, **the organization have separate management system and plan for expatriate**, which is mainly from Headquarter. We do not include expatriates in their succession planning, including mentoring program…usually expatriates are assigned to the key position. While they work with us, no problem. But since they do not really interested in growing their successor, sometime it blocks our entire succession planning process.

*Interviewee C:* I think doing the Succession Planning is, uh, annually, in itself is already a strength, because, uh, you have a system for the Succession Planning and you can set up the long-term career development programming in your organization. The weakness, especially regarding foreign company in U.S., [expatriate from parent company] management, they have only so much years that they can work here. After that, some of them need to go back to headquarters. So, we never have a long-term management. The critical issue here is, uh, those, some of the[expatriate from parent company] management, their performance is evaluated by headquarter. They are not under the control of the local company here. That sense, our purpose of the evaluation for those people does not naturally apply to them, but their performance management and also if it does not apply to your salary, to your performance, why would you care about it? I think that, that is so much uniqueness and at the same time, weakness of the evaluation of the Succession Planning under a company like our case……So, some of the positions, we are, we still include them. But certain positions are out of our control. When headquarters say “Time is Up,” then they need to come back.

*Interviewee E:* Personally, I want you to highlight this point. **Because it is so much wasting of human resources. By the time someone gets used to here, culturally and localized, and they are set up to really deal with their performance, it is time to go back.**

*Interviewee F:* The people that come to work in the U.S., I do not really have control over how much they are paid, you know, their salary, whatever. **That is totally separate from my scope.**
Interviewee G: Then maximum, Five years. Even though you consider them as a critical successor for the position, they have to go back to Korea if they call him. Ok. And that could be a really, a really mess for a, as a foreign company.

Other Issues

Lack of Care of Expatriates and Repatriate Issues

Interviewee B: for the people coming over, so for example, if the people go over there, and they might go over there for a one to two year assignment. For that one, we have to be quite careful because it can be very expensive, and then kind of rightly or wrongly they also have to have some type of knowledge of the [language of parent company] he foreign language. Which is kind of a challenge. It limits very much the type of people who can participate. What we do, a couple of ways is that, when I have to, I am not saying that I am the only one, but typically I go overseas maybe five or six times a year in Japan, for different meetings with the employees and I meet with [expatriates from U.S.] manager to find out how they are doing, their projects, what help they might need, what development they might need, and then beginning almost a year before they return, or try to begin a, ah, a plan for a position to return to back in the U.S. We evaluate the person, but the personal system that the people from [country] come is a different personal system that we have in the U.S. when they[expatriates from U.S.] are working overseas, we still try to maintain a close communication with them. The problem occurs when they come back. They are gone for two years and they have no contact with their former groups. In addition, basically people in parent company do not taking care of them. We try to communicate with our people in oversea but it is not just easy”

Non-Transparency of Global Level Succession Planning and Management

Interviewee F: Yes, because we get the [expatriate from parent company] associates, get assigned here. We have about 40 now, and their does need to be some method as to who gets assigned where. Uh, for example, many times, the top manager or the president of our subsidiary will become president of a bigger subsidiary. So I do not know if, simply, about having the formal plan? Most likely they have it…. they have subsidiaries all over the world so they would have to have some structure to assign people.
Summary of SP&M of Foreign-Owned Companies in the U.S

This section contains a description of the interview results for Research Question 3: How does the senior executive(s) of Human Resources or an individual who is in charge of succession planning and management perceive(s) the unique advantages and challenges of the value of succession planning and management in the organization as foreign-owned company? Three themes emerged in this section as shown in Table 4.10. First, interviewees explained difficulties in communicating with the parent company in terms of language and culture. Second, implementation of a localization strategy, combined with succession planning and management, was discussed. Third, interviewees described the expatriates from the parent company and those who are sent to the parent company.

Table 4.10

<table>
<thead>
<tr>
<th>Themes</th>
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<tr>
<td>Communication</td>
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<td>Language barrier</td>
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<tr>
<td>Cultural barrier</td>
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<td>Localization strategy</td>
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<td>Difficulty in localization</td>
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<tr>
<td>Glass ceiling against local talent</td>
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<tr>
<td>Management of expatriates</td>
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<td>No control over expatriates</td>
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<tr>
<td>Other issues</td>
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<tr>
<td>- Expatriate from US/Repatriate</td>
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<tr>
<td>- Opacity of global SP&amp;M</td>
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</table>
Triangulation Results

The Phase 2 interviews for the study included 5 interviewees from 5 different companies for the purpose of triangulation. Interviewees received the questionnaire (Appendix C) one week prior to interview. The results for the Phase 2 interviews are shown in Table 4.11. Except for the subcategory of evaluation of performance, interview Question 4, which has 60% agreement in the results, interviewees generally agreed with the findings from the Phase 1 interview. No interviewees added substantively different opinions.
<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Category 1</td>
<td>Text 1</td>
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<td>Category 2</td>
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<td>Category 3</td>
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Table 4.11

Summary of Phase 2 Interviews
(N=5)
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<th>Research Question</th>
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<td>SP &amp;M as corporate key strategy</td>
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<td><strong>Interview question 2</strong></td>
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<td>To meet the future needs</td>
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<td>To strengthen internal leadership bench</td>
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<td>To fill the positions</td>
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<td>To accelerate development</td>
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<tr>
<td>To enhance diversity</td>
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<tr>
<td><strong>Interview Question 3</strong></td>
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<td>Evaluation Phase</td>
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<td>Bench strength</td>
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<td><strong>Interview Question 5</strong></td>
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<td>Language barrier</td>
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<td>Cultural barrier</td>
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<tr>
<td>Localization strategy</td>
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<tr>
<td>Difficulty in localization</td>
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<td>Glass Ceiling against local Talent</td>
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<td>Managing Expatriates</td>
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<td>No control over expatriates</td>
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Summary

This chapter presents the study’s findings. The findings are organized by thematic analysis. The analysis reveals four themes. Two main themes—characteristics of succession planning and management and operation of SP&M—emerged in the examination of data for Question 1. In the third theme, 48 evaluation items were identified under two main categories: process and outcome. The last theme was succession planning and management of a foreign-owned company. Three sub-themes emerged: communication, localization strategy and succession planning and management, and management of expatriates. In each theme, interview results were described and samples of interviewees’ input were provided. In the last part of this section the results of the Phase 2 interviews are summarized.
Chapter 5

Conclusion

Introduction

This chapter contains an overview of the research study, insights gained from the research, and recommendations for future research. The discussion begins with a summary of the research process and results. Insights and implications are then presented. Conclusions are presented according to four topics: 1) constant evaluation of succession planning and management, 2) alternative approach of succession planning and management, 3) use of the Balanced Scorecard approach in succession planning and management and international human resource management and succession planning and management. The last section discusses additional research that would contribute to the continuous evolution of succession planning and management.

Study Overview

Succession planning and management has become a very popular topic. Numerous articles highlight the importance of succession planning and management. Succession planning and management has evolved from its simplest form, replacement planning, to systematic succession planning and management and talent management, from focusing on the CEO to all employees, and from the business organization to other types of organizations. Curiously, the evaluation of the value of succession planning and
management has received relatively little attention in the research in comparison to other HR programs (Rothwell, 2005). Therefore, the purpose of this study was to offer a framework for placing value on SP&M in a business organization and investigated the unique features of succession planning in foreign-owned companies in the U.S., especially Asia-based foreign affiliates. To accomplish this, the study interviewed 12 individuals from 7 companies and documented the following:

- How do(es) the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive(s) the characteristics of succession planning and management in the organization?

- How do(es) senior executive(s) in human resources or an individual who is in charge of succession planning and management evaluate the success of succession planning and management in the organization?

- How do(es) the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive(s) the unique advantages and challenges of the value of succession planning and management in the organization as a foreign-owned company?

This study followed the philosophies and theoretical perspectives of grounded theory. This is because measuring the value of succession planning and management as well as succession planning and management in foreign-owned companies in the U.S. was relatively undocumented. In addition, based on comprehensive meta analysis research, Kesner and Sebora (1994) reported that most research on succession planning and management has relied on archival data sources and highly quantified analysis techniques. Hence, they suggested using other approaches to better comprehend succession planning and management. Therefore, to understand this in-depth, as well as to offer a framework
for measuring the value of succession planning and management, grounded theory, which is very explorative in nature, was appropriate for this study. To collect in-depth naturalistic data, the interview was selected as the major data collection source. In the study’s design, to ensure the credibility and validity of the study, several techniques and tools were used, including triangulation by different data sources, member checks, use of N-Vivo (a qualitative research software) and translation and reverse translation of interview transcripts. To accomplish the purposes of this study, participants were recruited through theoretical sampling and the snowball technique. Of 10 responses, 7 interviewees from 7 companies were selected for this study based on the criteria set during the research design for Phase 1 interviews. Phase 2 interviewees were recruited through information gained from interviewees during the Phase 1. Phase 1 interviewees were asked to recommend one general manager or someone in an equivalent position within their organization. Of 7 companies, general managers for 5 companies agreed to participate in Phase 2 interviews. Phase 1 interviews were conducted over a six-month period. Phase 2 interviews were conducted over two months after the first interview. All interviews were conducted by telephone.

