THE EFFECT OF MANAGEMENT SUCCESSION ON CORPORATE GROWTH STRATEGY AMONG LOCAL FAMILY BUSINESSES IN THE MANUFACTURING SECTOR IN NAIROBI COUNTY

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A Research Thesis submitted to the Graduate School in Fulfillment of the Requirements for the Award of the Degree of Doctor of Philosophy in Business Administration of Kabarak University

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DECLARATION

The research thesis is my own work and to the best of my knowledge has not been presented for the award of degree in any other university or institution.

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RECOMMENDATION BY SUPERVISORS

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The research thesis entitled “The effect of Management Succession on Corporate Growth Strategy among local family businesses in the manufacturing sector in Nairobi County and written by Mary Mugo is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research thesis and recommend it be accepted in partial fulfillment of the requirement for the degree of Doctor of Philosophy in Business Administration.

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DEDICATION

This research thesis is dedicated to my parents Mr. Wilson Mugo and Late Mrs. Jemima Mugo; and to all those who have gone through this process before me.

ABSTRACT

Family businesses are important contributors to wealth and employment creation in any country. Indeed the economic landscape of most nations remains dominated by family firms. In Kenya, one of the Vision 2030 objectives is to create new jobs and the growth of family businesses is important to help achieve this objective. Unfortunately, many family businesses collapse within the first few years of operation and others stagnate leading to loss of jobs and greatly affecting the Kenyan economy. This study sought to investigate the effect of management succession on growth strategy among the local family businesses in the manufacturing sector in Nairobi County. The study investigated how succession planning, succession timing and successor commitment affect corporate growth strategy. It also examined if organization culture had any influence on management succession and corporate growth strategy. The study specific objectives were: To determine the effect of succession planning on corporate growth strategy; To establish the effect of succession timing on corporate growth strategy; To investigate the effect of successor commitment on corporate growth strategy, To establish the combined effect of succession planning, succession timing and successor commitment on corporate growth strategies and To examine the influence of organization culture on management succession and corporate growth strategy. To realize these objectives, a descriptive census survey was employed. The study population comprised of 97 local family business manufacturing organizations and the response rate was 67%. Primary data was collected using questionnaires and data was analyzed using descriptive statistics, linear and multiple regression analysis. The study results revealed that management succession in general influences corporate growth strategy among local family businesses in the manufacturing sector in Nairobi County. In relation to individual measures, succession planning had statistically significant effect on corporate growth strategy; however succession timing and successor commitment had no statistically significant effect on corporate growth strategy. The results further showed that the joint effect of succession planning, succession timing and successor commitment had a statistically significant effect on corporate growth strategy. Furthermore the relationship between management succession and corporate growth strategy was mediated by the organization culture. These results have made contribution to the theory and practice in relation to strategic management and family business in general and more specifically on management succession and corporate growth strategy. The results have in particular offered clarification into the relationship that exists between succession planning, succession timing, successor commitment, organization culture and corporate growth strategy. The research had a drawback in that it was based on the perceptions of senior managers in the organization and the researcher recommends a similar study based on the perceptions of external publics.

Key Words: Management Succession, Corporate Growth Strategy, Culture, Family Business, Succession planning, Successor Timing, Successor Commitment, Manufacturing

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INTRODUCTION

1.1 Background of the Study

Organizations continue to exist beyond the life of the founders and the dilemma of ownership and management succession is considered a potential source of danger and conflict. Professional and managerial requirements tend to be intertwined with family feelings and interests. The family plays a crucial role in the organization. It has been described as playing an integral part in economic activities and therefore family members are strategic in the firm creation and growth (Aldrich & Cliff, 2003; Miller, Steier & Le Bretton-Miller, 2003). The balance between an organization's professional requirement and the family dynamics influences issues to do with transfer of leadership which can quickly run into trouble. To make the succession process even more challenging, nobody wants to talk about it for various reasons (Longenecker, Moore, Petty & Palich, 2006). The first succession in leadership is crucial because it determines whether the organization will continue to exist beyond the life of its founders.

The role of entrepreneurs is important in development and therefore their ability to resolve the succession problem in their organization has significant implications for the growth of both the organization and the country. Indeed, succession plans for many entrepreneurs are either not well developed or are poorly communicated if at all planned. Consequently, this may lead to the prosperity of both the family business and the business hanging in the balance. Inter-generational management succession of any business does not only impact on the general development of the country but also affects the growth of the entire business. But when management is passed on to a family member who is of mediocre caliber and whose outlook of the business is a contrast to that of the founder, then the kind of strategies the business embarks on are affected. This in turn affects the growth and expansion of the business (Longenecker et al. 2006).

Family businesses contribute significantly to the growth of any nation. Many multinational corporations started as family businesses and so there is need to ensure family businesses continue to grow. The continued existence and growth of the businesses depend on how management succession is managed as well as the strategies that are in place. One of the key concerns for a family business is to retain the entrepreneurial spirit across generations and overcome retardation or even demise as the business grows. The grooming of next generation leaders should be adopted as a mindset as well as an objective that is implemented over time. The powerful engine for business growth in the family business is the next generation leaders who must be seen and recognized as entrepreneurs in their own right.

The business vision needs to be developed, implemented and changed by successive generations to accommodate growth and give a sense of ownership to the business. Family businesses have the potential to grow and become multinationals. A good example is Mabati Rolling Mills which started in 1961 in Nairobi's industrial area by the Chandaria family and is today a global player. This family business has propelled upwards due to proper management succession and the growth strategies they have continued to adopt. Mabati Rolling Mills has over the years adopted various growth strategies such as mergers, exporting, new product development, modernization, product differentiation and innovation and market research. These growth strategies have led to the growth and expansion of the company.

Management Succession is a double edged sword where on one hand the successor may encourage strategic initiatives that move the business to a higher level and on the other hand stifle growth of the business by having no strategies in place. The growth of a business will depend on its strategies and how well they are implemented. It is therefore crucial that family businesses put in place strategic plans for organizational growth. Operational strategies are short-term and are associated with the various operational departments of the company, such as human resources, finance, marketing, and production. Competitive strategies are those associated with methods of competing in a certain business or industry. Corporate strategies are long-term and are associated with "deciding the optimal mix of businesses and the overall direction of the organization" (Coulter, 2005). To operate as a sole business or as a business with several divisions is part of the corporate strategy.

Many family companies in Kenya seem to suffer from the founders' syndrome and few have any strategies in place on how to grow the business. This founder's trap can develop into a family trap if a family member takes over on the basis of ownership and bloodline rather than competence and experience. A study by Karanja (2012) sought to establish the role of succession planning on the survival of small and medium family enterprises in Kenya. He focused on succession after retirement or death of the first generation entrepreneurs and considered the variables that he believed influenced succession planning. Memba, Gakure, and Karanja (2012) conducted a study on venture capital and its impact on growth of small and medium enterprises in Kenya. Another study by Bowen, Morara and Mureithi (2009) looked at the management of business challenges in small and micro enterprises in Nairobi, Kenya. The influence of intellectual capital on the growth of small and medium enterprises in Kenya was investigated by Ngugi, Gakure, Were, Ngugi and Kibiru (2012). Of notable significance from these studies was the lack of focus on the aspect of strategy and its contribution to the survival and growth of the small and medium enterprises. None of the studies except the one by Karanja (2012) focused specifically on family businesses. However the study by Karanja looked at only one aspect of management succession namely succession planning and did not take into consideration other variables of management succession. This current study incorporated other variables of management succession and brought the aspect of strategy and focused on family businesses. I believe having no strategies in place and lack of proper management succession affects the company growth and survival as well as the growth of the country. To understand how management succession affects corporate growth strategy among local family businesses in the manufacturing sector in Nairobi County was studied.

1.2. Statement of the Problem

Family businesses are started every other day and it is widely acknowledged that the economic landscape of most countries in the world remains dominated by family organizations (Astrachan & Shanker, 2003; Morck & Yeung, 2004). According to Lee (2006), Bareither and Reischl (2003) and Venter (2003), one of the main reasons for the high failure rate among first and second generation family businesses is their inability to manage the complex and highly emotive process of ownership and management succession from one generation to the next. The generally accepted figure for succession is 3 out of 10 firms surviving to second generation and only 16% persist to the third (Kuratko, 1995). Kenya is no different for statistics show that three out of five of these businesses fail within the first three years of operation (GoK, 2007). Accordingly, Ward (2004) estimates that approximately half of all family businesses fail to make it to the next generation because of inefficient succession. Klein (2000) suggests that the failures and breakups of family businesses occur due to power struggles and internal feuds amongst siblings and members of the extended family. He further attributes it to family members refusing to give up their central roles in the management of the businesses and to relinquish control and power in the businesses. Families that successfully survive three or four generations have a complex web of structures, agreements, councils and forms of accountability to manage their wealth (Jaffe & Lane, 2004). Although ownership and management succession are the key concerns of a large number of business families, Watts and Yucker (2004) observe that families hesitate to address the issue.

Succession is a challenge to family businesses particularly the trans-generational handover (Royer, Simons, Boyd & Rafferty, 2008) and these challenges do exist in Kenya. Aron (as cited in Maalu, McCormic, K'Obonyo & Machuki, 2013) argued that cases of failed stock brokerage firms of Francis Thuo and Partners, Nyaga Stock Brokers and Discount Securities may be attributed to failed succession. Karanja (2012) further contends that family members file court cases to bar other members of their families from running or interfering with the management of an enterprise after the exit of the first generation which is another indication of challenges family businesses face in management succession. This may lead to such enterprises stagnating, going under receivership or even closing down. However despite the challenges there also exist success stories of family businesses such as Mabati Rolling Mills which is associated with well-known Chandaria and Shah families. It is these occurrences that elicited an interest in this study. Justifiably, several studies have been undertaken on succession both internationally and locally.

Karanja (2012) conducted a study on the role of succession planning on survival of small and medium family enterprises after retirement or death of the first generation entrepreneurs in

Kenya and concluded that mentoring, entrepreneurial orientation, level of education and capability of the successor contributes to their survival. This study focused only on succession planning and survival of the firm and the current study addressed the gap by looking at more management succession variables and how the variables affect the growth strategies of the firm. Another study by Ngugi et al. (2012) considered the influence of intellectual capital on the growth of small and medium enterprises in Kenya and found out that management innovativeness is the most significant factor towards their growth. The study focused on intellectual capital and the current study focused on the effect of management succession on corporate growth strategies.

A study done by Chaimahawong and Sakulsriprasert (2013) on family business succession and post succession performance on Thai SMEs indicated that context and personal factors have highest levels of impact on the effectiveness of the success process. The study focused on post succession performance. The current study addressed the knowledge gaps by focusing on different variables, brought in the aspect of corporate growth strategies, culture and focused on manufacturing family businesses in Nairobi County. Suffice to say that the previous studies have not brought out the effect of succession planning, succession timing and successor commitment on growth strategies. They have not considered the effect of organization culture on management succession and growth strategy. The studies have also not focused on the contribution of growth strategy to the survival and performance of family businesses. It is against this backdrop that this study sought to understand the effect of management succession on corporate growth strategy among manufacturing family businesses in Nairobi County.

1.3. The main objective

The main objective of this study was to determine the effect of management succession on corporate growth strategy among local family businesses in the manufacturing sector in Nairobi County.

1.4. Specific Objectives

The specific objectives of this study were to:

1. Determine the effect of succession planning on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County

2. Establish the effect of succession timing on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

3. Investigate the effect of successor commitment on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

4. Establish the combined effect of succession planning, succession timing and successor commitment on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

5. Examine the influence of organization culture on management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

1.5. Research Hypothesis.

The study tested the following hypothesis.

H_{01}. Succession Planning does not significantly affect corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County

H_{02}. Succession timing does not significantly affect corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County

H_{03}.Successor commitment does not influence corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

H_{04}. Succession planning, succession timing and successor commitment collectively do not influence corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

H_{05}. Organization culture does not significantly mediate the relationship between management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

1.6. Significance of the study

Family businesses employ a significant number of the population in Kenya. They also contribute significantly to the Gross Domestic Product of the country. One of the Vision 2030 objectives is to create new jobs and continued existence and growth of family businesses is therefore critical to help achieve this objective. This study should contribute valuable knowledge to the field of family business in general. The study is expected to add knowledge on this subject and form a useful material for reference to other researchers and readers in general.

The study is also expected to suggest strategies that family businesses can apply to grow. The study will make recommendations on various strategies that can be used to grow family businesses which in essence will help the country achieve its 2030 vision of employment creation. Such recommendations could inform the management of family businesses and other organizations in general because they are originated through valid research data.

The study should also influence the management practices of family businesses in Kenya. The use of such specific knowledge will improve the quality of the management of family businesses making management succession successful and contributing positively to the growth of the organization and the country at large. The research topic is significant because of the importance of the growth of family businesses which greatly affects the economy of the nation, employment creation and food security.

1.7 Scope and Limitations of the study

This study on the effect of management succession on corporate growth strategy in local family businesses in the manufacturing sector was conducted in Nairobi County through cross-sectional survey design. The study was conducted in 97 manufacturing family businesses with data collection carried out by the researcher and two assistants using questionnaires. The study sought to specifically determine the effect management succession has on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

The study like any other had limitations. One of the limitations is that it did not attain 100% response rate due to unwillingness of some of the targeted respondents. The study also targeted family businesses in the manufacturing sector and may not be generalized beyond family businesses. The study also used the perceptual measures of the senior managers or their equivalent, however according to Lopez-Rodriguez (2009) subjective performance measures are highly correlated with objective measures. These limitations did not negatively affect the quality of the study and hence the study has made a significant contribution to the existing body of knowledge.

1.8. Definition of terms

A family business was taken as a firm of any size with at least 51% of the business owned by a single family OR a firm of any size where at least one representative of the family or kin is involved in the management or administration of the firm OR for listed companies the person who established/acquired the firm or their families or descendants possess 25% of the right to vote mandated by their share capital.

Management succession referred to the transfer of managerial control from one family member to another.

Growth Strategy referred to a strategic plan formulated and implemented for expanding firm's business.

Succession planning was taken to mean the process that brings together the execution of a strategic business plan with the identification, assessment, development and deployment of talent to ensure successful continuity of the organization.

Succession timing referred to the actions and events that lead to the transition of leadership from one family member to another.

Successor commitment was taken to mean the successors frame of mind or psychological state that compels the individual towards the behavior of continuing to profitably operate the family business.

1.9. Summary of the Research Thesis.

This thesis report is organized into five chapters. Chapter one discusses the background of the study, presents the problem statement, objectives of the study, hypothesis of the study, justification of the study, scope and limitations of the study and definition of terms. Chapter two presents a critical review of the relevant theoretical literature on succession planning, succession timing, successor commitment, culture and corporate growth strategy. The chapter also presents the conceptual framework. Chapter three outlines the research methodology followed in conducting the study. It specifically discusses the research design, population and sampling, data collection instruments, quality control, operationalization and measurement, data analysis techniques, regression models of the study and ethical considerations. Chapter four presents the research findings and discussions. It discusses the preliminary analysis, demographic characteristics of the respondents, company characteristics, management succession, corporate growth strategy and factor analysis. It also discusses the tests of hypotheses, presents summary of hypotheses testing and the qualitative data analysis. Chapter five discusses the summary of the findings of the study, gives conclusions, recommendations and suggestions for further research.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

This chapter discusses the literature related to the effects of management succession on corporate growth strategy of local family businesses in the manufacturing sector in Nairobi County. The literature review particularly focuses on the effects of succession planning, succession timing and commitment of the successor on corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County. The researcher in this chapter reviewed literature related to management succession and corporate growth strategy. The review was conceptualized under the objectives of the study and focused mainly on succession planning, succession timing, successor commitment, organization culture and their effects on corporate growth strategy of local family businesses in the manufacturing sector in Nairobi County.

2.1. The Manufacturing Sector in Kenya.

The manufacturing sector dates back to the end of World War II. According to GoK (2007), the manufacturing sector in line with Vision 2030 is expected to play a critical role in growing the economy. The sector should support the country's social development agenda through the creation of jobs, attracting foreign direct investment and generation of foreign exchange. The sector is identified in Vision 2030 as key to addressing high poverty levels and unemployment. To meet the set goals, the sector needs to grow and as KIPPRA (2010) states, strategic transformation of the manufacturing industry requires planning and implementation of well-defined strategies. This in my view should include the strategies for growth of the firms in the manufacturing sector.

The manufacturing sector will continue to provide impetus towards achievement of Millennium Development Goals (MDGs) both in the medium and long-term, particularly goal one which touches on eradication of extreme poverty and goal eight which is on Global Partnerships for Development (GoK, 2007). The manufacturing sector has been the main conduit for the country's integration into regional and world markets and it accounts for over 10% of the country's gross domestic market. It is a major source of employment in the urban areas with strong backward and forward linkages to the rest of the economy (Wanjala & Kiringai, 2008). The manufacturing sector currently employs approximately over 254,000 people which represents about 13% of the total employment with an additional 1.4 million people that are employed in the informal sector.

Most manufacturing firms are family owned and operates with the bulk of the manufactured goods (95%) being basic products such as food, beverages, building materials and basic chemicals. Only 5% of manufactured items such as pharmaceuticals are in the skills intensive category. Manufacturing has been on the decline for a considerable period of time and its contribution to the GDP has remained stagnant at about 10 per cent since the 1960s. Despite a long tradition of manufacturing in Kenya that dates back to World War II, continued decline in investment and overall lack of competitiveness have made it difficult for the sector to play a larger role in the economy. As a result, many manufacturing companies in Kenya have struggled to thrive and some key players have moved their operations to other countries (GoK, 2007). The lack of competitiveness in the sector can be attributed to high input costs, unfavourable business environment and the type of growth strategies the firms engage in. Within this context, family-owned companies in the sector need to adopt a strategic orientation in the management of their businesses.

2.2. Theoretical Review

Family businesses exhibit one of the most fundamental characteristics of complexity theory – the interaction of three highly interdependent sub-systems. Not only are the interactions between the family, ownership, and business systems complex, but each of the systems are individually complex. Family firms are distinctive due to family involvement through ownership, governance, management, and transgenerational intentionality (Chrisman, Chua & Sharma, 2005).In line with Chrisman et al.'s (2005) explanation, Chua, Chrisman and Sharma (2003) argue that "family aspirations and values affect opportunities pursued" and "further affect the family firm's resources, competitiveness, and performance". However, as Chrisman et al. (2005) point out, little is known about the influence of family involvement on how and why family firms behave and perform differently than nonfamily firms, how strategic decisions are made, functions are performed, and strategies and structures are set.

In family firms, extensive reliance on family members as employees or managers can lead to having suboptimal employees with limited quality and quantity of human capital (Dunn, 1995). At the same time, high-capability nonfamily managers might also prefer nonfamily firms due to presumptions of exclusive treatment of family business members and limitations in career growth and professionalism (Sirmon & Hitt, 2003).

Three theories were used to understand and evaluate family businesses and strategy - namely; Agency theory, Resource-based view and Stewardship theory.

2.2.1. Agency Theory

Family involvement in a business has the potential to both increase and decrease financial performance due to agency costs (Chrisman, Chua & Litz, 2004). Agency theory views the overlap in ownership and management as having the potential to reduce or increase the costs of operating the family enterprise. The idea that a nonfamily member would not have the same incentive, motivation, and diligence as an owner would have and would possibly engage in self-serving behaviour is the central feature of agency theory. To prevent this potential conflict of interest, the owner installs managers and provides them with controls, procedures, and policies to limit the effect of this conflict of interest, thus creating agency costs. Many experts believe that family businesses have fewer agency costs because of the shared ownership and management functions. Lower agency costs in family firms could be due to high trust and shared values among family members (Dyer, 2006).

Family business scholars put forward agency theory to explain the competitive advantage held by many family firms. However, while agency theory highlights positive benefits, it can also be a reason behind poorly performing family businesses due to unprofessional management, entrenched leadership, and altruistic behaviour. There can be both negative and positive agency benefits within the family firm. Traditionally, agency theory is employed to explore the relationship between a firm's ownership and management structure and its financial performance. Where a separation of ownership and control exist, agency control mechanisms are put in place to align the goals of managers (agents) with those of owners (principals).

Agency costs represent the costs of all activities and operating systems designed to align the interests and/or actions of managers with the interests of owners. Given their family involvement in firm ownership and management, family firms may significantly reduce agency costs and potentially enhance firm performance because the goals of the firm's principals are aligned with its agents since they are typically one and the same (Chrisman et al. 2004; Dyer, 2006); consequently, less monitoring of owners' agents is needed. In addition, those family firms that have some objective standards for monitoring the performance of family managers and are willing to enforce discipline may realise the advantage of lower monitoring costs (Dyer, 2003). On the other hand, family firms may incur significant agency costs due to the conflicts that accompany family involvement. Family members may have competing goals and values; different views within the family about the distribution of ownership, compensation, risk, roles, and responsibilities which may lead to competition among family members (Dyer, 2006).

Westhead and Howorth (2006) suggest that agency theory may not apply to closely held and managed family firms associated with little outside influence or representation, where the firm's objectives are entangled with family objectives. To protect "family agendas," family owners and managers may focus on non-financial objectives, which may ultimately retard the firm's financial performance. There may also be diminished economic performance but no agency cost if owners wish to divert resources to pursue non-economic goals and managers conform to such wishes (Chrisman et al. 2004). Agency theory proposes that if the initial risk level is high the agency behaviour is expected to prevail which implies that managers will tend to minimize their personal risk undertaking unrelated growth strategies that guarantee their job rather than implement strategies that increase the value of the firm. Authors have suggested different measures that firms can adopt to deal with this problem such as pay or incentive systems based on profitability or increase in the level of debts. However, Jensen (1986) has argued that the company's indebtedness level determines the type of strategies the company implements. They further argue that companies with high levels of indebtedness are pressed to follow growth strategies that guarantee higher profitability whether the strategies agree with their personal interest or not.

2.2.2. The Resource-Based Approach

It is believed that the resource-based view (RBV) of the firm may explain the competitive advantage of many family firms over nonfamily firms. The RBV states that a family firm has a set of unique capabilities, resources, and relationships that nonfamily firms do not have and cannot develop. Five sources of family firm capital may help to explain the positive effects from the RBV theory; human capital, social capital, patient capital, survivability and governance structures. The advantage for a family firm stems from the interaction of the family and the business in the unique way that they manage, evaluate, acquire, discard, bundle and leverage their resources.

The resource-based view of family firms suggests that competitive advantage is created by unique and often idiosyncratic characteristics of family enterprises, including traits such as rapid speed to market, focus on market niches, concentrated ownership structure, desire to protect the family reputation, patient capital, knowledge transfer between generations, and responsiveness to rapidly changing external environments. Indeed, according to the resource-based view (RBV) of the firm, the family firm's traditional resources and capabilities, including physical and human resources, are intertwined with the family's unique identity to create the family firm's competitive advantage (Ibrahim & Ellis, 2004). "Familiness" is a term that has been used to refer to this. It is the “unique bundle of resources a particular firm has as a result of the system interaction between the family, its individual members and the business” (Habbershon & Williams, 1999).

Resource based theory provides an interesting explanation for firms growth. The thinking is that the greater the resources and capabilities the greater the likelihood of the company growing in a more diversified way (Chatterjee & Wernerfelt, 1991).The theory also argues that small firms will have fewer less diversified resources and not as many opportunities to diversify whereas large firms will have more resources at their disposal or better chances of obtaining them allowing them to undertake riskier growth strategies. Using this theory we can assume that relatively young companies will have had less time to develop specific resources due to the shorter duration of the internal accumulation process that takes place throughout the firm’s life (Dierickx & Cool, 1989). Such companies also have limited access to external resources due to their lower credibility levels and therefore focus on how they can achieve a strong competitive position in their current activity. As quoted by Claver, Andreu & Quer (2006), Penrose argues that growth opportunities are present because there are unused resources that can be used in new or already existing businesses. Organizations with an excess of physical and intangible resources are likely to grow in business sectors related to their current activity whereas low levels of internal funds are associated with more related diversification. Firms with high levels of internal funds will probably go for the unrelated type of growth.

2.2.3. The Stewardship Theory

In the stewardship perspective of family firms, the family behaves and acts as caretakers of the firm. The family feels it is their responsibility to oversee the firm in a responsible manner, which respects the generations who came before, and to pass the firm on to the next generation successfully. Stewards place knowledgeable professionals on the board who can give objective advice. The board members are chosen to complement the skills (or lack thereof) of the family. Examples of this perspective are the larger Standard and Poor's 500 family-controlled firms who have a strong board of directors entrusted to give objective counsel. Most all of these types of companies are managed with outside professionals, such as Ford and Wal-Mart.

Family business studies have been exploring whether family business members are agents or stewards (Chrisman, Chua, Kellermanns & Chang, 2007). Stewardship approaches to the study of family firms might be particularly relevant, as family firm members may hold family firm objectives higher than their individual objectives (Zahra, 2003) and demonstrate high levels of trust and unity (Tagiuri & Davis, 1996; Habbershon & Williams, 1999) that can lead to competitive advantages through superior performance. Stewardship theory assumes that managers are stewards whose behaviours are aligned with the objectives of their principals and managers are hence viewed as loyal to the company and interested in achieving high performance. Both agency and stewardship theories have been utilized to address the role of agents in achieving family firms' strategic goals (Chrisman et al., 2007).

2.3. Family Business

2.3.1 Defining a family business

The term family business combines family and business. This linkage is not all that simple despite it being quite easy to identify the terms. Hoy and Verser (1994) argued that the concept is just recently receiving attention in the academic field. However, several arguments on what really constitute family business are still on. In her attempt to bring some understanding to what constitutes a family business, Lorna (2011) defined family business as one that will be passed on for the family's next generation to manage and control. Handler (1990) defined it as "a business run by at least one family member". Churchill and Hatten (1987) also described family business as "a founder-operated business where there is anticipation that the business will be passed to the next generation".

However, in a more directional and precise form, family business suggests solely businesses that are owned and managed by family either by the founder or any of his child in most cases the eldest or first son. Ibrahim and Ellis (2004) definition of family business is encompassing and they define a family business as one where at least 51% of the business is owned by a single family or where at least two family members are involved in the management of operational activities in the business and the transfer of leadership to next-generational family members is anticipated.

2.3.2 The importance of the family business

Family businesses are among the most important contributors to wealth and employment creation in virtually every country of the world (Farrington, 2009; Venter, Boshoff & Maas, 2005). Family businesses have been making a positive contribution towards the South African economy for the last 300 years and approximately 80% of businesses in South Africa could be classified as family businesses which are mostly small to medium-sized (Farrington, 2009). Various scholars (Farrington, 2009; Piliso, 2006; Venter, 2003) have highlighted that family businesses are fast becoming the dominant form of business enterprise in both developing and developed economies and can play an important role, both economically and socially, in these economies. According to Venter, Boshoff and Maas (2005), the influence of and the number of family businesses can be expected to increase substantially in the near future. There is no doubt that family businesses play a prominent role in the world economy.

If one takes into account their total number as well as their total contribution towards the employment and national product of most countries, it's clear that they should be regarded as one of the most important types of organization. According to some estimates, in some countries, their share lies in a range of 50 to 96 percent of all companies (Ifera, 2003). Based on a survey questioning more than 8.000 business owners around the world, it was found that 71% of the respondents in Asia, 69% in Europe and 90% in the United States of America perceive their business to be a family business. Therefore, because of the important role family businesses play in the economy, their survival and growth is of the utmost importance. The sad news, however, is that very few family businesses survive to the second generation, and considerably fewer make it to the third (Lee, 2006, Ibrahim & Ellis, 2004).

A variety of maladies can lead to their downfall, but none is more lethal than the lack of proper succession planning as according to Ward (2004) approximately half of all family businesses fail to make it to the next generation owing to inefficient succession. To some extent, family business data is rather difficult to obtain in Kenya because companies have no obligation whatsoever to disclose information on the involvement of the family in the business. Many business families are very keen on their privacy which in turn restricts their communication regarding the ownership structure of their company

2.3.3 Family Business Succession Process

According to Handler (1994), a number of researchers have characterized succession as a process rather than an event. This notion indicates that succession does not just happen with a management change or transfer of stock; as all participants in the succession process must devote much time and commitment to the process. There are varying definitions of the succession process. Sharma, Chrisman, Publo and Chua (2001) do not limit themselves to one type of succession scenario but takes a very holistic approach by defining succession process as the actions, events, and developments that affect the transfer of managerial control from one family member to another.

