

# Family firm culture's influence on socioemotional wealth and financial performance in single-family-owned food processing firms

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## Abstract

While family business studies on socioemotional wealth and family-owned firms' financial performance are growing globally, most have focused on European, Asian and American family firms, where economic and cultural changes have altered traditional family structures. These prior studies have predominantly examined private family-owned firms with diverse ownership structures, with limited attention paid to single-family-owned firms. Therefore, to address the identified research gap, this study analysed 267 Tanzanian single-family-owned food processing firms to assess the influence of family firm culture on socioemotional wealth and firms' financial performance using generalised structural equation modelling. The study's findings indicate that family firm culture significantly influenced the socioemotional wealth dimensions of family continuity, family prominence and family enrichment, positively affecting firms' financial performance. This study recommends that family business owners prioritise family firm culture in their socioemotional wealth and financial performance strategies. The study suggests that future research should develop qualitative instruments for measuring socioemotional wealth dimensions.

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## 1. Introduction

The concept of socioemotional wealth (SEW) which was initially introduced by Gómez-Mejía et al. (2007) and later confirmed as a home-grown theory for the family businesses (Gómez-Mejía & Herrero, 2022; Gómez-Mejía et al., 2011), has been playing a crucial role in assessing the performance of the family firms in the various perspectives. The SEW theory plays a vital role in determining how non-financial factors influence the financial performance of family-owned firms, addressing the limitations of existing theories (e.g. behavioural agency model) and improving the understanding of family firms' behaviour (Davila et al., 2023; Seema, 2020; Gómez-Mejía et al., 2011; Smajić et al., 2025). Although previous studies have successfully linked SEW dimensions (family continuity, family prominence, family enrichment) to firm financial performance (FFP), however, they have paid little attention to the influence of family firm culture (FFC) on the SEW dimensions (Belda-Ruiz et al., 2022; Siaba & Rivera, 2024; Seema, 2020). Thus, there is a research gap on how FFC affects SEW dimensions and the subsequent influence of SEW on FFP. Therefore, understanding the influence of FFC on SEW and the FFP of family-owned firms is crucial for advancing theoretical frameworks and informing policy development aimed at the practical enhancement of family-owned firms (Sanchez-Famoso et al., 2024; Smajić et al., 2025).

Studies exploring the relationship between SEW and the financial performance of family firms are gaining global attention (Smajić et al., 2025; Lubawa & Raphael, 2023). However, there are still knowledge gaps in the existing literature. In particular, existing studies have focused primarily on European and American contexts, where economic and cultural transformations have altered traditional family symbols and social relations (Harrison & Leitch, 2018). Similarly, studies from the Asian contexts (Ballal & Bapat, 2020; Seema, 2020) have examined the SEW's influence on financial performance within societies influenced by religious factors and male-dominated inheritance systems (Alrubaishi et al., 2021). Thus, it raises questions about the applicability of these findings in the African context, especially in countries such as Tanzania, where deep-rooted clan culture, brotherhood, and strong family ties may influence SEW outcomes and measures of financial performance (Hofstede et al., 2010; Lubawa, 2021). Therefore, in response to the identified research gap, scholars in family-owned businesses have advocated including social contextual factors, such as FFC, when examining SEW dimensions' influence on firm financial performance. This approach aims to increase understanding of the impact of SEW on family-owned businesses, given that FFC significantly affects social goals and interactions within these family-owned firms (Atilgan & Kellermanns, 2025; Heo et al., 2024).

Furthermore, the previous studies have focused mainly on private family-owned firms with diversified ownership (Belda-Ruiz et al., 2022; Seema, 2020), with little attention paid to single-family firms (*where the family owns all the actions*).

