

**STRATEGIC SUCCESSION PLANNING AND PERFORMANCE AMONG
LAW FIRMS IN NAIROBI CITY COUNTY, KENYA**

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THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature Date

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D61/ 75597/2012

This research project has been submitted for examination with my authority as university supervisor.

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DEDICATION

I dedicate this project to my dear husband Bernard Gachogu Njugi and my children for their support during the entire period I was working on this project. To my mum-in-law Rose Njugi, who has been a pillar in my life and my boss who encouraged me to further my studies.

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The whole process of this scholarly work has provided me with a very great learning experience in the whole academic lifestyle. The journey was mixed with both numerous rewards as well as challenges. Upon completion of this level of study culminates into the next level of learning as well as other endeavors.

I highly appreciate the Lord my God for leading me in this vigorous journey of my academic life. He has been with me throughout this endeavor. My appreciation goes to my able supervisor Prof. Munyoki and moderator Professor Ogutu for their insightful guidance through the whole process of project writing. I am thankful for the corrections they made on my drafts, their continuous encouragement, support and guidance in writing this project. I am also indebted to my family, my boss at my place of work and friends whom I may not mention in person for the support that they have granted to me to enable me finish my second degree successfully.

ABSTRACT

The ability of many firms to survive beyond the peer group or the three stages of life has been a challenging undertaking for most business units and private firms. The cause of these declining endurance rates is the inability of the firms to create the necessary reserves to sustain the current level of operations as the company matures. One of the strategies being adopted by firms to guarantee the sustainability of their operations now into the foreseeable future is the establishment of a succession plan. This strategy applies not only on business oriented organization but also private entities. The sought to determine the impact of the strategic succession planning on the law firms performance in the county government of Nairobi. The specific objectives were to specifically establish the impact of career management, employee retention and management support instituted by the firms and its particular impact on the performance of the law firms under research. Towards the realization of the objectives, the research adopted descriptive as well as the cross sectional design of the research with the population target being all the 980 registered law firms in 17 sub-counties in Nairobi. In selecting the target sample, the study employed systematic sampling design. The research work made an adoption of the descriptive type of study. The research findings were that majority of the law firms had established succession planning processes at different levels with those older firms having entrenched the same more in their operations compared to the younger. The study found out that the career management promotes employee insight, goal and strategy development. Further, career management improves employees' organizational commitment levels which resulted in improved customer satisfaction, improves employee and efficiency, lead to cost reduction and risk management as well as reduced uncertainties on the firm internal structures and external relationship. In general, management support came out as the strongest variable that influences the performance of the law firms. The study concludes that a lack of effective succession planning among the young law firms does not augur well for the business continuity of the said firms and therefore necessitating the need to have a functioning human resource and strategy units in the law firms so that they can develop and implement an effective succession planning process in the organizations.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Assuring continuity of a company through the establishment of an efficient heritage is regarded, as a career in all variety of organizations where ensuring qualified members of the firm leadership throughout the ages are of nearly all applicable confront for firm's stability (Le Breton-Miller, Miller, & Steier, 2014). A goal of accession makes a clear path to this particular exercise, hence this leads to the lessening of the accession as well as the uncertainty that may lead to severe level of ideological divergence in the firm hence this leads to slow uptake of the ideas instead of highly concentrating on the rapid expansion of the company. the arrangement of the succession is the level of degree in which the company occupies the progression as well as the plan for the reporting is supposed to be made in the firm

According to Davis and Harveston (2008), an effective succession planning is related to improved performance in a firm and argues that companies with a planned Chief Executive Officers (CEO) succession process outperform those with unplanned CEO successions. Indeed a 2014 survey showed that businesses that had fired their CEO without a planned sequence had to forego an average of US\$1.8 billion in shareholder value, compared to those with a careful planning process for leadership succession (Björnberg & Feser, 2015).

In explaining strategic succession planning in business units, two theories have come out prominently namely; Social Capital theory as advanced by Churchill and Hatten(1987) and the

Role Transition Theory (Handler, 1990). The theories mainly posit that to realize an efficient succession by the conclusion of the entire procedure, the subsequent age group must have analytical features. Among these features is successful company and intelligence, often tacit; various abilities, like deciding and interpersonal; networks and societal resources; high level of determination, the spirit of innovation, highest level of legitimacy as well as credibility from the stakeholders within the family as well as non family members (Sharma, 2004).

Most of the pioneers of the legal profession in Kenya have either retired or died in the last ten years, and this brings about uncertainty and the realities of business risks that exist in the legal profession business in Kenya. This call for the establishment of an effective succession planning for these firms and with the recognition of common direction, commitment, and values, law firms have instituted effective strategic succession planning processes. It is important therefore that in such cases, the strategic plans should incorporate succession plans.

1.1.1 Strategic Succession Planning

The strategic planning is mainly the standard managerial device with which to tackle a master plan formulation (Rigby, 2001) and requires executives to gather data, reflect, conceptualize, model, and build substitute prospect development, and evaluate them through prediction to come across the answers to essential inquiries relating to the real and preferred point of the business. Strategic planning is an open and continuing organizational procedure (Armstrong, 2012) that comprises numerous phases in big companies: planning rules set down plan of activities, discussion with corporate, adjusting the business arrangement, arrange for a yearly capital and working financial plan. Strategic planning process produces several benefits which include facilitating the internal and external learning process, assist a company suitably develop and

control its assets and support it through explanation of serious data that makes and sustain organization in environment position. In the case of a business, succession planning also decreases job bias and increases objective connection, thus performing as an integrative instrument (Ketokivi & Castañer, 2004).