2.3.4 The challenges of the family business transfer

The failure of a family to plan carefully for retirement and transfer of the business to the next generation in the family can have serious consequences. It can lead to financial insecurity, personal and family dissatisfaction, and unanticipated capital losses. In family businesses especially, the business itself usually constitutes a physical asset that to a large extent, and in most cases constitutes a large fraction if not all of the family’s wealth.

The transfer of a company, and specifically the succession of a family business, is a well discussed topic in organizational literature. The vast interest in this subject can be explained by the fact that succession concerns a specific phase which confronts many family firms, and which, besides the foundation of the company, can be regarded as one of the most difficult steps in the life cycle of an organization. One of the reasons lies in the complexity of the succession process which often goes together with much emotion and conflicting family interests. Due to the overlap between the family and the business system emotional tensions can arise, which especially become apparent at the moment of the family business transfer. This manifests itself for example in conflicts or rivalry between the successor and the incumbent or other non-family members (De Massis, Chua & Chrisman, 2008), but also in emotional problems of the founder who needs to let go of the company (Sharma et al., 2001). Moreover, many business leaders also deal with the difficult question whether to keep the business in the family irrespective of the successor's qualifications or to hand it over to external owners or managers (Royer, Simons, Boyd & Rafferty, 2008).

On the other hand, a lot of family business leaders often realize too late that the succession cannot be settled at short notice, but entails planning and preparation for several years (Sharma, Chrisman & Chua, 2003). In view of this, Lambrecht (2005) demonstrates that a family business transition over generations should be seen as a lifelong and continuous process. In developing his explanatory model, he explains the success factors of family business succession for the individual, the family and the business. A time factor is also added to indicate that succession should be seen as a process that never ends and that it should never be seen as a surprise when many families are unsuccessful in transferring the ownership/management of their family business to next generation of its family members (Miller, Steier & Le Breton-Miller, 2003).

Other challenges the family business must deal with to effectively have a smooth transition of the business would require it to carefully determine who among the children should be given important management positions. It is also very important to consider at what point of the business life or of the business owner should the family start succession planning. A number of factors undermining the succession strategy of bringing in children into the family business have been identified. These include a tendency on the part of the founder to delay the handover until it is too late, "… a failure on the part of the older generation to trust their heirs and pass on the detailed understandings and confidences of business life, the entry of children at high executive levels without adequate on-the-job experience, and easy access to wealth at a young age" (Forrest, 1994).

2.3.5 Determinants of successful family business succession

A number of researches on succession processes have brought out little in the way of systematic attempts at comprehensively specifying or classifying the factors associated with effective transitions. Nonetheless, a number of such factors have been identified and a review of the literature suggests that these factors can be organized into three general categories, namely:- Preparation level of heirs: This would include aspects such as; formal education; training; work experience (outside firm); entry-level position; years working within firm (and/or industry); motivation to join firm and self-perception of preparation. Relationships among family and business members: Communication, trust, commitment, loyalty, family turmoil, sibling rivalry, jealousy/resentment, conflict, shared values and traditions. Planning and control activities: Succession planning, use of outside board, use of family business consultants/advisors, creation of a family council (Morris, Williams, Allen & Avila, 1997).

The planning and control activities category is perhaps the one that has received the greatest attention. Other issues in this category include the structuring of wills, the use and constitution of boards of directors, the potential roles of family business consultants, and the establishment of a family council. A second category is concerned with personal relationships within the family and between family and non-family employees of the firm. The principal issue here concerns trust and communication among family members (Brockaw, 1992; Ward & Aronoff, 1994). The potentially dysfunctional outcome of sibling rivalries and/or failure to accommodate one another has also been highlighted (Handler, 1991; Kaslow, 1993). Refusal of the head of the family business to let go, or to share power in incrementally increasing degrees, as well as his/her resentments of heirs are related topics receiving focus (Handler, 1990, 1991; Keogh & Forbes, 1991).

The importance of shared values, agreement regarding what is equitable, and common traditions across family generations has been emphasized as well (Dyer & Handler, 1994). The final category of issues involves the preparation level of heirs. Work in this area addresses the extent to which heirs have the requisite business skills, managerial capabilities, knowledge of company operations, and attitudinal predisposition to handle the running of the business (Doescher, 1993; Osborne, 1991). Specific variables receiving attention include the heir's formal level of education and training, years of work experience in the firm and in other firms (within and outside the same industry as the family firm), entry-level position, number of different positions held (e.g. at different levels and in different functional areas within the firm), years employed by the firm, motivation for joining the firm, and self-perceptions of his/her preparation level at the time of actual succession. It should also be noted that there are potential overlaps among the three proposed categories of variables.

2.3.6. Successful family business in Kenya

Mabati Rolling Mills, according to its chairman Dr Manu Chandaria is a classic story of African entrepreneurship - a story of cautious and studied steps of growth followed by considered and deliberate steps of investment. Dr Chandaria states that it is a story of how the company has employed the best technology of the time and embraced change at every turn to become a reputable domestic, regional and global player. Mabati Rolling Mills origin can be traced to 1961 and to the aspiration and inspiration, drive and tenacity of two founding families, the Chandaria and the Shah business families. The two business families started as competitors with the Chandaria family based in Nairobi and the Shah family in Mombasa. Mabati Rolling Mills rose from the humble beginnings at Ol Kalou road in Nairobi's Industrial area and remote Mariakani outpost of Mombasa County.

Dr Manu Chandaria had a clear business strategy as early as 1961 and propagated the view that in a small market it was better to pool and maximize resources and grow together instead of competing against each other. He argued that instead they should cooperate with each other or pool resources in order to invest and grow. Dr Manu Chandaria strategy was cooperation, partnership and growth. This is according to Kaushik Shah who is the Chief Executive Officer of Mabati Rolling Mills. The Shahs were competitors who turned friendly rivals before becoming trusted partners in Mabati Rolling Mills and eventually joint owners. In the 1970s several factors combined to change the roofing industry in Kenya and this impressed on the Shahs and Chandarias the need to take their cooperation to the next level. The increased competition created tension between the families and brought to the fore the need to cooperate rather than compete.

The families agreed to jointly sell their products to eschew competition and become dominant in East Africa. In 1978 the two families began doing business together by making joint investment decisions. It was however in 1986 that the families went into joint ownership of their roofing businesses. Dr Manu Chandaria says that the Chandarias was then a family-owned business run by professionals on behalf of the family but the Shahs was a family owned and family supervised business. Mabati Rolling Mills became a business owned by two families but run by professionals. Hirji Shah, a Senior Manager in Mabati Rolling Mills says that the1960s, 1970s and 1980s is referred to as the emergence, expansion and growth phase of Mabati Rolling Mills precursor companies and of Mabati Rolling Mills itself. The 1990s and the first 2000 decade emerge as Mabati Rolling Mills period of establishment as an exporter and global player. This period is characterized by technological upgrading, consolidation of operations and differentiation of products setting the company apart from its competitors.

The first two years of the 2010s suggest that with the launch of ultra-span, the light weight steel trusses, Mabati Rolling Mills is making the transition from a maker of roofing solutions to a manufacturer of other construction solutions. According to Dhiru Shah, a former Mabati Rolling Mills Director, Mabati Rolling Mills has a well-developed strategic planning process with a committee overseeing the process. The committee makes three years rolling forecasts taking all the aspects of the company including products, markets, manufacturing, marketing, finance, human resource, investment and replacement. Mabati Rolling Mills actively practices the Kaizen philosophy of continual improvement which promotes innovative thinking and upgrading of processes. It takes research seriously as part of its product development process and is a member of the Zinc Aluminium Coaters Association (ZAC) and European Coil Coating Association (ECCA).Mabati Rolling Mills products are branded and includes well-known brands such as

DUMUZAS, Galsheet Resincot, Versatile, Orientile, Elegantile, Zentile and Saflok 700. The 50 years old organisation is a multibillion company operating in twelve countries, (Mabati Rolling Mills, 2013). It is clear that Mabati Rolling Mills growth is propelled by proper management succession and growth strategies

2.3.7. Failed family business in Kenya

Business failure is defined in many ways where some argue that it occurs when a firm files for some form of bankruptcy while others argue that it occurs if the firm fails to meet its responsibilities to the stakeholders of the organization, including employees, suppliers, customers and owners (Watson & Everett, 1996).There is little published data available on family businesses that have failed in Kenya. Aron, as quoted by Maalu et al. (2013) argues that cases of failed stock brokerage firms of Francis Thuo and Partners, Nyaga Stock Brokers and Discount Securities have been attributed to failed succession. The stock brokerage firms are considered to be entering their second generation of ownership after the founders have either died or retired.

2.4. Succession Planning and Corporate growth strategy

Succession can be defined as the process through which the leadership of the business is transferred from the outgoing generation to the successor generation, which can either be a family member or a non-family member (Nieman, 2006). A number of researchers have stated that one of the most significant factors that determine continuity of the family firm from one generation to the next is whether the succession process is planned (Handler, 1994; Lansberg as cited by Merwe, Venter & Ellis, 2009). Companies that do not have succession plans have a lot at stake. The founder of those businesses could see their lifelong hard work dismantled or even sold to non-family members.

Succession management planning is a dynamic ongoing business process that brings together the execution of a strategic business plan with the identification, assessment, development and deployment of talent to ensure successful continuity of the organization or simply having the right people in the right place at the right time, all the time. Business Succession Planning literature usually falls into one of two broad categories, namely succession within family-owned firms (retaining of ownership and/or running of a company by family members), and within those which are not family-owned. While the issue of family or non-family succession within a particular company is not necessarily an indicator of company size, the issue of family and non-family succession has become a widespread area of debate.

Succession planning and management is a process that not only helps with the stability and tenure of key personnel but is also “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 as cited in Karanja, 2012). Ting (2009) says that only 30% of family business worldwide could hand over their business successfully due to the succession problem. Succession is an inevitable event in the life of a family business and must be planned carefully if continuity, growth and future success are sought.

The mode and strategies employed to facilitate the trans-generational transition of ownership and control of the business have been observed to have a significant influence on the survival and performance of the business. Against the background of minimal research on family business succession in Kenya, this study aimed at determining the nature of business management succession and its effect on corporate growth strategy of local family businesses in the manufacturing sector in Nairobi County.

2.4.1 Family involvement in family business succession planning:

After spending a lifetime building up and supervising a family business, many chief executives have yet to figure out who to pass the business to – or even how the transfer of power will be done or should happen. The lack of continuity in family businesses is a major concern because of the primary contributory role that family businesses play in the world economy (Lansberg 1999). Carlock and Ward (2001) advocate for a parallel strategic planning process (i.e. strategic business planning and strategic family planning) to ensure family business continuity. The first stage of the strategic planning process is strategic thinking.

The goal of strategic thinking stage is to identify planning options that are appropriate for both the family and the business. The family explores the core values, family business philosophies and a family vision. The outcome of this first stage in the strategic family planning process is to generate a family vision and to determine family member commitment. The generation of the family vision incorporates the important decision of the family members on whether to continue with the business as a family business in future or not (Voeller, Fairburn & Thompson, 2002). Lansberg (1999) points out that the basic decision on whether to continue the family ownership is extremely difficult to discuss and is typically avoided. It is, however, important to involve both active (employed by the business) and inactive family members in the vision generation process (Ward, 2004) to share their dreams, expectations and needs with one another.

The second stage of the strategic family planning process, namely strategy formulation, is the development of the family business continuity plan. This plan details the activities of the family and the business, as well as tactics and programmes designed to meet their goals and to support the achievement of their shared future vision. The third stage of the strategic family planning process is the implementation of the strategy stage (Carlock & Ward, 2001).

This study focused only on the first and second stage of the strategic family planning process, the generation of the family vision on whether to continue the business as a family business and the development of the family business continuity plan. Without a clear vision of the future role of the family in the business, it is doubtful that continuity of the family business can be sustained. It is the family vision that determines what will eventually be accomplished and what motivates family members to achieve their goals (Ward, 1987). Lansberg (1999) further states that, a family vision requires much more than just being able to imagine various future alternatives. It involves getting the family to define the hopes and dreams that they share for the future of their business.

He adds that the most productive way to define a feasible destination is to undertake the often difficult task of unearthing, articulating and sharing individual needs, fears and dreams in order to decide whether or not it makes sense to further pursue the dream. He further argues that it is crucial for families to clearly envision their future role in the family business, and members of the senior and younger generation of the family must agree on why it is significant to be in the business and why it is an activity worth perpetuating. Sharing their personal dreams, fears and needs with one another will also provide the family members with the feeling that they have control over their destiny, and they will thus be more able to support and encourage one another (Leach & Bogod, 1999; Ward, 2004). The involvement of all the family members in the process to generate the family vision could ensure an aligned commitment to family business continuity. The process of generating the family vision incorporates open and honest communication about the vision, as well as the discussion and acknowledgement of the shared dreams, needs and personal missions of all family members (including the inactive family members).

2.5 Succession timing and corporate growth strategy

Referring to the context of family business, succession timing has been defined by Sharma, Chrisman, Pablo and Chua (as cited in Ukaegbu, 2003) as those actions and events that lead to the transition of leadership from one family member to another. Although many authors (Morris et al., 1997; Sharma et al., 2003) believe succession planning is expected to help improve the probability of success for the succession process, research results show that successions are often not planned in good time (Bjuggren & Sund, 2001; Sharma et al., 2003).

Research carried out by Sonfield and Lussier (2004) shows that first-generation family enterprises did less succession planning than second and third-generation family enterprises. Family business owners need to ensure that they include succession aspects into their early business modelling of the family business. Early identification of succession is an important element of sustaining the family business over time. Related to this is the critical decision of timing. Critical questions that need to be planned for early in the life-cycle of the family business are, when the next generation should be introduced into the business; and when should the founder family members retire. It is clear that if age is to be the only criteria for seniority, the business can expect a vast amount of third generation sibling rivalry. Skills and ability should therefore replace the policy of age as the only criteria for seniority in the business.The question on when then is the right time to hand over the reign of the family business lingers. This is because if you leave it too long, the next generation can be de-motivated and frustrated or if you make the transition too early, the company can be put under pressure that may even put its very survival into jeopardy. So, timing is critical but there can be no hard and fast rules. It's certainly not a time for abdication. It must ultimately be down to judgment.

However, succession should be a process and not an event. The fear that the successor is not yet ready and needs to gain experience can lead to delaying. This can be so long that the next generation is forced to wait for their turn which means that the following generation is blocked (Ibrahim et al.., 2009). This mindset can put the successor in a no win situation. Optimal timing is crucial to family business succession success. If the family business is intended to provide for the retirement of the older generation, then it is usually important that enough of the ownership is retained by the older generation in order to ensure that retirement is funded by the family business. However, the older generation must be diligent to not retain too much ownership for too long a time, otherwise this may discourage the younger generation from wanting to wait to take over the business (Gasson & Errington, 1993). According to the experts, succession is still very often triggered by the owner-manager's retirement, but that is only one reason for succession. Reasons for earlier transfers include personal decisions (early retirement, change of profession, interests, or change in the family situation), a changing competitive environment (changing markets, new products), or incidents (divorce, illness), which also play an important role (Bjuggren & Sund, 2001).

The timing of family business succession can occur either while the business owner is still alive, as an inter-vivos transfer, or after the business owner has passed away, as a bequest. Bequests are typically specified in the decedent's will. Factors affecting the timing of a transfer include the owner wanting to retain some ownership late into life as a means of providing income and concerns over whether children's marriages will last. Often, the business owner, usually a parent or head of the family is reluctant to pass on large shares of the ownership of the family to the child in case the child's marriage ends in divorce and the son-in-law or daughter-in-law then has some legal right to a portion of the family business after the marriage is dissolved (Gasson & Errington, 1993). A well timed transfer of management power and ownership can promote and preserve family relationships as well as contribute to financial security for the parents, the family and the younger incoming generation in an effort to advance welfare of family members. Rosenblatt, de Mik, Anderson and Johnson (1985) found that many families do not participate in formal succession planning or discuss succession planning or retirement planning with their children. In many cases, families believe that succession will "fall into place" when the time comes (Keating & Little, 1997).

2.6. Successor Commitment and corporate growth strategy

2.6.1. Successor development

A successor is the family member who assumes managerial control and eventual ownership control of the family business after the founder steps down or leaves the family firm. The term "potential successor" describes a family member that has the necessary traits and willingness to potentially take over the family business but has not or did not assume leadership of the business. Though much of the succession research focuses on the role of the founder in the process, or the succession process itself, little attention has been paid to the role of successors. Past research has examined successor attributes that are good for succession (Chrisman, Chua, & Sharma, 1998). Family business scholars generally agree that successors need to be willing, capable, and committed to taking over the family business (Cabrera-Suarez, 2004; Chrisman Chua & Sharma, 1998; Handler, 1994; Sharma, Chrisman & Chua, 1997). Handler's research shows that the more a next-generation successor has achieved fulfillment of career interests, psychosocial needs, and life stage needs in the family firm, the more likely the individual will experience a positive succession experience (1994).

Successors are an important stakeholder group in the succession process. In the absence of a successor who is managerially and physically capable of taking over the ownership, succession within the family will rarely occur. Thus, successor grooming comes under the microscope of researchers and practitioners (Ibrahim, Soufani & Lam, 2001b). Fiegener, Brown, Prince and File (1994) compared successor development in family and non-family businesses and concluded that family firms favour more personal, direct, relationship-centred approaches to successor development, while non-family businesses rely more on formalised, detached, task-centred approaches.

Lansberg (1999) suggests that to be effective mentors, seniors must understand the differences between parenting and mentoring. The key to an effective succession is to find an optimal blend of well-timed parenting and mentoring. In the whole succession process, to achieve an effective mentoring, seniors should negotiate the mentoring process with juniors from the very beginning, specifying jobs and competencies that need to be mastered at each stage. Meanwhile, juniors should be assigned real jobs that generate reliable performance data, leading to the final gain in authority.

Lansberg and Astrachan (1994) argue that successor training is mediated by the family’s commitment to the business and the quality of the relationship between owner-manager and successor. They conclude that the family’s commitment to the business is positively associated with the degree of successor training, and that the quality of the relationship between owner-manager and successor is positively associated with the extent of successor training. Goldberg (1996) study further confirms that business effectiveness is related to successor grooming by providing evidence that effective successors had more years of experience with the business than that of the less effective group. It seems that the successor's willingness to take over depends on three main variables: - commitment to the family; the maturity of the successor, and finally; the degree of responsibility of the successor. The higher these three variables are, the higher the successor's willingness to take over, and consequently the higher the overall satisfaction with the succession process. Successor's appropriateness and preparation: The successor's appropriateness and preparation depends on a number of variables that are easily measurable and refer to the knowledge, skills and overall grounding of the successor (Morris et al., 1997).

This critical success factor ensures that the successor is chosen not by gender but rather according to his/her abilities, namely, leadership, managerial and entrepreneurial skills, and preferably a degree of formal education. Additionally, it is important for the owner to involve the successor in the business early in order to gain experience and commitment to the business through on-the-job training. Though some scholars use willingness and commitment in the same context and assign the same meaning to both terms, in order to further advance and create a rich research agenda, the difference between willingness and commitment should be further highlighted. The word commitment holds a stronger connotation than willingness. A successor may be willing to take over the family business but not fully committed, thus jeopardizing the continuity and growth of the family business and all who depend on it. Sharma and Irving (2005) define successor commitment as characterized by the successor's frame of mind or psychological state that compels the individual toward the focal behaviour of continuing to profitably operate the family business.

The low survival rate of family businesses highlights the fact that many family businesses lack capable and committed successors (Lansberg, 1988).

2.6.2 Commitment of family members to business growth and continuity

Family commitment is at the heart of the family business. The issue of who is committed to keeping the business in the family is probably one of the most important questions facing the individual family members (Carlock & Ward, 2001). The senior generation family member owner-managers will therefore need to involve family members of the younger generation who are committed to the vision of the family business as a legacy for future generations (Jaffe, 1991). Family members' involvement and commitment are critical to the continuity and survival of the family firm. This means that family members' integration into the business, the grooming process that takes place to prepare the offspring for their leadership role in the business, the deeply entrenched community values and family beliefs which allow the family business to have its unique corporate culture and to develop its own governance model through its family council, all contribute significantly to the corporate strategies adopted and hence the continuity and survival of family firms.

The survival of family firms requires commitment and proper grooming of family members and Schein (1983), and Hollander and Ellman (1988), suggest that family members' commitment to the family business is determined by the degree of involvement in the business and the way they were integrated into the business. The low level of interest and commitment of family members may in fact hinder the growth of the family firm (Ibrahim & Ellis, 2004). Hollander and Ellman (1988), contend that the founder should develop the appropriate culture that integrates the family into the business effectively. Without the commitment of the family to business continuity, there can be no parallel planning process.

If the family cannot develop a shared commitment, then it is time to sell or liquidate the family business. Carlock and Ward (2001) further state that assessing the family's commitment to the business and its willingness to work together is necessary for family harmony and individual satisfaction. The development and implementation of a continuity plan require many types of commitment from every imaginable constituent in a family business (Cohn 1992). Future successors need to commit to investing huge amounts of time, energy and passion in the family business. Owners and successors need to commit to a mutually agreeable strategic vision and business plan to implement common goals (Ward, 2004).

A distinction needs to be made between the commitment of the senior generation family members (parents) and the commitment of the younger generation family members (children) to family business continuity. The commitment literature distinguishes between similar bases of commitment: affective, normative and continuance commitment (Rhoades, Eisenberger & Armeli, 2001). These three bases not only differ in their characteristics, but also in their consequences for organizations (Snape & Redman, 2003).Affective commitment is based on an individual's emotional attachment, to identification with, and involvement in the organization (Meyer & Allen, 1991).When family members join the company because they believe they have the ability to contribute something to it and they genuinely want to is emotional attachment (Moore, Petty, Palich & Longenecker, 2010) This is characterized by feelings like affection, warmth, belonging, loyalty, fondness and pleasure (Jaros, 1997). Such feelings are expressed in connection with the family and family business itself. The normative commitment is based on an individual's feeling of obligation to pursue a course of action of relevance to one or more targets (Meyer & Herscovitch, 2001).The obligation based commitment drives individuals who feel they ought to pursue a career in the family business and hence results from a sense of duty and expectation. Family members with higher levels of emotional and obligation based commitments to the business are more likely to support efforts to promote change which is important to their performance and survival (Moore et al., 2010).This sense for obligation mainly emerges by family members as obligation toward the family. Finally the continuance commitment is based on an individual's awareness of the costs associated with leaving on organization (Ko; Price & Mueller, 1997). This type of commitment is based on a cost-avoidance mind set. It is based on the belief that the opportunity for gain is too great to pass up hence decision is based on a calculation. This cost based commitment may motivate a person to go beyond the call of duty to protect or extend their financial interests in the company (Moore et al., 2010).

2.7 Corporate growth strategy

2.7.1. Definition of strategy.

The words "strategies", "plans", "policies" and "objectives" are used interchangeably by many. Mintzberg (1994) defines strategy as "a plan, or something equivalent – a direction, a guide or course of action into the future, a path to get from here to there", and as "a pattern, that is, consistency in behaviour over time". The Greek origin of the term strategy, *strategia* means the art of war. In military terms, strategy refers to "the important plan".

Where the objective is to defeat the enemy, the strategy will be to deploy the resources available in a manner that is likely to achieve the aim. In a business environment, the concept of strategy has evolved over time. Strategic planning for family-owned businesses differs from planning for other types of companies largely because the family firm must incorporate family issues into its thinking. Family concerns and preferences can influence the choice of business strategy and often make the family reluctant to embrace more formal goal-oriented discussions and decisions. Further, family considerations can limit the strategic aggressiveness of the family firm. While research revealed several reasons for this hesitation among family businesses, it also pointed to the critical need for strategic planning and the special benefits to those who undertake it. For instance, according to early scholars such as Chandler (1962), strategy is the determination of the basic goals and objectives of a firm and the adoption of courses of action including the allocation of resources necessary for carrying out these goals.

2.7.2. The Need for Strategic Planning

A family that perpetuates its company from generation to generation is uncommon and there are several possible explanations for the high failure rate. The reasons advanced by Ward (1988) are first that many family businesses are small and lack the staff and financial strength of larger companies. Second, the family itself can become a stumbling block as the rigors of business sharpen such problems as sibling rivalry and generational succession. Third; the funding of family estate planning, retirement, divorce, and other personal projects often tempts business owners to harvest the company's profit rather than to reinvest it in additional business growth. Fourth and most important, many owners of family businesses lack a conceptual framework for assessing their company and planning for its future. They often do not take advantage of modern analytical tools that can help them to conquer the challenges of family business continuity. The most critical of these tools is planning—to guide both the company and the family.From a strategic management perspective; families are both a resource and a constraint. The literature is silent on the appropriate business strategies for different family configurations and dynamics, as well as for different business situations.

Many contend that strategic planning is merely one quick vehicle to "strategic thinking"—conscious regular attention to key issues affecting the future of the business. They argue that formal planning is not necessary if "strategic thinking" is present, especially for smaller firms. A formal process is prescribed for three reasons: First, not all family businesses are small. Second, for most family businesses, strategic planning is the necessary groundwork for active "strategic thinking." Third, formal planning meetings and review help to promote the healthy, open, shared decision making so often needed in the family enterprise. Brandt (1981) and Steiner (1969) are two good references on formal strategic planning.

Within the strategic management framework, the prime objective of managing the succession process is to choose the best successor. This requires a definition of the best successor. It appears to us that "best" will depend on the goals of the family firm. If the family firm is most concerned with family harmony, then the successor who will contribute the most toward that goal is the best. On the other hand, if the family firm's goal is growth and profitability, another candidate might be preferable. Since the current literature on family-firm succession does not explicitly tie prescribed actions and processes to the achievement of clearly stated goals, the prescriptions might not be well-founded.The strategic planning in a family firm should involve not only the assessment of the business, the internal operations and the current external environment (i.e., economic, technological, social and political forces) in a SWOT analysis format, but more importantly, it should primarily involve a family strategic plan for both the business and the family that needs to be created with input from all parties involved in the succession process.

2.7.3. Growth Strategies

Despite the importance of family businesses very little research has been undertaken on how strategy is shaped in family business (Chua, Chrisman & Sharma, 2003). The key defining characteristic of the family firm, that it is family owned and controlled implies that the issue of succession and the firms strategy are intertwined (Brockhaus, 1994). This means that a successful family business implies both successful strategy and successful succession transfer of power to later generation. According to Murray (2003) intergenerational succession raises the challenge of passing on the strategic advantages of family control while avoiding disadvantages and dysfunctional dynamics. Different types of growth strategies are available to a firm and every firm has to develop its own growth strategy according to its own characteristics and environment. According to Ansoff (1965) the main growth strategies available to a firm include; Integration (Horizontal and Vertical-forward or backward), Diversification (Related and Unrelated); New Product Development, Modernisation/New Technology and Internationalization.

2.7.3.1. Integration

Integration may be either Vertical or Horizontal. Vertical integration may be backward or forward. Backward integration involves moving toward the input of the present product and is aimed at moving lower on the production processes so that the firm is able to supply its own raw materials or basic components. According to Thomas (2010), backward integration refers to the firm diversifying closer to the sources of raw materials in the stages of production allowing a firm to control the quality of the supplies being purchased. Forward integration on the other hand refers to the firm entering into the business of distributing or selling of present product and moving upwards in the production/distribution process towards the consumer. It occurs when a firm moves closer to the consumer in terms of production stages allowing a firm more control of how its products are sold. The firm may also set up its own retail outlets for the sale of its own product. Horizontal integration occurs when a firm adds parallel new products to the existing product line or enters a parallel product market in addition to the existing product line. It may also occur when a firm combines with a competing firm.

2.7.3.2. Diversification.

The main purpose of diversification is to allow the firm to grow by diversifying into new businesses by developing new products for new markets (Walton, 2007).There are two basic diversification strategies related and unrelated (Hunger & Wheelen, 2009). Related diversification occurs when a firm enters into strategic business by adding products which are related to the existing strategic business area. The goal of related diversification is to achieve strategic fit. Hunger and Wheelen (2009) argues that this strategy may be appropriate if a firm has a competitive position but the current industry attractiveness is low. Unrelated diversification occurs when a firm enters into new strategic business areas which are not related to the existing core strategic business area through technology or market need (Ansoff,1987), the synergy may result through the application of management expertise or financial resources but the main objective is to acquire valuable assets that will increase profitability (Thomas, 2010; Walton, 2007). Diversification is considered most risky since it requires both product and market development and may be outside the firms core competencies.