In the Phase 1 interview, interviewees were asked the following questions:

- How do you perceive the characteristics of succession planning and management in your organization?
- How do you evaluate the success of succession planning and management in your organization?
- If any, tell me what is unique in the succession planning and management of your organization as a foreign-owned company in the U.S.?
If any, tell me what is unique in the evaluation of value of succession planning and management in your organization as a foreign-owned company in U.S.?

Phase 2 interviews were conducted after Phase 1 interviews were complete and the results were analyzed with a technique based on grounded theory. The Phase 2 interviewees received an interview questionnaire that contained the consolidated results from the Phase 1 interview. Through analysis of Phase 1 interview, 14 themes emerged under 4 categories (see Table 3.1). The Phase 2 interviewees did not suggest significantly different themes.

Discussion of Findings

Two major themes appeared after examining findings for Research Question 1, How do(es) the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the characteristics of succession planning and management in the organization? The first theme was characteristic of succession planning and management. All interviewees pointed out the importance of succession planning and management and described their succession planning and management as a core corporate strategy. In the second theme, interviewees explained the objectives of their succession planning and management. Five objectives were mentioned. The most often mentioned objective is to enhance diversity. Diversity efforts typically focus on protected classes, which include females and minorities in general. In this study, due to its unique focus, foreign-owned companies in the U.S., diversity also included nationality; and local employees versus expatriates. All seven interviewees mentioned
this objective. *To meet the future need, to strengthen internal leadership bench* and *to fill the position* were mentioned by 4 interviewees in each objective. Three interviewees indicated *to accelerate development* as one of their objectives. The five objectives mentioned by interviewees are interrelating and overlapping. The third and fourth themes were position-based and pool-based approaches to succession planning and management. The distinction of the two approaches does not mean dichotomy in the approaches of succession planning and management. As to the five generations of succession planning and management suggested by Rothwell (2001, 2005b), the distinction between the two approaches in this study also depict both extremes of the continuum. In the position-based approach, companies still use an organization chart, and implement a less delineated competency model or use an alternative competency model, which Rothwell (2001) described as a building block of succession planning and management. Two interviewees who used pool-based approaches also use position-based approaches in their top leadership positions. The pool-based approach is more focused on cultivating the candidates pool for manager positions. Interviewees who used this approach provided documents that commonly contained mission, vision, and value statements and used a more sophisticated competency model, a solid process of succession planning and management and a more complicated development method than interviewees using the position-based approach. Figure 5.1 shows the conceptually integrated model’s first theme, characteristics of succession planning and management.
The second theme, also drawn from Research Question 1, was the operation of succession planning and management. By consulting implementation procedures suggested in three major models in succession planning and management, four themes, in the form of implementation phases, were derived. First, in the initial phase, interviewees mentioned the importance of the CEOs’ and senior leaders’ commitment as a key factor in success. In this phase, based on the competency model or alternatives to the
The competency model, current and future key positions were identified. The next is the assessment phase. The focus of this phase was the assessment of individual candidates. Interviewees list various components used in the assessment of individuals. A total of 14 methods were listed for individual assessment. Also, four interviewees described their performance/potential or performance/leadership matrix. The third phase is the development phase. The main purpose of this phase is to fill the developmental gap found in assessment Phase 2. Interviewees introduced eight methods of development for their candidates. The most effective development strategies are combinations of several development methods (Busine & Watt, 2005; Byham, Smith, & Paese, 2002). In this study, most interviewees used several methods. Still, the major method was traditional classroom leadership training. The final step is the evaluation phase, which is described in the next theme—evaluation of succession planning and management—in more detail.

Figure 5.2 shows the conceptually integrated model for Theme 2, operation of succession planning and management, combined with the first theme, characteristic of succession planning and management.

The third theme answers research question 2: How do(es) senior executive(s) in human resources or an individual who is in charge of succession planning and management evaluate the success of succession planning and management in the organization? Evaluation of succession planning and management can be described in three sub-themes. The first sub-theme answers who interviewees considered their stakeholders/ customers. Unsurprisingly, organizational employees were most frequently mentioned. Then CEO and succession candidates were listed. Advisory board was mentioned by one interviewee, who described a more sophisticated form of succession
planning and management program. Customers and shareholders were mentioned by one interviewee.

Next, under the evaluation of succession planning and management, are measurement items. The measurement items are divided into two categories, reflecting interviewees’ descriptions. One aspect of the measurement succession process captured the measurement items that show how the program is implemented as planned. A total of 16 measurement items were identified under four sub-categories: horizontal and vertical movement within an organization, development, exposure, and general implementation.

*Figure 5.2 Conceptual Integrated Model of Themes 1 and 2*
process. Third is the measurement of outcomes, in other words, results. Unlike the measurement of process, the measurement of outcome focuses more on the final product of the succession planning and management program. Items that can measure the outcome of succession planning and management include diversity, bench strength, retention, satisfaction, and performance. In those categories, 29 items were listed. Several items measure the same feature. For example, “whether [candidates] enroll in the training program they need to get” and “number of candidates participating in special task” may measure the same developmental activity in some organizations. However, in describing the item, the measuring methods can be different for those two items. Therefore, even the items indicate the same feature of succession planning and management. When interviewees describe different methods, items are listed separately. Figure 5.3 illustrates the conceptually integrated model for themes 1, 2, and 3.

The last theme was drawn from Research Question 3: How do(es) the senior executive(s) in human resources or an individual who is in charge of succession planning and management perceive the unique advantages and challenges of the value of succession planning and management in the organization as a foreign-owned company? Three themes emerged. First, the interviewee described their difficulties due to communication. Two kinds of communication barriers were identified in this research—language barrier and cultural barrier. In the second theme, localization strategy, somewhat opposite perspectives were found. Two expatriate managers from foreign countries describe their difficulty in attracting and retaining local talent. To the contrary, two local managers, perhaps considered as local talent in their companies, describe the lack of vision, and promotion opportunities for local talents.
Position-based approach

Pool-based approach

CEO / Senior Leaders Commitment

To enhance diversity
To meet future need
To strengthen internal leadership bench
To fill the position
To accelerate development

Objectives

Key Strategy

Corporate Performance

Initial Phase

Process

Measurement

Performance

Mission
One interviewee called it a glass ceiling effect in multinational (or international companies). Lastly, five interviewees described expatriate issues. All five interviewees indicated that a lack of control over expatriates may cause a lagging effect in succession planning and management programs.

Insights and Implications

Constant Evolution of Succession Planning

Organizations are living systems (Wheatley, 1999). So is succession planning and management of today. In a previous simple form, the succession plan primarily concerned an event, especially an incident regarding a CEO. However, as it evolved, succession planning came to be considered a system, which implies interactions with other systems and components that work as a coherent entity. Apparently, like other HR systems and programs, succession planning has evolved. The change in terminology, from replacement planning to succession planning and management and talent management—strictly succession planning and management and talent management can be differentiated in terms of its focus. However, in practice those terms often mean systematic succession planning and management, which describes succession planning and management and attest to its evolution.
The evolution of succession planning and management has occurred in both macro and micro perspectives. In macro perspectives, as explained by leading experts in this field, the change in succession planning and management reflects the change in the global business or organizational environment (Byham, Smith, & Paese, 2002; Charan, Drotter, & Noel, 2001; Rothwell, 2001, 2005). For instance, the decrease in the global population triggered a famous term, the war for talent (Elizabeth, Mark, Helen, Steven, & Edward, 1998), and increased globalization, fast changes in technology, and changes in employees’ attitude and value (Rothwell, 2001). Failure to keep pace with these changes means that organizations may be unable to survive. As a result, organizations have changed their strategy along with their succession planning and management. Unlike its previous form, replacement planning, current succession planning and management evolved to cover a broader range of employees, and even broadened its scope of organizational knowledge to encompass more corporate strategies and systems including business strategy, HR strategy and systems and IT technology, to become more complex and sophisticated, and was implemented in various organizations such as government agencies, educational institution, and non-profit organizations.

From a micro perspective, a succession planning and management system and program evolves within organizations. As an organization grows, succession planning and management as planned and implemented changed also and grows. For instance, while an organization evolves to a more mature level, the organizational structure tends to become more complex (Jones & Jones, 2004). If companies first implement a simple form of succession planning based on a simple organization chart with a handful of candidates, such a plan is no longer appropriate when the chart has more than one page of
hierarchical structure and has more than a handful of key positions to consider. Organizations need to revise their succession planning and management to fit their statuses. In addition, succession planning and management evolves within an organization through an organizational learning process. As the organization implements its succession planning and management, it accumulates knowledge and experiences about succession planning and management that are reflected in their program—sort of a double-loop learning process.

None of the interviewees in this research asserted that they have a solid succession planning and management program. Even the interviewee who said they had been implementation of a program for more than 15 years said that developing stages are on going in terms of succession planning and management. Succession planning and management evolves as a living system in the same way that organizations do. Indeed, according to Conger and Fulmer (2003), even the leading organization in succession planning and management does not expect its succession planning and management system to operate without modification for more than a year.

Interestingly, the inferred impression is that some of the interviewees did not have confidence in their succession planning and management programs. As indicated in the previous chapter, some interviewees note a discrepancy between officially defined and documented objectives and individual objectives. On top of this discrepancy, some interviewees express frustration with their own succession planning and management.

