

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

THE EFFECT OF FAMILY MEMBERS' ROLE IN FAMILY CONTROLLED FIRM'S PERFORMANCE AND NON-FAMILY MEMBERS' TURNOVER: THE CASE OF ANEMAW ALEMU BUSINESS GROUP

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A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, DEPARTMENT OF MANAGEMENT, FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF EXECUTIVE MASTERS OF BUSINESS ADMINISTRATION

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JUNE, 2026

DECLARATION

I the undersigned do hereby declare that the thesis titled; " **The Effect of Family Members' Role in Family Controlled Firm's Performance and Non-Family Members' Turnover: The Case of Anemaw Alemu Business Group**" is my original work. The work was carried out on my own under the supervision of my advisor. The thesis has not been presented for any degree or diploma in this or any other institution. All the material used in this work is duly acknowledged.

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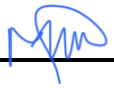
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CERTIFICATE

I hereby certify that the thesis entitled **The Effect of Family Members' Role in Family Controlled Firm's Performance and Non-Family Members' Turnover: The Case of Anemaw Alemu Business Group** is submitted for examination to College of Business and Economics, Department of Management, Addis Ababa University with my permission as a research advisor.

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CERTIFICATE OF APPROVAL

I hereby attest to that thesis done by Solomon Kibret titled: "**The Effect of Family Members' Role in Family Controlled Firm's Performance and Non-Family Members' Turnover: The Case of Anemaw Alemu Business Group**" is in compliance with the university and is up to the standard both in its content, originality and quality to be approved in partial fulfillment of the requirements for **Executive Master of Business Administration** (EMBA) degree.

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ABBREVIATIONS AND ACRONYMS

AABG – Anemaw Alemu Business Group

ANOVA – Analysis of Variance

APA – American Psychological Association

EMBA – Executive Master of Business Administration

FCF – Family Controlled Firm

FIBER – Family control, Identification, Binding social ties, Emotional attachment, Renewal of family bonds

GDP – Gross Domestic Product

HR – Human Resources

IBM – International Business Machines Corporation

NFM – Non Family Member

R&D – Research and Development

SEW – Socio Emotional Wealth

SMEs – Small and Medium Enterprises

SPSS – Statistical Package for the Social Sciences

VIF – Variance Inflation Factor

ABSTRACT

This study was undertaken to determine the effect of the family members' role on family controlled firm performance and nonfamily workers' turnover using Anemaw Alemu Business Group as a case study. The study assessed the role of family members to business performance, the effect of the role of family members on nonfamily workers and the primary reasons for turnover of nonfamily workers; and measured the net effect (positive or negative) of all these three on the organization performance. The study adopted a quantitative research design and randomly selected 154 respondents out of the 250 employees, questionnaire was distributed and only 150 were properly returned. The response rate of the study was 97%. Descriptive analysis showed that family members' role has a positive effect, correlation analysis also shows a positive relationship between turnover of nonfamily worker and firm performance and the result of regression analysis also shows that all the independent variables had a high contribution to the dependent variable (firm performance). From the findings of the study recommendations, conclusions and suggestions are provided.

Keywords: *Family members' role, nonfamily worker turnover, family controlled firm performance*

CHAPTER 1: INTRODUCTION

1.1. Background of the study

One of the earliest and one of the most common forms of organizing economic life is the family business. It goes without question that the "family" has deep historical origins, evidenced by stories of the first family which feature in the various religious and historical texts, and of course by modern academic work showing family formation - or how people come to be family members through marriage, living together or being the sole provider, is still a basic social structure in human life though it has varied greatly over the course of human history (Brown, 2022; Utepbergenov, 2023). In human life as we know it, early members of the family would have cooperated purely out of need, although given the limited population this would have been obvious. When these members were expanded, and moved to new lands, goods would be produced and traded, originating trade. By developing according to available facilities, barter would move on to the exchange of money. Eventually specialization in labor and organized means of labor will result in a well-organized family outperforming others in their respective area for production and exchange of goods.

The transition from family based subsistence to organized manufacturing accelerated during the late nineteenth century. Modern manufacturing first emerged in the United States between the 1870s and 1890s, driven by widespread technological innovations in transportation and production a period widely referred to as the “second industrial revolution”. This transformation spread into capital intensive sectors such as chemicals, electrical equipment, transportation systems, petroleum refining, primary metals, certain branches of the food and beverage industry, cigarette manufacturing, and others (Chandler et al., 1997).

During the late twentieth century, the landscape for family owned companies in Western Europe underwent significant change. As governments retreated from direct economic intervention and capital markets gained prominence, new opportunities arose for raising investment capital. The internationalization of business activities further opened doors for family firms. However, many family companies were characterized by a lack of managerial leadership and entrepreneurial vigor, resulting in slow adoption of new technologies and organizational structures. Regulatory frameworks and social norms are important for all business activities, but they are particularly critical for family firms (Colli & Larsson, 2014).

The contemporary significance of family businesses is well documented. In the United States, family businesses constitute 40% of Fortune 500 companies. In Europe, they generate approximately two thirds of Germany's gross domestic product (GDP), employ more than half of the workforce in Britain, France, and Spain, account for over 85% of all businesses in Italy, and employ around 70% of Italy's labour force. Family firms also form the majority of private economies in developing countries (Gomez-Mejia et al., 2011).

In Africa, family businesses have emerged more recently than in other regions due to a combination of historical and economic factors. Despite this, they have registered impressive outcomes. Family firms play a significant role globally, and their importance within African economies is considerable. However, due to a shortage of reliable data, the full significance and contributions of African family businesses are not yet fully understood or appreciated. Although many family businesses are privately owned and vary considerably in size, barometer results indicate that they face similar challenges in the current economic environment (Acquaah, 2016).

African family businesses are considerably younger than their counterparts in other parts of the world. This relative youth gives them the opportunity to manage key family business dynamics growth, risk, governance, wealth, transition, and human capital in ways that promote long term sustainability. Family businesses are generally resilient and agile. Their unique nature can either enhance or restrict entrepreneurial activity. Research has identified five key dimensions of entrepreneurial orientation in family firms: innovation, risk taking, autonomy, pro activeness, and competitive aggressiveness (African CEO Forum, 2022).

Ethiopian family businesses, like their counterparts elsewhere, have experienced various socioeconomic, historical, and political challenges. In much of the world, family and business are arguably the two most important institutions, and they are often deeply intertwined. The creation, growth, and longevity of family businesses are critical to the success of the global economy. Indeed, the majority of businesses worldwide are family controlled ranging from modestly sized, relatively unknown firms to commercial giants such as Ford, Samsung, and Hyundai. Family firms face both practical advantages and distinct challenges in a highly competitive global economy. It is therefore essential for Ethiopian entrepreneurs to understand family firms in general, and particularly the development and evolution of their corporate

governance structures. Family firms must strive to be as well managed as their best competitors (Kinfu, 2014).

In summary, family businesses are vital across all societal contexts. Given their critical importance, systematic investigation of their current situation and performance is necessary to identify weaknesses and suggest best practices for implementation. The family business literature has suggested that the pursuit of socio emotional wealth (SEW) has both positive and negative aspects, and these conflicting priorities can adversely affect the quality of decisions made by family managers (Rania & Giorgia, 2021).

1.2. Statement of the problem

Family controlled firms (FCFs) in Ethiopia have been growing in a tremendous rate in recent years; due to their rapidly expanding capital stock and number of branches and the growing needs for high expertise and knowledge, new technologies and efficient management systems (Gebremichael & Lemma, 2020). Despite the rapid growth in these firms, there appears to be a large difference between their current state of management practices and what they are capable of.

From vast experience as an employee of private companies in addition to the direct observations, the author indicates that majority of Ethiopian FCFs have maintained an antiquated manner of management practice; one of them is assigning family members into leadership positions where they don't have either sufficient or enough qualification, knowledge or experience but are given full authority over employees that aren't their relatives, up to total authority. This is a manifestation of nepotism which has been widely documented in the literature as a persistent problem of family business operations and has been widely observed in developing economies (Arasli et al., 2006; Toposakal et al., 2024).

Nepotism in family firms has been proved to lead to reduced job satisfaction, reduced employee commitment and reduced employee turnover intentions among non-family employees (Khatri & Tsang, 2003; Memili & Welsh, 2012). In the Ethiopian context the results are similarly damaging: the over accumulation of unearned power in the hands of unqualified family members leads to negative consequences both on the overall well-being of the company and on the non-family employees' satisfaction and work attitudes. In the long run, high turnover rates among the

non-family employees leads to high organizational costs in terms of recruitment, training and knowledge loss (Fang et al., 2022).

Additionally, the absence of fair HR policies and the disregard for professional non family staff leads to an environment with low work motivation, poor career prospects and diminished employee attachment (Chrisman et al., 2017; Verbeke & Kano, 2012). In the context of a developing country such as Ethiopia where skilled workers are extremely scarce, this has severe implications for long term success.

Consequently, the current situation within many Ethiopian family- controlled firms is a severe and acute problem and hence deserves systematic investigation and solution, otherwise; the continuation of such practice would cause detrimental impact on firm performance and threatens employee job security and stakeholder welfare. The present study tries to examine the influence of roles played by family members on firm performance as well as on non- family employee turnover in a sample Ethiopian business group. By this investigation, it is expected to offer findings and recommendations for the better working environment, more secure job and steady development.

1.3. Objectives of the Study

1.3.1. General Objective

To examine the effect of family member's role on performance of Family Controlled Firms (FCF) and turnover of non-family workers in the case of AABG.

1.3.2. Specific Objectives

1. To identify family member's' role in FCF
2. To examine the impact of family member's role on the performance of non-family members workers in FCF
3. To assess main contributors of non-family member workers' turnover
4. To examine contributing factors of FCF's positive/negative performance

1.4. Research Questions

1. Does family members' role contribute to FCF'S development?

2. What will be the impact of family members' role on the Non-Family workers?
3. What could be the cause for Non-Family workers turnover?
4. What impacted FCF's Performance positively/Negatively?

1.5. Significant of the Study

In recent years, there has been a rapid increase in the founding of family controlled firms (FCFs) because people are seeking the status, prestige, personal financial success of business ownership after inheritance, business ownership after private savings or loaning from governments and banks. The increasing number of FCFs had been viewed as positive as FCFs were known historically to make a tremendous contribution to local societies and the national economy (Gersick et al., 1997; Miller & Le Breton Miller, 2005). Nevertheless, for FCFs to perform successfully, it is not enough to manage their finance and materials properly but also, it is of paramount importance to manage the organization's human resources properly. This research, concentrating on the three factors that were critically important to FCFs the contribution of family members, non-family employees' perception toward family members, and the cause of turnover of non-family employees - proposed evidence-based suggestions for improving workplace, employee-organization relations, and organizational performance.

The relevance of the study could be viewed from different aspects. The study helped case company, Anemaw Alemu Business Group (AABG) with concrete steps and ideas on how to harness the benefits of involving family members as a strategic weapon and prevent the disadvantages such as nepotism and high turnover for non-family members. For other family-controlled firms in Ethiopia and worldwide, the study acts as a precedent which enables other family businesses to assess their practices, implement some changes or reinforce their existing procedures (Chua et al., 2003; Verbeke & Kano, 2012).

The academic relevance of the study is the contribution it makes in the under explored Ethiopian field of family business. Although many studies are conducted on family firms in Europe, North America and some part of Asia, there is very little research available on the situation of family controlled firms in sub Saharan African countries and more especially in Ethiopia (Acquaah, 2016). Using major business group in Ethiopia, the study provided valuable empirical evidence

which helped to bridge a research gap and was expected to be a basis for further cross-comparative research studies.

For future entrepreneurs interested in new FCFs, the findings of this study pointed out important design stage factors, like specific task definitions and open HR policies to better construct sustainable firms. The study concluded by providing meaningful variables role of family members, perception of non-family employees, causes of turnover and performance of firms and providing a quantifiable technique that could be used or extended by future scholars. In sum, the importance of the present study lies on its applicability for FBOs, its comparison function for the FCF market in general, its contribution to academic knowledge at Ethiopian and African levels, its practical usage for future entrepreneurs and as a base for more research.