2.7.3.3. New Product Development

New-product development shapes the company's future. Replacement products must be created to maintain or build sales. Customers want new products, and competitors will do their best to supply them. A company can add new products through acquisition or development. The acquisition route can be either through the company buying other companies, acquiring patents from other companies, or buying a license or franchise from another company. The development route can take two forms where the company can develop new products in its own laboratories or contract with independent researchers or new-product-development firms to develop specific new products. As quoted by Kotler, Wong, Saunders and Armstrong (2005), Booz, Allen and Hamilton identified six categories of new products: New products that create an entirely new market, New products that allow a company to enter an established market for the first time, New products that supplement a company's established product lines, New products that provide improved performance or greater perceived value and replace existing products, Existing products that are targeted to new markets or market segments and New products that provide similar performance at lower cost. Companies that fail to develop new products are putting themselves at great risk. Their existing products are vulnerable to changing customer needs and tastes, new technologies, shortened product life cycles, and increased domestic and foreign competition.

2.7.3.4. Modernisation.

This involves upgradation of technology to increase production, improve quality and to reduce wastages and cost of production. The worn out and obsolete machines and equipment are replaced by the modern machines and equipment. A firm may go for modernisation at a low pace to maintain its position in the market which is considered a stability strategy or modernisation may be used with full strength to achieve internal growth.

2.7.3.5. Internationalization.

Internationalization occurs when a firm expands its business activities such as Research and Development, Production and Selling into international markets (Hollensen, 2007). The fundamental reasons for firms to go international can either be proactive or reactive. The proactive motive represent stimuli to attempt strategy changes which based on the firms interest in exploiting unique completeness and market possibilities are the desire, drive and enthusiasm of management towards internationalization (Deresky, 2005).

Reactive motives indicate that the firm reacts to pressures or threats in its home market or in foreign market and adjusts passively to them and Hollensen (2007) says such pressures or threats are global competitive pressures, one of the most common reason that prompt a firm to internationalise. Once a firm has decided to internationalise it may focus on different ways to enter a foreign market often varying by targeted country. Kotler et al.. (2005) and Deresky (2005) argue that management needs to consider their entry strategies as each strategy involves more commitment and risk but also more control and potential profits. Various entry and ownership strategies are available to firms including exporting, licensing, franchising, mergers, acquisitions, amalgamations, joint ventures, strategic alliances/contract manufacturing and fully owned subsidiary.

2.7.3.5.1. Exporting

According to Kotler et al.. (2005), exporting is the simplest way and a relatively low risk way to begin international expansion. Exporting is selling products produced in the home country to customers in another country (Moore et al.,2010).Exporting needs little investment, and it is easy for the firm to access and exit to the market. Small firms seldom go beyond exporting stage due to lack of capital resources and marketing clout hence exporting is the primary entry strategy used by small business to compete on an international level. Large firms however use this avenue for many of their products. Disadvantages of exporting include buy-local policies and currency fluctuations.

2.7.3.5.2. Licensing.

Licensing is a simple way for a manufacturer to enter international market (Kotler et al., 2005). According to Deresky (2005), "licensing is suitable for the mature phase of a product's life cycle, when competition is intense, margins decline, and production is relatively standardized. According to Moore et al. *(*2010) licensing is when you allow a company in another country to purchase the rights to manufacture and sell a company's products in international markets. The advantages of licensing are to avoid the tariffs and quotas usually imposed on exports, and no asset ownership risk. The most common disadvantage is the licensor's lack of control over the licensee's activities and performance.

2.7.3.5.3. Franchising

This occurs when the franchisor licenses its trademark, products and services, and operating principles to the franchisee for an initial fee and on-going royalties (Deresky, 2005). Franchising involves relatively little risk and little investment in capital or human resources, and is a fast access to international market. Hence, franchising can be an ideal strategy for small businesses.

2.7.3.5.4. Mergers, Acquisitions and Amalgamations

A merger is an external growth strategy and occurs when different companies combine together into a new corporate organization. Mergers can be acquisitions /takeovers or amalgamation. Takeover or acquisition takes place when a company offers cash or securities in exchange for the majority shares of another company. Amalgamation takes place when two or more companies of equal size or strength formally submerge their corporate identities into a single one in a friendly atmosphere.

2.7.3.5.5. Joint Ventures

This is when two or more firms mutually decide to establish a new enterprise by participating in equity capital and in business operations. It is a business partnership between two or more companies for specific business operation. Joint Venture has a much higher level of investment and risk. It involves an agreement by two or more firms to produce product together (Deresky, 2005). This strategy facilitates a firm's rapid entry into new markets by means of an already established partner who has local contacts and familiarity with local operations. International joint ventures are a common strategy for corporate growth around the world. A firm also can overcome trade barriers and achieve significant economies of scale for development of a strong competitive position, secure access to additional raw materials, acquire managerial and technological skills, and spread the risk associated with operating in a foreign environment. The drawback of this strategy is the disagreement over investment, marketing or other policies between partners.

2.7.3.5.6. Strategic Alliance/Contract manufacturing

Contract manufacturing is when a firm contracts with manufacturers in the foreign country to produce its product or provide its service (Kotler et al., 2005). This entry strategy is a common means of using cheaper overseas labor, quick entry into a country with a low capital investment, and none of the problems of local ownership. A strategic Alliance is a combination of efforts and/or assets of companies in different countries to pool resources and share risks (Moore et al.,2010) A firm may have a later opportunity either to form a partnership with or buy out the local manufacturer. Disadvantages include lack of control over the manufacturing process and loss of potential profits on manufacturing (Kotler et al., 2005; Deresky, 2005).

2.7.3.5.7. Wholly owned subsidiary.

A Multinational company wishing for total control of its operations may acquire an existing firm in the host country or start its own product or service business from scratch in countries, where a wholly-owned subsidiary is permitted (Deresky, 2005). Acquisition allows a firm's rapid entry into market with established products and distribution networks. However, it involves the greater level of risk and larger capital investments compared with other entry strategies. The highest level of risk is the strategy of establishing a new wholly-owned foreign manufacturing, company or subsidiary in the host country. The advantages of this entry strategy is that a firm has full control over decision making and efficiency, as well as the ability to integrate operations with overall companywide strategy.

2.8. Organization Culture, Management Succession and Corporate Growth Strategy

2.8.1. Definition of Culture

Organization culture refers to shared assumptions, values and norms (Schein,1985) and is a source of sustained competitive advantage (Barney,1995).Scholz(1987) defines organization culture as implicit,invisible,intrinsic and informal. Lund (2003) further defined culture as the shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes and norms. According to Martins &Martins (2003), organization culture can be defined as a system of shared meaning held by members distinguishing the organization from other organizations. Arnold (2005) on the other hand indicates that organization culture is the distinctive norms, beliefs, principles and ways of behaving that combine to give each organization its distinct character. These definitions suggest that organization culture distinguishes one organization from another.

Culture affects the decision-making process because shared beliefs and values give organizational members a consistent set of basic assumptions and preferences. According to Ansoff (1981) culture has been recognized as a contingent variable in the process of strategy formulation. Denison (1990) found that certain types of culture could enhance organization performance. Rashid and Anantharaman (1997) contend that culture is related to organization strategy particularly in the implementation of a selected strategy.

2.8.2. Types of organization culture.

There have been many approaches as to how various types of organizational culture can be classified. Studies conducted within the field of organizational theory focused on the description and understanding of the organization culture by using typologies. The studies included that of Deal & Kennedy(1982) who identified four types of culture namely tough-guy/Macho culture where individuals take risks and get quick feedback on whether their actions were right or wrong, Work-hard/Play-hard culture which encourages a high level of relatively low-risk, Bet-your company culture which is a high risk, slow feedback environment before employees know whether decisions have paid off and the process culture where there is little or no feedback and employees find it hard to measure what they do and concentrate more on how it's done.

Handy (1985) classified organization culture into power, role, task and person cultures. According to him, power culture is a spider's web and the key to the whole organization sits in the center and the closer you are to the spider the more influence you have. The role culture is characterized by strong functional areas coordinated by a narrow band of senior management at the top and a high degree of formalization and standardization. Task culture is job oriented and depends on teamwork to produce results, person culture on the other hand is where the individual is the focal point and exists to serve and assist individuals within it to further their own interest.

Hofstede (1991) argued that culture differs based on four dimensions that discriminate between national cultures in the work place. The power distance dimension which is the extent to which a society expects a high degree of power difference between levels in an organization and a higher score reflects a belief in hierarchy. Uncertainty avoidance is the willingness to accept ambiguity and risk meaning a high score society is risk averse. He further argued that where individuals are high in individualism they expect people to take care of themselves and their immediate family. Masculine cultures reflect a society that holds values of competitiveness, assertiveness, ambition and concern for material possessions where a low score would emphasize on consideration of others.

O'Reilly,Chatman & Caldwell(1991) used seven dimensions to describe the organization culture namely innovation&risk-taking,attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability. Cultures that are innovative are flexible, adaptable and experiment with new ideas, detail oriented cultures emphasize in precision and paying attention to details. Outcome oriented culture emphasizes achievement, results and action and holds employees and managers accountable for success and use systems that reward employees and group output.Fairness,supportiveness and respecting individual rights as well as treating people with respect and dignity represents the people oriented culture. Team oriented culture emphasize cooperation among employees whereas Aggressive culture value competitiveness and outperforming competitors. The stability culture is where there is predictability and is rule oriented and bureaucratic.

Trompenaars & Hampden-Turner(1998) classified culture using five dimensions namely Universalism versus the Particular where universal cultures emphasize on rules and regulations whereas in particular the emphasis is on relationships and flexibility. He further uses the Individual versus collective dimension where culture focuses either on the individual needs, freedom and responsibility or collective focus and consensus. Neutral where emphasis is objectivity and detachment versus affective where emphasis is display of emotion is the third dimension by Trompenaars and Hampden-Turner. Specific versus diffuse is a culture blending of work and personal life where specific separates the two and diffuse blends both. They finally classify culture as either Achievement or Prescription which is a cultural way of assigning status where achievement oriented cultures emphasize performance whereas prescription emphasize status as coming from age,gender,education and personal characteristics. This model helps understand and deal with cultural differences.

Deshpande and Farley (1999) classify corporate culture into Competitive, Entrepreneurial, Bureaucratic and Consensual. In the competitive culture, values relating to demanding goals, competitive advantage, marketing superiority, and profits are emphasized. The emphasis of the entrepreneurial culture is placed on innovation, risk taking, a high level of dynamism, and creativity. Values such as formalization, rules, standard operating procedures, and hierarchical coordination are particularly relevant in the bureaucratic culture. Finally, in the consensual culture the elements of tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management, and social influence are important in the organization’s values.The implication is that culture could affect the success of organizations in trying to achieve its goals and objectives.

The above mentioned typologies of organization culture provide broad overviews of the variations that exist between various theorists and these differences continue to evolve overtime. Given the various typologies as discussed, the adopted typology for this study was Deshpande and Farley (1999).

2.9. Conceptual Framework.

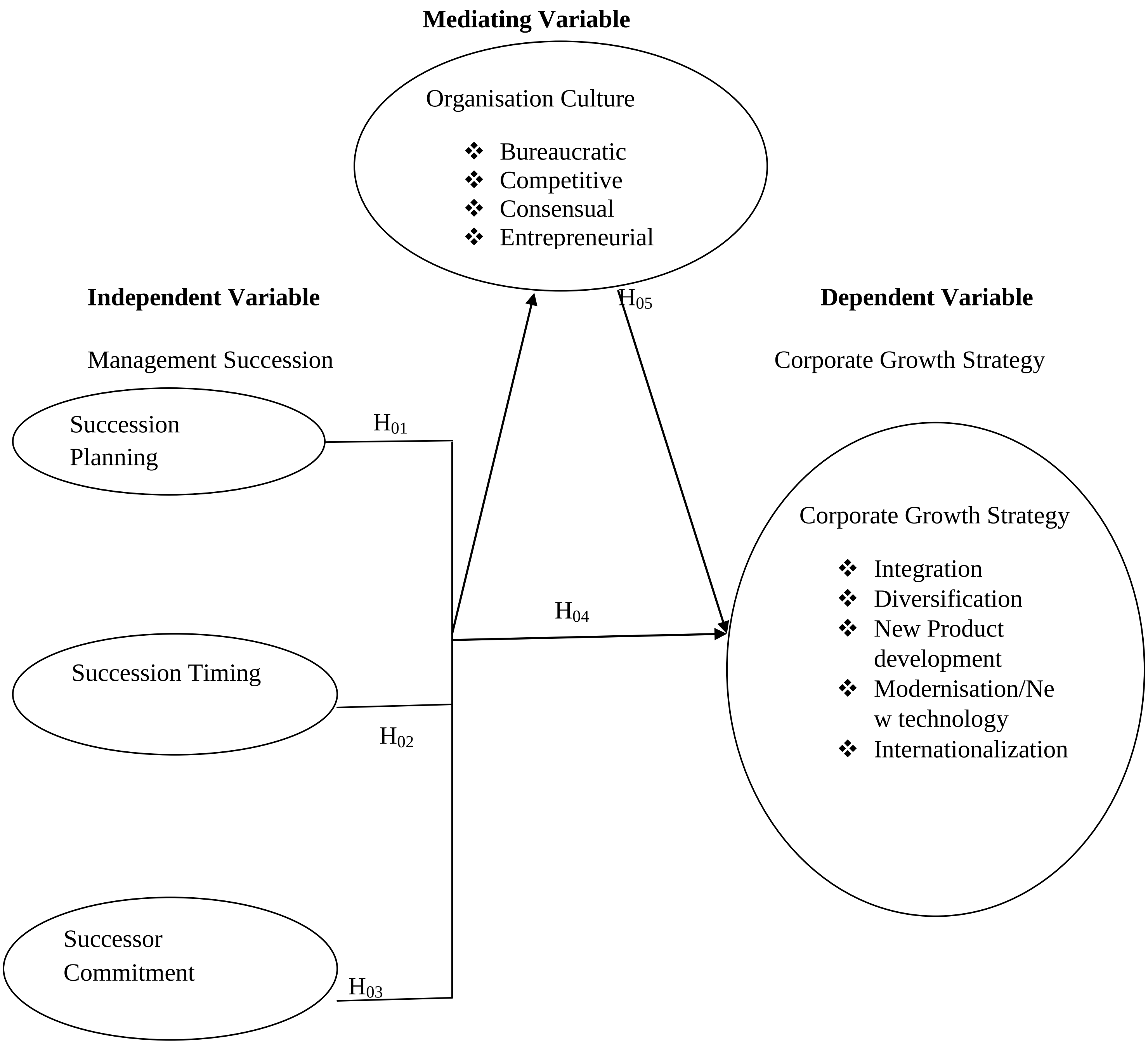

Fig 2.1: Conceptual Framework

Source: Researcher 2013.

The conceptual framework was based on a number of reviewed theoretical models and frameworks. It shows the interrelationships among management succession and corporate growth strategy. It can be discerned form figure 2.1 that the main independent variable is management succession which comprises succession planning, succession timing and successor commitment. Organization Culture is the mediating variable between management succession and corporate growth strategy. Corporate growth strategy is the dependent variable.

2.10. The Knowledge Gaps

Researcher(s)	**Area Studied**	**Findings**	**Knowledge Gaps**	**How the current research addressed the knowledge gaps.**
Danes, Stafford and Loy(2007)	Family business performance: The effects of gender and management	Provides evidence to support two central tenets of the SFB theory: (1) that family and business systems exchange resources during times of disruption and (2) that owning families manage family and business resources together to meet the demands of both systems	Focused on effects of gender on performance.	Current study focused on management succession and growth strategy.
De Massis, Chua and Chrisman (2008)	Factors Preventing Intra-Family Succession	Identified three exhaustive but not mutually exclusive direct causes that prevent a previously intended succession from occurring: (1) all potential family successors decline the management leadership of the business; (2) the dominant coalition rejects all potential family successors; or (3) the dominant coalition	Focused on causes that prevent succession from occurring.	Current study focused on the effect of succession on growth strategies.

		decides against family succession although acceptable and willing potential family successors exist		
Bowen, Morara and Mureithi (2009)	Management of Business Challenges among Small and Micro Enterprises in Nairobi-Kenya.	Top five cited challenges were Competition, insecurity, debt collection, lack of working capital and power interruptions.	Focused on challenges	Current study focused on succession and growth strategy.
Merwe, Venter and Ellis(2009)	An exploratory study of some of the determinants of management succession planning in family businesses	The results indicated that the more succession planning takes place and the better the perceived suitability of the successor, the better the expected outcome of the succession will be.	Focused on outcomes of succession	Current study looked at effect of succession planning on growth strategy
Liu, Yang and Zhang (2012)	Does family business excel in firm performance? An institution-based view	The research proposed an institution-based view to examine the relationships among institutions, family businesses, and firm performance	Focused of firm performance	Current study focused on various growth strategies.
Karanja (2012)	Role of Succession planning on survival of small and medium family enterprises after retirement/death of the first generation entrepreneurs in Kenya	The study concluded that mentoring, entrepreneurial orientation, level of education and capability of the successor contributes to the survival of Small and Medium Family Enterprises in Kenya after the retirement/death of the first generation entrepreneur,	Focused on Succession planning only	Current study addressed the gap by looking at more management succession variables of succession timing, successor commitment and introduced culture as a mediating variable.

Ngugi, Gakure, Were, Ngugi, Kibiru (2012)	The Influence of Intellectual Capital on the Growth of Small and Medium Enterprises in Kenya	Management's innovativeness is the most significant factor towards the growth of Small and Medium Enterprises in Kenya.	Focused on Intellectual capital and overall growth of SMEs	Current study addressed the gap by looking at various growth strategies that family businesses can use to grow.
Chaimahawong and Sakulsriprasert (2013)	Family Business Succession and Post Succession Performance: Evidence from Thai SMEs	The results indicated that context factors and personal factors are the two constructs that have the highest levels of impact on the effectiveness of the success process	Focused on the study of post succession performance of family firms in Thailand	Current study focused on succession and how it affects growth strategy and if both are mediated by culture.The study was on family firms in Kenya.

2.11. Conclusion

Family businesses are reckoned as one of the engines of the post-industrial growth process since they are credited for nurturing across generations entrepreneurial talent, a sense of loyalty to business success, long-term strategic commitment, and corporate independence (Poutziouris, 2001). Studies of this type of business attract an unusually diverse group of researchers and practitioners. However, in contrast to the proliferation of the family business organization, the family business sector is characterised by alarmingly deteriorating "survival rates". Researchers confirm that only about one third of family businesses survive the transition from the founders (first generation) to the second generation of owner-management. Moreover, of those who do that, only about one third tend to survive the transition from second to third (and beyond) generation of ownership (Poutziouris, 2000; Wang, Watkins, Harris & Spicer, 2000; Ibrahim, Dumas & McGuire, 2001a). Hence effective succession within family business receives broad attention in the academia

CHAPTER THREE

METHODOLOGY

3.1. Research Design

This study was conducted through descriptive census survey. Descriptive studies attempt to obtain a complete and accurate description of a situation or event. In general a descriptive design is commonly used to describe a phenomenon or characteristic associated with a subject, estimate proportions of a population that have these characteristics and discover associations among different variables (Saunders, Lewis & Thornhill, 2007). Robson (2002) states that descriptive design will allow a description of a phenomenon and enable collection of a large amount of data from a sizeable population in an economic way and make it possible to collect quantitative data which will be analyzed using descriptive statistics. The design was selected for this study because it would allow the researcher to do an in depth analysis of how management succession affects corporate growth strategy among the local family businesses in the manufacturing sector in Nairobi. The design also gave information that could be generalized. Descriptive approach has enough provision for protection of bias and maximized reliability (Kothari, 2004)

3.2. Population and Sampling

3.2.1. Target Population

The target population consisted of 97 local manufacturing family businesses (Appendix III). The businesses through a preliminary survey done from a list provided by Kenya Association of Manufacturers (KAM) in the Kenya Manufacturers and Exporters directory 2013 qualified to be family businesses.

3.2.2. Sample

According to Kothari (2004) a complete enumeration of all items in the population is known as census inquiry and in such an enquiry it is presumed when all items are covered no element of chance is left and highest accuracy is obtained. He further argues that when the population is a small one it is no use resorting to a sample survey. Mugenda and Mugenda(2003) further states that population studies also called census are more representative because everyone has an equal chance to be included in the final sample drawn. A census study was therefore conducted since the population was relatively small. This is a survey where the entire target population was taken to account.

3.3. Data Collection

3.3.1. Instrumentation

A questionnaire was used as the data collection tool. The selection of this tool was guided by the nature of data to be collected and by the objectives of the study. The overall aim of this study was to determine the effect of management succession on corporate growth strategy and the researcher was mainly concerned with views, opinions, feelings, attitudes and perceptions and such information can be best collected through the use of questionnaires. The questionnaire was used since the study was concerned with variables that could not be directly observed and the target population was also largely literate and unlikely to have difficulties responding to the questionnaire items.

The questionnaire was divided into seven parts (Appendix II).Part one collected data on the background of the organization while the other parts collected data relating to each objective of the study. The data was collected from a Senior Manager or their equivalent or any other officer appointed by the Senior Manager. The respondents were appropriate because of their involvement in the organization strategic process. The questionnaire was sent to the respondents through email or hand delivery and respondents completed the questionnaires on their own. Trained research assistants were used to administer the questionnaire for those respondents who preferred the interviewer administered questionnaire. To increase the response rate, a letter of introduction explaining the purpose of the data and giving assurance of confidentiality accompanied the questionnaire. A permit from the National Commission for Science, Technology and Innovation also accompanied the questionnaire. For the interviewer administered questionnaires, the filled questionnaire was either stamped with company seal or accompanied by the business card of the respondent to ensure data was collected from the specified respondent.

3.3.2. Research Procedures

The researcher developed a proposal over a period of about 6 months under the guidance of the supervisors. Once the proposal was ready and upon successful defense, the researcher proceeded to collect the data. Quantitative data was collected from 65 respondents using the questionnaire. The data was collected by the researcher and two research assistants.

3.4. Quality Control

To control quality, the researcher endeavored to attain validity and reliability coefficients of at least 0.70 or 70%. Items with validity and reliability coefficients of at least 0.70 are accepted as valid and reliable in research.

3.4.1 Validity

Validity is the extent to which research results can be accurately interpreted and generalized to other populations. It is the extent to which research instruments measure what they are intended to measure. To establish validity, the instruments were formally pretested with 10 managers from the population of the study. The 10 managers picked for pretesting were not part of the respondents included in the final research. The pretesting improved the research instrument and validity of the data. Cronbach coefficient alpha was computed as shown in Table 3.1. Robson (2002) confirms this approach is widely used by cognitive psychologists.

3.4.2 Reliability

A measuring instrument is reliable if it provides consistent results. According to Easterby, Thorpe and Lowe (2002), reliability is concerned with whether alternative researchers would reveal similar information. Threats to reliability may be as a result of participant error, observer error or instrument error (Robson 2002). Cronbach Alpha was used to test whether the variables were within the acceptable range of between 0 and 1.The closer the Cronbach alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. According to De Vellis (2003) the Cronbach alpha coefficient of a scale should be above 0.7.The researcher also tried and standardized the conditions under which the measurement took place by ensuring that the external sources of variation such as boredom and fatigue are minimized improving the stability aspect. The researcher used trained and motivated research assistants to conduct the research thus improving the equivalence aspect of reliability.The results for Cronbach’s Coefficient alpha for the various sections of the data collection instrument are presented in the Table 3.1 below

Table 3.1: Cronbach's Alpha Reliability Test

	Variable	Cronbach's Alpha	No of Items
Independent variable	Succession planning	.794	19
	Succession timing	.780	7
	Successor commitment	.897	15
	Organization culture	.740	15
Dependent variables	Growth strategies	.850	22

Source: Research Data (2014)

The Cronbach alpha coefficient test results of the measurement scale contained in Table 3.1 show that succession planning scale with 19 items had a reliability coefficient of 0.794,succession timing scale with7 items had 0.780 and successor commitment scale with 15 items had 0.897.In addition Organization culture scale with 15 items had 0.740 and growth strategy scale with 22 items had 0.850.The reliability coefficients were therefore above 0.7 suggesting that the measurement scale had high levels of internal consistency.

3.5. Operationalization and Measurement

Management Succession the primary independent variable was operationalized as succession planning, succession timing and successor commitment and measured using a likert type scale ranging from 1=Not at all to 5=Very large extent. Organization Culture the mediating variable was operationalized using competitive, entrepreneurial, bureaucratic and consensual types of culture and was measured using a likert type scale ranging from 1=Not at all to 5=Very large extent. Growth strategy the dependent variable of the study was operationalized by Integration, Diversification, New Product development, Modernisation/New technology and Internationalization and was partly measured directly and partly indirectly**.** The detailed operationalization and measurement is outlined in Appendix I.

3.6. Data Analysis Techniques

The completed questionnaires were edited, coded and tabulated before processing of the data. The raw data was checked for each question for accuracy and completeness of the answer recorded. Numerical values were then assigned to each question.

Statistical Package for Social Science (SPSS) was used to code, enter and run analysis at univariate, bivariate and multivariate level. Descriptive statistics enable one to describe and compare variables numerically. Univariate analysis involved using the descriptive statistics of the mean, frequencies and percentages to profile sample characteristics and major patterns emerging from the data. The t-test was also used at the univariate level to assess statistical significance of the mean of the various variables used to measure management succession and growth strategies among the family businesses. Mode was used to determine the most common response. The Bivariate level involved the use of simple linear regressions for hypotheses testing. Multiple regression was used to test hypotheses at the multivariate level. According to Kothari (2004), where there are two or more than two independent variables, the analysis concerning relationships is known as multiple correlations and the equation describing such relationship as the multiple regression. Simple and Multiple regression analysis were used to assess the nature of the relationship between various variables as hypothesized in the study. The statistical significance of the findings was based on p-value 0.05. Factor analysis was used to identify the key underlying components for each construct under study. The relevant findings were presented using tables, pie charts and graphs.

3.6.1. Regression Models of the Study

The following regression models were developed for the study (Table 3.2)

Table 3.2: Regression models of the study

Objective	Hypothesis	Analytical Model
Determine the effect of succession planning on corporate growth strategies in local manufacturing family businesses in the manufacturing sector in Nairobi County.	H_{01} Succession Planning does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	$Y=\beta_0+\beta_1\chi_1+\varepsilon$ Where Y=Corporate growth strategy(Dependent Variable) β_0=Constant β_1=Regression Coefficient χ_1=succession Planning(Independent Variable) ε=error
Establish the effect of succession timing on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_{02} Succession timing does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	$Y=\beta_0+\beta_2\chi_2+\varepsilon$ Where Y=Corporate growth strategy(Dependent Variable) β_0=Constant β_2=Regression Coefficient χ_2=Succession Timing(Independent Variable) ε=error.
Investigate the effect of successor commitment on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County.	H_{03} Successor commitment does not influence corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County.	$Y=\beta_0+\beta_3\chi_3+\varepsilon$ Where Y=Corporate growth strategy(Dependent Variable) β_0=Constant β_3=Regression Coefficient χ_3=Successor Commitment(Independent Variable) ε=error
Establish the combined effect of succession planning, succession timing and successor commitment on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County.	H_{04} Succession planning, succession timing and successor commitment do not collectively influences corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	$Y = \beta_0 + \beta_1 SP + \beta_2 ST + \beta_3 SC + e$ Where; Y = Aggregate mean score of the growth strategies β_0 = Model equation intercept β_1 = Partial coefficient for succession planning SP = Succession Planning β_2 = Partial coefficient for succession timing ST = Succession timing β3 = Partial coefficient for successor commitment SC = Successor commitment
Examine the influence of culture on management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.	H_{05} Organization culture does not significantly mediates the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. .	Model 1 : $Y = \beta_0 + \beta_2 M + e$ Model 2: $Y = \beta_0 + \beta_1 X + \beta 2 M + e$ Where Y=Corporate growth strategy(Dependent Variable) M=Organization culture(mediating Variable) X=Management Succession(Independent Variable) β_0=Constant β_1=Regression Coefficient for Management succession β_2=Regression Coefficient for organization culture. ε=error

3.7. Ethical Considerations.

The major ethical issue in this study was privacy and confidentiality of the respondents. To obtain a valid sample, there was need to gain access to specific lists and this in itself is an infringement on the privacy and confidentiality of the respondents but this was the only way to construct a sampling frame and generate a representative sample. This was managed by ensuring that the researcher and the respondents enter into an agreement that the information would not be passed to a third party without the consent of the respondent. The participants also had the right to remain anonymous.

