

**EFFECT OF BUSINESS SUCCESSION ON PERFORMANCE IN
KISUMU COUNTY, KENYA**

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UNIVERSITY**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University or for any other award. No part of this thesis should be reproduced without authority of the author or/and Kenyatta University.

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DEDICATION

This work is dedicated to my sons Kasironi Mujjasi Maende, Jean- Chrispen Obira Maende, Boniface Zafrica Hasaja Maende and Reagan Peter Hasaja Maende, for support and encouragement.

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OPERATIONAL DEFINITION OF TERMS

African -owned Businesses:	These are businesses owned by people of the African descent in Kenya as opposed to people of other races.
Asian -owned Businesses:	These are businesses owned by persons whose origin is the Asian continent many of whom are Indians and Pakistanis.
Business Continuity:	Refers to a planning process which provides a framework for ensuring resilience or survival of business to threats and challenges of any nature.
Business Succession:	Is used here as a process of ensuring there is competent business leadership across generations of the family.
Family Business	A family business is one that is partially or wholly owned and managed by more than one family member.
Forms of Businesses:	Refers to legal status of a business; namely, Sole proprietorship, partnership and Limited Company.

Succession:	Is used in this Thesis to mean a process whereby the leadership, control, skills and capital of a business are passed on to the next generation or other members of the family.
Succession Activities:	These are any activities undertaken for a business in transition from one generation to another or from one family member to another.
Successor Capabilities:	This refers to what those who assume leadership of family businesses need to thrive usually in terms of the successor's mix of intelligence, experience, relevant skills and interpersonal skills that allow the individual to profitably continue operation of the family business.
Succession Process:	Refers to those activities undertaken in transferring leadership of the business from family founder or owners of such business, or to members of one generation to another within the family or outside the family.

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
CBD	Central Business District
CEOs	Chief Executive Officers
KCBD	Kisumu Central Business District
GOK	Government of Kenya
ICDC	Industrial and Commercial Development Corporation
KCBD	Kisumu Central Business District
SD	Standard deviation
SPSS	Statistical Package for the Social Sciences
VIF	Variance Inflation Factor

ABSTRACT

The economic landscape of most nations, Kenya included, remains dominated by small and medium businesses which include family businesses. The importance of such businesses cannot be overemphasized, economically and socially. However, lack of business longevity is a cause for concern. Succession planning is the process of identifying and preparing suitable employees through mentoring, training and job rotation, to replace key players within an organization as those key players leave their positions for whatever reasons such as retirement, advancement and attrition. A few businesses survive to the second generation and even fewer make it beyond the third generation. Currently, there are a few family owned businesses in Kenya that have survived to the third and fourth generation. The literatures about family businesses suggest that there are a number of family businesses that fail in transitioning from the first generation to the second generation. Family businesses lack a practical understanding of succession planning resulting in the implementation of weak succession plans. The specific objectives of the study were to establish the relationship between business succession process on business performance in Kisumu Central Business District; to evaluate the relationship between handing over procedures of business on business performance in Kisumu Central Business District analyze the relationship between the demographic characteristics influence on business performance in Kisumu Central Business District; to examine the moderating effect of external factors on the relationship between business succession process on business performance in the Kisumu Central Business District. The research design was descriptive survey, data were collected by using a questionnaire through drop and pick method. Target population of 211 (two hundred and eleven) businesses (see appendix II), which were businesses in manufacturing, service, wholesaling and retailing industries. Testing the questionnaire for reliability and validity was done. The unit of analysis comprised of manufacturers, wholesalers, retailers and service firms. These findings revealed that there is a significant positive relationship between business succession processes on performance of businesses in Kisumu Central Business District. Marital status and experience were found to have significantly affected the performance of businesses in Kisumu Central Business District while age bracket and education had insignificant effect on business performance. The findings implied that in most businesses, successful and smooth business succession process enhanced its performance. Procedures of business succession significantly affected the performance of retail business. Educated business owners or proprietors were more likely to have high performing retail business than less educated colleagues. External factors (Legal Structure and Economic Factors) have a significant moderating effect on the relationship between business succession process and performance of retail business. The study concluded that businesses that intend to survive beyond their founders must have a smooth succession process. Smooth change of leadership, smooth transfers of ownership and smooth transfer of control ensure that the performance of business is not significantly affected. The study recommended that founders/owners of the businesses should start working on the succession process early enough to ensure the process is smooth and does not have negative impacts on business performance.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Succession planning is the process of identifying and preparing suitable senior employees through mentoring, training and job rotation, to replace key players within an organization as those key players leave their positions for whatever reasons such as retirement, advancement and attrition (Kuria, 2018). In Kisumu County, family owned businesses have experienced increased public and academic discussion of issues related to succession planning of family owned businesses, with high rate management conflicts during succession period. Succession planning is an inevitable process that has to be addressed except if one is willing to risk the peril of postponing the inevitable. The quality of family governance is largely determined by the fulfilment its obligation on leadership matters hence the need of clear succession policy in family owned businesses (Dasmit, Chrisman, Sharma, Pearson, and Long, 2017).

In this study, business is viewed as a complex operating system, enterprise or activity which provides goods or services, which people need and at the same time it gives suppliers or vendors of materials, labourers and owners, payment for the supplies, hours of work or investment that they have provided (Hess, 2015). Forms of business ownership may be either sole proprietorship (usually owned and managed by one person), or partnership where two or more people legally agree to become co-owners of a business. Alternatively, a business with legal entity and authority to act and has liability separate from owners, becomes a corporation (Kraakman and Hansmann, 2017).

According to Nickels, McHugh and McHugh (2019), many businesses start out in one form, then add (or drop) a partner or two and eventually become corporations, limited liability companies or franchises. Such businesses have been at one time sole proprietors, partnerships or limited companies while at the same time such businesses may be involved in manufacturing, retailing, wholesaling or in-service industries. In terms of sizes, such businesses, may progress from micro, small, medium then to large businesses.

Succession in family-run companies is a core topic in business research that has received growing attention in recent years (Short, 2016; Daspit, Chrisman, Sharma, Pearson, and Long, 2017; De Massis, Wang, and Chua, 2019). World-wide, 95 percent of enterprises are family-managed (Kay, Suprinovič, Schlömer-Laufen, and Rauch, 2018). For instance, according to Freiling and Grossmann (2014), 86 percent of German family businesses were in need of succession due to the age of the incumbent management generation. A study conducted in 2013 estimated that approximately 135,000 family businesses would face the need of finding a successor within the next five years corresponding to 3.5 percent of all businesses in Germany (Kay and Suprinovič, 2013). Companies in this stage of the life cycle face several challenges and uncertainties jeopardizing their long-term viability. Failure of the succession is one of the greatest threats to the survival of family businesses (Leiß, and Zehrer, 2018).

The stewardships, transformation leadership and human capital theories have been developed around succession planning and performance to providing a platform for analyzing the relationship between variables and their effects on the performance of family owned businesses. The basis of human capital theory lies in the concept that individuals possess knowledge, skills

or experiences, which have economic value to a firm (Paukstadt, and Becker, 2019). An individual who possesses more human capital has more relevant knowledge and experiences necessary to be productive or influence financial performance. The transformational leadership theory assumes the heroic leadership stereotype that effective performance by an individual, group, or organization is assumed to depend on leadership by an individual with the skills to find the right path and motivate others to take it (Daspit, Chrisman, Sharma, Pearson, and Long, 2017). Stewardship theory assumes that individuals are more concerned with their potential to make a contribution to the organizational performance than individualistic desires (Swab and Johnson, 2019).

1.1.1 Business Succession

According to Phelps, Adams and Bessant (2019), family business has similar characteristics with the small firm hence, they are flexible and agile which enables them to be controlled or maneuvered by own-managers who are mainly family members. Such firms play vital role in the economic development of many nations and act as engines for energy economy in terms of job creation and tax collections (Kuratko, 2016). In the United States of America (USA), the Small Business Association Report (February 2003), revealed that 91% of 21 million businesses were family- owned. 30% of family businesses succeeded to second generation and another 15% survive into third generation. This is in comparison to South Africa where, 84% of businesses were identified as family businesses (Leonard, Kinsella, O'Donoghue, Farrell & Mahon, 2017).

The businesses, especially those that are family-owned, face serious succession bottlenecks. Not only does succession process contain a lot of managerial problems, but a range of emotional

obstacles (Leonard, Kinsella, O'Donoghue, Farrell and Mahon, 2017). While succession is difficult as a process, it is vital to the survival and sustenance of family-owned businesses. Unfortunately, many businesses do not carefully plan for succession in the event that the founder of the business leaves the scene (Craig and Moores, K. (2017). To achieve systematic succession, businesses should develop a succession plan, outlining the way the business is to continue, when the founder is no longer at the helm (Vieira and Dixit, 2019).

Thinking early and often about succession is likely to assure its survival in the future and it is also likely to improve its performance. However, lack of longevity of a business is a cause for concern (Ward, 2016). Research has established, internationally, that, only 30% of businesses survive to the second generation, while fewer than 14% make it beyond the third generation (Motwani, 2016). Smaller businesses are especially vulnerable; they generally survive five to ten years only after the death of the founder (Thomas, 2019). This is particularly, true at the transition between the founder and the next generation. According to several authors, one of the main reasons for the high rate of failure is the founder's inability to manage the complex and highly emotive process of ownership and management succession, from one generation to the next (Dou, Ryan, and Zou, 2018).

Another reason for high rate of failure is that the owner-manager generally is seen as a person who wears many hats and, therefore, a Jack- of- all trades; and he or she is so busy fitting any role (finance, selling, production and other pressing management functions); that the need for a succession programme is overlooked (Dou, Ryan, and Zou, 2018). Furthermore, in other instances the thought that the owner –manager is likely to give up power because of retirement,

ill health, or death is so devastating as to be repressed (Venter, Boshoff and Maas, 2015). Consequently, the owner –manager takes no action. Additionally, in some cases, owner-managers tend to put succession issues at the back of their minds, although they may be troubled about how to deal with, who will manage the business over the long term. Lastly, executives in some organizations often lack strategies and succession planning knowledge and therefore, perceive management succession planning as a tedious paperwork that fails to produce candidates with the capacities to lead required business change (Cohen and Sharma, 2016).

1.1.2 Business Performance

Many studies on contributions to business performance have been carried out. Empirical studies which have examined business structure as a measure of business performance includes Gusmã, Christiananta & Ellitan, (2018) and Weinrich, (2017). These studies used a database that included 1500 firms between the years 1978 – 1981. The findings showed that business strategy which focus on structure, process, reward and people significantly influenced business performance. The business structure studies focusing on business size (number of employees) and age (years) intended to provide the business with information on business flexibility and adaptability of functions and positions (Gusmã, Christiananta and Ellitan (2018; Sabir, 2018; Church and Burke, 2017; Weinrich, (2017).

At the same time, studies about business leadership and business employees indicate that managerial practices have a significant impact on two business performance components, namely profitability and share price (Gusmã, Christiananta and Ellitan (2018; Church and Burke, 2017). Sometimes management decisions may generate feelings of anger, frustration, grievance and

distrust among employees which may contribute to potentially detrimental effect on general organizational performance (Vasconcelos, 2017). According to Palaniappan (2017); Aydin and Ozcan (2015), business governance has impact on business performance since it tends to produce a positive impact on business performance.

1.1.3 Environmental Factors

Many authors argue that one skill necessary to survival is the judicious acquisition of resources. The ability to gain access to resources (e.g., capital) provides a cushion of actual or potential slack in resources that gives managers discretion and flexibility in preparing the organization for change, whether change is external (e.g., changes in markets) or internal (i.e., succession). As Lin, Ho, Ng and Lee (2019) observe, “Organizational slack provides a buffer with which to absorb the variances raised by family issues.” Obviously, the most discretionary slack comes from the most discretionary resources including cash, cash equivalents, and credit lines (Church, Kuang and Liu, 2019). As access to capital becomes easier, managers can use spare or slack resources to prepare the organization for future succession while insuring internal stability, perhaps by minimizing political behavior and discord within the top management group via bargaining or coalition-forming activities (Sadeghi and Biancone, 2018). Consequently, slack resources, in the form of accessible capital, can facilitate succession planning by allowing the firm to focus attention on external opportunities rather than on internal conflict.

Some authors argue that family businesses may be at a disadvantage in obtaining access to external capital (Rook, Hellwig, Florent-Treacy and Kets de Vries, 2019). Therefore, they may be forced to rely heavily on internal sources of capital, such as that provided by family members.

Of course, family businesses that have both family investors and employees are more likely to be concerned with the long-term survival of the firm (Powell and Eddleston, 2017). Having a clear succession process is one way to ensure consistency in achieving the goals of the family as well as those of the resource providers. Consequently, as the family assumes a greater role as a provider of capital, the organization should exhibit an increased tendency to implement succession-planning processes as part of a broader effort to ensure the business's survival.

1.1.4 Businesses in Kisumu Central Business District (CBD)

Kisumu City, the third largest urban centre in Kenya, is located along the shores of Lake Victoria (historically referred to as Port Florence, see appendices 4A, 4B,). By 2011 Kisumu City had a population of about 1.5 million people. More than half of Kisumu's population is said to be aged below 24 years (G.O.K, 2019). The Kisumu Central Business District which is the study site has a high concentration of Asian Community whose businesses have been around since the founding of the town in 1901.

The Asian business operators had opened up wholesale and retail trade in the interior of Kenya before colonial rule in Kenya. When the prosperity of the wartime and post war years set in, imports tripled and the bulk of such trade passed through the hands of the Asian traders particularly Indian traders. Between 1948 and 1962, the numbers of Asians rose from 98,000 to 177,000 (Aiyar, 2015). Their wealth also rose rapidly. Much of this wealth was invested in urban real estate, since Asians were barred by the "white highland" policy from buying land in the highlands, although they had proved to be efficient farmers elsewhere (Uganda). Early in the 1950's, the opportunities in real estate and in trading seemed to be saturated. The more

enterprising trading families began investing in the local manufacturing of products which they already had local knowledge about the market; hence they produced locally at a profit. In other words, the Indian trading community (after the partition of India they became known as "Asian") produced the prototype of national industrial bourgeoisie (Aiyar, 2015).

In 1961, over 67% of all the locally-owned industrial enterprises with fifty or more employees were Asian - owned. On the eve of Kenya political independence from Britain, in 1963, Asians probably owned close to three quarters of the private non-agricultural assets of the country (Kluger, 2010). In 1971, roughly two thirds of the non-farm private assets in Kenya were still in Asian hands, about eight years after colonial rule. It is obvious that their capital resources coupled with their market knowledge and entrepreneurial experience would have enabled them to play a leading role in the field of manufacturing if they had been encouraged to do so.

However, official policy was to progressively exclude Asians from commerce and to encourage them to enter manufacturing. But political hostility to them, led to policies which discouraged them from making any long term investment in Kenya: difficulties in obtaining citizenship, discriminations against Asians in the trade and transportation sectors even when they held citizenship, and special regulations to cut down the normally permitted remittance of income overseas if that income came from rent (this being the major source of Asian unearned income) (Rodrik, 2016). They were denied the opportunities for legal export of assets or profits since resident Asians did not count as “foreigners” in the terms of the foreign investments protection Act. They were also made to feel insecure and hence hesitant about investing locally, and inclined to take every opportunity for sending assets abroad by devious means (Rodrik, 2016).

By 1971, there were scarcely 200 African businesses in Kenya (Voigt, 2018). African business growth was slow (Saebi & Foss, 2015). According to Serra (2014), the entry of Africans into trade and commerce was slow and one of the chief difficulties was the lack of sufficient capital with which to finance a business (Killingray, 2016). Other limiting factors were lack of knowledge and training in business practices and also, the difficulty in obtaining supplies at genuine wholesale prices, for frequently the prices charged by Asian wholesalers were very close to the retail selling costs thereby suppressing profit margins. Only a few became the basis of expanding, ambitious commercial enterprises. Between the two world wars, African shopkeepers had begun to set up businesses around the rural markets (Saebi and Foss, 2015).

During this early post-colonial period, the Industrial and Commercial Development Corporation (ICDC) sponsored a number of African-owned businesses that were run by innovative entrepreneurs that broke through the routine of petty shopkeepers and self-employed craftsmen who risked their capital in more ambitious enterprises. Such businesses included garages, bakeries, sawmills and laundries (Zott and Amit, 2015). As entrepreneurs, they sought for markets, struggled to establish working relationships with their suppliers, their banks, their partners, employees and customers. The African-owners of businesses created businesses whose form was new, even if their products were common places; some were businesses that survived and grew from small scale, to middle-sized African manufacturing firms, wholesale and retail trades and transport companies. Currently the businesses of this type in Kenya, and particularly in Kisumu City, are in the hands of African and Asian entrepreneurs (Appendix III).

Government and their regulators, legal and economic theorists and others like to portray regulation as benign and helpful to business. A common depiction is that regulators are the friends and the guide of the start-up and small corporations, with regulation being viewed by the regulated as a necessary evil-the cost of doing business (Kitching, Hart and Wilson, 2015). For many small business owners, the time and resources spent dealing with regulation is time spent away from core business (Li, Yeow and Rigby, 2017).

The underlying assumption that regulations do not facilitate or promote business performance pervades most research (Kitching, Hart & Wilson, 2015). Sometimes there is an acknowledgement that specific regulations facilitate economic activity –for example, property rights or competition law—but these are under-theorized as influences on business performance, and also imply that other regulations are purely a burden (Carter, Kuhl, Marlow and Mwaura, 2017). Perception surveys typically ask business owners whether they perceive regulation as a burden (Carter, Kuhl, Marlow and Mwaura, 2017).

1.2 Statement of the Problem

Succession planning is an activity that most organizations, especially family businesses, would be quick to say is in place. Unfortunately, it is widely known that succession planning efforts are all too often woefully underdeveloped, unevenly executed, and sometimes simply ignored (Miles and Dysart, 2017). Family businesses exist on a global scale. In Kenya alone, eighty to ninety percent of all business enterprises are family owned (Mwai, Ntale and Ngui, 2018). The perpetuity problem with the family owned business may be attributed to the lack of strategic succession planning.

Currently, there are a few family owned businesses in Kenya that have survived to the third and fourth generation. The literatures about family businesses suggest that there are a number of family businesses that fail in transitioning from the first generation to the second generation. Family businesses lack a practical understanding of succession planning resulting in the implementation of weak succession plans (Price water Coopers, 2011). A study on succession in the family firm indicates that when family members work together, emotions may interfere with business decisions (Weekley, 2005). Conflicts may arise as relatives see the business from different perspectives. Further research by Mwaniki (2010), on family ties in entrepreneurs' social networks and new venture success indicated that the mode and the strategies employed to facilitate the trans-generational transition of ownership and control have a significant influence on the survival and performance of family businesses.

Few of such businesses survive to the second generation, and even fewer make it beyond the third generation (Ward, 2016). In South Africa, for example, only one in four businesses survive into second generation, while only one in ten makes it to the third generation. Thus business succession is a critical issue. Family Businesses tend to be vulnerable particularly at the time of transition between the founder and the next generation or among first and second generations.

