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**KEY FACTORS
INFLUENCING
SUCCESSION PLANS
IN THE MEXICO'S
COMPANIES**

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INTRODUCTION

The creation of succession plans in Mexico's companies has become a relevant topic given their own mobility in search of better opportunities, improving economically, concerns inherent to professional development and / or the withdrawal of talent from companies, either for exercising their right to retirement.

A succession plan is a strategic and systematic process that allows identifying and developing human talent with the potential to secure and fill the positions that are critical for the organization in the future, guaranteeing the creation and maintenance of the company's competitive advantage.

According to what the Royal Academy of the Spanish Language indicates, succession is defined as the entry or continuation of a person or thing instead of another and it is also defined as "prosecution, orderly continuation of people, things or events."

A succession plan is a strategic and systematic process that allows identifying and developing human talent with the potential to secure and fill the positions that are critical for the organization in the future, guaranteeing the creation and maintenance of the company's competitive advantage.

Considering what several authors point out in recent publications on this important topic for sustainable social development, it can be said that "Succession is one of the most difficult stages that an organization must go through, because it not only affects who or who is involved. it transfers control and ownership to them, but also requires an adequate retirement plan for the founder or founders, in accordance with the importance they have had in the company" (Lacouture, 2005, p. 14).

Succession plans are a dynamic process, based on competencies and are based on the potential of each individual, assuming that due

to their talent, they can perform other higher-level responsibilities in the organization (Pérez, 2015).

In the preparation of succession plans in companies and industrial groups, it is necessary that they be planned with great care and enough time, so that when the moment of decision-making arrives, the most appropriate one is selected and thus the appropriate successor is chosen. the one that gives continuity to the company (Perdomo, Montenegro and Cabrera, 2013).

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In this project I will show the need of the owners and managers of an industrial group with participation in various productive sectors that need to establish the bases to develop a succession plan to maintain their vision of growth and long-term sustainability.

According to a study published in March 2012 by the National Association of Corporate Directors of the United States, it was established that less than 50% of the companies on the Fortune 500 list have established succession processes.

Also pointed out that in the next five years global companies will replace between 50% and 60% of their leaders. It can be said that leadership is very important for the survival of any organization, the absence of leadership can determine the failure of the organization (Lechuga, & Cazallo, 2018).

In recent studies, from 2015 according to Guinjoan and Llauro (2000, p.85), 30% of this type of companies in the European Union disappear for not planning the succession adequately; In the United States, three out of every ten survive the second generation

and only 10% reach the third generation; in Spain, 25% of family businesses go through a generational change, 8% for two and 1% for three.

In Mexico, in a survey applied to Family Businesses in 2014, it mentioned that almost 60% of companies do not have a succession plan, so they will have to face the generational change in the next 5 years. This implies that these companies will have many problems to survive the generational change.

If the company or Industrial Group decides to establish a succession plan to guarantee the permanence, continuity and competitiveness of the company in the market, it will focus according to its needs, strategy and goal (Drucker, 2010).

Failure to foresee an adequate and timely succession in a company or industrial group can generate conflicts and uncertainty between employees, suppliers, clients and other interested parties, which can result in the discontinuity of the company.

Therefore, the succession must be a process considered, planned and managed with opportunity (Galaz, 2010). Losing a key person in a company has the consequence of losing knowledge and accumulated experience. The company's succession plan is an antidote to excessive and uncontrolled labor mobility.

Succession in the company is a process that is complex and requires planning, in this process, the transition period begins when it is decided to incorporate the members of the next generation to the company, and ends when the elders transfer control of the property and they retire (Perkins, 1992).

In this document I try to collect the most important concepts and factors related to a succession plan, based on what several authors point out in recent publications on this important topic for sustainable social development.

In addition to indicating what factors the

company or industrial group may consider to avoid depending on any workers who work in positions and / or responsibilities that are essential for the organization to the extent that, if they stop working in the company or something unforeseen occurs, the work in this position is affected by not having people prepared to relieve it.

Due to the aforementioned, it is necessary for the company to be very careful regarding the skills that each of the workers have, which will avoid errors at the time of applying the succession plan. It becomes important in these succession plans that people have the professional skills are those exercised by a graduate of higher education institutions, using their knowledge, skills, attitudes and values to fulfill their functions at work and achieve the objectives that are assigned to you. (Castro, 2018).

