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**ROLE OF EMOTIONAL INTELLIGENCE IN TRANSGENERATIONAL SUCCESSION
AMONG FAMILY BUSINESSES IN NAIROBI COUNTY**

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ADM NO. 31281

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
OF STRATHMORE UNIVERSITY**

**VT OMNES
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MAY 2024

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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Ian Kairu

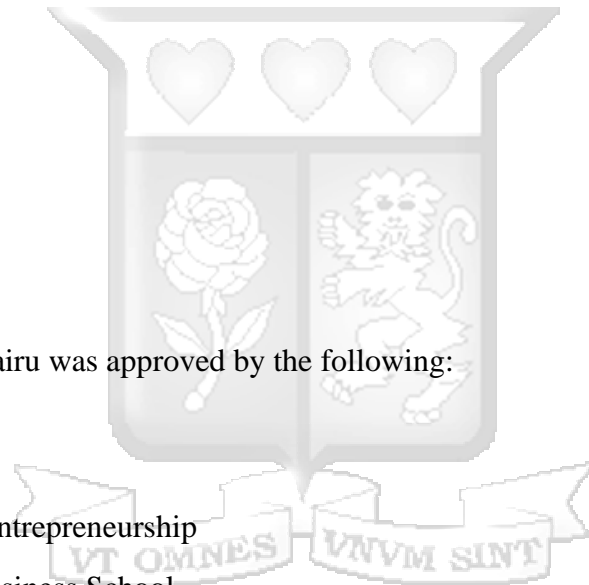
Approval

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ABSTRACT

Transgenerational succession has been a major concern for many businesses within the world due to conflicts between the owners, their families and management teams. This has consistently derailed the operations of the institutions. In Kenya, more than 70% of businesses are family-owned, but only 10%-15% survive past two generations, hence there is need to understand what can help to improve the succession within these family firms. This survey sought to establish the role of emotional intelligence during transgenerational succession in family businesses in Nairobi County. This was studied within the lenses of key emotional intelligence aspects; self-awareness, self-management, social awareness and self-regulation in transgenerational succession in family businesses. The research was premised on the social exchange theory, emotional contagion theory and the family systems theory. The study used a positivist paradigm and a descriptive research design in the investigation. Population of the survey was the registered (530) firms under the Association of Family-Owned Businesses. Purposive sampling was used in the selection of participants with only firms that have undergone transgenerational succession being included in the research. A sample of 228 firms that have gone through succession was considered for the research. A structured research questionnaire was utilized in the data collection with both drop and pick method as well as use of Google forms. The study instrument was pretested to determine its reliability and validity. Analysis of the study data was conducted using descriptive and inferential statistics. The findings showed that there was a weak positive correlation between emotional intelligence (i.e., self-awareness, self-management, social awareness, self-regulation) and transgenerational succession. Regression results revealed that overall, there was a positive and statistically significant relationship between emotional intelligence and transgenerational succession in family businesses. However, the relationship with individual measures of emotional intelligence offered varied results. Self-awareness, self-management and self-regulation had a positive and significant effect on the transgenerational succession in family businesses. On the other hand, social-awareness did not have a significant effect on transgenerational succession in the family businesses studied. Based on these conclusions, the study recommended that family businesses should create a supportive environment where individuals feel comfortable expressing their thoughts and feelings. Additionally, the study recommends that family businesses should prioritize the establishment of clear protocols to facilitate positive resolution of disputes as well as promote trust and confidence among stakeholders during transgenerational succession. The study notes that emotional intelligence may have varying long term effects and therefore recommends longitudinal studies tracking family businesses over multiple generations.

Keywords: Self-Awareness, Self-Management, Social Awareness and Self-Regulation,

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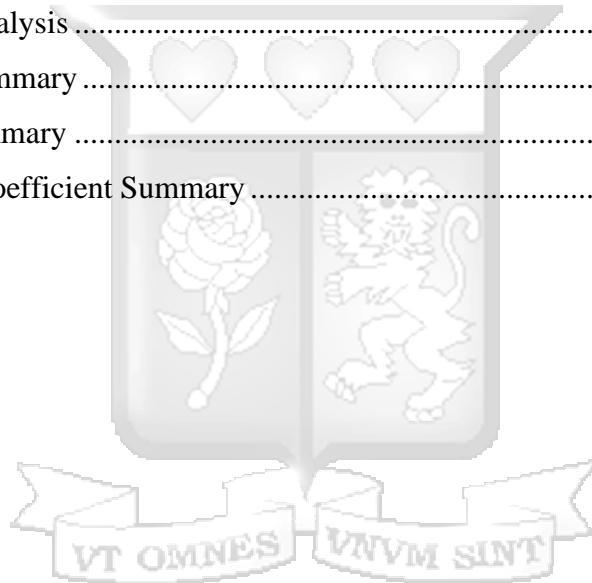
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DEFINITION OF TERMS

Emotional intelligence	The term "emotional intelligence" describes the capacity to recognize, comprehend, and regulate one's own feelings as well as those of others. (Mayer, Salovey, & Caruso, 2018)
Family-owned businesses	Family businesses are constituted at the intersections of three circles of family businesses. These are management, ownership and family (Caputo, 2018).
Self-awareness	Self-awareness is defined as the ability of an individual to accurately recognize and perceive their own emotions, thoughts, strengths, weaknesses, and behavioural tendencies (Stanley, 2020).
Self-management	Self-management can be defined as an individual's ability to manage and regulate their own behaviours, actions, and choices in various situations, especially those that require discipline and organization (Stanley, 2020).
Self-regulation	Self-regulation is the ability of an individual to manage and control their emotions, thoughts, and behaviours, especially in response to external stimuli or internal triggers (De Massis, Chua, & Chrisman, 2018).
Social-awareness	Social awareness can be defined as the ability of an individual to accurately perceive and understand the emotions, needs, perspectives, and dynamics of others within their social and family environment (Jehn, 2017).
Transgenerational succession	Transgenerational succession relates to the continuity of business ownership and/or control from one generation to the next (Pounder, 2019).

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Family businesses are organisations that are controlled or owned by a family or a small group of families for the purpose of pursuing a sustainable business that cuts across various generations of the family or families (Chua, Chrisman, & Sharma, 2019). Family businesses are the majority of businesses across the world and they contribute significantly to the GDPs of all countries around the world (Ratten, 2017). Family businesses also employ significant population in countries that they operate in. Within the European Union, family businesses are known to directly and indirectly contribute to around a half of the union's GDP and create more jobs than the non-family businesses (Sułkowski, 2018).

According to the Association of Family Business Enterprises, (2023), 70–90% of the world's gross domestic product is produced yearly by family-owned businesses, which constitute two thirds of all businesses worldwide. Research from across the globe shows that just 12% of family companies make it to the third generation, while over 70% fail to effectively transfer to the second generation (Baron & Lachenauer, 2021). Family businesses are important to the world economy as well as to the economies of Africa (Acquaah 2016). Nevertheless, their importance and contributions are not completely recognized or understood as a result of a lack of sufficient data. In Ghana, research on survival rates revealed that only 30% of family businesses make it through the first generation to the second, and just 3% make it to the third (De Scheemaeker, 2017). More than 70% of businesses in Kenya are family-owned, according to Association of Family Business Enterprises, (2023), but less than 10% to 15% of them make it to the third generation.

According to Großmann et al. (2015), family businesses are a fertile breeding ground for conflict since the family members running the business are connected not just by co-ownership but also by familial ties which creates different and sometimes competing goals to be achieved simultaneously. These competing goals will often be an avenue for conflict within the family and/or business. They assessed the different conflict related failures in family businesses and determined two scenarios. One, where the business fails as a whole and second, the failure of the 'familiness' of the business where there occurs complete breakdown of family relations among the family that operates the business to the extent that some individuals in the family opt out of the

business and end the familiness of the business. They provide specific patterns which if not checked flare up into negative personal conflicts that lead to the failure of family businesses. These studies however did not look into the impact of emotional intelligence on the failure of family businesses creating a knowledge gap. The study will therefore seek to find out role of emotional intelligence during transgenerational succession in family businesses in Nairobi County.

1.1.1 Emotional Intelligence

The term "emotional intelligence" describes the capacity to recognize, comprehend, and regulate one's own feelings as well as those of others (O'Connor, 2019; Humphrey, 2021; Shepherd, 2016; Salovey, 1990). This concept involves a set of skills, including self-awareness, self-regulation, motivation, empathy, and social awareness skills (Joseph & Newman, 2019). Individuals who possess high levels of emotional intelligence have the ability to effectively navigate their emotional experiences as well as with others, which can lead to improved personal relationships, communication, and overall well-being. The current study focused on self-awareness, self-management, social awareness and self-regulation and their role in transgenerational succession.

Self-awareness can be defined as the ability of an individual to accurately recognize and perceive their own emotions, thoughts, strengths, weaknesses, and behavioural tendencies. It involves introspection and reflection on one's emotional responses and motivations, which can then guide their actions and decision-making, especially in conflict situations (Stanley, 2020). Self-management often involves an individual's ability to manage and regulate their own behaviours, actions, and choices in various circumstances, especially those that require discipline and organization. Social awareness on the hand can be defined as the ability of an individual to accurately recognize and understand the emotions, needs, perspectives, and dynamics of others within their social and family environment (Jehn, 2017). Self-regulation may be defined as the ability of an individual to manage and control their emotions, thoughts, and behaviours, especially in response to external stimuli or internal triggers. It involves maintaining composure, avoiding emotional outbursts, and making thoughtful choices to navigate conflicts constructively (De Massis, Chua, & Chrisman, 2018).

According to a study by Betancourt et al. (2014), there is a role for emotional intelligence (EI) in the interpersonal dynamics between family business owners and the ownership and business subsystems. EI is critical as it enables the family members to understand their own emotions

especially those that are generated during the succession process, it also enables effective communication which is important in transferring knowledge and socioeconomic wealth from one generation to the next. EI also supports relationship building, empathy and is a key ingredient of conflict management. Humphrey et al (2021) confirm that entrepreneurs with a high level of EI are more likely to succeed in many business fronts but importantly are able to successfully handle intense emotions when working with family members. This ability helps to ensure successful outcomes in conflict prone processes such as intergenerational succession.

Emotionally charged human interactions, need to be managed because they can be harmful to an organization's ability to function successfully (Darling & Earl, 2017). According to Betancourt (2014), emotional management pertains to particular ways of behaving that are used when there is a disagreement. The inability of family members to manage their emotions effectively could lead to development of affective conflict which can completely destroy family relationships to the extent that the underlying business is compromised (Alvarado-Alvarez et al., 2019). Emotional intelligence has been found to be critical in the overall management of organisations (Chen et al., 2019; Supramaniam & Singaravello, 2021). However, these studies have not factored in the effect of emotional intelligence on transgenerational succession in family businesses which the current study has considered.

1.1.2 Transgenerational Succession in Family Businesses

Transgenerational succession relates to the transfer of business ownership and/or control from one generation to the next. This is one of the defining characteristics of family businesses (Pounder, 2019). Daspit et al (2016) confirm that a family business succession process is not only a hand over of control but the transfer of social capital (relationships) as well as knowledge capital (resources) from one generation to the next. The succession process in family businesses is important and inevitable but is also a precarious one because of the potential for devastating conflicts (Bertschi-Michel, 2020). The rate of family business failure during the process of succession is very high (Solomon, 2011). The succession process is essential to the transgenerational sustainability of family companies since only one third of enterprises survive into the second generation and only ten to fifteen percent survive into the third (Filser et al., 2018).

Since the inception of family business research, the topic of succession has been thoroughly examined (Chua et al., 1999; Labaki et al., 2013). This is because succession poses the biggest

threat to the sustainability of family businesses (Ramón, 2021; Yezza et al., 2021). According to Barnett et al. (2012) and Nordqvist et al. (2009), family company succession is just as complicated as the family business itself. According to Carter III et al. (2016), family business succession is a gradual process that starts when the current owner decides to leave the company and ends when management is transferred to the next in line (De Massis et al., 2008). The process could last between five years in straightforward cases and ten years in complex succession cases (Miller et al., 2018).

Research by Chua, Chrisman, and Sharma, (2019) highlights that successful succession is linked to the ability of the family to adapt, innovate, and align with changing business environments. Numerous challenges, however, characterize the trans-generational succession process. A study by De Massis, Chua and Chrisman, (2018) identified issues such as communication breakdowns, poor generational performance, inadequate succession planning, cultural differences, conflict of interest, and resistance to change as common hurdles. These challenges often stem from the complex interplay of family dynamics, business operations, and individual aspirations.

Conflicting relationships amongst members make the process of family business succession vulnerable to conflict (Yoo et al., 2014). Due to the potential for failure owing to an incapacity to manage generational transition (De Massis et al., 2008) and opposing parties, namely the incumbent and the successor, the succession process is seen as one of the most crucial times for a family business (Agbim, 2019). The structure of a family business, situated at the meeting point of the three circles (Figure 1.1 above) representing family, business, and ownership (Tagiuri, 1992), also makes it vulnerable to conflict as members try to strike a balance between their obligations to each circle (Caputo et al., 2018). According to Qiu and Freel (2020), there are tensions at the three intersections of family ownership, family business, and family ownership-business. When family and business cross at the first intersection—the family-business—individuals may run into problems. These could consist of sibling rivalry (Avloniti et al., 2014; Jayantilal et al., 2016), nepotism (Liu et al., 2015; Miller et al., 2018) and relationship conflicts (Caputo et al., 2018; Yezza et al., 2021). In the second intersection, family-ownership, there could be conflict between majority and minority shareholders (Haynes et al., 2021), conflict between family and non-family owners of the business (Gagné et al., 2021). In the third intersection, family-

business-ownership, there occurs conflict of interest in the strategy of the business or strategic changes (Calabrò et al., 2018).