The reason for this discrepancy and frustration can be explained in two ways. First, it may stem from the application of succession planning and management, not because they realize the necessity and importance of it, but because they are doing it out
of desperation. For instance, one interviewee said that not all organizations are doing succession planning and management, but almost all advanced ones are doing it. He added that having succession planning and management itself is strength. Therefore, as to the value they expect to create is in officially growing and developing talent from within to strengthen the leadership bench. In practice, however, his main concern was about the CEO’s satisfaction with the program. Clearly, the CEO’s and top management’s commitment is one of the key factors in the success of succession planning and management. But this does not mean that organizations implement the program solely to meet CEO expectation. Other interviewees also expressed similar perceptions, making the later example less than unique.

Second, apparently some organizations attempt to leap from the bottom to the top in a single jump. Rothwell (2001, 2005a) warned in his book that trying this is rarely possible or realistic. Still, organizations keep trying. They identify models and strategies from books, articles by famous authors about best practices, usually in response to top management requests. They pick several components and tactics and started to draw a plan and develop a program. Rather than tailoring what they learned, they borrow from organizations that may be in different cultures and situations. In either case, in the attempt to leap from nothing to state-of-the-art, organizations may miss a critical first step in succession planning and management, which is a stepping stone in its implementation and in establishing its mission statement.

The first step in succession planning and management is to formulate a mission statement. The mission statement should explain why an organization is undertaking succession planning and management and what outcomes the stakeholder group desires
from it. Without discreet consideration of these questions, succession planning and management will float without a compass. The mission statement is not something one organization can borrow or copy from another organization, since each organization lives in its own unique internal and external environment. They are at different levels of organizational maturation. Therefore, organizations need to put their time and energy into formulating a mission statement of their own as a start. If organizations already have a succession planning and management program that does not really work as planned, the critical thing to do is to review their mission statement carefully. In short, succession planning and management has been highlighted as a key strategy in maintaining competitiveness in an era of keen global competition (Byham, 2000; Grubs, 2004; Kesler, 2002). It has evolved significantly; many organizations now have well developed systematic succession planning and management programs. However, not all organizations need nor do the most sophisticated form of succession planning and management fit, which Rothwell(2001) named as “fifth generation (p, 67).” Organizations should put emphasis on more basic questions: Why do they want to have it, and what outcomes do they expect from it? Answers to these questions can serve to resolve discrepancies and frustrations displayed by interviewees.

Another finding that drew attention is the competency model and value statement. While interviewees took time to describe the competency model they use in succession planning and management or alternative tools, such as job responsibility and description, they, except for two, either did not mention their value statements or only mentioned that they have one. Concerning these two interviewees, one mentioned that his company has a documented value statement, but the other said they took the value and ethic dimension
into account but did so informally and subjectively. As pointed out by authors, the competency model serves as a building block in succession planning and management (Byham, Smith, & Paese, 2002; Rothwell, 2001, 2005). All interviewees seem to agree about the importance and use of the competency model, even though they had not refined one for succession planning and management. However, as for a value statement, interviewees passed through it. The value statement is as important as the competency model in succession planning and management, since while competencies clarify differences between individual performers, values add an ethical dimension (Rothwell, 2001). In succession planning and management, especially at a time when the world has experienced so many ethical breaches by top leaders, adding an ethical dimension become crucial when assessing leaders who will take the key positions in their organizations.

Next, the interviewees appeared less interested in the development phase. One of the key features that changed in succession planning and management during its evolution is the amount of attention paid to the development of candidates and talent pool members. Conger and Fulmer’s (2005) most fundamental rule in developing a succession planning and management program is that the program must be flexible and system-oriented toward developmental activities. Replacement planning and a simple form of succession planning focused more on identifying a succession of candidates. Succession planning, succession planning and management, and talent management put emphasis on the development of candidates, too. The presence of a plan for a successor and list of candidates does not guarantee that a leadership transition will occur without difficulty. Succession planning and management works effectively when it helps candidates to be
ready for promotion. Once a candidate is identified and assessed using an assessment method, such as a performance/potential matrix, the next step is to assist in filling the gap through various development methods. The literature suggested various methods for developing candidates (Busine & Watt, 2005; Charan, Drotter, & Noel, 2001; Rhodes & Walker, 1984; Rothwell, 2005). Mentoring and coaching were most frequently mentioned. Various types of training, action learning, exposure to various situations and several other methods were also recommended. In this research, traditional classroom-type leadership training, mostly internal, is most frequently mentioned. Of course, mentoring also is mentioned by one interviewee. According to the results of a survey conducted by Rothwell (2001, 2005), the most effective method for developing individual candidates was planned on-the-job training, planned mentoring programs, and planned job rotation. Reported use of planned mentoring programs dramatically increased from 25% to 89%. Traditional off-the-job training and in-house leadership training also were used by most of the respondents. Worth noting is that training is not the only method of developing future leaders. Organizations need to consider a variety of methods for developing their candidates. In addition, the development system or structure of succession planning and management should link to a corporate human resource development strategy.

Fourth, one issue an interviewee mentions attracts interest: the non-transparency of succession planning and management. Succession planning has been a secretive subject, which is often the reason that the process does reach to the bottom, the candidates (Borwick, 1993). The topic of people moving into new or different positions, especially key positions, is the most sensitive in the company. The topic surrounding succession planning and management can distract people from their current duties. It can
also create expectations that people may be afraid they will not be able to meet. However, if succession planning is going to be totally secret, then it will never have a widespread impact on an organization. As Conger and Fulmer (2003) said, a transparent succession planning and management is not just about being honest. Employees are often the best source of information about themselves. At the same time, Conger and Fulmer warned the level of transparency should be carefully decided according to the strategies and culture of the company. To achieve transparency, companies need succession planning and management systems that are simple and easy to use, with immediate but secure access for participants. Technology, and in particularly the internet, is a powerful enabler (Confer & Fulmer, 2003).

Finally, in the evolution of succession planning and management, the need to expand its focus arose during the research. One interviewee, who categorized his company as being in the R&D industry, noted that he is perplexed about developing and implementing succession planning and management. He explains that unlike the other companies, his major concern is not in leadership succession. Rather, he is concerned more with the succession of professionals in this company. Until now the main focus of succession planning and management is to fill the key positions, which is mostly about management position, but key positions in an organization are not necessarily limited to management positions. The details of this finding are discussed in the next section.
Alternatives to Succession Planning and Management

In discussing alternative approaches to succession planning and management, one interviewee mentions a need for an alternative approach to succession planning and management which mainly focused on managerial succession planning. He felt that the most difficult problem he confronted in succession planning and management is how to build and maintain his organization’s core competency as an R&D company. He mentioned that as an R&D company, of course, issues about developing leaders who manage their company arise, but the more important issue is not to lose their knowledge assets. When a talented researcher leaves his company, the company does not just lose a employee. All of the knowledge, skills and, sometimes, outcomes of research leave as well. The company can find and hire another researcher who has even more knowledge and ability to conduct the job, but usually the productivity of newly hired talents does not even come close to that of former employees at least not immediaely. In reality, in many cases, when a key researcher leaves his organization, the entire research needs to be done from the beginning. This case suggests that in some organizations or in particular divisions and departments of organizations a need exists for more than a managerial succession plan.

Recently, Rothwell & Poduch (2004) suggested an alternative approach to solve this issue. They expanded the scope of succession planning and management to succession of knowledge asset by introducing a new term, *technical succession planning*. They argued that succession planning is not just about finding a replacement, developing talent and building bench strength. It is also about preserving the organization’s
experience and institutional memory. Rothwell and Poduch explained technical succession planning by defining a key in the definition of succession planning and management. On the one hand, traditionally, key refers to those who are key to management action. In this sense, succession planning focuses on the development of people who may fill the positions in the vertical hierarchy of an organization. This is known as managerial succession planning. Another way to understand key is to refer to those who are key to the continued operation of the organization. It is about developing people with the specialized knowledge that is central to the horizontal continuum of the organization (Rothwell & Pouch, 2004). Thus, they defined technical succession as:

. . . any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for distilling, preserving, maintaining and communicating the fruits of the organization’s institutional memory and unique experiences over time (Rothwell & Poduch, 2004, p. 407).

Technical succession is important because people and the knowledge they carry in their heads, tacit knowledge, are what make things happen in organizations. Without them, progress and productively are difficult.

Rothwell and Pouch (2004) suggested seven steps for technical succession planning. These are similar to the Seven-pointed Star Model by Rothwell (2001, 2005a), but technical succession planning is not carried out in the same way as managerial succession planning. There are differences in their focus. In technical succession planning focuses on isolating, distilling, and transmitting the right information to people at the right time to ensure the continuity of operations and provide a foundation for future improvement. The following are the steps suggested by Rothwell and Poduch (2004, pp. 409-410):
1. Make the commitment: defined a need of identifying and capturing specialized knowledge and institutional memory before those people who possess that knowledge are lost.

2. Clarify what work processes are key to the organization’s mission

3. Clarify who possesses specialized knowledge about those work processes gained from experience

4. Clarify how those work processes are performed by those possessing specialized knowledge

5. Capture and distill the specialized knowledge about those work processes that are possessed by those possessing specialized knowledge

6. Consider how to maintain and transmit specialized knowledge and who needs it to ensure the efficient and effective continuity of operations

7. Continuously assess knowledge gaps, evaluate the action strategies taken to address them, and the results achieved.

Technical succession planning looks similar to knowledge management in terms of its focus on knowledge. However, a critical difference exists in knowledge management. Technical succession planning focuses on KEY knowledge instead of managing all knowledge in an organization. Knowledge management has been around for a very long time. However, the concept, as well as its implementation, is still fuzzy in many features. Hence, in terms of its clarity of purpose and procedure, technical succession can be planned and implemented more practically.