The intense global competition, the behavior of the markets and the incursion of multinational companies in sectors that were traditionally in the hands of local companies, demand that the modern company develop truly relevant competitive advantages (Aguilar and Lema, 2010).

The vision of the future is one of the triggers of the succession process in a company or industrial group. The vision in a company generates the feeling and energy is needed to be able to carry out the work of planning the succession. Every plan requires a vision of the future (González, 2017).

It is important to consider that the leader must deploy a common vision based on his own aspirations and those of his followers, to create the conditions that promote and maintain the collaboration of the staff in the long term (Gallo, 2008).

POPULATION AND SAMPLE

The populations for the quantitative study were considered people of some companies

located in Mexico, the main companies are located in Monterrey metropolitan area. The study implies more than 25 companies between medium and larges.

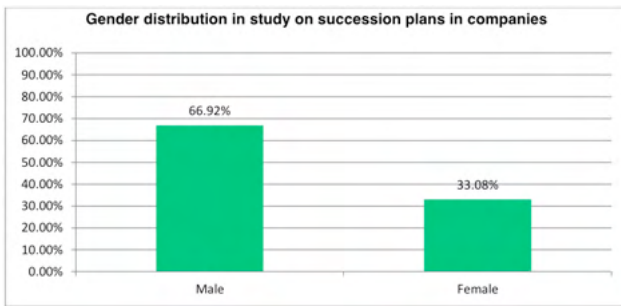
DATA COLLECTION

The collection stage is used to obtain the data that is needed related to attributes or variables of those involved, as well as events and communities or objects involved in the research (Hernández Sampieri et al. 2010).

As part of the research process, data collection was carried out, with survey monkey platform through emails and smartphone application at 261 people that currently are working in the companies.

SOCIODEMOGRAPHIC ASPECTS

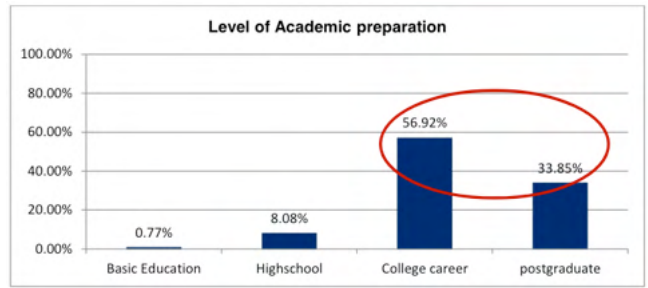
GENDER DISTRIBUTION:



Graph 1. Gender distribution in study on succession plans in Mexican companies research. (Own source)

This graph shows how the distribution of the participating in the research was in relation to gender, 66.92% were male and 33.08% were female.

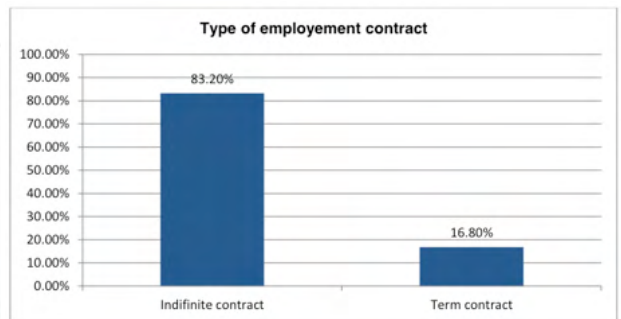
LEVEL ACADEMIC PREPATATION:



Graph 2. Academic grade related with the people in the search. (Own source)

This graph shows how the distribution of the participating sample in relation to level academic preparation more than 90% was college career or post graduate.