Succession process and continuity are areas that are lacking in understanding in scholarly literature (Taylor and McGraw, 2017; Ibrahim, Adams and El-Zaart, 2015). Studies focusing on succession process in Kenyan businesses are hardly available and those available such as Karimi and Busolo, (2019) and Janjuha-Jivraj (2017) have not covered activities and procedures

involved before, during and after transferring business from incumbent to the next potential owner or manager.

Venter, Boshoff and Mass,(2003) concur that the inability to manage the complex and highly emotional process of ownership and management succession of the family business from one generation to the next has been identified as the main reason for failure of family businesses. Venter et al. (2003) further assert that family businesses need to manage succession properly, with emphasis placed on planning and understanding the factors that influence succession planning. However, previous studies have not brought out clearly the effects of strategic succession planning on family owned businesses. Knowledge of such activities and procedures is vital for not only the management of the transition but also the management of the continuity and survival of the business. This gap in knowledge thus provides opportunities for investigation. It was against the above background that this study intended. It is in this regard that the ultimate objective of the study is to to investigate the relationship between business succession processes and business performance taking as a point of focus businesses in Kisumu Central Business District in Kenya.

1.3 Study Objectives

1.3.1 General Objective

The general objective of the study was to find out the effects of business succession process on business performance in the Kisumu Central Business District of Kenya.

1.3.2 Specific Objectives of the Study

The specific objectives of the study were to:-

- i. Establish the effects between business succession process and business performance in Kisumu Central Business District.
- ii. Evaluate the effects of business succession procedures on business performance in Kisumu Central Business District.
- iii. Analyze the effect of demographics characteristics on retail business performance in the Kisumu Central Business District.
- iv. Find out the moderating effect of external factors on the relationship between business succession process and business performance in the Kisumu Central Business District of Kenya.

1.3.3 Research Hypotheses

- H0₁:** There is no effects business succession process on business performance in Kisumu Central Business District.
- H0₂:** There is no effects between handing over procedures in business succession process on business performance among businesses in Kisumu Central Business District.
- H0₃:** There is no effects between demographics of people in business Succession process on business performance among businesses in Kisumu Central Business District.

H0₄: External factors do not significantly moderate the relationship between business succession process and business performance among businesses in Kisumu Central Business District.

1.4 Significance of the Study

Shareholders (owners) of family owned businesses will greatly benefit from information on how strategic succession planning affects such ventures and the strategies they need to adopt to help transition these businesses to the next generation seamlessly.

Potential investors in family business ventures will also benefit from the knowledge of the possible dangers that face family managed businesses that do not adopt strategic succession planning as an avenue for ensuring business continuity. This information will help them make sound investment decisions.

The future researchers will also benefit a great deal from the study as they will be able to gather information relating to the effects of strategic succession planning on family owned business continuity.

The study will also help to promote solid policy development initiatives in the area of family owned businesses both by the central and county governments. Solid policies will assist to promote and stimulate the growth and sustainability of small and medium-sized family owned business ventures.

1.5 Scope and Limitations of the Study

1.5.1 Scope of the Study

The scope of the study was 211 businesses in the Kisumu Central Business District comprising of business owners, business owner- managers, and non-business owner - managers of manufacturing, wholesale, retail and service industries.

1.5.2 Limitations of the Study

The study of business succession process faces various limitations. Only those businesses registered by Kisumu Central Business District were included in the study, leaving out those not registered by the county. Businesses studied were small and medium and some could be family-owned. Some respondents found it difficult to provide business information. Further, record keeping of business information varied from business to business, making it difficult to collect. However, through triangulation methods, some inaccuracies were reduced.

Issues such as finance, marketing, planning or environmental factors that any business may face therefore may affect not covered in this study. Finally, the nature of the study, which was a survey, largely relied on recall data and therefore, some correspondents may not have remembered some information about their business, in the past or present, this may have led to inaccuracies in the information obtained. The respondents targeted were business owners and managers who usually have tight schedules hence finding them was problematic, however, the researcher booked appointment in advance to mitigate this limitation.

1.6 Assumptions of the Study

The study assumed that business owners in Kisumu Central Business District carried out some activities and procedures in handing over the businesses to the next potential owner(s) or managers. It was also assumed that these activities and procedures carried out in Kisumu Central Business District businesses did facilitate successions and continuity of these businesses. In addition the study assumes that such activities and procedures were useful and applicable to any type of businesses. It was assumed that businesses had some existing succession plans and/or procedures. The performance of businesses in Kisumu Central Business District was affected by succession process activities.

1.7 Organization of the Study

This thesis has been organized in five parts. Preliminaries of this thesis are covered in roman pages i – xiii, the introduction of the study which includes the background of the study, the statement of the problem, study objectives, research hypotheses, scope of the study, limitations of the study, assumptions of the study as well as organization of the thesis, are covered in chapter one. Chapter two of the study covers the theoretical literature review, empirical literature review, summary and gaps in the literature review, conceptual framework as well as operationalization of the variables. In the third and methodology chapter covers introduction, research design, target population, area of study, sampling design, research instruments and their piloting, validity and reliability and their piloting for validity and reliability. The final part of this chapter covers the data collection, data management, data analysis and presentation as well as the ethical considerations. Chapter four of this thesis covers research findings, discussions, analysis and

presentation. While chapter five covers the summary, conclusions and recommendations of this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers theoretical framework, empirical framework and conceptual framework. Under theoretical framework, theories that the study is anchored on will assist in formulation of the hypotheses. Empirical review presents the findings of previous studies conducted, related to this study topic, and will help in identification of research gaps.

2.2 Theoretical Literature Review

In this Theoretical Literature Review Section, three theories were identified to be relevant to the study; namely, the theory of planned behaviour which specifies that there must be desirability of the anticipated outcomes to the initiator, the successor-related factors theory which indicates that the successor's willingness to take over preparation level, and relationship with the founder does influence the succession process. While successor-centric theory examines the role of founder in the succession process.

2.2.1 Resource Based View Theory

The Resource Based View (RBV) theory can be traced back to the work of Birger Wernerfelt who developed an article titled “A Resource-Based View of the Firm” in 1984. However, elements of the RBV theory can be found in earlier research work by authors such as Coase in 1937, Selznick in 1957, Penrose in 1959, Stigler in 1961, Chandler in 1962 and Williamson in 1975 where emphasis was put on the importance of firm resources and its implications for firm performance (Armstrong & Taylor, 2014). The RBV theory argues that organizations should not try to achieve strategic fit with the external environment but aim to maximize their internal resources to create and dominate future opportunities (Latif, Afzal, Saqib, Sahibzada, and Alam, 2020). The theory’s central proposition is that if a firm is to achieve a state of sustained competitive advantage, it must acquire and control valuable, rare, inimitable and non-substitutable resources and capabilities (Caputo, Pellegrini, Valenza, and Zarone, 2019). Within this theory people are viewed as an investment and not a cost and learning, knowledge sharing, innovation and experimentation are encouraged with the employees being involved in decision making (Gaur, Shukla, and Verma, 2019).

This theory assumes that an organization’s workforce is a unique and inimitable resource that can generate a competitive advantage for the organization if effectively harnessed (Latif, Afzal, Saqib, Sahibzada, and Alam, 2020). Botella-Carrubi and González-Cruz (2019) argues that a resource based view approach to strategic human management focuses on satisfying the human capital requirements of the organization. Moustaghfir, Fatihi and Benouarrek, (2020) suggests that human resource policies and values of an organization constitute an important non-imitable resource and this is achieved by ensuring that; -the firm has higher quality people than its

competitors, organization learning is encouraged, organization-specific values and a culture exist which bind the organization together (and) gives it focus, and the unique intellectual capital possessed by the business is developed and nurtured.

Critiques of this theory argue that the effectiveness of the resource based approach is inextricably linked to the external context of the firm and that the resource based approach provides more value when the external environment is less predictable. Other critiques have argued that the theory's valuable, rare, inimitable, and non-substitutable proposition is neither necessary nor sufficient for a firm's sustained competitive advantage (Chakraborty and Biswas, 2019). This theory was relevant to the current study as employees' talent can be a valuable resource to an organization's performance. Thus, retention of high value (potential) employees should be an integral element of an organization's succession planning policies.

2.2.2 Human Capital Theory

Human capital theory was proposed by Schultz in 1961 and later developed extensively by Becker in 1964 as cited in his publication titled "Human Capital: A theoretical and Empirical Analysis to special reference to education". Human capital theory was developed on the realization that the growth of physical capital was only a small part of the growth of organizational income (Sarfraz, Shah, Fareed, Z., and Shahzad, 2020). Economist Theodore Schultz introduced return-on-investment, which highlighted the cost-benefit analysis of staff training and education. Based on Schultz's research on return-on-investment, Becker introduced the concepts of general-purpose human capital and firm-specific human capital that are widely used by human resource development practitioners worldwide to date (Theus, 2019).

Human capital theory suggests that employees' education or training raises their productivity by imparting useful knowledge and skills. This theory postulates that expenditure on training and education is costly, and should be considered an investment since it is undertaken with a view to increasing personal incomes. The human capital approach is often used to explain occupational wage differentials (Ployhart, Call and McFarland, 2017). In Becker's view, human capital is similar to "physical means of production", e.g., factories and machines meaning one can invest in human capital (via education, training, medical treatment) and a firm's output depends partly on the rate of return on the human capital one owns. Thus, human capital is a means of production, into which additional investment yields additional output (Sarfraz, Shah, Fareed and Shahzad, 2020). Therefore by investing in human capital through staff training and development, the organization is able to retain talented workforce who will feel motivated to be part of the firm hence leading to better organizational performance (Koohang, Paliszkiewicz and Goluchowski, 2017).

However, there is criticism to this theory based on its assumption that education in fact guarantees employee retention. The theorists clearly did not take into account the transfer of learning. Is the duration of education and training an assurance of retaining the employee in the organization? Certainly this notion is ideal, but questionable. This is because a highly skilled employee could as well look for a much more paying job (Theus, 2019). This theory was relevant to the current study given that decisions on whether to recruit from inside or outside are informed by the level of employees' skill and knowledge existent in an organization. Thus, where the required competencies are available in-house, then replacement of key personnel can be done

through internal hires while if the required competencies are not available in-house, then replacement of key personnel is likely to be done through external hires.

2.2.3 Successor – Centric Theory

As mentioned before, family business succession is hardly ever a linear process. Thevenard-Puthod, (2020) suggests that the succession process should be viewed as a multigenerational timeframe that takes place in a rich stew of social, cultural, financial, legal, strategic, moral, and other dimensions that resists linear thinking. The successor-centric theory examines the role of successor and founder in the succession process. It explores the effects of succession planning and develops a successor-centric theory of succession that attempt to explain different types of succession without relying on the founder. The entrepreneurship theory and practice (Bozer, Levin and Santora, 2017) the influence of the family business succession process a multiple-generation perspective; Chrisman, Chua, and Sharma's (2015) research indicates that integrity and commitment to the business are the most desirable traits for family business successors. Throughout the literature, it is evident that some scholars use willingness and commitment in the same context or assign the same meaning to both terms. However, in order to further the advancement of the succession literature and create a more rich research agenda for future successor related succession research, the difference between willingness and commitment should become more distinct (Thevenard-Puthod, 2020). Tabor, Chrisman, Madison and Vardaman, (2018) four types of successor commitment include affective, normative, calculative, and imperative commitments. Affective commitment is characterized by the successor's genuine desire to be in the family firm. Normative commitment occurs when family members join the firm out of obligation, Calculative is based on opportunity costs, and Imperative commitment

occurs when successors feel that they need to join the firm, often because they doubt their ability outside the firm.

2.3 Empirical Literature Review

The economic landscape of most nations remains dominated by family businesses (Astrachan, Astrachan, Campopiano and Baù, 2020; Klein, 2017; Keasey, Martinez and Pindado, 2015). Therefore, it is fitting that academicians have begun to recognize the importance of family business studies. The field of family businesses has gathered considerable momentum, particularly in the last several years. Between 2000 to date, there are those studies that have focused on the founders of businesses (Kelly, Athanassion and Critterden, 2017), while others have focused on succession of businesses from one generation to the next (Houshmand, Seidel and Ma, 2017; Lauto, G., Pittino, D., and Visintin, 2020; Tabor, Chrisman, Madison and Vardaman, (2018).

Women as key players in business have been equally studied (Indirapriyadharshini and Bruntha, 2017, Eddleston and Sabil, 2019). Furthermore, challenges facing managers have been examined (Effendi, 2020; Tabor, Chrisman, Madison and Vardaman, (2018). Problems and conflicts as they affect businesses have been sufficiently examined (Harms, Weyh, Maresch and Kraus, 2017; Kenya 2019; Debicki, Dawson and Kellermanns, 2017; Sorenson and Milbrandt, 2015). Between 1999 and 2003 studies of businesses have concentrated on succession (Daspit, Holt, Chrisman & Long, 2016; Leiß and Zehrer, 2018) Compared with family firms in the West, Indian family firms demonstrate a far more collectivist culture and complete surrender of individuality to the general welfare of the family. Despite considerable subcultural differences

that prevail in different parts of India, the basic value systems that business families throughout the country follow are surprisingly similar (Gherardi and Perrotta, 2016; Tabor, Chrisman, Madison and Vardaman, (2018).

Recently, the idea that the family is the critical variable in family studies and that the heart of the field is about understanding the reciprocal impact of family on business and business on family has begun to crystallize in the minds of many scholars, (Edelman, Manolova, Shirokova and Tsukanova, 2016). Broad based models of sustainable family business that take into account the reciprocal relationship between family and business systems in an effort to foster simultaneous development of functional families and profitable firms have emerged. Other scholars have encouraged the adoption of a family embeddedness perspective by including the characteristics of family system in research along both families and business dimensions (Wood, Mitchell, Agle and Bryan, 2018) recognizing that the family and business are intertwined in family firms. Some studies even suggest that the success and continuity of family firms depend more on effective management of the overlap between family and business than on resource or process in either the family or the business systems (Mokhber, Gi, Rasid, Vakilbashi, Zamil and Seng, 2017).

According to several authors, one of the main reasons for the high rate of failure is lack of viability to manage the complex and highly emotive process of ownership and management succession from one generation to the next (Caputo and Zarone, 2019; Villares-Varela, 2017; Shankland and Gonçalves, 2016; Laasch, 2018; Marler Botero and De Massis, 2017; Neubauer and Lank, 2016; Kerzner, 2019; Fletcher, De Massis and Nordqvist, 2016). This is particularly

true of all transition between the founder and the next generation, as is evident from the high failure rate during the first (founding) generation. Therefore, longevity of businesses is a case for concern since it is likely to affect business performance.

According to Raabe, Arnold and Kool, (2016), because succession is a process where generation's progress through the actions of transfer, and it is also a dynamic exercise that has to be managed, just as the business itself should be properly managed, succession also should be managed properly. In Kenya, many Asian businesses are family-owned. Among Africans, some businesses are family-owned while others are owned by single proprietors who may want to pass on these businesses to younger family members when they grow old, or experience business fatigue. In this respect, the process of business succession is important for these Asian owned and African-owned businesses.

2.3.1 Succession Process

Succession in the business context has been investigated extensively and identified as a critical factor to an organization's performance, particularly where it involves changes in key leadership positions (Ahmed, 2016). As such ensuring business continuity can be achieved through deliberate succession management and should be a key priority for boards CEOs and human resource executives (Ledig, Theis, Huszár, Caballero, Cunningham, Acosta and Shi, 2017). Succession management has therefore, been defined as an integral part of succession process and it ranges on a continuum from mechanical replacement planning to comprehensive succession management.

Business succession is inevitable because of finite lives and health of business owners. The process of planning for succession is often thought of as a "taboo topic" in family businesses as owners struggle to accept their own mortality and exhibit a reluctance to let go of power (Soost and Moog, 2021). Freiling and Pöschl (2020) provided a framework for succession planning by suggesting that the most typical elements that constitute a succession process are: (a) the identification of the potential successors, (b) showing commitment to succession and legitimizing the individual through the actual designation of the successor as the heir apparent, and (c) the communication to the designated successor and other key management of the designation. A more comprehensive succession process takes place when several possible successors have been considered (Dias and Davila Jr, 2018). Davis and Ramadani, Dana, Sadiku-Dushi, Ratten and Welsh (2017) suggested variables that can appropriately assess the extensiveness of the succession planning process, including not only whether a successor has been chosen, but also whether multiple people were considered, whether the owner(s) have informed the successor, and whether others have been informed.

According to Koohang, Paliszkievicz and Goluchowski, (2017), succession planning is emphasized in family business arena for two main reasons. First, activities relevant to succession planning are part of the succession process; second, succession planning is reckoned as a means to improve the success rate of ownership transition. Theus (2019) argues that succession planning has three main objectives: to efficiently and fairly distribute assets from older to younger generations; to pass control of the business in a way that will ensure effective business leadership; and to maintain and promote family harmony.

Although remarkable effort has been invested in family businesses towards meeting these three objectives, the effort does not normally lead to an effective succession but agony, confusion, and paralysis (Theus, 2019). The existing literature, such as Koohang, Paliszkievicz and Goluchowski, (2017) and Cesaroni and Sentuti (2017), suggests that well developed succession plans can increase the likelihood of cooperation among stakeholders in businesses, therefore enhancing the chance of a smooth and effective succession. However, converse to the significant concern on planning, business owners and managers rarely outline their future succession (Koohang, Paliszkievicz and Goluchowski, 2017).

According to Yedder (2018), most stakeholders in family businesses are psychologically ambivalent toward succession planning. Company founders encounter psychological deterrents to succession planning as it may imply a letting go of power. Family members avoid planning, worrying about the subsequent loss of identity, family harmony, and privacy. Senior managers, having worked along with incumbents long-term, are reluctant to transfer from a personal relationship with the incumbent to a more formal one with the successor (Koohang, Paliszkievicz and Goluchowski, 2017). Successors, on the other hand, have to prepare themselves to handle residual conflicts. The absence of a succession plan can cause serious management problems, even leading to a business failure (Agarwal, Kumar and D'Souza, 2016).

2.3.2 Issues in Business Succession

Succession is one issue that requires analysis from the perspectives of management and ownership system in order to understand adequately the perspective of the different stakeholders, (Ramadani and Hoy, 2015). Theoretical model of succession process, in the business points to

factors at the individual and group levels, as well as governmental and even environmental levels affecting succession process (Chen, Liu, Yang and Chen, 2016). Management succession is in itself an issue because management succession should not be seen as a decision, but as a journey, and this journey may extend from three to six years or longer (Chen, Liu, Yang and Chen, 2016).

Important issues regarding business transfer can be divided into soft and hard issues, soft issues relating to company and family issues and hard issues relating to monetary, technical and legislative matters (Leiß and Zehrer, 2018). For a successful business transition, various authors suggest that there has to be a mutual understanding of company future development and company values between older and younger generations (shared values). The incumbent should learn how to share power and let go. Both generations need their personal as well as joint plan for the succession (for it is a long process).