3.8. Summary

This chapter has described the research methodology used to conduct the study. Specifically, it has discussed the research design, population and sampling, data collection instruments, validity and reliability of the research instruments. It has also operationalized the study variables and outlined techniques that were later used to analyse the data. The next chapter will present results of the study and test the relevant hypotheses

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings of the study, the effect of management succession on corporate growth strategy of local family businesses in the manufacturing sector in Nairobi County. The findings include demographic characteristics of the informants, descriptive statistics of the sampled family businesses, results and discussion of the study variables as well as hypothesis testing.

4.2 Preliminary analysis

Preliminary analysis captures the response rate, Kaiser-Meyer-Olkin (KMO) test for measuring sample adequacy and Kolmogorov-Smirnov test for normality. The analysis assesses the basic requirements that must be achieved before progressing with the analysis of the study variables.

4.2.1 Response rate

The target population was ninety seven family owned businesses in the manufacturing industry in Nairobi County. The study was a census and therefore 97 (100%) questionnaires were administered to the family owned businesses in the manufacturing industry in Nairobi. A total of 65 completed questionnaires were returned while 32 questionnaires were not received even after follow-up. Consequently, the response rate was 67.0% as illustrated in the Table 4.1 below. Mugenda and Mugenda (2003), and Saunders, Lewis & Thornhill., (2007) have argued that a response rate of 50 per cent is adequate, a response rate of 60 per cent is good, and a response rate of 70 per cent is very good. Sixty seven per cent response rate was therefore appropriate for drawing conclusion of this study.

Table 4.1: Response Rate of the Sample

Responses	Values	Percentage
Administered questionnaires	97	100.0%
Completed questionnaires	65	67.0%
Unreturned questionnaires	32	33.0%

Source: Research Data (2014)

4.2.2 Kaiser-Meyer-Olkin (KMO) test for measuring sample adequacy

It is necessary to ascertain the adequacy of the sample before subjecting data from such a sample to inferential statistical testing for the purpose of making valid conclusions. Consequently, Kaiser-Meyer-Olkin test was used to measure the adequacy of the study sample. The results are presented in Table 4.2

Table 4.2: KMO Tests for Sample Adequacy

Variable type	Variable	Statistic
Independent	Succession planning	0.700
	Succession timing	0.762
	Successor commitment	0.700
Mediating	Organization culture	0.690
Dependent	Growth strategies	0.615
	Mean	**0.693**

Source: Research Data (2014)

Field (2005) recommends that dataset be regarded as adequate and appropriate for statistical analysis if the values of the KMO statistic is greater than 0.5. KMO tests result presented in Table 4.2 shows that the sample was adequate for all the study variables, with an average of

0.695, which is well above 0.5. Therefore, the data set was appropriate for advanced statistical analysis especially factor analysis.

4.2.3 The Kolmogorov-Smirnov Test for Normality

The Kolmogorov-Smirnov Test was adopted to assess the distributional characteristics and normal distribution of the dataset. This test is important because many statistical models including the regression model adopted for the study are based on the assumption of normality. Non-normal data may result in inflated statistics and underestimated standard errors. The results are presented in Table 4.3.

Table 4.3 : Kolmogorov-Smirnov tests of Normality

Variable type	Variables	Sample	Statistic	Sig.(p-value)
Independent Variable	Succession planning	65	.104	0.085
	Succession timing	65	.167	0.056
	Successor commitment	65	.103	0.086
Mediating Variable	Organization culture	65	.090	0.2
Dependent Variable	Growth strategies	65	.080	0.2

Source: Research Data (2014)

According to Norusis (2008), a data set will be considered to be normally distributed when the Kolmogorov-Smirnov test for normality is greater than 0.05 ($p>0.05$). The results of Kolmogorov-Smirnov test for normality for the current study variables are illustrated in Table 4.3.The p-value for all variables are greater than 0.05 hence normally distributed.

4.3 Demographic characteristics of the respondents

This section highlights the demographic characteristics of the study. The key respondent's characteristics considered were age, gender, years worked for organization and position held in the organisation.

Table 4.4: Respondents Age

Age	Frequency	Percent
25 to 35	34	52.3
36 to 45	16	24.6
46 to 55	8	12.3
56 to 65	5	7.7
Over 65	2	3.1
Total	65	100.0

Source: Research Data (2014)

The results presented in Table 4.4 indicates that slightly more than half (52.3%) of the respondents were youth aged 25 to 35 years old, followed by 24.6% middle aged adults aged 36 to 45 years. This suggests that many family businesses are run by the youth majority (67.7%) of whom have worked for the organisations for 5 years and below as shown in Table 4.5 .

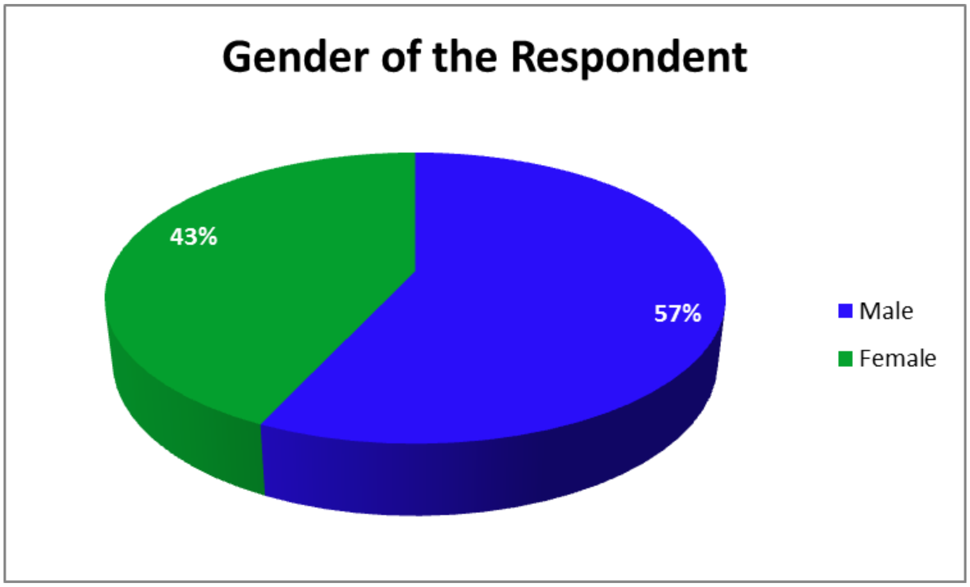

Fig 4.1: Gender of the respondent.

Source: Research Data (2014)

The study as presented in fig 4.1 revealed gender balance in the distribution of the respondents, with males (57%) slightly more than females (43%).

Table 4.5: Years worked for the organization

Years worked for the organization	Frequency	Percent
0 to 5	44	67.7
6 to 10	11	16.9
11 to 15	1	1.5
16 to 20	2	3.1
Over 20	7	10.8
Total	65	100.0

Source: Research Data (2014)

Two thirds (67.7%) of the respondents had worked for their respective organization for a period of five years and below. This suggests that there could be high turnover of senior managers or the organizations are experiencing growth. More so, the non-family members may leave the organisation since in most family businesses successors who take the place at the top are likely to be family members. This also confirms the argument by Sirmon and Hitt (2003) that non family managers may prefer non family firms due to limitations in career growth. Respondents who had worked for more than 20 years were only 10.8%.

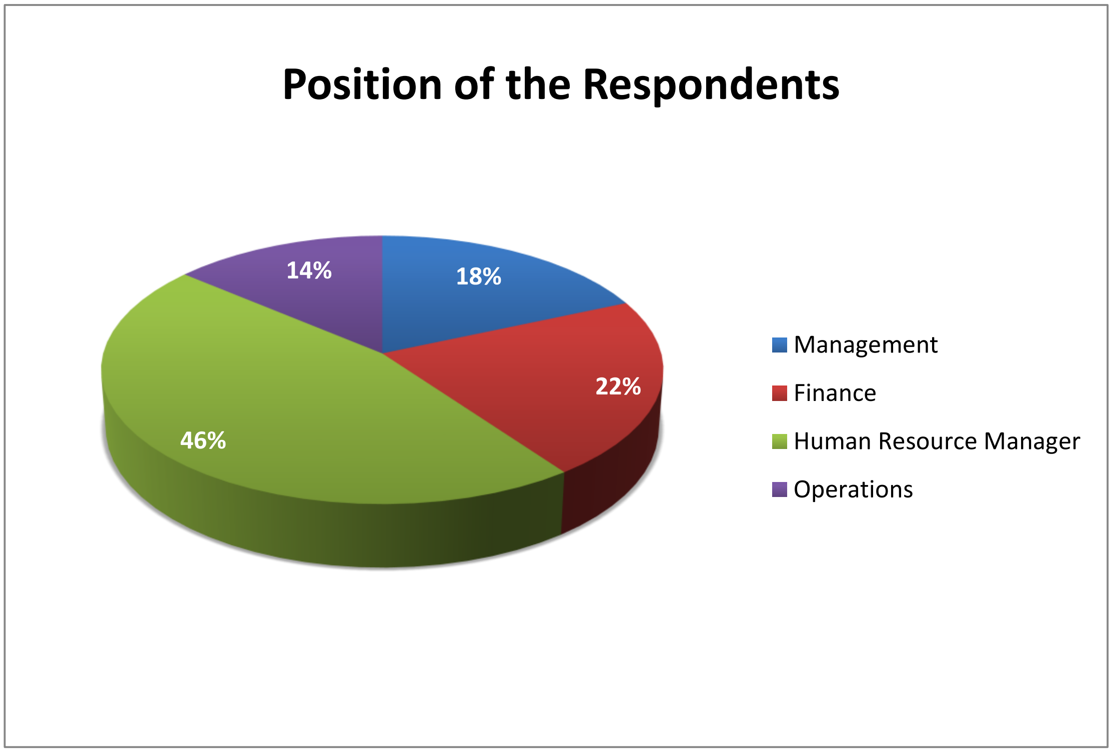

Fig 4.2: Position of the respondents.

Source: Research Data (2014)

The results presented in Fig 4.2 indicates that almost half (46%) of the respondents held various positions in the human resource department, about a fifth (22%) in the finance department, 18% in the Management and 14% in the operations. This is of interest in the research whereby it is clear majority of the respondents worked in the Human Resource Department and this same people leave organizations in five years which may interfere with management succession.

4.4 Company Characteristics

In order to generate the profile of the companies sampled in the study, information considered was on the industry/sector; years in operation; type of organization; number of employees; number of countries of operation; and family generation in management.

4.4.1 Company operation

The family businesses in the manufacturing industry assessed in the study were privately owned companies except two which were public owned. Fifth (20%) of the companies had existed for 21 to 30 years; and 18.5% had existed for 1 to 10 years as illustrated by Table 4.6. About 16.9% of the companies had existed for 31 to 40 years and above 50 years respectively. About 13.8% had operated for 11 to 20 years and 41 to 50 years respectively.

Table 4.6: Organization's Years of Operation

Operation years	Frequency	Percent
1 to 10	12	18.5
11 to 20	9	13.8
21 to 30	13	20.0
31 to 40	11	16.9
41 to 50	9	13.8
Above 50	11	16.9
Total	**65**	**100.0**

Source: Research Data (2014)

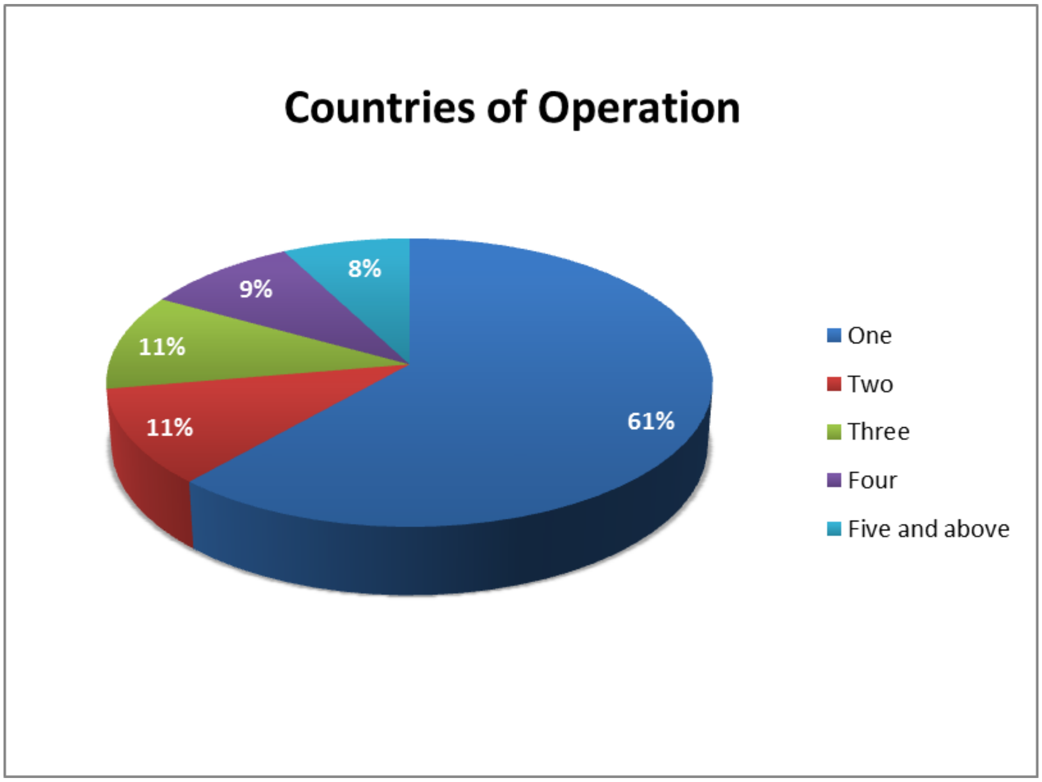

Fig 4.3: Countries of operation

Source: Research Data (2014)

Almost two thirds (61%) operates only in one country while 11% had operated in two and three countries respectively. Only 9% operate in four countries and 8% in five countries and above. This suggests that only 39% of family businesses operate in more than one country. This is presented in Fig 4.3.The results indicate that majority of the family businesses studied had not internationalized. This is irrespective of the fact that 81.5% of the family businesses have been in operation for more than 10 years as shown in Table 4.6.This suggests that majority of the family businesses are not expanding to other countries and have remained local.

4.4.2 Family generation in management

Fifth (22%) of the family generation in management were founders, followed by first generation (14%) and second generation (12.3%). The results are presented in Table 4.7 reveals that the most of the family businesses in the manufacturing sector were management by owners and their children. This may explain why many of them as shown in Fig 4.3 are operating only in one country because they may be engaging in less risky growth strategies.

Table 4. 7: Family Generation in Management

Family Generation	Frequency	Percent
Founder/owner	22	33.8
First	14	21.5
Second	8	12.3
Third	1	1.5
Founder, first and second	7	10.8
Founder and first	9	13.8
Second and third	1	4.6
None	3	1.5
Total	65	100.0

Source: Research Data (2014)

4.4.3 Number of employees

The size of an organization can be inferred from the number of employees. The results presented in fig 4.4 shows the distribution of permanent employees in the organizations included in the study.

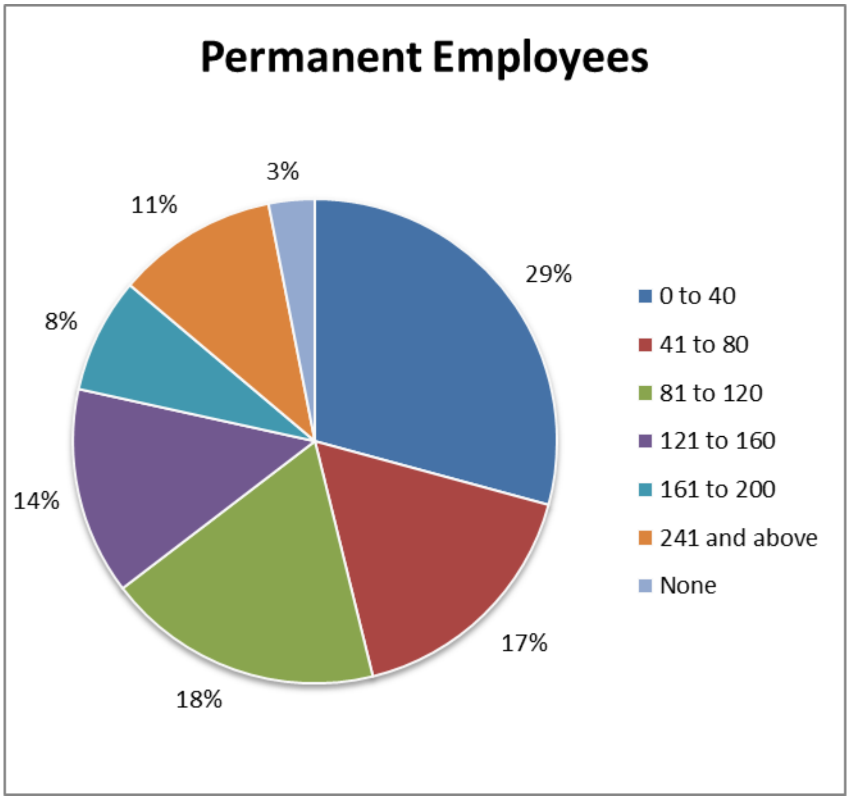

Fig 4.4: Permanent Employees

Source: Research Data (2014)

Results presented in Fig 4.4 indicate that 29% of the organizations had 0 to 40 employees and 19% had between 81 to 120 employees. Surprisingly 3% of the organisations had no permanent employees. This suggests that many family businesses have fewer permanent employees and more casuals which were at 38.5% as shown in Table 4.8.The number of permanent employees are few meaning there may be no long-term thinking and commitment and yet for any organisation, strategic dimensions or decisions are long-term.

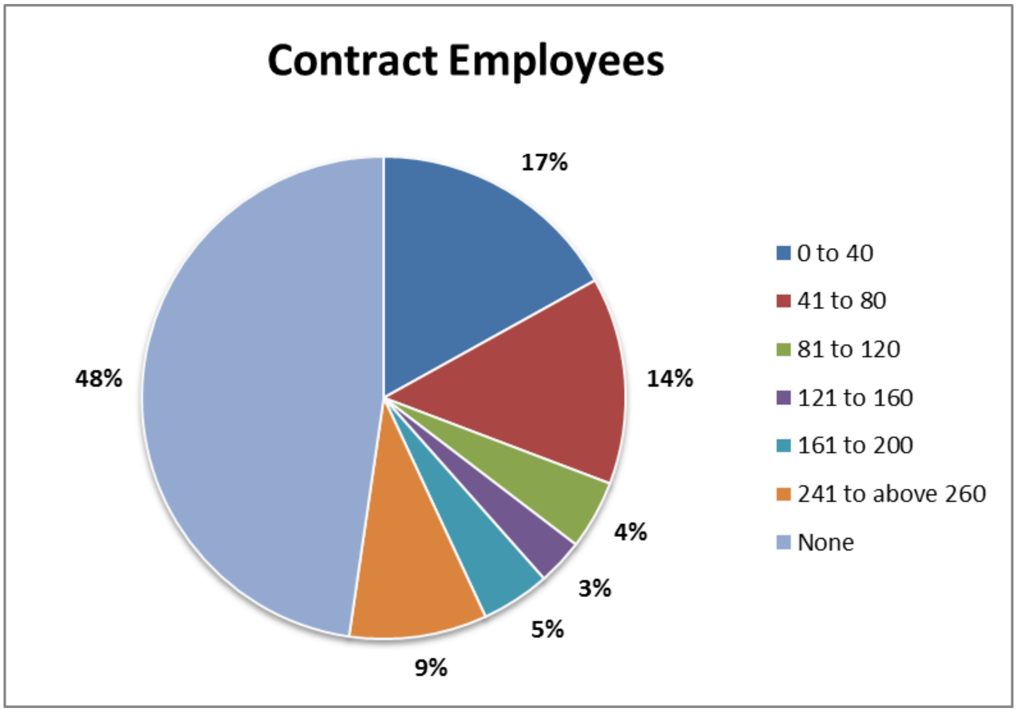

Fig 4.5: Contract Employees

Source: Research Data (2014)

Almost half of the organizations (48%) had no employees on contract and only 16.9% of the organizations had 0 to 40 employees on contract. This is presented in fig 4.5

Table 4.8: Casual Employees.

Number of Employees	Frequency	Per cent
0 to 40	25	38.5
41 to 80	6	9.2
81 to 120	5	7.7
121 to 160	2	3.1
161 to 200	1	1.5
201 to 240	1	1.5
241 and above	6	9.2
None	19	29.2
Total	65	100.0

Source: Research Data (2014)

The results presented in Table 4.8 indicate that 38.5% of the organizations had 0 to 40 casuals and 29.2% of the organisations had no casual employees. Organizations with 241 and above casual employees stood at 9.2% which was the same with that of contract employees. Those with 241 and above permanent employees were 10.8% and this suggests that the medium sized family businesses have relatively equal number employees in the three cadres.

4.4.4 Financial performance

The annual sales turnover for most (72.3%) of the companies in 2012 was less than 1 billion while only a quarter (26.2%) had sales turnover of 1 to 5 billion as illustrated in Fig 4.6. In 2013, the per cent of organization with sales turnover between 1 to 5 billion increased to 33.8% while those performing at below 1 billion decreased to 64.6%. Those with more than 10 billion remained the same.

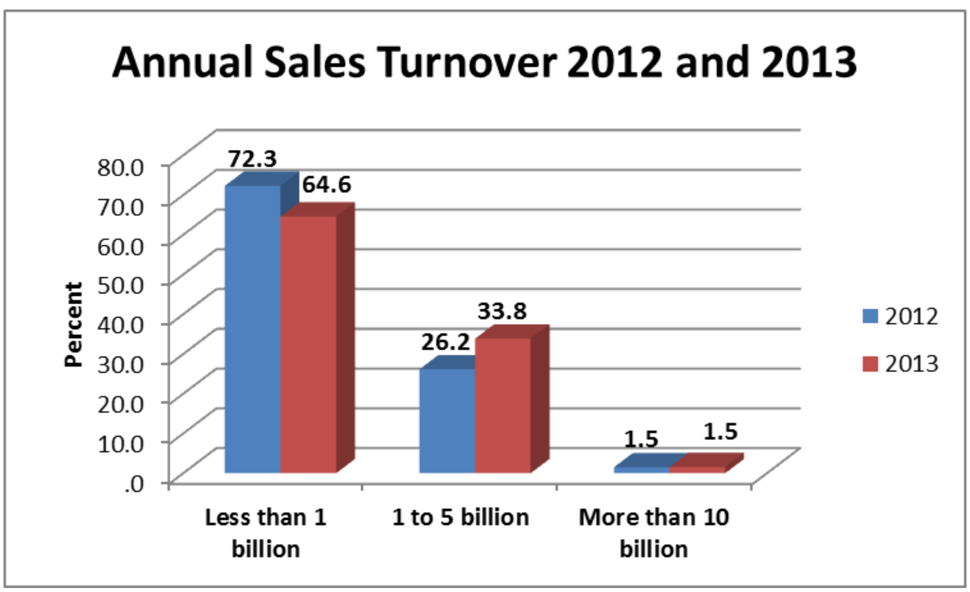

Fig 4.6: Annual Sales Turnover 2012 and 2013

Source: Research Data (2014)

In 2012, about two thirds (64.6%) of the organizations registered annual gross profit of less than 250 million while almost a quarter (24.7%) made a profit of 250 to 500 million as shown in Fig 4.7. The organizations that reported an annual gross profit of 500 million to 1 billion were 9.2% while only 1.5% of the organizations had annual gross profit of above 1 billion. Notably, the proportion of the organizations registering annual gross profits of 500 million to 1 billion increased in 2013 to 13.8% compared to 9.2% in 2012. Consequently, the proportion of organization reporting annual profits of 250-500 million decreased from 24.6% in 2012 to 20% in 2013. The findings reflect improved financial performance of some of the organizations included in the study. This is in agreement with the Kenya National Bureau of statistics economic survey (2014) which indicated that the manufacturing sector grew by 4.8% in 2013.

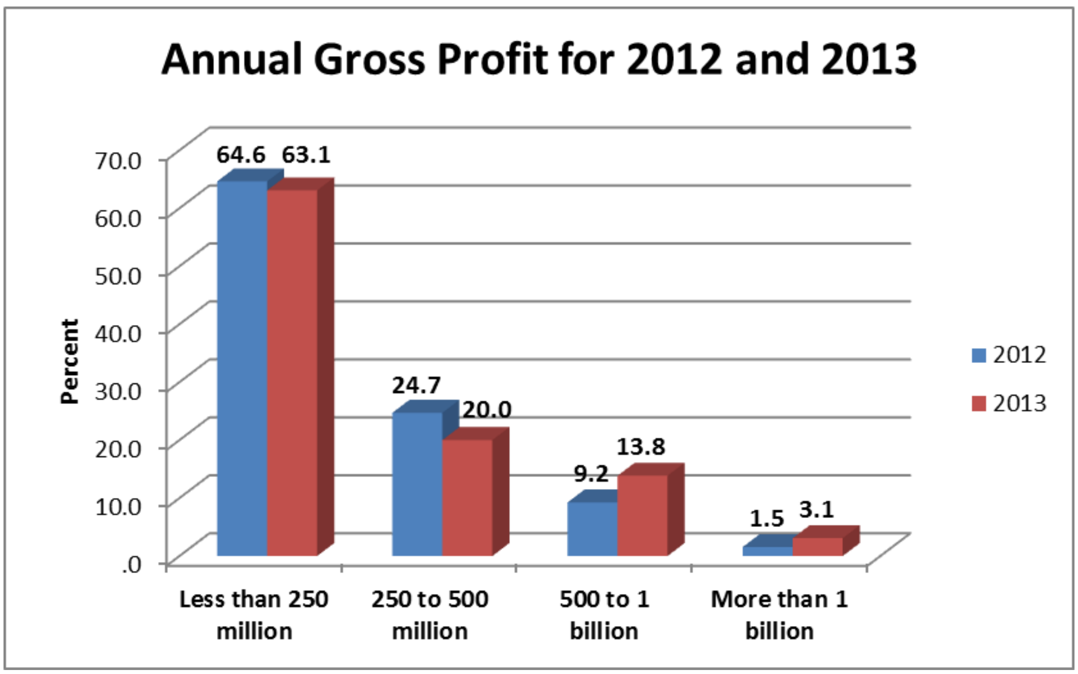

Fig 4.7: Annual Gross Profit 2012 and 2013

Source: Research Data (2014)

4.4.5 Proportion of Market Share

Table 4.9: Market Share

Proportion of Market share	Frequency	Percent
Less than 15%	7	10.8
15 to 25%	9	13.8
26 to 35%	12	18.5
36 to 45%	11	16.9
46 to 50%	17	26.2
More than 50%	9	13.8
Total	65	100.0

Source: Research Data (2014)

A quarter (26.2%) of the companies' reported a market share of 46 to 50% while 18.5% of the companies had a market share of 26 to 35% as shown in Table 4.9. Only 10.8% of the companies had a meagre market share of less than 15%. The findings indicate that there are other market players in the manufacturing sectors in consideration, a reflection of the competition in the respective industries.

4.5 Management Succession

Management Succession in the family businesses in the manufacturing sector was evaluated using three variables namely succession planning, succession timing and successor commitment. Each of the variables was measured using a set of items and findings are presented in the following sections.

4.5.1 Succession Planning

Succession planning in the family owned manufacturing businesses was assessed using a set of nineteen measures. The respondents were asked to indicate the extent to which their respective organizations had engaged in Succession planning using a five point likert type scale ranging from 5=Very great extent to 1=Not at all. The responses were analyzed using descriptive statistics mainly percentages, mode and mean scores. The ratings of individual measures summarized in Table 5.2 in Appendix VII indicate that on average 23.2% of the family businesses consider succession planning to a very great extent, 24.6% to a great extent, 22.3% to a moderate extent and 7.7% to a small extent.22.2% did not consider succession planning at all.