(Bedi and Utama, 2024). Single-family firms with one-family ownership may prefer different management strategies than those with dispersed ownership (Bedi and Utama, 2024; Lubawa, 2021). Therefore, firms owned by a single family actively encourage the participation of family members in the management of the firm, subsequently building an FFC and SEW (Kubiček et al., 2021; Srbová & Režňáková, 2021). Single-family-owned firms typically exhibit strong family connectedness resulting from marital and family ties (Wang et al., 2024). These firms often participate in informal gatherings, have informal management structures, and formal family meetings (Gimenez-Jimenez et al., 2025). Furthermore, they tend to develop conservative cultures that reflect behaviours that indicate family favouritism (Lubawa, 2021; Piyasinchai et al., 2023). Such characteristics underscore the unique dynamics inherent in family-owned businesses, influencing their operational practices and decision-making processes. Therefore, the knowledge gap emphasises the value of understanding how SEW and FFP in family-owned firms are affected differently due to the culture of the respective communities (Ratten et al., 2023; Sanchez-Famoso et al., 2024; Smajić et al., 2025).

Therefore, understanding the dynamics of family-owned firms requires thorough research into how FFC influences SEW dimensions and their subsequent impact on FFP. This study suggests that not including cultural differences may lead to theories that do not reflect the unique characteristics of family-owned firms (Atilgan & Kellermanns, 2025; Lubawa & Raphael, 2023). Additionally, the family-owned firm policy development by individual countries without taking FFC into account may not work efficiently, especially in countries like Tanzania, where cultural customs greatly influence how family-owned firms operate. Therefore, developing thorough practicality and efficient policymaking depends on including FFC in SEW and FFP in the research (Aronoff et al., 2011; Boswell & Smith, 2017).

Based on the SEW theory, this study adopts the SEW Importance Scale (SEWi) to assess the SEW dimensions and their influence on the firm's financial performance (Debicki et al., 2017; 2016). The scale allows for the analysis of SEW's theoretical importance and priorities and quantifies the SEW dimensions by asking respondents to evaluate statements related to SEW. The study focuses on Single-Family-Owned Food Processing Firms (SFoF-PFs), acknowledging their active role in supporting family business continuity and social-emotional goals (Kubiček et al., 2021; Srbová & Režňáková, 2021). In Tanzania, the SFoF-PFs contribute significantly to transforming agriculture by adding value and offering markets for smallholder farmers (Osabuohien et al., 2019). The sector enhances industrialisation and economic growth through GDP contribution, employment, and value addition (Klinger et al., 2024; URT, 2024). Thus, the lack of information on SEW may threaten these firms' sustainability (Dimoso et al., 2020). Therefore, research is necessary to support the survival of the family industry for future generations and strengthen local food systems (Simonis, 2017).

This study, therefore, examines Tanzanian SFoF-PFs to contribute to SEW theory's scope of application while emphasising FFC influences on SEW and FFP, significantly enhancing theory and practice. The remainder of the paper is structured as follows: The next section includes a literature review and hypothesis development. The research methodology follows this. The next sections present the results and discussion. Finally, the paper concludes with theoretical, practical and policy implications.

## 2. Literature review and hypothesis development

### 2.1 Theoretical perspective

This study is guided by the socioemotional wealth (SEW) theory developed by Gómez-Mejía et al. (2007), which highlights the importance of non-financial factors such as Family Continuity (FC), Family Enrichment (FE) and Family Prominence (FP) (Debicki et al., 2017; 2016), and therefore, preserves the family web (Gerken et al., 2022). The family web, thus, aims to promote adherence to values, traditions and long-term goals (Lee, 2019; Salvato et al., 2020). As a result, this trend affects human resource performance, reputation management and investment decisions, reflecting efforts to protect family identity and heritage (Ardyan et al., 2023; McLarty & Holt, 2019; Srbová & Režňáková, 2021). Therefore, it is suggested that family-owned firms frequently prioritise SEW dimensions (FC, FE, FP), which influence their internal strategies and practices (Berrone et al., 2012; Heo et al., 2024).