1.6. Scope of the Study

There are a number of factors that affect performance of any organization, and FCFs more than others. The purpose of the study was to examine only a few human element variables that are most important to FCFs, namely, (a) the contributions of owner family members in the firm, (b) the attitude and behaviors of family members towards non-family members, (c) non-family members' perceptions of their family members, and (d) the causes of non-family member turnover. The study excluded examination of other performance factors such as financial management, marketing behavior, market conditions, and so forth. Geographically, the study covered all the different branches of AABG. Therefore, the scope of this research was limited to the human element in FCF performance and disadvantages.

1.7. Limitation

During this research a few problems were encountered. First, all members of the family were not willing to take or finish questionnaire and few members treated researcher in a harassment way. Second, as the respondent lives in different places such as in Bahir Dar, in Kombolcha, in Addis Ababa, in Sheger (Sululta) and in Gelan; then it consumed both time and cost. Third, some of non-family workers were hesitated to willingly receive questionnaires because of fear of backlash of owner’s and family members. Fourth, four workers did not bring the completed questionnaire and many family workers were not willing to be interviewed. Although these factors are limitations that may impact the overall generalizability of the result; the researcher tries his best to limit the influence.

CHAPTER 2: LITERATURE REVIEW

2.1 Historical Foundations and Global Significance of Family-Controlled Firms

2.1.1 The Emergence of Family Enterprise

The notion of the family as the basis of economic organization is not new. The family economic system began with the emergence of the first human communities. Anthropological and historical data indicates that collaborative labor between kin group relationships was initiated because of the basic necessity for aid and survival (Utepbergenov, 2023). The concept of the family-formation through the process of the creation of kinship unit through marriage, cohabitation or single parenthood; is one aspect of the foundation of social organizations which influences today's economic action to an extensive extent (Brown, 2022).

As the family structure expanded and settled in new regions, there came the genesis of simple production and distribution which can be considered as the most primitive stage of trade. Over time, exchanges progressed from barter to monetary exchanges and labor organization systems developed. Organizationally complex families gained relative advantages over their community and eventually gained monopolies of production and business.

The movement from a family-based production to organized manufacturing increased sharply in the late nineteenth century. The United States witnessed the genesis of modern manufacturing between 1870 and 1890; an era spurred on by general innovation in transportation and production-the "second industrial revolution." This innovation diffused swiftly into the capital intensive sectors of the United States-chemicals, electric machinery, transport systems, petroleum refining, prime metals, food and drink, and tobacco manufacturing (Chandler et al., 1997).

2.1.2 Present Significance of Family Business on the Global Arena

The amount of family business conducting business operations today is still considerable given the rapid expansion of global economy in recent years. In the USA alone, it is estimated that more than 40% of the Fortune 500 companies are family-owned. In Europe, family business account for two-thirds of Germany's GDP, employ more than half of Great Britain's, France's, Spain's workforce and comprise more than 85% of the total firms in Italy, and occupy more than

70% of the total workforce and represent the primary type of business enterprises of the private sector in every developing country (Gomez-Mejia et al., 2011).

Similar situation could be observed in Southeast Asia, where business in family operation holds more than 95% of all the firms in Indonesia and generates close to 40% of the total market capitalization, and contributes substantially to some major sectors like property (91% of market share), agriculture (74% of market share), energy (65% of market share) and consumer products (45% of market share) (Nasution et al., 2021).

Despite their economic significance, the long-term survival of family businesses is not always secure: 30% of family businesses make it to the second generation, 12% make it to the third generation, and only 3% to the fourth generation (PwC & Harvard Business Review, in Kompas, 2025). Ironically, it seems the driving force of the economy, fails to survive past the second generation.

Relative to other regions in the world, family business in Africa is a rather recent phenomenon due to economic, political and historical reasons but it has achieved a considerable amount (African CEO Forum, 2022). It is believed that family businesses account for approximately two-thirds of world businesses and 70% of all SMEs in Africa (Brookings/INSEAD, 2024). However, the lack of reliable data on the amount these businesses contribute to African economies is one obstacle to its further recognition.

African family businesses tend to be significantly younger than European, North American and Asian family businesses. However, given their youth, this can be a benefit as it means they are able to control the primary dimensions (growth, risk, governance, wealth, transition and human capital) with long-term interests in mind. Studies have identified five main dimensions to entrepreneurial orientation in family firms; these are; innovation, risk-taking, autonomy, pro-activeness and competitive aggressiveness (African CEO Forum, 2022).

However, family businesses in Africa are facing unique challenges like constrained access to finance and talent, susceptibility to political and climate shocks, weak institutions and difficult family compositions which may create governance issues (Brookings/INSEAD, 2024). Two critical challenges facing African family businesses have been identified as succession planning and access to capital (PwC Africa Family Business Survey, 2025). Many African family businesses continue to rely on the retention and reinvestment of profits, rather than accessing

outside finance, to finance growth, which may hinder its potential for further growth (PwC, 2025).

2.1.3 HR Issues in family business

Professional managers are indispensable in any organization, family-owned or not, for best performance. Yet family businesses are always facing recruitment problems; the greatest difficulty found in family businesses regarding employees is that they are unable to recruit skilled non-family member (Arijs et al., 2018; Chrisman et al., 2003; Kahlert et al., 2017). Employee recruitment has been found to be the major problem facing family SMEs (Kahlert et al., 2017, p. 21), which explains why we know so little about what is the motivation for job seekers to join a family business or how to advertise their family identity during recruitment (Hauswald et al., 2016).

On a conceptual level, person-organization fit theory assumes that the employment relationship will function most effectively when employer and employee values, interests and needs are consistent (Judge & Cable, 1997). Where this is not the case, effectiveness may be hindered and employees may not stay with the company. However in the family firm context, a further theoretical perspective is needed in order to analyze how these relationships are mediated; that is, through the lens of socio-emotional wealth (SEW).

2.2 Nepotism, Governance Deficiencies and Employee outcomes

2.2.1 Nepotism in Family Businesses

In family businesses the owners often favor relatives in hiring practices. The academic term for this practice is nepotism and it is considered to be the "preferential treatment of relatives in recruitment and promotion decisions independent of their merit" (Khatri & Tsang, 2003). Nepotism is often seen negatively because relatives may not possess the required level of skills, may lack motivation, make more errors and also not motivate non-family employees. Furthermore, as firms grow and professionalize the family may become an obstacle to performance if they lack the required management skills, do not delegate sufficient authority and give more weight to family interests than to the organization's needs (Memili & Welsh, 2012).

Nepotism is not limited to any region; it has been reported in various socio-economic and cultural circumstances including in Ethiopia. Developing countries face particular problems due

to nepotism, as they might operate on a traditional tribal or peasant based norm, which might affect organizations practices in place of modern industrial organizational practice. The dual characteristic of family businesses as both kinship structure and economic enterprise creates inherent conflicts between family structure and organizational system.

2.2.2 Nepotism and employee turnover.

There has been substantial evidence on the impact of nepotism on non-family employees. For example, study of Middle Eastern family businesses proves that nepotism will enhance employee turnover intention by having negative effects on job satisfaction, organizational commitment and engagement of the non-family employees (Shatila et al., 2024). In specific Nepotism will damage non-family employees' sense of equity, reduce their motivation, and diminish their trust in organizational management (Arasli et al., 2006).

In the context of Ethiopia, empirically it has been evidenced that nepotism is widely practiced in public and private organizations. In the study of Kawo and Torun (2020) stated that there is direct and positive relationship between Nepotism and employee disengagement, because the recruitment and promotion are seen as unfair; consequently, dys-functional environments are created in the organizations where the skill and competence of the individual and organization is put to the test. Later in a doctoral study, paternalistic leadership was stated as a moderator for the link between Nepotism and disengagement in the Ethiopian organization (Kawo, 2023).

Shatila et al. (2024) provided additional support for this and mentioned that, there is a direct relationship between Nepotism and turnover intention and also there are indirect relationships between Nepotism and turnover intention via mediating mechanisms. Commitment, engagement, and job satisfaction was identified as main mediators between perceived nepotism and intention to leave the organization.

2.2.3 Governance Failures and Professional Management

Other governance weaknesses in addition to nepotism contribute to performance problems in family-controlled firms. A common problem in family firms is the absence of formal stewardship-whether family or non-family-with clear accountability for the implementation of the strategy. Where there is no stewardship, networks take over in decisions; investment

portfolios may tilt towards the interests of the most vocal family members; risk may accumulate without established formal rules (Logic Consulting, 2025).

Family-intensive governance arrangements may have performance advantages in that they reduce agency problems and encourage long-term perspectives on strategy but may also detract from performance. Conflict with non-family shareholders may be present in family-intensive governance arrangements, as these shareholders are wary that family leaders may reallocate organizational resources to family-related goals at the expense of profits. Also, strong family leaders may pursue economically inefficient strategies in an attempt to maintain socio-emotional wealth thereby foregoing opportunities that have a positive net present value (IMD, 2025).

Governance deficits are widespread in African family businesses. As 85% of family businesses have no family councils in Ethiopia, it is argued that governance and communication is not effective in these businesses (Ethiopian Family Business Forum, 2024). It is argued that many African family businesses fail not because they are unprofitable but due to infighting among family members about control, assets and influence which results in the alienation of professional managers capable of operating the business (The Citizen, 2026).

2.3 Socio-emotional Wealth (SEW) Theory

2.3.1 Conceptual Foundations of SEW

The SEW perspective on family business is considered a landmark theoretical breakthrough (Gomez-Mejia et al., 2007). SEW consists of "those non-financial aspects of the firm that fulfill the family's affective needs, such as family identity continuity, family control, family value perpetuation and family dynasty transmission over generations" (Berrone et al., 2012). SEW theory is based upon behavioral agency theory, which argues that the existing endowments of the decision maker are key determinants of her preferences. Thus, with large family owners being endowed with a family-controlled business, there is an expectation that owners would act contrary to the interests of non-family stakeholders, to sustain their stock of affective wealth (Miller & Le Breton-Miller, 2014).

A key assumption of SEW theory is that the driving force behind family owners is to maximize their stock of socio-emotional wealth, and they will sacrifice financial value to do so. In other words, family principals are "loss averse when SEW comes into question". As a result, in family

controlled firms, SEW becomes the principal reference point, not the financial outcomes of the enterprise (Gomez-Mejia et al., 2014a, 2018, 2019, 2022a).

2.3.2 The FIBER Dimensions

Berrone, J. F. Berrone et al. Proposed five dimensions that broadly represent the likely affective outcomes of socio-emotional wealth, as captured in the acronym FIBER. These dimensions are (1) family control and influence, F; (2) family members' identification with the firm, I; (3) binding social ties, B; (4) the emotional attachment of family members, E; and (5) regeneration of family ties, R. FIBER has emerged as the most widely used tool to measure SEW, thereby allowing scholars to assess how different components of SEW may influence firm-level strategy and performance (Swab et al., 2020).

Follow-up studies are designed to test the cross-cultural validity of the FIBER scale. Vandekerkhof et al. (2024) polled 1,464 family owners across countries such as Canada, Mexico, Saudi Arabia, Spain, and Vietnam and found the measurement invariance for the FIBER dimensions across countries. They confirm that the FIBER scale items are conceptually understood the same across the studied countries.

2.3.3 SEW and Non-Family Managers

One of the crucial issues stemming from SEW theory is whether non-family managers are able to extract value from socio-emotional wealth and if and how so. Current literature generally either ignored or assumed that non-family managers are uninterested in or lack the means to extract value from socio-emotional wealth (Boyd et al., 1999; Chua et al., 2003; Neckebrouck et al., 2018).

These assumptions have supported the belief that the prioritization of socio-emotional wealth is disadvantageous when it comes to the ability to attract and retain non-family managers (Chrisman et al., 2017; Fang et al., 2017). In this stream of argument non-family managers are considered less attached to the company due to their lack of emotional commitment; consequently, non-family managers' motivations are perceived to be more driven by self-interest (such as financial gains) rather than SEW compared to family managers (Cruz et al., 2011; Fang et al., 2017).

Based on this notion non-family managers might be perceived as 'short-term agents' (Verbeke & Kano, 2012), deprived of a considerable amount of decision-making power (Memili & Welsh, 2012; Minichilli et al., 2010; Patel & Cooper, 2014), less chances of upward career path compared to family managers (Harvey & Evans, 1994; Wang et al., 2007). As a result of the above non-family managers may suffer from lower morale, lower motivation and lower retention rate.