Table 4.10 shows that trust among the family members had the highest mean scores of 4.36, and thus was a key aspect in the succession planning. This is in line with the conclusions by Habbershon and Williams (1999) that family firm members demonstrate high levels of trust. Other measures that had high mean scores were formal delegation of duties (4.11), good relationship among family members (4.09) and amicable communication among the family members (4.08). The sibling rivalry when appointing managers had the lowest mean score of 1.31. Good relationship among family members; Trust among the family members and use of strategic plans to decide on the growth strategies had a mode of 5 which indicated that most of the family businesses consider these factors to a very great extent in succession planning. Existence of family council to deal with succession; use of external boards to make strategic decisions; use of business consultants to make strategic decisions; sibling rivalry during appointment of top managers; appointment of earmarked successors as directors and existence of formal criteria for naming a successor had a mode of 1 which means most of the family businesses do not consider these factors in succession planning.

Table 4.10: Level of Succession Planning in the Family Businesses

Succession Planning Measures	N	Mode	Mean Difference	Std. Error Mean	t	Sig. (2-tailed)
Written and formal succession plan	65	3	2.523	.126	19.999	.000
Adopted growth strategies based on succession plan	65	3	3.585	.140	25.565	.000
Smooth transition of responsibilities	65	4	3.800	.136	28.040	.000
Early identification of top managers and talents	65	4	3.462	.142	24.338	.000
Training programme for employees	65	3	3.369	.156	21.608	.000
Formal delegation of duties	65	4	4.108	.105	38.959	.000
Good relationship among family members	64	5	4.094	.115	35.560	.000
Existence of family council to deal with succession	64	1	2.234	.171	13.090	.000
Use of external boards to make strategic decisions	65	1	2.231	.178	12.545	.000
Use of business consultants to make strategic decisions	64	1	2.453	.168	14.598	.000
Amicable communication among family members	64	4	4.078	.132	30.817	.000
Trust among family members	64	5	4.359	.114	38.119	.000
Sibling rivalry when top managers are appointed	64	1	1.313	.089	14.791	.000
Formal strategic family vision	64	3	3.156	.185	17.034	.000
Involvement of both active and inactive family members in top management	63	4	3.270	.186	17.627	.000
Use strategic plans to decide on the growth strategies	65	5	3.969	.149	26.700	.000
Appoints earmarked successors as directors	64	1	2.766	.200	13.819	.000
Successor education level taken into account before appointment	65	4	3.215	.175	18.404	.000
Formal criteria for naming a successor	64	1	2.609	.175	14.926	.000
	Overall mean score= 3.189 T-test for equality of means: test value=0 (Ho: there is no difference expected between the means, at α=0.05 (2-tailed); Reject Ho if p-value ≤ α, otherwise fail to reject Ho if p-value > α					

Source: Research Data (2014)

One sample t-test with a theoretical test value of zero (no significant difference expected in the mean scores) was conducted to establish whether succession planning varied from one family business in the manufacturing sector to another. Results illustrated in Table 4.10 indicate that succession planning mean scores of the nineteen measures differed significantly from one family business to the other, with highest difference being noted in the formal delegation of duties (t-value = 38.96, p-value < 0.05), followed by trust among family members (t-value = 38.12, p-value < 0.05). The lowest statistical difference was reported in use of external boards to make strategic decisions (t-value = 12.55, p-value < 0.05) and uses of family council to deal with succession (t-value = 13.09, p-value < 0.05).

4.5.2 Succession Timing

The study assessed the level of succession timing in family businesses in the manufacturing sector. The respondents were asked to indicate the extent to which their respective organizations had engaged in Succession timing using a five point likert type scale ranging from 5=Very great extent to 1=Not at all. Results on Table 5.3 reveal that on average 27.7% consider succession timing to a very great extent, 25.5% to a great extent, 15.4% on moderate extent and 8.2% to a small extent. However 23.2% do not consider succession timing at all. The performance ratings of the individual measures are summarized in Table 5.3 in Appendix VII.

Relevant results in Table 4.11 indicates that family relationships are preserved when making strategic decisions on succession timing (mean score = 3.84). Gender of the successor (mean score = 2.19) and fear of the successor to take up management position (mean score = 2.30) are considered in the succession timing at a very small extent. Overall, the extent of succession timing in the management succession with manufacturing family businesses is moderate (mean score = 3.26).Early introduction of next generation into the business, an early introduced successor performs better and successor appointment when making strategic decisions had a mode of 5 indicating that most of the family businesses consider these factors to a very great extent in succession timing. Fear of successor to take over management affects succession timing and gender of the successor is considered during appointment had a mode of 1 meaning most of the family businesses do not consider these factors in succession timing.

Table 4.11: Level of Succession Timing in the Family Businesses

Succession Timing Measures	N	Mode	Mean Difference	Std. Error Mean	t	Sig. (2-tailed)
Early introduction of next generation into the business	64	5	3.438	.185	18.598	.000
An early introduced successor performs better	64	5	3.719	.163	22.835	.000
Fear of successor to take over management affects succession planning	64	1	2.297	.159	14.487	.000
Successor appointment is executed when owner is alive	64	5	3.625	.194	18.732	.000
Successor appointment when owner is alive grows the organization	64	4	3.719	.164	22.624	.000
Family relationships preserved when making strategic decisions	64	4	3.844	.158	24.354	.000
Gender of the successor is considered during appointment	64	1	2.188	.182	12.011	.000
	Overall mean score= 3.261 T-test for equality of means: test value=0 (Ho: there is no difference expected between the means, at α=0.05 (2-tailed); Reject Ho if p-value ≤ α, otherwise fail to reject Ho if p-value > α					

Source: Research Data (2014)

The results of the one sample t-test on Table 4.11 indicate that the variability among the means of the measures of succession timing were all statistically significant. Thus, the level of succession timing varied from one family owned manufacturing business to another with the highest difference being noted in the preservation of family relationships when making strategic decisions on succession timing (t-value 24.35, p-value < 0.05). The lowest statistical difference was reported in the consideration of gender of the successor during appointment (t-value 12.01, p-value < 0.05).

4.5.3 Successor Commitment

Successor commitment was assessed using a set of fifteen measures and the relevant findings. The respondents were asked to indicate the extent to which their organization engaged in successor commitment using a five point likert type scale ranging from 5=Very great extent to 1=Not at all. Results in Table 5.4 revealed that on average 40.9% consider successor commitment to a very great extent, 28.7% to a great extent, 13.1% to a moderate extent and 5.7% to a small extent. On average 11.6% do not consider successor commitment at all in management succession. The performance ratings of the fifteen items used to measure successor commitment are presented in Table 5.4 Appendix VII.Table 4.12 reveals that measures on family and successor commitment had relatively high mean scores. Specifically, family commitment to the growth of the organization had the highest mean score of 4.44, closely followed by commitment of successor with responsibility (mean score = 4.31). However, the cost of leaving the organization compelled the family members to be commitment to the business to a very small extent (mean score = 1.97). Overall, the extent of successor commitment in the manufacturing family businesses was moderate (mean score = 3.82).

Organization has willing and capable family successors, family employees like being identified with the organization, the family is committed to the growth of the organization, family successors are committed to the growth of the organization, mature family successors are committed to the organization, family successors with responsibility are committed to the organization, skilful and knowledgeable family successors are committed to the business, the organization trains successors on the job, the family successor is interested in the business and the family successor invests time and energy in the business had a mode of 5 indicating that most family businesses consider these factors to a very great extent in successor commitment. The cost of leaving the organization compelling the family employees to remain in the organization had a mode of 1 meaning most of the family businesses do not consider this factor important in successor commitment.

Table 4.12: Degree of Successor Commitment in the Family Businesses

Successor Commitment Measures	N	Mode	Mean Difference	Std. Error Mean	t	Sig. (2-tailed)
Organization has willing and capable family successors	64	5	3.969	.146	27.185	.000
Family members feel obligated to remain in the organization	64	4	3.422	.182	18.798	.000
Emotional attachment compels the family employees to remain in the organization	64	4	3.281	.180	18.208	.000
Family employees like being identified with the organization	64	5	3.609	.183	19.708	.000
The cost of leaving the organization compels the family employees to remain in the organisation	64	1	1.969	.137	14.346	.000
The organization grooms family members to be appointed as successors	64	4	3.438	.177	19.465	.000
Future successors are committed to the growth of the organization	64	4	3.641	.166	21.968	.000
The family is committed to the growth of the organization	64	5	4.438	.113	39.169	.000
Family successors are committed to the growth of the organization	64	5	4.281	.138	30.993	.000
Mature family successors are committed to the organization	64	5	4.156	.136	30.589	.000
Family successors with responsibility are committed to the organization	64	5	4.313	.130	33.269	.000
Skillful and knowledgeable family successors are committed to the business	64	5	4.266	.126	33.730	.000
The organization trains successors on the job	64	5	3.938	.141	27.997	.000
The family successors is interested in the business	64	5	4.281	.131	32.742	.000
The family successor invests time and energy in the business	64	5	4.250	.122	34.840	.000

Overall mean score= 3.817

T-test for equality of means: test value=0 (Ho: there is no difference expected between the means, at α=0.05 (2-tailed); Reject Ho if p-value ≤ α, otherwise fail to reject Ho if p-value > α

Source: Research Data (2014)

One sample t-test with a theoretical test value of zero (no significant difference expected in the mean scores) was conducted to establish whether successor commitment varied from one family business in the manufacturing sector to another. The results in Table 4.12 suggest that mean scores of all the seven measures differed significantly from one family business to the other. The highest difference was noted in the commitment of the family members to the growth of the organization (t-value = 39.17, $p < 0.05$), followed by family successor investing time and energy in the business (t-value = 34.84, p-value < 0.05). The lowest difference in the mean score was observed on the cost of leaving the organization compelling the family members to remain in the business (t-value = 14.35, $p < 0.05$), followed by the belief that family members remain in the organisation as an obligation and because they have emotional attachment to the organisation (t-value 18.2, $p < 0.05$) respectively.

4.6 Organization Culture

The organization culture of the family businesses in the manufacturing sector was assessed using fifteen measures. The respondents were asked to indicate the extent to which their organization engaged in various organizational culture measures using a five point likert type scale ranging from 5=Very great extent to 1=Not at all. Results in Table 5.5 indicate that on average 28.4% considered organisation culture to a very great extent, 34.5% to a great extent,23.1% to a moderate extent and 6.6% to a small extent. On average 7.5% did not at all consider organization culture. The performance ratings of the fifteen items used to measure organization culture are presented in Table 5.5 Appendix VII

Results presented in Table 4.13 show that to a greater extent most family businesses in the manufacturing sector emphasize on profits (mean score = 4.25), outdoing the competitors (mean score = 4.14), teamwork (mean score = 4.14), and employee loyalty (mean score = 4.05). The top management in family businesses are to a small extent flexible (mean score = 2.61), and use rigid rules and regulations (mean score = 2.69). The overall mean score of the organization culture measures was considerably high at 3.697. The organization emphasizing on profits, being superior compared to competitors and employees working as teams had a mode of 5 which means that in most of the family businesses these factors measure their organization culture to a very great extent. The top management being flexible had a mode of 1 indicating that in most family businesses this factor did not at all measure their organization culture.

Table 4.13: Organization Culture in the Family Businesses

Organization Culture Measures	N	Mode	Mean Difference	Std. Error Mean	t	Sig. (2-tailed)
Organization uses rigid regulations and rules	65	3	2.692	.152	17.737	.000
The top management is flexible	65	1	2.615	.165	15.842	.000
The organization decisions are made in the headquarters	65	4	3.385	.180	18.762	.000
The organizational has a hierarchical coordination	65	4	3.831	.141	27.098	.000
The organization emphasizes marketing	65	4	3.954	.127	31.187	.000
The organization sets demanding goals	65	4	3.923	.110	35.566	.000
The organization emphasizes on profits	65	5	4.246	.098	43.269	.000
The organization emphasizes on being superior compared to competitors	65	5	4.138	.131	31.511	.000
The employees are loyal to the organization	65	4	4.046	.102	39.862	.000
The employees identify with organization activities	65	4	3.877	.106	36.468	.000
The employees work as teams	65	5	4.138	.105	39.461	.000
The employees are personally committed to the organization	65	4	3.892	.110	35.416	.000
The organization encourages innovation and creativity	65	4	3.969	.118	33.633	.000
The organization allows employees to learn through their mistakes	65	3	2.923	.159	18.433	.000
The organization is responsive and sensitive to external changes	65	4	3.831	.121	31.599	.000
	Overall mean score= 3.697 T-test for equality of means: test value=0 (Ho: there is no difference expected between the means, at α=0.05 (2-tailed); Reject Ho if p-value ≤ α, otherwise fail to reject Ho if p-value > α					

Source: Research Data (2014)

The significance of the mean scores variation between one family business and another was tested using one sample t-test. Table 4.13 indicates that the reported mean difference of all the measures of organization culture were statistically significant. Thus the extent of organization culture practices varied from one family business to another, with the highest difference noted the organizations laying more emphasis on the profits (t-value = 43.25, $p < 0.05$). The lowest variation was noted in the flexibility of the top management (t-value = 15.84, $p < 0.05$).

4.7 Corporate Growth Strategy

Growth strategies adopted by family businesses in the manufacturing sector were assessed using twenty two measures. The respondents were asked to indicate the extent to which their organization engaged in various corporate growth strategy using a five point likert type scale ranging from 5=Very great extent to 1=Not at all. Results presented in Table 5.6 indicate that on average 23.8% of the family businesses engaged in corporate growth to a very great extent,15.5% to a great extent,9.3% to a moderate extent and 6.4% to a small extent. On average 44.9% of the family businesses did not engage in corporate growth strategy at all. The performance ratings of the individual measures are summarised in Table 5.6 Appendix VII.

The measures were also subjected to one sample t-test and the relevant findings are presented in Table 4.14. The growth strategies embraced to a greater extent were Organization distributes /sells own products (mean score = 4.338); Upgrading technology to improve quality (mean score = 4.231); Upgrading technology to reduce wastage and cost of production (mean score = 4.169); and Upgrading technology to increase production (mean score = 4.125). The least adopted growth strategies were combining with another company to form a new company (mean score = 1.308); Allowing other firms to use their knowledge, processes and trademarks (mean score = 1.431); and Organization combining with a competing firm (mean score = 1.462). The overall degree of family businesses in the manufacturing sector to adopt corporate growth strategies was low at a mean score of 2.669.

Organization distributing and selling own products, adding new products to existing product lines, substantially modifying an existing product, upgrading technology to increase production, upgrading technology to improve quality, upgrading technology to reduce wastage and cost of production and selling products to other countries had a mode of 5 which indicates that most family businesses engage in these corporate growth strategies to a very great extent. Organization supplying own raw materials and basic concepts, organization entering a parallel product market, organization combining with a competing firm, introduction of other business related to present business, introduction of other business not related to present business, allowing other firms to use their knowledge, processes and trademarks, having contractual agreement with other firms to allow use of brand name, patent and property, having business arrangement with another firm to enable pooling of resources, combining with another company to form a new company, purchasing another company, arrangement with another company to share resources for undertaking specific project, contracting another company to manufacture their products and 100% ownership of subsidiary in another country had a mode of 1 meaning most of the family businesses did not at all engage in these corporate growth strategies.

Table 4.14: Growth Strategies in the Family Businesses

Growth Strategies Measures	N	Mode	Mean difference	Std. Error Mean	t	Sig. (2-tailed)
Organization supplies own raw materials and basic concepts	65	1	2.631	.188	13.988	.000
Organization distributes /sells own products	65	5	4.338	.130	33.314	.000
Organization has own retail outlets	65	1	2.277	.198	11.502	.000
Adding new products to existing product lines	65	5	3.754	.171	21.915	.000
Organization has entered a parallel product market	65	1	3.031	.194	15.654	.000
Organization has combined with a competing firm	65	1	1.462	.141	10.400	.000
Introduction of other business related to present business	65	1	2.723	.205	13.276	.000
Introduction of other business not related to present business	65	1	1.800	.157	11.473	.000
Substantially modified an existing product	65	5	3.554	.175	20.255	.000
Developed a new product connected to existing product line	65	4	3.415	.190	17.999	.000
Upgrading technology to increase production	64	5	4.125	.140	29.469	.000
Upgrading technology to improve quality	65	5	4.231	.127	33.204	.000
Upgrading technology to reduce wastage and cost of production	65	5	4.169	.136	30.617	.000
Selling products to other countries	65	5	3.908	.136	28.640	.000
Allowing other firms to use their knowledge, processes and trademarks	65	1	1.431	.133	10.732	.000
Contractual agreement with other firms to allow use of brand name, patent and property	65	1	1.631	.163	9.977	.000
Business arrangement with another firm to enable pooling of resources	65	1	2.046	.193	10.605	.000
Combined with another company to form a new company	65	1	1.308	.109	11.946	.000
Purchased another company	65	1	1.508	.155	9.712	.000
Arrangement with another company to share resources for undertaking specific project	65	1	1.631	.151	10.784	.000
Contracted another company to manufacture their products	65	1	1.508	.141	10.723	.000
100% ownership of subsidiary in another country	65	1	2.246	.219	10.242	.000

Overall mean score= 2.669

T-test for equality of means: test value=0 (Ho: there is no difference expected between the means, at α=0.05 (2-tailed); Reject Ho if p-value ≤ α, otherwise fail to reject Ho if p-value > α

Source: Research Data (2014)

The one sample t-test for equality of means results presented on Table 4.14 indicate that mean scores of growth strategies measures differed significantly from one family business to another, with the highest difference noted in the organization distributing /selling own products (t-value = 33.314, $p < 0.05$) followed by upgrading technology to improve quality (t-value = 33.204, $p < 0.05$). The lowest difference was reported in purchasing another company (t-value = 9.712, $p < 0.05$) and Contractual agreement with other firms to allow use of brand name, patent and property (t-value = 9.977, $p < 0.05$).

4.8 Factor Analysis

Factor analysis was employed to identify key issues driving the study variables that were measured using multiple construct items. Prior to subjecting the data to factor analysis, all the variables with multiple measures were subjected to Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. The two tests are used to assess factorability of the data. The KMO measures adequacy of the sample and its index ranges from 0-1. The index of 0.5 is suggested as the minimum value for a good factor analysis. The result presented in Table 4.2 establishes that all the relevant study variables had KMO's scores of above 0.5.

Likewise, factor analysis should be considered if the Bartlett's test of sphericity is significant at the 0.05 level of significance. A statistically significant Bartletts test implies that the correlation matrix has significant correlations among some of the variables. This is considered appropriate criteria for assessing the factorability of variables under study. It is a statistical test for presence of correlations among the variables (Pallant, 2010). The Bartlett's tests for all the study variables were statistically significant as presented in Table 4.15, which implies that the correlation matrix had significant correlations among at least some of the variables.The factor analysis was carried using SPSS version 17.0 and principal component analysis was the extraction method. The following sections highlight the factor analysis results for succession planning, succession timing, successor commitment, and organization culture and growth strategies.

Table 4.15: Bartlett's Test of Sphericity

Variable	Chi square statistic	Degrees of freedom	Significance α=0.05
Succession planning	507.232	171	.000
Succession timing	157.595	21	.000
Successor commitment	687.685	105	.000
Organization culture	404.353	105	.000
Growth strategies	743.620	231	.000

Source: Research Data (2014)

4.8.1 Drivers of Succession Planning

Succession planning was measured with 19 items, which were subsequently subjected to factor analysis to assess the underlying construct supported by this variable. The Kaiser-Meyer-Olkin value was 0.70, well above the recommended 0.5, and Bartlett's test of sphericity reached statistical significance, hence supporting the factorability of the study variable as shown in Table 4.16A.

Table 4.16: A KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.700
Bartlett's Test of Sphericity	Approx. Chi-Square	507.232
	df	171
	Sig.	.000

Source: Research Data (2014)

The factor analysis results in Table 4.16 B revealed presence of five components with Eigen values exceeding 1, explaining 25.7%, 16.7%, 9.7%, 8.5% and 5.9% of the variance respectively. The five critical factors driving succession planning in the family businesses cumulatively accounted for 66.48 per cent of the total variance in this construct.

Table 4.16: B Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulativ e %
1	4.878	25.673	25.673	4.878	25.673	25.673	4.191	22.056	22.056
2	3.178	16.726	42.400	3.178	16.726	42.400	2.951	15.530	37.585
3	1.837	9.668	52.068	1.837	9.668	52.068	2.124	11.178	48.763
4	1.609	8.468	60.536	1.609	8.468	60.536	1.903	10.018	58.782
5	1.130	5.946	66.482	1.130	5.946	66.482	1.463	7.700	66.482
6	.866	4.559	71.041						
7	.838	4.410	75.451						
8	.711	3.743	79.194						
9	.630	3.318	82.511						
10	.590	3.106	85.618						
11	.483	2.541	88.159						
12	.419	2.207	90.365						
13	.406	2.135	92.501						
14	.392	2.061	94.561						
15	.303	1.592	96.154						
16	.229	1.203	97.357						
17	.208	1.097	98.453						
18	.174	.916	99.369						
19	.120	.631	100.000						

Source: Research Data (2014)

Factor 1 had five dominant loadings (Formal delegation of duties; Adopted growth strategies based on succession plan; Early identification of top managers and talents; Use of strategic plans to decide on the growth strategies; Smooth transition of responsibilities; Training programme for employees), which together accounted for 22.06 per cent of variance of rotated sums of squared loadings. This factor was labelled capacity building for management succession. Factor 2 had four dominant loadings (Formal criteria for naming a successor; Successor education level taken into account before appointment; Appoints earmarked successors as directors; Involvement of both active and inactive family members in top management) and together account for 15.53 per cent of variance of rotated sums of squared loadings. Consequently the factor was labelled Successor appointment process. Factor 3 had three dominant loadings (Use of external boards to make strategic decisions; Existence of family council to deal with succession; Use of business consultants to make strategic decisions) which contributed 11.18 per cent of variance of rotated sums of squared loadings and so was labelled Decision making authority.

Factor 4 had two most dominant loadings (Amicable communication among family members; Trust among family members) which together accounted for 10.02 percent of variance of the rotated sums of squared loadings and so was labelled family relationship. Finally factor 5 had one dominant loading (Sibling rivalry when top managers are appointed) which contributed 7.7 percent of the variance and was labeled sibling relationship.

Table 4.16: C Rotated Component Matrix

	Component				
	1	2	3	4	5
Formal delegation of duties	.802				
Adopted growth strategies based on succession plan	.787				
Early identification of top managers and talents	.778				
Use strategic plans to decide on the growth strategies	.725	.303			
Smooth transition of responsibilities	.707				.351
Training programme for employees	.668				.338
Written and formal succession plan	.548			-.304	
Good relationship among family members	.536			.413	.385
Formal criteria for naming a successor		.853			
Successor education level taken into account before appointment		.777			
Appoints earmarked successors as directors		.701	.332		
Involvement of both active and inactive family members in top management		.649	.340	.317	
Formal strategic family vision		.579		.447	
Use of external boards to make strategic decisions			.845		
Existence of family council to deal with succession			.762		
Use of business consultants to make strategic decisions			.624		-.414
Amicable communication among family members				.849	
Trust among family members				.670	.316
Sibling rivalry when top managers are appointed					-.735

Source: Research Data (2014)

4.8.2 Drivers of Succession Timing

Succession timing construct was measured using 8 items. The Bartlett's test of sphericity was statically significant at p-value 0.05 and the Kaiser-Meyer-Olkin value was 0.76, above the recommended 0.5 as indicated in Table 4.17. Relevant results are presented in tables 4.17 B and C.

Table 4.17: A KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	157.595
	df	21
	Sig.	.000

Source: Research Data (2014)

The 8 items were subjected to factor analysis and results in Table 4.17B showed that there were two critical factors driving succession timing, which cumulatively accounted for 62 percent of the total variance in this variable.

Table 4.17 B: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.281	46.869	46.869	3.281	46.869	46.869	3.057	43.668	43.668
2	1.062	15.168	62.037	1.062	15.168	62.037	1.286	18.369	62.037
3	.975	13.936	75.973						
4	.654	9.347	85.319						
5	.486	6.944	92.263						
6	.354	5.054	97.317						
7	.188	2.683	100.000						

Source: Research Data (2014)

Results presented in table 4.17C shows that Factor 1 had five most dominant loadings (early introduction of next generation; successor appointed when owner is alive; successor appointed when owner is alive grows the business; an early introduced successor performs better; and preservation of family relationships when making strategic decisions), which together accounted for 46.87 per cent of the variance in this construct. Thus this factor was labelled successor appointment. Factor 2 had two dominant loadings (gender of the successor and fear of the successor to take over management of the business). The two loadings accounted for 15.17 per cent of the variance and thus were labelled as successor characteristics.

Table 4.17 C: Rotated Component Matrix

	Component	
	1	**2**
Early introduction of next generation into the business	.864	
Successor appointment is executed when owner is alive	.799	
Successor appointment when owner is alive grows the organization	.798	.339
An early introduced successor performs better	.771	
Family relationships preserved when making strategic decisions	.636	
Gender of the successor is considered during appointment		.735
Fear of successor to take over management affects succession planning		.720

Source: Research Data (2014)

4.8.3 Drivers of Successor Commitment

All the 15 items measuring successor commitment were subjected to factor analysis after confirming the factorability. The Bartlett's test of sphericity was statistically significant and the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.70, above the recommended 0.5 as shown in Table 4.18 A.

Table 4.18 A: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.700
Bartlett's Test of Sphericity	Approx. Chi-Square	687.685
	df	105
	Sig.	.000

Source: Research Data (2014)

Table 4.18 B: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.057	47.045	47.045	7.057	47.045	47.045	4.265	28.430	28.430
2	2.051	13.674	60.720	2.051	13.674	60.720	3.820	25.466	53.896
3	1.368	9.119	69.839	1.368	9.119	69.839	2.391	15.942	69.839
4	.914	6.092	75.931						
5	.667	4.444	80.376						
6	.607	4.046	84.421						
7	.468	3.122	87.544						
8	.388	2.585	90.129						
9	.343	2.286	92.415						
10	.321	2.138	94.553						
11	.289	1.926	96.479						
12	.242	1.615	98.095						
13	.154	1.026	99.121						
14	.090	.597	99.718						
15	.042	.282	100.000						

Source: Research Data (2014)

Results presented in Tables 4.18 B and C shows three extracted factors and respective loadings. The three extracted factors accounted for 69.84% of the variance in the underlying construct. Factor 1 had six dominant loadings (Organisation has willing and capable family successors; The family successor invests time and energy in the business; The organisation trains successors on the job; Future successors are committed to the growth of the organization; The family successors is interested in the business; Future successors are committed to the growth of the organisation). The six loadings accounted for 47.05% of the variance in the underlying construct, and was thus labelled successor capability. Factor 2 had six dominant loadings which accounted for 13.67 of the variance in the underlying construct (Family successors with responsibility are committed to the organization; Mature family successors are committed to the organization; The family is committed to the growth of the organization; Skilful and knowledgeable family successors are committed to the business; The family successors is interested in the business; Family successors are committed to the growth of the organization), and was thus labelled family support. Factor 3 had three key loadings which together accounted for 9.12% of the variance in the underlying construct (Emotional attachment compels the family employees remain in the organization; Family members feel obligated to remain in the organization; the cost of leaving the organization compels the family employees) and was thus labelled family attachment

Table 4.18 C: Rotated Component Matrix

	Component		
	1	2	3
Organisation has willing and capable family successors	.763	.360	
Family members feel obligated to remain in the organisation		.307	.784
Emotional attachment compels the family employees to remain in the organisation			.803
Family employees like being identified with the organisation	.479		.484
The cost of leaving the organisation compels the family employees to remain in the organisation	-.306		.626
The organisation grooms family members to be appointed as successors	.612		.351
Future successors are committed to the growth of the organisation	.728		.427
The family is committed to the growth of the organisation	.441	.710	
Family successors are committed to the growth of the organisation	.578	.607	
Mature family successors are committed to the organisation		.848	
Family successors with responsibility are committed to the organisation		.874	
Skilful and knowledgeable family successors are committed to the business	.521	.673	
The organisation trains successors on the job	.756	.340	
The family successors is interested in the business	.639	.648	
The family successor invests time and energy in the business	.763	.336	

Source: Research Data (2014)

4.8.4 Drivers of Organization Culture

Organization culture was measured using 15 items. The factorability was assessed using Bartlett's test of sphericity which was statistically significant and the Kaiser-Meyer-Olkin measure of sampling adequacy which was 0.69, above the recommended 0.5 as shown in Table 4.19 A.