Apparently, the introduction of technical succession planning opened a new era of succession planning. For instance, an organization that has more needs in distilling,
preserving, maintaining and communicating their knowledge asset, such as the company described above, can consider adapting the technical succession planning model rather than putting its energy and resources into managerial succession planning, which might not be needed. Also, the company can implement both technical succession planning and managerial succession planning by using managerial succession planning as a system to ensure its bench strength vertically and technical succession planning cover the horizontal bench strength of the organization.

Applying a Balanced Scorecard Approach

One of the main purposes of this research is to provide a framework for measuring the value of succession planning and management. As the results of the study show, the evaluation of succession planning was not refined in any of the interviewees’ companies—none of the interviewees said they have solid succession planning. Interviewees list measuring and measurable components of succession planning item by item rather than presenting comprehensive ways that showed the measured value of succession planning.

Like other HR programs, succession planning also cannot be easily measured. However, like other HR programs, it can be measured. What is needed here is information on how to measure the value of succession planning. Before considering how it is worthwhile to revisiting the fundamental questions of why and what is worthwhile. As pointed out earlier in this chapter, one of the first key steps that often does not receive the necessary attention is developing a mission statement. When a company does not
know where it wants to go to achieve something, it is not possible to judge whether the company will arrive at the right place and obtain the right results. Therefore, as in any planning and implementing, clarifying objectives and goals should also occur. Once the mission statement is clearly stated, companies can decide what to measure. Another question that needs to be answered is who and whom, which means, who are the stakeholders and customers of the program? After those questions are answered, move to the next step is possible: deciding how to measure.

Rothwell and Kim (2005) suggested several methods for measuring the value of a succession planning and management program: adaptation of Kirkpatrick’s four levels of evaluation, calculation of simple cost-benefit ratio, comparison of the program to its objectives, and application of the balanced scorecard approach. If the organization set simple and clear objectives and only wanted to see whether its succession planning and management program met objectives, a comparison between the outcomes of the program and its objectives can show the simple value of a succession planning and management program. For instance, a company sets two objectives for its succession planning and management program, such as filling the key position, and enhancing diversity of talent pool members. They then set criteria. For the first objective, they can measure the total number of ready candidates for a specific key position and the average time it takes to fill the position. For the second objective, the total number or percentage of female/ethnic groups salted as succession candidates, this number can be calculated and then compared with pre-set objectives and goals. Although the measurement method should be carefully decided, this method can be much simpler than other methods. Unfortunately, yet naturally, many companies who have been implementing succession planning and
management programs have established more than one objective, and achieve the objectives by various methods. In addition to stakeholders, including CEO, shareholders, and HR itself, others in the company want to see more than objective versus outcome calculations. As interviewees mentioned, what they want to see is the ultimate value created by succession planning and management.

In recent years, one of the popular models in evaluating HR is the balanced scorecard approach (Kaplan & Norton, 1996). This approach aims to measure the results of business activities beyond a summary of financial measures and to capture the critical value-creation activities created by organizational participants. Simply put, the balanced scorecard approach is a method that tries to capture the ultimate value created by an organizational strategy. Succession planning and management is clearly a strategic issue for organizations (Rothwell & Poduch, 2004); hence, it is possible to evaluate a succession planning and management program by using this approach.

The balanced scorecard contains four main measurement categories (Pike, 2002) as shown in Table 5.1. In succession planning and management, four measurement categories can be adapted (Rothwell & Kim, 2005) as shown in Table 5.2.
Table 5.1

*Four Measurement Categories on the Balanced Scorecard*

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Concepts &amp; Basic Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Goals</strong></td>
<td>How do we look to stakeholders?</td>
</tr>
<tr>
<td></td>
<td>A range of measures from traditional accounting measures to sophisticated value-added</td>
</tr>
<tr>
<td></td>
<td>measures linking managerial goals to stakeholder interests.</td>
</tr>
<tr>
<td><strong>Customer Perspective</strong></td>
<td>How do customers see us?</td>
</tr>
<tr>
<td></td>
<td>Responsiveness, quality, value added to customers through services or products, number of</td>
</tr>
<tr>
<td></td>
<td>repeat customers, fewer errors, etc. See that surveys and questionnaires have an acceptable</td>
</tr>
<tr>
<td></td>
<td>rate of return and validity.</td>
</tr>
<tr>
<td><strong>Internal Processes</strong></td>
<td>What must we excel at?</td>
</tr>
<tr>
<td></td>
<td>Performance in operations or production.</td>
</tr>
<tr>
<td><strong>Learning and Growth or</strong></td>
<td>Can we continue to improve and create value?</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>How the organization develops and improves employee skills, knowledge, technology</td>
</tr>
</tbody>
</table>

Table 5.2

*Four Measurement Categories for Succession Planning and Management*

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Concepts &amp; Basic Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Goals</strong></td>
<td>How much does the succession planning and management program contribute to reduced costs or</td>
</tr>
<tr>
<td></td>
<td>enhanced revenues of the organization?</td>
</tr>
<tr>
<td><strong>Customer Perspective</strong></td>
<td>Who are the customers of succession planning and management program, and how do they assess</td>
</tr>
<tr>
<td></td>
<td>the value of the succession planning and management program?</td>
</tr>
</tbody>
</table>
Table 5.3 shows an example of applying four categories of balanced scorecard by using collected data of this study.

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Concepts &amp; Basic Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Goals</td>
<td>• Increase of shareholder value&lt;br&gt;• Return of talent cultivated</td>
</tr>
<tr>
<td>Customer Perspective</td>
<td>• Customer profitability&lt;br&gt;• Organization knowledge and human capital asset&lt;br&gt;• Right time, right people transition</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>• Accelerate development of talent&lt;br&gt;• Cultivate diverse culture&lt;br&gt;• Strengthen internal leadership bench</td>
</tr>
<tr>
<td>Learning and Growth or Innovation</td>
<td>• Development of systematic succession planning and management program&lt;br&gt;• Implementation of systematic succession planning and management</td>
</tr>
</tbody>
</table>

Kaplan & Norton (1996) explained that since a strategy is a set of hypotheses about cause and effect, the measurement system should make the relationships among objectives, in various perspectives, explicit, so that they can be managed and validated. The chain of cause and effect should pervade all four perspectives.

A sample strategy map in Figure 5.4 shows the cause and effect relationship drawn from the data from this research. A balanced scorecard should also have a mix of
outcome measures and performance drivers. Table 5.4 is an example of a measurement table for succession planning and management by objective. The measurement items listed in Table 5.4 are items presented by interviewees. The examples illustrated in this section only present the possibility of applying a balanced scorecard approach to succession planning and management from the insight drawn from this study. It needs to be noted that applying the balanced scorecard should start from defining one’s own vision and strategy, clarifying objectives and goals. The value chain and strategy map should be drawn from the results from the pre-requisite steps. Identification of performance drivers and its measures criteria also should be derived from the process of a customized scorecard for each organization. In addition, as Kaplan & Norton (1996) explained, the balanced scorecard is more than just a tactical or an operational measurement system. It is a strategic management system for managing strategy. Therefore, in developing and applying the customized balanced scorecard approach in a succession planning and management program, more important is to use it as a tool to improve the effectiveness of a succession planning and management program than just as a tool for measuring its outcome.
Strengthen Internal Leadership Bench

Accelerate Development of Talents

Cultivate Diverse Culture

Return of Talent Cultivate

Organization Knowledge & Human Capital Asset

Right Time/Right People (Leadership and Technical) Transition

Implement Systematic Succession Planning and Management

Strategic Human Resource Planning

Competency Based Multi-rater Evaluation

Strategic Talent Development

Optimized SP&M Information System (HRIS)

Figure 5.4 An Example of Strategy Map for Succession Planning and Management
Table 5.4