Recent literature has called into question this negative outlook. The property rights approach was used by Penney (2026) to explain how non-family managers might appropriate value from SEW. By differentiating between value creation and value appropriation, Penney suggested that SEW is not a homogenous resource, but rather has different degrees of appropriability by non-family managers. General SEW dimensions like firm identification and relationship to outsiders are more readily appropriated by non-family managers and relate to more value appropriation.

However, family oriented SEW dimensions like family control, trans generational control and intra family emotions represent a greater property rights hazard that limit the capacity of non-family managers to seize value. Governance mechanisms are found to mitigate the property rights hazards and enable greater access to family oriented SEW for non- family managers.

2.3.4 Hazards of Owner-Management

The following three categories of risks from owner-management which increase non-family managers' SEW related risks were identified by Schulze and Zellweger (2021): reliability hazards where owner-managers behave inconsistently, resulting in unpredictable decision-making, stakeholder trust and cooperation, egocentrism hazards which occurs when control is centralized allowing management decisions in self or family interests, rather than the firm, impacting the goals of other stakeholders, and succession hazards where owner-managers' refusal to decentralize power and plan leadership succession creates unpredictability over firm stability. These are risk signals to non-family employees that the owners' exercise of residual control rights is not predictable, self-seeking and unstable (Schulze & Zellweger, 2021).

Additionally, Penney (2026) suggested that property rights hazards for non-family employees will be magnified if the asset is SEW, because it is deeply entwined with family relationships, firm culture and self-identity, rather than a tangible asset, and thus property rights are hard to assign, observe and enforce.

2.3.5 Governance Mechanisms to Mitigate SEW Hazards

Even though risks exist there are a number of governance mechanisms to reduce the family-centric SEW risks. Four mechanisms were highlighted by Schulze and Zellweger (2021) and Penney (2026), which can be classified as below:

Social control suggests commitment toward fairness, integrity and alignment of business goals with the pressures of society. The family owner gets a social legitimating with non-family managers if they follow norms and values accepted by society. Although it is accepted that there are 'family' in altruistic acts (Berrone et al., 2012), these may be formalized as policy mechanisms for fairness and inclusion resulting in 'quasi-family' membership feel among the non-family managers (Karra et al., 2006). Increased transparency in hiring and promotion policies creates non-family managers' trust in their firms, developing a sense of perceived employment equality (Chrisman et al., 2017). Yet social control is weak regarding the succession risk "it can't fully prevent the family's interference" in the succession management (2026:7).

Delegation of decision-making authority to the managers allows for non-family managers to make their own decisions, introducing new ways of looking at problems, thereby avoiding centralized family control risks. Delegation shares workloads, allows access to expert knowledge and limits conflicts between non-family managers and the owning family (Berghoff, 2013). A more formal, hierarchic structure introduces reliability hazards (Poppo & Zenger, 1998; Schulze & Zellweger, 2021).

Delegation removes agency power from the family to act in their self-interest over the company and limits over-monitoring, increasing non-family manager trust (Coff, 1997). Most notably delegation leads to non-biased succession decisions and less reliance on one family owner, minimizing succession hazards (Ibrahim et al., 2001; Schulze & Zellweger, 2021).

Submission to a board's hierarchy results in clear governance and accountability. Decision making committees create strong communication networks and conflict resolution mechanisms encouraging the use of non-family managers (Aronoff, 2004; Corbetta & Salvato, 2004) and assuring contribution to the firm's image (Miller et al., 2013). Adding non-family members to the board brings an impartial perspective to emotionally charged family issues and to succession evaluations (Brockhaus, 2004; Ibrahim et al., 2001). Boards, even advisory, encourage the rationalization of decisions and a justification for decision making, decreasing arbitraries (Lerner

& Tetlock, 1999). Nonetheless, board governance is not able to prevent all sources of egocentric dangers as boards have limited monitoring power during day-to-day operations, and in private companies they tend to be less independent with a smaller size of board, and lack of committees (Minichilli et al., 2010; Schulze & Zellweger, 2021; Uhlaner et al., 2007).

The transference of partial ownership to non-family managers is a "final resort available for owners" (Schulze & Zellweger, 2021, p. 502). The voting and informational rights associated with the stake prevent owners from hiding information or acting opportunistically, "because non-family managers would possess actual decision and appropriation rights" (Rajan & Zingales, 2001; Schulze & Zellweger, 2021). Partial ownership mitigates the egocentrism hazards by allowing non-family managers the power to deter families from over-controlling decision making and mitigates the succession hazards by institutionalizing succession plans in such a way that non-family managers can both be included in succession and affect the choice toward objective criteria rather than based on birth order (Schulze & Zellweger, 2021). Ownership transference tackles the hazards in all three dimensions of family focused SEWs by redistributing the appropriation rights relative to decision rights.

2.4 Conflict and Cohesion in Family Firms

2.4.1 The Dual Role of Conflict

There has been a swift growth of literature about conflict and cohesion in family business, over the last few decades. An article review carried out by Bettinelli et al. (2022) about the social relationships within the family business world focused on definitions, antecedents and consequences of conflict and cohesion, as well as their theoretical and empirical foundations.

Three forms of organizational conflict can be identified within family business; process conflicts (different ideas about the tasks, and about the way they are performed), relationship conflicts (personal frictions between members) and cognitive conflicts (disagreements on the subject matter). When the family members have high level of social exchanges, process conflict contributes positively to the performance of the business as demonstrated by Kellermanns & Eddleston (2007).

When the levels of social exchanges within the family members are low, process conflict brings down the performance of the business. Though generally it is argued that the positive influence

on performance is caused by conflict, this is not always true. There exists a negative relationship between cognitive conflict and performance, and the effect of cognitive conflict is conditional upon the level of family members' social exchanges, as well as on the dispersion of the ownership on various generations, as concluded in the study by Kellermanns & Eddleston (2007).

2.4.2 Drivers of Cohesion

In contrast, other elements enhance cohesion in family firms. Jimenez et al. (2015) confirmed that both trust and work climate are related positively to group cohesion among family and non-family employees. Family firms which have positive work climates and sufficient trust tend to have group cohesion. Furthermore, other drivers of group cohesion identified are transformational leadership, organizational commitment and harmony, (Vallejo, 2009; Vallejo-Martos, 2011). Internal social capital also positively influences group cohesion within family firms (Carr et al. 2011).

According to Van der Merwe et al. (2012), fairness, mutual trust, commitment, openness and harmony (i.e. Absence of conflicts) lead to harmonious family relationship (family cohesion). As such, trust is an element enhancing family cohesion which strengthens in absence of conflict. Conversely, Kudlats et al. (2019) confirmed that trust mediates the relationship between family cohesion and both cognitive and process conflict, such that higher family cohesion leads to more trust which in turn leads to more reduction of conflict. Hence trust acts as both predictor and outcome variable for family cohesion. Family cohesion negatively impacts perception of family members as impeders through mediation of relationship conflict (Kidwell et al. 2012).

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the manner and methodology in which the empirical study was conducted. The research design, population and sample, methods and instruments to collect data and the method of analysis and the ethical aspect of the study were specified in this chapter. The goal was to test the association of the role of members, firm performance and employee turnover in non-family employees in Anemaw Alemu Business Group (AABG). It was prepared to be valid, reliable and objective.

3.2 Research Design and Approach

A quantitative research design was used for the study. More precisely, the study design used was a cross sectional analytical survey design, which allowed the researcher to collect data from a sample of participants at a particular time period (Schmidt & Brown, 2019). This design was relevant because it allowed the researcher to collect numerical data from a larger number of people quickly and also it was possible to explore the relationship between variables without intervening in the variables.

The design had several advantages. First, the study design was suitable for measuring independent variables such as (members family role, the way it influences non family workers and variables of turnover), and the dependent variable (firm performance) simultaneously. Secondly, use of questionnaires ensures that standard measurement is obtained for each item among sub groups and comparison is possible between groups (Stangor, 2011). Thirdly, it was feasible within a low budget and with the respondents scattered all over the five places. Analytical survey technique was used to establish causal associative relation between the variables.

3.3 Target Population

The population to be studied includes all members of Anemaw Alemu Business Group (AABG) involved directly or indirectly with the business group activities. Family members within the business group and non-family members working within the business group were part of the population. The total numbers of available population are 250 according to AABG human

resource records. It was chosen due to the wide range for identifying how both family and non-family members are viewing the factors of the research.

3.4 Sampling Frame and Sample Size Determination

The frame consisted of the total of all the 250 employees working under the business group irrelevant of their position in the hierarchy and functional responsibility. It was the aim of using simple random sampling method, which gives every member of the population an equal chance to be included in the sample, and is useful to minimize selection bias and obtain results that best reflect the population characteristics (Saunders et al., 2019).

The size of the sample was determined by the Taro Yamane's formula (Yamane, 1967):

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n = required sample size
- N = total population (250)
- e = margin of error (0.05, or 5%)

Applying the formula:

$$n = \frac{250}{1 + 250(0.05)^2}$$

$$n = \frac{250}{1.625} \approx 154$$

So, 154 respondents were estimated as the minimum amount needed. To prepare for the possible drop-out of the questionnaire respondents or incomplete filling-in of the questionnaires, the researchers distributed 154 questionnaires to the employees chosen randomly.

3.5 Data Collection Instrument

Structured, self-administered questionnaires was the only method used to collect data. It was designed in accordance with the conceptual framework which resulted from the literature and comprised of 5 sections. Namely: Section A which is demographic information of the respondent (e.g. Gender, age, educational level, work experience, marital status); Section B (effect of family

members on non-family employees (6 items)); Section C (effect of non-family members on family business, and, the causes of employee turnover of non-family employee (6 items); Section D (major factors of employee turnover among non-family employees) and; Section E (firm performance, respectively).

All items from section B-E were assessed using the 5- point Likert Scale: 1 = Strongly Disagree, 2= Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree. Since the likert scale have been documented to be a common and effective way of measuring attitude of individual in social sciences research (Stangor, 2011), it was used to determine the extent to which respondents perceived the construct. Attention was paid to the clarity and brevity of the questionnaire as well as to ensure no biasing effect was induced upon the respondent through word choice. To confirm its content validity, the questionnaire was subjected to content evaluation by the research adviser and two other instructors in Department of Management, Addis Ababa University and, necessary modification was made. Finally, the drafted questionnaire is shown in Appendix A.

3.6 Data Collection Procedure

Data collection was carried out over a period of 4 weeks (10 th of May to 4 th of June 2026).The researcher personally went to each of the 5 operating sites of AABG, which are Addis Ababa, Bahir Dar, Kombolcha, Sheger (Sululta) and Gelan. Since these sites are not concentrated in one area, distribution and collection of questionnaires was considered a logistical task and formal clearance was taken from the AABG management prior to data collection. Individuals, picked randomly, were approached at their respective jobsites and explained about the purpose of the study; and they were assured that their identity would not be revealed, and that the questionnaire would be filled anonymously. The questionnaires were distributed in sealed envelopes to the respondents during working hours, accompanied with an explicit set of instructions and were supposed to be returned within 3-5 days of their collection.

The completed questionnaires were then picked up again from all of the work sites by the researcher. Non respondents were approached at least twice with a reminder for completion of the questionnaire. A total of 150 questionnaires out of 154 distributed were returned as complete. Response rate of 97.4% (rounded to 97%) was obtained. The remaining four questionnaires were neither completely filled nor returned to the researcher. Having obtained a relatively higher

response rate greatly eliminated the possible non response bias and enhanced the possibility of generalization of findings (Babbie, 2002).

3.7 Data Analysis Methods

Once data were collected, questionnaires were examined for completeness, coded and entered into a statistical package. All the quantitative data analyses were performed using IBM SPSS Statistics for Windows Version 27 (IBM Corp., 2020). The data analysis was conducted in different stages which correspond to the objectives of the study:

Descriptive statistics (frequencies, percentages, means and standard deviations) were generated in order to summarize the demographic characteristics of the respondents and the nature of study variables. Mean scores of the items and mean score of each construct were interpreted according to the scale below: 1.00-1.49 (very low), 1.50-2.49 (low), 2.50-3.49 (moderate), 3.50-4.49 (high), and 4.50-5.00 (very high).