The strategic succession as well as planning is a very strategic effort that is meant to make a preparation concerning the correct numbering, empowering skilled employees to come up with a well planned schedule for retirement, elevation as well as the serious level of illness as well as other ranks generated in the whole firm (Harrison, 2002). Succession planning shapes a role branch in the individual resourcing plan, which should give to the general company plan. Davis (1997) assert that succession planning has the objectives of competently and reasonably allocating assets from the aged to younger ones; give power of the business in a manner that will make sure useful business leadership, preserve and encourage family accord and enhance the possibility of a smooth and efficient succession. Succession planning is vital to the achievement and stability of the industry and mainly so where few survive more than one generation.

Kellermanns, Eddleston, Barnett and Pearson (2012) posit that for effective succession planning, there is the need for the firm's business influence, organization culture and existence of a flexible planning system to be strengthened simultaneously. For the corporate impact aspect, the transmission of tacit knowledge is acknowledged as an important strategic asset of a firm. As such, the influence the business contributes to the uniqueness of the enterprise. This type of power facilitates a unique nature that, if understood and leveraged, can contribute to building capabilities that positively influence the mutually functioning of the family unit and the company (Habbershon *et al.*, 2008).

1.1.2 Organizational Performance

VanWeele (2016) argues that organizational performance is the capability of a business to attain such purposes like greater earnings, products that are of high quality, significant share in the market, best results in the financial sector, and continuous existence at prearranged moment employing appropriate strategy for achievement. Performance present the base for an organization to review how healthy it is progressing towards programmed objectives, recognize potential and fault and settle on how prospective plans are to be undertaken. A company performance dimension is prepared against prediction set before and is examined, assessed and documented over time. The feedbacks produced from time to time will allow the company to competently carry out remedial accomplishment and continuous development on the set goal. Indeed, the utilization of resources to attain set goals of the firm premised on the predictable outcome from the trade units which will cumulatively establish primarily presentation of the company (Chen & Paulraj, 2014).

Divergent groups have deviate organizational objectives that will require being accomplished. Performance is a theory connected with the trend being studied and therefore corporate performance can be decided by various individual constituencies, delivering from several different explanations of goal reached. Since there are broad range of objectives that a business can embrace, performance management has enticed the attention of scholars from a vast diversity of control as this topic is not certain and a control to accountants, operation managers, business strategists, human resource managers or marketers (Magutu, 2013).

Kaplan and Norton,(2001) have set forward suitable performance dimension frameworks to the functions to be exercised in the company. They consist of the performance of computation of

matrix and the well balances scorecard (BSC). This is a device that presents prescription on how the firm is performing by rolling company production perceptions right from the policy level to working business level which is ranked in fourth position in terms of the customer satisfaction; financial accountability; business production processes operating internally; efficient delivery of services and modernization (Gunasekaran et al., 2011).

1.1.3 Service Industry in Kenya

Economies tend to develop toward the development of industries and then to the service sector slowly moving from the over-reliance on agriculture and mining sector a path followed by the UK. Developed countries are post-industrializing while developing countries are industrializing. Trends show industrializing countries like Kenya have their services sector growing faster compared to the rest of the economy. The service industry and its growth is highly dependant on the growth of the agricultural and industrial sectors through the forward and backward linkage.

In Kenya, the service sector contribution to GDP stands at 60% and has been the source of close to 68% of regular jobs in Kenya. According KNBS (2015), the main contributors of services sector are real estate (8.9), tourism (11.8%), transport and communication and finance and insurance (7.4%). The World Bank (2015) reported that 72% of increased GDP between 2006 and 2013 was as a result of services According to a report by USITC briefings concerning (2014) Kenya produced \$19 billion on services in 2012 which accounted for an estimated 43% of total EAC services output and in 2014 among the highest in Sub-Saharan Africa.

1.1.4 Law Firms in Kenya

This is the bar that is associated with its high level of membership currently standing at about 8,000 advocates. The association has the power to give the advice and helps members in respect to the state of operation. By law, one must be a member of the Society to practice as an advocate in Kenya. Membership to the Society is however individual and not corporate. About 995 law firms are operating in Nairobi with about 68 being considered as big company by considering the total number of the employee that it controls. The majority of them are sole proprietorships (LSK, 2016).

Kenya is gradually more observed as an appealing speculation landing place for the worldwide business activities. High level of interest in Kenya conveys the want for higher excellence level of advice legally at home stage and in many circumstances, at a cross border level. On the other hand, the legal system has matured considerably with the emergence of many law faculties in Kenyan Universities, and it is estimated that about 500 advocates will be enrolled annually in Kenya. However the legal practitioner in Kenya is faced with a myriad challenge, key among them is the emergence and the entrance of foreign law firms and especially from the East African region. This firms bring with them expertise in various spheres of their specialization and thus incumbent upon law firms operating in this country and in particular in Nairobi to design strategies that give them a competitive edge in the environment in which they work in.

Legal practitioners are now embarking on specialization as the days of general practition are long gone. Divergent fields that include election law, mining law, constitutional law, company law, procurement law, intellectual property and the voluminous churning of legislation every often calls for a different approach to the practice of law in Kenya. All these pose challenges the

Kenyan legal practitioner. On the flipside, contrary, the field of the legal mind has a lot of existing opportunities that one can harness for success. For instance, the cross-border opportunities brought about by the East Africa Community are yet to be harnessed. It requires a rethink on the part of law firms who may have to put in place strategies that will enable them to address the challenges and leverage the opportunities in their operating environment.

1.2 Research Problem

The prosperity of many firms over the peer group or even successful companies infrequently survives past the three stages of life (Chami, 2011). At the centre of these declining endurance rates is a waning tendency to create the necessary reserves to sustain expansion, mostly as the company matures. The achievement of a progression plan can be resolved by the successive optimistic show of the company and the final possibility of the firm or by the fulfillment of stakeholders with the succession procedure.