The business succession process is one which renders potential conflict on the three intersections altogether given the significance of the outcome (Großmann & Schlippe, 2015). The potential to raise conflict on all three intersections then means that the succession process if not handled well can mean the demise of the business as a whole. This is the reason emotional intelligence is necessary to avert the disastrous effects of conflict especially when it emanates from the succession process.

1.1.3 Family businesses in Kenya

Family companies are crucial to Kenya and the rest of the world since they employ the majority of people and control a sizeable amount of the GDP (ILO, 2017). In a similar vein, family companies operating in Kenya are not exempt from the difficulties encountered by their counterparts elsewhere. One of the main issues facing family businesses is succession planning, or the passing of company ownership from one generation to the next. De Massis (2008) stated the most common factors that prevent succession as individual factors (incumbent and success or failure), financial factors (unavailability of finances), contextual factors (significant changes in operating environment), process factors (failure of succession process) and relational factors (negative relational factors amongst family members between family and non-family members).

The aforementioned issues also affect family companies in Kenya, which is why the Association of Family Business Enterprises (AFBE) was established. Established in 2015, the association serves the interests of family-run businesses in Kenya that are not encompassed by other umbrella organizations like the Kenya Private Sector Alliance (KEPSA), Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), and Federation of Kenya Employers (FKE). The association's goal is to create an atmosphere that is supportive, uplifting, and empowering so that family-owned enterprises remain successful for many generations (Association of Family Business Enterprises, 2023). Waweru et al (2011) gave the average age of family businesses as 24 years which is a short time when compared with family businesses in other parts of the world.

Examples of family enterprises that have been unable to get over the succession hurdle include Tuskys Supermarkets (Insolvency Petition, 2022), Akamba Bus (Jubilee Insurance Co. Ltd V

Akamba Public Road Services Ltd, 2012) and Athi River Mining (Insolvency Cause No 14 of 2018, 2019). In these companies, the exit of the founders meant that the surviving family members were unable to continue running the family businesses leading to insolvency and consequently winding up of the previously successful companies. On the other hand, some companies have successfully navigated transgenerational succession to flourish across generations. Examples of the successful companies include Mabati Rolling Mills that was founded in 1962 (Safal Group, 2023), Chandaria Industries established in 1947 and The Sarit Centre which is currently managed by the third generation of the family (Kibugi, 2015).

1.2 Statement of the Problem

Transgenerational succession in family businesses can be a challenging process, particularly in the context of Kenyan family businesses. Globally, only 30% of family businesses survive to the second generation, and only 10% survive to the third generation (Pounder, 2019). This therefore brings about concerns that very few family-owned businesses may survive until the fourth and fifth generation. In Kenya, more than 70% of businesses are family-owned, but only 10%-15% survive past two generations (Letiwa, 2020), indicating the low survival rate of Kenyan family businesses. Trans-generational handovers are particularly challenging and one of the key issues that arises during this process is emotional intelligence, as tensions can arise between family members over issues related to ownership, leadership, and vision. The constitutive nature of the family businesses predisposes them to unique disadvantages (Shafieyoon, 2014; Ghee, 2015). Family business that are able to manage transgenerational succession ensure that the businesses transcend generations and are sustainable for long periods of time such as the Kongo Gumi of Japan (Parkinson, 2022). Family businesses form an important part of the global economic systems (ILO, 2017) so their failure leads to disruption for the local economic systems. There is limited research on the role of Emotional Intelligence (EI) in the context of family businesses particularly during the trans-generational succession process creating a knowledge gap which the study sought to fill.

EI has been identified as an important factor in many areas of life, including work performance (Gong, 2019), leadership (Görgens-Ekermans, 2021) and mental health (Gong, 2019). Different researchers have concluded that higher levels of EI lead to better service performance (Dimitriades, 2007; Prentice, 2019) (Aqqad et al., 2019; To et al., 2021) and better succession

outcomes (Boohene et al., 2019; Santiago & Mateo, 2020). There have been various other studies that have identified negative effects of high EI such as how EI can be applied in the workplace as a tool to manipulate others (Côté et al., 2021) as well as how significant levels of ability EI can increase vulnerability to chronic stress (Ciarrochi et al., 2022). Davis and Nichols, (2016) also confirmed that high levels of EI can have negative effects such as for self (intrapersonal), psychological ill health and stress reactivity and for others (interpersonal), manipulative and antisocial behaviours. However, there is a limited examination of the role of emotional intelligence in transgenerational succession among family-owned businesses.

This study therefore sought to examine how EI can be leveraged to ensure success during the transfer of leadership and ownership from one generation to the next in family businesses. The process of transgenerational succession is an emotive one where different and sometimes destructive emotions come into play from the different players in the process (Avloniti et al., 2014; Calabrò et al., 2018; Caputo et al., 2018; Gagné et al., 2021; Haynes et al., 2021; Jayantilal et al., 2016; Liu et al., 2015; Miller et al., 2018; Yezza et al., 2021). This study contributed to the existing body of knowledge on EI, particularly in the context of succession in family businesses based in Nairobi, and provide insights that can be used to improve the succession process outcomes in these businesses.

1.3 General Objectives

The main aim of this study was to establish the role of emotional intelligence (as measured by self-awareness, self-management, social awareness and self-regulation) during transgenerational succession in family businesses in Nairobi County.

1.3.1 Specific Objectives

The specific objectives were to:

- i. Determine the effect of self-awareness on transgenerational succession in family businesses in Nairobi County.
- ii. Examine the influence of self-management on transgenerational succession in family businesses in Nairobi County.
- iii. Establish the effect of social awareness on transgenerational succession in family businesses in Nairobi County.

- iv. Determine the effect of self-regulation on transgenerational succession in family businesses in Nairobi County.

1.4 Research Questions

The following research questions were developed from the literature.

- i. What is the effect of self-awareness on transgenerational succession in family businesses in Nairobi County?
- ii. What is the influence of self-management on transgenerational succession in family businesses in Nairobi County?
- iii. What is the effect of social awareness on transgenerational succession in family businesses in Nairobi County?
- iv. What is the effect of self-regulation on transgenerational succession in family businesses in Nairobi County?

1.5 Scope of the Study

The study was limited to family businesses operating within Nairobi County. This is because Nairobi is the capital city of Kenya and is home to the largest number of businesses in the country. The research targeted businesses that have gone through a transgenerational succession process as this provided evidence of success or otherwise of a transgenerational succession process. Specifically, the study targeted the 530 fully subscribed members of the Association of Family-Owned Business in Kenya (AFBE-Kenya) who have also gone through transgenerational succession. As the study sought to explore the role of EI which is not a measure of cognitive ability, qualitative measures were applied to gather inferences into the behaviours and traits necessary to ensure positive outcomes in the trans-generational succession process. The time scope of the study was from December 2023 to April 2024.

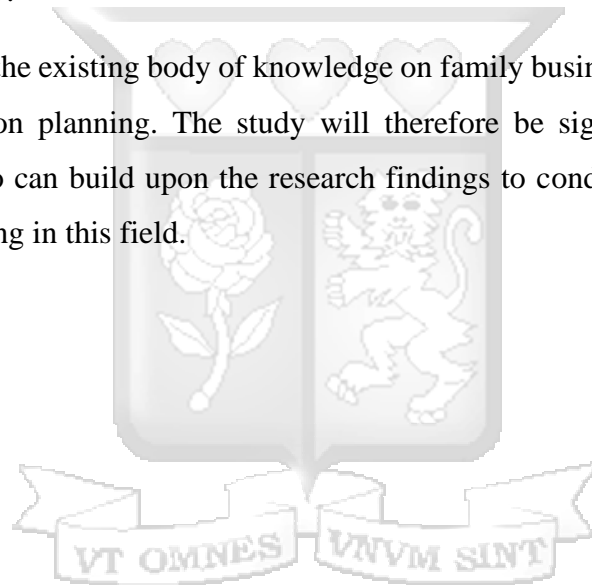
1.6 Significance of the Study

The study is expected to benefit the family business community in Kenya and beyond by creating awareness of the role that emotional intelligence can play in improving the outcomes of a transgenerational succession process. It will also highlight how families doing business can support the transgenerational succession process for positive outcomes. The study will also benefit other stakeholders dealing with family business such as the Association for Family Business Enterprises, who will have awareness of the support they can accord family businesses going

through transgenerational succession to manage and alleviate conflicts and ensure positive outcomes. Non family business managers working with family firms will also benefit from the research as they were aware of the type of support they can accord the family business during transgenerational succession.

The government can also use the research findings to inform the development of policies and regulations that support the sustainability and growth of family-owned businesses. Family-owned businesses play a significant role in driving economic growth and employment generation. Policymakers can leverage insights from the study to design initiatives aimed at fostering a conducive environment for family businesses to thrive, thereby contributing to overall economic development and stability.

The study contributes to the existing body of knowledge on family business management, conflict resolution, and succession planning. The study will therefore be significant for other family business researchers who can build upon the research findings to conduct further investigations and advance understanding in this field.



CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical and empirical literature to understand the role of EI during transgenerational succession. The chapter concludes by presenting the research gaps, conceptual framework and operationalization of the variables. The theories that have been reviewed are the social exchange theory, the emotional contagion theory and the family systems theory.

2.2 Theoretical Review

2.2.1 Social Exchange Theory

The Social Exchange Theory was developed by the American sociologist George C. Homans in 1961. The Social Exchange Theory is a social psychological and sociological framework that seeks to explain human behaviour in terms of the social interactions and relationships individuals engage in. It is rooted in the idea that individuals engage in interactions with others based on a cost-benefit analysis, aiming to maximize rewards and minimize costs. The theory assumes that social interactions are similar to economic exchanges where individuals invest resources (time, effort, emotions) and expect certain returns (social approval, emotional support, material gain) in exchange (Cook, Cheshire, Rice, & Nakagawa, 2013).

In the family businesses' context, social exchange theory can be used to understand the dynamics of relationships between family members and how EI can be applied to effectively manage transgenerational succession (Daspit, Holt, Chrisman, & Long, 2016). The reciprocity principle, which holds that people are more inclined to participate in exchanges when they believe the benefits outweigh the costs, is a key component of social exchange theory. This idea may be used to family enterprises to better understand how family members bargain and make choices regarding the distribution of resources, such as wealth, power, and control (Daspit, Chrisman, Ashton, & Evangelopoulos, 2021).

The theory's focus on cost-benefit analysis aligns with the decision-making process individuals undergo during trans-generational succession. During trans-generational succession, family members might consider the potential rewards (maintaining family harmony, business continuity) and costs (emotional stress, strained relationships) associated with different management approaches (Daspit, Holt, Chrisman, & Long, 2016). Emotional intelligence, as a key factor, can

influence their perception of rewards and costs, leading to the selection of more adaptive and beneficial strategies. Research has shown that EI can help family members understand and regulate their own emotions, as well as empathize with and understand the emotions of others, which can lead to more effective communication and conflict resolution (Daspit, Holt, Chrisman, & Long, 2016).

While the social exchange theory provides valuable insights into the dynamics of interpersonal relationships and exchanges, it has been criticized for its emphasis on rational decision-making and economic principles, which may oversimplify complex social interactions (Chernyak-Hai & Rabenu, 2018). Critics further argue that it overlooks the role of emotions, cultural factors, and power dynamics in shaping social exchanges. The study complemented the Social Exchange Theory with other theoretical perspectives to provide a more comprehensive understanding of conflict dynamics in family businesses. The social exchange theory therefore offered a framework for understanding the interpersonal dynamics involved in transgenerational succession.

2.2.2 Emotional Contagion Theory

The Emotional Contagion Theory was first introduced by Elaine Hatfield, John T. Cacioppo, and Richard L. Rapson in 1993. Emotional Contagion Theory explains how individuals tend to mimic or catch the emotions of those around them (Herrando & Constantinides, 2021). It has been studied in various contexts, including emotional intelligence and conflict management. Emotional Contagion Theory has been linked to emotional intelligence, which refers to the ability to understand and regulate one's own emotions and those of others. According to some studies, people with higher emotional intelligence tend to be less susceptible to emotional contagion. Cox et al (2021) sought to understand the relationship between EI (regulated emotions) on emotional contagion (spontaneous emotions) in the presence of demographic moderating variables. They confirmed that EI is a significant predictor of emotional contagion with the awareness and management of others' emotions being the most influential factors of EI. Similarly, a study by Elfenbein (2014) established that individuals that possess high emotional intelligence were less likely to be hit by emotional contagion in response to negative emotions displayed by others.