Pearson product moment correlation coefficients were computed to establish the direction, strength, and statistical significance of the association between independent variables (family members' role, their impact on non-family workers, and contributors of turnover) and dependent variable (firm performance). Correlation coefficients were interpreted according to interpretation scale below which was given by Bartz (2009): 0.00-0.20: very low or no correlation; 0.21-0.40: low correlation; 0.41-0.60: moderate correlation; 0.61-0.80: strong correlation; and 0.81-1.00: very strong correlation.

Multiple linear regressions were used to investigate the independent and joint impact of the independent variables on the performance of firm. Several assumptions on which multiple linear regression models are based were examined before conducting regression analysis. Linearity was examined through the inspection of the standardized residuals plotted against predicted value. Normality was verified through the inspection of histogram of the residuals and P-P plot of residuals. Homoscedasticity was tested through inspection of a plot of standardized residuals against standardized predicted value while multicollinearity was examined using VIF and tolerance statistics and is considered to be exist if VIF > 10 or Tolerance < 0.1 (Pallant, 2016). Following regression model was specified for the study:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where;

- Y = firm performance,
- X_1 = family members' role in FCF,
- X_2 = family members' impact on non-family workers,
- X_3 = main contributors to non-family worker turnover,
- β_0 = the constant,
- β_1, β_2, β_3 are regression coefficients, and
- ε = error term.

F-test (ANOVA) was performed to assess the significance of overall model whereas t-tests (significance level at 95% with ε =0.05) was used to test significance of individual predictors.

3.8 Ethical Considerations

The study was undertaken following completely all the rules of ethics prescribed for Addis Ababa University as well as other scientific research activities. The researcher took a prior permission to conduct the study, informing each respondent about the objective of the study, their voluntary participation and their right to leave from the study at any point in time without any harm to them; completion of the questionnaires implied their consent. The respondents' identity and personal data were kept confidential; no data of respondent's names or employees' identity cards was taken, stored carefully and not seen by others than the researcher and used for statistical purpose so that their respective employers or others will not have any access to their responses, collected for personal data protection. The questionnaires had neither provocative nor emotional questions and there were no risks of harms as respondents were assured that the completion of questionnaire would not affect their job-status or relationship with the business group. The data were collected either after working hours or outside the presence of superiors or colleagues so that no pressure is felt from the respondents and to maintain individual privacy. Lastly, the ethical clearance was obtained from the Department of Management review committee of research proposal (reference number available upon request).

CHAPTER 4: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

The fourth chapter talks about the analysis, interpretation and finding of the research on 'The Effect of Family members Role on Performance of Family Controlled Firms(FCF) and Turnover of Non-Family Workers: the case of AABG' Included in the chapter are: response rate, demographic profile of the respondents, findings, interpretation and discussion of findings, tabular and visual tools and statistical symbols used, summary and linking between the fourth and fifth chapters based on research study report. The data that was collected was collated, coded and statistically analyzed. The analyzed coded data were then converted to tabular format showing frequencies and percentages and categorizing according to below and above median values. It then explains High, Low and also analyzes the tabulated data under each category.

4.2. Response Rate

The aim of this section is to highlight participant's response against distributed questionnaire. The targeted population of the study is 250, with regards to the sample size 154 respondents have been randomly selected with the use of Toro Yamane's formula and distributed with questionnaires; out of the 154 distributed questionnaires, 150 returned thereby indicating a response rate of 97%.

Table 4. 1: Respondent's Rate of Response

No.	Respondents category	Frequency	Percentage
1	Responded	150	97%
2	Non Respondents	4	3%
Total		154	100%

Source: Survey Data, 2026

4.3. General Information of the Respondents

Below is the data gathered about the respondents in terms of their gender, age, level of education, years of experience and marital status.

4.3.1. Respondents' Gender

Table 4. 2: Gender of the Respondent

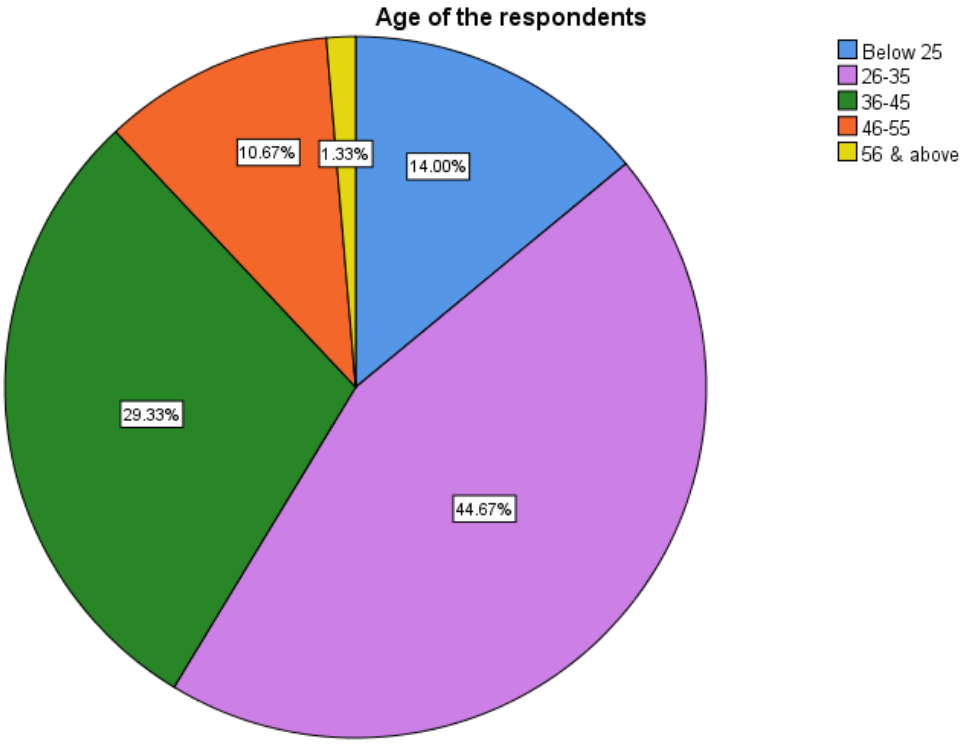
gender of the respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	81	54.0	54.0	54.0
	female	69	46.0	46.0	100.0
	Total	150	100.0	100.0	

Source: Survey Data, 2026

As observed in Table 4.2, majority of the respondents were males (81 respondents, 54%) whereas few of the respondents were females (69 respondents, 46%). Hence the balanced gender distribution in the samples gives wide range of view point. The male majority reflects the composition generally found in organizations especially in management and decision making hierarchy, which in family managed organizations. Yet, inclusion of sufficient numbers of females in sample allows the analysis for gender inclusive perspective on the organization, employees and the environment.

4.3.2. Respondents' Age

Figure 4. 1: Age of the Respondents



Source: Survey Data, 2026

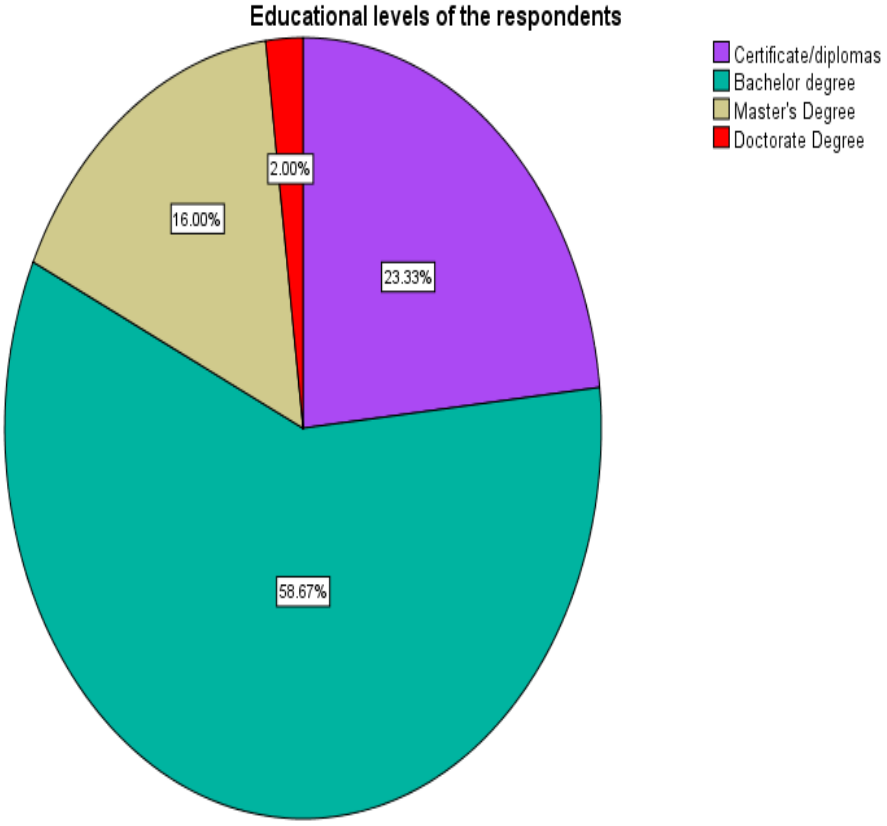
Based on the figure above, the respondent was asked to show their age in group (in year).The respondent's age profile (Figure 4.1.) showed that most of the respondent were in economically active age group and professional life stage. The results clearly stated that most respondents (44.67%) were in the 26-35 age group, followed by 29.33% in the 36-45 age group. The younger age group below 25 only comprises of 14%, and the 46-55 age group has 10.67%, and those aged 56 and above has only 1.33%. These results imply that most employees were in the stage of early and mid-career. Such employees generally have more enthusiasm and interest in career progression and learning as well as higher level of energy. These factors play a crucial role in the employee perceptions on the organizations policies and procedures, leadership behavior and career development opportunities in a company.

There are only a few respondents over the age 56 which were already close to retirement and are very experienced. Nonetheless, it can be said that all of the ages from the group are covered

which covers the perception for the different generations. The higher percentage of respondent that are between 26-45 implies that the study were based more on the employees that were deeply affected by the procedures, the leaders, and the career path in the family controlled company.

4.3.3. Respondents' Educational Background

Figure4.2: Educational Levels of the Respondents

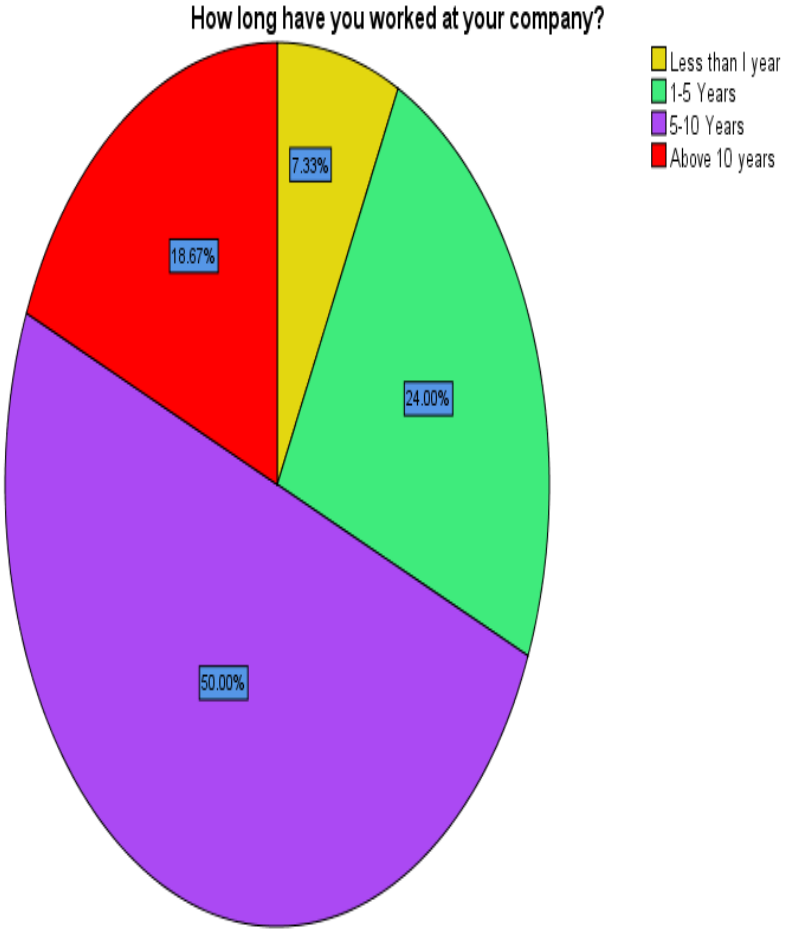


Source: Survey Data, 2026

The question above is asked in the figure as the respondents are to mention their higher education qualification. From figure 4.2 above on the education of the respondents it shows that majority of the respondents 58.67% have a bachelor's degree and 23.33% have a diploma or a certificate. The respondents with Master's degree are 16% while the number of respondent who have completed doctoral studies is 2%. This shows that the respondents are well educated as a vast majority have bachelor degree and above which the cognitive abilities required to understand the organization and rate the management accordingly are present in respondents of the study and presence of the postgraduate qualification adds an additional analytical dimension whereas the inclusion of diploma holder does not create a weakness but rather adds an insight of the operational level.

