

Course Name: AI in Human Resource Management

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Week - 08

Lecture - 27

Lecture 27: AI in Career Succession Planning of Employees

Hello learners, welcome back to the course on AI in human resource management. Today, we will try to take up one of the most important aspects when it comes to an organization, which is succession planning. Now, succession planning of employees is vital for an organization. Many times, it happens that organizations cannot afford the recruitment or the recruitment costs in general. So, they try to nurture the talent pool. And it's always better for the organization to look within rather than outside—see within, check the leadership potential of each candidate in different ranks and files, and then bring them to the forefront or to the top of the hierarchy so that they can manage the company in a better way. So, let's look into how AI specifically enables or facilitates succession planning. For that, we have to understand what succession planning is. Very quickly, we'll do that, then we'll look into AI, its importance in enhancing succession planning, what the predictive analytics are behind succession planning, and what the knowledge transfer potentials could be with respect to the inclusion of AI in succession planning. So, we will look into all those things.

I am Dr. Abraham Cyril Issac. I'm an assistant professor at the School of Business, Indian Institute of Technology, Guwahati. Now, straight away moving into today's topic, which is AI in career succession planning of employees. Let's start with understanding what you mean by career succession planning. When you talk about any individual within an organization, their progress across the organization is vital, and something that becomes very important is succession planning in that particular context. So, career succession planning is nothing but a strategic process. It is a long-term process. To identify and develop internal candidates who have the potential to fill key roles as they become

available. Now, this approach ensures business continuity by preparing for transitions in leadership and critical positions, whether due to retirements, resignations, or even unforeseen events.

So, the goal is, to create a talent pipeline that allows the organization to maintain operational effectiveness and achieve its long-term objectives. When you look into succession planning, the key elements we have to understand are that every organization needs to identify critical roles because it's akin to stating the same thing. If you do not know that the problem exists or are not even acknowledging it, then how can you solve it? Similarly, we have to identify certain critical roles in the beginning itself to determine where essential positions are, and these are positions that are vital for operations and strategic goals. So, you look into the organization's capacity in doing that. So, mostly or typically, leadership roles or specialized positions that are vital in enhancing the organization's competitiveness have to be identified. The next step is to assess the talent. When you're looking into the assessment of talent, this assessment may include performance reviews, skill evaluations, or career aspirations.

But that said, once you have made an assessment of the talent, you have to develop plans. And when you're talking about potential successors being identified, tailored development plans are created to prepare them for future roles. Otherwise, it is meaningless to create a pipeline or pool of successors. When developing the plans, it may include training programs, mentorship opportunities, or job rotations that provide necessary skills and experience. Rather than keeping one person in a particular department for a decade or so, offering job rotations and having a clear development plan would be better for succession planning. Another important aspect is monitoring and evaluation. Continuous monitoring of succession planning is vital. Organizations should regularly evaluate the effectiveness of the plans and make adjustments as needed based on changing business needs or employee performance. We also have to understand that as we monitor and evaluate, we must engage all stakeholders. When looking into monitoring and evaluation, you must understand that effective succession planning requires the involvement of all key stakeholders, including senior management and HR professionals. Their support is vital.

Their support is essential. Their support is crucial for implementing development programs and ensuring alignment with organizational goals. Now, let's quickly look into the importance of career succession planning. As mentioned earlier, business continuity is one of the foremost factors underlying the importance of career succession planning. By preparing successors for key roles, organizations can ensure a smooth transition during leadership changes, minimizing disruptions in operations. There is also risk mitigation that is coming into the picture. Unexpected departures of, let's say, key leaders. It can cause significant risk. There is no doubt about it. A well-structured succession plan enables organizations to respond proactively in those situations.