The whole family has to be involved in the process in order to avoid conflicts between the heirs. Where necessary a third party intervention such as a consultant can be used in the succession process. Retirement per se should be planned as well as the time of the successor's entry to management position, (Anderson, Jack and Dodd, 2016; Marler Botero and De Massis, 2017). Family consensus is difficult to achieve and generation differences vis-a-vis company future is a potential issue faced in the succession situation (Marler Botero and De Massis, 2017). Family business prospers in situations where employment conditions are unfavorable or unpredictable, because offspring would be willing to join firm (Chen, Liu, Yang and Chen, 2016).

Additionally, here might be royalties among family members to the number of potential successors in a family might be limited (Anderson, Jack and Dodd, 2016). Social norms in every

individual family (Gherardi and Perrotta, 2016), work versus family free time conflicts (Dagnino and Pinna, 2017) and environment as well as stakeholder relationships (including company personnel are but a few other issues that are important in family business succession (Anderson, Jack & Dodd, 2016; Tabor, Chrisman, Madison & Vardaman, (2018). In the literature review, hard issues that have to be tackled in a family business succession situation refer to taxation, inheritance, financing, the transfer and the ownership change issues; while soft issues relate to company and family issues (Anderson, Jack & Dodd, 2016; Marler Botero and De Massis, 2017; Tabor, Chrisman, Madison and Vardaman, (2018).

Succession is considered a vital issue in preserving the continuity and future development of business. In the United States of America (USA) Small Business Association Report (February 2003), it is indicated that ninety percent of 21 million businesses are family-owned. Thirty percent of family businesses succeed to second generation and another fifteen percent survive into third generation. In South Africa, on the other hand, 84% of businesses have been identified as family businesses (Gherardi and Perrotta, 2016). Not only does succession process contain many managerial problems, but a range of emotional obstacles (Oudah, Jabeen and Dixon, 2018). Further, succession is difficult as a process. Despite the abundant studies that exist on succession, there are many instances of business failure, particularly family and small and medium businesses. This is due to the fact that the issues of succession and business continuity are yet to be addressed fully. Hence studies on succession process and business continuity are very limited and scarce.

To achieve systematic succession, businesses should develop a succession plan, outlining the way the business is to continue, even if the founder is no longer at the helm. Academics and practitioners recommend that founders should face this issue as soon as possible and in an open atmosphere, so as to ensure sufficient time to solve initial problems and to design a tailor-made succession plan (Sharma, 2015). According to a study of the intergenerational transfer of the farm business, *as a* way of transferring leadership to the next generation, succession should be seen as a process rather than an event since it is the passage of business from one generation to the next (Raabe, Arnold and Kool, 2016). Just as the business itself in the family should be properly managed, succession also should be managed properly.

According to (Gherardi and Perrotta, (2016), more researches are needed to support the knowledge enhancement continuity; it is about business continuity, particularly in the small and family business domain. For instance Ajzen and Fishbein, (2016) have argued that studies on small-medium and family business continuity only focus on the event itself with major concern whether the founder has appointed a successor to replace his position. Davis (2018) claimed that other studies that have concentrated on business performance and succession plan process indicate that succession has been one of the major banes of family business. These researches tend to address issues such as leadership transfer and business continuity but yet no concrete suggestion has been made for business continuity process (Anderson, Jack and Dodd, 2016). Yet many business continue to fail, either cease operation before being led by the successors or there are no successors to take over.

2.3.3 Business Performance

Firm performance measures are defined as metrics employed to measure the efficiency and effectiveness of actions. However, the definition remains an issue for debate in business research (Ajzen and Fishbein, 2016). The treatment of performance in research settings is perhaps one of the thorniest issues confronting the academic researcher today (Gherardi and Perrotta, 2016). A diverse range of measures used constitutes an additional source of methodological heterogeneity (Soost and Moog, 2021).

The most common financial measures are profit margin and rate of return which are quantitative. Adams and Bessant (2019) suggests that there are other qualitative measures of performance which complement the hard measurement practice these are customer satisfaction, employee job satisfaction among others. Customer based measures have become more popular because of an endeavor by the firm to offer quality customer improvements, which ultimately lead to company profits (Leonard, Kinsella, O'Donoghue, Farrell & Mahon, 2017). For small firms, the main purpose is to stay in business, and so, the best measure would then be subjective to both financial and non-financial measures. Firms have unique performance capabilities and the ability to build powerful and distinctive cultures, whose value proposition gives them an advantage in the marketplace (Vieira and Dixit, 2019). The narrowest conception of business performance centers on the use of simple outcome-based financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm.

Many studies on contributions to business performance have been carried out. The empirical studies which have examined business structure as a measure to business performance include

Gusmã, Christiananta and Ellitan (2018) and Weinrich, (2017). These study used a database that included 1500 firms between the years 1978 – 1981. The findings showed that business succession strategy significantly influenced business performance. The business structure studies focusing on business size (number of employees) and age (years) intended to provide the business with information on business flexibility and adaptability of functions and positions (Gusmã, Christiananta and Ellitan (2018; Sabir, 2018; Church and Burke, 2017).

At the same time, studies about business leadership and business employees indicate that managerial practices have a significant impact on two business performance components, namely profitability and share price (Gusmão, Christiananta and Ellitan, (2018; Church and Burke, 2017). Sometimes management decisions may generate feelings of anger, frustration, grievance and distrust among employees which may contribute to potentially detrimental effect on general organizational performance (Vasconcelos, 2017). According to Palaniappan, (2017) and Aydin and Ozcan (2015), business governance has impact on business performance since it tends to produce a positive impact on business performance.

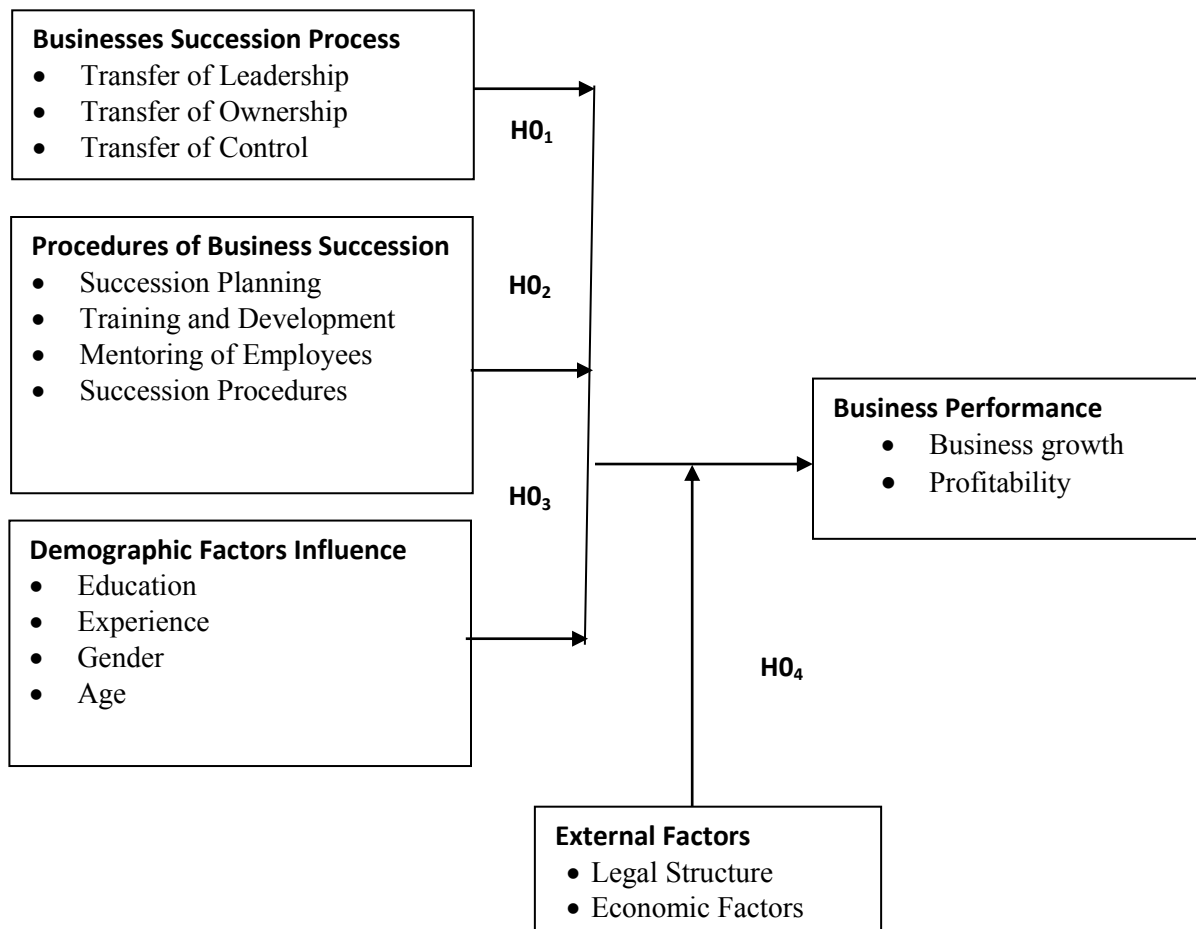
2.4 Summary of the Literature Review and Research Gaps

Business researchers are confronted by a definitional dilemma regarding what constitutes family-owned business (Oudah, Jabeen and Dixon, 2018). Some researchers argue that family business is any business in which more than one member of the family is affected by business decisions. Under this definition, a proprietorship is a family business if the single owner discusses the business with his or her spouse at dinner. Other studies require that at least two members of the family are active in the management and/or ownership of the business.

Still others consider a family business as one with family members from different generations active in the business. Some expect the family to be owners of at least 51% of the stock, while others believe the family simply needs to be able to exert its desires normally on major decision. A number of definitions as given Chen, Liu, Yang and Chen, (2016) provide wide difference of opinions it is unlikely that a definition will be agreed on in the near future (Ramadani and Hoy, 2015). Therefore, it is very important that family business researchers describe fully the subjects of family business that is being studied. In his industry strategic, (Ramadani and Hoy, 2015), suggest for industries undergoing. According to Ramadani and Hoy (2015), there have been no studies that have examined factors associated with industries undergoing significant changes.

2.5 Conceptual Framework

The conceptual framework explains the relationship between independent variables, namely, business succession process, procedures of business succession, and demographic factors influence and the dependent variable business performance. The direction of the arrows shows the direction of effect induced by the independent variables on the dependent variable.



Independent Variables Moderating Variables Dependent Variable
Figure 1 Conceptual Framework

Source: (Author 2018)

2.6 Operationalization of the Variables

Operational definitions and the measurements to be used to estimate these variables are contained in Table 2.1. The measures to be adopted in this research have been used and validated by other researchers in view of literature presented. The measurement scale for all the study variables as shown Table 2.1.

Table 2.1 Operationalization of the Variables

Type of variables	Composite Variables	Indicators	Measurement
Dependent Variable	Business Performance	<ul style="list-style-type: none"> • Increase Capital • Profitability • Growth in customers 	Interval Scale
Independent Variable	Businesses Succession Process	<ul style="list-style-type: none"> • Transfer of Leadership • Transfer of Ownership • Transfer of Control 	Ordinal Scale
	Procedures of Business Succession	<ul style="list-style-type: none"> • Succession planning • Training and developing staff 	Ordinal Scale
	Demographic Influence	<ul style="list-style-type: none"> • Education • Gender 	Ordinal Scale
Moderating Variables	External Factors	<ul style="list-style-type: none"> • Legal Structure • Economic Factor 	Ordinal Scale

Source: (Author 2018)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research design, site or locale of the study, target population, sampling method, data collection instruments and data collection procedures, data analysis and data presentation techniques.

3.2 Research Philosophy

Positivism as a philosophy adheres to the view that only factual knowledge gained through observation, interviews or questionnaire, including measurement, is trustworthy. In this study, positivist philosophy applies to this study because of the use of the questionnaire to collect primary data about the businesses in the Kisumu Central Business District.

3.3 Research Design

According to Sharma (2015) a research design is a logical and valuable way of looking at the world; it acts as a framework or plan or blueprint for a study that guides the collection and analysis of data. The research design for this study was a descriptive design. Through the use of questionnaires and interviews, descriptive design was a means of collecting a large amount of data from the target population of 211 sizeable populations cost-effectively. Consequently through the use of descriptive method, the questionnaires enabled the study to collect data that addressed the research objectives.

3.4 Area of the Study

This study was conducted in Kisumu City (see Appendices IV & V). By July, 2011, Kisumu City had a population of about 1.5 million people. More than half of Kisumu's population are said to be less than 24 years of age (G.O.K, 2019). Kisumu City was chosen because of its historical role in building of Kenya Railway line from Mombasa. It is the last point on the railway line between Mombasa and Kisumu (Port-Florence); but most importantly, the Kisumu City was chosen as the site of this study because it has the highest density of Asian owned businesses in Kenya.

3.5 Target Population

The study targeted a total of 211 businesses in Kisumu Central Business District registered under Kisumu Business Association in 2017 (See Appendix III). The businesses include manufacturing, wholesale and retail trade and service industries. The businesses formed unit of analysis while unit of observation was the owners and owner managers.

3.6 Sampling Design

The study had a sample size of 211 family owned business within Kisumu CBD, Kisumu County. This was based on Mugenda and Mugenda (2009) who postulated that for descriptive studies, 10 – 30 percent of the total population is adequate for statistical reporting.

The study employed both stratified and simple random sampling techniques in sample selection. Stratified sampling procedure was used to categorize the firms that family owned while the simple random sampling technique was applied across the strata as it accords each element in a

population an equal probability of being sampled hence eliminating representative biasness (Mugenda and Mugenda, 2009)

3.7 Response Rate

A total of 211 survey questionnaires were distributed. Thirty (30) were not returned, six questionnaires were lost through mortality, one hundred and seventy five (175) questionnaires were returned representing response rate of 82.9%. According to Kothari (2015), response rate of 30% and above is adequate for analysis and reporting. According to Babbie (2015); Mugenda and Mugenda (2003), a response rate of 50% and above is adequate for a descriptive study, therefore, a response of 82.9% was considered acceptable for this study.

3.8 Data Collection Instruments

Primary data was collected through the use of questionnaires. The questionnaires allowed the data gathering exercise to cover a large number of respondents. The questionnaire was divided into four parts. The first part covered respondent's demographic information such as type of business, type of ownership and management; age of business and the number and type of employees. The second part focused on the procedures of succession. The third part covered business performance and the fourth focused on moderating factors.

3.8.1 Pilot Testing of the Research Instruments

A pilot test was carried out with five firms representing manufacturing, wholesaling, retailing, transport and service to test the data collection instruments for their validity and reliability, before the main survey was carried out. Firms in the pilot study were not included in the final

sample. Results of the pilot study were used to improve the data collection instruments by eliminating any ambiguities and inadequacies. Piloting also assisted in estimating on average the completion time of the study. Pilot testing was specifically vital in separating the types of businesses in Kisumu Central Business District .Validity and reliability being the true criteria for evaluating measurement tools and since the outcome and quality of a good research study depended greatly on relevance and accuracy of data collection tools; the use of questionnaires as tools in this study yielded the type of information relevant to research objectives, research hypotheses as well as the conceptual framework used.

3.8.2 Validity of Research Instruments

Validity refers to the extent to which data collection method or methods accurately measure what they were intended to measure (Saunders, 2015). Content validity was ensured by seeking for the opinions of the supervisors and other experts on whether the questionnaire adequately covered the study objectives; while construct validity was tested by analyzing how the respondents fill-in the questionnaires. To ensure that validity of the questionnaire instrument, it was subjected to supervisors' approval, to pre-testing; and responses were analyzed to determine if informants had understood and interpreted the questions in a similar manner. The process helped in improving validity and to identify any ambiguity, omissions and any mistakes. Six lecturers with a bias in entrepreneurship and research methodology were used to improve and align the research objectives, conceptual framework and questionnaire.

3.8.3 Reliability of Research Instruments

Reliability of a measure is an indication of consistency with which the instrument measures the concept (Sekaran, 2015; Mugenda and Mugenda, 2003). Reliability was tested by using Cronbach's Alpha. Cronbach's Alpha was computed in terms of the average interconnections among the items measuring the concept. The closer the measure is to 1, the higher the internal consistency or reliability. On average, reliabilities of 0.7 range are considered acceptable and those over 0.8 are regarded as very good (Sekaran, 2015).

Before actual data collection pilot study was conducted to check on the reliability and validity of the research instrument. Reliability is an indication of the stability and consistency with which the instrument measures a concept and helps to assess the goodness of a measure (Cooper and Schindler, 2011). In this study, Cronbach's Alpha, which is a reliability coefficient, was applied to indicate how well the items in the set were correlated with each other. Sekaran (2015) points out that the closer a Cronbach's Alpha is to 1 the higher the reliability. Serakan (2015) points out that in general 0.70 value is recommended as the minimum acceptable value for Cronbach's Alpha reliability. The Cronbach's alpha was used in this study to measure the internal consistency of the variables. The summary of reliability test results are shown in table 3.1.

Table 3.1 Reliability Test Results

Variables	Cronbach's Alpha	Number of Items	Comment
Business succession process	0.795	3	Accepted

procedures of business Succession	0.795	5	Accepted
Business performance	0.754	4	Accepted

The findings showed that the scales were reliable as the Cronbach's Alpha for all the variables surpassed the minimum Cronbach's alpha value threshold of 0.70 that is recommended by Serakan (2015). Accordingly, none of the items in the questionnaire were deleted after the pilot study. The questionnaire was adequate to be used in the final survey.

3.9 Data Collection Procedures

A research permit was obtained from the National Council of Science and Technology as legally required. The questionnaires accompanied by a letter of transmittal Questionnaires were hand delivered to respective respondents; completed questionnaires were collected by the researcher and or his research assistants. Two research assistants were given training by the researcher regarding the requirements of the study. These two research assistants worked closely under the supervision of the researcher, throughout the data collection. Further, there was a need for the research assistants and the researcher to build rapport with the informants and to boost informants' confidence and at the same time, motivate them to offer responses with confidence. Through telephone and or e-mail, informants were reminded about the dates for collecting the completed questionnaires.

3.10 Data Analysis and Presentation

Data collected by the use of questionnaires were organized, cleaned and edited to detect errors and omissions. Then, the data was arranged to facilitate coding, that is, assigning numerical codes so that the responses can be put into a limited number of categories to facilitate examination of meaningful relationships among the variables. Quantitative data were analyzed at two levels descriptive statistics and inferential statistics. Descriptive statistics such as percentages, frequency counts, mode, median and mean were used to provide the general impression and summary of the data. Inferential statistics were analyzed with bivariate relationships being established through chi-square for the nominal variables, Gamma for the ordinal variables and Pearson correlation for interval and ratio variables, while for the multivariate effects, multiple regressions below was employed to predict the effect of independent variables on business performance. This attempted to determine whether a group of variables together predict a given dependent variable. To achieve the objectives, the study employed the following regression analysis;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots \dots \dots (1)$$

Y = Business Performance

α = intercept which acts as the constant.

X₁ = Business Succession Process

X₂ = Procedure of Business Succession

X₃ = Demographic Characteristics of the business owners

$\beta_1, \beta_2, \beta_3$ = Regression coefficients of the respective independent variables

ϵ = Value not explained by the regression.