4.3.4. Respondents' Work Experience

Figure 4. 3: Work Experience of the Respondents



Source: Survey Data, 2026

Based on the above figure the researcher wanted to determine if work experience of the respondents. As depicted in Figure 4.3, 50% of the respondents have 5-10 years of work experience, followed by those who have 1-5 years (24%). Work experience beyond 10 years account for 18.67% while less than one year account for 7.33%. From the above results, a good number of the respondents are likely to be acquainted with working environments and are likely to possess sound knowledge and ability to critically analyze management of the organization. The work experience of the respondent has ensured more reliability in the findings as the experiences of employees will surely have led them to identify many aspects related to management, which they are able to identify with or report to a higher level of detail. Also, the fresh ideas and views of junior workers will provide an initial perception.

4.3.5. Respondents' Marital Status

Table 4. 3: Marital Status of the respondent

marital status of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	39	26.0	26.0	26.0
	married	100	66.7	66.7	92.7
	divorce	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Source: Survey Data, 2026

In the above table respondents are asked to specify their marital status. Based on the above table it could be noticed that out of total respondents 66.7% are married respondents while 26% are single respondents and rest 7.3% are divorced respondents. The results indicated that most of the respondents have high commitment towards family obligations hence it is very clear that these will have impacts over perceptions on job security, support from the organization, and balance between work and personal life. They will provide good insights for explaining the impact of family firm on the employees' satisfaction and retention level. Inclusion of single and divorced respondents provides diversified profile of sample.

4.4 Descriptive Statistics

The aim of this study was finding out 'The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers: in the Case of AABG'. This part of data section covers the description statistics on research on the relationship of

Family Members' Role in FCF, the impact of Family Members on the Non-Family Members Workers in FCF, and Main Contributors to the Non-Family Members Workers' Turnover as independent variables. The performance of the firm, as dependent variable.

4.4.1 Family Members' Role in FCF

This part covers the interpretation of Family Members' Role in FCF gained from the result of this research. Based on the finding of the results discussion, the average of the respondents' response about The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Members Workers in the Case of AABG was produced based on means and standard deviations of each question. These questions are rated by 5 points Likert scale which is 1 = strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree to describe of Family Members' Role in FCF. The interpretation of the Family Members' Role in FCF using means and standard deviations from the result was conducted using below ranges for the means; 1-1.49 = Very low; 1.5-2.49 = Low; 2.5-3.49 = Moderate; 3.5-4.49 = High; 4.5-5.0 = Very high

Table 4. 4: Family Members' Role in FCF

Descriptive Statistics			
	N	Mean	Std. Deviation
Family members contribute to creating a cohesive organizational culture that aligns with family values which influence the operational efficiency of the firm	150	4.1067	.87582
The decision-making style of family members impacts overall organizational effectiveness	150	4.0467	.95774
The roles of family members are relevant for translating the family vision into business practice	150	3.9400	.77051
The role of family members is clearly defined and communicated among non-family employees	150	3.8600	.78604
Family members actively participate in the decision-making processes within the firm	150	3.8533	.95809
Family members take an active role in resolving conflicts	150	3.6600	1.26295

within the workplace by resolving conflicts within the workplace			
Valid N (list wise)	150		

Source: Survey Data, 2026

Analyzing the influence of family member roles in family-controlled firms (FCF) in Table 4.4 yields considerable insights concerning its impact on culture and performance of the organization. The statement Family members contribute to creating a cohesive organizational culture that aligns with family values which influence the operational efficiency of the firm holds the highest mean score (M = 4.11, SD = 0.88). This implies a high degree of respondents agree that the family values contribute to a united corporate culture. The low standard deviation implies consensus between people, where they mostly agree that family values help in building the organizational efficiency.

The decision-making style of family members' impacts on overall organizational effectiveness received a mean score of 4.05 with a standard deviation of 0.96. This implies that people think that the style of decision-making employed by family members contributes positively to organizational effectiveness. While a high mean score signifies that there are positive views of family involvement in decisions, standard deviation implies that the perception regarding the extent of the family influence on organizational effectiveness varies across various situations. Nevertheless, a high mean score proves that family leadership helps organization navigate through challenges faced.

The statement Relevance of family members in translating family vision to business practice had a mean score of 3.94 and standard deviation of 0.77. This reflects moderately positive views of the relevance of family members in translating the family vision into organizational practice, but slightly lower compared to the previous statements, meaning that perhaps the implementation aspect of the vision may have certain challenges due to lack of proper channels of communication and other aspects among non-family members. The clarity of family members' roles in translating the family vision to the business practices is considered as an important organizational attribute among the respondents. Also, the statement, the roles of family members are clearly defined and communicated to the non-family employees received a mean score of

3.86 with a standard deviation of 0.79. This is a moderately positive mean score, thus implying room for improvement.

Finally, family members' contribution to conflict resolution received a mean score of 3.66 with a standard deviation of 1.26, signifying moderately positive views towards their participation but not extremely effective across the board. Higher standard deviation means that members of organization share differing views concerning this aspect, and therefore there is much more work to be done in this area to make conflict resolution through family members an effective strategy. Overall, these responses encourage the role of family members in building the organizations culture and efficiency; but clearly identify areas which need improvements i.e., the definition and implementation of role clarity and effectiveness of conflict resolution through family members.

4.4.2. Family Members' impact on Non-Family Members Workers in FCF

The results of Family Members' Effect on Non-Family Members Workers in FCF is presented herein. Interpretation of the above results based on the results achieved the below mean and standard deviation of respondents' responses on The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers in the Case of AABG.

The items of the above questionnaire was used a five-point Likert Scale with the corresponding weights of: 1= strongly disagree, 2= Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree which indicates the degree of Family Members' Effect on Non-Family Members Workers in FCF. Mean and standard deviation of the results on Family Members' Effect on Non-Family Members Workers in FCF was explored to interpret this section of the questionnaire with the results classified according to: 1-1.49 = Very Low; 1.5-2.49 = Low; 2.5-3.49 = Moderate; 3.5-4.49 = High; 4.5-5.0 = Very high.

Table 4. 5: Family Members' impact on Non-Family Members Workers in FCF

Descriptive Statistics			
	N	Mean	Std. Deviation
Family members' management style enhances the productivity of non-family employees	150	3.8400	.75155

Non-family employees feel more valued due to the involvement of family members in management	150	3.3733	1.13839
Family members' active participation in evaluations improves the performance appraisal process for non-family employees	150	3.8333	1.01278
The leadership qualities of family members significantly enhance morale among non-family workers	150	3.9600	1.04836
Non-family workers perceive the work environment as supportive of their personal development	150	3.8133	1.10147
Family involvement leads to better alignment of individual goals with organizational objectives for non-family employees	150	3.8800	1.05500
Valid N (list wise)	150		

Source: Survey Data, 2026

Assessing the nature of family members' involvement and how that influences non-family employees' relationships is very important for understanding the work culture, especially the FCFs culture (as showed in table 4.5). Statement "Family members' management style enhances the productivity of non-family employees" is ranked highest in analysis with a mean of 3.84 and a standard deviation of 0.75. High mean indicated that the respondents acknowledge the positive contribution made by the family management styles to the employee productivity, which may mean that family employees' presence is positive for the job atmosphere. Low standard deviation shows that there are strong opinions on this issue and a collective believe on the working efficiency of the family management styles.

Followed by, the statement "the leadership qualities of family members significantly enhance morale among non-family workers" got a mean of 3.96, which indicates the respondents believe that family leadership styles can lead to an improvement in employee morale. This suggests that the positive qualities in family leaders such as warmth, trust and a sense of shared destiny will make employees feel cheerful during working. However, the high standard deviation (1.05) reflects the discrepancy in how people feel about the impact family members' leadership style

have on the morale of non-family workers, and this must be depended on specific relationships among individuals.

For statement "Family involvement leads to better alignment of individual goals with organizational objectives for non-family employees", it got a mean of 3.88. It seems that the respondents also see the benefit of family members' participation in leading and directing of organization to the motivation of the non-family workers so that they are willing to cooperate more efficiently for organizational goals. However, the large standard deviation (1.06) showed that not all the non-family workers have a clear and accurate individual work plan within the organizational context.

However, only 3.37 obtained on the statement "Non-family employees feel more valued due to the involvement of family members in management". This shows the gaps of recognition between family members and non-family employees. The high standard deviation (1.14) on this statement proved that a lot of non-family workers does not feel recognized for their work and contribution towards the organizations, even though there were some who felt appreciated by their family members at work. This issue is one important part that FCFs need to take into consideration to overcome the potential for a less fair work place.

Other, statement "Family involvement leads to a supportive work environment for non-family workers" gained 3.80, which represents the belief of positive impact of family presence. Nonetheless, the standard deviation (1.01) reveals that opinions vary on whether such influence is a positive one or not. The overall analysis indicated that, although some aspect regarding work condition for non-family workers have been benefit from family participation in leading, more attention should be paid towards recognition part in management for FCFs to maximize employees' engagement.

4.4.3. Main Contributors to Non-Family Member Workers' Turnover

This section discussed on Main Contributors to Non-Family Member Workers' Turnover acquired from results. Through the interpretation of data and results within following discussion have generated the means score and standard deviation of respondents' answers to The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers in the Case of AABG.

Questionnaire were use in scale of 5 points likert scale in which 1= strongly disagree, 2= Disagree, 3 = Neutral, 4 = Agree, 5 = strongly Agree toward Main Contributors to Non-Family Member Workers' Turnover as exhibited. The analysis of Main Contributors to Non-Family Member Workers' Turnover has been investigated by means and standard deviations from result, the mean results were interpreted toward: 1-1.49 = very low; 1.5-2.49 = low; 2.5-3.49 = moderate; 3.5-4.49 = high; 4.5-5.0 = very high.

Table 4. 6: Main Contributors to Non-Family Member Workers' Turnover

Descriptive Statistics			
	N	Mean	Std. Deviation
Job dissatisfaction and Limited career advancement opportunities lead to higher turnover rates among non-family workers.	150	4.1267	.75349
Insufficient training and development programs and Lack of recognition from family members contributes to the decision of non-family employees to leave	150	3.7333	.95304
Poor communication practices within the firm & High workload and pressure from family members result in increased turnover among non-family workers	150	3.8000	.67556
Non-family workers lack a sense of belonging, leading to their turnover from the organization	150	4.0800	.98662
Inadequate compensation and benefits packages & Poor organizational culture is often cited as a reason for non-family workers seeking employment elsewhere	150	4.0000	1.08683
Overall job stress & Lack of effective leadership from family members contributes to non-family employee turnover	150	3.6467	1.17660
Valid N (list wise)	150		

Source: Survey Data, 2026

When looking at the analysis of turnover factors among non-family workers in Table 4.6, a number of things that may influence employee retention are highlighted. Statement; 'Job dissatisfaction and limited career advancement opportunities lead to higher turnover rate among non-family workers' achieved the highest mean of 4.13. It means that a number of the respondents have agreed that limited career development is a main cause for turnover. From the result above, the argument above strengthens the position of job dissatisfaction as a primary precursor for employee departures, family-controlled firms need to address development opportunities very carefully Statement; 'insufficient training and development programs and lack of recognition from family members contribute to the decision of non-family employees to leave' recorded the second highest mean score of 3.73, which means that non-family employees perceive their development is under supported and that absence of family recognition increase their desire to leave. The standard deviation of 0.95 suggests significant differences in how these two elements are perceived, thus guiding the intervention toward development support and acknowledgment systems to address the perception issues Statement; 'Poor communication practices within the firm and high workload pressures from family members cause higher turnover among non-family workers' scored a mean of 3.80 and reveals urgent needs of improvements in communication systems. This statement demonstrates the negative impacts of poor communication to employee satisfaction and turnover rate. With a standard deviation of 0.68, this suggests that it is perceived by a number of the employees that it is so, thus the need for improving communication skills in family firms seems imminent. Statement 'Non-family workers lack a sense of belongingness and have turnover from the organization' has mean score 4.08 which shows that they feel a disconnectedness from the organization in terms of their role. With standard deviation of 0.99, it shows that not all employees feel this way, but a considerable number does, suggesting possible intervention to address it. Statement 'Inadequate compensation and benefits packages' obtained mean of 4.00. This statement clearly supports the need for adequate rewards and compensations.