So that is another significant aspect. It also has a role to play in enhancing employee engagement. When you're looking into employees, when they typically see their organization is committed to their career development through structured succession planning, it fosters loyalty. It fosters engagement. So this is one way to keep the employees loyal to the organization, keep them—in fact, I'll use the word—retain the employees with a more significant fervor or a positive attitude. Now, there is another possibility of knowledge retention. Recollect the previous discussions on institutional memory. So, succession planning helps retain critical knowledge within the organization by ensuring that experienced employees mentor potential successors. And similarly, It also builds a leadership pipeline. Organizations can cultivate a pool of qualified candidates ready to step into leadership roles as and when required, ensuring long-term stability and long-term growth. So this is what we generally see in terms of succession planning. Now, let's look into what is or what was happening with respect to succession planning. What are the traditional approaches? Approaches to succession planning. The first and foremost one would be a manual process. Now, before diving into AI-driven succession planning, it is vital to comprehend the traditional methods. Historically, if you ask me, succession planning was a manual, time-consuming process. That often took place annually.

So it relied heavily on subjective assessments from managers and HR professionals who were associated with particular individuals, which certainly introduced biases into the decision-making process. So the primary goals of succession planning were to identify

potential future leaders within the organization, prepare these individuals for leadership roles through training and development, and also ensure smooth transitions when key positions became vacant. So this was the workflow of, if I can use the word, workflow of the traditional approach towards succession planning. Now, when you look into the traditional approach, there are certain limitations which we cannot avoid which we cannot outweigh. These are mainly bias and subjectivity. You look into managerial biases that can affect the identification of high-potential employees. We have seen different case studies. We are hearing in the news and the media specifically, there are certain biases that generally prevent.

I'm not talking only about gender bias, but a lot of biases that generally prevent high-potential employees or high-potential individuals from actually rising to leadership positions. Often, decision-making is influenced by personal relationships or familiarity rather than objective performance data. And that is the biggest trouble there. When you look into the limitations, we also have a limitation with respect to the lack of real-time data. Now, when you look into traditional succession planning, it's often an annual exercise, as I mentioned, making it difficult for organizations to react quickly to sudden leadership changes. So what happens? It does not consider the day-to-day developments in employee performance. What is happening in terms of skill acquisition or the learning process? So there is a real-time data unavailability that is creating this problem. We also see that there is some, you know, static skill development. Let's say leadership development programs under Traditional models are very generic, and they are not personalized. Here is where the relevance and the importance of AI come in. Employees often receive the same set of training, irrespective of their individual development needs, strengths, or future aspirations.

So when you are looking into such situations, what we observe is that there is a possibility of overlooking overlooking non-visible talent. Please note, ladies and gentlemen, traditional methods tend to focus on individuals already in leadership or visible roles, leaving out those who might possess great leadership potential but are not yet recognized for it. So these are the certain limitations. These are the certain limitations of traditional succession planning. Let's look into the crux of today's discussion, which is

the role of AI in career succession planning. Now, AI brings a paradigm shift in succession planning by addressing the challenges of traditional methods. By leveraging, let's say, machine learning algorithms, NLP, and predictive analytics, AI transforms succession planning into a dynamic, continuous process that can adapt to real-time changes in the workforce and the business environment. So when you look into AI, its role in career succession planning, we first have to understand how it enhances succession planning. Let's look into that. Now, when you look into data-driven decision-making as one of the significant factors, please note AI eliminates much of the subjectivity that often accompanies human decision-making in succession planning, a point which we repeatedly emphasize.

AI systems analyze vast amount of data, including, let's say, employee performance, their experience, their engagement levels, which otherwise was never considered to make objective recommendations on potential leaders. So when you are looking into such situations, this data driven approach ensures that the decisions are based on evidence rather than intuition. Now, there is also a possibility of real-time skill tracking and talent analytics. Now, this is vital because AI-driven platforms can continuously monitor and update employee skills and performance data in real-time. Let's take an example. Let's say we have seen in the previous sessions platforms like Eightfold.ai. that track employees skill progression their learning patterns identifying skill gaps and suggesting appropriate training so this becomes an input to what Training should be essentially given to the particular individual in under consideration. So please note that this certainly ensures that succession planning is a continuous proactive process, allowing organizations to respond to changes in workforce dynamics quickly. Now, there is another option of personalized development or another factor where AI becomes an enhancement or facilitates the enhancement.