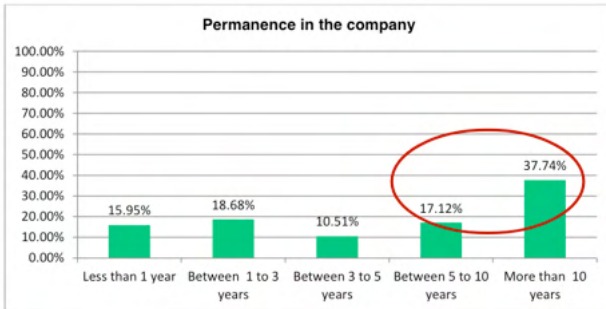
TYPE OF CONTRACT:



Graph 3. Type of employment contract of people participating on succession plans in Mexican companies research. (Own source)

This graph shows how the distribution of the participating sample was in relation to type of employment contract with the companies, more than 83% has indefinite contract with the companies with they has business relationship.

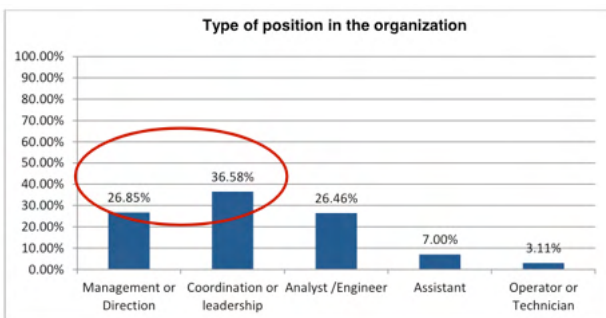
PERMANENCE IN THE COMPANY:



Graph 4. time of permanence in the companies, of the personnel participating on succession plans in Mexican companies research. (Own source)

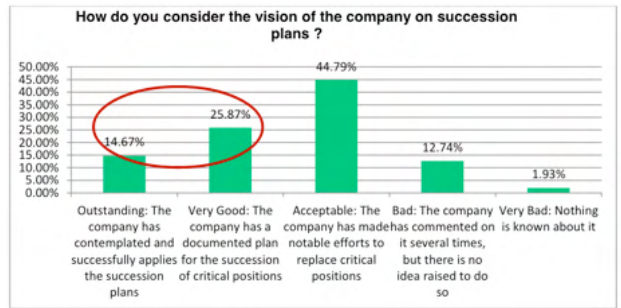
This graph shows how the distribution of the participating sample was in relation to time spent in the organization, more than 50% has more than 5 years.

TYPE OF POSITION IN THE ORGANIZATION



Graph 5. Type of position in the companies of the personnel participating on succession plans in Mexican companies research. (Own source).

This graph shows how the distribution of the participating sample was in relation to type of position in the organization, more than 60% has responsibility as leader or management level.



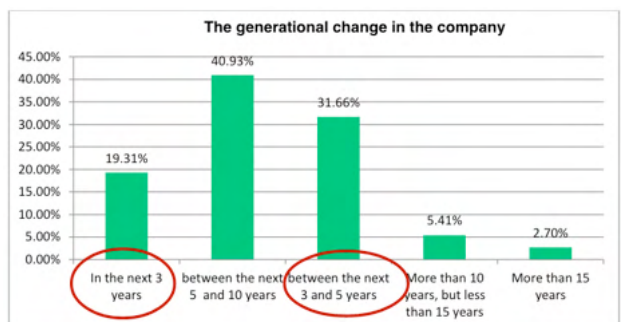
Graph 6. Opinions on the vision of the Mexican companies about succession plans. (Own source).

This graph shows shows the opinion of the research participants on the vision of the company in succession plans more than 40% consider it from very good to outstanding.

RESULTS OF THE QUESTIONNAIRE

Below are the results of the application of the research instrument through the link on the survey monkey platform ; 261 people who currently work in these companies participated.

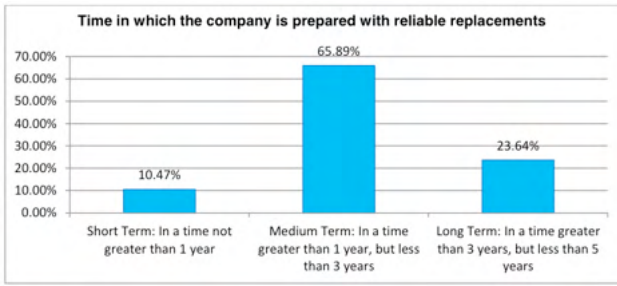
SECTION A-PROJECTION ON SUCCESSION PLANS IN THE COMPANIES



Graph A1. Opinions on the generational change in the Mexican companies research. (Own source).