This group of high mean scores points to several critical areas that family firms need to target to improve satisfaction and turnover. They need to create an environment of support and integration where family members, owners and workers can foster positive and productive relationships, they need to create clearer development paths, and also recognition systems and communication skills should be highly prioritized to improve retention.

4.4.4. Firm Performance

This section addresses the analysis of the Firm Performance, based on the findings derived in this study. Interpreting the figures, this section yields mean and standard deviation for responses regarding the Effect of Family Members' role on performance of family controlled firm (FCF) and turnover of non-family workers in AABG, as analyzed by using the five-point Likert scale of 1= strongly disagree, 2=Disagree, 3= Neutral, 4= Agree, 5= strongly Agree. Data on firm performance are illustrated using means and standard deviation derived. The mean scales of Firm performance results are interpreted as following: 1-1.49= Very low; 1.5-2.49 = Low; 2.5-3.49= Moderate; 3.5-4.49=High; 4.5-5= Very high.

Table 4. 7: Descriptive Statistics of Firm Performance

Descriptive Statistics			
	N	Mean	Std. Deviation
The involvement of family members positively influences overall firm performance	150	3.7933	.90707
Family dynamics foster a collaborative work environment that boosts firm performance	150	3.8400	1.04323
Non-family workers believe that family involvement increases the firm's competitiveness	150	3.9467	.92531
Family members' values align well with the firm's mission and vision, enhancing firm performance	150	3.5933	1.03688
Strategic partnerships and collaborations are more effective due to family members' networks to enhances overall firm performance	150	3.9800	.75503
Overall, the presence of family members in management is positively correlated with firm success	150	3.6733	1.07126
Valid N (listwise)	150		

Source: Survey Data, 2026

Table 4.7 provides us with a lot of interesting information about how stakeholders view family-controlled firms with regard to firm performance. The question the involvement of family

members positively impacts the firm performance received a mean score of 3.79; this indicates that the family involvement is largely perceived to be positive from the perspective of organizational success.

This perspective means that family members are perceived to be critical stakeholders in successful strategy implementation, the firm performance being linked to the contributions that family management adds to the success of a firm. The standard deviation was 0.91, this suggests a consistency amongst respondents about the fact that the involvement of family members has a positive effect on firm performance; this indicates the strength of involving the family in decision making.

The statement, the family dynamics support a positive and collaborative work environment that increase firm performance resulted in a mean score of 3.84, indicating that most people see the support of the family members in creating collaborative work environment as an important aspect to organizational performance. This result shows a bit more dispersion in the sense that the standard deviation is 1.04; this suggests that not all the respondents might experience the same amount of collaboration in the workplace.

The implication is that if the organizations want to improve employee involvement, the management should work to enhance more collaboration within the workplace by integrating all members of the firm. The question, the values of family members were aligned with that of the firm resulted in a mean of 3.59; this represents a rather cautious perspective concerning the values alignment. The standard deviation was 1.04, indicating the wide variance in the opinion of the respondents. If these values are misaligned it would negatively affect all aspects of the business. The management would want to ensure that the values of family members are consistent and supportive of the values of the firm to achieve the strategic goals. The score that Strategic partnerships and collaborations are facilitated by the family network has a mean score of 3.98; this highlights the importance of family network.

Though the relationships may be positive, they need to be strategic so that they benefit the firm and not only the members of the family. The final question, the presence of family members in management is positively associated with firm performance, has a mean of 3.67. It appears that family management is regarded as beneficial, although a more strategic consideration might be needed in the employment of family members.

4.5. Correlation Analysis

To determine the relationship between the independent variables in the study with the Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers in the Case of AABG and to gauge the strength of the relationship, the product moment correlation coefficient was applied. The product moment correlation coefficient is generally accepted to be the most widely used technique in measuring the degree of relationship between two variables (Kothari, 2004).

This coefficient assumes a linear relationship between the two variables. A positive value of "r" suggests a positive correlation between the two variables, that is, when variables move in the same direction, and a negative value suggests the contrary where variables move in opposite directions. If r= 0 there is no relationship between the two variables. Bartz (2009) suggests that a correlation coefficient measures the linear association between two variables. The coefficient, which is denoted by 'r', takes only values between -1 and +1. If r =+1 there is a perfect positive linear relationship between the two variables.

Table 4. 8: Interpretation of R

Range of R	**Description**
1.00	Perfect relationship
0.80orhigher	Very strong
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2orlower	Very low
0.00	No relationship at all

Source: (Bartz, 2009)

Table 4. 9: Correlations analysis result

Correlations				
	Family Members' Role in FCF	Family Members' impact	Main Contributors to NFM Workers' Turnover	Firm Performance

Family Members' Role in FCF	Pearson Correlation	1	.700**	.729**	.811**
	Sig. (2-tailed)		.000	.000	.000
	N	150	150	150	150
Family Members' impact	Pearson Correlation	.700**	1	.726**	.763**
	Sig. (2-tailed)	.000		.000	.000
	N	150	150	150	150
Main Contributors to NFM Workers' Turnover	Pearson Correlation	.729**	.726**	1	.883**
	Sig. (2-tailed)	.000	.000		.000
	N	150	150	150	150
Firm Performance	Pearson Correlation	.811**	.763**	.883**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Survey Data, 2026

Based on the correlation matrix in Table 4.9, all independent variables have positive and significant effects on firm performance ($p < 0.01$), proving that the association between variables are strongly supported empirically. First, there is a strong correlation between Family Members' Role in FCF and Firm Performance ($r = 0.811$, $p < 0.01$) as family members play a big part in business operations.

The correlation is so strong that it proves that family-driven governance system is very influential in the operation of a business and a well-involved family is associated with a well-operated business. Second, there is a strong positive correlation between Family Members' Impact on Non-Family Workers and Firm Performance ($r = 0.763$, $p < 0.01$) suggesting that the impact of family members positively influence the role and actions of non-family workers towards an organization's performance.

It demonstrates the relational aspect of non-family workers within the business operation. Third, there is the highest positive correlation between Main Contributors to Non-Family Workers'

Turnover and Firm Performance ($r = 0.883$, $p < 0.01$) and it confirms that factors influencing turnover are critical to an organization's performance as turnover causes and drivers (e.g. Low motivation, low career growth and poor organization environment) greatly affect the performance of a business. Inter-correlations among independent variables were also strong and positive (0.700-0.729), showing that the variables are closely related to each other, for example, the correlation between Family members and their Impact on Non-family Workers and Main Contributors to Turnover. However, the correlations are within an acceptable range so that they can be regressed with the dependent variable without any immediate multicollinearity concerns.

In conclusion, correlation analysis proves that all key independent variables were strongly positively related to each other; hence regression model can be used to analyze further causality between the variables.

4.6. Regression Analysis

Regression analysis measures the impact of one or more independent (predictor, repressors, independent) variables on one or more dependent (response) variables. This study utilizes multiple regression analysis because it explains relationship between one dependent variable and linear combinations of one or more independent variables. It shows the contribution of each independent variable on dependent variable. Using multiple regression analysis it allows computing the multiple correlation coefficients and R-square (Kerlinger and Lee, 2000).

4.6.1. Testing Assumptions of Multiple Regression model

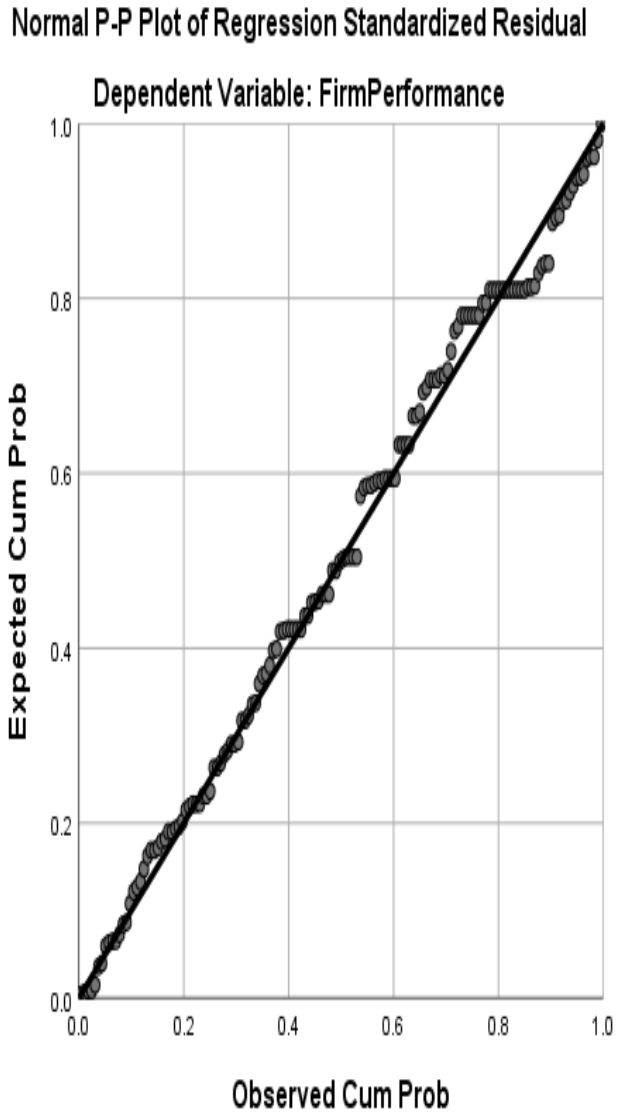
Before testing the model the researcher first checks that data collected is appropriate for multiple regression model. Dhakal, (2018) mentions any fit of a multiple regression model is valid if and only if it satisfied the assumptions of linear relationship, no multicollinearity among variables, Homoscedasticity of data and normally distributed residuals (errors). The assumptions are being tested as follow:

Assumption1: Linearity Test

Linearity test implies that there is a linear relationship between independent and dependent variables. A linear relationship implies a straight line between dependent and independent variables. With the use of linear relationship the researcher can predict the dependent variable with one or several independent variable. In order to check the assumption, the researcher

examines by using scatter plot whether the two variables form a straight line approximately. Figure 4 implies that, there is a linear relationship between dependent variable and each independent variable in the sample.