Strategic succession planning is likely to be a mechanism that will probably counteract this underinvestment and instead support suitable investments and steer growth in an organization. Indeed, the purpose of the corporate plan is to put the business into a situation to carry out its duty efficiently, effectively and guarantee its sustenance (Cabrera-Sua´rez, 2001).

Several studies have pointed out that failing rate in following succession procedure is increasing at an alarming rate. Solomon et al., (2011) discovered that only thirty three percent of the family unit businesses endure new generation that is rated in position two just about 10-15 per cent succeeds to enter the next generation.. On the other hand, Herrmann and Datta (2012) in their study of the features of successor of the chief executive officer in the foreign market and its

among Belgian Manufacturing firms found that the successor's attitude towards risk and, thus, her decision to enter foreign markets depend on such characteristics as CEO position tenure, international experience and throughput functional background. On his part, Karaevli (2007) while researching on a sample of 90 mid-sized and large publicly traded corporations in the U.S. Airline and chemical industries found that under conditions of poor performance and munificent environments, firms tend to have an advantage when hiring outsider successors.

Locally, Muhia (2009) in her research on Family businesses succession practices of Private schools in Nairobi found that landing out a business—family run or not—is a task requiring several issues, own sensations and of course, cash. She found that passing along a business to family members can get especially risky as it influences all features of one's life, proficiently and individually. Rotich (2014) undertook research on the outcome of succession planning on the financial performance of family-owned supermarkets in Nairobi County. The study found out that three independent variables showed the positive relationship with financial performance namely succession planning, firm capital structure, firm age, though the association for the capital structure was not significant with financial performance.

As evidenced by the above studies, though some studies have delved into succession planning, there is no study, which the researcher is conscious of that links the succession planning process and performance of law firms.

This study, therefore, sought to determine to answer the following research question: what was the outcome of strategic succession planning on the performance of law firms in Nairobi, Kenya?

1.3 Research Objective

- i. To establish the status of succession planning in law firms in Nairobi City County.
- ii. To establish the relationship existing between the strategic successions planning and its level of performance among law firms in City of Nairobi County in Kenya.

1.4 Value of the Study

The research work will be able to make an immense contribution to the study on entrepreneurship and business succession. The study sought to show that law firm succession had the mechanism of both entrepreneurial outlets of an owner(s) and the entrance of a new owner(s) in the detection of new business prospect. This study is important to the many businesses whose founders have retired or retired in the law firms in Kenya especially those that were founded immediately after independence and that their founders are currently retiring and will wish their successors to continue burning the flame. This group found the findings of this research invaluable in planning for the handing over of the management mantle to the younger generation. The study offers an imminent as to the significance of strategic as well as the succession planning to company enlargement at different phases of the cycle of life and how effective implementation of the succession plan affected its performance.

The management and staff of the firms will learn and understood why series changes in such companies were inevitable at one time or another and how to cope with such changes then. It will also facilitate managers to reconsider and readjust their strategic growth and execution to robust

and endure in aggressive and energetic surroundings. Scholars found it necessary as the study would lead to an increase of the body of research as well as knowledge in this particular area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This particular section will be able to make a presentation on review of the literature concerning succession planning and its influence on firm performance. Main areas that are covered include the theoretical framework that underpins the study. The study discusses the various facets of succession planning and how it affects the performance among Law firms in Nairobi.

2.2 Theoretical Foundation of the Study

The study is guided by the Social Capital theory, stewardship theory, and leadership model of succession theory.

2.2.1 Social Capital theory

This theory was advanced by Tagiuri & Davis, (1996) and posits that organizations are featured by the distinctive package of resources, consequential from the near interaction between its members and the company structure that may both create fierce benefit and drawback. These unique type of resources are categorized as human as well as social, and monetary capital (Danes et. Al, 2009). Social capital is the possessions entrenched in the associations among people, both within the business (interior social capital) and between the company and its exterior affliction. In addition, social capital in the organization, for example, is mainly significant for tackling the distinguishing characteristics of the company because the strong relational binds existing among the members of one family can drastically modify relations within and over organisations

(Arregle, Hitt, Sirmon & Very, 2012). Therefore, social capital plays an important responsibility in describing the kind of behavior and resources held by the social group of family business can develop fierce distinctive.

Portes (1998) acknowledges that while social capital is intangible, it is a factor influencing the economy, as, within the new economic frame, it can considerably affect the generation of proper human capital, and the orderly use and assurance of physical and financial capital, during the efficient collaboration among organizations players.

The social capital theory makes as suggestion concerning the coexistence as well as the connections involving the business as well as the family scheme provide growth to distinctive income accessible to family organizations and that these resources permit family firms to achieve a sustainable competitive benefit (Irava & Moores, 2010). To be specific, the human capital in the service organization is distinctive due to the members' dedication and to their profound firm-specific implicit awareness. Social capital is, therefore, the resources rooted in the relationships among people and is peculiarly affected by the relational link created among the members of the family influence the company with the intro and inter-organizational relationships (Arregle et al., 2012).

2.2.2 The Stewardship Theory

The model of Stewardship was introduced by Davis et. Al, (1997) and draws from the socio-psychological view to learn associations in companies and that the associates are considered collectivists in the sensation that they gain collaborative behaviors other than behaviour managed by self-interest. A approach of the stewardship towards learning of different firms may be predominantly appropriate within the environs of business succession, as associates may sustain

the team goals, like entrepreneurship, greater than their purposes (Eddleston et al., 2012). The stewardship theory posits that it will be expected that organization members are prove exhibit high extent of faith and consensus (Habbershon & Williams, 2009) that are needed for a mutual level of entrepreneurial endeavor and can direct to greater performance as well as the competitive benefits.