An Example of Measures for the
SP&M Scorecard
<table>
<thead>
<tr>
<th>Category</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Increase of shareholder value</td>
</tr>
<tr>
<td></td>
<td>Total shareholder return</td>
</tr>
<tr>
<td></td>
<td>Return of talent cultivated</td>
</tr>
<tr>
<td></td>
<td>Revenue per talent</td>
</tr>
<tr>
<td>Customer Perspective</td>
<td>Customer profitability</td>
</tr>
<tr>
<td></td>
<td>#/% of turnover</td>
</tr>
<tr>
<td></td>
<td># of entering candidates</td>
</tr>
<tr>
<td></td>
<td># of exiting candidates</td>
</tr>
<tr>
<td></td>
<td>whether the candidate</td>
</tr>
<tr>
<td></td>
<td>turnover rate</td>
</tr>
<tr>
<td></td>
<td>Organization knowledge and human capital asset</td>
</tr>
<tr>
<td></td>
<td>Human Capital Value</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>Strategic human resource planning</td>
</tr>
<tr>
<td></td>
<td># of cross business</td>
</tr>
<tr>
<td></td>
<td># of movement with</td>
</tr>
<tr>
<td></td>
<td># of promotions in</td>
</tr>
<tr>
<td></td>
<td>Cycle time to fill</td>
</tr>
<tr>
<td></td>
<td>Consistency of talent</td>
</tr>
<tr>
<td></td>
<td># of position filled</td>
</tr>
<tr>
<td></td>
<td>whether the right partner</td>
</tr>
<tr>
<td></td>
<td>whether the candidate</td>
</tr>
<tr>
<td></td>
<td>Quality of review</td>
</tr>
<tr>
<td></td>
<td>Frequency of review</td>
</tr>
<tr>
<td></td>
<td>Competency based multi-rater evaluation</td>
</tr>
<tr>
<td></td>
<td>whether the right partner</td>
</tr>
<tr>
<td></td>
<td>whether the candidate</td>
</tr>
<tr>
<td></td>
<td>Quality of review</td>
</tr>
<tr>
<td></td>
<td>Frequency of review</td>
</tr>
<tr>
<td></td>
<td>Strategic Development</td>
</tr>
<tr>
<td></td>
<td>System/Curriculum</td>
</tr>
<tr>
<td></td>
<td># of active development</td>
</tr>
<tr>
<td></td>
<td># of participating in</td>
</tr>
<tr>
<td></td>
<td># of people in cross</td>
</tr>
<tr>
<td></td>
<td>Cumulative IDP Program</td>
</tr>
<tr>
<td></td>
<td># of meeting with C</td>
</tr>
<tr>
<td></td>
<td># of meeting with C</td>
</tr>
<tr>
<td></td>
<td># of meeting with s</td>
</tr>
<tr>
<td></td>
<td>Optimized SP&amp;M information system</td>
</tr>
<tr>
<td></td>
<td>% of cycle time reduced</td>
</tr>
<tr>
<td></td>
<td>Learning and Growth Or Innovation</td>
</tr>
<tr>
<td></td>
<td>Strengthen Internal Leadership Bench</td>
</tr>
<tr>
<td></td>
<td># of ready now candidate</td>
</tr>
<tr>
<td></td>
<td># of females slated</td>
</tr>
<tr>
<td></td>
<td># of minority slated</td>
</tr>
<tr>
<td></td>
<td># of candidates in S</td>
</tr>
<tr>
<td></td>
<td># of candidates</td>
</tr>
<tr>
<td></td>
<td>Accelerate Development of Talent</td>
</tr>
<tr>
<td></td>
<td># of active development</td>
</tr>
<tr>
<td></td>
<td>Readiness of candidate</td>
</tr>
<tr>
<td></td>
<td>Cycle time to ready</td>
</tr>
<tr>
<td></td>
<td>Cultivate Diverse Culture</td>
</tr>
<tr>
<td></td>
<td># of females</td>
</tr>
<tr>
<td></td>
<td># of minority</td>
</tr>
<tr>
<td></td>
<td># of females slated</td>
</tr>
<tr>
<td></td>
<td># of minority slated</td>
</tr>
<tr>
<td></td>
<td># of local talents in</td>
</tr>
<tr>
<td></td>
<td># of local talent in</td>
</tr>
</tbody>
</table>
Succession Planning and Management in a Multinational Company

The last insight arising from this study has to do with the advantages and challenges faced by a foreign-owned multinational companies operating in the U.S. Since no previous research was found conceiving the operation of foreign-owned multinational companies in the U.S. on the topic of succession planning and management, the input from interviewees is very valuable.

This section begins with a discussion with one of the interviewees. After posing a question about the unique advantages and challenges of being a foreign-owned company in the U.S., one interviewee describes his unique and interesting perspective. He said:

As a multinational company, what our organization wants to do is to become a international company. It does not mean we pursue a multinational company based on the home country of our company. We have different perception about international company, which mean a real open company globally. Key position of the company should open to every talent globally. For example, Sony selects an U.S. citizen as a CEO. [indent this quote like this]

Let me explain what we think about multinational company. The concept of multinational company is originated from western society. While the companies based on U.S. and Europe expand and apply their business to other country, they need someone have global perspective and capability to apply their business logic and operation their facilities. This is so-called multinational company. This is somewhat easier, because it is top down approach. It is much easier to transfer the professional system and know-how from advanced society to developing and underdeveloped society. In adverse in case of our organization, we started and based in the home country of parent company, which is less developed society than U.S. and Europe. We are now in stage of setting up our own strategy in this advanced culture and embrace the local talent.

We have our own unique success factors and strength what the company in the U.S. do not have. However, we cannot force our company culture in U.S., since ultimately we operate our business in here U.S., and need to access to the local high talent. In this sense, there are many barriers. Comparison to the multinational companies chose to do their business in the less advanced countries, we are from less advanced area and compete in far advanced area with the companies in that area.
The interviewee’s argument about his definition—or the definition shared in his company—of the multinational and international company is very interesting. In fact, his definition is not exactly the same but corresponded with the definition provided by economist Franklin Root (1993). According to Root (1993), a multinational company is a parent company that engages in foreign production through its affiliates located in several countries, exercises direct control over the policies of its affiliates, implements business strategies in production, marketing, finance and staffing that transcend national boundaries (geocentric). An international company is multinational if the managers of the parent company are nationals of several countries. Usually, managers of the headquarters are nationals of the home country. The interviewee did not define multinational and international company as a scholar. Rather, by comparing those two, he emphasizes the global HR strategy of his parent company, which is localization, as other interviewees commonly express, but his argument was very interesting because his viewpoint shows what localization really means in multinational companies.

Second, as the interviewee implies in his argument, and also as described in Chapter 4, one of the difficulties multinational companies confront is communication barriers due to language and cultural differences. This communication barrier does not only affect succession planning and management, but also causes barriers in other operations of multinational companies. One of the methods that can be used to dissolve this barrier and at the same time develop global talent and achieve a localization strategy is a contingency matrix approach. Luthans, Marsnik, and Luthans (1997) suggested the use of a contingency matrix approach in IHRM (International Human Resource Management). The contingency matrix approach is based on an “If-Then” relationship.
In IHRM, the “If” in the contingency matrix is the country or culture while the “Then” is the human resource management concept of technique that will meet the goals.

Table 5.5 shows an example of a contingency matrix. The dimension of country is placed along the vertical columns. The horizontal row represents a sample of HR functions. The goal of a contingency matrix approach is to fill each box with reliable and valid information from relevant research and direct experience. The value of the contingency matrix is that it could be used to organize the existing body of knowledge and to provide useful guidelines for whomever is trying to lead with diverse cultures (Luthans, Marsnik, & Luthans, 1997).

As with other HR programs, the challenges facing global succession planning and management is not whether to use widely recognized concepts and techniques but rather how to effectively adapt and fit them across cultures. Hence, the contingency matrix approach can be a useful tool in relieving cultural barriers in succession planning and management.
### Table 5.5

*Example of Contingency Matrix for SP&M*

<table>
<thead>
<tr>
<th>Evaluation Phase</th>
<th>Development Phase</th>
<th>Assessment Phase</th>
<th>Initial Phase</th>
<th>Japan</th>
<th>Germany</th>
<th>Korea</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make substantial investment in training</td>
<td>Utilize work councils to evaluate</td>
<td>Be aware of current labor law</td>
<td>Determine employee’s motives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilize work councils to evaluate</td>
<td>Be aware of government regulations</td>
<td>Be aware of labor law</td>
<td>Use social network</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use reliable source</td>
<td>Use technical training</td>
<td>To not use direct verbal feedback</td>
<td>Use reward</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Be aware of government regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use OJT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use technical training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilize training autonomous work teams</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use team training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Be aware of labor law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Determine employee’s motives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tap large pool of labor in cities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet SVPs individually</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use social network</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Recommendations for Future Research

This section contains practical implications for practitioners and an agenda for further research agenda for researchers.

Recommendations for Practitioners

This study suggests a framework for evaluating succession planning and management programs, and investigates succession planning and management practices in foreign-owned companies in the U.S.

1. Throughout the study, one of the issues constantly raised is the clearly defined and shared objectives of succession planning and management programs for both before and during implementation. Some of the frustrations found during the interviews are closely related to this issue. As an interviewee mentioned, planning and implementing succession planning required serious investment by the organization. Without clear objectives and a vision statement, the precious investment of an organization might be wasted. Many best practices and guides have been published, but organizations should not “borrow” to succeed in succession planning and management. As with many other HR activities, a succession planning and management program also needs to be carefully designed or tailored to fit to the specific organization.
2. As previously mentioned in this chapter, succession planning and management has evolved from just a plan to a complex tool for planning, developing and managing key talents. Therefore, without discretely designed development activities, which require a close link to corporate human resource development systems and structures, succession planning only can remain as another plan in the pile. Hence, the recommendation is that companies focus equally on development strategy and method in planning.

3. The time has come to look at more than vertical succession planning and management. Clearly, a war exists, the war for talent. For the same reason, also, a war exists to preserve organizational memory and organizational knowledge. Hence, the recommendation is that companies look at succession planning and management from different angles, such as technical succession planning. Especially with organizations that have a greater need for technical talent than leadership talent, an alternative approach can lend a new method to win the wars.

4. The purpose of this study is to offer a framework for placing a value on the evaluation of succession planning and management. After investigating cases in-depth, the application of a balanced scorecard is suggested in a previous section of this thesis. Since the balanced scorecard model is an approach for translating a company’s vision and strategy into a performance measure, like an objective, each
organization needs to design its own model. Hence, it is hoped that the
examples illustrated in this study serve as a platform for practical
application of the balanced scorecard approach in succession planning
and management.