Table 4.19 A: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.690
Bartlett's Test of Sphericity	Approx. Chi-Square	404.353
	df	105
	Sig.	.000

Source: Research Data (2014)

The 15 items were subjected to factor analysis and the relevant results presented in Tables 4.19 B and C. Four factors with Eigenvalues above one were extracted and together accounted for 65.55 per cent of the variance in the organization culture. Factor 1 had four dominant loadings which together accounted for 29.87% of the variance in the underlying construct (the employees are personally committed to the organisation; the employees work as teams; the organisation encourages innovation and creativity; the employees are loyal to the organisation), and was thus labelled human resource support. Factor 2 had had four loadings which together accounted for 15.76% of the variance in the underlying construct (The organisation emphasizes on profits; The organisation emphasizes marketing; The organisation sets demanding goals; The organisation emphasizes on superior compared to competitors), and thus the factor was labelled organisation performance. The third factor had three dominant loadings (Organisation uses rigid regulations and rules; The organisation decisions are made in the headquarters; The organisational has a hierarchical coordination) which together accounted for 11.04% of the total variance in the construct under study and was thus labelled organization management. The last factor had two key loadings (The top management is flexible; the employees identifies with organisation activities) and was labelled employee ownership.

Table 4.19 B: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.481	29.873	29.873	4.481	29.873	29.873	3.479	23.193	23.193
2	2.363	15.756	45.629	2.363	15.756	45.629	2.765	18.431	41.624
3	1.656	11.041	56.671	1.656	11.041	56.671	2.167	14.445	56.069
4	1.332	8.879	65.549	1.332	8.879	65.549	1.422	9.481	65.549
5	.939	6.257	71.806						
6	.758	5.054	76.861						
7	.705	4.697	81.558						
8	.632	4.216	85.774						
9	.482	3.212	88.986						
10	.414	2.758	91.744						
11	.379	2.529	94.274						
12	.333	2.219	96.493						
13	.222	1.478	97.970						
14	.156	1.040	99.010						
15	.148	.990	100.000						

Source: Research Data (2014)

Table 4.19 C: Rotated Component Matrix

	Component			
	1	2	3	4
Organisation uses rigid regulations and rules			.730	
The top management is flexible			.440	.688
The organisation decisions are made in the headquarters			.715	.315
The organisational has a hierarchical coordination		.442	.653	
The organisation emphasizes marketing		.759		
The organisation sets demanding goals		.698		.379
The organisation emphasizes on profits		.799		
The organisation emphasizes on superior compared to competitors		.636		-.374
The employees are loyal to the organisation	.774			
The employees identifies with organisation activities	.593			.616
The employees work as teams	.828			
The employees are personally committed to the organisation	.899			
The organisation encourages innovation and creativity	.774			
The organisation allows employees to learn through their mistakes			-.595	.337
The organisation is responsive and sensitive to external changes	.332	.490		

Source: Research Data (2014)

4.8.5 Drivers of Growth Strategies

Growth strategies were measured with items and all were entered into factor analysis after confirming factorability using KMO and Bartlett's Test. The Bartlett's test of sphericity was statistically significant and the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.615, above the recommended 0.5 as shown in Table 4.20 A.

Table 4.20 A: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.615
Bartlett's Test of Sphericity	Approx. Chi-Square	743.620
	df	231
	Sig.	.000

Source: Research Data (2014)

The results of factor analysis are presented in Tables 4.20 B and C. Seven factors were extracted based on Eigenvalues of above 1, and collectively accounted to 72.59% of the variance in underlying construct. Factor 1 had four dominant loadings (Upgrading technology to improve quality; Upgrading technology to reduce wastage and cost of production; Upgrading technology to increase production; Organisation distributes /sells own products) which together accounted for 26.52% of the variance in the growth strategies and was labelled technology strategy. Factor 2 had three dominant loadings (Contracted another company to manufacture their products; Combined with another company to form a new company; Purchased another company) which a accounted for 12.67% of the variance in the construct under study and was labelled expansion strategy. Factor 3 had two dominant loadings which together accounted from 8.97% of the variance (Adding new products to existing product lines; Organisation has entered a parallel product market) and was labelled product strategy.

Factor 4 had three dominant loadings (Substantially modified an existing product; Developed a new product connected to existing product line; Organisation supplies own raw materials and basic concepts) which together accounted 7.96% of the variance in the underlying construct and was thus labelled product development strategy. Factor 5 had two dominant loadings which accounted for 6.58% of the variance in the construct under study (Organisation has combined with a competing firm; allowing other firms to use their knowledge, processes and trademarks). Factor 6 had one dominant loading on selling products to other countries and was labelled export strategy while Factor 7 had one loading on introduction of other business not related to present business.

Table 4.20 B: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.834	26.516	26.516	5.834	26.516	26.516	3.126	14.209	14.209
2	2.787	12.670	39.186	2.787	12.670	39.186	2.963	13.466	27.675
3	1.973	8.969	48.155	1.973	8.969	48.155	2.628	11.947	39.622
4	1.751	7.959	56.114	1.751	7.959	56.114	1.986	9.026	48.648
5	1.447	6.575	62.689	1.447	6.575	62.689	1.853	8.424	57.072
6	1.136	5.165	67.854	1.136	5.165	67.854	1.803	8.195	65.268
7	1.042	4.736	72.590	1.042	4.736	72.590	1.611	7.322	72.590
8	.983	4.470	77.060						
9	.812	3.690	80.750						
10	.790	3.590	84.340						
11	.604	2.747	87.087						
12	.499	2.267	89.354						
13	.470	2.135	91.489						
14	.340	1.543	93.032						
15	.320	1.457	94.489						
16	.310	1.408	95.896						
17	.246	1.118	97.014						
18	.231	1.050	98.064						
19	.171	.776	98.839						
20	.126	.571	99.410						
21	.088	.401	99.812						
22	.041	.188	100.000						

Source: Research Data (2014)

Table 4.20 C: Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
Organisation supplies own raw materials and basic concepts	.313			-.629			
Organisation distributes /sells own products	.702				.333		
Organisation has own retail outlets			.538		.445		
Adding new products to existing product lines	.317		.790				
Organisation has entered a parallel product market			.769				
Organisation has combined with a competing firm		.372			.741		
Introduction of other business related to present business			.519	.519			
Introduction of other business not related to present business			.333				-.630
Substantially modified an existing product				.812	.330		
Developed a new product connected to existing product line	.309			.645			
Upgrading technology to increase production	.800		.322				
Upgrading technology to improve quality	.860						
Upgrading technology to reduce wastage and cost of production	.847						
Selling products to other countries	.344					.674	
Allowing other firms to use their knowledge, processes and trademarks					.672		
Contractual agreement with other firms to allow use of brand name, patent and property			.483		.367		.445
Business arrangement with another firm to enable pooling of resources		.310				.366	.487
Combined with another company to form a new company		.845					
Purchased another company		.781					
Arrangement with another company to share resources for undertaking specific project							.681
Contracted another company to manufacture their products		.895					
100% ownership of subsidiary in another country						.765	

Source: Research Data (2014)

4.9 Tests of Hypotheses

The study was based on the premise that management succession influences the growth strategies adopted by the family businesses in the manufacturing sector in Kenya, but this influence may be mediated by the organization culture. In order to establish the statistical significance of the respective hypotheses, simple, multiple and hierarchical regression was conducted at 95% confidence interval (p-value = 0.05).

4.9.1 Influence of succession planning on the corporate growth strategy

The study sought to establish the relationship between succession planning and growth strategies adopted by the family businesses in the manufacturing sector in Nairobi County. To assess the stated relationship the following null hypothesis was tested;

H_{01}: Succession Planning does not significantly affect corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County

The aggregate mean score of the growth strategies measures was regressed on the aggregate mean score of the succession planning. The regression model capturing the hypothesized relationship between succession planning and corporate growth strategies was presented in the following equation;

Growth Strategy = $\beta_0 + \beta_1$ (Succession Planning) + e

Where;

β_0 = Model equation intercept

β_1 = Correlation coefficient for succession planning e = Error term

The adjusted R-square statistic in Table 4.21A indicates that 16.7% of the variance in the growth strategies adopted by family businesses in the manufacturing sector was explained by the succession planning. The relevant regression results presented in Table 4.21B reveals that the overall model was statistically significant ($F_{(1,58)} = 12.791$, p-value = 0.001). Examination of the individual coefficient in Table 4.21C reveals a significant positive linear relationship between the succession planning and corporate growth strategies ($\beta = 0.423$, p-value = 0.001). These findings supported rejection of the null hypothesis that succession Planning does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. Consequently, the alternative hypothesis that succession planning significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was adopted.

Table 4.21 A: Goodness-of-fit of Regression of Growth Strategies on Succession Planning

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.425	.181	.167	.51120

Predictors: (Constant), Aggregate Mean of Succession Planning
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014).

Table 4.21 B: Overall Significance of Regression of Growth Strategies on Succession Planning

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	3.343	1	3.343	12.791	.001
Residual	15.157	58	.261		
Total	18.500	59			

Predictors: (Constant), Aggregate Mean of Succession Planning
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.21 C Individual Significance of Regression of Growth Strategies on Succession Planning

	Unstandardized Coefficients			Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error	t-value		Tolerance	VIF
(Constant)	1.266	.382	3.309	.002		
Aggregate mean of Succession planning	.423	.118	3.577	.001	1.000	1.000

Predictors: (Constant), Aggregate Mean of Succession Planning
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

On the basis of the results in tables 4.21 A, B and C the following simple regression equation can be used to estimate the growth strategies of the family businesses in the manufacturing sector in Kenya given a certain level of succession planning;

Growth strategies = 1.266 + 0.423 (succession planning)

Where;

1.266 = Model equation intercept

0.423 = estimate of the expected increase in the growth strategies corresponding to an increase in the succession planning.

Researchers have stated that one of the most significant factors that determine continuity of the family firm from one generation to the next is whether the succession process is planned (Handler, 1994; Lansberg, 1988 as quoted by Merwe et al.. 2009). Developing a comprehensive long term succession plan is a critical element for continuity and success of small, medium family enterprises (Ibrahim et al, 2001a). Yet, Rosenblatt et al. (1985) found that many families do not participate in formal succession planning or discuss succession planning or retirement planning with their children. In many cases, families believe that succession will “fall into place” when the time comes (Keating & Little 1997).

4.9.2 Effect of Succession Timing on the Corporate Growth strategy

To assess the effect of succession timing on the growth strategies adopted by the family businesses in the manufacturing industry in Kenya, the study formulated the following null hypothesis;

H_{02}: Succession timing does not significantly affects corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County

The hypothesized relationship was presented in the following equation;

Growth strategies = $\beta_0 + \beta_2$ (Succession Timing) + e

Where;

β_0= Model equation intercept

β_2 = Correlation coefficient for succession timing

e = Error term

To test the null hypothesis, an aggregate mean of the growth strategies measures was regressed on the aggregate mean of the succession timing measures.

Table 4.22 A: Goodness-of-fit of Regression of Growth Strategies on Succession Timing

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.189	.036	.019	.55456

Predictors: (Constant), Aggregate Mean of Succession Timing
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.22 B Overall Significance of Regression of Growth Strategies on Succession Timing

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	.669	1	.669	2.175	.146
Residual	18.145	59	.308		
Total	18.813	60			

Predictors: (Constant), Aggregate Mean of Succession Timing
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.22 C Individual significance of Regression of Growth Strategies on Succession Timing

	Unstandardized Coefficients		t-value	Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error			Tolerance	VIF
(Constant)	2.233	.267	8.352	.000		
Aggregate mean of Succession Timing	.117	.079	1.475	.146	1.000	1.000

Predictors: (Constant), Aggregate Mean of Succession Timing
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

The relevant result presented in Table 4.22B indicates that the overall effect of the succession timing on the growth strategies was not statistically significant ($F_{(1,59)} = 2.175$, *p*-value = 0.146) Likewise the Table 4.22C reveals a non-significant positive linear relationship between succession timing and the corporate growth strategies (($\beta = 0.117$, *p*-value = 0.146). The adjusted R-square statistic in Table 4.22A indicates a negligible variance of 1.9 % in the growth strategies adopted by family businesses in the manufacturing sector was explained by the succession timing. These findings support failure to reject the null hypothesis that succession timing does not significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. This is surprising because Sharma et al. (2003) argue that succession cannot be settled at short notice and entails planning and preparation during several years.

4.9.3 Relationship between Successor Commitment and Corporate Growth Strategy

The study set out to evaluate the relationship between successor commitment and the growth strategies adopted by the family businesses in the manufacturing sector in Nairobi County. The proposed null hypothesis was stated as follows;

H_{03}: There is no relationship between successor commitment and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

The aggregate mean score of the growth strategies measures was regressed against the aggregate mean score of the successor commitment. The hypothesized relationship was presented by a simple linear regression equation as follows;

Growth strategies = $\beta_0 + \beta_3$ (successor commitment) + e

Where;

β_0 = Model equation intercept

β_3 = Correlation coefficient for the successor commitment

e = Error term

The results presented in Table 4.23B indicate that the overall effect of the successor commitment on the growth strategies was not statistically significant ($F_{(1,59)} = 2.484$, p-value = 0.120) . Likewise the Table 4.23C reveals a statistically non-significant positive linear relationship between succession timing and the corporate growth strategies (($\beta = 0.148$, *p*-value = 0.120). The adjusted R-square statistic indicates that only 2.4 % of the variance in the growth strategies adopted by family businesses in the manufacturing sector was explained by the successor commitment. These findings support failure to reject the null hypothesis that there is no relationship between successor commitment and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi, County. This disagrees with Cabrera-Suarez (2004) who proposes that successors need to be committed to taking over the business and Lansberg (1998) who further argues that low survival rate of family businesses highlights the fact that many family businesses lack committed successors. The findings are also contrary to those of Ibrahim and Ellis (2004) that low level of commitment of family members may hinder the growth of the family firm.

Table 4.23 A Goodness-of-fit of Regression of Growth Strategies on Successor Commitment

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.201	.040	.024	.55316

Predictors: (Constant), Aggregate Mean of Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.23 B: Overall Significance of Regression of Growth Strategies on Successor Commitment

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	.760	1	.760	2.484	.120
Residual	18.053	59	.306		
Total	18.813	60			

Predictors: (Constant), Aggregate Mean of Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.23 C: Individual significance of Regression of Growth Strategies on Successor Commitment

	Unstandardized Coefficients			Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error	t-value		Tolerance	VIF
(Constant)	2.050	.364	5.626	.000		
Aggregate mean of Successor Commitment	.148	.094	1.576	.120	1.000	1.000

Predictors: (Constant), Aggregate Mean of Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

4.9.4 Combined Effect of Succession Planning, Succession timing and Successor Commitment on the Growth Strategies of Family Owned Manufacturing businesses

To evaluate individual and collective influence of the management succession variables on the adopted growth strategies by the family businesses in the manufacturing industry in Kenya, the study formulated the following null hypothesis;

$H_{04:}$ Succession planning, succession timing and successor commitment collectively do not influence the corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

The aggregate mean score of the growth strategies measures was regressed against the aggregate mean scores of succession planning, succession timing and successor commitment variables.

The hypothesized relationship was presented with the following multiple regression model;

$$GS = \alpha + \beta_1 SP + \beta_2 ST + \beta_3 SC + e$$

Where;

GS = Aggregate mean score of the growth strategies

α = Model equation intercept

β_1 = Partial coefficient for succession planning

SP = Succession Planning

β_2 = Partial coefficient for succession timing

ST = Succession timing

$\beta 3$ = Partial coefficient for successor commitment

SC = Successor commitment

The results presented in Tables 4.24 A, B and C indicates that the overall multiple regression model was statistically significant ($F_{(3,56)} = 4.421$, *p*-value = 0.007). The adjusted R-square statistic indicates that 14.8% of the variance in the growth strategies adopted by family businesses in the manufacturing sector was collectively explained by the succession planning, succession timing and successor commitment. Examination of the individual coefficients reveals a statistically significant positive linear relationship between the succession planning and corporate growth strategies ($\beta = 0.497$, *p*-value = 0.002). The relationship between the succession timing and corporate growth strategies was positive but statistically not significant ($\beta = 0.041$, *p*-value = 0.702). Likewise the relationship between the successor commitment and growth strategies was negative and not statistically significant (β = -0.122, *p*-value = 0.399). These findings supported rejection of the null hypothesis that succession planning, succession timing and successor commitment collectively do not influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi, County. Consequently, the alternative hypothesis that succession planning, succession timing and successor commitment collectively influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi, Kenya was adopted.

Table 4.24 A: Goodness-of-fit of Regression of Growth Strategies on Succession Planning, Succession Timing and Successor Commitment

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.438	.192	.148	.51681

Predictors: (Constant), Aggregate Means of Succession Planning, Succession Timing and Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.24 B: Overall Significance of Regression of Growth Strategies on Succession Planning, Succession Timing and Successor Commitment

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	3.543	3	1.181	4.421	.007
Residual	14.957	56	.267		
Total	18.500	59			

Predictors: (Constant), Aggregate Means of Succession Planning, Succession Timing and Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

Table 4.24 C: Individual significance of Regression of Growth Strategies on Succession Planning, Succession Timing and Successor Commitment

	Unstandardized Coefficients		t-value	Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error			Tolerance	VIF
(Constant)	1.362	.405	3.362	.001		
Aggregate mean of Succession Planning	.497	.156	3.190	.002	.588	1.701
Aggregate Mean of Succession Timing	.041	.106	.385	.702	.490	2.043
Aggregate mean of Successor Commitment	-.122	.144	-.851	.399	.376	2.659

Predictors: (Constant), Aggregate Means of Succession Planning, Succession Timing and Successor Commitment
Dependent Variable: Aggregate Mean of Growth Strategies

Source: Research Data (2014)

On the basis of the results in Tables 4.24 A, B and C the following multiples regression equation can be used to estimate the growth strategies of the family businesses in the manufacturing sector in Kenya given a certain level of succession planning;

Growth strategies = 1.361 + 0.497 (succession planning)

The joint effect of succession planning, succession timing and successor commitment on corporate growth strategy is in agreement with Brockhaus (1994) that succession and firm strategy are intertwined.

4.9.5 Mediating effect of Organization Culture on the relationship between Management Succession and Corporate Growth Strategies.

Testing mediation involves establishing presence of four conditions tested using three steps and each step presents a regression model. First condition is that the relationship between the dependent variable (growth strategies) and independent variable (management succession) must be statistically significant. Secondly, there must be a statistically significant relationship between the mediating variable (organization culture) and the independent variable (management succession). Thirdly, the mediating variable (organization culture) must be statistically related to the dependent variable (growth strategies). Finally the effect of independent variable (management succession) on the dependent variable (growth strategies) should no longer be statistically significant when controlling for the effects of mediating variable on the dependent variable (growth strategies).

To assess the mediating effect of the organization culture on the relationship between the management succession and the corporate growth strategies, the following null hypothesis was formulated;

H_{05}: Organization Culture does not significantly mediate the relationship between management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.

To test the hypothesis the aggregate mean of growth strategy measures was regressed on the aggregate mean of management succession variables while controlling for the effect of organization culture on the growth strategy.

Step 1: Regression of Growth Strategies on the Management succession

Step one assessed the relationship between the growth strategies and management succession. Results presented in Tables 4.25B show that the overall model was statistically significant ($F_{(1,58)}$ = 1.523, *p*-value = 0.026). The adjusted R-square statistic in Table 4.25A indicates that 6.7% of the variance in the growth strategy in the family businesses in the manufacturing sector was explained by the management succession. Examination of the individual coefficients in Table 4.25C reveals a statistically significant positive linear relationship between management succession and corporate growth strategies (β = 0.247, *p*-value = 0.026). The findings meet the first condition of mediation and allow progression to the next step.

Table 4.25 A: Goodness-of-fit of Regression of Growth Strategies on Management succession

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.287	.082	.067	.54102

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth Strategies
Source: Research Data (2014)

Table 4.25 B: Overall Significance of Regression of Growth Strategies on Management succession

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	1.523	1	1.523	5.204	.026
Residual	16.977	58	.293		
Total	18.500	59			

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth Strategies
Source: Research Data (2014)

Table 4.25 C: Individual significance of Regression of Growth Strategies on Management succession

	Unstandardized Coefficients		t-value	Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error			Tolerance	VIF
(Constant)	1.766	.378	4.678	.000		
Management succession	.247	.108	2.281	.026	1.000	1.000

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth Strategies
Source: Research Data (2014)

Results in Table 4.25C indicate that the following regression equation can be used to estimate growth strategies given a certain level of management succession:

Growth Strategies=1.7666+0.247(Management Succession)

Step 2: Regression of Organizational Culture on the Management succession

Step two analyzes the relationship between organizational culture as the dependent variable and management succession. The adjusted R-square statistic in Table 4.26A indicates that 11.2% of the variance in the organization culture in the family businesses in the manufacturing sector was explained by the management succession The results presented in Table 4.26B. Reveal that the overall model was statistically significant ($F_{(1, 61)} = 8.824$, *p*-value = 0.004). Scrutiny of the individual coefficient in Table 4.26C reveals a statistically significant positive linear relationship between the management succession and organization culture (β = 0.268, *p*-value = 0.004).The findings support progression to the next step of mediation.

Table 4.26 A: Goodness-of-fit of Regression of Organizational Culture on Management succession

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.355[a]	.126	.112	.46125

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Organizational Culture
Source: Research Data (2014)

Table 4.26 B: Overall Significance of Regression of Growth Strategies on Management succession

	Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
Regression	1.877	1	1.877	8.824	.004
Residual	12.978	61	.213		
Total	14.855	62			

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Organizational Culture
Source: Research Data (2014)

Table 4.26 C: Individual significance of Regression of Growth Strategies on Management succession

	Unstandardized Coefficients			Significance (p-value)	Collinearity Statistics	
	Beta	Standard Error	t-value		Tolerance	VIF
(Constant)	2.781	.314	8.855	.000		
Management succession	.268	.090	2.970	.004	1.000	1.000

Predictors: (Constant), Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Organizational Culture
Source: Research Data (2014)

On the basis of results presented in Tables 4.26A, B and C, the equation for predicting Organisation Culture given management succession as the independent variable is:

Organisation Culture=2.781+0.268(Management Succession)

Step 3: Regression of Growth Strategies on the Organization Culture while Controlling For Management succession

A hierarchical model was used to assess mediating effect of organization culture on the relationship between management succession and corporate growth strategies.

Model one regresses growth strategies on the organization culture while in model two growth strategies is regressed on the management succession. Results presented in Tables 4.27 A, B and C shows the two steps in the analysis. Step one show that organization culture explains 13.3% variance in the growth strategies. At step two, management succession does not add significantly to the variance in the growth strategy (R-square 0.28, *p*-value = 0.171).

Examination of the individual coefficient (Table 4.27C) reveals a statistically significant positive linear relationship between the growth strategy and organization culture (β = 0.418, *p*-value = 0.004), however in model two; the relationship between management succession and growth strategy is no longer significant when controlling for the organization culture (mediator). The findings in all the tables meet all the conditions for mediation and consequently support rejection of the hypothesis that organization culture does not significantly mediate the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. Thus, organization culture significantly mediates the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. This is in agreement with Rashid and Anantharaman (1997) that culture is related to organisation strategy.

Table 4.27 A: Goodness-of-fit of Hierarchical Regression of Growth Strategies on Organizational Culture Controlling for Management succession

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.365	.133	.118	.52574	.133	8.930	1	58	.004
2	.402	.162	.132	.52162	.028	1.921	1	57	.171

Model 1 Predictors: (Constant), Aggregate Mean of organization culture
Model 2 Predictors: (Constant), aggregate mean of organization culture, Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth strategies
Source: Research Data (2014)

Table 4.27 B: Overall Significance of Hierarchical Regression of Growth Strategies on Organizational Culture Controlling for Management succession

Model		Sum of Squares	Degrees of Freedom	Mean square	F	Significance (p-value)
1	Regression	2.468	1	2.468	8.930	.004
	Residual	16.032	58	.276		
	Total	18.500	59			
2	Regression	2.991	2	1.495	5.496	.007
	Residual	15.509	57	.272		
	Total	18.500	59			

Model 1 Predictors: (Constant), Aggregate Mean of organization culture
Model 2 Predictors: (Constant), aggregate mean of organization culture, Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth strategies

Source: Research Data (2014)

Table 4.27 C: Individual significance of Hierarchical Regression of Growth Strategies on Organizational Culture Controlling for Management succession

Model		Unstandardized Coefficients		t-value	Significance (p-value)	Collinearity Statistics	
		Beta	Standard Error			Tolerance	VIF
1	(Constant)	1.068	.521	2.048	.045		
	Organization Culture	.418	.140	2.988	.004	1.000	1.000
2	(Constant)	.808	.550	1.468	.148		
	Organization Culture	.345	.148	2.323	.024	.874	1.145
	Management succession	.155	.112	1.386	.171	.874	1.145

Model 1 Predictors: (Constant), Aggregate Mean of organization culture
Model 2 Predictors: (Constant), aggregate mean of organization culture, Management succession (Aggregate Mean of Succession Planning, Succession Timing and Successor Commitment)
Dependent Variable: Aggregate Mean of Growth strategies

Source: Research Data (2014)

Based on the results presented on Table 4.27C the model equations are:

Model 1: Growth Strategy=1.068+0.418(organisation culture)

Model 2: Growth Strategy=0.808+0.345(organization culture)

4.10 Summary of Hypotheses Testing

The summary of the results of all the hypothesised relationships tested in the study and the respective inferential decisions are presented in Table 4.28.

Table 4.28: Summary of hypothesis testing

Hypothesis	**Hypothesis Test**	**Overall significance**
H_{01} Succession Planning does not significantly affects corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County	H_0: $\beta_1=0$ H_A: $\beta_1 \neq 0$ Reject H_0 if p-value $\leq \alpha$ Fail to reject H_0 if p-value is $>\alpha$ where $\alpha=0.05$	Reject H_0
H_{02} Succession timing does not significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_0: $\beta_1=0$ H_A: $\beta_1 \neq 0$ Reject H_0 if p-value $\leq \alpha$ Fail to reject H_0 if p-value is $>\alpha$ where $\alpha=0.05$	Failed to Reject H_0
H_{03} There is no relationship between successor commitment and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.	H_0: $\beta_1=0$ H_A: $\beta_1 \neq 0$ Reject H_0 if p-value $\leq \alpha$ Fail to reject H_0 if p-value is $>\alpha$ where $\alpha=0.05$	Failed to Reject H_0
$H_{04:}$ Succession planning, succession timing and successor commitment collectively do not influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_0 : $\beta_1= \beta_2 = \beta_3 = 0$ H_A: At least one of the β_i's $\neq 0$ Reject H_0 if p-values $\leq \alpha$ Fail to reject Ho if p-value is $>\alpha$ where $\alpha = 0.05$	Reject H_0
$H_{05:}$ Organization culture does not mediate the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County.	H_0: $r_{xy.z} =0$ H_A: $r_{xy.z} \neq 0$ Reject H_0 if p-value $\leq \alpha$ Fail to reject H_0 if p-value is $>\alpha$ where $\alpha=0.05$	Reject H_0

Source: Research Data (2014)

4.11 Qualitative Data Analysis

The qualitative data was obtained using open-ended questions on growth strategies, management succession and its challenges were analysed using content analysis and the results discussed and presented thematically in the following subsections.

4.11.1 Adoption of Growth Strategies

The respondents were asked to indicate the reason why they adopted the various growth strategies. It emerged from the study that the family businesses adopted various growth strategies for various reasons. The reasons given for adopting various growth strategies in the family businesses in the manufacturing sector in Nairobi County were varied and highly individualized. Attaining international manufacturing standards prompted adoption of growth strategies. This was in terms of WHO prequalification of products and need to comply with WHO manufacturing standards. Sourcing for cheaper raw materials was a factor considered in the adoption of growth strategies and expressed with statements such as "better collaborations to source products at a reduced cost; importing raw materials from abroad; and supplying own raw material is moderately cheap". Production improvement in terms of efficiency and effectiveness, thereby increasing the tonnage (production capacity) and minimize wastage. Likewise product improvement in terms of modification and quality steered adoption of relevant growth strategies. The organizations expressed the need to appoint distributors to distribute the end products to the consumers as a reason for the adopted growth strategy. However, some organizations expressed concern on disloyalty of the distributors and the cost of distribution, and consequently preferred to directly distribute the products.