Figure 4. 4: Linearity test



Source: Survey Data, 2026

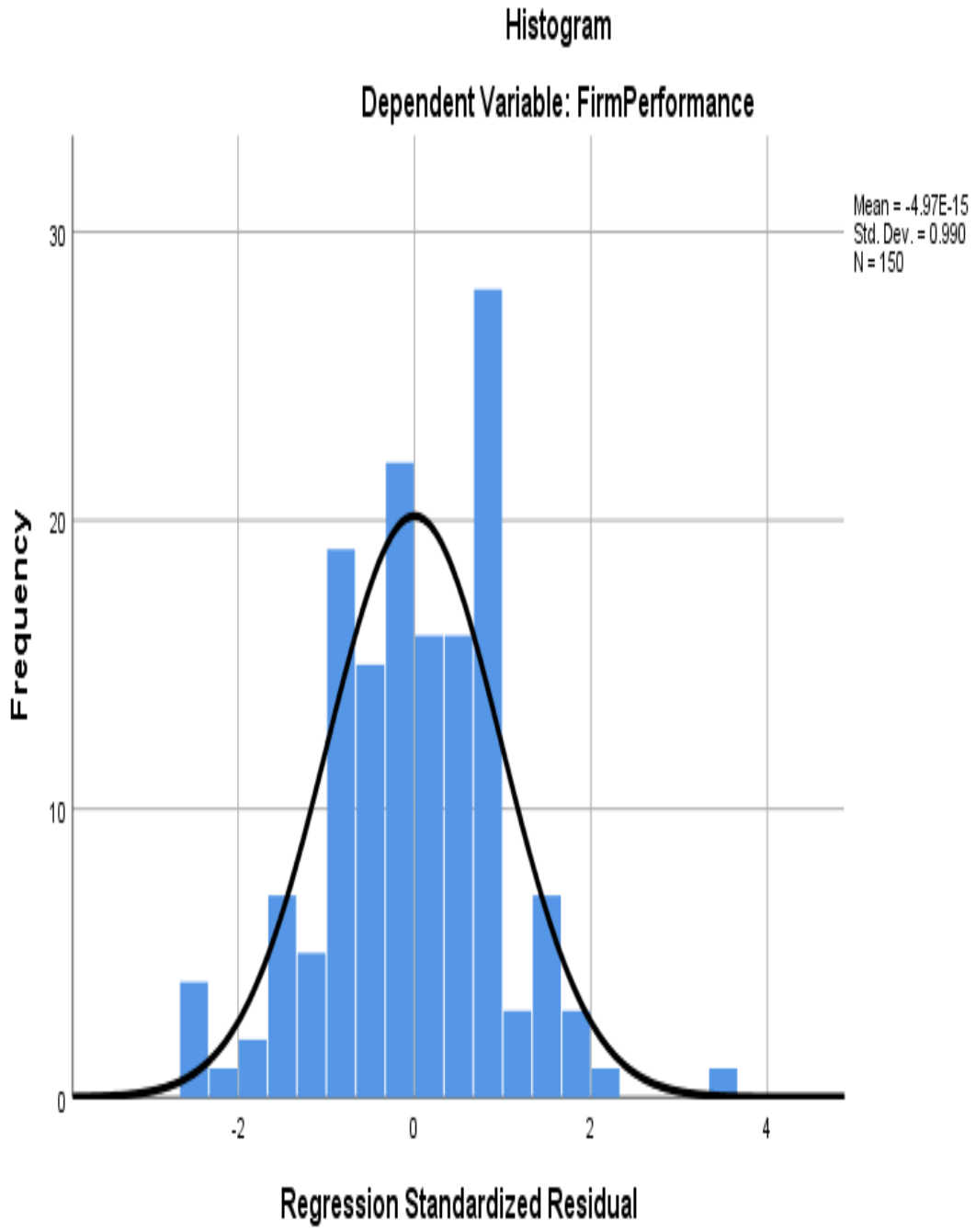
Assumption 2: Multicollinearity Test

Multicollinearity is the undesirable situation in which independent variables are a linear function of other independent variables or when independent variables are highly correlated (Gelman, 2006). Andy (2006) advised that where the value of tolerance is less than 0.1, it is most likely that there is a significant collinearity problem. According to Liu (2010), a VIF value greater than 10 is a cause for concern. In this study, the researcher checked this assumption using tolerance and VIF statistics. As can be seen in Table 4.8, the Variance Inflation Factor values do not exceed 10, and the tolerance values are greater than 0.1 for all independent variables. Hence, no collinearity problem exists.

Assumption3: Normality Test

Normality is a required assumption for many forms of statistical analysis (Kline, 2016). Pallant (2011) said the following: A normal distribution refers to a symmetrical bell shape whereby there is a peak score in the center, with increasingly few scores away from the center.

Figure 4. 5: Normality test



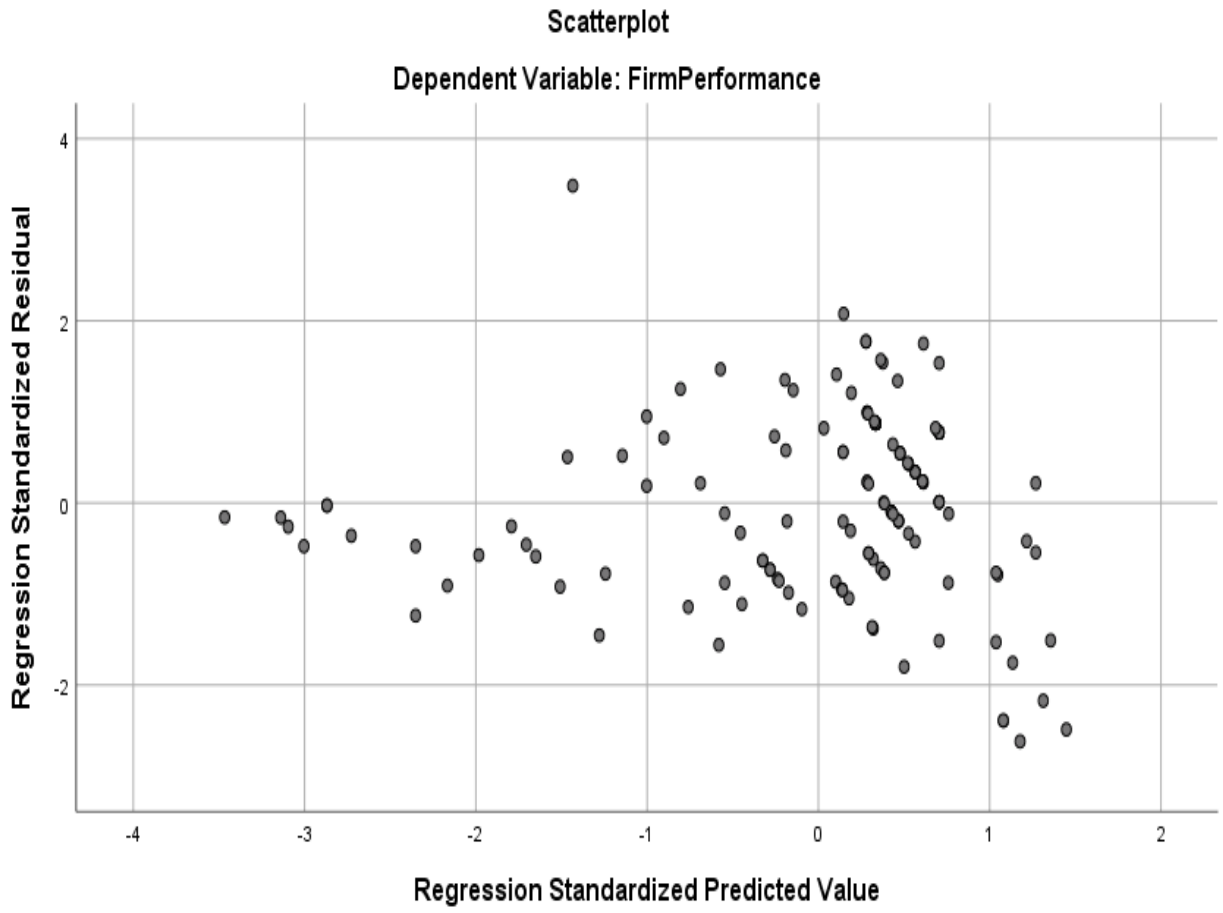
Source: Survey Data, 2026

Assumption 4: Homoscedasticity Test

Homoscedasticity refers to the assumption that the variation of the residuals (the amount of error in the model) is constant at each point in the model. The residuals should not spread out too much, or shrink inwards, at each point of the predictor variables (the linear model), and a rough check of this can be made with the original scatter plot. To do a more formal test of this assumption, a unique scatter plot that included the entire model (not just individual predictors) was plotted with the help of SPSS.

This assumption is met if there is no pattern where the spread of the residuals is larger at some points than at others. By plotting the standardized residuals versus the standardized predicted values (as seen in figure 6 below), it can be determined that the residuals spread equally over each point, and the lack of funneling indicates homoscedasticity is satisfied.

Figure 4. 6: Homoscedasticity Test



Source: Survey Data, 2026

4.6.2. Result of Regression Analysis

Under the context of multiple regression, the multiple correlation coefficient and R square is computed. With Beta value, it represents how much the independent variable contributes to dependent variable and it can be interpreted by p values. The result obtained is presented below for each relevant issue.

Table 4. 10: Model Summaries

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.921[a]	.848	.845	.21854
a. Predictors: (Constant), Main Contributors to NFM Workers' Turnover, Family Members' impact, Family Members' Role in FCF				
b. Dependent Variable: Firm Performance				

Source: Survey Data, 2026

The R value, seen in Table 4.10., represents the correlation between the dependent variable and the independent variables of the study. According to the summary of the model the goodness-of-fit of the model is exceptionally high. A correlation coefficient (R=0.921) shows that there is an extremely strong correlation between all the independent variables taken together and the firm performance.

The coefficient of determination (R^2 = 0.848) show that 84.8% of the variation in firm performance is determined by the three independent variables. This is exceptionally good because the predictors explain more than 3/4th of the variation in the firm performance. The adjusted R^2 (0.845) also supports the same statement which shows that the variables do not include over fitted models. The standard error of estimate (0.21854) show a low value and also proves that predicted values are near to actual values

Table 4. 11: ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	38.846	3	12.949	271.120	.000[b]
	Residual	6.973	146	.048		
	Total	45.819	149			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Main Contributors to NFM Workers' Turnover, Family Members' impact, Family Members' Role in FCF						

Source: Survey Data, 2026

The ANOVA tables test the significance of the entire regression model. The F-value ($F = 271.120$, $p < 0.001$) is very significant which confirms the statistical reliability of the entire model. This finding supports the notion that independent variables are collectively significant in determining firm performance. The high F-value implies large proportion of the variance in performance is explained by independent variables compared to non-explained variance. The results signify that effect of family members' involvement, employee effect on performance and turnover variables collectively predicts organizational performance.

Table 4. 12: Regression Coefficient

Variable	**B**	**Beta**	**t**	**Sig.**	**VIF**
(Constant)	.507		4.084	.000	
Family Members' Role in FCF	.281	.302	5.968	.000	2.461
Family Members' Impact	.133	.150	2.978	.003	2.431
Main Contributors to NFM Workers' Turnover	.435	.553	10.528	.000	2.650

Dependent Variable: Firm Performance

Source: Survey Data, 2026

Kabir (2016) states one way of testing research hypotheses is via the p-value approach; where researchers calculate a p-value for test statistic, and compare this with the level of significance (test size). If the p-value is smaller than the significance level, H is rejected. A p-value is amount of risk that researchers take when they reject H . This study uses test size of = .05, which equals

95% confidence level, or 5% level of significance. Pallant (2016) states general rule is to reject H if $p < 0.05$, and accept H if $p >= 0.05$. Results of regression coefficient are summarized in Table 4.12. As reported by Dhakal (2018) unstandardized coefficients reveal the amount that the dependent variable changes when an independent variable changes, with other variables held constant. The regression coefficient estimates the change in the dependent variable for a one unit increase in an independent variable.

To ascertain the magnitude of contribution of each independent variable to the dependent variable, the researcher developed the following specification model on unstandardized coefficient: (Where X_1 = Family Members' Role in FCF, X_2 = Family Members' Impact on Non-Family Member workers, and X_3 =Main Contributors to Non-Family Member Workers' Turnover)From regression equation, when all others variables were held constant, for every one unit increase in Family Members' Role in FCF, performance increased by 28.1%..

The regression coefficient gave the detailed information of how each predictor was impacting the firm performance. Role of Family Members in FCF (=0.302, $p<0.001$) gave significant positive impact on firm performance, as the one unit increase in well-defined and efficiently performed roles for family members yielded improved firm performance significantly. This indicated the role the family played in a strategic and positive way for the organization's success. Family Members' Impact on Non-Family Workers (=0.150, $p=0.003$) also gives positive impact on firm performance but a moderate one. The significant moderate effect suggested that while human relations played an impact role on the firm performance, but they are not as important as structural factors. Main Contributors to Non-Family Workers' Turnover showed the highest contribution on the firm performance (=0.553, $p<0.001$).

The magnitude of the regression coefficient pointed that while managing employee turnover had the highest impact on firm performance. In other words, issues related to employee dissatisfaction, poor career prospects, or organizational climate directly affect the performance outcome significantly. The constant value (0.507) demonstrated the average level of firm performance when all predictor variables were set to zero, serving as the baseline of the regression equation. The values of VIF (2.431 -2.650) confirmed that there is no multicollinearity among the variables and stability of the coefficient estimation.