A business dream requires being improved, applied and potentially wholly altered by consecutive foresight to offer expansion, better performance, and eventually success of the company. Stewardship theory believes that executives are stewards whose behaviors are allied with the goals of their heads (Eisenhardt, 1989). The theory argues and regards in a different structure of incentive to managers, who are trustworthy to the company and intent on attaining excellent performance, non-financial motivators steer the directors. The theory argues that a business needs a composition that permits conformity to be realized systematically by managers and vendors. One of the assumptions of stewardship is that it is static; it reflects on the relationship of manager at a single spot in time. Therefore it does not reflect the motivation that agents may have to deviate from a representative position towards that of the steward.

In accordance to Pearson & Marler (2010) stated that the behaviors of stewardship could be absolute to comprise members of the family that are working in the premises provides strong and good leadership. However, we really don't have the sufficient information about the possible distinction in propensity of the stewardship across age groups, (Campbell et al., 2007).

2.2.3 Leadership Model Succession Theory

Leadership Model Succession Theory was developed by Ibrahim, Soufani, & Lam, (2001) who propose that to guarantee leadership succession is established, the organization must introduce

redundancy in management formation to capitalize on exposure, strategize ahead for self-effacing managers by assigning a descendant prior to the current leader existing, tailor chosen interior applicants by permitting them to deputise the existing ones and eventually avoid disagreement by creating leadership transformation quickly. The theory is observed on the business sector with organization advancing a substituting leadership formation to preserve control of company ideas and organizational path (Bjuggren & Sund, 2001).

Balkundi et al., (2011) is of the view that independent complication permits diversification of social system to expand into precious organizational resources, and it can make complicated association when group members interact, thereby generating more multiplex commanding structures that direct group behavior. At this stage, the group processes can also pile to generate abstract organizational resources like social capital. Moreover, leadership engages the donation of several actors and bi-directional influence that evolve beside different time balance. Therefore, leadership theory that is barely restricted to one level of examination presents an overly controlled static thoughtful of leadership phenomena (Polyhart & Moliterno, 2011).

2.3 Strategic Succession Planning in Businesses

The succession planning process in business units is considered to be made up of the career management established in the firm, employee retention strategies adopted and the management support instituted by an organization. These are discussed in the following sections.

2.3.1 Career Management

This is the activities as well as programs that are provided by the firms to enhance the success of the careers held by its employees (Kong 2010). This includes the practices in the firms

concerning the career development of the employees. The techniques used in the career management includes provision of education opportunities as well as training, career planning as well as appraisals and programs that involves mentor. This enables many employees to be in a position to fully manage their respective careers (Lewis & Arnold, 2012).

The management of the careers is just but a series of both informal and formal activities that are well managed by the firms to bring influence to employees' career development structure (Arnold, 2006) leading to the improvement of the firm's level of effectiveness. Additionally, Orpen (2004) argues out that management of careers makes a coverage of different practices as well as policies that was established by the companies to be able to improve the level of effectiveness in the company employees. Furthermore, career management improves employees' organizational commitment levels (Bambacas, 2010). In addition, Gutteridge (2006) makes an agreement that the management of careers engages very specific activities emanating from the human resource department. This includes rotation of the jobs, job appraisals, counseling as well as training that is aimed at matching the capabilities of the employees with the opportunities existing in the firm. Management of the career effectively promotes the full implementation of the goals of the firm hence making the firm to be in a position to gather the required skills as well as knowledge that can be able to propel it to the next level.

2.3.2 Employee Retention

This is the hierarchical practices as well as arrangement aimed at keeping key workers from leaving the company. Employee retention is the business engagement to be able to keep employees who are productive (Griffeth, 2001). It specifically involves taking very concrete measures to be able to encourage all employees to remain in one organization over a long period

of time (Griffeth & Hom 2001). Many firms are going through a lot of challenges as retention of the employees is concerned. Employing people who are very knowledgeable is very important for any employer. However, job retention is even much more crucial in comparison with hiring. this begins with the recruitment (Luxmi 2004).

Punia, (2004) provides a definition of retention as the turnover converse that is both voluntary and involuntary. The activities of retention are the total summation of the total activities whose main goal is to increase the commitment of the employees in the organization by giving them sufficient growth platform (Bogdanowicz & Bailey, 2002). It is the move of the voluntary made the firm to be able to create the enabling environment for the workers to thrive over a longer time period

2.3.3 Management Supports

This occurs when the project of the senior management like CEO fully devotes his special time to manage the problems existing in the firm, making business follow-ups, among others. A company performance dimension is prepared against prediction set before and is examined, assessed and documented over time. The feedbacks produced from time to time will allow the company to competently carry out remedial accomplishment and continuous development on the set goal. Indeed, the utilization of resources to attain set goals of the firm premised on the predictable outcome from the trade units which will cumulatively establish primarily presentation of the company (Chen & Paulraj, 2016).

Divergent groups have deviate organizational objectives that will require being accomplished. Performance is a theory connected with the trend being studied and therefore corporate

performance can be decided by various individual constituencies, delivering from several different explanations of goal reached. (Ryan and Tipu, 2013).

The management participation and support is the interest of the management team (Dong, 2000). In fact, this criterion is so important for maximum success, strong commitment from senior management is necessary. The management is essential to create a feeling of shared ownership of the process before it is implemented (Thompson, 2007). While it is likely that if support exists from the top management,

Raman (2006) noted that strategic – plans of succession makes many companies to make all the management functions very specific. This ensures that there is high level of continuity in the firm. This is made possible through the identification of the candidates who are very outstanding especially for the top most management hence leading to the employees' satisfaction. By maximization of the process of planning, guidelines for succession, introduction of the leadership training attracts quality work. This leads to improvement of the competitive advantage that boosts the management of the organization. Thong (2006) revealed that the level of employees' commitment to organization business goals and the nature of employee's relations with top management determine the extent to which employees contribute towards achievement of the aimed organization goals.