The need to gain competitive advantage over the competitors necessitated adoption of innovative growth strategies. This was expressed in terms such as "maintaining a competitive edge; continue being market leaders; Remain afloat; Maintain position and reputation; Gain control in the market; new products to keep ahead of competition; Shield against competition; and Price differentiation strategy". In addition to being competitive, the family businesses in the manufacturing sector adopted growth strategies to increase market share and returns and was expressed in terms of market growth, reach the mass market, Maintain current level of operations and market share. To sum it all profit maximization was considered a major reason for embracing growth strategies. Customer interest was also considered in the adoption of the growth strategies. Hence there was need to maintain good relationship with customers, meet customer demand/preference, give quality service to customers, serve more customers, and above all ensure customer satisfaction. Risk reduction, catering for expenses when current products are not performing, Economic constraints, jobs creation and retention were also given as reasons for embracing the growth strategies.

4.11.2 Challenges of internationalization for family businesses

The study sought to explore the challenges encountered by the family businesses in the manufacturing sector to expand their business activities into the international markets. The themes identified are presented in Table 4.29

Table 4.29: Internationalization Challenges

Theme	Challenges
Family factors	Loss of control of family business Lack of common vision, goals and consensus of the family members; Fear of relocating to a new country Fear of failure Fear of taking financial risk Fear of losing family business. Lack of knowledge and experience on international business
Government regulations and political environment	Stringent legal procedures of ownership in some countries Company registration bottlenecks Legal proceedings High government levy, Government policies and tariff imposed by foreign countries Insecurity
Management factors	Lack of knowledge and experience (exposure) to run international business Slow decision making and Poor transitions during takeovers Limited Manpower Lack of trained personnel for developing new market Distance and time factors hinder coordination projects
Financial factors	Limited capital and resources
Market factors	Lack of market research to identify market needs Price fluctuation in the market High competition
Cultural factors	Language barrier Working culture differences Culture, customs and religious beliefs of target market

Source: Research Data (2014)

Family businesses face various challenges when trying to go international. These challenges range from family, government regulations, management, financial,market and cultural factors as thematically presented in Table 4.29.The major challenge facing the family businesses in trying to expand to other countries was the fear of the family losing control of the family business and having no family member who would want to relocate to another country and manage the family business.

Family businesses also face the challenge of legal procedures and requirements of other countries where some countries do not allow sole ownership of a company by a foreigner yet the family business would like to have control. The family business also lacks collective bargaining power for their interests in the foreign market.The management may also lack the knowledge and experience to run an international business which is a major challenge for the family business trying to go international. Sometimes the family members do not share the same vision for the business which also poses a challenge to going international. Family businesses delay in decision-making which leads to untimely actions and loss of business opportunities.

The other major challenge was lack of capital preferring to use intermediaries rather than use other riskier and more costly modes of entry to the other markets. Family businesses lack trained personnel for developing new markets as well as the finances to carry out marketing research to identify market needs in the international market. Going international requires one to understand the culture, customs and religious beliefs of the target market and this also emerged as a challenge for the family businesses. The working culture in the international market may be very different from that in Kenya and family businesses find it hard to adapt to local culture of the foreign market.

4.11.3 Management Succession Challenges

The study sought to explore the challenges encountered by the family businesses in management succession. The themes identified are presented in Table 4.30

Table 4.30: Management Succession Challenges

Theme	Challenges
Family relationships and commitment	Mistrust among family members Family rivalry when appointing successor Sibling conflicts and rivalry; Family members insecurity; Lack of cooperation from family members; Balance between modern new generation and conservative old Limited knowledge/talent/skills within the family members in regard to the business operations Conflict of interest where family members have no interest on the family business and choose to pursue other interests. Favouritism where family members feel undervalued Family leadership/headship strive where everyone wants to be the director Personal differences may be reflected in the business interfering with effective management succession Failure of the family members to understand the business strategies
Management and Leadership skills	Lack of /Poor management skills of family members; Differences in ideologies, leadership styles and management styles; Lack of succession plans; lack of management skills Inability to identify the right successor Failure to draw relevant strategies Difficulty getting a reliable and trustworthy manager Lack/ poor mentoring Tough market challenges
Successor characteristics	Lack of capable/talented successor heir Lack of passion/interest by the successors Conflict of interest Age limit of successor Successor makes decisions that please the family
Human resource factors	Employees fear to make decisions Managers appointed on the basis of family loyalty instead of qualifications and competence High turnover of senior non family members Lack of ownership for nonfamily senior managers Failure to attract talents outside the family in management positions

Source: Research Data (2014)

Family businesses face various challenges when dealing with management succession and these challenges are family relationships and committment, management and leadership skills, successor characteristics and human resource factors. There is sibling conficts and rivalry as well as mistrust among the family members which makes management succession a challenge. Sometimes the family members may feel undervalued if there is favouritism while deciding on who should take over. There is also the challenge of limited knowledge, talent and skills within the family members making management succession difficult.

The family members may either lack or have poor management skills or they may have different ideologies and management styles which poses a challenge in management succession. This challenge is further compounded by the fact that family businesses lack succession plans. Family businesses also face the challenge of having a capable, committed and talented successor who understands the business. Human resource factors such as appointing managers on the basis of family loyalty rather than qualification and competence leading to high turnover of senior non family members coupled with failure to attract talent in management positions outside the family makes management succession a challenge for family businesses.

4.11.4 Growth Strategies, Management Succession and Organization Culture

The study sought to explore the information on growth strategies, management succession and organization culture in the family businesses. Respondents were asked to provide additional information concerning the whole area of growth strategies, management succession and organization culture and the identified themes are presented in Table 4.31

Table 4.31: Growth Strategies, Management Succession and organization Culture

Theme	Additional information
Growth strategies:	Introduce five year strategic plans Conduct research before development of new products Develop employee retention strategy especially employees who can add value to the organization Set proper and easily accessible records to enable the successor easily learn and understand the organization
Management succession:	Management succession should depend on ability of family members to handle responsibility Successor should serve for a period of time and move to the next level and this avoids sibling rivalry Develop clear formal and written succession plans for smooth business succession Ensure adequate coaching and mentoring of possible successors Ensure family members are well prepared in terms of training, experience and competence Introduce non-family employees in top management Competence and attitude should be key in appointing a successor Proper orientation of managers Family directors should understand the business better than outsiders
Culture	Culture of not following rules if the employees is known by the boss Rules are applied sparingly to family members Non-professionalism Establish an organization culture of open door, collaborative sharing and supportive management Create ownership culture

Source: Research Data (2014)

The respondents indicated that there is need for family businesses to have strategic plans and ensure they are implemented if they have to grow and expand internationally. They also indicated that if management succession has to be successful there is need to appoint successors based on ability, competence and attitude and those successors should progress from one level to another to avoid sibling rivalry. There is also need for clear formal and written succession plans for effective and successful management succession. Possible successors should be coached and mentored for smooth management succession. Non family members could also be appointed in top management to bring in new ideas for organizational growth. Family businesses also need to adopt a more professional culture where rules must not be applied sparingly to family members or those loyal to the boss. Family businesses should also establish an organization culture that is open door, collaborative and participative for effective management succession and organization growth

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of the study was to determine the effect of management succession on corporate growth strategy among local family businesses in the manufacturing sector in Nairobi County. This chapter presents a summary of the findings of the study, giving conclusions and recommendations that reflect the answers to the specific questions for possible action and suggestions for further research.

5.2 Summary of the Findings

The study achieved a response rate of 67% which offered credible and dependable information on management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County. The findings revealed that two thirds (67.7%) of the respondents had worked for their respective organisations for a period of five years and below. This suggests that there is either high senior staff turnover in the family businesses or the organisations studied were experiencing some growth necessitating the need to recruit staff.

The study further revealed that a fifth (20%) of the companies had existed for 21 to 30 years and about 13.8% for 50 years and above. Surprisingly, two thirds (61.5%) of the companies operated in only one country. This suggests that even though the companies have operated for a very long time, they have not gone international. This may be attributed to lack of proper management succession affecting the growth strategies that they have adopted over time.

The study also revealed that most of the family businesses were managed by owners and their children. Only 1.5% was managed by non-family members. Trust, good relationship and amicable communication among family members and formal delegation of duties were the key aspects in succession planning. Few family businesses made use of external boards and family councils to make strategic decisions and deal with succession respectively. The study indicated that family relationships are preserved when making strategic decisions on succession timing. Overall the extent of succession planning, succession timing and successor commitment was moderate in the family businesses. Most family businesses emphasize on profits, the top management is inflexible and uses rigid rules and regulations which means the organisation culture is largely bureaucratic. This could explain the reason for lack of internationalization for most of the family businesses. Indeed the study revealed internationalization as the least adopted growth strategy by the family businesses. Most of the family businesses engaged in exporting as their internationalization strategy avoiding the more risky internationalization growth strategies. The dominant growth strategies adopted by the family businesses were distribution and selling of own products and upgrading of technology to increase production, improve quality and reduce wastage. Overall the extent of adoption of growth strategies in family businesses was low at a mean score of 2.669.

The five hypotheses were tested and a summary of the findings are presented in Table 5.1

Table 5.1: Summary of Research Objectives, Hypotheses and Conclusions.

Research Objective	**Hypothesis**	**Conclusion of testing of Hypothesis**
Objective 1 Determine the effect of succession planning on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_{01} Succession Planning does not significantly affects corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County	REJECTED
Objective 2 Establish the effect of succession timing on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_{02} Succession timing does not significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	FAILED TO REJECT
Objective 3 Investigate the effect of successor commitment on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	H_{03} There is no relationship between successor commitment and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County.	FAILED TO REJECT
Objective 4 Establish the combined effect of succession planning, succession timing and successor commitment on corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	$H_{04:}$ Succession planning, succession timing and successor commitment collectively do not influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	REJECTED
Objective 5 Examine the effect of organisation culture on management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County	$H_{05:}$ Organization culture does not mediate the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County.	REJECTED

Source: Research Data (2014)

The study revealed a positive linear relationship between succession planning and corporate growth strategy and these findings supported the rejection of the null hypothesis that succession planning does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. Consequently the alternative hypothesis that Succession planning significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was adopted. The expected increase in the growth strategies corresponding to the increase in the succession planning was 42.3%.

The overall effect of succession timing on corporate growth strategy was not statistically significant hence a non-significant positive linear relationship between succession timing and corporate growth strategy. This lead to the adoption of the null hypothesis that succession timing does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County and the alternative hypothesis that succession timing significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was rejected. Likewise the overall effect of successor commitment on corporate growth strategy was not statistically significant hence a non-significant positive linear relationship between successor commitment and corporate growth strategy. Consequently the null hypothesis that successor commitment does not significantly affect corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was adopted and the alternative hypothesis that successor commitment significantly affects corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was rejected.

However when succession planning, succession timing and successor commitment were combined, the overall multiple regression model was statistically significant. This supported the rejection of the null hypothesis that succession planning, succession timing and successor commitment collectively do not influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County. Consequently the alternative hypothesis that succession planning, succession timing and successor commitment collectively influence the corporate growth strategies in local family businesses in the manufacturing sector in Nairobi County was adopted. The results of the hierarchical model used for assessing the mediating effect of organisation culture on the relationship between management succession and growth strategy was statistically significant. These findings supported the rejection of the null hypothesis that Organization Culture does not significantly mediate the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi, County. The alternative hypothesis that Organization Culture significantly mediates the relationship between management succession and corporate growth strategies in local family businesses in the manufacturing sector in Nairobi, County was adopted.

The findings also revealed that family businesses had varied and highly individualised reasons for adopting various growth strategies. They also experienced different challenges in the internationalization process. The challenges emerging from the study included family factors, government regulations, political environment, management, financial, market and cultural factors. Challenges encountered by family businesses in the area of management succession included family relationships and commitment, management and leadership skills, successor characteristics and human resource factors.

5.3 Conclusion

The objective of this study was to determine the effect of management succession on corporate growth strategy. From the study results and findings a number of conclusions can be drawn. One of the key conclusions is that Succession planning significantly affects the corporate growth strategies that family businesses adopt and hence the need for family businesses to have formal and written succession plans. It can also be concluded that the joint effect of succession planning, succession timing and successor commitment on corporate growth strategies is significant and family businesses need not only to plan the succession but do it at the right time and pass leadership to the right successor who is competent and has the right experience. Professionalism, use of outside boards, business consultants and family councils need to be enhanced in family businesses.

The other key conclusion from the findings is that family businesses need to have an organisational culture that encourages adoption of strategies that propel them to grow. This is because the findings showed that culture does mediate the relationship between management succession and growth strategies. Further we can conclude from the findings that very few family businesses have adopted growth strategies hence the need for them have and implement strategic growth plans. They also need to internationalize and take advantage of the global market to grow.

5.4 Recommendations

Family businesses should engage in formal strategic planning and use outside boards and consultants to make strategic decisions. They should also develop formal written succession plans for smooth business succession. Family businesses should also consider making use of family councils to deal with succession issues. They should also ensure the successors are well trained, have the experience and competence required to grow the business. Possible successors should also be coached and mentored. They should also consider having non family employees in the top management. Family businesses should also embrace professionalism in the management of their businesses and establish a culture of open door and supportive management for growth. For more growth family businesses should consider other internationalization growth strategies such as licensing, franchising, joint venture, strategic alliances and mergers.

5.5. Direction for further research.

The researcher offers the following direction to future researchers. Since the study was conducted in Nairobi County and considered the manufacturing firms only, other studies involving family firms in other counties and sectors could be done. A study of non-family businesses could also be done to establish the effect of management succession and growth strategies with a view to broadening the scope of knowledge. A study to determine which generation of family businesses is likely to engage in formal management succession and growth strategies that bear more risk can also be done. A study on the role of the successor in management succession could also be done.

The study can also be replicated in other countries in Africa as well as the developed countries to determine whether the same results would be obtained. Since the study used the culture variables of bureaucratic, competitive, consensual and entrepreneurial culture other studies involving other culture variables such as Hofstede could be done.

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<u>Journals</u>

Family Business Review

International Small Business Journal

Journal of Small Business and Enterprise Development.

Journal of Small Business Management

APPENDICES

Appendix 1: Operationalisation of Study Variables.

Variable	**Operationalisation of the variable**	**Measurement**
	Management Succession	
Succession Planning	Formal succession plans Formal transition for top management positions Identification of top management and talent Training programmes for employees Good relationships among family members Communication and trust among family members Presence of family council Use of business consultants Formal strategic family vision Sibling rivalry Involvement of family members in decision making Appointment of directors Education levels of successors	Likert type
Succession Timing	Introduction of next generation into the business Appointment of successor Promotion and preservation of family relationships Gender consideration when appointing top management	Likert type
Successor Commitment	Affective commitment-emotional attachment to the organization Continuance commitment-economic value of staying Normative commitment-moral or ethical obligation Willing and capable family successor. Family employees identifying with the organization Grooming of family members Family commitment to grow the business	Likert type

	Family interest in the business On the job training of the successor Investment of time and energy in the business by the successor.	
Culture		
Bureaucratic culture	Rigid regulations and rules Inflexibility High level of centralization Hierarchical coordination	Likert type
Competitive culture	Demanding goals Marketing, superiority and profit focus	Likert type
Consensual culture	Loyalty Personal commitment Teamwork	Likert type
Entrepreneurial culture	Innovation and creativity Risk taking-employees allowed to make mistakes. Sensitive to external changes	Likert type
	Growth strategies	
Integration	Supply own raw materials Distribute/sell own products Set up own retail outlets to sell own products. Addition of parallel new products to existing product line. Entering a parallel product market in addition to the existing product line. Combining with a competing firm Addition of new product not complementary to the present product line.	Likert type
Diversification	Entered into a business related to present business in terms of marketing and technology Entered into a business not related to present business in terms of marketing and technology	Likert type
New Product development	Modification of an existing product Development of a new product	Likert type
Modernisation	Technology upgrade to increase production Technology upgrade to improve quality Technology upgrade to reduce wastage and cost of production	Likert type
Internationalization	Exporting Licensing Franchising	Likert type

	Merger Acquisition Joint venture Strategic alliance Fully owned subsidiary	
	Organizational characteristics	
Organization characteristics	Number of years in operation Family generation in operation Type of organization(Sole proprietor, Partnership, Private Ltd Company, Public owned company) Number of countries the organization operates in Number of employees(Permanent, Contract, Casual) Type of industry/Sector	Direct measure

Appendix I1: Research Questionnaire

KABARAK UNIVERSITY

SCHOOL OF BUSINESS

QUESTIONNAIRE FOR LOCAL FAMILY BUSINESSES IN THE MANUFACTURING SECTOR IN NAIROBI COUNTY.

The questionnaire is designed to collect data on succession planning, succession timing, successor commitment, culture and corporate growth strategies from local manufacturing companies in Nairobi County. The data will be used for academic purposes only and strict confidentiality is guaranteed. Please take a few minutes of your busy schedule to respond to the questions and statements presented in the questionnaire. Thank you and God bless you.

Section 1: Background information of your organization.

1 a) Name of the organization____

b) Number of years the organization has been in operation__________________________

c) Indicate the family generation that is in management

Founder/Owner [ ] 1st [ ] 2nd [ ] 3nd [ ] 4th [ ] Any other [ ]

d) Indicate the type of your organization

Sole Proprietor [ ] Partnership [ ] Private Ltd Company [ ]

Public owned company [ ] Any other (Please specify) [ ]

e) Indicate the number of countries your organization operates in.

1 ☐ 2 ☐ 3 ☐ 4 ☐ Any other (Please specify) ☐

f) Indicate the number of employees in your organization.

Permanent ☐ Contract ☐ Casual ☐

g). Based on the principal business activity of your organization please indicate your industry/sector.____

h) Please indicate your position in the organization_________________________

i) Gender. Male ☐ Female ☐

j) Age bracket 25-35 ☐ 36-45 ☐ 46-55 ☐ 56-65 ☐ Over 65 ☐

k) Please indicate (with a tick) the number of years you have worked for the organization.

0-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ Over 20 ☐

l) Please indicate your email and telephone number_________________________

Section 2: Succession Planning.

2. Please indicate with a tick (√) to what extent your organization has engaged in the following using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all.

	Very Great Extent	Great Extent	Moderate Extent	Small Extent	Not at all
	5	4	3	2	1
1.The organization has written and formal succession plan					
2. The organization uses Written/formal plans when making decisions on the type of growth strategies to adopt.					
3. The organization has smooth transition of responsibilities for top management position.					
4. The organization identifies top managers and talent from an early stage from within the company.					
5. The company has a training programme for the employees.					
6. There is formal delegation of duties to employees by their supervisors.					
7. Good Relationships exist among family members working in the organization.					
8. The organization has a family council that deals with succession issues.					
9.The organization uses outside boards to make strategic decisions					
10. The organization uses family business consultants to make strategic decisions.					
11.There is amicable Communication among family members working in the organization					
12. There is trust among family members working in the organization.					
13. There is sibling rivalry when top managers are appointed.					

14. The organization has a formal strategic family vision.					
15. The top management involves both active and in active family members when making decisions.					
16. The organization uses strategic plans to make decisions on the growth strategies to adopt.					
17.The company appoints earmarked successors as a directors					
18.The organization considers the Successor education levels before appointing them as directors					
19.The organization has a formal criteria for naming a successor					

Section 3: Succession Timing.

3. Please indicate with a tick (√) to what extent your organization has engaged in the following using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all.

	Very Great Extent	Great Extent	Moderate Extent	Small Extent	Not at all
	5	4	3	2	1
1. The business owner introduces the next generation early into the business.					
2.A successor who is introduced early into the business performs better.					
3. The fear of the successor not being ready to take up management affects the succession timing.					
4. The organization appoints the successor when the business owner is alive.					
5. A successor appointed when the owner is alive grows the organization.					
6. The organization promotes and preserves family relationships while making strategic decisions.					

7.The organization considers gender of the child when appointing a top manager from the family					

Section 4: Successor commitment.

4. Please indicate with a tick (√)to what extent your organization has engaged in the following using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all.

	Very Great Extent	Great Extent	Moderate Extent	Small Extent	Not at all
	5	4	3	2	1
1. The organization has willing and capable family successors.					
2. The family employees feel it as an obligation to remain in the organization.					
3. The family employees remain in the organization due to the emotional attachment of the firm.					
4. The family employees like being identified with the organization.					
5. The family employees remain in the organization because of the costs associated with leaving the organization					
6. The organization grooms family members to be appointed to the top management.					
7.Family employees who have been groomed to take top management jobs grow the business					
8. The family is committed to the growth of the organization.					
9.The family successor is committed to the growth of the organization					
10. Family successors who are mature are committed.					
11.Family successors with responsibility are committed to the					

organization					
12.Skilled and knowledgeable Family successors are committed to the organization					
13.The organization trains successors on the job					
14. The family successor is interested in the business.					
15.The family successor invests time and energy in the business.					

Section 5: Culture

5. Please indicate with a tick (√) to what extent your organization has engaged in the following using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all.

	Very Great Extent	Great Extent	Moderate Extent	Small Extent	Not at all
	5	4	3	2	1
1. The organization uses rigid regulations and rules.					
2.The top management is inflexible					
The organization decisions are made in the headquarters.					
4.The organization has a hierarchical coordination					
5.The organization emphasizes on marketing					
6. The organization sets demanding goals.					
7.The organization emphasizes on profits					
8. The organization emphasizes on being superior compared to competitors.					
9. The employees are loyal to the organization.					
10.The employees identify with the way things are done in the organization					
11. The employees work as teams.					

12.The employees are personally committed to the organization					
13. The organization encourages innovation and creativity.					
14. The organization encourages employees to make mistakes and learn.					
15. The organization is responsive and sensitive to the external changes in the environment.					

Section 6: Growth strategies

6. Please indicate with a tick (√) to what extent your organization has engaged in the following using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all.

	Very Great Extent	Great Extent	Moderate Extent	Small Extent	Not at all
	5	4	3	2	1
1. The organization supplies own raw materials or basic concepts.					
2.The organization distributes/Sells own products					
3. The organization has own retail outlets where we sell our own products					
4. The organization has added parallel new products to existing product lines..					
5.The organization has entered a parallel product market					
6. The organization has combined with a competing firm					
7.The organization has entered into a business related to our present business in terms of marketing and technology					
8.The organization has entered into a business which is not related to our present business in terms of marketing and technology					
9.The organization has substantially modified an existing product					

10.The organization has developed a new product connected to the existing product line					
11.The organization has upgraded technology to increase production					
12.The organization has upgraded technology to improve quality					
13.The organization has upgraded technology to reduce wastage and cost of production.					
14.The organization sell its products to other countries					
15.The organization has allowed other firm to use their knowledge, processes and trademarks					
16.The organization has contractual agreements with other firms to allow them to use their brand name, patent or property					
17.The organization has a business arrangement with another firm to enable them pool resources to accomplish a specific task.					
18.The organization has combined with another company to form a new company					
19. The organization has purchased another company					
20. The organization has an arrangement with another company to share resources and undertake a specific, mutually beneficial project.					
21. The organization has contracted another company to manufacture their products.					
22. The organization has a subsidiary which they have 100% ownership in another country.					

b).Give reasons why your organization has engaged in the growth strategies ticked in 6(a).

____

c) Considering the growth strategies ticked in 6(a),please indicate using a rating scale where 5=Very Great Extent,4=Great Extent,3=Moderate Extent,2=Small Extent 1=Not at all, the extent to which you think they have contributed to the actual growth of your organization

Very Great Extent ☐ Great Extent ☐ Moderate Extent ☐

Small Extent ☐ Not at all ☐

d) If your organization operates in Kenya only, please indicate the reasons why the organization has not expanded to other countries.

____

e).Compared to your competitors, please indicate the approximate proportion of market share that your organization commands in the industry by ticking appropriately (tick one only)

Less than 15% ☐ 15 to 25% ☐ 26 to 35% ☐

36 to 45% ☐ 46 to50% ☐ More than 50% ☐

f) Please indicate using a tick the approximate annual gross profit of your organization in the last two years.

Year	Less than 250 Million	250-500 Million	500-1 billion	More than 1 billion
2012				
2013				

g) Please indicate using a tick the approximate annual sales turnover of your organization in the last two years.

Year	Less than 1 billion	1-5 billion	6-10 billion	More than 10 billion
2012				
2013				

Section 7: Other information

7a) Please provide additional information concerning the whole area of management succession, culture and growth strategies and the various strategies your organization undertakes to ensure proper and successful management succession and company growth.

b) Please indicate the challenges that you believe family businesses face when dealing with management succession.

c) Please indicate the challenges you believe family businesses face when trying to go international.

____

Thank you for your cooperation. God bless you and your organization.

Appendix III: List of Target Population

ALAMDAR TRADING COMPANY LTD

ALLOY STEEL CASTINGS LTD

AQUAMIST LTD

ASL LTD

ATHIRIVER STEEL PLANT LTD

AUTO SPRINGS MANUFACTURERS LTD

BAKERS CORNER LTD

BETATRAD (K) LTD

BIO DEAL LABORATORIES LTD

BIO PHARMA LTD

BOBMIL INDUSTRIES LTD

BUDGET SHOES LTD

C&P SHOES INDUSTRIES LTD

CANON CHEMICALS LTD

CHANDARIA INDUSTRIES LTD

CHODA FABRICATORS LTD

CITY ENGINEERING WORKS

COLOUR PACKAGING LTD

COSMOS LTD

DAVIS and SHIRTLIFF LTD

DAWA LIMITED

DESBRO KENYA LTD

DOSHI ENTERPRISES

DUNE PACKAGING LTD

DYNAPLAS LTD

ELITE OFFSET LTD

ELITE TOOLS LTD

ELYS CHEMICALS INDUSTRIES LTD

ENNSVALLEY BAKERY LTD

ESLON PLASTICS OF KENYA LTD

FINE WOOD WORKS LTD

FRIENDSHIP CONTAINER MANUFACTURERS

GALAXY PAINTS AND COATING CO.LTD

GENERAL PLASTICS LTD

GILOIL COMPANY LTD

GRAPHICS and ALLIED LTD

HACO TIGER BRANDS EAST AFRICA LTD

INTERCONSUMER PRODUCTS LTD

INTERNATIONAL ENERGY TECHNIC LTD

IRON ART LTD

JAMBO BISCUITS(K)LTD

KAM INDUSTRIES LTD

KEL CHEMICALS LTD

KEMA(EA)LTD

KENAFRIC DIARIES MANUFACTURERS LTD

KENAFRIC INDUSTRIES LTD

KENBRO INDUSTRIES LTD

KENYA STATIONERS LTD/TRANSPAPER

KENYA SWEETS LTD

KEVIAN KENYA LTD

KOBA WATERS LTD

KUGURU FOOD COMPLEX LTD

LABH SINGH HARNAM SINGH LTD

LONDON DISTILLERS

MABATI ROLLING MILLS LTD

MANHAR BROTHERS(K)LTD

MANJI FOOD INDUSTRIES LTD

MARVEL LIFESTYLE LTD

MATCH MASTERS

MECOL LTD

MEGH CUSHION INDUSTRIES LTD

METSEC CABLES LTD

MODULEC ENGINEERING SYSTEMS LTD

OSHO CHEMICALS INDUSTRIES LTD

OSSCHEMIE(K)LTD

PANESARS KENYA LTD

PAPER BAGS LTD

PHARMACEUTICAL MANUFACTURING CO.LTD

PLASTIC ELECTRICONS

PLASTICS and RUBBER INDUSTRIES LTD

POWER TECHNICS LTD

PREMIER INDUSTRIES LTD

REGAL PHARMACEUTICALS LTD

REGAL PRESS KENYA LTD

ROSE WOOD FURNITURE MANUFACTURERS

SAFAL MITEK LTD

SAMEER AFRICA LTD

SAMEER AGRICULTURE and LIVESTOCK(KENYA) LTD

SANPAC AFRICA LTD

SEWECO PAINTS LTD

SHAH TIMBER MART LTD

SHAMCO INDUSTRIES LTD

SOCABELEC(EA)LTD

SOHANSONS LIMITED

SPECIALISED POWER SYSTEMS LTD

STEELWOOL(AFRICA)LTD

SUPER MANUFACTURERS

TECHNOSTEEL INDUSTRIES LTD

TEITA ESTATE LTD

TIMSALES LTD

TONONOKA ROLLING MILLS LTD

TONONOKA STEEL LTD

TRU FOODS LTD

UNI-PLASTICS LTD

VITAFOAM PRODUCTS LIMITED

WELDING ALLOYS LTD

WIRE PRODUCTS

Source: Kenya Manufacturers & Exporters Directory (2013)

Appendix IV: First Phase Questionnaire

To: General Manager/Chief Executive Officer

From: Mary Mugo

Date: 27th August 2013.