In this study, multiple regressions helped examine the effects of the predictors in the study on successful succession which is predicted. Below is the summary of dependent variable and independent variables in the study.

$$Y = \alpha + \beta_1 X + \beta_2 Z_1 + \beta_3 Z_2 + \beta_4 X * Z_1 + \beta_5 X * Z_2 + \epsilon \dots \dots \dots (2)$$

Where b above is the OLS for the relationship between the moderator variable, dependent variable and the independent variables

Where;

Y = Retail Business Performance

α = Constant

$\beta_{1...3}$ = Associated Regression Coefficients

X = Represents various independent variables (Business succession process composite)

Z₁ = is the moderator variable – legal Structure

Z₂ = is the moderator variable – Economic Factors

3.11 Ethical Considerations

Permission to carry out the research was sought from the Office of the President and the relevant university authorities. The researcher's identity was disclosed and purpose of the study was explained in the transmitted letter with the questionnaire and interview guide enclosed. The informants were expected to provide data voluntarily without any inducement or coercion and their consent was sought before the commencement of data collection. Respondents were assured of confidentiality of the information they gave. The research findings and interpretations were presented honestly and objectively without exposing the identity of any informant. The collected data was used only for the intended purpose of the study.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This section carries data analysis, research findings and hypothesis testing. Empirical findings of the study are presented using pie charts, histogram and tables. The chapter covers the response rate, results on background information of the respondents and the finding on the relationship of business succession process constructs and business performance. The findings are organized in line with the specific objective of the study.

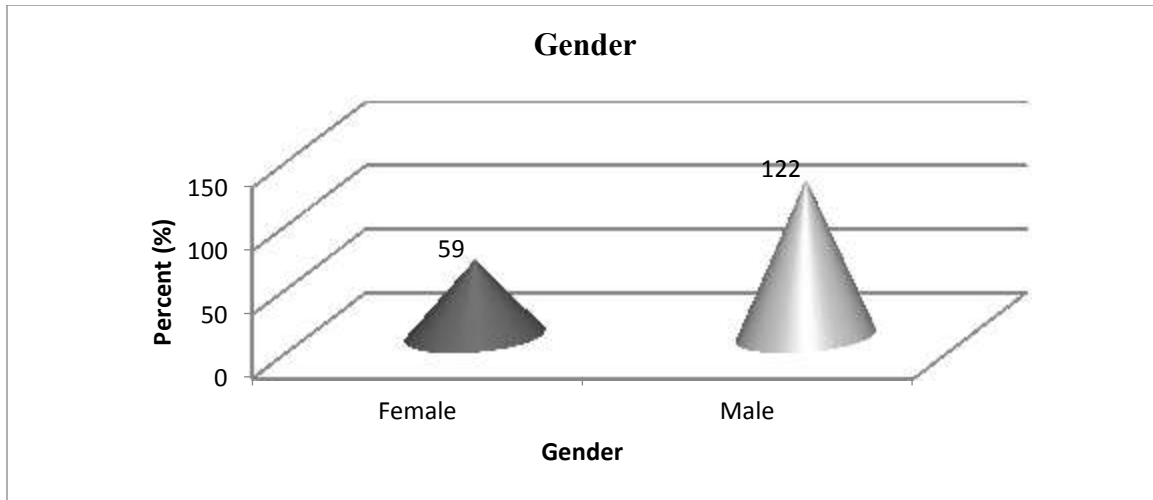
4.2 Background Information of Respondents

Respondents whose characteristics are explained below were drawn from manufacturing, wholesaling, retailing and service industry. The characteristics of the sample under study covered gender, age, education level and marital status. The study used percentages and frequencies in the background information of the respondents.

4.2.1. Gender of Respondents

Findings presented in Figure 4.1 indicated that 122 of the respondents (67.4) were male while 59 or 33.6% were female. The findings implied that majority of the business owners in Kisumu CBD were male. These findings concur with the findings of Creighton, Yieke, Okely, Mareri and Wafula (2006) who also found gender inequalities in Kenya in terms of entrepreneurship which showed that men dominated small businesses compared to women.

Figure 2 Gender of the Respondents



Source: Author (2019)

4.2.2 Marital Status of Respondents

Regarding marital status, the research findings revealed that close to two-third of the respondents were married, 22% were single while 13% were divorced. From these findings the research tentatively concluded that majority of the owners of businesses in Kisumu Central Business District were married. The findings further implied that being married influenced people to start retail business and this could be justified on the basis on the married demand and increased responsibility. Ozcan (2015) suggest that being married is an important determinant of engaging in business for both men and women. If businesses require higher level of resources (i.e. human capital, social and financial resources), individuals who have spouses with such resources are more advantaged when starting a business.

Table 4.1 Marital Status of Respondents

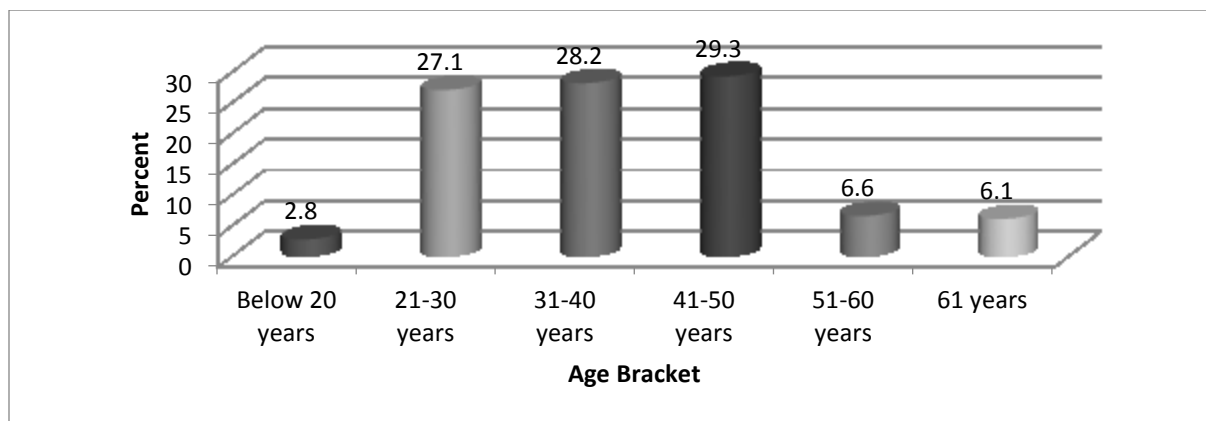
Marital Status	Percent
Married	64.6
Single	22.1
Divorced	13.3
Total	100.0

Source: Author (2019)

4.2.3 Age Bracket of Respondents

The study sought to establish the age profile of the respondents who were retail business owners in Kisumu CBD. Majority of the business owners (58.1 percent) are below 41 years of age. Only 12.7 percent are above 50 years. Hence those who operate businesses in Kisumu CBD are young.

Figure 3 Age Bracket of the Respondents



Source: Author (2019)

4.2.4 Level of Education

The study sought to establish the level of education of the respondents. The findings indicated that 27.6% of the respondents had university degree, 26.5% had college certificate of education, 26% had secondary level of education, 11% had primary level of education and below and finally 8.8% had master's degree. These findings implied that business owners in Kisumu CBD had varying level of education. About 36% of the respondents were university graduates (includes 8.8% with masters degrees); when one includes the 26.5% with college education, then close to 63% of the respondents had postsecondary level of education. Thus the respondents were well educated, a fact reinforced also by additional 26% having attained secondary education. Significantly only a little over one-tenth of the respondents had primary education and below. Thus the respondents were well educated, a fact reinforced also by additional 26% having attained secondary education. Significantly only a little over one-tenth of the respondents had primary education and below. The level of education plays a significant role in management of a business, according to Dokko, Wilk, and Rothbard, (2009) who also found positive effect of prior related experience on task-relevant knowledge and skill as contributors to higher levels of excellence in business management. According to Porfirio *et al* (2019) education is considered one of the most influential characteristics in successful transitions because formal education and attendance influence the successor's competence and readiness to increase revenue and profit.

Table 4.2 Level of Education

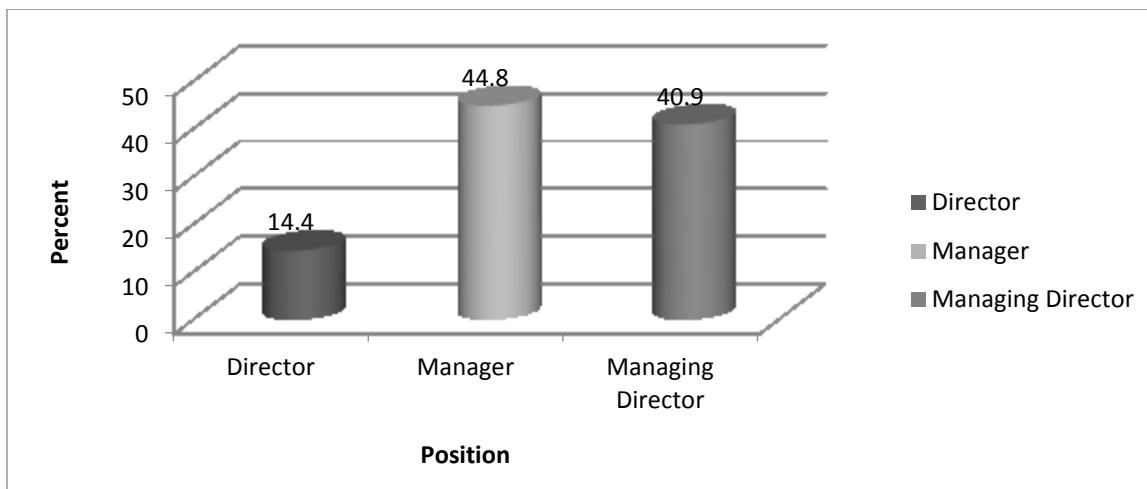
Indicate your highest Level of Education	Frequency	Percent
Primary Education and Below	20	11.1
Secondary Education	47	26.0
College Certificate Education	48	26.5
University Degree	50	27.6
Master Degree	16	8.8
Total	181	100

Source: Author (2019)

4.2.5 Position Held in the Business

The study sought to find out the positions held by the respondents in their respective businesses. The study intended to establish whether the owner of the business also doubled up as the manager or the managing director. The results presented in Figure 4.3 revealed that 44.8% of the informants held the position of manager, 40.9% were managing directors while 14.4% were nominal directors who played no role in management of the business. The results indicates that the respondents were in position to comprehend the effect of business succession and the business performance by virtue of the management positions they held in their respective business.

Figure 4 Positions Held in the Business

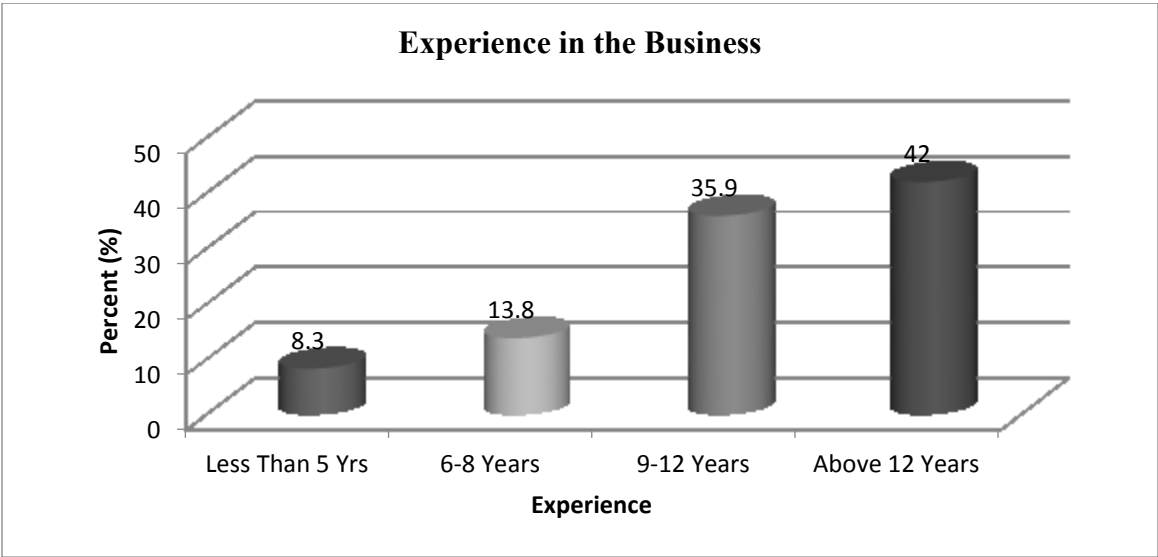


Source: Author (2019)

4.2.6 Number of Years worked in the Business

The study sought from the respondents the number of years they had worked in their respective businesses. The findings as presented in figure 4.4 indicate that majority of the respondents had gathered sufficient business experience 42 percent of the respondents had had over 12 years, and 35.9 percent had worked for between 9 and 12 years. Those with experience below 5 years were the least at 8.3 Percent. The findings implied that majority of the respondents had worked long enough and had adequate experience in business succession process and how it affected the business performance. These findings corresponds to the findings of other scholars such as Mareri and Wafula (2006) who found that owners of small businesses are previous employees who have gained experience in business management from their previous jobs.

Figure 5 Number of Years worked in the Business

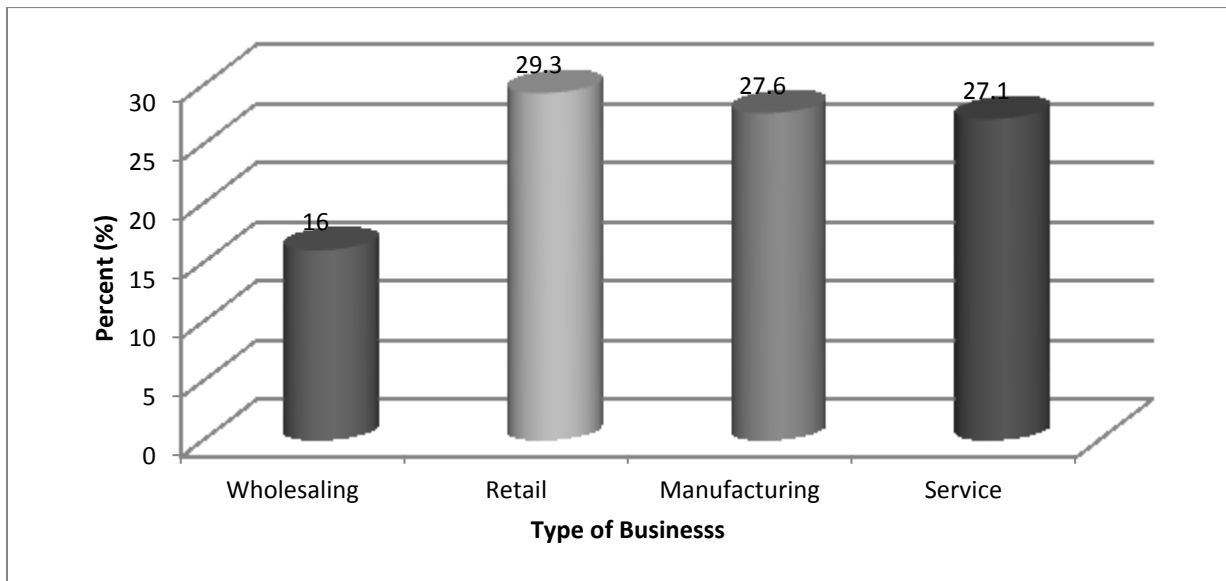


Source: Author (2019)

4.2.7 Type of Business

Study findings revealed that 29.3% of the respondents that participated in this study owned retail shops, 27.6% owned small manufacturing businesses, and another 27.1% owned service businesses and the remaining 16% owned wholesale businesses. The findings thus revealed a good spread of respondents across various types of businesses.

Figure 6 Types of Businesses Owned



Source: Author (2019)

4.2.8 Size of the Business in Terms of the Workforce

The study also sought to establish the size of the business in terms of the size of the workforce. The results implied that majority of the business had less than 20 employees (91.7 Percent). Only 8.3 percent of the businesses employed more than 21 workers. The findings also show family business possess characteristics similar to that of small businesses, hence most of the small and medium size owned family business in Kisumu are of different sizes. This findings corroborates with Leon (2014) who also argued that family business maintain the structure of a small businesses. Majority of the family business also employ family members which further limits the number of their workforce.

Table 4.3 Size of the Business in Terms of the Workforce

The size of the business in terms of the workforce	Frequency	Percent
Less Than 10 Employees	81	44.8
11- 20 Employees	85	46.9
21-40 Employees	6	3.3
Over 50 Employees	9	5.0
Total	181	100

Source: Author (2019)

4.3 Businesses Succession Processes and Performance

The study set to determine the relationship between business succession process and business performance among retail business in Kisumu CBD. The study use change of leadership, transfer of ownership and transfer of control as indicators of business succession process among businesses in Kisumu CBD. The study asked the respondent to indicate to what extent change of leadership, transfer of ownership and transfer of control had impacted on their business performance. The findings are presented in Table 4.4.

Table 4.4 Impact of Business Succession Processes on Business Performance

Type of Process	Extent of Impact on Performance					Mean	Standard deviation
	Very low	Low	Moderate	High	Very high		
Change of leadership	2.8%	3.3%	8.8%	44.2%	40.9%	4.17	0.92
Transfer of ownership	20.4%	18.8%	22.1%	21.5%	17.1%	2.96	1.38
Transfer of control	13.8%	19.9%	20.4%	26.5%	19.3%	3.18	1.33

Source: Author (2019)

The study asked the respondents to indicate to what extent change of leadership affected the business performance. The findings revealed that 44.2% indicated high extent, 40.9% indicated very high extent, 8.8% indicated moderate extent, 3.3% indicated low extent and finally 2.8% indicated very low extent on how change of leadership affected the business performance. The statement had a mean of 4.17 which confirmed that majority of the respondents agreed that change in leadership in family business affected the business performance. The finding in this section confirms that change in leadership in family businesses is a significant factor in performance. Leaders in business are the main decision makers and very decision they make they positively or negatively impact on the business transactions hence the decision made in business are as good the decision maker. The transfer of control can tap into pool of knowledge and

expertise of those who will be charged with managing the business, which will in turn enhance the performance of the business.

The study further sought from the respondents' the extent to which transfers of ownership impacted on retail business performance. The findings revealed that 17.1% indicated very high extent, 21.5% indicated high extent, 22.1% indicated moderately extent, 18.8% indicated low extent and finally 20.4% indicated very low extent. Majority of the respondents, 45.8% pointed out that transfer of control had an effect on business performance, 33.7% of the respondents disagreed while 20.4% remained neutral. The mean of 2.96 implied that majority of the respondents indicated that transfer of ownership moderately impacted on retail business performance. The ownership of family businesses remain within the family but shift from one member of the family to another but the decision making remain broadly within the family. This sense of ownership in the family neutralize the negative impact change of leadership would have on the business.