2.4 Succession Planning and Firm Performance

Venter, Boshoff, and Maas, (2014) are of the view that studies linking strong succession and performance are rare yet the sequence is critical to the survival of the businesses. A study by Donnelly (2008) found that in the case of family businesses succession, strategy and performance

there is a positive relationship between accession and organization performance and that a higher succession strategy leads to better performance. A study by Noor et al. (2010) examined the relationship between family successions attributes and firm performance among Malaysian SMEs companies. They found out that succession planning had a positive impact on firm performance. The study was carried out in a developed country and did not use the same research methodology as the current study.

Grant's (2013) highlight the need for a planned approach in succession planning such that a business unit should be able to create systems that decentralize decision making in the strategic planning process. Such systems integrate attributes of the design school (formalized planning) and the process school approach. Building this adaptive systemic competence enables firms to compete by responding to various changes in the external environment, including reacting efficiently and more to competitor actions (Burgelman & Grove, 2006). This reasoning suggests that performance is maximized when firms adopt flexible planning systems. More specifically, flexible planning systems allow companies to pursue opportunities delivered as a consequence of environmental change through quick adjustments of their strategic plans. Incorporating flexible planning systems allows for, among other things, the maintenance of relevance in changing circumstances, which has become a major consideration in the planning formulation process (Zhou & Wu, 2010).

A study by Zellweger and Nason, (2008) explored the plan of succession of SMEs with particular reference to its significance, character, and level of succession planning. The study categorized SMEs according to their yearly revenues, the total number of employees, and figure of family members employed by the company, substantial differences were found between larger

and smaller firms. In line with the earlier studies, the result exposed that majority of the family members get involved to the business for selfless reasons with issues related to family relationships being rated notably more vital in the company in which more family members were working in the firm. Therefore, despite their dimension, it is significant for family-owned businesses to enlarge a recognized plan for succession, communicate the personality of the successor, and give training and mentoring to the descendant.

A vital aspect of flexible planning systems, though, is not only the capability to react to shocks influenced by adjustments in the interior and exterior problem environment but to also be naturally in tune with these environments Kukalis (2009). Additionally, while the capability to respond is dependent upon the firm's stock of relevant information, and this information is a significant contribution to the process of creating change connected to options including, for instance, whether or not to launch fresh products, processes or features, the potential to explain information that give the firm innovativeness becomes crucial. As well, the ability to absorb blows into the system is a major contributor to sustaining competitive advantage and performance over the long term

Maalu *et al.* (2013) examined the character of the succession of business plans and their effect production of the small businesses in the country specifically in Nairobi. The study sampled 249 SMEs through a structured questionnaire and interviews. Data were analyzed using linear regression and thematic content analysis. The results indicated that family owned businesses did not explicitly document their succession strategy but made major plan of the informal succession. The research work did not specify a well-built and meaningful relationship existing between accession and organization performance.

Veyselk and Glaister (2008) investigated the dynamics of the succession procedure for business units that have previously taken the succession decision and have their preferred successors. The main goal of this research work is making an outline of the causes that backs up the process of succession through examination, section, training as well as making an entry involving family members in the process of succession.

Gudmundson et al. (2009) empirically investigated the relationship between succession issues and business performance and found out that proper succession planning positively affects the performance of a firm; this study was not done in Kenya. Both empirical and theories on the relationship between SP and FP suggest that BDS and EO plays a significant role in firm performance. There is a research gap regarding concepts and context which is the primary focus of this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section presents the method that was employed while studying to attain the goals of the research. It deals with the design of the research, the population involved in the study, procedures used in collecting data and analyzing the collected data.

3.2 Research Design

The design of the research that was adopted in this study was descriptive. Illustrative study design was defined by Cooper and Schindler (2000) as trying to establish the main aspects of the population incorporated into the research.

Moreover, a study design is prepared, has an exploratory issue and fraction of prescribed studies.

The design was suitable since the key attention is to search for the possible relationship and portray how the aspects sustain issue under examination.

According to Charmaz (2003), a cross-sectional study is a research instrument used to record information founded by the data gathered for a particular area in time from a pool of participators with diverse features and demographics. In this study, the participants will be the different law firms.

The design used enabled the researchers to have an insight towards the effects generated by succession planning on the output of Nairobi's law firms in Kenya. Moreover, the quantitative data found from the cross section of the inhabitants selected was provided by the descriptive

design method. The model also provided more insight into the problem of the research through relating the inconsistencies of interest

3.3 Target Population

Population is a whole set of individuals, proceedings or objects that possess simple features that can be experimented and summarized (Yin, 2003). The target population of a research study should be specifically definite, and the unit of analysis identified, which is not easy sometimes. The population of the survey consisted of all the law firms operating in Nairobi. According to the Law Society of Kenya, there are about 980 law firms working in the 17 Sub-Counties in (LSK, personal communication, August 19, 2016) Appendix II.

3.4 Sampling Design

The respondents of the study were selected using the stratified sampling and simple random sampling techniques. First, the current 17 Sub-Counties that constitute Nairobi County is taken as geological strata used in selecting the respondents. The heterogeneous nature of the population called for the use of stratification which would fill the need to cater for characteristics of each class. Secondly, a sample of 10% was identified from each stratum by means of simple random sampling. Kothari (2008).

Table 3.1: Sample Size

Sampling Frame	Number	Sample Size
Starehe	580	58
Embakasi North	85	9
Embakasi West	12	1
Embakasi Central	10	1
Roysambu	8	1
Langata	14	1
Westlands	155	16
Dagoretti North	8	1
Kamkunji	15	2
Total	887	90

Source: Researcher, 2017

3.5 Collection of Data

The study used original data that was collected by use of a self-administered questionnaire containing both open and closed ended questions. The close-ended questions were utilized in evaluating different traits, and this helped in lowering the number of associated response to attain more diversified response. The "drop and pick" latter strategy was used in administering the questionnaire which targeted the senior partner, in the law firm.