Emotional Contagion Theory has also been studied in the context of emotional intelligence. In particular, researchers have explored how emotional contagion can affect the dynamics of conflict and how emotional intelligence can be used to manage these effects. For example, a study by

Barsade, Coutifaris, and Pillemer (2018) found that emotional contagion increased conflict among team members, while a study by Sy et al. (2014) found that emotional intelligence can mitigate the negative effects of emotional contagion on conflict resolution. Moreover, a study by (Riggio, 2010) found that individuals with higher emotional intelligence were better able to regulate their emotions during conflict and were more likely to use constructive conflict management strategies, such as compromise and collaboration. This suggests that emotional intelligence can be a useful tool for managing emotional contagion during conflicts.

The emotional contagion theory offers valuable insights into the spread of emotions within social interactions (Herrando & Constantinides, 2021). However, it has been criticized for its focus on automatic, unconscious processes, which may overlook individual differences in emotional regulation and expression. Additionally, critics argue that the theory may not fully account for the role of cognitive appraisal and conscious emotion regulation strategies (Herrando & Constantinides, 2021). The research incorporated measures of individual differences in emotional regulation to account for variations in emotional responses within family businesses and better understand how emotional contagion processes interact with personal characteristics to influence succession outcomes. The emotional contagion theory therefore informed the analysis of emotional dynamics during succession in family businesses.

2.2.3 Family Systems Theory

The Family Systems Theory was primarily developed by Murray Bowen, a psychiatrist, in the 1950s. Bowen (1950) believed that understanding family dynamics required examining the interactions and relationships among family members rather than focusing solely on individual behaviours. The Family Systems Theory is a psychological and sociological framework that focuses on understanding the dynamics and functioning of families as interconnected and interdependent systems (Habbershon, Williams, & MacMillan, 2016). It views the family as a complex unit where individual members are interrelated and influence each other's behaviours, emotions, and well-being. This theory emphasizes that changes or events affecting one family member can have ripple effects throughout the entire family system (Habbershon, Williams, & MacMillan, 2016).

This theory proposes that families are interconnected systems, and any change or conflict in one member can affect the whole system. Family Systems Theory is particularly useful in

understanding how transgenerational succession can impact family dynamics and. Conflicts within the family business might have roots in larger family dynamics that extend beyond the business realm. The theory suggests that understanding these dynamics is crucial for effective transgenerational succession. The theory underscores the idea of interdependence among family members. During generational transitions, conflicts might arise due to differing expectations, roles, and power dynamics. The theory suggests that these conflicts might not be isolated events but could be interconnected with broader family relationships, influencing how they are managed (Habbershon, Williams, & MacMillan, 2016).

The theory has often been criticized for its tendency to focus on the family as a closed system, potentially overlooking external influences and individual agency. Critics argue that the theory may not adequately account for the diversity of family structures and cultural contexts. The study utilized other theories including the social exchange theory that acknowledge the influence of external factors which help address criticisms of the theory's narrow focus on internal family dynamics. The theory's concept of multigenerational transmission of emotional processes suggests that unresolved emotions from previous generations can impact how succession is managed in the present (Habbershon, Williams, & MacMillan, 2016). Family members might inadvertently carry forward emotional issues that affect their approach to succession. This theory could serve as a lens for examining the interconnectedness of family members and their roles during succession.

2.3 Empirical Review

This section presented findings from different studies regarding the relationship between emotional intelligence and transgenerational succession in family businesses. The section reviews literature on self-awareness, self-management, social awareness and self-regulation and transgenerational succession.

2.3.1 Self-awareness and Transgenerational Succession

Goleman et al. (2021) looked into the factors affecting conflict management among United States' organizations and revealed that individuals who were more self-aware were better able to recognize their emotional responses during conflicts, leading to more constructive communication and resolution. Additionally, Brackett et al. (2018) looked into the effect of self-awareness on portraying one's emotions among family businesses in Malaysia. The study collected data from owners of 104 family businesses. The study analysis demonstrated that self-awareness is positively

correlated with the ability to perceive one's emotions accurately, which is essential for managing conflicts in family business settings.

Cherniss (2021) examined the effect of self-awareness on an organization's management in Cape town, South Africa and revealed that self-awareness contributes to leaders' ability to understand their emotions and their impact on decision-making. The study concluded that this understanding becomes particularly crucial when differing leadership styles and values can lead to conflicts. Furthermore, Mayer and Salovey (2018) looked into selected factors affecting emotional intelligence and revealed that the ability to accurately perceive and understand one's own emotions is a key aspect of emotional intelligence, which is closely linked to recognizing emotional triggers and managing them appropriately during conflicts.

Nkubu, (2019) explored the role of self-awareness in conflict resolution strategies among business leaders. This mixed-methods study involved a sample of 150 business leaders from various industries in Nairobi County. Quantitative data was collected through self-reported surveys measuring emotional intelligence and conflict resolution strategies. The research findings established that business leaders with higher self-awareness were more adept at recognizing their emotional triggers, leading to proactive conflict resolution. They exhibited a greater ability to identify potential sources of conflict and tailor their communication strategies to avoid unnecessary escalation. Waitchalla and Raduan (2016) also examined the impact of conflict management of organization performance in Kenya. The study analysis established a positive correlation between conflict management and organization performance with self-awareness among the determinants of conflict management. The studies utilized a mixed method research while the current study used a descriptive research design. Based on the results from the above studies the following hypothesis is developed:

H₀₁: There is no statistically significant effect of self-awareness on transgenerational succession in family businesses in Nairobi County.

2.3.2 Self-management and Transgenerational Succession

Research by Mayer (2016) examined the role of self-management in resolving conflicts that arise in the workplace among firms in Malaysia. The study analysis revealed a positive relationship supporting the importance of self-management in conflict resolution. The study noted that the ability to regulate one's emotions, stay composed, and adapt to changing situations can

significantly influence conflict outcomes. Another study conducted by Gutiérrez and García (2022) in Mexico looked to determine the skills required in conflict management and indicated that self-management skills are associated with reduced emotional reactivity, allowing individuals to approach conflicts with a calm and rational mindset.

Jordan et al. (2022) was involved in longitudinal research that emphasized the connection between emotional intelligence and conflict management with self-awareness and self-regulation among the variables. The study found that persons with strong self-management skills are more likely to use adaptive coping strategies during conflicts, leading to more positive outcomes. In 11 continuing, naturally occurring workgroups from two sizable firms in Nigeria, Kuhn and Poole (2020) carried out research exploring the association between group conflict management approaches and effectiveness of group decision making. The analysis of the study showed that making good decisions during a disagreement was facilitated by self-management. The study came to the conclusion that even in situations where there isn't direct conflict, self-management has a beneficial impact on other activities.

Maloba and Wamwayi (2020) examined emotional self-management strategies in navigating conflicts. This qualitative case study focused on registered businesses in Kiambu county. Semi-structured interviews were conducted with key stakeholders to explore how emotional self-management strategies were employed during conflicts. The findings revealed that effective emotional self-management, such as reframing perspectives and seeking external support, played a critical role in de-escalating conflicts and fostering better understanding among employees in an organization. Opiyo (2016) investigated how self-management and emotional intelligence are connected to conflict resolution. The Self-Management Scale was used to measure self-management, while the Emotional Quotient Inventory (EQ-i) was used to test emotional intelligence. The results showed that self-management, emotional intelligence, and the application of cooperative conflict resolution techniques are positively correlated. Based on the reviewed studies, the following hypothesis was developed:

H₀₂: There is no statistically significant effect of self-management on transgenerational succession in family businesses in Nairobi County.

2.3.3 Social awareness and Transgenerational Succession

Social awareness, encompassing empathy and understanding of others' emotions, has been established to contribute a significant role during generational succession. Research by Matsumoto et al. (2016) in Japan investigated the impact of social awareness on leadership effectiveness and found higher social awareness among leaders leads to individuals that are more attuned to the emotions and needs of their team members. Further research by Ashkanasy and Daus (2015) in Kazakhstan highlighted that leaders with strong social awareness skills are better equipped to navigate conflicts by addressing underlying emotional concerns and fostering a more harmonious work environment. Bhatti et al. (2019) also found that social awareness is linked to better communication and empathy, facilitating more effective conflict management.

Zhenzhong Ma (2017) carried out research on the distinctness of Chinese conflict management styles. This research established that social awareness had a negative effect on conflict management in the country. The study also determined that conflict is a culturally defined event, therefore the social aspect in different cultures is expected to be differing from one another. Côté et al. (2020) explored the role of social awareness in mitigating conflicts in Rwanda. The study demonstrated that persons with higher social awareness seemed equipped to better understand the emotional cues of others, leading to improved conflict resolution outcomes. The study notes that this ability is especially relevant during trans-generational succession in family businesses, where differing viewpoints and generational gaps can give rise to conflicts.

In a remote group decision support system setting, Samarah, et al. (2020) investigated whether social awareness could have a moderating impact on the association between group performance and the collaborative conflict management mechanism. The study observed a significant effect by social awareness and conflict management. Ayira (2019), examined the relationship between social awareness and intergenerational communication among Nairobi's family businesses. This survey-based study gathered data from 200 family business employees across Nairobi County. The study found a positive correlation between leaders' social awareness and the quality of intergenerational communication. The study concluded that family business leaders who demonstrated high levels of social awareness were more likely to engage in open dialogue, understand generational differences, and address potential sources of conflict early on. The above studies brought about varying results and have informed the following hypothesis:

H₀₃: There is no statistically significant effect of social awareness on transgenerational succession in family businesses in Nairobi County.

2.3.4 Self-regulation and Transgenerational Succession

A study by Caruso (2019) examined how emotional intelligence skills collectively impact dispute resolution outcomes in Haiti. The study found that the various emotional intelligence skills, specifically self-awareness, self-management, and self-regulation contributes to effective conflict management strategies. The study further found that individuals who possess a balance of these skills are more likely to engage in productive discussions, consider diverse viewpoints, and arrive at collaborative solutions. Humphrey, (2018) examined the impact of emotional intelligence on the growth of family-owned businesses in Jordan. This research found that within the realm of family businesses, where power dynamics and generational differences can lead to conflicts, the ability to self-regulate emotions and effectively manage conflicts enhances the likelihood of maintaining family harmony and business success.

López-Gamero et al. (2018) found that self-regulation skills positively influence conflict resolution strategies, leading to improved intergenerational communication and smoother succession processes. Thompson (2020) reviewed emotional regulation and dispute resolution success in family business succession in South Africa. Emotional regulation was assessed through self-reported questionnaires and behavioural observations during conflict scenarios. The study findings showed that individuals with strong emotional regulation skills were more likely to achieve mutually satisfactory conflict resolutions, contributing to family and business harmony. Adebayo et al. (2022) explored the correlation between emotional intelligence and self-regulation in conflict management in Nigeria. This study by used a survey of business owners and managers and found that self-regulation was positively associated with conflict management.

In Kenya, Kariuki (2019) used in-depth interviews to investigate the role of self-regulation in conflict management. The study found that self-regulation was important for controlling one's emotions, staying calm, and portrayed a significant relationship with conflict management. Mwangi (2019) examined the effect of harnessing Emotional Intelligence for a Successful organization. This study tracked 30 manufacturing firms and emotional intelligence assessments and Qualitative interviews were conducted on key employees. The study identified a clear link between the development of self-regulation skills and the successful management of conflicts

during generational succession. Businesses that prioritized emotional intelligence development reported smoother transitions and fewer conflicts, contributing to long-term business sustainability. The study utilized interviews while the current study employed questionnaires in data collection.

Based on the results from the studies reviewed, the current study seeks to test the following hypothesis.

H₀₄: There is no statistically significant effect of self-regulation on transgenerational succession in family businesses in Nairobi County.

2.3.5 Transgenerational Succession

Astrachan, Klein, and Smyrniotis, (2022) conducted a study on the correlation between age of family businesses and the performance of these family businesses in Greece. The research involving 102 family businesses, found a significant positive correlation between the firm age and its performance. This research underscores the importance of business continuity and the implementation of a clear timeline in enhancing family business outcomes. Ghee, Ibrahim, and Abdul-Halim, (2015) explored the factors affecting family business succession. Findings from the study identified communication as a significant factor affecting business succession. The study additionally concluded that effective communication portrayed a significant and positive impact on the performance of family businesses.

Bąkiewicz, (2020) conducted a qualitative exploration of cultural shifts during family business succession. Through in-depth interviews and thematic analysis of 25 family businesses, the study revealed that successful succession is often accompanied by cultural shifts, including changes in leadership styles, decision-making processes, and organizational values. The findings contribute to understanding the role of cultural adaptation in fostering smooth successions. The research also highlights the delicate balance between adapting to new leadership while preserving the core cultural elements that define the family business.