The study also asked the respondent the extent to which transfer of control impacted on retail business performance. The findings indicated that 19.3% of the respondent indicated very high extent, 26.5% indicated high extent, 20.4% indicated moderate extent, 19.9% indicated low extent and finally 13.8% indicated very low extent. The mean of 3.18 implied that majority of the respondents indicated that transfer of control moderately impacted on retail business performance. The standard deviation of 1.33 indicated that the response varied with some respondent taking opposing views on the relationship between transfer of control and retail business performance. The findings of the study concur with (Oudah, Jabeen & Dixon, 2018)

who also found that while succession is difficult as a process, it is vital to the survival and sustenance of family-owned businesses. Bjuggren and Sund (2001) study revealed that thinking succession early and often is likely to assure its survival in the future and it is also likely to improve its performance.

4.4 Impact of Procedure of Businesses Succession Activities on Performance

The study further sought to determine the relationship between procedure of business succession and retail business performance. This section presents descriptive findings which included percentages, mean and standard deviation.

Table 4.5 Impact of Procedure of Businesses Succession on Business Performance

	Impact of Procedure of Businesses Succession on Performance					Mean	Std. Dev.
	Very Low Extent	Low Extent	Moderate Extent	High Extent	Very High Extent		
Succession Planning	22.10%	17.70%	22.70%	22.10%	15.50%	2.91	1.38
Training and Development	23.20%	20.40%	18.80%	17.10%	20.40%	2.91	1.46
Mentoring of Employees	19.90%	19.90%	18.80%	24.90%	16.60%	2.98	1.38
Succession Procedures	19.30%	12.70%	22.10%	21.00%	24.90%	3.19	1.44
Succession Activities	17.70%	25.40%	17.10%	16.00%	23.80%	3.03	1.44

Source: Author (2019)

On the extent to which succession planning impacted retail business performance, the study findings revealed that 15.5% indicated very high extent, 22.1% high extent, 22.7% moderately 17.7% indicated low extent and finally 22.1% indicated very low extent. The mean of 2.91 and standard deviation of 1.38 confirmed that majority of the respondent had diverse opinion on the impact of succession planning on retail business performance. Succession planning was seen not to influence business performance by 39.8% of the respondents reporting that succession planning contributed little to the business performance. Based on the findings, most of the respondents were of the opinion that succession planning does not always lead to improved business performance. This can be the case if the successors fail to perform. Worth noting is the fact that past experiences and future potential are two independent variables, and thus future performance cannot be solely based on past performance experiences.

Other respondents, representing 33.6% affirmed that succession planning contributed to improved business performance while 22.7% were indifferent or neutral. This therefore, implies that effective succession planning can positively impact the performance of a business through ensuring that vacant positions will have competent people occupying them. In addition, succession planning will save money through identification of competent performers from within as opposed to recruiting them from outside which is rather expensive to the businesses. Succession planning impacts retail business performance in that it guarantees the stability and the tenure of the employees hence job security. In addition, succession planning gives a guarantee that effective performance of the business will continue without any interruptions being encountered. Therefore, an effective succession planning will contribute to better business performance with the contrary being true.

The study further sought to establish the extent to which training and development of business succession impacted on retail business performance. The study findings showed that 20.4% indicated to very high extent, 17.1% to high extent, 18.8% indicated moderate extent, 20.4% indicated low extent and finally 23.2% indicated very low extent. The finding confirmed that some respondents agreed that training and development impacted while others were on opposing opinion as indicated by the mean response of 2.91 and standard deviation of 1.46.

Training and development was seen not to influence business performance by 43.6% of the respondents reporting that training and development contributed little to the business performance. Based on the findings, most of the respondents were of the opinion that training and development does not always lead to improved business performance. This can be the case if there is no proper needs or gap analysis which will then result in blanket training which will fail to achieve the intended effect on performance. Other respondents, representing 34.5% affirmed that succession planning contributed to improved business performance while 18.8% were indifferent or neutral. Training and development will allow those undergoing training to acquire knowledge and skills that will enable them to perform their roles beyond their present ability of job execution. Therefore, it is important to first identify the current potential of the employees and the true potential after undergoing training and development. Bjuggren and Sund (2001) study revealed that thinking succession early and often is likely to assure its survival in the future and it is also likely to improve its performance.

The respondents were further asked whether mentoring of employees for business succession impacted on business performance. The study findings showed that a combined 41.5% of the

respondents indicated mentoring of employees impacted on business performance to very high extent and high extent while 39.8% had opposing opinion. Those who indicated moderate extent were 18.8%. The study findings implied that although majority of the respondents agreed that mentoring of employees for succession impacted on performance, some respondents felt mentoring did not impact on business performance. Mentoring accelerates the learning process, and is necessary to enhance employee productivity and decrease the time needed to produce quality work.

The findings of the study concur with (Oudah, Jabeen & Dixon, 2018) who also found that while succession is difficult as a process, it is vital to the survival and sustenance of family-owned businesses. Bjuggren and Sund (2001) study revealed that thinking succession early and often is likely to assure its survival in the future and it is also likely to improve its performance

Succession procedures and succession activities had mean response of 3.19 and 3.03 respectively which implied that respondents indicated that succession procedures and activities moderately affected on the performance of retail businesses operating in Kisumu central business district. Majority of the respondents, 45.9% reported that succession procedures contributed to have an effect on performance of the business. The other respondents, 32% reported that succession procedures did not have an effect on business performance and 22.1% were indifferent or neutral. Generally a large proportion of the respondents that participated in the study indicated that procedures of business succession impacted on retail business performance, however, there were some respondents who indicated that procedure of business succession did not impact on retail business performance.

4.5 Descriptive Results of External Factors

The study sought to test whether external factors which include legal structure of the business and economic factors (monthly revenue generated by the business) moderated the relationship between succession process and retail business performance. This section contains the descriptive findings on the legal structure and economic factors of the business as revealed by the respondents.

The finding presented in table 4.6 revealed that the businesses were quite evenly distributed in their legal classification. The study will seek to test in the subsequent sections whether legal structure of the business significantly moderated the relationship between business succession process and performance.

Table 4.6 Legal Structure of the Businesses

Legal Structure	Frequency	Percent
Sole proprietorship	59	32.6
Partnership	57	31.5
Limited company	65	35.9
Total	181	100.0

Source: Author (2019)

On economic factors the study used monthly income as an indicator of economic power of the business. The findings presented in Table 4.7 revealed that slightly over 45% of generated

monthly incomes above Kshs 400,000 with about half of these making monthly incomes above Kshs 600,000. Equal proportions of the businesses (19.3%) earned between kshs 200,000 and 400,000 and between kshs 100,000 and 200,000 respectively. Those who generated less than kshs 100,000 were 16%.

Table 4.7 Descriptive Results of Business Monthly Revenue

Monthly Income (economic factors)	Frequency	Percent
Less than kshs 100,000	29	16
Kshs 100,000 to 200,000	35	19
Kshs 200,001 to 400,000	35	20
Kshs 400,001 to 600,000	42	23
Over Kshs 600,000	40	22
Total	181	100

Source: Author (2019)

4.6 Descriptive Results of Business Performance

This section presents findings on the performance of businesses in Kisumu CBD. The results are carried in Table 4.8

Table 4.8 Results on Various Aspects of Business Performance

	Business Performance					Mean	Std. Dev.
	Very Low	Low	Moderate	High	Very High		
Business Growth	23.20%	22.70%	17.70%	19.90%	16.60%	3	1.41
Profitability of the business	27.10%	22.70%	12.20%	17.10%	21.00%	3	1.52
Growth in the number of customers	19.30%	19.30%	24.90%	21.50%	14.90%	3	1.34
Growth in the Shareholders	17.70%	21.50%	18.20%	26.00%	16.60%	3	1.36

Source: Author (2019)

The findings presented in Table 4.8 indicated that 16.6% of the respondents indicated that their business growth was very high, 19.9% indicated that business growth was high, 17.7% indicated moderate, 22.7% indicated low and 23.2% indicated very low. The findings implied that some business had high business growth while others had low business growth. This findings show that performance of businesses vary depending on various factors. These findings show that less than half of the business surveyed indicated high performance with the rest indicating low performance. The findings show that majority of businesses face challenges that affect the performance.

The study further sought to determine the profitability of the businesses that participated in the study. The results revealed that 27.1% indicated they had very low profitability, 22.7% indicated

they had low profitability, 12.2% indicated they had moderate profitability, 17.1% indicated they had high profitability while 21.0% indicated they had very high profitability. The study further sought to establish the performance of businesses in terms of growth in the number of customers, the results showed that 14.9% and 21.5% of the respondents indicated high and very high customer growth, 24.9% indicated moderate customer growth, and 19.3% indicated low customer growth and 19.3% indicated very high customer growth. The findings points to the fact that majority of the businesses in Kisumu CBD are struggling with sluggish performance. This finding supports those of Galván, Martínez & Rahman, (2017) who showed that only 3 out of 10 family businesses survive to the second generation, with only 15% persisting to the third generation.

4.7 Test of Research Hypotheses

This section presents results of the inferential statistics that were used to test various hypotheses in this study. Before proceeding with the analysis several diagnostic tests were carried out to test how well the data fitted in the models.

4.7.1 Diagnostic Tests

The study performed tests on statistical assumptions, that is, test of regression assumption and statistics used. This included test of normality and multicollinearity. The tests were conducted to make sure that the statistical analysis conducted adhered to regression assumptions. Some of the assumptions conducted include normality tests and test for multicollinearity.

4.7.1.1 Normality Test

To test for normality the study adopted Shapiro Wilk test for normality. This test is considered

superior to other tests for normality. The results are presented in Table 4.9.

Table 4.9 Normality Test Results

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	Df.	Sig.	Statistic	Df.	Sig.
Business Succession Process	0.138	181	0.212	0.967	181	0.098
Procedure Business Succession	0.114	181	0.092	0.978	181	0.096
Business Performance	0.1092	181	0.101	0.979	181	0.108

Source: Author (2019)

The null and alternative hypotheses were: H_0 : The data is normally distributed and H_1 : The data is not normally distributed. The results obtained indicate that Shapiro Wilk statistics for all the variables was greater than 0.05, the study therefore failed to reject the null hypotheses hence concluded that the data for all the variables was normally distributed and therefore fit for linear regression analysis. The W statistics for the variables; business succession process, procedure business succession and business performance were; $W = 0.967$, $W = 0.978$ and $W = 0.979$ respectively which were all close to 1, indicating that the sample was nearly normal.

4.7.2 Test for Multicollinearity

In this study, the variance inflation factor (VIF) was used as an indicator of multicollinearity. According to Dennis (2011) variance inflation factor (VIF) is a factor by which the variance of

the given partial regression coefficient increases due to a given variable's extent of correlation with other predictor variable(s) in the model. As a rule of thumb, lower levels of variance inflation factor (VIF) are desirable as higher levels of VIF are known to affect adversely the results associated with multiple regression analysis. Curwin and Slater (2008) point out that, there is no specific value at which we would say multicollinearity exists; it is a matter of judgment. Accordingly, this study adopted a VIF value of 10.0 as the threshold.

Table 4.10 Test for Multicollinearity Results

	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Gender	0.972	1.029
Age Bracket	0.962	1.04
Experience in the Business	0.958	1.044
Level of Education	0.967	1.034
Business Succession Process	0.948	1.055
Procedure Business Succession	0.919	1.088
Legal Framework	0.946	1.057
Economic Factor	0.97	1.031

a Dependent Variable: Business Performance Mean

Source: Author (2019)

4.7.3 Hypotheses Testing

4.7.3.1 Analysis of Variance (ANOVA)

This section presents the findings of hypothesis testing. The study adopted linear regression analysis to test whether independent variable(s) on the dependent variable, using multiple correlation; and also using regression coefficients to measure impact of independent variable(s) on respective dependent variables. The linear regression was adopted since the data was continuous in nature. All the hypotheses were tested at the level of significance of 0.05. The study rejected the null hypothesis when probability values were less than 0.05 and failed to reject the null hypothesis when p-value was greater than 0.05.

Hypothesis One (H₀₁)

The first hypothesis of the study was: H₀₁: There is no relationship between business succession process and business performance in Kisumu Central Business District. To test the hypothesis the study conducted a regression between business succession process and business performance of retail businesses in Kisumu Central Business District. Table 4.11 presents the findings.

Table 4.11 ANOVA Results for Business Succession Processes

Model	Sum of Squares	Df.	Mean Square	F	Sig.
1					
Regression	47.65	3	15.88	63.28	0.001
Residual	44.47	177	0.25		
Total	92.12	180			

a. Dependent Variable: Business Performance Mean

b. Predictors: (Constant), Transfer of control, Transfer of ownership, Change of leadership

Source: Author (2019)

From the results in Table 4.11 above, the significant value ($p \leq 0.001$) indicated the presence of a strong significant relationship between the predictor variables (Transfer of control, Transfer of ownership, Change of leadership) and dependent variable (Business performance). A P- value of 0.001 which is less than 0.05 indicates that the model of business performance is significant at the 5 percent significance level. The F ratio was significant, $F(3, 180) = 63.28$, $P < 0.05$ indicating that there was a statistically significant influence of business succession processes on business performance of retail businesses in Kisumu Central Business District. Based on the findings of this study the null hypothesis (H_0) that there is no significant relationship between business succession process and business performance in Kisumu Central Business District was rejected and the alternative hypothesis accepted that business succession process had a significant effect on business performance in Kisumu Central Business District.

4.7.3.2 Regression Results for Business Processes

Regression test was run for the business process indicators Transfer of control, Transfer of ownership, Change of leadership. Table 4.12 presents the findings.

Table 4.12 Regression Coefficient Results

	Std. Error	Beta	Sig.
(Constant)	0.216		0.001
Change of Leadership	0.039	0.304	0.001
Transfer of Ownership	0.041	0.36	0.001
Transfer of Control	0.047	0.296	0.001

Source: Author (2019)

The results in Table 4.12 gave a beta value of 0.304 for change of leadership, beta value of 0.360 for transfer of ownership and a beta value of 0.296 for transfer of control. This is an indication that a unit increase in change of leadership, transfer of ownership and transfer of control will contribute 30.4%, 36% and 29.6% respectively to business performance of the retail businesses in Kisumu. In the regression analysis the coefficients for the business succession variables significantly predicted business performance ($p \leq 0.001$). This revealed that there is a significant positive relationship between change of leadership and performance of performance of retail business in Kisumu Central Business District. These finding further revealed transfer of ownership more strongly predicted business performance (Beta = 0.36). These findings also revealed that all the three business succession factors significantly and positively affected performance of retail business in Kisumu Central Business District.

Table 4.13 Regression Results for Business Processes

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.719	0.517	0.509	0.50124

a. Predictors: (Constant), Transfer of control, Transfer of ownership, Change of leadership

The findings presented in Table 4.13 revealed that business succession process which involved transfer of control, transfer of ownership and change of leadership explained 51.7% ($R\text{-squared}=0.517$) of the variation in business performance. These results implied that business succession processes collectively significantly predicted business performance of businesses in Kisumu Central Business District.

Hypothesis Two (H0₂)

The study also sought to test the null hypothesis (H0₂) that there is no relationship between handing over procedures in business succession process and business performance among businesses in Kisumu Central Business District. Linear regression analysis was employed to tests this null hypothesis. Table 4.14 presents the findings.

Table 4.14 ANOVA Results for Handing Over Procedures

Model		Sum of Squares	Df.	Mean Square	F	Sig.
	Regression	57.62	5	11.52	58.45	0.000
1	Residual	34.50	175	0.20		
	Total	92.12	180			

a. Dependent Variable: Business Performance Mean

b. Predictors: (Constant), Succession Activities , Training and Development , Mentoring of Employees , Succession Procedures , Succession Planning

Source: Author (2019)

From the results in Table 4.14 above, the significant value ($p \leq 0.001$) indicated the presence of a strong significant relationship between the indicators of handing over procedures (training and development, mentoring of employees, succession procedures and succession planning) and dependent variable (Business performance). A P- value of 0.001 which is less than 0.05 indicates that the model of business performance is significant at the 5 percent significance level. The F

ratio was significant, $F(5, 180) = 58.450$, $P < 0.05$ indicating that there was a statistically significant influence of handing over procedures on business performance of retail businesses in Kisumu Central Business District. Based on the findings of this study the null hypothesis (H_0) that there is no relationship between handing over procedures in business succession process and business performance among businesses in Kisumu Central Business District was rejected and the alternative hypothesis accepted that there is a relationship between handing over procedures in business succession process and business performance among businesses in Kisumu Central Business District.

4.7.3.3 Regression Results for Handing Over Procedures

Regression test was run for the handing over procedures indicators; training and development, mentoring of employees, succession procedures and succession planning. Table 4.15 presents the findings.

Table 4.15 Regression Coefficient Results for Handing Over Procedures

	Std. Error	Beta	T	Sig.
(Constant)	0.185		6.656	0.000
Succession Planning	0.038	0.149	2.501	0.013
Training and Development	0.033	0.374	6.845	0.000
Mentoring of Employees	0.041	0.129	2.409	0.017
Succession Procedures	0.04	0.163	2.782	0.006
Succession Activities	0.037	0.267	4.889	0.000

a Dependent Variable: Business Performance

The results in Table 4.15 gave a beta value of 0.149 for succession planning, beta value of 0.374 for training and development, a beta value of 0.129 for mentoring of employees, a beta value of 0.163 for succession procedures and a beta value of 0.267 for succession activities. This is an indication that a unit increase in change of succession planning, training and development, mentoring of employees, and succession procedures will contribute 14.9%, 37.4%, 12.9%, 16.3% and 26.7% respectively to business performance of the retail businesses in Kisumu. In the regression analysis the coefficients for the business succession variables significantly predicted business performance ($p \leq 0.001$). This revealed that there is a significant positive relationship between handing over procedures and performance of performance of retail business in Kisumu Central Business District. These finding further revealed training and development more strongly predicted business performance (Beta = 0.374). These findings also revealed that all the five business succession factors significantly and positively affected performance of retail business in Kisumu Central Business District.

Table 4.16 Regression Results for Handing Over Procedures

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.791	0.625	0.615	0.44402

a. Predictors: (Constant), Succession Activities , Training and Development , Mentoring of Employees , Succession Procedures , Succession Planning

Source: Author (2019)

The findings presented in Table 4.16 revealed that handing over procedures which involved (succession activities, training and development, mentoring of employees, succession procedures and succession planning) explained 62.5% ($R\text{-squared}=0.625$) of the variation in business performance. These results implied that handing over procedures collectively significantly predicted business performance of businesses in Kisumu Central Business District. These results implied that procedures of business succession process significantly predicted business performance of retail business in Kisumu Central Business District.

To sum up, the findings of this study concur with those of Kuratko (2016) who found out in the case of USA that 30% of family businesses succeed to second generation and another 15% survive into third generation because of good succession process. Similarly, (Oudah, Jabeen & Dixon, 2018) also found that while succession is difficult as a process, it is vital to the survival and sustenance of family-owned businesses. In this respect, we concur with Bjuggren and Sund (2001) research finding that thinking about business succession early and often is likely to assure its survival in the future and it is also likely to improve its performance. However, the findings disagree with those of Leonard, Kinsella, O'Donoghue, Farrell & Mahon, (2017) who found that family businesses in South Africa faced very serious succession bottlenecks.