Recommendations for Researchers

To conduct a naturalistic inquiry, this study begins with limited factual collected
from a small number of interviewees from foreign-owned multinational companies. This
is a relatively unique group that cannot be generalized in more than a very restricted
degree. Therefore, to reach a fuller understanding of how companies place a value on
succession planning and management, a more comprehensive research is needed.

1. Further research with more general business organizations and other
types of organizations will provide a better understanding of the
practices of evaluating succession planning and management.

2. While this study uses grounded theory, based solely on information
provided by one or two interviewees from an organization, further
studies with different data sources, such as documentation, observation,
and surveys, can generate results that are more inclusive.

3. At the same time, some of the findings are worth future in-depth study.
In-depth case studies could be conducted to determine answers to
several questions raised in this study. For instance, the study only
included one or two interviewees from each company. Most of the
companies’ interviewees were interested in succession planning and management program. Hence, there was a possible bias, such as the tendency to support such an initiative. Therefore, a more comprehensive look at this question requires an in-depth case study that encompasses all or at least major stakeholders and customer groups along with investigations of their documentation.

4. Several future research topics emerged in the course of this study; factors affecting succession planning and management programs in a global scope versus local, a transparent succession planning and management versus non-transparent succession planning and management, glass ceiling effect in multinational companies. Research about particular features of succession planning and management can open other venues for succession planning and management in practice.

Summary

In this chapter, the overall research process and results are presented. The insights drawn from this research are discussed in four sections. First, constant evaluation of succession planning and management is discussed. Second, the needs for an alternative approach is discussed by presenting a new approach—technical succession planning. Third, drawn from the study, the possibility of applying balanced scorecard approach is
described. Last, for global succession planning and management, the contingency matrix approach is suggested. In the last part of this chapter, recommendations for future research are listed. It is hoped that this study will yield general insight into the evaluation of succession planning and management, as well as managing global talent levels.
References


Appendix A

Interview Guide: Phase 1

**INTERVIEW GUIDE**

Directions for Interview: Follow the directions on this explicitly. Ask individuals only the questions presented. Tape-record the interview. Interviewer may take note during the interview When finished, transcribe these notes and memos into a journal and the tape recording into word processing software. Make your note as complete as possible.

**INFORMATION**

<table>
<thead>
<tr>
<th>Name of Individual Conducting the Interview</th>
<th>Name of Individual Interviewed (Confidential : For use of one interviewer only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date and Interview</td>
<td>Job Title of Individual Interviewed</td>
</tr>
<tr>
<td>Company Name of Individual Interviewed</td>
<td>Interview Setting</td>
</tr>
<tr>
<td>Length of Interview</td>
<td>Tape Number</td>
</tr>
</tbody>
</table>
**INTRODUCTION**

Hello. My name is Yeonsoo Kim. I sent you email a few weeks ago about a study I am conducting through the Pennsylvania State University regarding perceptions of the value of succession planning and management in Korean-owned companies in U.S. I am calling now to conduct the interview. Do you have time now to talk with me?

*<IF NO, SCHEDULE A TIME TO CALL BACK>*

**Next Interview Schedule**

<table>
<thead>
<tr>
<th>Date:</th>
<th>Time:</th>
<th>Alternative phone number:</th>
</tr>
</thead>
</table>

Thanks for taking the time to speak with me. I would like to take a few moments to refresh your memory as to the purpose of the study and then provide you with some instruction about how the interview will be conducted.

The purpose of this study is to offer a framework for placing the value of Succession Planning and Management in business organizations. Also this study will investigate the unique features of placing value of Succession Planning and Management in foreign-owned companies in US especially focusing on Foreign company affiliates in the U.S.

You will be asked 4 open-ended questions in this interview:

1. How do you perceive the characteristic of succession planning and management in your organization?
2. How do you evaluate the success of Succession Planning and Management in your organization?
3. If any, tell me what uniqueness do you perceive regarding the succession planning and management of your organization as a foreign-owned company in the U.S.?
4. If any, tell me what uniqueness do you perceive regarding evaluation of value of succession planning and management of your organization as a foreign-owned company in the U.S.?

Following the open-ended questions, there will be a few additional questions that you will be able to answer quickly to gather some basic demographic information. I assure you the demographic questions will be brief and easy to answer.

Please be specific in your answers to the questions. I will be tape recording the interview. You may ask at any time during the interview for the tape recorder to be turned off.

Before participating in this interview, please read and sign the Consent Form.

Do you have any questions before you begin?

**Interview Starting Time**
• How do you perceive the characteristic of succession planning and management in your organization?

<table>
<thead>
<tr>
<th>Interview</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How do you evaluate the success of Succession Planning and Management in their organization?

<table>
<thead>
<tr>
<th>Interview</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If any, tell me what uniqueness do you perceive regarding the succession planning and management of your organization as a foreign-owned company in U.S.?

<table>
<thead>
<tr>
<th>Interview</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• If any, tell me what uniqueness do you perceive regarding evaluation of value of succession planning and management of your organization as a foreign-owned company in the U.S.?

<table>
<thead>
<tr>
<th>Interview</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## DEMOGRAPHIC INFORMATION

<table>
<thead>
<tr>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>What industry is your organization classified?</td>
</tr>
<tr>
<td>How many people does your organization employ?</td>
</tr>
<tr>
<td>What is your job function?</td>
</tr>
<tr>
<td>How long does your organization have been operating a succession planning and management program?</td>
</tr>
</tbody>
</table>

## CONCLUSION

I am finished with my interview questions. Do you have any questions of me? If I find I have a question later, may I call you? 
Thanks you again for cooperation. I appreciate your assistance in helping me collect the data needed for my research.

Interview Ending Time:
Appendix B

Interview Guide: Phase 2

<table>
<thead>
<tr>
<th>INTERVIEW GUIDE (Phase 3 interview)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directions for Interview:</td>
</tr>
<tr>
<td>Following the directions on this</td>
</tr>
<tr>
<td>explicitly. Ask individuals only</td>
</tr>
<tr>
<td>the questions presented. Tape-</td>
</tr>
<tr>
<td>record the interview. Interviewer</td>
</tr>
<tr>
<td>may take note during the</td>
</tr>
<tr>
<td>interview. When finished,</td>
</tr>
<tr>
<td>transcribe these notes and memos</td>
</tr>
<tr>
<td>into a journal and the tape</td>
</tr>
<tr>
<td>recording into word processing</td>
</tr>
<tr>
<td>software. Make your notes as</td>
</tr>
<tr>
<td>complete as possible.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Individual Conducting the Interview</td>
</tr>
<tr>
<td>Date and Interview</td>
</tr>
<tr>
<td>Company Name of Individual Interviewed</td>
</tr>
<tr>
<td>Length of Interview</td>
</tr>
</tbody>
</table>
Hello. My name is Yeonsoo Kim. I sent you email a few weeks ago about a study I am conducting through the Pennsylvania State University regarding perceptions of the value of succession planning and management in Korean-owned companies in U.S. I am calling now to conduct the interview. Do you have time now to talk with me? 

<IF NO, SCHEDULE A TIME TO CALL BACK>

Next Interview Schedule
Date:               Time:                Alternative phone number:

Thanks for taking the time to speak with me. I would like to take a few moments to refresh your memory as to the purpose of the study and then provide you with some instruction about how the interview will be conducted. The purpose of this study is to offer a framework for placing the value of Succession Planning and Management in business organization. Also this study will investigate the unique features of placing value of Succession Planning and Management in foreign-owned companies in US especially focused on Korean company affiliates in U.S.

You will be asked to tell me your comments on the findings based on the previous research. Also there will be a few additional question that you will be able to answer quickly to gather some basic demographic information I assure you the demographic questions will be brief and easy to answer.

The model of evaluating value of succession planning and management, which I sent you a week ago, are developed based on the consolidated results from interviews with Senior Executives or persons in charge of succession planning and management of several companies. Please tell me your comments on the model of evaluating value of succession planning and management.

Please be specific in your comments. I will be tape recoding the interview. You may ask at any time during the interview for the tape recorder to be turned off. Before participating in this Interview, Please read and sign the Consent Form.

Do you have any questions before you begin?

Interview Starting Time
CONDUCTING INTERVIEW

DEMOGRAPHIC INFORMATION

What is your job function?

CONCLUSION

I am finished with my interview questions. Do you have any questions of me? If I find I have a question later, may I call you? Thanks you again for cooperation. I appreciate your assistance in helping me collect the data needed for my research.

Interview Ending Time:
Phase Two Interview Questionnaire

1. The results of study show that a majority of participating companies consider succession planning as a core HR strategy. Do you agree that succession planning is a one of core strategy of HR? Do you think your company actually implements a succession planning program as a core strategy of HR? If not please described the reason.
2. The results of study show companies who implemented succession planning set the objectives of the program as following. Among the objectives, what objectives do you think are the succession planning program of your company pursues? (if there is any other objectives that are not shown in this list, please .) If there is any other objective you think in the succession planning program of your company should add, please list it.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>To meet the future needs</td>
<td>To fulfill needs of organization in the future</td>
</tr>
<tr>
<td>To strengthen internal leadership bench</td>
<td>To build leadership bench strength by manage and develop candidates who can be promote to key position</td>
</tr>
<tr>
<td>To fill the position</td>
<td>To fill key open position(s) and minimize the potential negative effect cause by it</td>
</tr>
<tr>
<td>To enhance diversity</td>
<td>To enhance diversity in organization</td>
</tr>
<tr>
<td>To accelerate Development</td>
<td>To accelerate the development of talents by expose them to more experiences and provide developmental activities</td>
</tr>
</tbody>
</table>
3. The results of study show that, generally, companies follow four phases when implementing succession planning. Do you think the program in your company also follows four phases and detailed features in each phase? If there are any differences and features you want to add please described those.