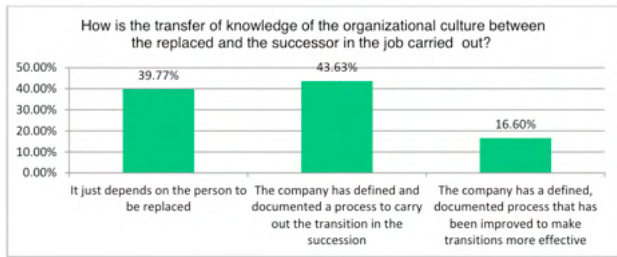
This graph show the opinion of the research participants on the generational change in the company in the more than 50% appear during between 3 to 5 years

SECTION B- FACTORS TO CONSIDER IN SUCCESSION PLANS



Graph A2. Opinions of the people about the time in which the Mexican companies it will prepared with reliable replacements. (Own source)

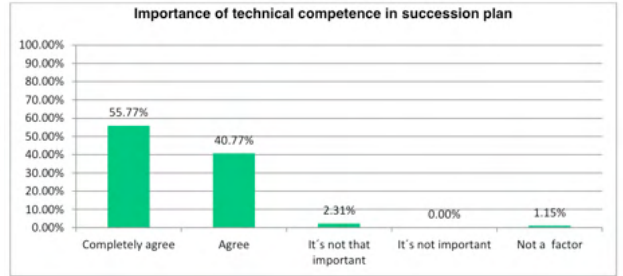
This graph show the opinion of the research participants on the time which the company its prepared with reliable replacements for generational change.



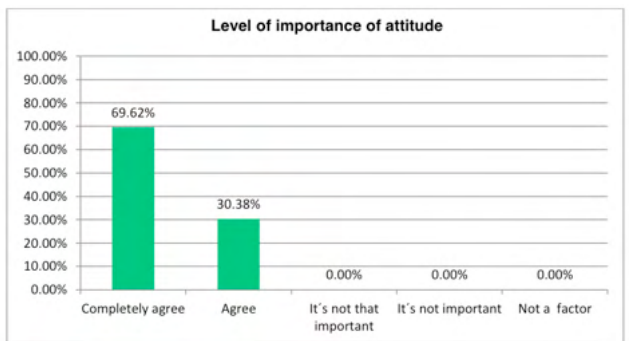
Graph A3. Opinions on how is the transfer of knowledge when the successor in the job carried out. (Own source).



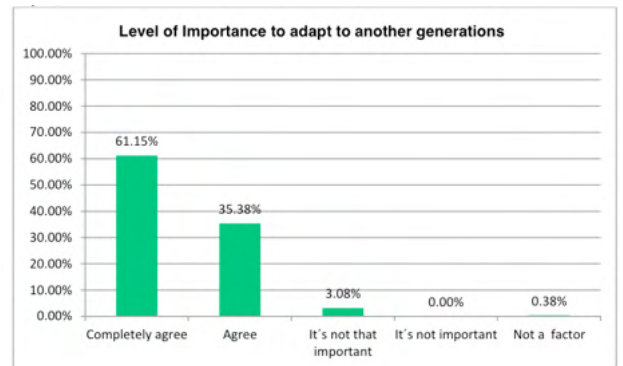
Graph A4. The answers on How is the successor planning determined in the Mexican companies?. (Own source).



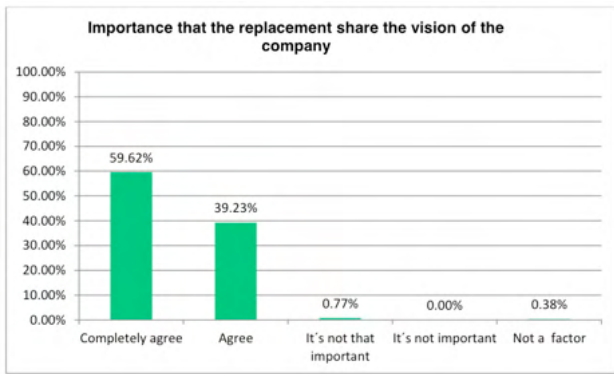
Graph B1. Opinions on Importance of technical competence in succession plans in the Mexican companies research. (Own source)