The null hypothesis that there is no relationship procedure of business succession and business performance in Kisumu Central Business District was rejected. The finding confirmed that procedure of business succession significantly affected the performance of retail business in Kisumu Central Business District.

Considered next was regression analysis to find out the predictive strength of each business process variable on business performance. The obtained results are shown in table 4.16. The findings carried in Table 4.16 revealed a significant relationship between all procedures of business succession and business performance in Kisumu Central Business District.

Null hypothesis (**H0₂**) that there is no relationship between handing over procedures in business succession and business performance among businesses in Kisumu Central Business District was accordingly rejected.

The findings regarding the effects of business handing over processes and business performance concurs with that of (Oudah, Jabeen & Dixon, 2018) who also found that while succession is difficult as a process, it is vital to the survival and sustenance of family-owned businesses. Similarly, the study by Bjuggren and Sund (2001) revealed that thinking about succession early and often is likely to assure survival of business in the future and it is also likely to improve its performance.

Hypothesis Three (H0₃)

The study also sought to test the null hypothesis (**H0₃**) that there is no relationship between demographic characteristics of business operators and business performance in Kisumu Central Business District. Since the demographic characteristics were measured on categorical scale, the study adopted the use of binary logistics model to test the null hypothesis. The dependent variable was transformed to categorical using the range 1-3 was labeled as low performance while 3.1-5 was categorized as high performance.

The model summary results presented in Table 4.17 revealed Nagelkerke R Square of 0.503 which revealed that marital status, level of education, age bracket and experience jointly explained 50.3% of the variation in business performance. The finding revealed that demographic characteristics had high explanatory power on retail business performance.

Table 4.17 Model Summary Results

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	73.227	0.252	0.503

Source: Author (2019)

The regression coefficient results presented in table 4.18 showed that odds of various categories of demographic characteristics leading to either low of high retail business performance. The first category for each variable was used as a reference point. The study findings revealed that female had 0.473 probability of leading to high performance compared to mean. The finding implied that men owner succeeded more often in small business than women.

Table 4.18 Regression Coefficient Results

		β	S.E.	Wald	Df.	Sig.	Exp(B)
Step 1 ^a	Female	-.749	.689	1.179	1	.277	.473
	Married			8.206	2	.017	
	Single	2.759	.992	7.743	1	.005	15.788
	Divorced	1.564	.767	4.159	1	.041	4.779
	Below 20 years			11.697	5	.039	

21-30 years	-2.725	1.735	2.466	1	.116	.066
31-40 years	-2.184	1.387	2.479	1	.115	.113
41-50 years	-2.533	1.533	2.731	1	.098	.079
51-60 years	-.498	1.560	.102	1	.749	.608
61 years	-4.239	1.508	7.899	1	.005	.014
Less Than 5 Yrs.			11.067	3	.011	
6-8 Years	2.274	.913	6.199	1	.013	.103
9-12 Years	.335	.881	.145	1	.703	.715
Above 12 Years	1.910	1.091	3.064	1	.080	6.751
Education			7.716	4	.103	
Primary Education	1.936	1.141	2.881	1	.090	.144
Secondary Education	.296	1.292	.053	1	.819	1.345
University Degree	.141	1.153	.015	1	.903	.869
Master Degree	.721	1.456	.246	1	.620	2.057
Constant	3.538	1.595	4.919	1	.027	34.388

a. Variable(s) entered on step 1: Gender, Marital Status, Age bracket, Experience, Education.

Source: Author (2019)

On the relationship between marital status and business performance, the results revealed that status change from married to single to divorce the odds of having high retail business

performance increases. Single business owner were 15.788 more likely to record high business performance than married business owners.

The results further revealed that increase in age of the respondent reduce chance of having high retail business performance. The findings showed that individuals of above 60 years were 0.014 less likely to record high business performance compared to those with less than 20 years. Increase in the age of the business owner resulted to reduction in business performance.

Experience of the respondent on the other hand led to increase in the likely of leading to high business performance, as experience of the owner increased the chance of recording high performance also increased and finally the level of education increased the odds to high performance. The results revealed that educated people are more likely to have high performing retail business than less educated individuals.

Null hypothesis (**H₀₃**) that there is no relationship between demographics characteristics and business performance among businesses in Kisumu Central Business District was rejected for marital status and experience which implied marital status and experience significantly affected the performance of business in Kisumu Central Business District. The null hypothesis not rejected for age bracket and education since the relationship between these two demographics characteristics and business performance was insignificant.

These findings corresponds to the findings of other scholars such as Mareri and Wafula (2006) who found that owners of small businesses are previous employees who have gained experience in business management from their previous jobs. The level of education plays a significant role in management of a business according to Dokko, Wilk, and Rothbard, (2009) who also found

positive effect of prior related experience on task-relevant knowledge and skill is related to higher levels of excellence in business management.

Hypothesis Four (H0₄)

The study also sought test the null hypothesis (**H0₄**) that external factors do not significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District. The external factors considered in this study include legal structure and economic factors. The study conducted two regression analysis; one using external factors as independent variables and the second one; using external factors as moderating factors (Using Interaction Variables, Economic Factor*Business Succession Process, Legal Structure*Business Succession Process).

Table 4.20 ANOVA Results

Model		Sum of Squares	Df.	Mean Square	F	Sig.
	Regression	22.163	3	7.388	18.692	0.000
1	Residual	69.957	177	0.395		
	Total	92.120	180			

a. Dependent Variable: Business Performance

b. Predictors: (Constant), Economic Factors, Business Succession Process Composite, Legal factors

Source: Author (2019)

From the results in Table 4.20 above, the significant value ($p \leq 0.001$) indicated the presence of a strong significant relationship between the indicators of external factors (economic factors,

business succession process composite, legal factors) and dependent variable (Business performance). A P- value of 0.001 which is less than 0.05 indicates that the model of business performance is significant at the 5 percent significance level. The F ratio was significant, $F(3, 180) = 18.692$, $P < 0.05$ indicating that external factors significantly influence the relationship between business Succession process and business performance among businesses in Kisumu Central Business District. Based on the findings of this study the null hypothesis (**H0₄**) that external factors do not significantly influence the relationship between business Succession process and business performance among businesses in Kisumu Central Business District was rejected and the alternative hypothesis accepted that that external factors significantly influence the relationship between business Succession process and business performance among businesses in Kisumu Central Business District.

Table 4.21 Regression Coefficient Results

	Std. Error	Beta	t	Sig.
(Constant)	0.389		3.935	0.000
Business Succession Process Composite	0.103	0.494	7.488	0.000
Legal Structure	0.057	0.041	0.618	0.537
Economic Factor	0.034	0.04	0.612	0.541

a Dependent Variable: Business Performance

Source: Author (2019)

The results in Table 4.21 gave a beta value of 0.494 business succession process composite, beta value of 0.041 for legal structure, and a beta value of 0.04 for economic factors. This is an indication that a unit increase in change of business succession process composite, legal factors and economic factors will contribute 49.4%, 4.1%, and 4% respectively to business performance of the retail businesses in Kisumu. In the regression analysis, the coefficients for the business succession process composite significantly predicted business performance ($p \leq 0.001$). The regression analysis the coefficients for the legal structure and economic factors were not significant ($p \geq 0.001$) and therefore did not significantly predict business performance. These finding further revealed business succession process composite more strongly predicted business performance (Beta = 0.494).

4.8 Regression Results with External Factors as Predictors

The findings presented in Table 4.22 revealed that economic factor, business succession process composite and legal structure explained 24.1% of the variation on retail business performance. These results implied that economic factor, business succession process composite and legal structure significantly predicted business performance of retail business in Kisumu Central Business District.

Table 4.22 Model Summary Results

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.490	0.241	0.228	0.62868

a. Predictors: (Constant), Economic Factor, Business Succession Process Composite, legal Structure
Source: Author (2019)

4.9 Regression with External Factors as Moderators

The second regression analysis was conducted with both legal structure and economic factors as moderators. The study used the interactions between the moderating variables and composite for independent variables.

Table 4.23 ANOVA Results

Model		Sum of Squares	Df.	Mean Square	F	Sig.
1	Regression	45.90	5	9.18	34.76	0.000
	Residual	46.22	175	0.26		
	Total	92.12	180			

a. Dependent Variable: Business Performance Mean

b. Predictors: (Constant), (IT2), (IT1), Business Succession Process Composite, Legal Structure, Economic Factors

Source: Author (2019)

From the results in Table 4.23 above, the significant value ($p \leq 0.001$) indicated the presence of a strong significant relationship between the indicators of external factors (economic factors, business succession process composite, legal factors) and dependent variable (Business performance). A P- value of 0.001 which is less than 0.05 indicates that the model of business performance is significant at the 5 percent significance level. The F ratio was significant, $F(5, 180) = 34.76$, $P < 0.05$ indicating that external factors significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District. Based on the findings of this study the null hypothesis (**H0₄**) that external

factors do not significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District was rejected and the alternative hypothesis accepted that that external factors significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District.

Table 4.24 Regression Coefficient Results

	Std. Error	Beta	t	Sig.
(Constant)	0.409		9.678	0.000
Business Succession Process Composite	0.113	0.04	0.557	0.578
Legal Structure	0.186	0.926	4.292	0.000
Economic Factors	0.122	0.638	2.696	0.008
IT1	0.044	1.018	4.335	0.000
IT2	0.029	0.692	2.757	0.006

Source: Author (2019)

The results in Table 4.24 gave a beta value of 0.04 business succession process composite, beta value of 0.0926 for legal structure, beta value of 0.638 for economic factors, beta value of 1.018 for IT1 (Legal Structure*Business Succession Process Composite) and beta value of 0.692 for IT2 (Economic Factors*Business Succession Process Composite). This is an indication that a unit increase in change of business succession process composite, legal factors, economic factors, IT1 and IT2 will contribute 4%, 92.6%, 63.8, 101.8% and 69.2% respectively to business performance of the retail businesses in Kisumu. In the regression analysis, the coefficients for the

business succession process composite significantly predicted business performance ($p \leq 0.001$). The regression analysis the coefficients for the business succession process composite was not significant ($p \geq 0.001$) and therefore did not significantly predict business performance. These finding further revealed IT1 more strongly predicted business performance (Beta = 1.018). The regression coefficients of Business Succession Process Composite was ($\beta = 0.063$, $p = 0.578$) which revealed insignificant relationship between Business Succession Process and retail business performance. Legal structure and economic factors were also found to have significant relationship. The findings revealed that the interaction variables (IT1 ($\beta = 0.328$, $p = 0.008$) & IT2 ($\beta = 0.328$, $p = 0.008$) had a significant relationship with retail business performance.

Table 4.25 Model Summary Results

Moderating/Predictors	Business Succession Process Composite
Legal Structure	IT1
Economic Factors	IT2

IT1= Legal Structure*Business Succession Process Composite

IT2= Economic Factors*Business Succession Process Composite

Source: Author (2019)

Table 4.26 Regression Results

Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate
1	0.706	0.498	0.484	0.51391

a. Predictors: (Constant), (IT2), (IT1), Business Succession Process Composite, Legal Structure, Economic Factor

Source: Author (2019)

The findings showed that with inclusion of interaction variables (IT1 and IT2), legal structure, and economic factor the R-squared increased from 24.1% to 49.8%. The findings implied that external factors (Legal Structure and Economic Factors) have a significant moderating effect on the relationship between business succession process and performance of retail business in Kisumu County.

The null hypothesis (**H04**) that external factors do not significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District was rejected. This implied that external factors significantly moderated the relationship between business succession process and business performance in Kisumu Central Business District. The finding of this study concurs with those of Nickels *et al* (2019) who found that many businesses start out in one form, then add (or drop) a partner or two and eventually become corporations, limited liability companies or franchises. Such businesses found it easy to ensure smooth succession process without affecting the performance.

Table 4.27 Summary Hypotheses Test

Hypothesis	Results	Decision
H0₁ : There is no relationship business succession process and business performance in Kisumu Central Business District.	p=0.000 <0.05	Rejected H0 ₁
H0₂ : There is no relationship between handing over procedures in business succession process and business performance among businesses in Kisumu Central Business District.	p=0.000 <0.05	Rejected H0 ₂
H0₃ : There is no relationship between demographics of business Succession process and business performance among businesses in Kisumu Central Business District.	p=0.000 <0.05	Rejected H0 ₃
H0₄ : External factors do not significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District	p=0.000 <0.05	Rejected H0 ₄

Source: Author (2019)

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the major findings, conclusion and recommendations. Summary was conducted in line with the study objectives while conclusion and recommendation were derived specifically from the research findings. The section further presents the contribution of the study finding to knowledge, theory and practice.

5.2 Summary of Findings

This study was conducted to examine businesses succession process and how it affects performance of retail businesses in Kisumu Central Business District (KCBD). The specific objectives of the study were to establish the relationship between business succession process and business performance in KCBD; to evaluate the relationship between handing over procedures of business and business performance in Kisumu Central Business District and analyze the demographic characteristics influence business performance in Kisumu Central Business District. Through literature review and in line with research objectives and hypotheses, a conceptual framework was constructed.

The research design was descriptive survey; data was collected by using a questionnaire through drop and pick method. Target population was 211 (two hundred and eleven) businesses (see appendix II), within the Kisumu CBD, which were businesses in manufacturing, service, wholesaling and retailing industries. Testing the questionnaire for reliability and validity was done. A census sample was used because of the small size of population in the study. The unit of

analysis comprised of manufacturers, wholesalers, retailers and service firms. Hypothesis testing was conducted using multiple regressions. The findings were presented using charts and Tables.

5.2.1 Business Succession Process and Retail Business Performance

The first objective of the study was to determine the relationship between business succession processes and business performance among businesses in Kisumu CBD. The study used change of leadership, transfer of ownership and transfer control as indicators of business succession process. The respondents were asked to indicate to what extent change of leadership, transfer of ownership and transfer control had impacted on their business performance. The findings implied that in most businesses, successful and smooth business succession process enhanced its performance.

Regression analysis was used to find out whether the various succession factors significantly predicts business performance in Kisumu Central Business District. These findings revealed that there is a significant positive relationship between business successions processes such change of leadership, transfer of ownership and transfer control and performance of business in Kisumu Central Business District. Based on the findings of this study, The null hypothesis (**H₀₁**) that there is no significant relationship between business succession process and business performance in Kisumu Central Business District was rejected and concluded that business succession process had a significant relationship between business succession process and business performance in Kisumu Central Business District.

5.2.2 Procedures of Business Succession and Retail Business Performance

The study further sought to determine the relationship between procedures of business succession (procedure of business succession which involved succession activities, training and development, mentoring of employees, succession planning) and business performance. Generally a large proportion of the respondents that participated in the study indicated that procedures of business succession impacted on business performance, however, there were some respondents who indicated that procedure of business succession did not impact on business performance.

The findings revealed a significant relationship between procedure of business succession and business performance in Kisumu Central Business District. Null hypothesis (**H0₂**) that there is no relationship between handing over procedures in business succession and business performance among businesses in Kisumu Central Business District was rejected which implied procedures of business succession significantly affected the performance of retail business in Kisumu Central Business District.

5.2.3 Demographic Characteristics and Retail Business Performance

The study also sought to test the null hypothesis (**H0₃**) that there is no relationship between demographics characteristics and business performance among businesses in Kisumu Central Business District. Since the demographic characteristics were measured on categorical scale, the study adopted the use of binary logistics model to test the null hypothesis. The dependent variable was transformed to categorical using the range 1-3 was labeled as low performance while 3.1-5 was categorized as high performance.

The study findings revealed that female had 0.473 probability of leading to high performance compared to men. The finding implied that men owner succeeded more often in small business than women. On the relationship between marital status and business performance, the results revealed that status change from married to single to divorce increased the odds of having high retail business performance. The results further revealed that increase in age of the respondent reduced the chance of having high retail business performance. Experience of the respondent on the other hand led to increase in the likely of leading to high retail business performance. That is, as age of the business managers/owners increased, business performance decreased.

Experience of the respondent on the other hand led to increase in the likelihood of high retail business performance; as experience of the owner increased the chance of recording high performance also increased. Finally, the level of education increased the odds of high performance. The results revealed that educated business managers or proprietors were more likely to have high performing retail business than less educated colleagues.

Null hypothesis (**H₀₃**) that there is no relationship between demographics characteristics and business performance among businesses in Kisumu Central Business District was rejected for marital status and experience significantly affected the performance of business in Kisumu Central Business District. The null hypothesis not rejected for age bracket and education since the relationship between these two demographics characteristics and business performance was insignificant.

5.2.4 Moderating Effect of External Factors on Relationship between Business Succession Process and Retail Business Performance

The study also tested the null hypothesis (**H0₄**) that external factors do not significantly moderate the relationship between business succession process and business performance among businesses in Kisumu Central Business District. The external factors considered in this study included legal structure and economic factors. The study conducted two regression analyses using external factors as independent variables and the second one using external factors as moderator (Using Interaction Variables, Economic Factor*Business Succession Process, Legal Structure*Business Succession Process)

The findings showed that with inclusion of interaction variables (IT1 and IT2), legal structure, and economic factor the R-squared increased from 24.1% to 49.8%. The findings implied that external factors (Legal Structure and Economic Factors) have a significant moderating effect on the relationship between business succession process and performance of retail business in Kisumu County. The interaction variables were also found to be statistically significant. The null hypothesis (H0₄) that external factors do not significantly moderate the relationship between business Succession process and business performance among businesses in Kisumu Central Business District was rejected.

5.3 Conclusions

The study established that business succession process which include change of leadership, transfer of ownership and transfer control had a significant relationship with retail business performance. The study concluded that family businesses or any other business that intends to

survive beyond their founders must have a smooth succession process. Smooth change of leadership, smooth transfers of ownership and smooth transfer of control to ensure that the performance of business is not significantly affected through maintenance of customers and employees who form the basis of the business. Business without a clear succession process or abrupt succession process will suffer poor performance which may result to the death of the business.

The study further established a significant relationship between procedures of succession and performance of retail business in Kisumu Central Business District. The study concluded that procedures involved in succession of a business such as mentoring of future managers, training of employees to handle succession, organizing succession activities and planning play a significant role in ensuring the business remains profitable after succession. Businesses that have clear and well-structured procedures for succession maintain their performance and stay longer than those that do not have some procedures.

This study also concluded that demographic characteristics of the business owners such as marital status, gender, level of education and experience played a significant role in business performance regardless of the succession process. Finally, the study concluded that external factors specifically business legal structure and economic factors moderated the relationship between business succession process and performance. A business that has a simple legal structure such as a sole proprietorship is easy to succeed than those that have complex legal structures. The study also concluded that business with economic power in terms of finance find it easy during succession process.

5.4 Contribution to Knowledge

The findings of this study make various contributions to existing knowledge on the effect of business succession process on business performance. This section provides the contribution of the study to theory building, to practice for improvement of businesses and to business policy making.

5.4.1 Contribution to Theory

These study findings expanded the utility of theory of planned behaviour, successor-related factors theory and successor-centric theory to explain the relationship between business succession processes and business performance. In this respect, researchers and academicians in this field of business succession can also use the theories as a basis for hypothesis formulation and conceptual framework development.

