

An investigation into factors that influence leadership succession in family owned businesses in Kenya: A case of family owned small and micro enterprises in Nairobi Central business District

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Abstract:

This study was to determine factors that influence leadership succession in family owned businesses in Kenya. The overall research problem that was addressed in this study was that despite family owned businesses forming a large part of the economies around the globe, such businesses fail during transitions from one generation to another. Although there are many possible explanations that suggest why such firms are unable to perpetuate themselves into future generations, leadership succession remains an area of , , interest to owner's, successors and researchers. In addition, despite growth of the small .~1' and micro enterprises in the recent past, little or no attention has been given specifically to family owned businesses in Kenya. The objectives of this study was to find out through research the influences of four , . factors (individual and relational, education and training, leadership styles and governance and process and content factors) measured against growth and profitability of the firms. This study also critically looked at the issues surrounding the major stakeholders involved in the succession process i.e. the owners and the successors. The research used descriptive survey and targeted small and micro family owned ., business in Nairobi Central Business District. A sample , , of 100 family owned drawn from a population of 98,608 registered small. and micro enterprises registered in Nairobi County was used to arrive at the conclusion. This was because there was no national data base on family businesses and neither are businesses registered in Kenya specifically as family owned businesses. Data was collected using questionnaires which were hand delivered to one hundred firms identified as family owned business through purposive sampling. The response rate was 52% and data obtained was analyzed using descriptive statistics as a basis to answer the research questions. From the study the researcher found that all identified factors played a pivotal role to the succession process. The research revealed that a balance between the business system and XI! family system is the key to the longevity of the business. Majority of the respondents indicated they had strong family relationship and had mechanisms to address conflicts. The researcher concludes that men and women have the same propensity to run and manage family businesses. Gender imbalance is still an issue because majority of owners prefer male successors. Succession planning was seen to be a vital element for the longevity of the firms and successors should be introduced to the business early. , ,~.' The study recommends that family business should family businesses should strive to embrace a global outlook in order to compete effectively and tap from the emerging markets. In addition, to avoid split-ups caused by tensions and disagreements between the business system and family system, family businesses should have a vibrant mechanism to address conflict. Communication of family vision as well as succession plan should be communicated to successors in a timely manner. Finally, owing to their contribution in the Kenyan economy, there is need to recognize and register family owned businesses in their own category.