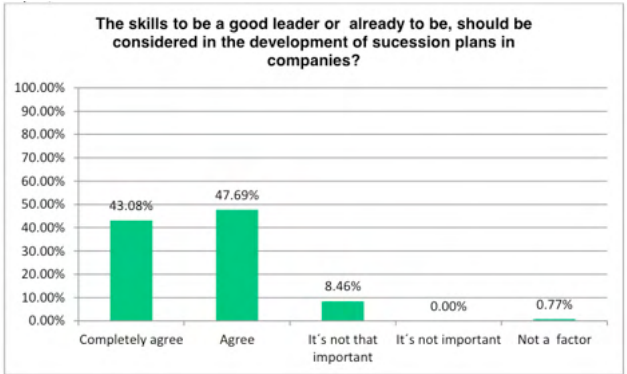
Graph B2. Distribution of responses to Level of importance of attitude as factor to consider in Mexican companies succession plans (Own source)



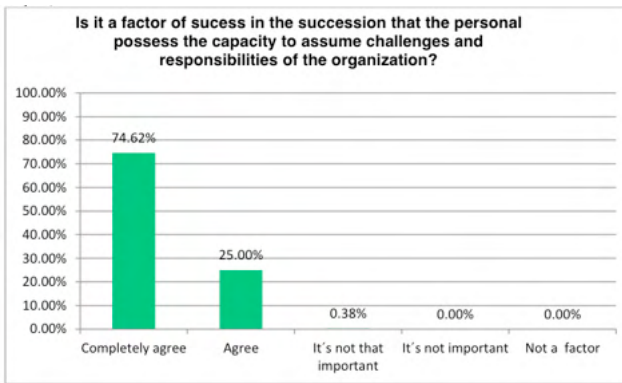
Graph B3. Distribution of responses to Level of importance to adapt to another generations as factor to consider in Mexican companies succession plans (Own source)



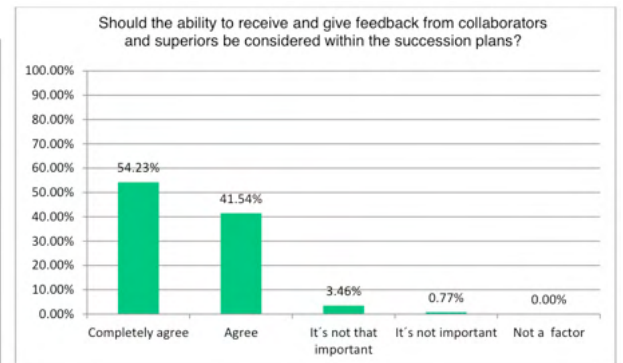
Graph B4. Distribution of responses to Importance that the replacement share the vision of the company as factor to consider in Mexican companies succession plans (Own source)



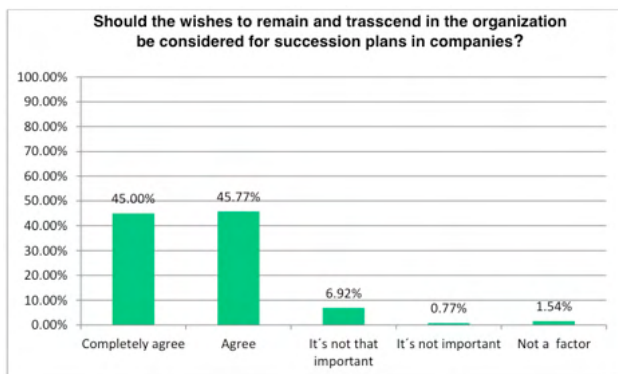
Graph B7. Distribution of responses about if to be a good leader or already to be as factor to consider in Mexican companies succession plans (Own source)