5.4.2 Contribution to Practice

The process of business succession has led to the collapse of many family business and other types of businesses. This study revealed that business succession process which include transfer of ownership, change of leadership and transfer of control are significant factors that determine the performance of retail business. Similarly, procedure of business succession was established to significantly impact on retail business performance. Therefore, owners of businesses that intend to undergo succession can use the findings of this study to ensure that the process is smooth and successful and that the performance of the business is not compromised after the succession processes.

5.4.3 Contribution to Policy

This study focused on effect of business succession process on retail business performance in the Kisumu Central Business District of Kenya. Although, there is no authority that regulate succession process among small businesses, regulators of public enterprises such listed firms may adopt the findings of this study to formulate polices that may inform change of leadership, ownership and entire process of succession in listed firms.

5.5 Recommendations

The study found that based on the study findings successful succession is the key determinant of firm performance in businesses. However, successful succession does not apply in very family businesses. The study therefore recommends that key stakeholders in family businesses and enterprises should introduce training on successful succession so as to ensure that they are able to smoothly transition from one generation to another with the support of policy makers like the government and NGOs being solicited for this undertaking. Businesses should also consider involvement in succession plans by taking the initiative of getting involved in various training programs on the same. It is necessary for founders/owners of the retail businesses to start working on the succession process early enough to ensure the process is smooth and does not have negative impacts on business performance.

The study further recommended that business owner should mentor their successors for some time to ensure that the new manage get adequate acquaintance with all functions before the departing managers withdrawing from the management function. The study further

recommended that business owners that intends to undergo succession process should hire professional bodies to train the employees in extra responsibilities early enough. The study further recommended that customers of the business should be properly informed of the succession process and about the new team that will continue the operation of the business.

It is essential for government agencies and other stakeholders to create an enabling environment in terms of policies that supports succession programs so that their efforts continue to bear fruits even for generations to come. By understanding the succession programs, they will make sure that their impact on firm performance and programs to better businesses are developed and implemented.

The management of family institutions should therefore be encouraged to foster succession plans in family businesses which would positively impact the success of the firms. Other institutions especially those mandated to train business leaders and managers should consider inclusion of training on succession planning and business development services in conjunction with the already existing entrepreneurial orientation, which would enable their students to apply their knowledge at their workplace when employed or when they become business owners, hence foster success of family businesses and reduce the failure of the same during transition.

5.6 Suggestions for Future Research

Existing literature on business succession process and retail business performance is scanty and has a lot of gaps that need further studies. For instance the impact of existing legal framework on success of business succession remain inconclusively studied especially in developing countries. Further studies could focus in this area for policy formulation. Similarly, performance of small

businesses continues to dwindle soon after the founders leave the business indicating there was no proper succession plan. Further studies can focus on factors that hinder small business from adopting succession planning in Kenya. Another study similar to the one undertaken here can be conducted in the City of Nairobi for comparison purposes.

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APPENDICES

APPENDIX I: TRANSMITTAL LETTER

Chrispen Maende
P.O. Box 17484 - 00100
Nairobi
E-Mail: maendehasaja@yahoo.com.

Date:.....

The Respondent
P.O. Box 00100
Nairobi

Dear Sir/Madam,

RE: COLLECTION OF RESEARCH DATA

My name is Chrispen Maende, a student at School of Business, Kenyatta University, pursuing PhD in Entrepreneurship. I am currently carrying out a research on Business Succession Process among Businesses in Kisumu Central Business District. I am at this point in the process of gathering relevant data for the purpose of this study.

You have been identified as a key respondent in this study. I therefore, write to kindly request for your assistance towards making this study a success; by taking some time to respond to the attached questionnaire. I assure you that your responses will be treated with confidentiality and will be used solely for the purpose of this study.

I will appreciate if you will please fill the questionnaire as soon as possible, to enable my early completion of the study.

Thank you for your valuable time and responses.

Yours Sincerely,

Chrispen Maende
D86/5049/04

APPENDIX II: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

1. Kindly answer the following questions.

What is your current position in this business? *(Tick as appropriate)*

Owner	Owner manager	Non-owner manager	Director	Founder

2. What form of business are you working in? *(Tick as appropriate)*

Manufacturing	Service	Retailing	Wholesaling

3. What is your gender? *(Tick as appropriate)*

Male	Female
Married	Single

4. Indicate your marital status *(Tick as appropriate)*

5. Under which age bracket do you fall as indicated below *(Tick as appropriate)*

Below 20	21 – 30	31 - 40	41 - 50	51 - 60	61 and above

6. What is your current title? *(Tick as appropriate)*

Mr.	Mrs.	Ms.	Miss.	Dr.	Prof.

7. What are your terms of service? (Tick as appropriate)

Casual/Contract	Permanent and Pensionable

8. How long have you worked in this business (Tick as appropriate)

1 – 5	6 – 10	11 – 15	16 – 20	21 and Above

9. What is your highest level of education? (Tick as appropriate)

Primary Education	Secondary Education	Higher Education	Holder of Diploma	University First Degree	University Education Masters	University Education with PhD

SECTION B: PROCEDURES OF SUCCESSION

10. To what extent do you understand what it means by business succession?

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

11. Are you aware this business has undergone any succession (Tick where appropriate)

Yes No

12. To what extent would you say the following activities take place in your business?

(Please rank each category) where

5 = Very great extent

4 = Great extent

3 = Moderate extent

2 = Small extent

1 = Not at all

	5	4	3	2	1
Succession Planning					
Training and Development					
Mentoring of Employees					
Succession Procedures					
Succession Activities					
Succession					

13. Below is a list of business characteristics, which ones represent your business? (tick as appropriate)

Forms of Business	Tick
Manufacturing	
Wholesaling	
Retailing	
Transport	
Service	
Family	
African – Owned	
Asian – Owned	
Sole proprietor	
Partnership	
Limited Company	
Small – Medium Enterprise (SME)	

14. What is the size of your business in terms of workforce (Tick as appropriate).

2-10	11-20	21 – 35	36 – 45	46-55	Over 55

15. What is the size of your business in terms of annual revenue, in Kenya Shillings (Tick as appropriate).

Below 5M	6-15 M	16-30M	31-41M	42-50M	51M and over

16. When was your business founded?

State

17. Is the founder of the business still alive Yes No

18. Is the founder still participating in this business?

State.....

19. If the founder is no longer participating in the management of this business, how was the handing over to the successor of the business done by him?

State.....

SECTION C: BUSINESS PERFORMANCE

20. To what extent did the handing over take the following into consideration? (Tick where appropriate).

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No extent

	5	4	3	2	1
Level of education					
Work experience in other businesses (outside)					
Work experience working in the same business					
Gender					
Age					

Merit					
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21. To what extent has your business undergone through some succession affected business performance? (Tick where appropriate).

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

22. What type of specific activities or procedures did the founder carry out in handing over the business to the successor? (Tick where appropriate)

State.....

23. To what extent have these handing over procedures and activities affected business performance? (Tick where appropriate.)

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

24. To what extent have the following forms of businesses affected the performance of your business?

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Sole Proprietorship	Partnership	Limited Company

MODERATING FACTORS

SECTION D: LEGAL FACTORS

25. Are you aware of any legal factors that have affected your business during business succession? Yes No

Please state.....

26. To what extent have factors above (23) affected your business succession?

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

27. To what extent have legal factors affected the following elements of business performance? (Tick where appropriate).

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Business Performance	5	4	3	2	1
Business growth					
Business profitability					
Family stability					
Business stakeholders					

28. Are you aware of any cultural factors that have affected your business succession?

Yes No

29. Please state.....

30. To what extent have such factors (28) affected your business succession?

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

SECTION E: ECONOMIC FACTORS

31. Are you aware of any economic factors that have affected your business succession?

Yes No

32. If yes, to what extent have the above factors affected your business? (Tick where appropriate).

Very great extent	Great extent	Moderate extent	Small extent	Not at all

33. If yes, to what extent have they affected your business performance factors below?

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Business Performance	5	4	3	2	1
Business growth					

Business profitability					
Family stability					
Business stakeholder					

SECTION F: CULTURAL FACTORS

34. Are you aware of any cultural factors that have affected your business succession

(tick one). Yes No

35. If yes, to what extent have the above factors affected your business succession? (Tick where appropriate).

5 = Very great extent 4 = Great extent 3 = Moderate extent
 2 = Small extent 1 = No at all

Very great extent	Great extent	Moderate extent	Small extent	Not at all

36. If yes, to what extent have the above (35) factors affected your business performance? Indicate below by ticking as appropriate.

Business Performance	5	4	3	2	1
Business growth					
Business profitability					
Family stability					

Thank you for your Cooperation

APPENDIX III: BUSINESSES REGISTERED IN KISUMU CENTRAL BUSINESS DISTRICT AS AT 2017

	NAME OF ORGANIZATION	POSTAL ADDRESS	TEL. NUMBER(S)	EMPLOYMENT SIZE	STREET	STATUS	ACTIVITY
1.	UNITED MILLERS LIMITED	620	2020660		OBOTE ROAD	PRIVATE	MILLING
2.	HOMA LINE COMPANY LIMITED	PRIVATE BAG	0241/51624/51064/5		KORU	PRIVATE	LIME MANUFACTURE
3.	EQUATOR BOTTLERS LIMITED	780	2020540		ANG'AWA AVE.	PRIVATE	SODA MANUFACTURE
4.	FAMILY HEALTH OPTIONS KENYA (KSM)	1109	2023628		KSM BUS PARK	N.G.O	HEALTH SERVICES
5.	NYAWARA INVESTMENT AGENCIES	3067	21320		OGINGA ODINGA	PRIVATE	REAL ESTATE
6.	MOMBASA MAIZE MILLERS (KSM) LTD	9494	2020199		SABUNI ROAD	PRIVATE	MILLING
7.	YATIN SUPERMARKET	1176	2222044		KENYATTA ROAD	PRIVATE	SHOPPING SERVICES
8.	FANANA INVESTMENT	4087	2020666		KSM BUS STOP	PRIVATE	HOTEL AND CATERING
9.	MUHORONI SUGAR COMPANY LIMITED	2	057-51620		MUHORONI	PRIVATE	SUGAR PROCESSORS
10.	NDUGU TRANSPORT COMPANY LIMITED	940	42788/42789		MAMBOLEO	PRIVATE	STONE CRASHING, TRANSPORTER
11.	VICTORIA DISTRIBUTORS	1746			SABUNI ROAD	PRIVATE	TRANSPORT
12.	THE AGA KHAN HOSPITAL	530	43516/40372		OTIENO OYOO ROAD	PRIVATE	HEALTH SERVICE
13.	AGRO-CHEMICAL AND FOOD CO. LTD	18	057-51622		MUHORONI	PRIVATE	ALCOHOL MANUFACTURING
14.	CHEMELIL SUGAR CO. LIMITED	177	057-51733		CHEMELIL	PRIVATE	SUGAR PROCESSOR
15.	THE ST. JOSEPH HOSPITAL NYABONDO	75	ADMINISTRATOR		NYABONDO	PRIVATE	HEALTH SERVICE
16.	HAYER BISHAN SINGH AND SONS LTD	253	2022904		KISIAN/BONDO ROAD	PRIVATE	CIVIL ENGINEERING (STONE CRASHING)
17.	SWAN INDUSTRIES LIMITED	708	2023070		SABUNI ROAD	PRIVATE	SWEETS, CONFECTIONERY
18.	MAYFAIR HOLDING LTD (IMPERIAL HOTEL)	1866	2022661-7		KENYATTA HIGHWAY	PRIVATE	HOTEL & CATERING
19.	SUNSET HOTEL	215	41100		KENYATTA HIGHWAY	PRIVATE	HOTEL & CATERING
20.	NEW VICTORIA HOTEL	276	2021067		GOR MAHIA	PRIVATE	HOTEL & CATERING
21.	VICTORIA BAKERY	276	2020413		GOR MAHIA	PRIVATE	HOTEL & CATERING
22.	KISUMU HOTEL	3335	057-2024155		KENYATTA ROAD	PRIVATE	HOTEL & CATERING
23.	RIVIERA CASINO	3073	21330		CENTRAL SQUARE	PRIVATE	HOTEL & CATERING
24.	ROCK MOTEL HOTEL	67 DARAJA MBILI	22902		OJOLA	PRIVATE	HOTEL & CATERING
25.	KISUMU BEACH HOTEL	1069	44006		AIRPORT	PRIVATE	HOTEL & CATERING
26.	MUSEUM VIEW HOTEL	544	580501		MUSEUM ROAD		HOTEL & CATERING
27.	HOTEL INCA	112	2021379		ALNOOR ROAD	PRIVATE	HOTEL & CATERING
28.	NAKUMATT SUPERMARKETS (KSM 1&2)	2805	2023958		ODINGA ROAD	PRIVATE	SHOPPING SERVICES
29.	ACTION PALACE HOTEL	691	40158		KONDELE	PRIVATE	HOTEL & CATERING
30.	MILIMANI RESORT	2652	2223245		ODIAGA ROAD	PRIVATE	HOTEL & CATERING
31.	LAKERS INN	4852	21896		KIBOS ROAD	PRIVATE	HOTEL & CATERING
32.	PLAIN LANDS HOTEL	1439	22713		KONDELE	PRIVATE	HOTEL & CATERING

33.	MAYFAIR HOLDINGS LTD (BAKERY)	1064	2024220		MAKASEMBO	PRIVATE	BREAD MANUFACTURING
34.	KENYA PORTS AUTHORITY	4467	2021860		KIBOS ROAD	PRIVATE	TRANSPORT
35.	NIGHTINGALE HOSPITAL	1971	2027951		KONDELE	PRIVATE	HEALTH SERVICES
36.			40880		KISUMU KAKAMEGA RD.	PRIVATE	HEALTH SERVICE
37.	KIBOS ROAD HOSPITAL	283	42594		TOM MBOYA ESTATE	PRIVATE	HEALTH SERVICES
38.	JALARAM HOSPITAL	990	2020448		KAKAMEGA ROAD	PRIVATE	HEALTH SERVICES
39.	THE SHOE DEN LIMITED	141	2024184		ODINGA ROAD	PRIVATE	SHOE DEALERS
40.	NYANZA TRADING CO. (K) LTD	179	40062		ODINGA ROAD	PRIVATE	WHOLESALERS
41.	INSURANCE COMPANY OF EAST AFRICA	3122	41442		ODINGA ROAD	PRIVATE	INSURANCE
42.	BACK TO SCHOOLBOOKSHOP	2156	2024225		ODINGA ROAD	PRIVATE	BOOKSELLERS
43.	NYANZA LABORATORY SUPPLIES	63	2221210		ODINGA ROAD	PRIVATE	CLOTHES SHOP
44.	WINAM CHEMIST LIMITED	4117	2023167		ANGAWA AVE.	PRIVATE	PHARMACY
45.	MUNJOD ENTERPRISES PETROL STATION	2654			KAKAMEGA RD.	PRIVATE	PETROLEUM RETAIL
46.	GENERAL EQUIPMENT (1978) CO. LTD	358	43149		ODINGA ROAD	PRIVATE	HARDWARE
47.	KISUMU COUNTY COUNCIL	86	2020223		UHURU ROAD	PUBLIC	LOCAL GOVERNANCE
48.	AUTO FILLING STATION	179	2020517		KAKAMEGA RD.	PRIVATE	PETROLEUM RETAIL
49.	NATIONAL PRITING PRESS	224	2024625		ODINGA RD.	PRIVATE	PRINTING
50.	BLACK BERRY ENTERPRISES	4258	2221058		ODINGA RD.	PRIVATE	CLOTHES SHOP
51.	A TO Z LIMITED	387	2021417		ODINGA RD.	PRIVATE	CLOTHES SHOP
52.	MILIMANI GUEST HOUSE	2411	2023474		KILIMANI RD.	PRIVATE	HOTEL & CATERING
53.	OILLIBIA NAIROBI ROAD	40241	2022447		NAIROBI ROAD	PRIVATE	PETROLEUM RETAIL
54.	NEW EAST VIEW HOTEL	2634	2025026		UHURU ROAD	PRIVATE	HOTEL&CATERING
55.	HEALTH CARE FARM & VET PRODUCTS	179	2021134		ODINGA ROAD	PRIVATE	HEALTH SERVICES
56.	PABARI HARDWARE	504	2020402		ODINGA ODINGA	PRIVATE	HARDWARE
57.	UKWALA SUPERMARKET (KSM) LTD	1968	2022445		OBOTE ROAD	PRIVATE	SHOPPING SERVICES
58.	KENYA KAZI SERVICES (KK) KSM	3285	2024666/7		ODINGA ODINGA	PRIVATE	SECURITY SERVICES
59.	YUGERI INSURANCE BROKERS	1429	2023785		ODINGA ODINGA	PRIVATE	PRINTING
60.	LABOREX KENYA EURAPHARMA LTD (H&Mc)	641	2027075		ODINGA ODINGA	PRIVATE	HEALTH SERVICES
61.	KENYA CREDIT TRADERS	2262	40151		ODINGA ODINGA	PRIVATE	HIGHER PURCHASE
62.	UNITED INSURANCE COMPANY	1219	2022154		ODINGA ODINGA	PRIVATE	INSURANCE
63.	WASUNA & COMPANY ADVOCATES	1760	22872		ODINGA ODINGA	PRIVATE	ADVOCATES
64.	A.A. OF KENYA	1831	2021940		ODINGA ODINGA	PRIVATE	DRIVING SCHOOL
65.	CO-OPERATIVE INSURANCE COMPANY	1561	2021940		ODINGA ODINGA	PRIVATE	INSURANCE
66.	MWAMU NYAGA & CO. ADVOCATES	1013	21631		KENYATTA ROAD	PRIVATE	ADVOCATES
67.	SOMI SNACKS	2116	43664		ODINGA ODINGA	PRIVATE	HOTEL & CATERING
68.	BUN TON LTD (MON AMI 1&2)	340	2020971		ODINGA ODINGA	PRIVATE	HOTEL & CATERING
69.	MIBM NYANZA LTD	3439	2022461		ODINGA ODINGA	PRIVATE	OFFICE MACHINES
70.	SWIFT GLOBAL	1479	2021834		ODINGA ODINGA	PRIVATE	COMPUTER SERVICES
71.	SHAGW MOTOR LIMITED	483	41052		OBOTE ROAD	PRIVATE	MOTOR DEALERS
72.	SAN ELECTRICAL	1924	2021444		ODINGA ODINGA	PRIVATE	ELECTRICAL DEALERS