Dear Sir/Madam

RE: PhD Research on local family businesses in the manufacturing sector in Nairobi County

Greetings,

My name is Mary Mugo a PhD student at Kabarak University. My research thesis is on management succession and corporate growth strategy in local family businesses in the manufacturing sector in Nairobi County. I got your details from Kenya Manufacturers & Exporters Directory and would kindly request you to participate in this 1^{st} stage of my research. This stage is to help identify the local family businesses in the manufacturing sector in Nairobi. Please answer the following questions to help me determine if you are a local family business. Email the answered questionnaire to mugommary@yahoo.com

Please note that this information is purely for research and confidentiality will be maintained

Thank you for taking time to answer them and God bless you and your business

1a) Name of the Company

____

b) Tick appropriately. Our company is

Sole proprietor ◯ Partnership ◯ Private Ltd ◯ Public listed ◯

2. Do you consider your company as a family business? Yes ◯ No ◯

3. If yes in question 2 why?

____

____

____

4. If No in question 2 why not?

____

____

____

5. a) Who is the founder/majority shareholder of the company?

____

b) Is there any family member or Kin that is involved in Management or administration of the company? Yes No

c) Does the person who established/acquired the firm or their families/descendants possess 25% of the right to vote mandated by their share capital? Yes

d) Who has the power over strategic decisions?

____

____

____

Name of respondent____

Designation____

Contacts: Email________________________________Tel___________________

Appendix V: Letter of Introduction

Dear Respondent,

I am currently pursuing Doctoral Studies (PhD) at Kabarak University and carrying out a study in the area of Strategic Management. My topic of study is **"The effect of Management Successsion on Corporate Growth Strategy among local family businesses in the Manufacturing Sector in Nairobi County".** Your company has been selected to provide the information for the purpose of this study.

I am therefore kindly requesting you to respond to the attached questionnaire as honestly as possible. I assure you that this information will be strictly used only to extend knowledge and will be treated with utmost confidentiality. Further no individual responses will be given prominence as the data from various respondents will be aggregated and reported in statistical form.

Yours Faithfully

Mary Mugo

Appendix VI: Permit from National Council of Science and Technology.

THIS IS TO CERTIFY THAT:
MS. MARY M MUGO KABARAK
of ~~MULTIMEDIA~~ UNIVERSITY OF KENYA,
12484-100 Nairobi,has been permitted
to conduct research in *Nairobi County*

Permit No : NACOSTI/P/14/2407/2606
Date Of Issue : 19th September,2014
Fee Recieved :Ksh 2,000

on the topic: *THE EFFECT OF MANAGEMENT SUCCESSION ON CORPORATE GROWTH STRATEGY AMONG LOCAL FAMILY BUSINESSES IN THE MANUFACTURING SECTOR IN NAIROBI COUNTY*

for the period ending:
30th November,2015

....
Applicant's Signature

....
for *Secretary*
National Commission for Science, Technology & Innovation

Appendix VII: Supplementary Statistical Analyses

Table 5.2 Succession Planning Frequency Distribution

Succession Planning	Very great extent %	Great extent %	Moderate extent %	Small extent %	Not at all %	Total %
Written and formal succession plan	1.5	10.8	49.2	15.4	23.1	100
Adopted growth strategies based on formal plans	24.6	29.2	32.3	7.7	6.2	100
Smooth transition of responsibilities	26.2	46.2	15.2	6.2	6.2	100
Early identification of top managers and talents	18.5	33.8	32.3	6.2	9.2	100
Training programme for employees	26.2	15.4	36.9	12.3	9.2	100
Formal delegation of duties	36.9	41.6	16.9	4.6	0	100
Good relationship among family members	40.6	32.8	23.4	1.6	1.6	100
Existence of family council to deal with succession	7.8	12.5	21.9	10.9	46.9	100
Use of external boards to make strategic decisions	10.8	9.2	23.1	6.2	50.7	100
Use of business consultants to make strategic decisions	6.3	20.3	23.4	12.5	37.5	100
Amicable communication among family members	40.6	40.6	9.4	4.7	4.7	100
Trust among family members	54.7	34.4	6.3	1.5	3.1	100
Sibling rivalry when top managers are appointed	0	3.1	4.7	12.5	79.7	100
Formal strategic family vision	23.4	21.9	26.6	3.1	25	100
Involvement of both active and inactive family members in top management	25.4	27	17.5	9.5	20.6	100
Use strategic plans to decide on the growth strategies	44.6	24.7	21.5	1.5	7.7	100
Appoints earmarked successors as directors	23.4	9.4	25	4.7	37.5	100
Successor education level taken into account before appointment	18.5	35.4	15.4	10.7	20	100
Formal criteria for naming a successor	10.9	18.8	23.4	14.1	32.8	100
Average	**23.2**	**24.6**	**22.3**	**7.7**	**22.2**	**100**

Table 5.3: Succession Timing Frequency Distribution

Succession Timing	Very great extent %	Great extent %	Moderate extent %	Small extent %	Not at all %	Total %
Early introduction of next generation into the business	32.9	23.4	15.6	10.9	17.2	100
An early introduced successor performs better	35.9	26.6	21.9	4.7	10.9	100
Fear of successor to take over management affects succession planning	3.1	20.3	18.7	18.8	39.1	100
Successor appointment is executed when owner is alive	42.2	21.9	12.5	3.1	20.3	100
Successor appointment when owner is alive grows the organization	31.2	39.1	14.1	1.5	14.1	100
Family relationships preserved when making strategic decisions	35.9	37.6	12.5	3.1	10.9	100
Gender of the successor is considered during appointment	12.5	9.4	12.5	15.6	50	100
Average	**27.7**	**25.5**	**15.4**	**8.2**	**23.2**	**100.0**

Table 5.4: Successor Commitment Frequency Distribution

Successor Commitment	Very great extent %	Great extent %	Moderate extent %	Small extent %	Not at all %	Total %
Organization has willing and capable family successors	42.2	29.7	17.1	4.7	6.3	100
Family members feel obligated to remain in the organization	28.1	29.7	18.8	3.1	20.3	100
Emotional attachment compels the family employees remain in the organization	25	28.1	14.1	15.6	17.2	100
Family employees like being identified with the organization	37.5	25	15.6	4.7	17.2	100
The cost of leaving the organization compels the family employees	3.1	7.8	15.6	29.7	43.8	100
The organization grooms family members to be appointed as successors	26.6	32.8	15.6	7.8	17.2	100
Future successors are committed to the growth of the organization	31.3	32.8	17.2	6.3	12.4	100
The family is committed to the growth of the organization	60.9	29.7	4.7	1.6	3.1	100
Family successors are committed to the growth of the organization	57.8	26.6	7.7	1.6	6.3	100
Mature family successors are committed to the organization	46.9	35.9	9.4	1.5	6.3	100
Family successors with responsibility are committed to the organization	56.3	31.3	4.7	3.1	4.6	100
Skilful and knowledgeable family successors are committed to the business	53.1	29.7	12.5	0	4.7	100
The organization trains successors on the job	37.5	34.4	18.7	3.1	6.3	100
The family successors is interested in the business	56.3	26.6	10.8	1.6	4.7	100
The family successor invests time and energy in the business	51.6	29.7	14.1	1.5	3.1	100
Average	**40.9**	**28.7**	**13.1**	**5.7**	**11.6**	**100.0**

Table 5.5: Organization Culture Frequency Distributions

Organisation Culture	Very great extent %	Great extent %	Moderate extent %	Small extent %	Not at all %	Total %
Organization uses rigid regulations and rules	7.7	16.9	35.4	16.9	23.1	100
The top management is flexible	10.8	16.9	21.5	24.6	26.2	100
The organization decisions are made in the headquarters	26.2	32.3	15.3	6.2	20	100
The organizational has a hierarchical coordination	30.8	41.5	13.8	7.7	6.2	100
The organization emphasizes marketing	35.4	35.4	21.5	4.6	3.1	100
The organization sets demanding goals	30.8	35.4	29.2	4.6	0	100
The organization emphasizes on profits	44.7	36.9	16.9	1.5	0	100
The organization emphasizes on superior compared to competitors	46.2	33.8	12.3	3.1	4.6	100
The employees are loyal to the organization	30.8	46.2	21.5	0	1.5	100
The employees identifies with organization activities	24.6	43.2	29.2	1.5	1.5	100
The employees work as teams	40	36.9	20	3.1	0	100
The employees are personally committed to the organization	27.7	38.5	30.8	1.5	1.5	100
The organization encourages innovation and creativity	32.3	40	23.1	1.5	3.1	100
The organization allows employees to learn through their mistakes	10.8	24.6	30.8	13.8	20	100
The organization is responsive and sensitive to external changes	27.7	38.5	24.6	7.7	1.5	100
Average	**28.4**	**34.5**	**23.1**	**6.6**	**7.5**	100

Table 5.6: Growth Strategies Frequency distribution strategies

Growth Strategies	Very great extent %	Great extent %	Moderate extent %	Small extent %	Not at all %	Total %
Organization supplies own raw materials and basic concepts	16.9	16.9	12.3	20.1	33.8	100
Organization distributes /sells own products	60	26.2	6.2	3.1	4.5	100
Organization has own retail outlets	18.5	6.2	13.8	7.7	53.8	100
Adding new products to existing product lines	40	27.7	12.3	7.7	12.3	100
Organization has entered a parallel product market	26.2	15.4	21.5	9.2	27.7	100
Organization has combined with a competing firm	7.7	1.5	0	10.8	80	100
Introduction of other business related to present business	23.2	13.8	16.9	4.6	41.5	100
Introduction of other business not related to present business	6.2	9.2	6.2	15.3	63.1	100
Substantially modified an existing product	32.3	29.2	15.4	7.7	15.4	100
Developed a new product connected to existing product line	30.8	30.8	9.2	7.7	21.5	100
Upgrading technology to increase production	48.4	29.6	14.1	1.6	6.3	100
Upgrading technology to improve quality	50.8	32.3	10.8	1.5	4.6	100
Upgrading technology to reduce wastage and cost of production	47.7	36.8	6.2	3.1	6.2	100
Selling products to other countries	36.8	30.9	23.1	4.6	4.6	100
Allowing other firms to use their knowledge, processes and trademarks	4.6	4.6	3.1	4.6	83.1	100
Contractual agreement with other firms to allow use of brand name, patent and property	10.8	1.5	4.6	6.2	76.9	100
Business arrangement with another firm to enable pooling of resources	15.3	7.7	6.2	7.7	63.1	100
Combined with another company to form a new company	3.1	1.5	4.6	4.6	86.2	100
Purchased another company	9.2	3.1	0	4.6	83.1	100
Arrangement with another company to share resources for undertaking specific project	6.2	4.6	10.7	3.1	75.4	100
Contracted another company to manufacture their products	4.6	6.2	4.6	4.6	80	100
100% ownership of subsidiary in another country	24.6	6.2	3.1	1.5	64.6	100
Total	**23.8**	**15.5**	**9.3**	**6.4**	**44.9**	**100.0**

Table 5.7: Succession Planning Correlation Matrix

	SP 1	SP 2	SP 3	SP 4	SP 5	SP 6	SP 7	SP 8	SP 9	SP10	SP11	SP12	SP13	SP14	SP15	SP16	SP17	SP18	SP 19
SP 1	1.000	.464	.433	.326	.323	.331	.047	.125	.141	.131	-.145	-.062	-.065	-.005	.038	.321	.278	.269	.301
SP 2	.464	1.000	.387	.512	.527	.584	.316	-.005	-.007	-.182	.056	.047	-.243	-.025	-.239	.613	.083	.312	.303
SP 3	.433	.387	1.000	.461	.464	.663	.528	-.018	.020	-.062	.040	.043	-.405	-.025	-.191	.401	.149	.110	.175
SP 4	.326	.512	.461	1.000	.389	.493	.323	-.047	-.018	-.038	-.002	-.199	-.093	.081	-.156	.454	-.056	.189	.039
SP 5	.323	.527	.464	.389	1.000	.620	.371	.110	.255	-.028	-.009	.057	-.338	.039	-.023	.526	.215	.166	.187
SP 6	.331	.584	.663	.493	.620	1.000	.516	.077	.172	-.010	.009	.038	-.339	.051	-.110	.617	.238	.294	.325
SP 7	.047	.316	.528	.323	.371	.516	1.000	.071	.023	-.022	.285	.167	-.361	.070	-.055	.406	.112	-.014	.017
SP 8	.125	-.005	-.018	-.047	.110	.077	.071	1.000	.541	.374	.097	.097	-.044	.374	.406	.123	.359	.151	.248
SP 9	.141	-.007	.020	-.018	.255	.172	.023	.541	1.000	.291	-.096	.009	-.028	.146	.136	.150	.267	-.064	-.011
SP 10	.131	-.182	-.062	-.038	-.028	-.010	-.022	.374	.291	1.000	.209	.020	.115	.243	.352	.112	.168	.089	.003
SP 11	-.145	.056	.040	-.002	-.009	.009	.285	.097	-.096	.209	1.000	.446	-.054	.225	.130	.128	-.045	-.074	-.022
SP 12	-.062	.047	.043	-.199	.057	.038	.167	.097	.009	.020	.446	1.000	-.151	.297	.331	.174	.210	.021	.124
SP 13	-.065	-.243	-.405	-.093	-.338	-.339	-.361	-.044	-.028	.115	-.054	-.151	1.000	-.017	-.021	-.243	-.088	-.171	.013
SP 14	-.005	-.025	-.025	.081	.039	.051	.070	.374	.146	.243	.225	.297	-.017	1.000	.581	.352	.457	.291	.405
SP 15	.038	-.239	-.191	-.156	-.023	-.110	-.055	.406	.136	.352	.130	.331	-.021	.581	1.000	.078	.415	.339	.441
SP 16	.321	.613	.401	.454	.526	.617	.406	.123	.150	.112	.128	.174	-.243	.352	.078	1.000	.316	.309	.386
SP 17	.278	.083	.149	-.056	.215	.238	.112	.359	.267	.168	-.045	.210	-.088	.457	.415	.316	1.000	.458	.540
SP 18	.269	.312	.110	.189	.166	.294	-.014	.151	-.064	.089	-.074	.021	-.171	.291	.339	.309	.458	1.000	.645
SP 19	.301	.303	.175	.039	.187	.325	.017	.248	-.011	.003	-.022	.124	.013	.405	.441	.386	.540	.645	1.000

KEY:

SP1:Written and formal succession plan
SP2:Adopted growth strategies based written/formal plan
SP3:Smooth transition of responsibilities
SP4:Early identification of top managers and talents
SP5:Training programme for employees
SP6:Formal delegation of duties
SP7:Good relationship among family members
SP8:Existence of family council to deal with succession
SP9:Use of external boards to make strategic decisions
SP10:Use of business consultants to make strategic decisions.
SP11:Amicable communication among family members
SP12:Trust among family members
SP13:Sibling rivalry when top managers are appointed
SP14:Formal strategic family vision
SP15:Involvement of active and inactive family members
SP16:Use strategic plans to decide growth strategies
SP17:Appoints earmarked successors as directors
SP18:Successor education level taken into account
SP19:Formal criteria for naming successor

Table 5.8: Succession Timing Correlation Matrix

	Early introduction of next generation into the business	An early introduced successor performs better	Fear of successor to take over management affects succession planning	Successor appointment is executed when owner is alive	Successor appointment when owner is alive grows the organization	Family relationships preserved when making strategic decisions	Gender of the successor is considered during appointment
Early introduction of next generation into the business	1.000	.567	.158	.655	.570	.479	.028
An early introduced successor performs better	.567	1.000	.263	.498	.667	.436	.162
Fear of successor to take over management affects succession planning	.158	.263	1.000	.308	.327	.049	.141
Successor appointment is executed when owner is alive	.655	.498	.308	1.000	.743	.294	.074
Successor appointment when owner is alive grows the organization	.570	.667	.327	.743	1.000	.327	.169
Family relationships preserved when making strategic decisions	.479	.436	.049	.294	.327	1.000	.146
Gender of the successor is considered during appointment	.028	.162	.141	.074	.169	.146	1.000

Table 5.9: Successor Commitment Correlation Matrix

	SC 1	SC 2	SC 3	SC 4	SC 5	SC 6	SC 7	SC 8	SC 9	SC 10	SC 11	SC 12	SC 13	SC 14	SC 15
SC 1	1.000	.307	.166	.280	-.038	.605	.608	.583	.597	.442	.388	.652	.651	.709	.634
SC 2	.307	1.000	.608	.287	.366	.449	.483	.387	.418	.349	.374	.375	.045	.233	.170
SC 3	.166	.608	1.000	.406	.286	.235	.386	.172	.248	.164	.153	.242	-.077	.094	.175
SC 4	.280	.287	.406	1.000	.061	.299	.401	.370	.206	.049	.155	.189	.120	.259	.258
SC 5	-.038	.366	.286	.061	1.000	.132	.112	.062	-.006	.137	.037	.136	-.246	-.006	-.156
SC 6	.605	.449	.235	.299	.132	1.000	.636	.394	.571	.461	.274	.450	.457	.463	.426
SC 7	.608	.483	.386	.401	.112	.636	1.000	.450	.612	.282	.337	.593	.453	.532	.574
SC 8	.583	.387	.172	.370	.062	.394	.450	1.000	.747	.606	.714	.702	.448	.689	.592
SC 9	.597	.418	.248	.206	-.006	.571	.612	.747	1.000	.531	.587	.713	.551	.768	.567
SC 10	.442	.349	.164	.049	.137	.461	.282	.606	.531	1.000	.759	.582	.410	.547	.367
SC 11	.388	.374	.153	.155	.037	.274	.337	.714	.587	.759	1.000	.616	.303	.679	.439
SC 12	.652	.375	.242	.189	.136	.450	.593	.702	.713	.582	.616	1.000	.628	.783	.543
SC 13	.651	.045	-.077	.120	-.246	.457	.453	.448	.551	.410	.303	.628	1.000	.676	.665
SC 14	.709	.233	.094	.259	-.006	.463	.532	.689	.768	.547	.679	.783	.676	1.000	.723
SC 15	.634	.170	.175	.258	-.156	.426	.574	.592	.567	.367	.439	.543	.665	.723	1.000

KEY:

SC1:Organization has willing and capable family successors
SC2:Family members feel obligated to remain in the organization
SC3:Emotional attachment compels family employees to remain in the organization
SC4:Family employees like being identified with the organization
SC5:Cost of leaving the organization compels the family employee to remain in the organization
SC6:Organization grooms family members to be appointed as successors
SC7:Future successors are committed to the growth of the organization
SC8:Family is committed to the growth of the organization.
SC9:Family successors are committed to the growth of the organization
SC10:Mature family successors are committed to the organization
SC11:Family successors with responsibility are committed to the organization
SC12:Skilful and knowledgeable family succesors are committed to the business
SC13:Organization trains successors on the job
SC14:The family successors is interested in the business
SC15:Family successor invests time and energy in the business.

Table 5.10: Organisation Culture Correlation Matrix

	OC 1	OC 2	OC 3	OC 4	OC 5	OC 6	OC 7	OC 8	OC 9	OC 10	OC 11	OC 12	OC 13	OC 14	OC 15
OC 1	1.000	.300	.419	.321	-.037	-.051	-.114	.118	.061	-.022	-.003	-.132	-.049	-.195	-.149
OC 2	.300	1.000	.352	.193	-.186	.133	.047	-.250	-.113	.122	-.146	-.168	-.170	-.174	-.087
OC 3	.419	.352	1.000	.445	.243	.144	.147	.076	.050	.176	.020	-.113	-.082	-.228	-.085
OC 4	.321	.193	.445	1.000	.422	.419	.203	.253	.260	-.022	.317	.136	.240	-.202	.296
OC 5	-.037	-.186	.243	.422	1.000	.546	.420	.540	.320	.154	.387	.322	.368	.033	.367
OC 6	-.051	.133	.144	.419	.546	1.000	.471	.211	.155	.336	.347	.267	.311	.173	.290
OC 7	-.114	.047	.147	.203	.420	.471	1.000	.444	.006	.184	.088	.083	.176	.019	.257
OC 8	.118	-.250	.076	.253	.540	.211	.444	1.000	.191	.071	.310	.233	.314	.089	.280
OC 9	.061	-.113	.050	.260	.320	.155	.006	.191	1.000	.409	.533	.610	.443	-.011	.225
OC 10	-.022	.122	.176	-.022	.154	.336	.184	.071	.409	1.000	.455	.558	.436	.376	.292
OC 11	-.003	-.146	.020	.317	.387	.347	.088	.310	.533	.455	1.000	.750	.627	.111	.350
OC 12	-.132	-.168	-.113	.136	.322	.267	.083	.233	.610	.558	.750	1.000	.756	.255	.321
OC 13	-.049	-.170	-.082	.240	.368	.311	.176	.314	.443	.436	.627	.756	1.000	.306	.314
OC 14	-.195	-.174	-.228	-.202	.033	.173	.019	.089	-.011	.376	.111	.255	.306	1.000	.127
OC 15	-.149	-.087	-.085	.296	.367	.290	.257	.280	.225	.292	.350	.321	.314	.127	1.000

KEY:

OC1:Organization uses rigid regulations and rules
OC2: Top management is flexible
OC3:Organization decisions are made in the headquarters
OC4:Organization has a hierarchical coordination
OC5:Organization emphasizes marketing
OC6:Organization sets demanding goals
OC7:Organization emphasizes on profits
OC8:Organization emphasizes on being superior compared to competitors
OC9:Employees are loyal to the organization.
OC10:Employees identify with organization activities
OC11:Employees work as teams
OC12:Employees are personally committed to the organization
OC13:Organization encourages innovation and creativity
OC14:Organization allows employees to learn through mistakes
OC15:The organization is responsive and sensitive to external changes..

Table 5.11: Growth Strategies Correlation Matrix

	GS 1	GS 2	GS 3	GS 4	GS 5	GS 6	GS 7	GS 8	GS 9	GS 10	GS 11	GS 12	GS 13	GS 14	GS 15	GS 16	GS 17	GS 18	GS 19	GS 20	GS 21	GS 22
GS 1	1.000	.345	.056	.239	.058	.092	-.079	-.007	-.260	-.142	.263	.086	.113	-.011	.070	.118	.040	-.054	.002	.043	.020	-.041
GS 2	.345	1.000	.148	.360	.070	.116	-.026	-.066	.103	.038	.352	.376	.451	.041	-.007	-.191	-.067	-.148	.034	.063	-.081	.005
GS 3	.056	.148	1.000	.400	.392	.231	.207	.237	.104	.048	.165	.227	.223	.024	.476	.250	.253	.116	-.017	-.011	.163	.313
GS 4	.239	.360	.400	1.000	.583	.114	.414	.195	.231	.271	.410	.283	.213	.139	.167	.258	.114	.025	-.080	.177	.021	.204
GS 5	.058	.070	.392	.583	1.000	.328	.385	.225	.261	.296	.277	.210	.216	.165	.188	.499	.283	.209	.064	.129	.247	.229
GS 6	.092	.116	.231	.114	.328	1.000	.203	.153	.238	.167	.042	.014	.175	.223	.553	.388	.263	.450	.383	.046	.386	.262
GS 7	-.079	-.026	.207	.414	.385	.203	1.000	.152	.474	.491	.240	.287	.216	.183	.332	.390	.467	.284	.160	.289	.410	.227
GS 8	-.007	-.066	.237	.195	.225	.153	.152	1.000	.089	.060	.072	.048	.047	.133	.306	-.082	.052	.350	.203	-.160	.214	.169
GS 9	-.260	.103	.104	.231	.261	.238	.474	.089	1.000	.470	-.008	.201	.190	.254	.241	.178	.322	.137	.103	.066	.163	.076
GS 10	-.142	.038	.048	.271	.296	.167	.491	.060	.470	1.000	.407	.405	.292	.311	.213	.178	.386	.263	.125	.184	.345	.135
GS 11	.263	.352	.165	.410	.277	.042	.240	.072	-.008	.407	1.000	.801	.666	.317	.111	.009	.204	.199	.021	.056	.186	.159
GS 12	.086	.376	.227	.283	.210	.014	.287	.048	.201	.405	.801	1.000	.865	.420	.163	-.005	.228	.179	.175	.044	.193	.304
GS 13	.113	.451	.223	.213	.216	.175	.216	.047	.190	.292	.666	.865	1.000	.414	.162	.022	.197	.203	.187	.059	.231	.252
GS 14	-.011	.041	.024	.139	.165	.223	.183	.133	.254	.311	.317	.420	.414	1.000	.232	.192	.395	.175	.262	.219	.189	.494
GS 15	.070	-.007	.476	.167	.188	.553	.332	.306	.241	.213	.111	.163	.162	.232	1.000	.467	.474	.451	.230	.028	.408	.289
GS 16	.118	-.191	.250	.258	.499	.388	.390	-.082	.178	.178	.009	-.005	.022	.192	.467	1.000	.588	.301	.125	.167	.326	.355
GS 17	.040	-.067	.253	.114	.283	.263	.467	.052	.322	.386	.204	.228	.197	.395	.474	.588	1.000	.263	.269	.363	.465	.348
GS 18	-.054	-.148	.116	.025	.209	.450	.284	.350	.137	.263	.199	.179	.203	.175	.451	.301	.263	1.000	.578	-.023	.763	.351
GS 19	.002	.034	-.017	-.080	.064	.383	.160	.203	.103	.125	.021	.175	.187	.262	.230	.125	.269	.578	1.000	.074	.730	.416
GS 20	.043	.063	-.011	.177	.129	.046	.289	-.160	.066	.184	.056	.044	.059	.219	.028	.167	.363	-.023	.074	1.000	.025	.224
GS 21	.020	-.081	.163	.021	.247	.386	.410	.214	.163	.345	.186	.193	.231	.189	.408	.326	.465	.763	.730	.025	1.000	.334
GS 22	-.041	.005	.313	.204	.229	.262	.227	.169	.076	.135	.159	.304	.252	.494	.289	.355	.348	.351	.416	.224	.334	1.000

KEY

GS1-Organisation supplies own raw materials and basic concepts
GS2-Organisation distributes/sells own products
GS3-Organisation has own retail outlets
GS4-Adding new products to existing product lines
GS5-Organisation has entered a parallel product market
GS6-Organisation has combined with a competing firm
GS7-Introduction of other business related to present business
GS8-Introduction of other business not related to present business
GS9-Substantially modified an existing product
GS10-Developed a new product connected to existing product line
GS11-Upgrading technology to increase production
GS12-Upgrading technology to improve quality
GS13-Upgrading technology to reduce wastage and cost of production
GS14-Selling products to other countries
GS15-Allowing other firms to use their knowledge, processes and trademarks.
GS16-Contractual agreement with other firms to allow use of brand name, patent and property
GS17-Business arrangement with another firm to enable pooling of resources.
GS18-Combined with another company to form a new company
GS19-Purchased another company
GS20-Arrangement with another company to share resources for undertaking specific project.
GS21-Contracted another company to manufacture their products
GS22-100% ownership of subsidiary in another country.

Appendix VIII: Publications

- ❖ Mugo,M;Minja,D;Njanja,L.(2015).The mediating effect of culture on Management Succession and Corporate Growth Strategy among Local Family Businesses in the Manufacturing Sector in Nairobi County,Kenya.European Journal of Business and Management 7(5),171-179.

- ❖ Mugo,M;Minja,D;Njanja,L.(2015).The corporate growth strategies adopted by Local Family Businesses in the Manufacturing Sector in Nairobi County,Kenya.European Journal of Business and Innovation Research 3(1),1-10.

- ❖ Mugo,M;Minja,D;Njanja,L.(2015).The effect of Succession Planning on Corporate Growth Strategy among Local Family Businesses in the Manufacturing Sector in Nairobi County,Kenya.European Journal of Business and Management 7(6),140-147.

Appendix IX: Turnitin