When you're looking into the personalized development, I'm looking into the personalized leadership development specifically because we are talking about the succession planning. Now, AI provides individualized career development paths by analyzing each employee's strengths, their weaknesses and the career goals. So it can. Recommend specific training programs as we have already seen, mentorship

opportunities or job rotations tailored to an individual's needs. So increasing the chances of successfully developing the leadership capabilities. Another significant aspect is predictive analytics. When you look into advanced AI capabilities, you see that AI can typically forecast future leadership success by identifying patterns in data from past leaders. So this predictive capability helps organizations focus on employees who have demonstrated traits that are associated with successful leadership. So it allows organizations to actually foresee potential risks, if any, such as an employee leaving the organization or planning for leadership succession in advance. This foresight is what is enabled by advanced AI capabilities.

We then come to one of the most significant factors, which is knowledge transfer—one of the biggest challenges in succession planning without doubt. It is ensuring that critical knowledge is not lost when key employees leave. This discussion we had in the previous lecture. If you recollect, we talked about institutional memory and all. So AI can help facilitate knowledge transfer by analyzing documents, emails, and other work-related communications and creating comprehensive knowledge databases. These databases ensure that successors have access to the information they need to step into leadership roles effectively. This is what could have a greater impact when it comes to the introduction of advanced AI capabilities in HRM, specific to knowledge transfer.

Now, let's look into AI-driven succession planning as a process. AI transforms succession planning from a static to a dynamic process. So you are looking into real-time succession planning. Let's say one of the most significant benefits AI brings to succession planning is the ability to shift from a static annual exercise to a dynamic real-time process. So AI-driven platforms allow organizations to continuously assess employee skills and performance, enabling them to make succession planning decisions on an ongoing basis rather than just waiting for their annual reviews. So let's take an example. AI can track employees' development consistently in real time by monitoring their project contributions or how much they have achieved in terms of learning achievements or even some of the performance metrics. So when a key position becomes available, the system can immediately recommend the most qualified internal candidate, reducing the time and effort needed for leadership transition. So this real-time approach is particularly valuable

in fast-changing business environments where agility and adaptability are crucial. Now let's look into identifying leadership potential. So what is the role of AI in identifying leadership potential? So when you talk about this, please note one of AI's most transformative applications in succession planning is the ability to identify leadership potential.

So in the past, in the traditional method, high-potential employees were often identified through subjective assessments by managers. So it was not objective. You had a good rapport. You had a good, you know, goodwill with your manager. Sometimes it didn't. It is seen in a negative sense also. But mostly, when you are looked at as a person who is in the good books—if I can use the word of the manager—you generally get promoted or have clear succession planning demarcated for you. But those who are not like that or those who are actually, you know, looked into, Let's say, you know, this needs. So when you look at the traditional way, the traditional approach of succession planning, you generally see, as I already mentioned, that if you are in the good books of certain managers—those you report to—you generally have a possibility of moving up the hierarchy or there is a possibility that, you know, you are being taken care of in terms of succession planning. But what happens to the majority who put in effort, who have certain objective performance metrics, but since the system itself is not objectively analyzing their performance many times, what happens is that they are not identified; they are not seen in a positive light. This is where, especially, objectivity is where AI brings the whole system—or tries to modify the whole system—and makes it more objective. So you look at the objectivity of data, you look at reducing biases, you look at a comprehensive analysis, It is all about getting the right person with respect to merit. So AI enables you to avoid all possible biases in terms of, you know, selecting, recruiting, or promoting a person to another level. And there is also a possibility of, let's say, some particular objective measures. The work time, or let's say the revenue generated, or the sales made, or whatever with respect to the top line or bottom line, whatever the company is focused on. So all these aspects typically give the individual a certain level of confidence. Yes, that if I work for this company, the organization has an objective measure. And if I do this one, two, three, four. It is pretty sure that I'm going to make it to

the next level, unlike an organization that revolves around the subjectivity, the subjective assessment of the manager.