However, to clarify the connections between FFC, SEW dimensions (FC, FE, FP) and FFP, this study drew on the idea of causal theory (Wide, 2017) and used a tree and its fruit analogy, where the FFC is the tree (the cause), SEW dimensions are the fruits (the outcome), and FFP is the benefit (the effect) resulting from the consumption of the fruits (Gijssbers, 2020). This analogy demonstrates the foundational role of FFC in generating SEW, which subsequently enhances FFP. This current study emphasises that SEW is a direct consequence of FFC rather than merely an intermediary step. The FFC is essential for both emotional fulfilment and FFP. Thus, this study underscores the direct causal link between the FFC, SEW, and FFP, demonstrating that a robust FFC is fundamental to a family-owned firm's emotional success (Figure 1).

## 2.2 Family firm culture

Family firm culture (FFC), which can be influenced by the founder's family background (Xie & Yuan, 2025), is an essential factor in understanding how families contribute to their unique SEW and sets the principles for family-owned firms (Astrachan et al., 2002). The FFC is consistent with Barney's (1986) conceptualisation of organisational culture as a set of shared values that guide organisational behaviour. Furthermore, the term "family firm culture" emphasises the role of personal loyalty and alignment with firm norms, showing how the family establishes social norms that shape moral attitudes (Jahanian & Salehi, 2013). The FFC practices passed down through generations, reinforce stability and continuity in family-owned firms, influencing innovation, social interaction, and business ideology, which are essential to support the firm's success (Xie & Yuan, 2025; Engelke et al., 2024). Firms can operate and achieve improved results by aligning FFC values with operations (Alrubaishi et al., 2021). Therefore, the FFC's exceptional qualities establish a firm's capabilities, distinguishing it from competitors and impacting financial and investment decisions (Allioui et al., 2023). The FFC alignment is crucial in constructing SEW and shaping the firm's performance (Alipour et al., 2024).

## 2.3 FFC and family continuity

The Family Continuity (FC) represents the SEW dimension, reflecting a family's commitment to preserving its values, traditions, and long-term connections across generations (Debicki et al., 2016). This study, thus, posits that FC significantly can be influenced by FFC, which emphasises the cultivation of shared values, traditions, and strong familial bonds to ensure enduring success. A robust FFC fosters workplace practices that promote family involvement, social capital, and legacy, enhancing FC creation (Stasa & Machek, 2024). The Cultural influences within family-owned firms also play a pivotal role in strengthening emotional engagement, communication skills (Beuren et al., 2024), and family member pride, all of which contribute to long-term sustainability (Afshari et al., 2020). Furthermore, family-owned firms often rely on social capital to ensure their survival and growth, which enhances overall firm capital (Danes et al., 2009). Therefore, the positive FFC encourages effective communication, decision-making, and intergenerational relationships, fostering strong family bonds and firm success (Gersick et al., 1997; Firfiray & Gómez-Meja, 2021). These factors collectively influence the firm's financial performance and heightened stakeholder satisfaction (Amin et al., 2024; Razzak & Jassem, 2019). While internal conflicts can pose challenges (Carr et al., 2016), leadership training and succession planning are essential for sustaining FC and ensuring firm prosperity (Huang et al., 2013). Thus, the following hypothesis is proposed:

H1: Family firm culture positively influences family continuity

## 2.4 FFC and family prominence

Family Prominence (FP) is defined as the SEW dimensions, which indicates the significance of public image and family reputation within a specific cultural context, highlighting how family-owned firms strive to uphold their family's legacy (Debicki et al., 2016). Prior studies have indicated that engaged business owners and community members contribute to the sustainability of both business and community (Jorgensen et al., 2020). Kupangwa et al. (2023) further emphasise that respecting indigenous cultures enhances the reputation of family firms within their communities, which is crucial for sales performance. The relationship between family-owned firms and their local communities is symbiotic and influences financial performance (Lubawa & Raphael, 2023; Hadjielias et al., 2023). Community engagement is vital for business success, as stakeholders value integrity and cultural sensitivity, which foster trust and improve financial metrics (Santiago et al., 2019; Stasa & Machek, 2024). However, while transparency can be challenging for family-owned firms, stakeholder involvement is essential for safeguarding SEW, affecting family harmony and business continuity (Cennamo et al., 2012; Venter et al., 2012). Consequently, aligning FFC with stakeholder interests enhances FP, leading to the hypothesis:

H2: Family firm culture positively influences family prominence

## 2.5 FFC and family enrichment

Family enhancement (FE) is when family businesses often prioritise the happiness and well-being of their family members to provide mutual support and care (Debicki et al., 2016). Therefore, this study posits that the FFC helps family members work together happily and positively affects FE (Stasa & Machek, 2024). In particular, the literature demonstrated that informal culture in single-family-owned firms might promote non-financial objectives and thus strengthen familial bonds (Lubawa, 2021). Therefore, firms' management can increase happiness and enhance family-web by encouraging productivity through family-owned firms (Debicki et al., 2016; Huang et al., 2024). The cultural practices in Tanzanian family-owned firms can maintain peace by implementing leadership practices that encourage

respect for their parents or founders (Lubawa, 2021). In addition, a favourable work environment can also be beneficial for the family (Huang et al., 2024).

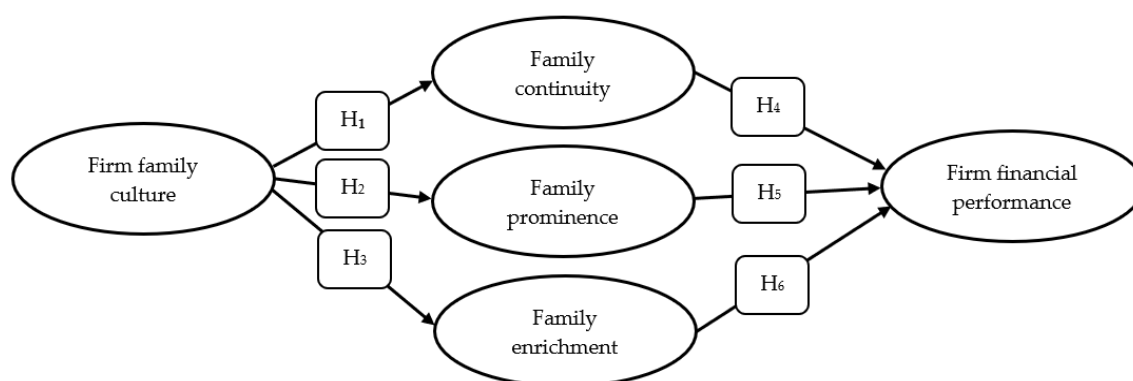
Although it has mainly focused on optimistic assumptions, it's important to remember that not reaching the goals of a family-owned firm can hurt family relationships and create problems within the firm (Kellermanns and Eddleston, 2007). Therefore, it is expected that FFC enhances FE due to close family interactions, unification, inherently value-driven, and a focus on SEW in decision-making (Astrachan et al., 2020). Therefore, this study suggests that FFC is crucial for family-owned firms to build FE, leading to the hypothesis:

H3: Family firm culture positively influences family enrichment

## 2.6 SEW and financial performance

The firm's financial performance (FFP) shows the ability to create profitability, efficiency, and overall financial health or economic value to attract and benefit investors (Al-Sa'eed, 2018). Thus, this study assumes that by the nature of SFoF-PFs, the preservation of FC could be further strengthened by the flavours of a strong FFC, which is built more by the genetics of the culture of the family that owns the firm and influences the financial performance (Lubawa & Raphael, 2023). This cultural commitment aligns with family and business goals, resulting in improved decision-making and reduced agency costs, which are critical to success (Hoekx et al., 2023). Literature suggests that family businesses with a culture of dedication not only achieve better financial results but also ensure the preservation of family assets in all generations, thereby strengthening their competitive advantage in the market (Alves & Gama, 2020; Dettori & Floris, 2023), leading to the hypothesis:

H4: Family continuity positively influences the firm's financial performance



**Figure 1.** The Conceptual model framework

Source: Figure by authors

Furthermore, it indicated that if SFoF-PFs improve their reputation and visibility by honouring traditions, serving the community, and being socially responsible, it will facilitate their increasing sales, ultimately boosting the performance and, in turn, supporting the well-being of the external community (Mustikarini et al., 2022). It is also suggested that these traditions play an important role in developing family bonds and creating lasting memories that cross generations (Jorgensen et al., 2020). It is a reputation and prestige for a family to own a business, so the family makes every effort to protect the company and maintain the family's reputation in the eyes of the community. Preserving the FP for Tanzanian family-owned firms influences the FFP (Lubawa & Raphael, 2023). The preservation of FP is also contributed by family culture to build the FFC that respects the firm's founders, enhancing better decision-making and resource allocation (Lubawa, 2021). As family-owned firms prioritise their legacy and reputation, they can focus more on quality customer services and ultimately drive financial and non-financial value creation (Hadjielias et al., 2023) and gain an image in front of society. Therefore, it is hypothesised that:

H5: Family prominence positively influences the firm's financial performance

A culture that values unity, respect for elders and joint responsibilities is what family-owned firms are (Hennig & Romar, 2023; Lubawa, 2021), which helps to maintain and promote happiness and harmony. These traditions and cultures build strong relationships between generations, enhance interpersonal relationships, and encourage joint decision-making, which aligns with family and business goals (Hoekx et al., 2023). Such compatibility also accelerates the employees' morale, trust, and productivity and supports the FFP (Lubawa & Raphael, 2023). Celebrating family traditions through activities such as traditional dances and songs strengthens social bonds and creates a supportive,



collaborative work environment that encourages innovation (Sharifirad &Ataei,2012). By prioritising emotional well-being, family cohesion, and shared decision-making (Hoekx et al., 2023), family-owned firms leverage their cultural heritage to achieve sustainable growth. This harmonious situation not only increases the well-being of employees but also stimulates profitability, proving that FE positively affects financial results (Alves & Gama, 2020; Lubawa & Raphael, 2023), leading to the hypothesis:

H6: Family enrichment positively influences the firm's financial performance

### 3. Methods

#### 3.1 Research design and data management strategies

This study employs a quantitative, positivist research design to enhance reliability and facilitate global generalisation (Hair, 2020; Saunders et al., 2019). Based on the proposed model, the study used the quantitative method to test the relationships between variables (Figure 1). According to the Census of Industrial Production report, the statistical population (N) comprises Tanzanian SFoF-PFs, totalling 803 (URT, 2016). The study used the 2016 Census of Industrial Production (URT, 2016) due to the lack of a more recent industrial census in compliance with the Tanzania Statistics Act [CAP. 351 RE 2019] (URT, 2019), which mandates using official data. The study focused exclusively on food processing firms producing human consumables as the unit of analysis as defined by the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4 (OECD, 2024). Therefore, by using Yamane's formula  $\{n = N / [1 + N (e)^2]\}$ , a sample size of 267 Tanzania SFoF-PFs was determined using a 5% error margin (e) and a 95% confidence interval (Yamane,1967). Geographically, the study focused on the primary sampling unit (PSU), which are Dar es Salaam, Morogoro, Mbeya, and Arusha due to their dense, privately-owned food processing firms and workforce (Taylor et al., 2025; URT, 2016).

The study applied the probability proportional to size formula ( $nr = \left(\frac{Nr}{N}\right) * n$ ) (Kalton, 2020), where nr = estimated sample size in the region (r), Nr = population of SFoF-PF stratum in the area (r), N = total population of SFoF-PFs, and n = sample size of the study to estimate the sample size from each PSU, the. This method ensures representative sampling across regions (Taylor et al., 2025), yielding specific sample sizes in each PSU, as indicated in Table 1. The survey focused on family-owned SFoF-PFs employing at least ten permanent employees (URT, 2016) and featuring family involvement in managing the firm's operations.