2.4 Summary of Literature and Research Gaps

From the reviewed literature, a number of research gaps have been identified that justified the need for the current study. First is a contextual gap. Goleman et al. (2021) looked into the factors affecting transgenerational succession of organizations in the United States. Brackett et al. (2018)

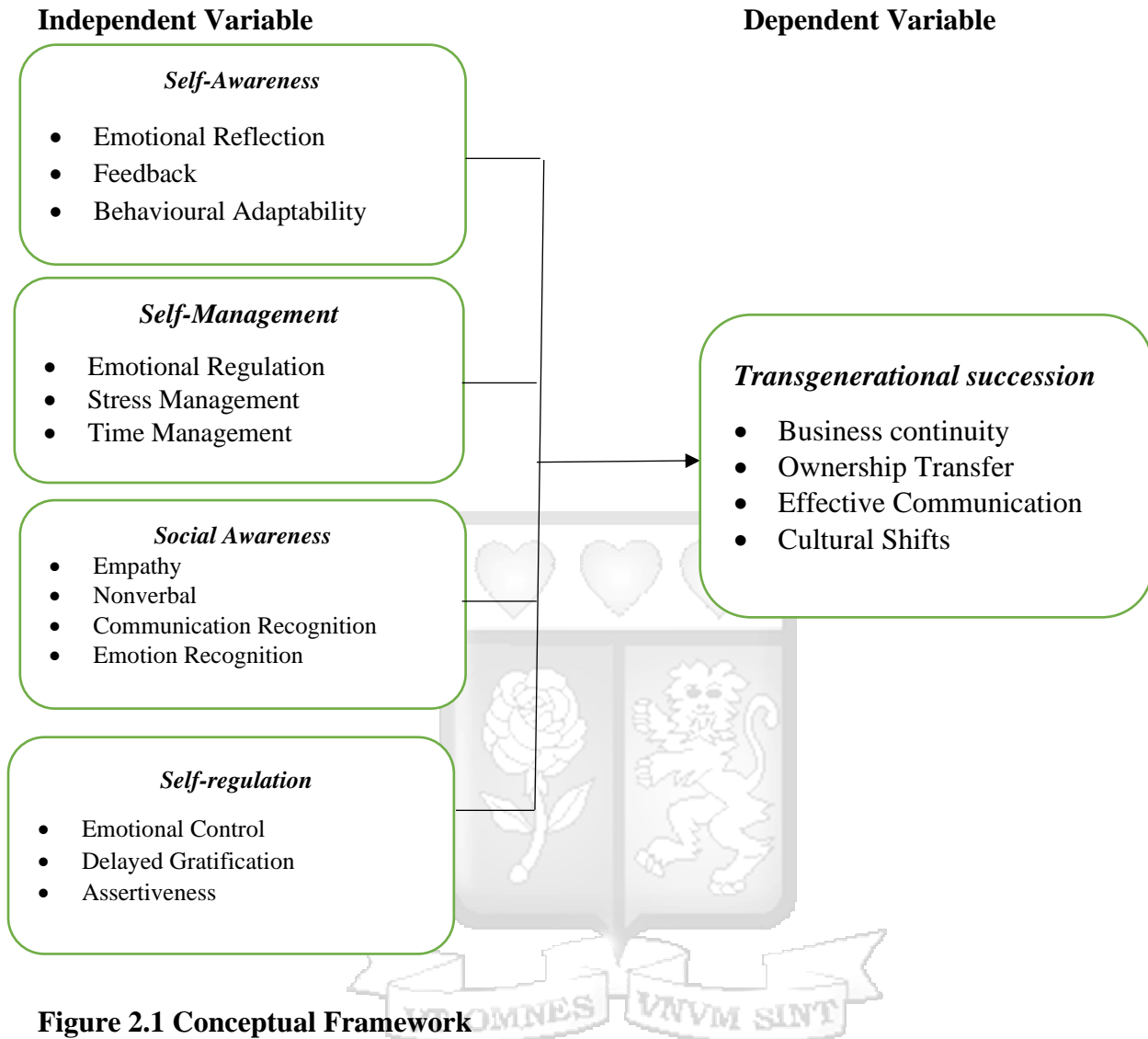
looked into the effect of self-awareness on portraying one's emotions among family businesses in Malaysia. Cherniss (2021) examined the effect of self-awareness on an organizations management in Cape town, South Africa. Jordan et al. (2022) conducted a longitudinal study that emphasized the connection between emotional intelligence and transgenerational succession. Matsumoto et al. (2016) in Japan explored the impact of social awareness on leadership effectiveness. Caruso (2019) examined how emotional intelligence skills collectively impact conflict resolution outcomes in Haiti. These studies were not focused on the Kenyan context creating a gap which the current study bridged the gap. This contextual gap is important to address because as explained by Zhenzhong Ma (2017) managing conflict and transgenerational succession is a culturally and contextually defined event.

Second is a conceptual gap. Nkubu, (2019) explored the role of self-awareness in dispute resolution strategies among business leaders in Kenya. Maloba and Wamwayi (2020) examined emotional self-management strategies in navigating conflicts. Ayira (2019), examined the relationship between social awareness and intergenerational communication among Nairobi's family businesses. Mwangi (2017) examined the effect of harnessing emotional intelligence for a successful organization. These studies have not examined emotional intelligence as it influences transgenerational succession, thereby creating a conceptual gap, and measurement of different relationships between variables.

Third, is contradictory research findings. For example, while Côté et al. (2020) found social awareness as contributing positively to mitigating conflicts in trans-generational succession, Zhenzhong Ma (2017) found it to have a negative effect on trans-generational succession, while Samarah, et al. (2020) found mixed results.

2.5 Conceptual Framework

The conceptual framework represents the relationship between the independent variables which are self-awareness, self-management, social awareness and self-regulation, and the dependent variable – successful transgenerational succession. The study sought to determine the relationship between emotional intelligence measures and transgenerational succession in family businesses in Nairobi County as shown in Figure 2.1 below.



2.5.1 Transgenerational Succession in Family Businesses

According to Pounder, (2019), transgenerational succession relates to the handover of business ownership and/or control from one generation to the next. Trans-generational succession is a pivotal moment in the life cycle of family businesses, influencing their longevity and sustainability. Trans-generational succession can be measured using various approaches to capture various aspects of the process. Trans-generational succession can be measured in terms of business continuity i.e., the length/duration of time the enterprise has continuously been in business without interruptions (Astrachan, Klein, & Smyrnios, 2022). It can also be measured by quantifying the percentage of ownership transferred from one generation to the next (Makó, Csizmadia, &

Heidrich, 2018), level of family involvement (Daspit, Chrisman, Ashton, & Evangelopoulos, 2021), the quality and effectiveness of communication between generations (Ghee, Ibrahim, & Abdul-Halim, 2015) and how the family business's culture changes or evolves as a result of the generational succession (Bąkiewicz, 2020). The current study used business continuity, ownership transfer, effective communication and culture changes as the measures of successful generational succession.

2.5.2 Emotional Intelligence

Emotions are critical in family businesses (Stanley, 2020). This is because many actions and decisions are taken on the basis of emotions of the key actors (Shepherd, 2016). The criticality of the succession process means that there is a lot of emotion expended in the process by the incumbent as well as the successor or potential successors (Stanley, 2020). The generational differences could exacerbate negative emotions which could consequently negatively impact succession process outcomes (Filser, 2013). Emotional intelligence can be defined as the ability to recognize, understand, manage, and use emotions effectively in oneself and others (Caruso, 2019). This concept involves a set of skills, including self-awareness, self-regulation, self-management, and social awareness skills (Joseph & Newman, 2019).

Self-awareness involves being conscious of one's emotional state and how it influences thoughts and behaviors (Nkubu, 2019). Self-awareness is foundational to emotional intelligence as it enables individuals to understand their own emotional responses and how these can impact others. High self-awareness allows individuals to identify emotional triggers and recognize patterns in their emotional experiences. Self-awareness can be assessed in terms of emotional reflection, self-feedback and behavioural adaptability (Nkubu, 2019).

Self-management involves managing stress, controlling impulsive behaviors, and staying motivated and focused. Self-management is critical for maintaining professionalism and productivity, particularly in high-pressure environments like family businesses undergoing transgenerational succession (Maloba & Wamwayi, 2020). It includes emotional regulation, stress management, and the ability to stay calm under pressure. Effective self-management enables individuals to handle conflicts with composure, reducing the likelihood of emotional outbursts that could escalate disputes. Self-management can be assessed based on emotional regulation, stress management and time management (Maloba & Wamwayi, 2020).

Self-regulation involves emotional self-control, trustworthiness, conscientiousness, adaptability, and innovation (Gutiérrez & García, 2022). Self-regulation is closely related to self-management but places a greater emphasis on controlling and directing one's emotional responses in a way that aligns with long-term goals and values. It involves managing disruptive emotions and impulses, maintaining standards of honesty and integrity, and adapting to changing circumstances. Self-regulation has various measures including emotional self-control, delayed gratification and assertiveness (Gutiérrez & García, 2022).

Social awareness is the ability to understand and respond to the needs and feelings of others. Social awareness is crucial for effective interpersonal interactions and relationship management (Samarah, 2020). It includes empathy, which is the ability to understand and share the feelings of others, and organizational awareness, which involves understanding the dynamics and structures within an organization. It facilitates better communication, enhances teamwork, and helps in managing conflicts by considering the perspectives and emotions of all parties involved. Social awareness can be assessed based on empathy, nonverbal communication recognition and emotion recognition (Samarah, 2020).

2.5.3 Family Businesses

The challenge to define what constitutes a family business has been tackled by many researchers since the inception of the Family Business Review journal in 1988 (De Massis, 2017). The challenge in the definition lies in the variability of the businesses' characteristics, goals and behaviours (Chua, Chrisman, & Sharma, 2019). In the initial stages, researchers adopted operational definitions of family business based on involvement of a family or a small number of families in ownership and/or management of a business as the criteria for differentiation of non-family businesses from those that are family owned. The challenge of this definition lies in the intention of the business. This is the reason that the dimension was introduced to the essence of the family into the definition of the family business. Not only did individuals in a family need to be actively involved in the business, but they also have a common aim of developing and working towards the firm's objectives in a way that will last for generations to come (De Massis et al, 2014).

Habbershon (2018) introduced 'familiness' or the fact that family businesses apart from having family involvement and essence, must possess unique and synergistic resources arising from the family involvement and family interactions. Frank (2017) went further in analysing familiness by

developing a Family Influence Familiness Scales (FIFS), used to assess the familiness of a family business. The six scales that make up the FIFS are ownership, management, and control; information sharing amongst active family members; active family members' proficiency level; transgenerational orientation; family-employee tie; and family business identity.

All the above definitions consider family businesses as homogenous entities which could fit into set criteria for their definition. Given the heterogeneous nature of the family businesses, it became essential to determine various dimensions through which family business similarity and differences could be accommodated. It is for this reason that Astrachan (2012) proposed the Family Power, Experience and Culture (F-PEC) scale of family influence. The family's impact on the firm is taken into account by the F-PEC scale in terms of power, experience, and culture. This scale offers a constant assessment of a family's impact on and involvement in a company. The ownership, governance, and family engagement in corporate management are the key indicators of the power dimension. Culture in this context can be discussed qualitatively by the intersection of family and organization principles, whereas experience is quantified by succession and the number of family members working for the company (Klein, Astrachan, & Smyrniotis, 2015).

In 2009, the European Union (EU) became involved in the discussion surrounding the definition of a family business and attempted to simplify it. According to the EU, a family business can be any size as long as the person(s) who founded or purchased the company owns the largest share of the decision-making rights, whether those rights are direct or indirect, at least one family member participates in the company's governance, and, in the case of listed companies, a family owns at least 25% of the decision-making rights through share capital (Klein, Astrachan, & Smyrniotis, 2015).

Family business studies have over time examined the disparities between family and nonfamily businesses (Arredondo, 2019). The studies have determined the factors that differentiate the two kinds of businesses for instance nonfinancial goals (Gómez-Mejía, 2007), outcomes (Anderson & Reeb, 2014) and governance structures (Chrisman, 2017). In as much as the numerous studies have identified the differences, they have assumed the homogeneity of family businesses (Moore, 2019). This has led to studies aimed at examining the heterogeneity of family businesses leading to insights into the heterogeneity among family businesses such as socioemotional wealth and non-economic goals (Chua 2015; Williams, 2019), values (Seaman, 2019), family and generational

involvement (Nordqvist, 2014). Daspit (2021) has attempted to define heterogeneity in family firms using insights from ecology where heterogeneity is defined as the range of categorical and/or variational difference(s) between or among family firms at a given time or across time. The definition was an attempt at providing a continuous scale with which family firm heterogeneity can be applied to all possible firms.

Family businesses are constituted at the intersections of three circles of family businesses. These are management, ownership and family (Caputo, 2018). These three circles model of family businesses was developed by Tagiuri and Davies in the late seventies while studying an array of family businesses and were seeking a model that could represent the different interest groups present in family businesses (Tagiuri, 1992). Each and every individual within a family business is a part of one of the seven sectors that are formed by the intersection of the three circles.