So many times, what happens if you are not in the good books of the manager is that you tend to fall out of favor and generally don't get the desired promotion. So this is typically the role of AI, or this is the beauty of AI. Now, let's look into AI leadership identification methods specifically. You look into, you know, AI leadership specifically. You will see that one of the critical aspects is comprehensive data analysis. AI systems typically analyze large datasets, including performance reviews, project outcomes, and employee engagement scores, to identify patterns that suggest leadership potential. So these systems look for indicators such as innovation, collaboration, problem-solving, and emotional intelligence. We also have unbiased recognition. When we talk about unbiased recognition, AI helps remove bias from the succession planning process, as I mentioned.

With traditional methods, AI evaluates employees based solely on data, ensuring that high-potential individuals from underrepresented groups are also considered. So this certainly tries to remove the bias. You also have some predictive leadership traits. What are they? By analyzing historical data from past leaders, AI can identify the traits and skills and correlate them with the leadership success so this certainly allows the system to recommend employees who exhibit these traits even if they have not yet held formal positions or leadership roles now they also have a possibility of succession pathways for non-obvious candidates what happens to them ai can identify the leadership potential in employees who may not be on the traditional leadership paths let's take an example a data scientist With exceptional problem solving abilities might not have been considered for leadership in the past. However, AI can recognize the strategic value of such skills and recommend a leadership development plan for them. Then this is what AI brings the difference in all about. And this is what the AI difference is all about.

Now, when you look into personalized leadership development plan, which we have just now mentioned, leadership development has historically been a one size fits all. That has been the traditional approach. There is no doubt being frank that that has been. And in many organizations, even that is still going on with employees often receiving the same training. regardless of their specific strengths, their specific weaknesses or career goals.

So AI changes this by offering personalized development plans that align with both the organization needs and the employees aspirations. So based on this, we see that there is a possibility of tailored, you know, learning programs, you know, AI innovation. tailored growth now tailored learning is where the whole difference is see i am being trained for something i am weak on or something which can enhance my strength which has never been my strength and i don't have any particular aptitude in that if i'm getting the training For the name's sake, I might be continuing that, but it does not add any particular value to me. And that's a fact.

Now, when you look into AI, it analyzes each employee's skills, their performance history, and future career goals to recommend personalized learning opportunities. So this might include, let's say, specific leadership training courses, job rotations, or mentorship programs, as we discussed. So by tailoring development plans to individual needs, AI ensures that employees receive the most relevant training, increasing the likelihood of leadership success. Then there is again a possibility of mentorship matching. What is that mentorship all about? You know, guiding, coaching. So AI can facilitate mentorship programs by matching employees with mentors based on their career goals and development needs. So additionally, let's say AI-powered virtual coaches can provide something like continuous feedback and guidance, helping employees develop leadership skills in real time. There is also a possibility of skill tracking. You know, AI systems continuously monitor employees' progress. So this allows HR to adjust development plans as needed, ensuring that employees stay on track for future leadership roles.

There is also the possibility of gamified learning, something which we have discussed in the previous module. Some AI platforms incorporate gamification elements into leadership development programs, making the whole learning process itself very engaging. So employees can earn points or badges for completing leadership training modules, encouraging continuous development. Now, let's look into the most critical aspect: knowledge transfer with AI. As we have seen, you know, a major concern in succession planning is the loss of institutional knowledge when experienced leaders leave or retire.