**Table 1.** Sample sizes estimated for primary sampling units

Region	Region Population (RP)	Wi=RPi/NP	n	Sample Survey
Dar es Salaam	123	0.4473	267	119
Morogoro	78	0.2836	267	76
Arusha	43	0.1564	267	42
Mbeya	31	0.1127	267	30
<b>ΣRP</b>	<b>275</b>			<b>267</b>

**Source:** Table by the authors

Following the identification of the PSUs, simple random sampling was employed to select the qualified firms to ensure each SFoF-PF had an equal chance of selection (Hair et al., 2020). Primary data were collected through validated self-completion structured questionnaires after ethical clearance from the Open University of Tanzania (PG201801792). The questionnaire was first approved in English and then translated into Kiswahili (the mother tongue of all Tanzanians) for use in real-world situations. The structured questionnaires were administered directly to owners, founders, and senior family members in managerial roles within SFoF-PFs to facilitate systematic data collection, ensuring consistency across respondents (Hair et al., 2020).

The research team visited each firm, introduced the study, and distributed the questionnaires, which participants completed independently. The researchers retrieved the completed questionnaires during follow-up visits. The respondents were selected based on their leadership roles and knowledge of operations, ensuring credible responses (Piyasinchagai et al., 2023; Seema, 2020). The study obtained the respondents' informed consent before they participated. Data collection spanned six months. All responses were entered into Microsoft Excel for cleaning and then exported to STATA version 17 for statistical analysis (Islam et al., 2017; StataCorp, 2021).

#### 3.2 Measurement items

Table 2 presents the study variables FFP, SEW dimensions (FC, FP, FE) and FFC, which were analysed using generalised structural equation modelling.

**Table 2.** Measurement items

Variable	Measurement	Source
Firm financial performance	Studies have assessed through subjective measures due to difficulties obtaining audited financial data (Seema, 2020; Kosmidou, 2018). Thus, the respondents compared financial indicators against industry peers (profitability, return on equity, return on assets, workforce growth, sales revenue, and market share) over three years.	McKenny et al. (2012), Seema (2020) and Kosmidou (2018)
SEW dimensions	The study used the Debicki et al. (2016) nine-item SEW Index (SEWi) importance scale to assess the three variables: family enrichment, family prominence and family continuity. The validated scale measures respondents' opinions on a five-point Likert-type scale ranging from "strongly disagree" to "strongly agree."	Gómez-Mejía & Herrero, (2022), Seema, (2020) and Debicki et al., (2017)
Family firm culture	The 5-point Likert scale, adapted from the approach by Astrachan et al. (2002), was used to collect information regarding the FFC, aiming to assess the level of dedication by scrutinising the congruence between firm values and family values (Alves & Gama, 2020). The scale ranges from 1 (indicating strongly disagree) to 5 (indicating strongly agree).	Astrachan et al. (2002)

**Source:** Table by the authors

### 3.3. Pilot study findings

A pilot study was conducted in the Morogoro and Mbeya regions with 35 SfoF-PFs to assess the questionnaire's reliability and validity. The study evaluated the questionnaire's content validity and structural validity before the data collection to ensure that, after translation from English to Swahili, it accurately measured the intended constructs without bias (Cohen & Swerdlik, 2018; Downing, 2004). The Loevinger's H coefficients were calculated to assess questionnaire items' scalability, where the values above 0.40 suggest a meaningful contribution to their respective constructs (Mokken, 1971). Table 3 indicates that all the questionnaire's key constructs exceed this threshold, confirming their construct validity. Furthermore, Cronbach's alpha was used to evaluate internal consistency, where values above 0.70 indicate acceptable reliability (Cronbach, 1951). Furthermore, to ensure item clarity and relevance, content validity was assessed using the Content Validity Index (CVI) approach (Lynn, 1986). Six experts rated items across the constructs (family continuity, family prominence, family enrichment, family firm culture, and firm financial performance). All constructs achieved Item-Level CVI (I-CVI) scores  $\geq 0.83$ , with an overall Scale-Level CVI (S-CVI/Ave) of 0.90, indicating excellent content validity (Lynn, 1986). Therefore, these findings suggest that the questionnaire is reliable and valid for data collection.