THREE-CIRCLE MODEL OF THE FAMILY BUSINESS SYSTEM

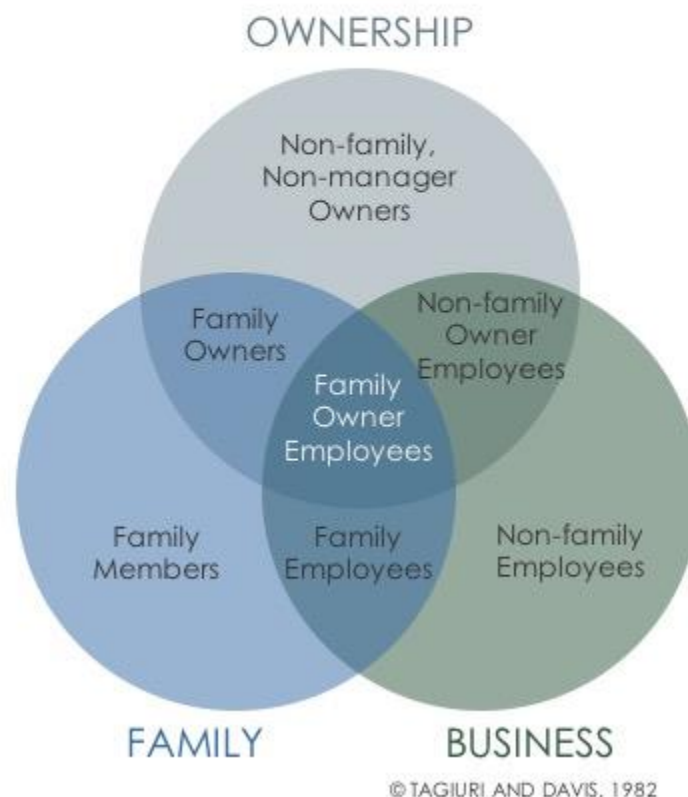


Figure 2.2 Three Circle Model

The seven sectors are family members not involved in the business but who are related to the owners, family owners not employed in the business, non-family owners who do not work in the business, nonfamily owners who work in the business, non-family employees, family members who work in the business but are not owners and family owners who work in the business. The seven sectors represent different goals, concerns and dynamics which are legitimate and the long-term success of business systems depends on the functioning and mutual support of each of these groups. The fact that different members of different sections need to handle different organisations, i.e., family, business and ownership, conflicts in the different circles are likely to be transferred to other circles. For example, a family conflict is likely to find itself in the business circle and vice versa (Kotlar, 2013).



Table 2.1 Operationalization of Variables

Variable	Indicators	Measurement	Supporting Literature	Supporting Theory	Data Analysis
<i>Self-Awareness</i>	<ul style="list-style-type: none"> Emotional Reflection Feedback Behavioural Adaptability 	<ul style="list-style-type: none"> Interval Scale (Likert Scale) 	(Cherniss, 2021)	Emotional Contagion Theory	Descriptive analysis and inferential analysis
<i>Self-Management</i>	<ul style="list-style-type: none"> Emotional management Stress Management 	<ul style="list-style-type: none"> Interval Scale (Likert Scale) 	(Jordan, et al., 2022)	Emotional Contagion Theory	Descriptive analysis and inferential analysis
<i>Social Awareness</i>	<ul style="list-style-type: none"> Time Management Empathy Nonverbal Communication Recognition 	<ul style="list-style-type: none"> Interval Scale (Likert Scale) 	(Samarah, 2020)	Emotional Contagion Theory	Descriptive analysis and inferential analysis
<i>Self-regulation</i>	<ul style="list-style-type: none"> Emotion Recognition Emotional Control Delayed Gratification 	<ul style="list-style-type: none"> Interval Scale (Likert Scale) 	(Adebayo, Awa, & Ikpor, 2022)	Emotional Contagion Theory	Descriptive analysis and inferential analysis
<i>Transgenerational succession</i>	<ul style="list-style-type: none"> Assertiveness Business Continuity Ownership Transfer Effective Communication Cultural Shifts 	<ul style="list-style-type: none"> Interval Scale (Likert Scale) 	(Bertschi-Michel, 2020)	Social Exchange Theory	Descriptive analysis and inferential analysis

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The third chapter presents the methodology that was applied in conducting the study. The chapter consists of the research philosophy, the design, population of interest, sampling design and sample. Further, the data collection instruments, research procedures, pilot testing and the data analysis approach are presented. Lastly, the ethical guidelines that were observed in the study are presented.

3.2 Research Philosophy

The essence and production of knowledge are central to research philosophy (Sekaran & Bougie, 2019). The choice of research philosophy is dictated by the research hypothesis to be investigated, as previously stated (Blumberg, Cooper, & Schindler, 2014). In this sense, the research followed the positivist research philosophy. Bell, Bryman, and Harley (2022) claim that positivism embodies the idea that reality is unchanging and can be objectively viewed and described without influencing events. Since the research is objective, the investigator is independent of the research population, and the researcher's opinions affected the study's conclusion, the positivist approach was employed. Further, the philosophy is ideal for the study as it supported the utilization of quantitative techniques in determining the association between survey variables.

3.3 Research Design

Research design is a strategy employed by a researcher to perform a study in a way that guarantees valid, unbiased, reliable, and generally applicable findings (Sekaran & Bougie, 2019). Research methods may be categorized as either exploratory, descriptive, or explanatory/causal (Bell, Bryman, & Harley, 2022). This research was explanatory nature due to the quantitative approach that was dominantly used in the survey. Employing an explanatory research design is vital when seeking to understand a phenomenon that has not been extensively studied and the approach also supports the testing of the level of association among variables; whether or not two variables have a relationship, and if so, if it's significant (Blumberg, Cooper, & Schindler, 2014). This was the case for the current study that sought to test hypotheses. Further this design was used for this study because it covers a wide range of variables, establishes and improves understanding of the association between independent and dependent variables. Further, it helped in examining the phenomena within its natural state thus providing better insights on how they relate.

3.4 Target Population

The target population is the complete set of components, such as individuals or participants, that the researcher seeks to examine and draw conclusions from (Blumberg, Cooper, & Schindler, 2014). The population of interest for this study was drawn from family-owned businesses operating within Nairobi County. The study comprised the members of the Association of Family-Owned Business in Kenya (AFBE-Kenya). The participants were ideal for this survey as they were in a position to provide information on how emotional intelligence has impacted the transgenerational success within their firms. According to the AFBE-Kenya there are 530 fully subscribed members who formed the unit of analysis for the study. The research targeted the business owners/managing directors who provided responses on the questionnaire in Appendix I.

3.5 Sampling Design and Sample Size

Sampling design is a technique used to choose representative members of a population to collect information that may be used to make generalizations about the entire population (Cooper & Schindler, 2014). By focusing on data from a subset of the population rather than the full population, sampling shortens the time it takes to collect data and minimizes research costs. This research adopted probability sampling which is the most appropriate method to use where impartial generalized findings about a population must be drawn (Blumberg, Cooper, & Schindler, 2014). The study only considering registered firms that had undergone transgenerational succession in Kenya. This ensured that only firms that had requisite knowledge on the phenomena under investigation were included in the survey.

The sample size is the precise number of components chosen to represent the target population. The confidence level/ degree of certainty in the data collected, the variability of the population and the size of the target population, are factors that must be considered when choosing a sample size (Cooper & Schindler, 2014). The sample size for this study was calculated as shown below;

$$n = N / (1 + N(e)^2)$$

Where: n = sample size required

N = size of the population = 530

e = margin of error = 0.05

$$n = 530 / 1 + 530(0.05)^2$$

n = 228 participants

3.6 Data Collection Instruments and Procedures

Sekaran and Bougie (2019) define data collection as the process of collecting information from members of a sample using observational, interview, and questionnaire techniques. A questionnaire is a common data collection tool used in survey strategies where every respondent is asked to answer the same set of questions organized in a specific format (Cooper & Schindler, 2014). The research was based on primary research, which was gathered through the use of structured questionnaires. The use of the structured instrument guaranteed there was uniformity in the data collected and ease in obtaining responses and manipulating the research data. The questionnaire was developed using a 5-point Likert scale and statements were formulated based on the operationalization of the variables and informed by literature.

The study adhered to the laid-out research procedures when embarking on the field work. The approval of the supervisor was sought. The study used a drop and pick method in data collection which was supported by using Google forms where use of physical questionnaires was not possible. The respondents were requested to submit the filled questionnaire within a period of two weeks to ensure that data collection was obtained in the shortest time possible. For participants who sought to answer the questionnaires online their email addresses were obtained to support communication with the key personnel required to respond to the questionnaire.

3.7 Research Quality

The research instrument was pilot tested by handing out the questionnaire to 10% (n = 23) of the sample respondents who were not considered in the final survey. Pilot testing refines the questionnaire to ensure that the questions meet the objectives of the study (Cooper & Schindler, 2014). The data from the pilot tests was used for reliability and validity tests, and were not included in the main study.

3.7.1 Reliability Test

A questionnaire is considered reliable if it is consistently repeated, stable, or internally consistent. To assess the reliability of the metrics employed in the survey, the Cronbach's alpha was employed (Collis & Hussey, 2021). Since Cronbach's alpha is the most helpful for multi-item scales at the

interval level of measurement, it was employed in the research (Bell, Bryman, & Harley, 2022). Further, it does not require multiple administration and gives a very unique, quantitative estimation of a scale's internal consistency (Cooper & Schindler, 2014). A Cronbach score of 0.7 and above was used as the criteria for determining the reliability of the research instrument before conducting field work.

Table 3.1 Reliability Results

Variable	Cronbach's Alpha	N of Items	Decision
Self-awareness	0.845	7	Accepted for use in the main research survey
Self-management	0.858	7	Accepted for use in the main research survey
Social-awareness	0.816	6	Accepted for use in the main research survey
Self-regulation	0.835	6	Accepted for use in the main research survey
Transgenerational success	0.875	9	Accepted for use in the main research survey
Overall	0.963	35	Adopted for the study

3.7.2 Validity Test

Validity ensures respondents understand the questions as intended, and thus provide data reasonably near to the researcher's expectations (Sekaran & Bougie, 2019). Validity refers to the relevance and correctness inferences in the study and ensures they are reliant on the investigation's outcomes. The questionnaire's validity was checked using both content and face validity. Content validity was determined by evaluating a wide range of items that are related to the ones being examined. Further, the research supervisor input was sought in the development of the research questionnaire to ensure there is completeness within the tool. The face validity was determined through the representativeness of the sample population.

3.8 Data Analysis and Presentation

Data analysis can be defined as the process of de-synthesizing data and facts to answer the research questions. Data analysis requires the creation of summaries, the identification of patterns in the data, and the use of statistical methods to assess and interpret the data (Sekaran & Bougie, 2019). The research used quantitative analysis techniques; descriptive and inferential analysis.

Descriptive analysis focus on summation of the responses using frequencies, percentages, means and standard deviation. Secondly inferential analysis involved use of correlation and regression tests. The correlation analysis that was preferred is Spearman rank correlation due to the ordinal nature of the data. Further, multiple linear regression was applied to determine magnitude of relationship between emotional intelligence and transgenerational succession. The analysed research data was presented using charts and tables. The following model was estimated in the analysis;

$$TS = \beta_0 + \beta_1SA + \beta_2SM + \beta_3SAW + \beta_4SR + \varepsilon$$

Where; TS = Transgenerational succession, β_0 - β_4 the constant and beta coefficients of the study variables, SA is self-awareness, SM is self-management, SAW is social awareness, SR is self-regulation, ε is the error term of the model

3.9 Ethical Considerations

Ethics are the guidelines or rules of conduct by which we aim to live on. Research ethics pertains to carrying out research in a way that aligns with moral and legal principles (McKenna & Gray, 2018). These standards of behaviour define what is proper and improper behaviour as well as what is and is not acceptable (Sekaran & Bougie, 2019). Ethical standard was observed before, during and after the study. This research adhered to all relevant procedures issued by Strathmore University Institutional Ethics Review Committee throughout the entire process. The researcher obtained all relevant licenses and required approvals. During data collection, consent from owners and managers of family-owned businesses who were the main participants was sought before questionnaires were completed. Confidentiality and anonymity of the respondents was guaranteed to retain validity of the research and to protect the rights and welfare of participants. Additionally, intellectual property rights were protected, and research outcomes was presented accurately and used only for the stated academic aims.

CHAPTER FOUR: ANALYSIS AND PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The chapter entails the presentation of the results originating from the analysis of the collected research data from the family-owned business. The chapter covers the background profile, descriptive analysis and inferential tests.

4.2 Response Rate

The research was aimed at obtaining survey data from 228 Family-Owned Business in Nairobi County. The data collection was conducted in April and 187 questionnaires were returned representing 82% response rate which was suitable for this study. The response rate was above a threshold of 60% (Fincham, 2008) that indicated they can be utilized for quantitative analysis and are representative of the sample frame.

4.3 Background Information

The background review of the family-owned business focused on the gender of respondents, their age, number of transitions the business has undertaken and number of persons employed by the businesses.

4.3.1 Gender of Respondents

Findings showed that 55% of the firms had male managing directors with 45% (n = 85) were female managers which implied there was diversity in the management/ownership of the family-owned businesses as shown in figure 4.2 below.

