ABSTRACT

A strategy is a high level plan to achieve one or more goals under conditions of uncertainty. Strategies most often devote a general programme of action and an implied deployment of emphasis and resources to attain comprehensive objectives. Strategy helps the organization to meet its uncertain situations with due diligence. Strategic planning on the other hand is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. The objectives of the study were to determine if there was any strategic succession planning in family owned businesses in Kenya and assess the effects of strategic succession planning on future direction of the family businesses. The study used descriptive survey design. A descriptive study is undertaken in order to ascertain and describe the characteristics of the variables of interest in a situation. The study targeted all large family owned businesses (those with 500 or more employees) in Nairobi. The study purposively sampled three (3) large family owned businesses which have survived to 2nd, 3rd and 4th generation. These were; Nakumatt, Sarit Centre and Chandaria Industries in 2nd, 3rd and 4th generation respectively. The study targeted a total of 84 respondents (28 from each business), mainly the top management including owners of these family owned businesses and other relevant middle managers and operational personnel. The study used structured and semi structured questionnaires as data collection instrument. The data collected was analyzed using both qualitative and quantitative methods. Quantitative data was used to obtain descriptive statistics such as frequency, percentages, mode, median and standard deviation, while qualitative method was used to analyze the open ended question and descriptive statistics. The study achieved a response rate of 73.82% which offered credible and dependable information about family owned businesses in Kenya. The respondents were presented with factors which affect the survival of family owned businesses. According to the findings, majority of the respondents indicated strategic planning and succession plans respectively as major factors affecting survival of family owned businesses and hence need to be addressed to facilitate family businesses to the next generation. The failure to plan for succession is one of the greatest threats to the survival of the family businesses. Accordingly, the study suggests that family businesses have to plan succession appropriately to ensure continuity. Further, majority of the respondents indicated that family businesses would be looking for changes in its leadership not necessarily just immediately but in the future. The study also established that strategic succession plan help smooth running of family business and that succession plan does not help without family willingness. The study therefore recommends that family owned businesses adopt strategic planning as well as allow family members to play key role in the succession process in order to realise successful succession. Finally, the study suggests that strategic succession planning is a critical factor affecting family owned businesses in Kenya. As a direct response to the fundamental changes in the economic landscape, family enterprises, today more than ever, need to rise to the challenge and address both inherent and structural problems and threats. Like any other problem, there is no magic solution that fits all. It is imperative that a gap analysis is conducted, which examines governance, organizational and legal structure and other areas.