<table>
<thead>
<tr>
<th>Operation Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Phase</td>
<td>Development or review of new or existing models and procedures of their own succession planning and management program</td>
</tr>
<tr>
<td>- Set policies and procedure</td>
<td></td>
</tr>
<tr>
<td>Assessment</td>
<td>The assessment individuals who are nominated or selected as candidates for succession planning and management program or are in the talent pool</td>
</tr>
<tr>
<td>- Assess individual candidates</td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>All developmental activities for candidates of succession planning programs to close developmental gap identified through assessment</td>
</tr>
<tr>
<td>- Development of candidates</td>
<td></td>
</tr>
<tr>
<td>Evaluation of SP</td>
<td>The evaluation of succession planning and management</td>
</tr>
</tbody>
</table>
4. The results of study show that companies evaluate the value of succession planning with the following items (see next page). Do you think the categories and components reflect the evaluation of succession planning program in your company? If there are any differences and features you want to add please describe. (Measure the ROI of succession planning)

<table>
<thead>
<tr>
<th>Category</th>
<th>Evaluation Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement</td>
<td># of cross business/function transition</td>
</tr>
<tr>
<td></td>
<td># of movement within organization</td>
</tr>
<tr>
<td></td>
<td># of promotions into key role</td>
</tr>
<tr>
<td></td>
<td>how long it takes to fill the opening</td>
</tr>
<tr>
<td></td>
<td>how many help them settle down</td>
</tr>
<tr>
<td></td>
<td># of position filled by successor</td>
</tr>
<tr>
<td>Development</td>
<td># of active development plan</td>
</tr>
<tr>
<td></td>
<td># of participating in special task</td>
</tr>
<tr>
<td></td>
<td># of people in cross training</td>
</tr>
<tr>
<td></td>
<td>whether they enroll in the training program they need to get</td>
</tr>
<tr>
<td>Exposure</td>
<td># of meeting with CEO</td>
</tr>
<tr>
<td></td>
<td># of meeting with council members</td>
</tr>
<tr>
<td></td>
<td># of meeting with senior managers</td>
</tr>
<tr>
<td>Process</td>
<td>Frequency of review meeting</td>
</tr>
<tr>
<td></td>
<td>Quality of review discussion</td>
</tr>
<tr>
<td></td>
<td>whether the candidates properly evaluated</td>
</tr>
<tr>
<td></td>
<td>whether the right person is selected</td>
</tr>
<tr>
<td></td>
<td>Consistency of talent pool</td>
</tr>
<tr>
<td></td>
<td>whether stakeholders have ability to implement plan</td>
</tr>
</tbody>
</table>

<Table continued in next page>
<table>
<thead>
<tr>
<th>Results</th>
<th>Diversity</th>
<th>Bench strength</th>
<th>Retention</th>
<th>Satisfaction</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of females</td>
<td># of ready now candidates for specific key role</td>
<td>#/% of turnover since last review</td>
<td>whether SP&amp;M really helps the candidates</td>
<td>Individual:</td>
</tr>
<tr>
<td></td>
<td>% increase of female</td>
<td># of females slated as potential successor</td>
<td># of entering candidates pool</td>
<td>whether SP&amp;M motivate candidates</td>
<td>how long it takes the successor adjust and perform</td>
</tr>
<tr>
<td></td>
<td># of minority</td>
<td># of minority slated as potential successor</td>
<td># of exiting candidates pool</td>
<td>Feeling about company</td>
<td>Individual performance</td>
</tr>
<tr>
<td></td>
<td>% increase of minority</td>
<td># of candidates in SP system</td>
<td>whether the candidates leave the org</td>
<td>Intention to retention</td>
<td>Organization:</td>
</tr>
<tr>
<td></td>
<td># of females slated as potential successor</td>
<td># of candidates</td>
<td>whether the successor lost</td>
<td>Level of engagement</td>
<td>Department performance</td>
</tr>
<tr>
<td></td>
<td># of minority slated as potential successor</td>
<td></td>
<td>turn over rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>demographic of the people run in program</td>
<td>number of local talents in key position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>number of local talent in candidates pool</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. The results of study show that as foreign companies in the U.S., there are several unique features and challenges that affect the effective implementation of succession planning programs. Do you think your company also is experiencing those features and challenges? If there are any differences and features you want to add, please describe.

- Difficulty in communication
- Localization strategy
- Managing expatriates
Appendix D

Invitation letters

Participants Invitation Letter: Phase 1

<Date>

<<Title>>
<<Company>>
<<Mailing Address>>
<<City>> <<State>> <<Zip code>>

Dear <<Salutation>> <<Name>>, 

My name is Yeonsoo Kim, a Ph.D. Candidate in the Workforce Education and development Department of the Pennsylvania State University. As part of my doctoral research for my degree, I am studying the perception held by Senior Executives of Human Resource or persons in charge of the program regarding the value of succession planning program in foreign-owned companies in U.S.

This will be the first study dealing with issues involved with the evaluation of value of succession planning and management. Thus I am inviting you to participate in this important study. You can tell me your perceptions concerning the model of evaluating value of succession planning and management of your organization during either a telephone interview or on-site interview, where I will ask the following questions:

1. How do you perceive the characteristic of succession planning and management in your organization?
2. How do you evaluate the success of Succession Planning and Management in their organization?
3. If any, tell me what uniqueness do you perceived regarding the succession planning and management of your organization as a foreign-owned company in U.S.?
4. If any, tell me what uniqueness do you perceived regarding evaluation of value of succession planning and management of your organization as a foreign-owned company in U.S.?

Learning about your perception of value of succession planning and management will take approximately an hour. In return for your participation in this groundbreaking study, a final report will be sent to you. The results of the study will allow you to see how your fellow colleagues perceive the value of succession planning and management in their similar organizations. The information may be of value as you consider how to evaluate your organization's succession planning and management program.

The research will be done upon your agreement of participation. After you agree to participate in this research and inform that by e-mail, the researcher, Yeonsoo Kim, will contact you by the method you prefer such as fax, e-mail, mail, or phone.

If you have any questions, please call me at (814) 777-3089 or email at ysk100@psu.edu.

Thank you. I look forward to speaking with you.

Sincerely yours

Yeosoon Kim
Participants Invitation Letter: Phase 1

Please read and mark or fill out below.

☐ I would like to participate in this research

Please send the informed consent form by

☐ Mail (Mailing Address: ________________

☐ Fax (Fax number: ________________)

☐ Email (Email Address: ________________)

☐ I do not wish to participate in this research
Participants Invitation Letter Phase 2

< Date >

<<Title>>
<<Company>>
<<Mailing Address>>
<<City>> <<State>> <<Zip code>>

Dear <<Salutation>> <<Name>>,

My name is Yeonsoo Kim, a Ph.D. Candidate in the Workforce Education and Development Department of the Pennsylvania State University. As part of my doctoral research for my degree, I am studying the perception held by Senior Executives of Human Resource or persons in charge of the program regarding the value of succession planning program in foreign-owned companies in U.S.

This will be the first study dealing with issues involved with the evaluation of value of succession planning and management. Thus I am inviting you to participate in this important study. You can tell me your comments on the model of evaluating value of succession planning and management, which was developed based on the consolidated results previous interview research with senior executives of HR or persons in charge of succession planning and management from several companies, during either a telephone interview or on-site interview. Upon your agreement of participating in this study I will send you the information of the model of evaluating value of succession planning and management.

Learning about your comments about the model of value of succession planning and management will take approximately 15-30 minutes. In return for your participation in this groundbreaking study, a final report will be sent to you. The results of the study will allow you to see how your fellow colleagues evaluate the value of succession planning and management in their similar organizations. The information may be of value as you consider how to evaluate your organization’s succession planning and management program.

The research will be done upon your agreement of participation. After you agree to participate in this research and inform that by e-mail the researcher, Yeonsoo Kim, will contact you by the method you prefer such as fax, e-mail, mail or phone.

If you have any questions, please call me at (814) 777-3089 or email at ysk106@psu.edu.

Please read and sign the attached consent form.

Thank you. I look forward to speaking with you.

Sincerely yours

Yonsoo Kim
Appendix E

Informed consent forms

< Phase 1 Interview >

[Shown in next page]
INFORMED CONSENT FORM FOR SOCIAL SCIENCE RESEARCH
The Pennsylvania State University

Title of Project: A Qualitative Study of the Perception of Value of Succession Planning in Foreign-Owned Companies in the U.S.

Principal Investigator: Yeonsoo Kim
301 Keller Building
University Park, PA, 16801
Phone: 814-863-5321
Fax: 814-865-5321
Email: yuh106@psu.edu

Advisor: William J. Rothwell
301 Keller Building
University Park, PA, 16801
Phone: 814-865-5321
Fax: 814-863-5321
Email: wjro@psu.edu

1. Purpose of the Study: The purpose of this research is to offer a framework for placing value on succession planning and management in a business organization. Also, this study will investigate the unique features of placing value on SP&M in foreign-owned companies in the U.S.