The inquiry consisted of three sections. The demographic information of the law firm and the respondent were fully covered in Section A. Part B included information on the organization strategic succession planning process while section C linked the succession plans to the performance of the Law firms. Mugenda, and Mugenda (2003) note that the use of a questionnaire ensured that confidentiality is upheld, saves time and is easy to administer. The respondents gave their response on a five point Likert scale.

3.6 Data Analysis

The editing of questionnaire was done to enhance accuracy and uniformity once the data has been collected. The data gathered was first analyzed using descriptive statistics. Data was analyzed using SPSS based on the questionnaires. Descriptive analyses were conducted to provide the mean and standard deviation. The regression analysis was done to establish the relationship between the variables of the study. The regression equation assumed the following form:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \alpha$$

Where:

Y - Organizational performance;

β_i - Regression coefficients

X1 – Career management

X2 – Employee retention

X3 - Management supports

Bo = y- intercept

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION

4.1 Introduction

This particular chapter makes the analysis, the interpretation as well as the presentation of the findings of the research. The outcomes were well analyzed using the percentages SD as well as mean. Additionally, the relationship existing between the output and the succession planning was well done using the regression analysis model.

4.2 Response Rate

90 questionnaires were administered. The complete questionnaires were perused for their levels of completeness and consistency. 71 questionnaires were recollected. These showed a response rate of 78.9% and this rate was deemed to be enough in realizing the research objectives (Mugenda & Mugenda, 2003).

4.3 Demographic Characteristics of Respondents

The characteristics of demography considered in this research work included the level of education, time taken in the continuous work, duration of law firm operation, number of employees and number of law firms in Kenya. The outcomes are given in Table 4.1.

Table 4.1: Demographic Characteristics of Respondents

Category	Item	Frequency	Percentage	Cumulative
Level of Education	University	43	60.6	60.6

	Post graduate	28	39.4	100.0
Total		71	100.0	

Length of Continuous service

	Less than 5 years	10	14.1	14.1
	5-10 years	43	60.5	74.6
	Over 10 years	18	25.4	100.0
Total		71	100.0	

Duration of Operation

	6-10 years	6	8.5	8.5
	11-15 years	12	16.9	25.4
	16-20 years	37	52.1	77.5
	Over 20 years	16	22.5	100.0
Total		71	100.0	

Number of Employees

	Less than 100	55	77.5	77.5
	100-499	16	22.5	100.0
Total		71	100.0	

Number of Branches

	Less than 5	57	80.3	80.3
	5-10	9	12.7	93.0
	Over 10	5	7.0	100.0
Total		71	100.0	

Source: Research Data (2017)

The results on Table 4.1 indicate that 43% of the respondents have attained university level of education while 39.4% of the respondents indicated that they have a post graduate education

level. This implies that all the respondents are graduates and, with all other factors remaining constant, they will understand the question and answer according.

In regard to the working experience of the respondents, the findings is that majority (60.5%) worked in the respective law firm for a period of five to ten years, 25.4% have worked in the law firm for over 10 years. This means that most of the staff have worked in the law firm for a over ten years and they therefore have the requisite experience to answer the questions. With regard to the operational period of the law firms, the findings shows that majority (52.1%) of the respondents said that the law firms had been in operating for 16 to 20 years while 22.5% stated that the law firms have operated for over 20 years. Therefore, it shows that the law firms sampled had operated for over 15 years which means that they will have instituted appropriate succession planning programs. However, 25% of the firms had operated for less than 10 years. Consequently, the views of both young and old firms have been considered in the study.

The research also sought to investigate the size of the law firms. The findings on the question showered that majority (77.5%) of law firms had less than 100 employees. The size of the law firm also influences the number of branches that the organization will have established. The result on number of branches shows that 80.3% of the firms had less than 5 branches in the country and this is in the major towns. Indeed establishment of 5 law firms is an indicator of significant growth of the sampled firms.

4.4 Strategic Succession Planning.

This section sought to establish the extent of the various succession planning practices are being practiced by the law firms in Nairobi. The range was ‘very large extent’ (5) to ‘not at all (1). The scores of disagreeing represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale ;($0 \leq S.D < 2.4$). The scores of ‘Neutral’ represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq S.A. < 5.0$). A standard deviation of > 0.9 implies a big difference on the impact of the variable among respondents. The specific succession planning practices investigated include career management, employee retention and management support.

4.4.1 Career management

These are formal and informal activities designed by the organization to enhance the careers of employees and effectiveness of the organization. This is made in anticipation that the employee will take a prominent role in the future operations of the firm. The results on the law firms’ career management practices are presented in Table 4.2.

Table 4.2: Career Management

Statement	Mean	Std. Deviation
Career management practices will help promotes employee insight, goal and strategy development	3.782	0.910
Career management improves employees’ organizational commitment levels	3.469	.962

Career management practices have an impact on employees' career satisfaction	2.616	1.187
Career management is a continuous process of work life	2.137	0.871
Overall Mean	3.001	

Source: Research Data (2017)

The findings in Table 4.2 suggest that organizations' career management practices facilitate promotion of employee insight, goal and strategy development (M=3.782, SD=0.910) and in the process enhance the employee commitment level (M=3.469, SD= 0.962). The low standard deviation that is less than 1, on the two career management practices suggest that there was a high level of consensus among the respondents on the applicability of the two influences on the law firms operations. The result indicate that career management practices impact on employees' career satisfaction to which will result in the staff members willing to stay in the same organization and be willing to grow it (M=2.616, SD=1.187) and that the career development practices in the firms are an ongoing activity.