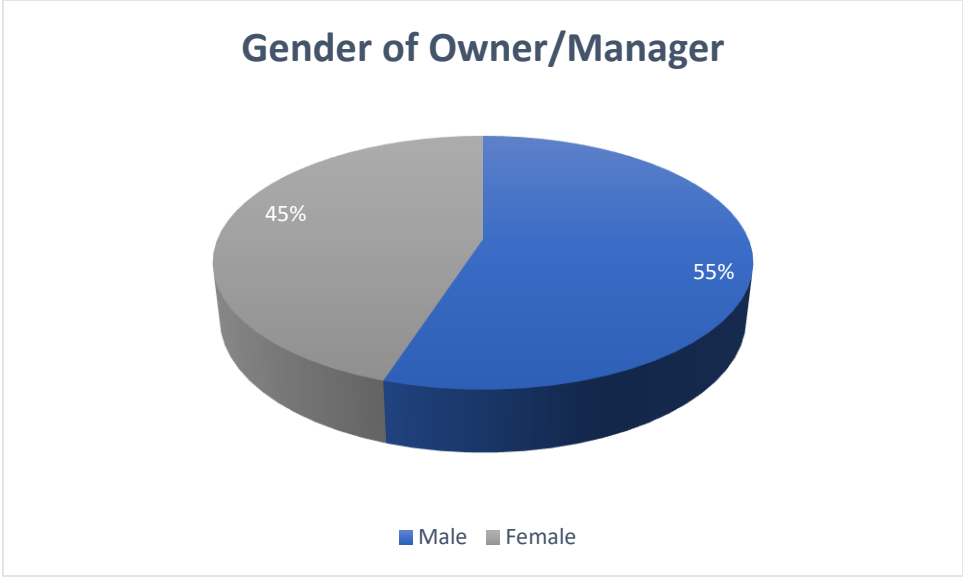


Figure 4.1 Gender of Owners/Managers

4.3.2 Age of Respondents

The research reviewed the age distribution among the owners/managers of the family-owned business and results are shown in Table 4.1

Table 4.1 Age of Owners/Managers

	Frequency	Percent
Age of Owners/Managers 35 and below	31	16.6
36-45 years	95	50.8
46-55 years	49	26.2
56+ years	12	6.4
Total	187	100.0

Analysis revealed that 51% (n = 95) of the owners/managers were between 36-45 years of age with 26% between 46-55 years of age. This revealed there was age diversity in the ownership owing to the various age sets that were represented in the senior management of the family-owned business.

4.3.3 Profile of the Family-Owned Business

The research focused on the generation of the firms and the number of employees and findings are shown in Table below.

Table 4.2 Profile of the Family-Owned Business

		Frequency	Percent
Transitions completed by business	1 st transition	31	16.6
	2 nd transition	118	63.1
	3 rd transition	36	19.3
	4th transition	2	1.1
	Total	187	100.0
Number of employees	Up to 10 employees	28	15.0
	11-20 employees	83	44.4
	21-50 employees	60	32.1
	50+ employees	16	8.6
	Total	187	100.0

Results revealed that majority of the businesses (63%, n = 118) were in their second generation, 19% were in third generation and only 16% in their first generation. This was an indication the firms fitted into the profile of inclusion in the survey and was an indicator of increased succession of family-owned business. The analysis indicated the larger percentage of the firms (44%) had 11-20 employees with 32% having 21-50 employees which implied there was growth in the size of the family-owned business as shown by the high number of employees.

4.4 Descriptive Analysis

The research collected study data using structured questionnaires and relied on descriptive analysis using means and standard deviation to summarize the responses obtained from the field work. The analysis was conducted in line with the research variables.

4.4.1 Self-Awareness and Transgenerational Succession

The study analysed the level of self-awareness within the owners/managers of the family-owned business during transgenerational succession and the results are shown below.

Table 4.3 Self-Awareness Analysis

	Mean	Std. Dev.
I am socially aware of the feelings of my colleagues within the firm	4.49	0.721
I am able to resonate with the experiences of colleagues which help in better transgenerational succession	4.36	0.746
I am able to identify potential issues in the business and adopt proactive resolution of disputes during transgenerational succession	4.27	0.686
I am able to identify and manage emotional triggers that could hamper better conveyance of information and enhance decision making during transgenerational succession	4.24	0.711
I have been able to perceive the emotions of my colleagues accurately in the workplace during transgenerational succession	4.19	0.702
I am able to handle my emotions and provide relevant feedback to my colleagues in a constructive manner	4.18	0.679
I am self-aware and able to communicate my feelings calmly during transgenerational succession	4.13	0.673

N=187

Participants strongly agreed that they were socially aware of the feelings of their colleagues within the firm (mean = 4.49, dev = 0.721). The respondents strongly agreed (4.37) they are able to resonate with the experiences of colleagues which help in better transgenerational succession. The findings showed agreement (mean = 4.18) among the respondents are able to handle the emotions and provide relevant feedback to their colleagues in a constructive manner. The respondents agreed they're self-aware and able to communicate feelings calmly during transgenerational succession (mean = 4.14?).

4.4.2 Self-Management and Transgenerational Succession

The second variable focused on the level of self-management among the owners/managers and analysis is shown below.

Table 4.4 Self-Management Analysis

	Mean	Std. Dev.
I am aware that adopting collaborative techniques in dispute resolution supports timely transgenerational succession	4.43	0.718
I am aware that effective emotional management helps reduce the time needed during transgenerational succession	4.34	0.770
I am able to regulate my emotions during transgenerational succession which supports positive resolution	4.29	0.743
I am aware of various external support mechanisms that can be utilized to support de-escalation during transgenerational succession	4.28	0.742
I am aware of the various adaptive coping strategies which reduces stress during transgenerational succession	4.28	0.695
My capacity to stay composed during transgenerational succession allows for more adaptive responses which improves the outcome of dispute resolution	4.25	0.686
I am able to allow others to provide their rational feedback which improves our approach during transgenerational succession	4.21	0.787

N=187

The respondent strongly agreed that adopting collaborative techniques in dispute resolution supported timely transgenerational succession (mean = 4.44, dev = 0.718). Results indicated strong agreement that participants were aware that effective emotional management helps reduce the time required to resolve issues during transgenerational succession (mean = 4.35). Findings revealed strong agreement respondents have the capacity to stay composed during conflicts allows for more adaptive responses which improves the outcome of transgenerational succession (mean = 4.26, dev = 0.686).

4.4.3 Social-Awareness and Transgenerational Succession

The research further reviewed the social awareness among the respondents and the findings are shown in Table 4.5

Table 4.5 Social-Awareness Analysis

	Mean	Std. Dev.
My social awareness allows me to express my emotions to other team members to support better transgenerational succession	4.49	0.682
I am able to exhibit empathy with my colleagues during transgenerational succession	4.36	0.709
I am aware that actively listening and understanding emotions of colleagues supports better transgenerational succession	4.34	0.695
I am aware that being attuned to the negative emotion and need of my colleagues will enhance transgenerational succession	4.34	0.631
I am able to take into consideration differing viewpoints of my colleagues which improves transgenerational succession	4.26	0.748
I am aware that identifying non-verbal clues during communication can assist in positive transgenerational succession	4.17	0.705

N=187

Participants strongly agreed that they exhibit empathy with their colleagues during transgenerational succession (mean = 4.36). The analysis showed strong agreement among the respondents that they have social awareness allowing them to express emotions to other team members to support better transgenerational succession (mean = 4.49). The respondents agreed they're aware that identifying non-verbal clues during communication can assist in positive transgenerational succession (mean = 4.17, std. dev = 0.705).

4.4.4 Self-Regulation and Transgenerational Succession

The analysis further focused on the self-regulation of the participants and findings are presented in Table 4.8

Table 4.6 Self-Regulation Analysis

	Mean	Std. Dev.
My ability to regulate my emotions during transgenerational succession is vital to achieving business harmony	4.30	0.724
I am able to actively avoid impulse decision-making during transgenerational succession for a better reward in the future	4.29	0.667
Having self-regulation skills is critical to reducing number of clashes which can improve better transgenerational succession	4.25	0.774
I am able to actively manage my emotional responses which lead to productive transgenerational succession	4.23	0.767
I am able to prioritize what is important for mutually beneficial outcome in transgenerational succession	4.19	0.714
I am able to control my emotions when presented with divergent viewpoints which allow for a more collaborative transgenerational succession	4.13	0.606

N=187

The results pointed to a strong agreement (mean = 4.30) respondents have the ability to regulate emotions during transgenerational succession is vital to achieving business harmony. A mean of 4.29, there was strong agreement that respondents actively avoid impulse decision-making during transgenerational succession for a better reward in the future. Findings further indicated agreement participants are able to control their emotions when presented with divergent viewpoints which allow for a more collaborative transgenerational succession (mean = 4.13).

4.4.5 Transgenerational Succession

The dependent variable for the study focused on the transgenerational succession in family businesses in Nairobi County. The findings are shown below in Table 4.7

Table 4.7 Transgenerational Succession Analysis

	Mean	Std. Dev.
Business Continuity		
The business has sustained its profit margins targets during transgenerational succession period	4.27	0.729
The business is able to maintain revenue generation targets during transgenerational succession period	4.20	0.675
Ownership Transfer		
The business has been able to operate from inception till now without interruptions	4.31	0.673
The business conforms to the articulated plans on decision making targets during transgenerational succession period	4.26	0.742
The business is able to stick to the laid down timeframes for executing the succession plan during transgenerational succession period	4.18	0.702
Communication		
The business adheres to the laid down policies on the transfer of ownership targets during transgenerational succession period	4.33	0.794
There is effective communication between the various generations in the business	4.24	0.748
Cultural Shifts		
The business routinely adapts our culture to fit to changing market dynamics during transgenerational succession period	4.39	0.735
The business is able to actively monitor and adjust the firm culture during transgenerational succession period to support long-term sustainability	4.33	0.716

N=187

The respondents strongly agreed (mean = 4.39) the business routinely adapts our culture to fit to changing market dynamics during transgenerational succession period. Findings revealed strong agreement the business adheres to the laid down policies on the transfer of ownership targets during transgenerational succession period (mean = 4.33). The participants strongly agreed the business conforms to the articulated plans on decision making targets during transgenerational

succession period (mean = 4.26). The respondents agreed the business is able to stick to the laid down timeframes for executing the succession plan during transgenerational succession period (mean = 4.18, dev = 0.702).

4.5 Inferential Analysis

The study conducted both correlation and multiple linear regression as the main inferential tests and results are shown in this section.

4.5.1 Correlation Tests

The research applied Spearman rank correlation to determine the nature of relation between the research variables and findings are shown below.

Table 4.8 Correlation Analysis

			Transgenerational Success	Self- Awareness	Self- Management	Social- Awareness	Self- Regulation
Spearman's rho	Transgenerational Success	Correlation Coefficient	1.000				
		Sig. (2- tailed)	.				
		N	187				
Self-Awareness	Self-Awareness	Correlation Coefficient	0.279**	1.000			
		Sig. (2- tailed)	0.000	.			
		N	187	187			
Self-Management	Self-Management	Correlation Coefficient	0.307**	0.236**	1.000		
		Sig. (2- tailed)	0.000	0.001	.		
		N	187	187	187		
Social-Awareness	Social-Awareness	Correlation Coefficient	0.331**	0.244**	0.371**	1.000	
		Sig. (2- tailed)	0.000	0.001	0.000	.	
		N	187	187	187	187	
Self-Regulation	Self-Regulation	Correlation Coefficient	0.305**	0.363**	0.361**	0.347**	1.000
		Sig. (2- tailed)	0.000	0.000	0.000	0.000	.
		N	187	187	187	187	187

** . Correlation is significant at the 0.01 level (2-tailed).

The findings on first objective established there was a weak positive statistically significant relation between self-awareness and transgenerational succession ($r = 0.279^{**}$, $p = 0.000 < 0.05$) as well as between self-management and transgenerational succession ($r = 0.307^{**}$, $p = 0.000$). The correlation tests revealed there was a weak positive statistically significant relation between social awareness ($r = 0.331^{**}$, $p = 0.001 < 0.05$) and transgenerational succession among family-owned business. The results confirmed a weak positive statistically significant relation between self-regulation and transgenerational succession among family-owned business ($r = 0.305^{**}$, $p = 0.000 < 0.05$).

4.5.2 Regression Analysis

The research adopted ordinary least square regression to determine the strength of effect of emotional intelligence on transgenerational succession in family businesses in Nairobi County.

Table 4.9 Regression Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.888 ^a	0.789	0.785	0.23816

a. Predictors: (Constant), Self-Regulation, Social-Awareness, Self-Awareness, Self-management

Regression analysis revealed a coefficient of determination (0.789) which implied that holding all other factors constant 78.9% of transgenerational succession in family businesses can be predicted by emotional intelligence within the firms.

Table 4.10 ANOVA Summary

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.670	4	9.668	170.449	0.000 ^b
	Residual	10.323	182	0.057		
	Total	48.993	186			

a. Dependent Variable: Transgenerational Success

b. Predictors: (Constant), Self-Regulation, Social-Awareness, Self-Awareness, Self-Management

The tests for statistical significance of the model were conducted using ANOVA analysis and the output was; f -value = 170.449 (f -critical = 1.96), p = 0.000 < 0.05. This confirmed there was a positive and statistically significant relationship between emotional intelligence and transgenerational succession in family businesses in Nairobi County.