2. Procedures to be followed: You will be asked to answer 4 open-ended questions in this interview as following:
   1) How do you perceive the characteristic of succession planning and management in your organization?
   2) How do you evaluate the success of Succession Planning and Management in their organization?
   3) If any, tell me what uniqueness do you perceived regarding the succession planning and management of your organization as a foreign-owned company in U.S.?
   4) If any, tell me what uniqueness do you perceived regarding evaluation of value of succession planning and management of your organization as a foreign-owned company in U.S.?

   Following the open-ended questions, there will be a few additional question that you will be able to answer quickly to gather some basic demographic information. I assure you the demographic questions will be brief and easy to answer.

   The interview will be tape-recorded. The purpose of recording the interview is to ensure that exact words are captured and used in the study rather than a paraphrasing of your word. You may at any point during the interview, decline to answer a question, request that the recording be turned off, or terminate the interview. After the interview, you may receive phone call from the researcher for additional information regarding the previous interview. Also, you will be reviewed the transcription of your interview from the researcher for the purpose of your review or comments.

3. Discomforts and Risks: Personal risk involved in participating in this study is assumed to be very low.

4. Benefits: The results of the study will allow you to see how your fellow colleagues perceive the value of succession planning and management in their similar organizations. The information may be of value as you consider how to evaluate your organization's succession planning and management program.

5. Duration/Time: The interview is expected to last approximately an hour.
   The review of the transcription will take less than 10 minutes.
6. **Statement of Confidentiality:** Only the researcher, Yeonsoo Kim, will know your identity and access to the data obtained. If this research is published, no information that would identify you or your organization will be written. The interview will be recorded and the tape will be kept in locked cabinet at researcher's office. All tape recording will be destroyed after being transcribed into text. Ultimately all the recording will be destroyed by December, 30th, 2005. However, all or part of your answers will be used in a published dissertation and research articles. Personal risk involved in participating in this study is assumed to be very low.

7. **Right to Ask Questions:** You can ask questions about this research. Contact Yeonsoo Kim at 814/777-3089 with questions. If you have questions about your rights as a research participant, contact The Pennsylvania State University's Office for Research Protections at (814) 865-7175.

8. **Voluntary Participation:** Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to consent to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

If returning this form **via email**, please type **name, date and your mailing address into the space provided** on the consent form and return it to the researcher via email.

If returning this form **via fax**, please **sign, print date and your mailing address in this consent form and fax it to 814 865-7532, Attn: Yeonsoo Kim**.

If returning this form **via mail**, please **sign, print date and your mailing address in this consent form and mail it to**

Yonsoo Kim  
409 J. Kelby Building  
University Park, PA, 16802

You will be given a copy of this signed and dated consent form for your records via mail.

<table>
<thead>
<tr>
<th>Participant Signature</th>
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<td>City        State Zip</td>
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INFORMED CONSENT FORM FOR SOCIAL SCIENCE RESEARCH
The Pennsylvania State University

Title of Project: A Qualitative Study of the Perception of Value of Succession Planning in Foreign-Owned Companies in the U.S.

Principal Investigator: Yeonsoo Kim
301 Keller Building
University Park, PA, 16801
Phone: 814)777-3089
Fax: 814) 863-7532
Email: ykok06@psu.edu

Advisor: William J. Rothwell
301 Keller Building
University Park, PA, 16801
Phone: 814)863-2981
Fax: 814) 863-7532
Email: wjr9@psu.edu

1. Purpose of the Study: The purpose of this research is to offer a framework for placing value on succession planning and management in a business organization. Also, this study will investigate the unique features of placing value on SP&M in foreign-owned companies in the U.S., especially Foreign affiliates.

2. Procedures to be followed: You will be asked to tell me your comments on the model of evaluating value of succession planning and management, which was developed based on the consolidated results previous interview research with senior executives of HR or persons in charge of succession planning and management from several companies, during either a telephone interview or on-site interview. Upon your agreement of participating in this study I will send you the information of the model of evaluating value of succession planning and management one week before interviewing you. After the interview, you may receive phone call from the researcher for additional information regarding the previous interview.

3. Discomforts and Risks: Personal risk involved in participating in this study is assumed to be very low.

4. Benefits: The results of the study will allow you to see how your fellow colleagues perceive the value of succession planning and management in their similar organizations. The information may be of value as you consider how to evaluate your organization's succession planning and management program.

5. Duration/Time: The interview is expected to last approximately 15-30 minutes.

6. Statement of Confidentiality: Only the researcher, Yeonsoo Kim, will know your identity and access to the data obtained. If this research is published, no information that would identify you or your organization will be written. The interview will be recorded and the tape will be kept in locked cabinet at researcher's office. All tape recording will be destroyed after being transcribed into text. Ultimately all the recording will be destroyed by December, 30th, 2003. However, all or part of your answers will be used in a published dissertation and research articles. Personal risk involved in participating in this study is assumed to be very low.
7. **Right to Ask Questions:** You can ask questions about this research. Contact Yeonsoo Kim at (814)777-3089 with questions. If you have questions about your rights as a research participant, contact The Pennsylvania State University’s Office for Research Protections at (814) 865-1775.

8. **Voluntary Participation:** Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

You must be 18 years of age or older to consent to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

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If returning this form **via mail**, please **sign, print date and your mailing address in this consent form and mail it to Yeonsoo Kim**

301 Keller Building
University Park, PA, 16801

You will be given a copy of this signed and dated consent form for your records via mail.

Participant Signature ___________________________________________ Date ________________

Person Obtaining Consent _________________________________________ Date ______________

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Appendix F

Member Check Forms

<Phase 1 interview Member Check Form>

**Perceptions on value of succession planning and management**

I have reviewed the transcript of my input in this study and agree that the identified passages contains the significant concepts reflecting my perception to the question asked

___________________________________________  __________________________________________
Please sign your name                              Please print your name

**Additional Comments**

Question 1:

How do you perceive the characteristic of succession planning and management in your organization?
Question 2:
How do you evaluate the success of Succession Planning and Management in their organization?

Question 3:
If any, tell me what uniqueness do you perceive regarding the succession planning and management of your organization as a foreign-owned company in U.S.?

Question 4:
If any, tell me what uniqueness do you perceive regarding evaluation of value of succession planning and management of your organization as a foreign-owned company in U.S.?

Others comments
If returning this form via email, please type name, date and your mailing address into the space provided on the consent form and return it to the researcher via email.

If returning this form via fax, please sign, print date and your mailing address in this consent form and fax it to 814) 863-7532, Attn: Yeonsoo Kim.

If returning this form via mail, please sign, print date and your mailing address in this consent form and mail it to

Yoonsoo Kim

409J Keller Building

University Park, PA, 16801
I have reviewed the transcript of my input in this study and agree that the identified passages contains the significant concepts reflecting my perception to the question asked.

<table>
<thead>
<tr>
<th>Question 1:</th>
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<tr>
<td>The results of study show that the majority of participating companies consider succession planning as a core HR strategy. Do you agree that succession planning is a core strategy of HR? Do you think your company actually implements succession planning program as a core strategy of HR? If not please described the reason.</td>
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<th>Question 2:</th>
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<tr>
<td>The results of study show companies who implemented succession planning set the objectives of the program as followings. Among the objectives, what objectives do you think are those of the succession planning program your company pursue? (if there is any other objectives that are now shown in this list, please explain ) If there is any other objective you think in the succession planning program of your company should add, please list it.</td>
<td></td>
</tr>
</tbody>
</table>
Question 3:

The result of study show that generally companies follow the four phase when implementing succession planning. Do you think the program in your company also follows four phases and detailed features in each phase? If there are any differences and features you want to add please describe those.

Question 4:

The results of study show that companies evaluate the value of succession planning with the following items (see next page). Do you think the categories and components reflect the evaluation of succession planning program in your company? If there are any differences and features you want to add please describe. (Measure the ROI of succession planning)

Question 4:

The results of study show that as foreign companies in the U.S., there are several unique features and challenges that affect the effective implementation of succession planning programs. Do you think your company also is experiencing those features and challenges? If there are any differences and features you want to add, please describe.

Others comments
If returning this form via email, please type name, date and your mailing address into the space provided on the consent form and return it to the researcher via email.

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If returning this form via mail, please sign, print date and your mailing address in this consent form and mail it to

Yeonsoo Kim

409J Keller Building

University Park, PA, 16801
VITA

Yeonsoo Kim

Yeonsoo Kim was born in Seoul, Korea on January 13, 1972. She majored in child psychology and education and earned a Bachelor of Arts degree in February 1995 and was conferred a Master of Arts degree in child clinical psychology and education in February, 1997 from Sung Kyun Kwan University, Seoul, Korea.

After earning her Master of Arts degree, Kim began a career as a human resource development specialist and assistant manager from April 1997 through October 1999. She worked for The department of human resource development in a financial company in Seoul, Korea. At the same time, she started her career as an educator by teaching adult learners in a Continuing Education Center in Sung Kyun Kwan University. She taught adult learners for two semesters, regarding technology and education.

Kim is certified as a Senior Professional in Human Resources (SPHR). She holds professional memberships in the Society for Human Resource Management (SHRM) and American Society for Training and Development (ASTD).