4.4.2 Employee Retention

This is an effort by employers to create and maintain an environment that encourages current workers to stay in their current employment by having policies that address their diverse needs.

The results on the state of the law firms career retention practices is presented in Table 4.3.

Table 4.3 : Employee Retention

Statement	Mean	Std. Deviation
Employees retention ensures customer satisfaction, increased product sales, satisfied colleagues	3.674	1.031
Employee retention create and foster stress free environment in terms of employee organization continuity	3.169	0.884
Employee retention increases organizational commitment of employees	2.726	.751
Encourage employees junior employees to remain in the organization for the maximum period of time	2.452	0.923
Overall Mean	3.005	

Source: Research Data (2017)

The result on employee retention, as a succession planning practice suggest that the retention of employees facilitate improved customer satisfaction, increased product sales and a satisfied colleagues (M=3.674, SD=1.031). In addition, the study found that employee retention strategies facilitate harmonious working environment in which the employees will not be seeking exiting the law firm (M=3.169, SD=0.884). However, to a low extent, the study reveals that the retention strategies adopted by the law firms encouraged junior partners to remain in the organizations for a long period (M=2.452).

4.4.3 Management Supports

Management supports includes identifying the organization mission, objective, procedures, rules and empowering of the human capital in contributing to the success of the business. The result on the extent of the succession planning process management support is presented in Table 4.4.

Table 4.4: Management Support

Statement	Mean	Std. Deviation
Succession planning built a competitive advantage through the support of the management	3.837	0.934
It helps employees to address their needs for empowerment and improve personality.	3.514	1.136
Facilities to employee following the lead and encourage succession planning	2.986	1.107
It encourages and motivates employees to innovate and solve problems	2.959	.995
Overall Mean	3.324	

Source: Research Data (2017)

The finding in Table 4.4 suggest that majority of the respondents believed that succession planning result in an improved competitive advantage position for the law firm (M=3.837, SD=0.934) through a process of enabling the firms employees in contributing to the running of the business in the competitive environment. However, to a smaller extent, the findings also suggest that management support practices by the law firms motivates employees to innovate and solve (M=2.959, SD=0.995)

4.5 Firm's Performance

The researcher sought to determine how the law firms performance is influenced by the implementation the strategic succession practices. The respondents were to answer using a Likert scale range of strongly disagree (1)' to strongly agree (5). The results are presented in Table 4.5.

Table 4.5: Firm's performance

Performance Measures	Mean	Std. Deviation
Increased number of cases and transactions handled	3.917	0.802
Effective cost/risks management	3.608	1.021
Growth of revenue streams	3.283	.717
Provision of superior customer service	3.217	1.233
Reduction of uncertainties of the firm internal structures and external environments	2.958	1.122
Ability to introduce specialty products under conveyance	2.792	1.216
Increased return per employee	2.667	1.055
Overall Mean	3.206	

Source: Research Data (2017)

The findings in Table 4.5 indicate that indicate that the firm’s succession planning process increases the number of cases handled by the law firm (M=3.917, SD=0.802) and effectively reducing the cost and risk of doing business. Due to the increase in the volume of business in the law firms with effective succession planning, the level of revenue growth has increased and a provision of superior customer value. Moreover, the study revealed there is reduction of uncertainties of the firm internal structures and external environments (M=2.9583, SD=1.12208). To a moderate extent, strategic succession planning has led to the law firms introducing specialty products and the return per employee increased (M=2.667, SD=1.055).

4.6 Inferential Statistics

The study used inferential analysis to establish any existing relationship between an intervention and the resultant outcome, as well as to establish the strength of the relationship between the

variables. The inferential statistics involved the determination of the coefficient of determination and a multiple regression analysis. The coefficient is used to explain the margin level in which the variation in the variables that are independent can explain the dependent variable.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.672	.658	.73983

- a. Dependent Variable: performance
- b. Predictor Variable: (constant); $X_1 = CM$, $X_2 = ER$; $X_3 = MS$,

From outcomes obtained from the Table 4.6, the three independent variables that were studied, explain 67.8% of the performance as represented by the R^2 . This means the three independent variables contribute about 67.8% to the performance of the while other factors not studied in this research contributes 32.2% of the firm performance. The standard error of the estimate (S_e) indicates that on average, the law firm strategic succession planning level deviate from the predicted regression line by a score of 0. 73983. The results are presented in Table 4.6:

Analysis of variance (ANOVA) on Table 4.7 shows that the combined effect of the strategic succession planning strategies employed by the Law firm is statistically not significant in explaining its changes in the level of performance.

Table 4.7: Summary of ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.322	4	2.387	2.464	.051 ^b
	Residual	25.193	66	.969		
	Total	39.515	70			

The researcher conducted a multiple regression analysis so as to determine the relationship between the parameters of firm performance of the law firms and the three variables of strategic succession planning practices.

Table 4.8: Model Summary of regression for organization performance

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.199	.378		-.525	.601
	X ₁	.072	.131	.045	.548	.586
	X ₂	.273	.084	.260	3.244	.002
	X ₃	.777	.091	.667	8.556	.000

- a. Dependent Variable: Organization performance
- b. Predictor Variable: (constant); $X_1 = \text{CM}$, $X_2 = \text{ER}$; $X_3 = \text{MS}$,

As per the SPSS generated information and presented in Table 4.7, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$) becomes:

$$Y = -0.199 + 0.045 X_1 + 0.26 X_2 + 0.667 X_3$$

The value of the intercept (B_0) indicates that the level of strategic succession planning when all the explanatory variables are zero is -0.199. This implies that were the law firms to withdraw from instituting succession plans, then the current level of firm performance will decrease by 0.199 units .