So, AI can help capture, organize, and transfer knowledge from senior employees to successor employees. And this is vital in industries where key insights, strategies, or let's say business relationships are not easily documented but are embedded in years of experience. Now, how does AI facilitate knowledge transfer? This is vital. Let's look into AI-driven knowledge bases. What do they do? AI can automatically compile and analyze the emails, documents, and communication patterns of key employees. I've already mentioned that. Using natural language processing, AI can organize this information into knowledge repositories that are easily accessible to successors. There's a possibility of expert systems that AI can create, which simulate the decision-making process of departing leaders who are moving out.

So, let's take an example. AI might track Let's say how a retiring CEO approached certain business decisions, helping the successor understand the rationale behind those decisions. Many times, that is not understood or captured. Then, there is also the possibility of mentorship and knowledge sharing. AI can also facilitate the matching of retiring employees with successors or potential leaders for mentorship. So during the period, The departing employees can share critical insights facilitated by AI-driven tools that track the transfer of knowledge. Similarly, we see AI's role in predictive analytics in terms of succession planning. Predictive analytics is often used as one of the most powerful applications of AI in succession planning.

So by analyzing, let's say, historical data, AI can predict which employees are most likely to succeed in leadership roles as well as when critical positions might become vacant. So based on that, let's look into the process that AI uses in terms of predictive analytics. Now, when you look into this process, the leadership success predictors happen to be the foremost idea. AI systems analyze past performance data, looking for patterns that correlate with successful leadership. An example would be an AI model that might, let's say, identify leaders who had diverse project experience or cross-functional roles and performed better in leadership positions than those who did not. So by identifying these predictors, AI helps organizations focus on the employees most likely to succeed in leadership.

Another important aspect would be employee attrition forecasting. This is vital because attrition many times eats away lots of resources and puts a big constraint on the organization itself. So AI can predict which employees are likely to leave, enabling HR to plan for leadership vacancies in advance. Factors such as employee engagement scores, job satisfaction surveys, and career progression data can be analyzed to forecast potential departures. Another significant aspect would be scenario modeling or scenario planning. AI can model various succession planning scenarios, allowing organizations to explore different succession paths altogether. The system can simulate the impact of promoting a particular employee to a leadership role versus leaving that position open for hiring or, let's say, hiring externally, etc. So this typically helps HR make more informed decisions. Now, having extensively seen the role of AI, let's again look into the challenges and limitations of AI in succession planning. So in most of our sessions, we try to conclude with this.

So despite all these advantages, that's the unfortunate statement I have to make. You know, there are also challenges and limitations. AI is not a perfect solution. Please note that and require careful implementation to avoid potential pitfalls. So when you look into, you know, AI, it is not a flawless solution. Implementing AI in succession planning requires careful consideration, and let's look into those challenges. The first and foremost one, obviously, would be bias, as we have been dealing with, you know, this bias angle for quite some time. AI can reduce human bias—that is one school of thought—but it is not immune to bias itself. When you look into cases like if the data used to train AI models is biased, as I already mentioned, The recommendations generated by AI can perpetuate existing inequalities. Let's take an example. If an organization's past leaders were predominantly from a particular demographic group, the AI system might prioritize similar candidates for future leadership roles as well. So this bias will be inherently carried forward.

Another significant factor would be the data quality and availability when it comes to the challenges. AI's effectiveness totally, totally depends on the quality and the quantity of data it has to access. It has access to incorrect and incomplete data. data can lead to flawed predictions or recommendations so organizations need to ensure that they have

robust data collection and management systems in place before implementing ai driven succession planning there is another possibility of resistance and overlines you know employees i generally talk about this inertia in some of the classes employees and leaders may be resistant to ai driven systems Especially if they feel that decisions are being made by machines rather than humans.