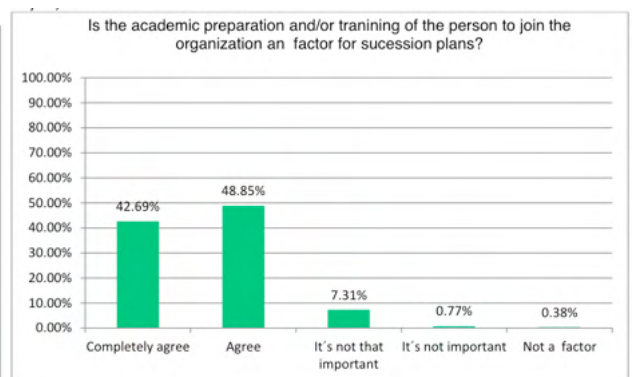
Graph B5. Distribution of responses to Importance that the replacement people possess the capacity to assume challenges and responsibilities as factor to consider in Mexican companies succession plans (Own source)



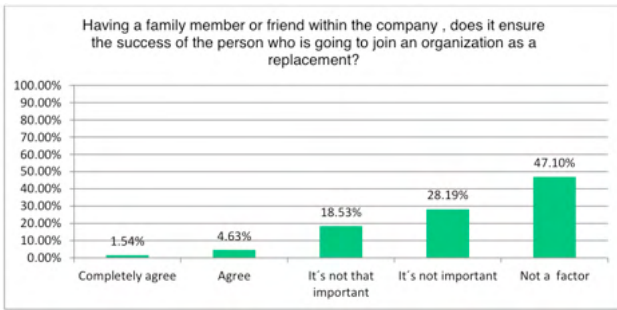
Graph B8. Distribution of responses to Importance that the replacement people has the ability to receive and give feedback form collaborators and superiors as factor to consider in Mexican companies succession plans (Own source)



Graph B6. Distribution of responses about if the wishes to remain and transcend in the organization be considered as factor to consider in Mexican companies succession plans (Own source)



Graph B10. Distribution of responses to Importance that the replacement people has the academic preparation possess the capacity to assume challenges and responsibilities as factor to consider in Mexican companies succession plans (Own source)



Graph B11. Distribution of responses on if the replacement people has a friend or relatives in the organization as factor to consider in Mexican companies succession plans (Own source)

CONCLUSIONS

From the data obtained when applying the instrument, in this research, we can say that the important factors to consider when preparing succession plans in companies are

- **Technical competencies:** The results indicate that they agree and completely agree in more than 96% that it is an important factor in succession plans in companies
- **Attitude:** The people who applied the instrument almost entirely point out that it is important to consider in business succession plans
- **Adapt at another generations:** The results indicate that they agree and completely agree in more than 96% that it is an important factor in succession plans in companies
- **The capacity of a shared Vision with the organization:** The results indicate that almost entirely point out that it is important to consider in business succession plans.
- **The ability to take on challenges and responsibilities:** The results indicate that almost entirely point out that it is important to consider in business succession plans.
- **Desire to remain and transcend in an organization:** The results indicate

that they agree and completely agree in more than 90% that it is an important factor in succession plans in companies.

- **The skills to be a good leader or already to be,** is very important factor: The results indicate that they agree and completely agree in more than 90% that it is an important factor in succession plans in companies.
- **The ability to receive and assimilate feedback on their performance:** The results indicate that they agree and completely agree in more than 96% that it is an important factor in succession plans in companies.
- **The academic preparation, attitudes and aptitudes** for the position: The results indicate that they agree and completely agree in more than 90% that it is an important factor in succession plans in companies.

It is also important to point out that having a relative or acquaintance within the organization is not considered a success factor that influences succession plans, the results obtained they established that, more than 75% of the people consider that it is not a factor for a successful succession that the replacement has a relative within the organization.

ON SUCCESSION PLAN PROJECTIONS IN THE COMPANIES, THE MAIN ASPECTS TO BE A CONSIDER ARE:

- The generational change will happen between the next 3 and 5 years
- The companies are prepared with reliable replacements to assume responsibilities in critical and / or executive positions In the medium term (1 to 3 years).
- For the transfer of knowledge, more than 43% of the companies have

documented process to carry out the succession.

- Is important that the successor has been trained within the organization
- Only 14.67% of the companies actually has planned succession successfully applied.

This information may be of benefit to those companies that are in the definition of how to establish a succession plan, as well as those that already have it and intend to improve it.

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