73.	FULCHAND KESHAVJI SHAH	404	44136		OGINGA ODINGA	PRIVATE	BOOKSELLERS
74.	RILEY FALCON SECURITY SER. LTD (KSM)	1560	2021376		OGINGA ODINGA	PRIVATE	SECURITY SERVICES
75.	NEW SILA SERVICE STATION	1629	2020691		OTIENO OYOO ST	PRIVATE	AUTO FUEL AND OIL DEALERS
76.	KISUMU WATER & SEWERAGE CO.	3210	20224100		OGINGA ODINGA	PRIVATE	WATER AND SEWERAGE SER
77.	KAVIRONDO FISHNET SUNDRY&H/W LTD	237	2023089		ODERA STREET	PRIVATE	IMPORTERS OF FISHNET
78.	NYANZA WOOLEN SHOP LTD.	577	2020886		ODERA STREET	PRIVATE	CLOTHES SHOP
79.	HOTEL PALMERS	1434	2020867		OMOLO AGAR RD	PRIVATE	HOTEL & CATERING
80.	ST. LUKE MEDICAL CENTRE	4195	21315		NAIROBI RD.	PRIVATE	HEALTH SERVICES
81.	ELECTRIC LINK	1506	42852		OGINGA ROAD	PRIVATE	ELECTRICAL DEALERS
82.	KENSHIP BAKERY & CYBER CAFÉ	1836	44836		OGINGA ROAD	PRIVATE	CYBER CAFÉ AND CATERING
83.	KISUMU MUNICIPAL COUNCIL	105	42634		COURT ROAD	PUBLIC	LOCAL GOVERNANCE
84.	HARLEYS LTD	581	41096		OGINGA ROAD	PRIVATE	HEALTH SERVICES
85.	COPY CAT NYANZA LTD	2099	41883		OGINGA ROAD	PRIVATE	MACHINERY&TOOLS DEALERS
86.	NOVELTY GUEST HOUSE (1&2)	6234	41739		LODWAR STREET	PRIVATE	HOTEL & CATERING
87.	LAKE VIEW HOTEL	9834	2020982		ALEGOROAD	PRIVATE	HOTEL & CATERING
88.	ANDIKA INDUSTRIES	232	43766		MAKASEMBO RD	PRIVATE	STATIONERY MANUFACTURERS
89.	JUBILEE ENTERPRISES	1931	2021669		OBOTE ROAD	PRIVATE	HARDWARE
90.	NYANZA ENGINEERING	2208	21402		OBOTE ROAD	PRIVATE	ENGINEERING WORK
91.	JUBILEE JUMBO HARDWARE LTD	2053	2021162		OBOTE ROAD	PRIVATE	HARDWARE
92.	GENERAL AUTO HARDWARE	243	42499		MAKASEMBO RD	PRIVATE	HARDWARE
93.	KISUMU URBAN APOSTOLATE PROGRAMME	795	2023234		RING ROAD	PRIVATE	NGO (COMMUNITY)
94.	BRITISH AMERICAN INSURANCE CO.	1111	22279		OGINGA ODINGA	PRIVATE	INSURANCE
95.	WESTERN EMPORIUM	1983	2024533		OGINGA ODINGA	PRIVATE	ELECTRICAL DEALERS
96.	STATIONERY ARCADE	2842	2020630		OGINGA ODINGA	PRIVATE	BOOKSELLERS
97.	ANVI EMPORIUM HARDWARE	232	2020567		ACCRA ROAD	PRIVATE	HARDWARE
98.	TEXT BOOK WORLD	1312	2024756		OGINGA ODINGA	PRIVATE	BOOKSELLERS
99.	IMPERIAL DRIVING SCHOOL	9259	2021404		OGINGA ODINGA	PRIVATE	DRIVING SCHOOL
100.	MITHA & CO.	938	2021120		OGINGA ODINGA	PRIVATE	ELECTRICAL GOODS DEALERS
101.	MAIN STREET PHARMACEUTICALS LTD.	2919	2222130		KENYATTA AVE.	PRIVATE	PHARMACY
102.	TAJ SUPER FOODS	389	44297		OGINGA ODINGA	PRIVATE	CATERING
103.	LAKE PHARM LTD	1345	44481		OGINGA ODINGA	PRIVATE	PHARMACY
104.	MAC SERVICE STATION	9433	42612		MOSQUE ROAD	PRIVATE	AUTO FUEL & OIL DEALERS
105.	SEAL HONEY NYANZA	2041	43761		OGINGA ODINGA	PRIVATE	SECURITY SERVICES
106.	KISUMU INTERNATIONAL SCHOOL	1276	2023471		OGINGA ODINGA	PRIVATE	EDUCATIONAL INSTITUTION
107.	MODERN SECURITY LTD	3065	057-2040069		KAKAMEGA RD.	PRIVATE	SECURITY SERVICES
108.	PRAMUKH ENTERPRISES (KSM) LTD	2121	2020113		ACRA ROAD	PRIVATE	GENERAL MERCHANTS
109.	PRAYING MANTIS LTD	1329	202444		OGADA ROAD	PRIVATE	CLUB RESTAURANT & SECURI
110.	OLAGO ALUOCH AND CO.	2194	2024984		OGINGA ODINGA	PRIVATE	LEGAL SERVICES
111.	FOAM MATTRESS LTD	230	45011		OTONGLO KSM	PUBLIC	MATTRESS MANUFACTURERS
112.	PORT FLORENCE COMMUNITY HOSPITAL	3417	44636		OTONGLO KSM	PRIVATE	MEDICAL SERVICES
113.	IMPALA PAPER PRODUCTS	3	2027940		OBOTE ROAD	PRIVATE	PAPER
114.	ICL EAST AFRICA LTD.	5336	2020268		OGINGA ODINGA	PRIVATE	OFFICE MACHINES
115.	BHATIA AUTO (K) LTD	874	211736		ODERA STREET	PRIVATE	AUTO SPARES
116.	STERLING ENTERPRISES	1212	2022062		OBOTE ROAD	PRIVATE	ENGINEERING WORK

117.	BAUMANN ENGINEERING	266	2023471		OBOTE ROAD	PRIVATE	ENGINEERING WORK
118.	BELL AIRE LAUNDRY	1064	2024693		NYERERE ROAD	PRIVATE	LAUNDRY
119.	RELANCE ENGINEERING WORKS LTD	197	2022117		OBOTE ROAD	PRIVATE	ENGINEERING WORK
120.	TAUSI DESIGNS AND PROMOTIONS	9411	720682377		CENTRAL SQUARE	PRIVATE	GRAPHIC DESIGN
121.	KISUMU CONCRETE PRODUCTS	919	2021845		MAMBOLEO	PRIVATE	QUARRY
122.	RALLYTECH MOTORS LTD	9242	2020219		OBOTE ROAD	PRIVATE	MOTOR VEHICLE DEALERS
123.	ORIENTAL RESTAURANT	2201	211914		CENTRAL SQUARE	PRIVATE	RESTAURANT
124.	CANELAND LTD	967	2024025		OGADA ROAD	PRIVATE	AGRICULTURAL MACHINE
125.	LION HART MOTORS LTD	45	2220017		OBOTE ROAD	PRIVATE	MOTOR VEHICLE DEALERS
126.	LAKE VICTORIA TRUST FUND FOR J.K GROU	700	723201779		KENYATTA HIGH	PRIVATE	PUBLIC RECREATION& INFO
127.	MONILINK INFO SYSTEM	3511			OBOTE ROAD	PRIVATE	COMPUTER & TELEPHONE
128.	PADAM ENGINEERING	1720	2022896		MAKASEMBO	PRIVATE	ENGINEERING WORK
129.	NYANZA COMMERCIAL COLLEGE	590	2020246		CENTRAL SQUARE	PRIVATE	LEARNING INSTITUTION
130.	BLUE SAND HOTEL	3140	2022893		AIRPORT ROAD	PRIVATE	RESTAURANT
131.	WHITE ROSE DRY CLEANERS LTD	2689	2020251		COURT ROAD	PRIVATE	LAUNDRY
132.	SONI FUEL INJECT	547	2062214		OBOTE ROAD	PRIVATE	ENGINEERING WORK
133.	AVENUE HEALTH CARE	3271	44333		OGINGA ODINGA	PRIVATE	HEALTH SERVICES
134.	KISUMU DIAGNOTIC CENTRE	178	2020438		OGINGA ODINGA	PRIVATE	HEALTH SERVICES
135.	SPECTRE INTERNATIONAL LTD	2131	530014		OTONGLO KSM	PRIVATE	ALCOHOL MANUFACTURING
136.	KISUMU MARKET REFUELLERS (NATIONAL)	640			KENYATTA HIGH	PRIVATE	PETROLEUM RETAIL
137.	KENTON'S CHEMIST	21	2022072		OGINGA ODINGA	PRIVATE	PHARMACEUTICAL
138.	KENYA UNION OF SUGAR PLANTATION W.	19019			AWORI HSE	PRIVATE	WORKERS UNION
139.	CECYPO LTD (1&2)	99	440361		OBOTE ROAD	PRIVATE	HARDWARE
140.	KISUMU CRYSTAL ENGINEERING	2786	2023047		MAKASEMBO RD.	PRIVATE	ENGINEERING WORK
141.						PRIVATE	BAR
142.	GOHAR GLASS MART	2210	2024347		OBOTE ROAD	PRIVATE	GLAZERS
143.	GENEVA CHRISTIAN GUEST HOUSE	4370			KIBOS ROAD	PRIVATE	RESTAURANT
144.	HILL BROW PARK RESTAURANT	2194	2021366		KENYATTA HIGH	PRIVATE	RESTAURANT
145.	CHECHE COMMUNICATIONS LTD	2626	222177		OGINGA ODINGA	PRIVATE	INTERNET SERVICES
146.	KENINDIA ASSIRAMCE CO. LTD	1907	43246		OGINGA ODINGA	PRIVATE	INSURANCE
147.	S.O. AGENCIES	6313	40438		KONDELE	PRIVATE	PETROLEUM RETAIL
148.	FLAME LEAF BARS AND RESTAURANTS	1103	2023789		KONDELE	PRIVATE	BAR
149.	CELL PATH LTD KISUMU	237	2022391		OGINGA ODINGA	PRIVATE	HEALTH SERVICES
150.	EAGLE ENGINEERING WORKS	9461	2224418		OBOTE ROAD	PRIVATE	ENGINEERING WORK
151.	PATRIOTIC GUARDS LTD	461	43969		NYERERE ROAD	PRIVATE	SECURITY SERVICES
152.	WIGOT CONSTRUCTIONS CO. LTD	2273			KILIMANI ROAD	PRIVATE	CONSTRUCTIONS
153.	ASSOCIATES AUTO CENTER LTD	2871	2223777		OBOTE ROAD	PRIVATE	AUTO SALES AND SPARES
154.	MFI OFFICE SOLUTIONS LTD.	189	2023235		OGINGA ODINGA	PRIVATE	OFFICE MACHINES
155.	TARATIBU HOTEL	25191			OMINO CRESCENT	PRIVATE	HOTEL & CATERING
156.	STEEL CENTRE LTD	55			OBOTE ROAD	PRIVATE	HARDWARE
157.	NYANZA CLUB	9	2022433		APUT LANE	PRIVATE	MEMBERS' GOLF CLUB & CATERING
158.	EAST AFRICAN SEA FOOD LTD	2354	2022241		SABUNI ROAD	PRIVATE	FISH PROCESSING
159.	SYLARK CONSTRUCTION	2740	2202987		KAKAMEGA RD	PRIVATE	CONSTRUCTIONS
160.	VYTU LTD	1154	2023471		SABNI ROAD	PRIVATE	MANUFACTURERS OF PLASTIC

							PRODUCT
161.	KINGSWAY TYRES LTD	535	2020475		OBOTE ROAD	PRIVATE	TYRE DEALERS
162.	A.A.R. HEALTH SERVICES	2746	2224482		OGINGA ODINGA	PRIVATE	HEALTH SERVICES
163.	MILIMANI MATERNITY HOSPITAL	441	2022298		RING ROAD	PRIVATE	HEALTH SERVICES
164.	DIESEL INJECT SERVICES LTD	137	2020976		OBOTE ROAD	PRIVATE	ENGINEERING WORK
165.	AUTO EXPRESS LTD	1404	2022766		MAKASEMBO RD	PRIVATE	TYRE & PETROLEUM RETAIL
166.	MARUTI PHARMACEUTICALS	967	2021346		OGADA ROAD	PRIVATE	PHARMACEUTICAL
167.	KENDEEP AGENCIES (KSM) LTD	153	2023459		ACCRA ROAD	PRIVATE	WHOLESALE
168.	HASS PETROLEUM (K) LTD	1988	2220396		KIBUYE	PRIVATE	PETROLEUM RETAIL
169.	SWAN CARRIERS	708	30089		SABUNI ROAD	PRIVATE	TRANSPORT
170.	MOMBASA SALT WORKS	3123	43182		SABUNI ROAD	PRIVATE	SALT PACKERS
171.	PARAMOUNT ENGINEERING	295	2020934		KARUME ROAD	PRIVATE	ENGINEERING WORK
172.	LAKE PRINTERS	394	44913		OBOTE ROAD	PRIVATE	PRINTING
173.	AOK PRINTERS	1012	42646		PAUL MBOYA RD	PRIVATE	PRINTING
174.	FISH PROCESSORS (2000) LTD	9083	2023421		SABUNI ROAD	PRIVATE	FISH PROCESSING
175.	YSMIN MOTORS	1012	2223168		OBOTE ROAD	PRIVATE	MOTOR VEHICLE DEALERS
176.	FISH PROCESSORS (2000) LTD	196	41900		MAKASEMBO RD	PRIVATE	MOTOR VEHICLE DEALERS
177.	UJENZI QUARRY	1154	40374		KISIAN ROAD	PRIVATE	STONE CRASHING QUARRY
178.	VILLAGE INN	3436	59052		KONDELE	PRIVATE	BAR
179.	TUSKYS (TUSKER MATTRESSES LTD)	54280-00200	2026078/80		KAKAMEGA RD	PRIVATE	SHOPPING SERVICES
180.	EDDY SUPERMARKET	4278	2221216		ANGAWA AVE	PRIVATE	SHOPPING SERVICES
181.	ST. MONICA HOSPITAL	523	62470		KAKAMEGA RD	PRIVATE	HEALTH SERVICES
182.	SARIT BOOKSHOP	312	45097		OGINGA ODINGA	PRIVATE	BOOKSELLERS
183.	APIC BOOKSHOP	586	43056		OGINGA ODINGA	PRIVATE	BOOKSELLERS
184.	NEW SIMBA SECURITY	1948	2021325		OGINGA ODINGA	PRIVATE	SECURITY SERVICES
185.	GROUP 4 SECURICOR K. LTD	1701	43748		OBOTE ROAD	PRIVATE	SECURITY SERVICES
186.	MUDHAMINI SECURITY	9023	40638		MAKASEMBO RD	PRIVATE	SECURITY SERVICES
187.	KALI SECURITY	4554			KENYATTA HIG	PRIVATE	SECURITY SERVICES
188.	METRO G. GUARD	2844	2023218		OFAFA HOUSE	PRIVATE	SECURITY SERVICES
189.	JANNAL SECURITY	6303			KONDELE	PRIVATE	SECURITY SERVICES
190.	WIDE VISION GUARDS	3238	072684699		OFAFA HOUSE	PRIVATE	SECURITY SERVICES
191.	BORIGA GUARDS	1002	0734743069		UHURU ROAD	PRIVATE	SECURITY SERVICES
192.	UKUTA SECURITY	1088			MOSQUE ROAD	PRIVATE	SECURITY SERVICES
193.	JOY RIDE DRIVING SCHOOL	2740	41331		KENYATTA AVE	PRIVATE	DRIVING SCHOOL
194.	NILDEEP LTD	2839	2021460		ODERA STREET	PRIVATE	CLOTHES SHOP
195.	KAVICO AUTO SPARES	493	2223682		MAKASEMBO RD	PRIVATE	AUTO SPARES
196.	HOTEL MAMBA	4740	2024206		MOSQUE ROAD	PRIVATE	HOTEL & CATERING
197.	PUMP CENTRE KISUMU	937	2221120		OGINGA ODINGA	PRIVATE	MACHINERY & TOOLS DEALERS
198.	FULCHAND K. RAISHI	406	44121		ODERA STREET	PRIVATE	CLOTHES SHOP
199.	HOTEL VUNDUBA	453	40093		MOSQUE ROAD	PRIVATE	HOTEL & CATERING
200.	HOTEL RIVER SAND	1040			KAMAS	PRIVATE	HOTEL & CATERING
201.	KISUMU TRAVELS LTD	764	41910		OGINGA ODINGA	PRIVATE	CAR HIRE & TICKETING
202.	KISUMU YATCH CLUB	226	2022050		DUNGA ROAD	PRIVATE	SAILING AND CATERING
203.	KISUMU TYRE CENTRE	536	41120		MAKASEMBO RD	PRIVATE	TYRE DEALERS

204.	KISUMU POLYTECHNIC	143	40161		KISUMU STADIUM	PUBLIC	LEARNING INSTITUTION
205.	RAMOGI ADVANCE TECHNOLOGY (RIAT)	1738	62044		KAKAMEGA RD	PUBLIC	LEARNING INSTITUTION
206.	KENYA INSTITUTE OF MANAGEMENT	1083	2022424		TELKOM PLAZA	PRIVATE	LEARNING INSTITUTION
207.	OPTICA LTD.	2851	057-2021990		OGINGA ODINGA	PRIVATE	OPTICIANS
208.	KENYA COLLEGE ACCOUNTANCY (UNIVERSITY)		2024094		OGINGA ODINGA	PRIVATE	
209.	CISS INTERNATIONAL	76-40100	2021635		MILIMANI	PRIVATE	
210.	LAKE INSTITUTE OF TROPICAL MEDICINE	370	733893941		KIBUYE	PRIVATE	
211.	ARC KENYA	3188	722816480		MILIMANI	PRIVATE	
212.	MABATI ROLLING MILLS LTD (KSM)	3347	2023202		SABUNI ROAD	PRIVATE	
213.	PLAN INTERNATIONAL – KISUMU				MILIMANI	PRIVATE	
214.	MERLIN INTERNATIONA-KISUMU	44 – KISII	31412		MILIMANI	PRIVATE	
215.	SUSTAINABLE AID IN AFRICA (SANA)	1137	2023409		MILIMANI	PRIVATE	
216.	SILVERLINE MOTORS	135-40100	2020400		OBOTE ROAD	PRIVATE	
217.	MORDEN FURNITURE HOUSE (1968) LTD				OBOTE ROAD	PRIVATE	
218.	BOB MORGAN SERVICES LTD	3582-40100			ROBERT OUKO ES	PRIVATE	
219.	STANBRADOX CITY	19543	733884867		OMINO CRESCENT	PRIVATE	
220.	GREEN GARDEN RESTAURANT	3103	72773800		OFF OBOTE ROAD	PRIVATE	
221.	SURE DOSE PHARMACY	2333			MEGA PLAZA	PRIVATE	
222.	ELECTRIC LINK – (KSM)	1506	2024120		OGINGA ODINGA	PRIVATE	
223.	MWANGA AGROVET	6593			AWORI HOUSE	PRIVATE	
224.	CMC MOTORS LTD – KSM	508	2020061/2		OBOTE ROAD	PRIVATE	
225.	LAKE TRAVEL LTD	171-40100	2020818		OGINGA ODINGA	PRIVATE	
226.	MAGHARIBI CAR HIRE	1412-40100	722361891		AWORI HOUSE	PRIVATE	
227.	SHIVA TRAVELS LTD	19-40100	2024331		OGINGA ODINGA	PRIVATE	

Source (Kisumu County Office, 2013)

