

SUCCESSOR ENGAGEMENT AND SUSTAINABILITY OF FAMILY OWNED SMALL ENTERPRISES IN KENYA

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ABSTRACT

Family owned enterprises play a key role in economic development through employment creation and availing of products and services to the end users. However, despite the merit that surrounds the family owned businesses, their performance has been at the threat of decline with many of them ending up closing their doors as a result of increased mismanagement as well as succession chaos. These challenges, combined with the normal business environment challenges posse a big threat to the firms' sustainability. On the other hand, successor engagement as a human resource practice has been argued to be the central enabler of firm performance and sustainability. Through well-tailored successor engagement tactics, the continuity of the firm is enhanced. However, there has been little research on the relationship between human resource management practices and sustainability of family owned businesses hence the subject of the study. The study therefore sought to establish the influence of successor engagement on the sustainability of family owned small enterprises in Kenya. The study was informed by the two-factor theory of human resources. The study adopted descriptive research design which involves both qualitative and quantitative research methodologies. The design was considered appropriate based on its ability to give more generalized results and enhance the practicability of the variables. The study targeted family owned small business enterprises in Nairobi County which are approximately 16285. Nairobi was chosen since over 90% of the FBEs are located in the area and therefore can act as a representative of Kenya. Stratified random sampling was applied to come up with a study sample of 375 respondents who were obtained from the FBEs in Nairobi County and grouped in manufacturing, trading and service sectors. Questionnaires were used to collect data from the respondents. The data was afterwards analysed using SPSS software and presented in form of tables, figures and graphs. The study established that successor engagement significantly and positively enhances the sustainability of family owned enterprises. The study concluded that delegating duties and putting the next runners of the enterprises on toes, play to a key role in enhancing performance and sustainability of human resources. The study recommended that the family owned

enterprises through the management should ensure the successors are well engaged for them to effectively run the enterprises after the exit of the initiators.

Key Words: Successor engagement, Family owned enterprises and Firm sustainability

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