The data analyzed also shows that taking all other independent variables at zero, a unit increase in career management will lead to a 0.045 increase in firm performance level; a unit increase in employee retention will lead to a 0.260 increase in performance in law firms, while a unit increase in management support will lead to a 0.667 increase in law firms performance. These results conclude that management support contributes more to performance, followed by employee retention and finally career management at 5% level of significance and 95% level of confidence.

4.7 Discussions of the findings

The relationship between strategic succession planning and firm performance has become an important practice that shapes the operations of organizations. Succession planning is a strategic

move to laws firm interests in playing an instrumental role in enhancing their performance. This position has been backed by the conclusions of this study which show career management in law firms promotes employee insight, goal and strategy development. Hence, it improves employees' organizational commitment levels.

This study supports the concept of the Leadership Model Succession Theory by the law firms appreciating the occurrence of redundancies at some future time period and this necessitates an introduction of deliberate moves to capitalize on exposure, strategize ahead for self-effacing managers by assigning a descendant prior to the current leader existing. This move includes a tailor chosen interior applicants by permitting them to deputize the existing ones and eventually avoid disagreement by creating leadership transformation quickly. Therefore, competition among the law firms is so stiff such that each of them has been forced to be innovated by adopting strategies in order to improve their performance.

The findings reveal that majority of the firms support employee's retention process and this has led to increased customer satisfaction, increased product sales and satisfied colleagues. Griffeth & Hom(2001) concurs with this finding by reinforcing that employee retention practices involves taking measures to encourage workers to stay in the organization for the maximum period of time in order to create and foster an environment in organization.

In a business perspective, law firms are actively seeking new strategies over their competitors. For law firms to perform better, they have to embrace strategic succession planning. This findings support the findings by Noor (2010) examined the relationship between family successions attributes and firm performance among Malaysian SMEs companies. They found out that succession planning had a positive impact on firm output. Therefore, the study revealed that

there is good relationship between strategic succession planning and performance in law firm because it increases the number of law firm branches, cost/risk management and enhances fee revenue growth.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section contains an outline of the summary of the outcomes, the conclusion as well as its recommendation and the research limitations. It also suggests areas where further research is supposed to be conducted.

5.2 Summary of Findings

The research work established that the law firms had been operating for a period between 16-20 years and they understand impact of strategic succession planning on the effective performance of law in the Kenyan capital, Nairobi. The research work found that the career management in law firms promotes employee insight, goal and strategy development. In addition, the result shows that career management improves employees' organizational commitment levels. Employee retention practices results in improved the satisfaction of the customers, improves on the sale of the products as well as satisfying the fellow employees. It also creates and fosters an environment in organization

The study established that planning of proper succession procedure promotes competitive advantage through the support of the management. The management support enable the employees to make strategies on the empowerment process, improve their level of personality skills, and enhance self confidence. The study established that the effect of firm's succession

planning process on performance has leads to the increases number of law firm branches, cost/risk management and enhances fee revenue growth.

The regression analysis reveal that three variables that are independent contribute about 67.2% to the law firm performance while all other variables not researched in this scholarly work contributes to 32.8% of the organizations performance. The analyzed data also shows that assuming that all the independent variable are zero valued, an increase in one unit in the management of the career will automatically lead to a 0.072% performance increase of the performance of the company; an increase in one unit in employee retention will result into a 0.273 performance improvement in law firms, while a unit increase support from the management results into 0.777 increase in law firms performance. Hence the management support is the most significant succession planning practice that influences the performance of the firm. These results conclude that management support contributes more to performance, followed by employee retention and finally managing career by significance of 5% results to 95% confidence level of confidence

5.3 Conclusion

An important approach for law a firm growth in the current market conditions is through development of strategic succession planning which assist in positioning its competitiveness and improving performance. From the findings, it was established that career management in law firms promotes employee insight, goal and strategy development. It also improves employees' organizational commitment levels.

In addition, employee retention satisfaction of the customers, improves the sale of products, and leads to highest level of customer satisfaction as well as creates and fosters an environment in organization. It can also be concluded that succession planning can build a competitive advantage through the support of the management. The effect of strategic succession planning on performance has lead to increases number of law firm branches, cost/risk management and enhances fee revenue growth.

5.4 Limitations of the Study

The main weakness of the paper is that its extent was highly limited hence it cannot allow for generalization of the findings.. This study was conducted with a strong presence of law firms in Nairobi City County. It is possible that this exposure and working environment contributed significantly to their perceptions of the strategic succession planning on performance. There is need therefore to also get the views of law firms in the other counties.

The research work has limitation in that the same number of respondents may have provided a biased response hence making the data somehow erroneous. The research work would have used many respondents to reduce the margin of error. Furthermore, the paper could have included more respondents to increase the level of consistency in the given information

The study was also conducted under a stringent time line such that not all the targeted respondents were reached and this might have resulted in some critical views being realized. The researcher also faced financial constraints in seeking the services of research assistants in data collections and this made the collection of all the questionnaires on time challenging.

5.5 Recommendations for Policy and Practice

The study found out that strategic succession planning enables the laws firm to improve their performance; it is recommended therefore that for success in strategic position of the law firms, it should develop further its ability to marshal resources needed to support its strategies as well as introduction of succession planning to increase the performance level.

The scholarly work discovered that the law firms had implemented career management and it made a recommendation that the law companies should focus more on the business management courses among its employees and not concentrate only on the legal training at the expense of courses that will further strengthen the firm management aspect. The management support of the law firm is necessary to enable employees address their needs through personality improvement, enhancement of the self confidence, and even achieve more

5.6 Suggestion for Further Research

The research work was undertaken on impact of strategic succession planning on the output in Nairobi City Council. The study makes a recommendation that further study should be conducted to determine the factors that impact the implementation of effective implementation of strategic succession planning on the organizational performance in law firms. This is because some law firms sampled indicated that a lack of institutional succession planning is feared to impact successful transition to next generation of managers.

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