So to overcome this, the potential possibility would be organizations must emphasize that AI is a tool to support decision making, not replace the human judgment. And again, while AI can provide valuable insights, please note, it is important not to rely solely on AI for succession planning. Another significant aspect would be human oversight, which is crucial to interpreting AI generated data and ensuring that decisions align with the organization's culture and strategic goal. Now, when you look into how we can address these AI challenges in succession planning, we look into bias mitigation. Bias mitigation is just to train the AI models on inclusive data, and conduct regular audits, which will be critical, especially regular audits of AI systems that can identify them. Another significant factor would be data management. Invest in robust data management. Organizations should do this. This includes tracking employee performance, skills and engagement over time. There is also a possibility of human-AI collaboration, which can actually address the AI challenge in succession planning. Let's say HR professionals should be involved in interpreting AI insights and making the final decisions on succession planning. When you look into succession planning, how we address it, we also have to consider the best practices related to that. You know, when you are typically focusing on AI, This can be a very insightful discussion.

We have to have clear objectives before implementing AI. Organizations should define clear objectives for succession planning efforts. You know, let's take an example. Are they looking to improve diversity in leadership, or what is the thought process? Is it to reduce turnover, or what is the school of thought? Is it to identify high-potential employees earlier? So, define these goals that will help guide the implementation of AI systems. There's also a requirement to invest in high-quality data. We have seen that as a challenge—the quality and quantity of data. So, the accuracy of AI models totally depends on the quality.

So when you are looking into data, organizations should invest in systems that can track employee performance, engagement, and skill development in real time. So this data will form the foundation of AI-driven succession planning. There is also a need to integrate human oversight. While AI can provide valuable insights, it should not replace human judgment. HR professionals and organization leaders must be involved in interpreting AI-generated recommendations and ensuring they align with the company's culture and goals. Also, we have to foster a culture of trust in AI, which I have time and again mentioned, and continuous learning and improvement are vital. So this ensures that the AI system continues to provide relevant, accurate recommendations as the organization evolves. So when you look into the key best practices of AI-driven succession planning, you have to see that the first and foremost one would be to look into clear objectives. Now, finally, let's look into the future of AI in succession planning. Please note, as AI continues to evolve, its role in succession planning will likely expand in the future. So AI systems could become even more integrated into strategic planning processes, providing insights that go beyond individual employees and address broader workforce trends. So when you look into the evolution of AI capabilities, there is no doubt it will you know, be capable of transforming succession planning into a more proactive and comprehensive process altogether. So organizations need to embrace this for successful succession planning. When you are looking into the emerging trends in AI for succession planning, we can definitely see at this point in time again. With a word of caution, this is ever-evolving. The evolution is happening. So at this point in time, I would like to explicitly state that, Ryder, we can look into integration with emerging technologies. AI may be integrated with other technologies, such as virtual reality, to create more immersive leadership development programs. Let's take an example. VR simulations—virtual reality simulations—could allow employees to practice leadership scenarios in a controlled, AI-driven environment. We can also use sentiment analysis.

AI Our future AI systems may use sentiment analysis to gauge employee satisfaction and engagement more accurately. Now, this could help organizations identify leadership candidates who not only perform well but are also aligned with the company's values and culture. Now, AI can also be a strategic partner. Now, this is vital. And this is where we conclude today's lecture. As AI continues to improve, it will play a more prominent role

in strategic planning, helping organizations predict workforce trends, identify future skill needs, and make informed decisions about talent management. So please note, when you look into AI's role in succession planning, we have extensively seen what AI can do. What are the different roles that AI can take up?

What are the different possibilities that AI can bring in? But we have also seen the challenges it can bring. You know, bring in with those particular advantages. So, please take a measured moment. We have seen what could be the future, you know, of AI in terms of succession planning. But this is what I am mentioning with respect to the data I'm having right now, as I mentioned. AI is ever-evolving, and there might be a possibility that a more prominent and proficient role of AI can be seen in succession planning in the coming years. But then, let's hope and look forward to that.

We'll come up with more details of AI in human resource management with another module. Till then, take care. Bye-bye.