Table 4.11 Regression Coefficient Summary

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	0.277	0.159		1.741	0.083
	Self-Awareness	0.269	0.071	0.266	3.779	0.000
	Self-Management	0.149	0.072	0.157	2.073	0.040
	Social-Awareness	0.077	0.070	0.076	1.114	0.267
	Self-Regulation	0.444	0.061	0.456	7.330	0.000

a. Dependent Variable: Transgenerational Success

The results indicate that self-awareness yielded; $\beta_1 = 0.269$, Sig = 0.000 (26.9%) indicating that self-awareness has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The findings implied that changing self-awareness by a unit will result in .269 positive improvement in transgenerational success of family businesses. Findings on the second variable revealed self-management; $\beta_2 = 0.149$, $p = 0.040$ (14.9%) indicating that self-management has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The results that showed that changing self-management by a one unit will lead to .149 improvement in transgenerational success of family-owned business.

The analysis further showed that social-awareness had an insignificant effect on the transgenerational succession in family businesses in Nairobi County ($p = 0.267 > 0.05$). The regression coefficient confirmed a positive and significant effect of self-regulation $\beta_4 = 0.444$, Sig = 0.000 (44.4%) on the transgenerational succession in family businesses in Nairobi County. The implications of the results were that changing self-regulation by a unit change will lead to .444 positive change in the transgenerational success of family-owned businesses.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of findings then discusses the findings based on the previous studies. The chapter then presents the conclusion and recommendations. Lastly, the chapter highlights the areas for further research that can be conducted in the future.

5.2 Summary

This study sought to establish the role of emotional intelligence in transgenerational succession in family businesses in Nairobi County. Specifically, this was studied within the lenses of key emotional intelligence aspects: self-awareness, self-management, social awareness and self-regulation and their effect on the transgenerational succession in family businesses in Nairobi County. The research was premised on the social exchange theory, emotional contagion theory and the family systems theory. The study analysed the data collected by conducting both correlation and regression tests.

The correlation tests revealed there was a weak positive relation between self-awareness and transgenerational succession, as well as between social awareness and transgenerational succession among family-owned business. The results also confirmed a weak positive relation between self-regulation and transgenerational succession among family-owned business. Regression results on the other hand revealed that there was a positive and statistically significant relationship between emotional intelligence and transgenerational succession in family businesses in Nairobi County. The results from the study further noted that self-awareness, self-management, and self-regulation had a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The analysis also showed that social-awareness had an insignificant effect on the transgenerational succession in family businesses in Nairobi County.

5.3 Discussions

The study findings revealed that there was a positive and statistically significant relationship between emotional intelligence and transgenerational succession in family businesses in Nairobi

County. The findings are in line with the social exchange theory (Cook, Cheshire, Rice, & Nakagawa, 2013), which posits that individuals engage in exchanges of resources to maximize outcomes and minimize costs. The findings support the notion that emotional intelligence contributes to positive social exchanges and facilitates conflict resolution within family businesses. The findings also align with the emotional contagion theory (Herrando & Constantinides, 2021), which suggests that emotions can be transferred from one individual to another through non-verbal cues, expressions, and behaviours. The study notes that individuals with higher emotional intelligence may serve as emotional influencers who set the tone for positive interpersonal interactions during transgenerational succession processes thereby supporting the emotional contagion theory.

5.3.1 Self Awareness and Transgenerational Succession

The study sought to examine the effect of self-awareness on the transgenerational succession in family businesses in Nairobi County. The study revealed that self-awareness has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The study findings were in line with Goleman et al. (2021) and Brackett et al. (2018) who both found that individuals who were more self-aware were better able to recognize their emotional responses, leading to more constructive communication and resolution. Furthermore, Mayer and Salovey (2018) emphasized the importance of accurately perceiving and understanding one's own emotions as a key aspect of emotional intelligence. This ability is closely linked to recognizing emotional triggers and managing them appropriately. The findings of the current study support this assertion, as individuals with higher self-awareness demonstrated greater proficiency in recognizing emotional triggers and tailoring their communication strategies.

The study findings were further corroborated by Cherniss (2021) who highlighted the significance of self-awareness in organizational management, emphasizing its role in helping leaders understand their emotions and their impact on decision-making. The study notes that this understanding becomes particularly crucial when differing leadership styles and values can lead to conflicts. These findings suggest that leaders with higher levels of self-awareness are better equipped to understand their own emotions and communication styles, leading to more positive conflict resolution outcomes and overall better management of transgenerational succession.

In Kenya, the study results were in line with studies by Nkubu (2019) and Waitchalla and Raduan (2016), which provided additional evidence supporting the role of self-awareness in succession. Nkubu (2019) highlighted the importance of self-awareness for controlling emotions and maintaining calmness during conflicts, while Waitchalla and Raduan (2016) identified a clear link between the development of self-awareness skills and successful generational succession. These findings reinforce the idea that self-awareness is a fundamental component of emotional intelligence, contributing significantly to effective conflict resolution strategies within family businesses undergoing succession transitions. The consistent evidence from various studies underscores the importance of self-awareness as a critical skill within family businesses during succession transitions.

Additionally, the study findings align closely with the emotional contagion theory and the social exchange theory. According to the emotional contagion theory (Herrando & Constantinides, 2021), individuals' emotional states can spread to others through social interaction, influencing their perceptions and behaviours. The study found that within family businesses in Nairobi County, individuals with high levels of self-awareness are better able to regulate their emotions and convey them constructively during conflicts, thereby influencing the emotional climate and reducing the likelihood of escalation. Similarly, the social exchange theory (Cook, Cheshire, Rice, & Nakagawa, 2013) posits that individuals engage in social relationships based on the expectation of rewards and costs. According to the study findings, individuals with high self-awareness may be more adept at managing emotions in a manner that minimizes costs and maximizes rewards such as constructive resolution and enhanced relationships, thus promoting successful transgenerational successions.

5.3.2 Self-Management and transgenerational Succession

Findings from the second objective revealed that self-management has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The study findings were consistent with Mayer (2016) and Gutiérrez and García (2022) who found evidence supporting the importance of self-management noting that individuals with strong self-management skills are better equipped to handle emotions effectively contributing to more positive succession outcomes. The studies noted that the ability to regulate one's emotions, stay composed, and adapt to changing situations were identified as crucial skills that influence conflict outcomes

positively. This aligns with the findings of the current study, as individuals with strong self-management skills are better equipped to handle emotions constructively and maintain a calm and rational mindset, contributing to more positive succession outcomes.

The findings were also in line with Jordan et al. (2022) who highlighted the importance of self-management skills as well as Kuhn and Poole (2020) who found that self-management facilitated good decision-making during transgenerational succession. These studies confirm the idea that self-management skills are essential for effectively managing emotions and making sound decisions in various organizational contexts. Business leaders who prioritize self-management not only set an example for others but also contribute to the overall resilience and sustainability of businesses particularly within family businesses where personal and professional boundaries are intertwined.

Maloba and Wamwayi (2020) and Opiyo (2016) also supported the study findings when they demonstrated a positive correlation between self-management, emotional intelligence, and the application of conflict resolution techniques. Effective emotional self-management strategies, such as reframing perspectives and seeking external support, were found to play a critical role in de-escalating conflicts and fostering better understanding among employees. This supports the notion presented by the current study that self-management skills are essential components of emotional intelligence and contribute to successful succession outcomes.

The findings from the second objective are consistent with the emotional contagion theory (Herrando & Constantinides, 2021) and the family systems theory (Habbershon, Williams, & MacMillan, 2016). The emotional contagion theory posits that individuals' ability to regulate their emotions and adapt to changing situations can influence the emotional climate within the family business. The theory also notes that individuals with strong self-management skills are better able to regulate their emotions, reducing the likelihood of emotional contagion and facilitating constructive succession processes. Additionally, the family systems theory emphasizes the interconnectedness of family members within the business system. Effective self-management by individual family members can contribute to the overall health and functioning of the family business system, promoting smoother conflict resolution processes, preserving family harmony and enhancing successful transgenerational successions.

5.3.3 Social Awareness and Transgenerational Succession

The study further showed that social-awareness had an insignificant effect on the transgenerational succession in family businesses in Nairobi County. The study findings were disputed by Matsumoto et al. (2016), Ashkanasy and Daus (2015), and Bhatti et al. (2019) who all found evidence supporting the importance of social awareness in resolving conflicts during transgenerational succession even though these studies were across different cultural contexts. The studies noted that leaders with strong social awareness skills were better able to understand the emotions and needs of their team members, address underlying emotional concerns, and foster a more harmonious work environment. These findings suggest that social awareness plays a significant role in facilitating effective communication, empathy, and conflict resolution, which may contribute to more positive organizational outcomes.

The study findings were also not in line with Zhenzhong Ma (2017) who found that social awareness had a negative effect on succession. The study, however, noted the various cultural variations surrounding succession and suggested that the social aspect of succession may vary across different cultural contexts. The study findings were further did not support Côté et al. (2020) who emphasized the importance of understanding emotional cues and perspectives of others, especially in contexts such as transgenerational succession. Similarly, Samarah et al. (2020) also disputed the study findings when they found that social awareness had a moderating impact on the association between group performance and collaborative conflict management mechanisms, suggesting that individuals with higher social awareness may be more adept at navigating conflicts in group settings. The study findings were also not in line with Ayira (2019) who found a positive significant correlation between leaders' social awareness and the quality of intergenerational communication among family businesses in Nairobi, highlighting the role of social awareness in intergenerational communication.

The study findings based on the third objective, indicating an insignificant effect of social awareness on transgenerational succession, dispute aspects of the emotional contagion theory and the social exchange theory. While these theories suggest that social awareness, including the ability to understand others' emotions and perspectives, can facilitate effective conflict management and generational successions, the study findings suggest that social awareness alone may not

significantly impact outcomes within family businesses undergoing succession transitions. Further research is therefore needed to explore these interactions and better understand the role of social awareness in transgenerational succession within family businesses.

5.3.4 Self-Regulation and Transgenerational Succession

For the final objective, the study results revealed a positive and significant effect of self-regulation on the transgenerational succession in family businesses in Nairobi County. The study findings were corroborated by studies from Caruso (2019) and Humphrey (2018) who found that self-regulation, as a component of emotional intelligence, contributes to effective succession strategies. These studies found that individuals who possess the ability to self-regulate emotions are more likely to engage in productive discussions, consider diverse viewpoints, and arrive at collaborative solutions, thus enhancing family togetherness and business success. These findings support the idea that self-regulation skills are crucial, especially in environments characterized by power dynamics and generational differences.

Similarly, López-Gamero et al. (2018) and Thompson (2020) highlighted the positive influence of self-regulation skills on succession strategies in family businesses, with self-regulation contributing to improved intergenerational communication and smoother succession processes. Adebayo et al. (2022), in their study in Nigeria, also found a positive correlation between self-regulation and succession management among business owners and managers, further underscoring the importance of self-regulation in effective transgenerational succession.

In the Kenyan context, studies by Kariuki (2019) and Mwangi (2019) provide additional evidence supporting the role of self-regulation in transgenerational succession. Kariuki (2019), who used in-depth interviews, highlighted the importance of self-regulation for controlling emotions and maintaining calmness in the family context. Mwangi (2019) who tracked manufacturing firms and conducted emotional intelligence assessments, identified a clear link between the development of self-regulation skills and successful generational succession. These studies reinforce the notion that businesses prioritizing the development of self-regulation skills experience smoother transitions and fewer conflicts, contributing to long-term sustainability.

The findings from the last objective are also supported by various elements of the emotional contagion theory and the family systems theory. The emotional contagion theory states that people's capacity to control their emotions may affect the emotional environment in the family business, which in turn affects the nature of conflicts. Strong self-regulation abilities allow individuals to control their emotions, which lowers the risk of emotional contagion and encourages productive dispute settlement during succession. The family systems theory also highlights how family members are interdependent inside the business sector. Individual family members' ability to effectively self-regulate can support the general well-being and smooth operation of the family business system by facilitating more amicable dispute resolution procedures and maintaining family peace.

5.4 Conclusions

The study concluded that there was a positive and statistically significant relationship between emotional intelligence and transgenerational succession in family businesses in Nairobi County. The study findings indicate that family businesses in Nairobi County demonstrate resilience and effectiveness in managing various aspects of transgenerational succession, including revenue generation and profitability, adherence to timelines, decision-making processes, operational continuity, communication between generations, transfer of ownership, and cultural adaptation. The study findings underscore the importance of emotional intelligence in facilitating effective transgenerational succession in family businesses. The study noted that businesses can navigate succession transitions more smoothly, ensuring continuity, sustainability, and long-term success, by fostering emotional intelligence among family members and leaders.

Findings from the first objective revealed that self-awareness has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County. The study findings therefore conclude that self-awareness plays a crucial role in enhancing within family businesses undergoing transgenerational succession in Nairobi County. The study further noted that self-aware individuals demonstrate an ability to perceive and understand their own emotions and those of their colleagues, communicate calmly during transitions, provide constructive feedback, and manage emotional triggers effectively. Moreover, self-awareness enables individuals to identify potential causes of conflict proactively and adopt proactive resolution strategies, resonating with the experiences of colleagues and fostering better transgenerational succession.

For the second objective, analysis revealed that self-management has a positive and significant effect on the transgenerational succession in family businesses in Nairobi County leading to the conclusion that self-management skills play a vital role in facilitating effective transgenerational succession. The study further concludes that individuals who demonstrate strong self-management abilities are better equipped to regulate their emotions during transitions, maintain composure, and allow for more adaptive responses. Staying composed allows others to provide rational feedback, creating a conducive environment for constructive dialogue and problem-solving. Additionally, they are aware of various coping strategies, external support mechanisms, and collaborative techniques that contribute to reducing stress, de-escalating conflicts, and expediting resolution processes.