Based on the unstandardized coefficients, the regression model was built as:Firm Performance = 0.507 + 0.281(Family Members' Role) + 0.133(Family Members' Impact) + 0.435(Turnover Contributors)According to this model, keeping other variables constant, the one unit increase in family members' role led to 0.281 unit increase in firm performance; and a one unit increase in family members' impact lead to 0.133 unit increase, and a one unit increase in turnover contributors lead to 0.435 increase, which emphasizes the critical need for managing turnover drivers in family-controlled firms. Results of regression analyses confirm that all the independent variables are affecting the firm performance positively.

However, turnover factors had highest impact, followed by family members' roles and impacts. The finding suggests that while the presence of family can be important strategic factor in the organization, long term success of firm's performance is mostly dependent on efficient management of employees (nonfamily members), and employee turnover. This indicates that through the correlation and regression analyses, there is empirical evidence that family members' roles, employee impacts and turnover factors affect the performance of the firm. This sets up findings for Chapter five of discussion, policy implications and strategic recommendations for the success of the organization and minimizing the turnover in family-controlled firms.

CHAPTER 5: SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Summary of Major Findings

This empirical research was carried out on family controlled firms concerning roles played by family members on the firms and turnover behavior of non-family employees. Key finding of the study are summarized below.

Response rate and characteristics of sample. This research had extremely high response rate 97 percent, greatly increased credibility and representativeness of this study. Thus, these findings suggest that respondent are deeply involved with this research, hence reducing the non-response bias and increasing the confidence level of the statistical inference made throughout the research. From characteristics of sample point of view, sample in this research had equal gender distribution (Male 54 percent, Female 46 percent), balanced composition and is rich from the research analysis perspectives. Majority of sample was of age between 26-35 (44.7 percent) suggesting that the result obtained reflects majority people of relevant age in their careers. With 58.7 percent of sample holding bachelor degree, it implied that respondents have the analytic capability required to make objective evaluation towards any organization.

Descriptive findings concerning family members' roles and effect. From descriptive perspective, family members indeed played a very important role in the process and the culture within the organizations with their mean value score ranging from 3.66 to 4.11. Family member was seen as having a great deal of control on cultural alignment in family firms with their mean score being the highest among all other factors (4.1067). However, lower score on role clarity and conflict resolution implied that some organizational and management structure problems within the organization may have existed and thus not being solved with the help from family members. Family members were also observed to have a high to moderate impact on non-family members with mean score from 3.37 to 3.96. Leadership has a positive effect on the non-family employees, whereas relatively lower impact of family members in relation to the recognition to the non-family employee implies that the non-family employee might not feel being adequately

recognized for their contributions. This difference will pose a threat to a relational gap within family firms which might affect the job motivation and retention of employees.

Determinants of employee turnover. Turnover determinants revealed that the lack of job satisfaction and career progression were the highest drivers of turnover with the mean score 4.1267. Employee lack of belonging and payment was other highly influential factors contributing to the employee turnover. Thus, this result showed that turnover is caused by multidimensional factor at work within family firms.

Correlation and regression analysis. All variables in this study have strong significant relationship among themselves and the result demonstrated it well by presenting high correlation coefficient value between each paired variables. There exists a very high significant correlation between role of family members and firm performance ($r=0.811$), impact of family members and firm performance ($r=0.763$) and the highest significant correlation was found between turnover contributors and firm performance ($r=0.883$). All correlations had $P<0.000$ indicating the high significance of the relationship.

Regression analysis validated those significant relationships by measuring the extent to which each independent variable can explain firm performance. The overall regression model has a high relationship among variables ($R=0.921$) and high R square value ($R^2 = 0.848$) thus explaining 84.8 percent of the variance of the dependent variable and the error is quite low (std. Error =0.21854) showing the overall high reliability of the model. The F- statistic of the ANOVA table indicates a highly significant model ($F=271.120$, $P<0.001$) indicating the model has been proved and valid to use. The regression coefficients have the effect from employee turnover as the highest (beta = 0.553), followed by role of family members (beta=0.302) and then impact of family members (beta=0.150) as the lowest influential factor. Thus, it indicated that management of employee turnover have been shown as the most crucial factors driving the performance as compared to management of family members although family members plays significant roles in family firms.

5.2 Conclusions

Family-controlled firm performance is a result of a complex system of structures (governance, relational processes, workforce retention). These components do not function independently, the efficacy of each of the components may constrain or enable the other components, and therefore,

we suggest an integrated systems perspective, one that jointly optimizes structure (formal authority) and human resources (expertise).

It was confirmed that family membership in organizational roles is the most significant foundation of firm performance. The large positive relation between family membership in organizations and firm performance (r=0.811) demonstrated that while the presence of family members has the potential to improve organizational decisions coherency and organizational identity, this positive impact is not automatic and is reliant on formal and competency based family roles. If family membership in an organization is defined relationally or informal, organizational inefficiencies may occur.

The relations between family members and nonfamily members are revealed as the decisive relational factor determining organizational performance. This positive relation between employees perceptions and organizational performance (r=0.763) indicates that as employees perceive fairness, appreciation, inclusion they feel more positively about their organizational performance and have stronger organizational commitments. Where employee perceptions do not correspond to this relation, the contract between the employee and the organization suffers and with it commitment to the organization, and in turn organizational performance.

A major revelation of the study is the determining relation between employee turnover and organizational performance. The extremely high relation (r=0.883) indicated that employee retention is not a strategic operational issue but a determinant of organizational performance and that turnover implies underlying negative issues (job dissatisfaction, career stagnation, perceived exclusion), which human resource management of family firms need to incorporate into their strategy.

The regression model results confirm the findings that the vast majority of firm performance is dictated internally. The large correlation between improved governance, increased positive employee relations, enhanced retention strategies can be translated to increased organizational performance. Outside factors play a role but are of secondary importance.

Ultimately sustainable performance of family controlled organizations comes down to balancing family ownership with professional management of the organization. When family members wield authority without institutional mechanisms for decision making, organizational short-term

cohesion may prevail over organizational long-term sustainability. Professional management structures can make the involvement of family members an advantage rather than a disadvantage.

Organizational performance can be ultimately traced back to convergence. Convergences between authority and expertise, family intent and employee goals, and between the objectives of the firm and its operations practices and policies determines organizational performance. Where there is congruence of factors the firm will exhibit stability and retention. Lack of these convergences will weaken efficiency regardless of strong family ownership. Ultimately sustainable performance of family-controlled organizations will rely not on family control alone but rather on integrating professional management approaches that emphasize competent management, employee inclusiveness and human resource strategies.

5.3 Recommendations

The following recommendations have been drawn based on the results and conclusions of the study for Anemaw Alemu Business Group (AABG) and other family owned businesses sharing similar issues:

- Family owned businesses should establish clear and formalized role definitions for all family members so as to enhance responsibility and eliminate vagueness of duties.
- The management should establish formalized governance structures, separating ownership from management of operational decisions, thus reducing conflicts of interests and ensuring professional management.
- The businesses should adopt inclusive human resource policies that cater to the needs of the non-family employees to create a sense of equality and inclusiveness.
- A transparent performance appraisal system should be set in place so as to minimize perceived bias and nepotism, thereby measuring all employees based on fair standards.
- The management should take appropriate measures, especially by instituting employee development schemes that would target key factors contributing to employee turnover, such as job satisfaction and limited opportunities for growth.
- A competitive remuneration and benefit package should be established in the firms in order to address retention problems and attract competent employees.
- The businesses should reinforce internal communication channels so as to create trust, transparency and social bonding between family and non-family employees.

- The management should endeavor to develop a strong culture of inclusion so that the non-family employees do not feel left out.
- Regular assessments of employee satisfaction should be conducted so that new factors causing dissatisfaction can be detected and resolved before it escalates to turnover.
- A strong conflict resolution mechanism should be installed in the firm to ensure that all conflicts are addressed in a proper, uniform manner, irrespective of whether those parties are family members or not.
- Both family and non-family members should be provided with in-house and outsourced training to enhance professional competence and best practices.
- An organization should have appropriately evaluated decision-making models and continuously monitor its success over time.

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APPENDICES

ADDIS ABABA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

QUESTIONNAIRE TO BE FILLED BY RESPONDENT

Dear respondent

I am carrying out a research and in this regard, I need your truthful and valuable opinion through this questionnaire. My research interest is in **The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers: in the Case of AABG;** you can help me on current research project by completing the attached questionnaire. I request 10 to 15 minutes of your time to fill these questioners. It is being distributed to you purely for academic purpose and all the responses will be secret. Your neutral choices will be highly appreciated and make this valuable research. Please read the instructions carefully and answer all the questions.

Yours faithfully,

By: Solomon Kibret

Mobile: 0929705551

Directions for filling the questionnaire

There is no right and wrong answer of the options provided. Therefore, you are kindly requested to fill your real opinion regarding each question. Your response will be used only for the purpose of this survey.

► Please put a"√" mark on your choice in the space provided

► No need of writing your name

Part (1):-**Demographic factor related questions**

1. **Gender.**

a) Female ☐

b) Male ☐

2. Age group

a) 18-25 years old ☐ c) 36 -45 years old ☐

b) 26 - 35 years old ☐

e) Above 45 years old ☐

3. Educational Qualification

a) certificate and below ☐ e) above masters ☐

b) College diploma ☐

c) Bachelor degree ☐

d) Master ☐

4. Work experience

a) Below 5 years ☐

b) 1-3 years ☐

c) 3-6 years ☐

d) 6-12 years ☐

e) Above 12 years ☐

5. Marital Status ☐

a) Single ☐

b) Married ☐

c) Divorce

Part II Questions regarding The Effect of Family Members' Role on Performance of Family-Controlled Firms (FCF) and Turnover of Non-Family Workers in the Case of AABG.

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following questions.

Section A: Family Members' Role in FCF

Kindly indicate your views on Family Members' Role in FCF by ticking in the likert scale where by: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
1	Family members contribute to creating a cohesive organizational culture that aligns with family values which influence the operational efficiency of the firm					
2	The decision-making style of family members impacts overall organizational effectiveness					
3	The roles of family members are relevant for translating the family vision into business practice					
4	The role of family members is clearly defined and communicated among non-family employees					
5	Family members actively participate in the decision-making processes within the firm					
6	Family members take an active role in resolving conflicts within the workplace by resolving conflicts within the workplace					

Section B: Family Members' impact on Non-Family Members Workers in FCF

Kindly indicate your views on Family Members' impact on Non-Family Members Workers in FCF by ticking in the likert scale whereby: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
1	Family members' management style enhances the productivity of non-family employees					
2	Non-family employees feel more valued due to the involvement of family members in management					
3	Family members' active participation in evaluations improves the performance appraisal process for non-family employees2					
4	The leadership qualities of family members significantly enhance morale among non-family workers					
5	Non-family workers perceive the work environment as supportive					

	of their personal development					
6	Family involvement leads to better alignment of individual goals with organizational objectives for non-family employees					

Section C: Main Contributors to Non-Family Member Workers' Turnover

Kindly indicate your views on Main Contributors to Non-Family Member Workers' Turnover by ticking where appropriate: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
1	Job dissatisfaction and Limited career advancement opportunities lead to higher turnover rates among non-family workers.					
2	Insufficient training and development programs and Lack of recognition from family members contributes to the decision of non-family employees to leave					
3	Poor communication practices within the firm &High workload and pressure from family members result in increased turnover among non-family workers					
4	Non-family workers lack a sense of belonging, leading to their turnover from the organization					
5	Inadequate compensation and benefits packages &Poor organizational culture is often cited as a reason for non-family workers seeking employment elsewhere					
6	Overall job stress & Lack of effective leadership from family members contributes to non-family employee turnover					

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following question

Section g: - Firm Performance

Kindly indicate your views on **- Firm Performance** by ticking where appropriate; 1-StronglyDisagree,2-Disgree,3-Neutral, 4-Agree and5-StronglyAgree.

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
1	The involvement of family members positively influences overall firm performance					
2	Family dynamics foster a collaborative work environment that boosts firm performance					
3	Non-family workers believe that family involvement increases the firm's competitiveness					
4	Family members' values align well with the firm's mission and vision, enhancing firm performance					
5	Strategic partnerships and collaborations are more effective due to family members' networks to enhances overall firm performance					
6	Overall, the presence of family members in management is positively correlated with firm success					