The study further noted that social-awareness had an insignificant effect on the transgenerational succession in family businesses in Nairobi County. The study findings suggest that while social awareness may be perceived as important for within family businesses undergoing transgenerational succession in Nairobi County is not statistically significant. The study therefore concludes that while social awareness skills are valuable for interpersonal interactions and communication within family businesses, they may not directly influence outcomes during transgenerational succession.

Lastly, the study results revealed a positive and significant effect of self-regulation on the transgenerational succession in family businesses in Nairobi County. Based on these results, the study concludes that self-regulation skills play a crucial role in facilitating effective transgenerational succession. The study further concludes that individuals who demonstrate strong self-regulation abilities are able to actively manage their emotional responses, control their emotions when faced with divergent viewpoints, prioritize mutually beneficial outcomes, avoid impulse decision-making, and regulate their emotions during any conflicts associated with transgenerational succession. These self-regulation skills contribute to productive conflict resolution, collaborative dispute resolution, achieving business harmony, reducing the number and intensity of conflicts, and improving transgenerational transitions within family businesses.

5.5 Recommendations

5.5.1 Policy Recommendations

Based on the conclusion that emotional intelligence that self-awareness has a positive and significant effect on transgenerational succession, the study provided various recommendations. The government should establish government-sponsored or subsidized training programs focused on developing emotional intelligence skills among family business members. This can be done by collaborating with educational institutions and EI experts to design comprehensive training modules and offer certifications to participants who complete the training successfully. The government can also introduce incentives such as tax breaks or grants for family businesses that invest in EI development programs.

The government can also integrate emotional intelligence courses into the curriculum of business schools and vocational training centers. This may involve partnering with academic institutions to develop relevant coursework and making it a mandatory part of business administration and management programs. The government can also incorporate EI metrics into the criteria for assessing business performance and sustainability. This can be achieved by developing standardized EI assessment tools tailored for family businesses and including EI scores as part of the overall business performance evaluations conducted by industry regulators and financial institutions.

5.5.2 Practical Recommendations

The conclusion from the first objective that self-awareness has a positive and significant effect on transgenerational succession, highlights the importance of fostering self-awareness among family members and employees. The study therefore recommends that family businesses should prioritize self-awareness development through training programs, workshops, and coaching sessions focused on enhancing emotional self-awareness and understanding one's strengths, weaknesses, and emotional triggers. The study further recommends that family businesses should create a supportive environment where individuals feel comfortable expressing their thoughts and feelings. This can facilitate the development of self-awareness and promote empathy and understanding among family members. Additionally, the study recommends that individuals should employ regular self-assessment tools and feedback mechanisms which can help them gauge their level of self-awareness and identify areas for improvement.

The conclusion from the second objective reiterates the importance of self-management skills in promoting effective conflict resolution during trans-generational succession in family businesses. The study therefore recommends that family business should incorporate stress reduction techniques such as mindfulness, relaxation exercises, and time management strategies which can help individuals cope with the pressures and uncertainties associated with succession transitions. The study also suggests that family businesses should encourage collaborative decision-making and consensus-building processes to leverage the diverse perspectives and expertise of family members and employees. Additionally, the study recommends establishing clear guidelines and protocols for conflict resolution processes which will provide individuals with a structured framework for managing conflicts and promote fairness and transparency in decision-making.

Results from the third objective found an insignificant effect of social awareness on trans-generational succession. Despite this conclusion, the study recommends that family businesses should focus on enhancing social awareness by promoting empathy, active listening, and sensitivity to the needs and perspectives of others. Additionally, the study suggests that promoting cross-generational mentoring and peer support initiatives can facilitate knowledge transfer and relationship-building across generations, enhancing social awareness and cohesion within the organization. Adopting these recommendations can make family businesses strengthen their relationships, mitigate conflicts, and promote a positive organizational climate conducive to successful succession transitions.

Based on the conclusion from the last objective that self-regulation has a positive and significant effect on transgenerational succession, the study offers various recommendations. The study recommends that family businesses should foster a culture of resilience and adaptability which can encourage individuals to approach conflicts during transitions with a growth mindset, seeking constructive solutions and learning opportunities amid challenges. Furthermore, family businesses should prioritize the establishment of clear conflict resolution protocols and mechanisms to facilitate timely and fair resolution of disputes as well as promote trust and confidence among stakeholders to ensure successful transgenerational succession. This can be achieved by defining roles, responsibilities, and escalation procedures.

5.6 Limitations of the Study

The study was limited only to an examination of family-owned businesses within Nairobi City County thus becoming biased only to firms within the region and not incorporating other firms in the country. Further, the research was limited by slow response by the participants which extended the period of conducting the survey thus contributing to increased financial constraints. The study further was limited to four aspects of emotional intelligence and did not consider other elements such as empathy, effective communication, social skills and motivation which can contribute to transgenerational success. Lastly, some of the considered firms were not interested in engaging in the survey due to fear of victimization by the owners of the businesses thus limiting the overall response rate received in the survey.

5.7 Areas for Further Studies

The study provides for empirical literature in the field of emotional intelligence and transgenerational succession. However, the study identified several areas for further research based on the findings from the current study. The study notes that emotional intelligence may have varying long term effects and therefore recommends longitudinal studies tracking family businesses over multiple generations. This can provide insights into how emotional intelligence competencies evolve over time and generations and their impact on succession transitions and business sustainability. The study only focused on emotional intelligence in transgenerational succession. The study suggests examining the impact of external factors, such as economic conditions, industry trends, regulatory changes, and market dynamics, on succession outcomes in family businesses. Finally, further research should be conducted within family businesses in other parts of the country to enable comparison and provide more context.

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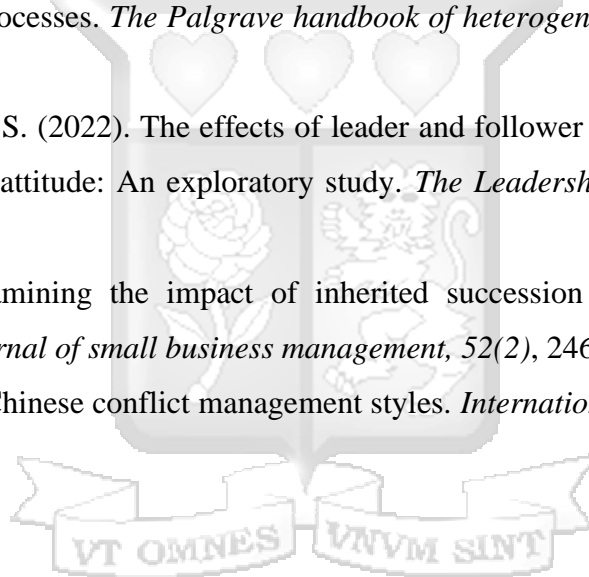
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APPENDICES

Appendix I: Questionnaire for Family-Owned Business

Greetings,

I am Ian Kairu, currently pursuing an MBA degree at Strathmore University. As part of the institutional requirements, I'm expected to undertake a research work within my area of expertise. As such, I'm in conducting an academic survey of family-owned businesses and I would highly appreciate it if you could get involved in the study. The information being sought is purely for the stated academic goals and was treated with utmost confidentiality.

The aim of the research is to *establish the role of emotional intelligence in transgenerational succession in family businesses in Nairobi County*. Kindly provide honest responses to all the questions below.

Has the family business undergone transgenerational succession during its existence? If no, to this question, then your participation in the survey is not required at this stage. Thanks.

Yes ()

No ()

I agree to participate in this study:

Yes ()

No ()

Date: December/2023

Part A: Demographic Information

1. Kindly indicate your gender?

Male ()

Female ()

2. Kindly indicate your age category?

35 years and below ()

36-45 years ()

46-55 years ()

56 years and above ()

3. What best describe the current generation of the family business?

1st generation ()

2nd generation ()

3rd generation ()

4th generation ()

4. How many employees are within the family business?

Up to 10 employees ()

11-20 employees ()

21-50 employees ()

Over 50 employees ()

PART B: EMOTIONAL INTELLIGENCE IN FAMILY BUSINESSES IN NAIROBI COUNTY

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Not at all, the extent to which you agree with the statements below.

	Statements on self-awareness	1	2	3	4	5
1.	I am socially aware of the feelings of my colleagues within the firm					
2.	I am self-aware and able to communicate my feelings calmly during transgenerational succession					
3.	I am able to handle my emotions and provide relevant feedback to my colleagues in a constructive manner					
4.	I am able to perceive the emotions of my colleagues accurately and manage transgenerational succession within the workplace					
5.	I am able to identify and manage emotional triggers that could hamper better conveyance of information and enhance decision making during transgenerational succession					
6.	I am able to identify potential causes of conflict in the business and adopt proactive resolution during transgenerational succession					

7.	I am able to resonate with the experiences of colleagues which help in better transgenerational succession					
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	Statements on self-management	1	2	3	4	5
1.	I am able to regulate my emotions during conflicts which supports positive transgenerational succession					
2.	My capacity to stay composed during conflicts allows for more adaptive responses which improves the outcome of transgenerational succession					
3.	I am able to allow others to provide their rational feedback which improves our approach to transgenerational succession					
4.	I am aware of the various adaptive coping strategies which reduces stress during transgenerational succession					
5.	I am aware of various external support mechanisms that can be utilized to support de-escalation during transgenerational succession					
6.	I am aware that effective emotional management helps reduce the time needed to solve issues during transgenerational succession					
7.	I am aware that adopting collaborative techniques in dispute resolution supports timely transgenerational succession					

	Statements on social-awareness	1	2	3	4	5
1.	I am able to exhibit empathy with my colleagues during transgenerational succession					
2.	I am aware that being attuned to the negative emotion and need of my colleagues will enhance transgenerational succession					
3.	I am aware that identifying non-verbal clues during communication can assist in positive transgenerational succession					
4.	I am able to take into consideration differing viewpoints of my colleagues which improves transgenerational succession					

5.	I am aware that actively listening and understanding emotions of colleagues supports better transgenerational succession					
6.	My social awareness allows me to express my emotions to other team members to support better transgenerational succession					

	Statements on self-regulation	1	2	3	4	5
1.	I am able to actively manage my emotional responses which lead to productive transgenerational succession					
2.	I am able to control my emotions when presented with divergent viewpoints which allow for a more collaborative transgenerational succession					
3.	I am able to prioritize what is important for mutually beneficial outcome in transgenerational succession					
4.	I am able to actively avoid impulse decision-making during transgenerational succession for a better reward in the future					
5.	My ability to regulate my emotions during transgenerational succession is vital to achieving business harmony					
6.	Having self-regulation skills is critical to reducing number of clashes which can improve better transgenerational succession					

PART C: TRANSGENERATIONAL SUCCESSION IN FAMILY BUSINESSES IN NAIROBI COUNTY

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Not at all, the extent to which you agree with the statements below.

	Statement on transgenerational succession	1	2	3	4	5
1.	The business is able to maintain revenue generation targets during transgenerational succession period					

2.	The business has sustained its profit margins targets during transgenerational succession period					
3.	The business is able to stick to the laid down timeframes for executing the succession plan during transgenerational succession period					
4.	The business conforms to the articulated plans on decision making targets during transgenerational succession period					
5.	The business has been able to operate from inception till now without interruptions during transgenerational succession					
6.	There is effective communication between the various generations in the business during transgenerational succession					
7.	The business adheres to the laid down policies on the transfer of ownership targets during transgenerational succession period					
8.	The business is able to actively monitor and adjust the firm culture during transgenerational succession period to support long-term sustainability					
9.	The business routinely adapts our culture to fit to changing market dynamics during transgenerational succession period					

Thank you for participating

Appendix II: Institutional Ethics Review Committee Certificate



14 March 2024

Dear Mr. Ian Kairu

RE: The Role of emotional intelligence in conflict management during trans-generational succession in family businesses in Nairobi County

This is to inform you that SU-ISERC has reviewed and Approved your above research proposal. Your application reference number is SU-ISERC2011/24. The approval period is valid for exactly **one year** from today.

This approval is subject to compliance with the following requirements:

1. Only approved documents including (informed consents, study instruments, MTA) will be used.
2. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
3. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
4. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
5. Clearance for the export of biological specimens must be obtained from relevant institutions.
6. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
7. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from the National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

1 of 2

Yours sincerely,


A handwritten signature in black ink, appearing to read 'K. H. H. H.', written in a cursive style.


Mr Ambrose Rachier,
Chairperson; SU-ISERC



Strathmore
UNIVERSITY

Appendix III: NACOSTI Research Licence


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

RefNo: 269044 **Date of Issue: 13/April/2024**

RESEARCH LICENSE



This is to Certify that Mr. Ian Ngure Kairu of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: The Role of emotional intelligence in conflict management during trans-generational succession in family businesses in Nairobi County for the period ending : 13/April/2025.

License No: NACOSTI/P/24/34503

269044
Applicant Identification Number


Director General
**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION**

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See overleaf for conditions