**Table 3.** Pilot study reliability testing

Scale/Construct	Response	Number of items	Cronbach's alpha coefficient	Loevinger's H coefficients
1. SEW Construct				
1.1 FC dimension	35	5	0.843	0.570
1.2 F dimension	35	4	0.727	0.500
1.3 FE dimension	35	6	0.843	0.570
2. FFC	35	10	0.786	0.510
3. FFP	35	8	0.913	0.620

**Source:** Table by the authors

### 3.4 Construct reliability and validity assessment

The study evaluated the psychometric adequacy of the measurement model through reliability, convergent, and discriminant validity tests (Table 4). All the constructs demonstrated Average Variance Extracted (AVE) values exceeding the recommended threshold of 0.50, ranging from 0.552 for FFC to 0.781 for FFP. The results revealed that their respective latent constructs capture a substantial proportion of the variance in the observed indicators. Furthermore, Cronbach's Alpha coefficients for all constructs surpassed the accepted minimum of 0.70, confirming the high internal consistency and reliability. Furthermore, the discriminant validity was also supported, as the squared

correlations were consistently lower than their corresponding AVE values, suggesting that each construct is empirically distinct (Fornell & Larcker, 1981). These results affirm that the study's constructs are reliable and valid representations of the underlying theoretical dimensions. These findings confirm that the study's constructs are reliable and valid measures of the theoretical dimensions examined (Fornell & Larcker, 1981).

**Table 4.** Assessment of construct reliability and validity metrics

Construct/Scale	AVE	Cronbach's Alpha	Squared Correlation	Discriminant Validity Status
FFC	0.552	0.7527	0.420	Established
FC	0.613	0.7598	0.330	Established
FP	0.660	0.7941	0.310	Established
FE	0.707	0.7928	0.290	Established
FFP	0.781	0.8816	0.350	Established

**Source:** Table by the authors

## 4. Findings

### 4.1 Respondent and firm characteristics

Table 5 presents the respondents and firm characteristics of the surveyed SFoF-PFs in Tanzania. The average age of SFoF-PF is 38 years old; each SFoF-PF employs 14 permanent employees. The male respondents were 67.8%, thus highlighting a male predominance in this sub-sector. The female respondents, 32.2%, reflect the government's ongoing efforts to promote gender equality in alignment with the fifth sustainable development goal. Most respondents were firms' founders (78.3%), with the remainder being in top management or close family members involved in the business (21.7%). The findings also reveal that a large proportion of the respondents were between 36 and 45 years old (34.8%), followed by 46–55 years (30.3%) and those aged 56 and above (25.5%). A small percentage were in the 26–35 age group (9.4%). This age distribution shows that the respondents are likely knowledgeable about the SEW dimensions and FFC. Regarding the educational background, the respondents exhibited a sufficient level of education to comprehend the effects of FFC and SEW on their operations. Furthermore, the results indicate that 45.3% of the respondents have secondary education, while the remaining (32.6%) hold university degrees. However, a smaller percentage (22.1%) had completed primary education. In business experience, 55% of the respondents had been in the business for over 10 years, while 45% had 5–10 years of experience. Almost all the surveyed SFoF-PFs were medium-sized (99%), with very few being small-sized (1%).

**Table 5.** Demographic characteristics of the surveyed SFoF-PFs

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	181	67.8
	Female	86	32.2
Role in the firm	Founder	209	78.3
	Top Management/Family Member	58	21.7
Age Group (years)	26–35	25	9.4
	36–45	93	34.8
	46–55	81	30.3
	56 and above	68	25.5
Education Level	Primary	59	22.1
	Secondary	121	45.3
	University Degree	87	32.6
Business Experience	5–10 years	120	45.0
	Over 10 years	147	55.0
Enterprise Size	Small	3	1.0
	Medium	264	99.0
Firm Age (Mean)			38 years
Number of employees per firm (Mean)			14

**Source:** Table by the authors

## 4.2 GSEM validation

### 4.2.1 Common Method Bias testing

Table 6 indicates the results for the assessed common method bias (CMB) by using the Marker Variable Approach (MVA), a widely used method in survey-based research that incorporates a theoretically unrelated marker variable (MV) to detect systematic response biases (Podsakoff et al., 2012; Wingate et al., 2018). Since the study obtained all the information on key constructs (KC) directly from the same respondent, there might be a potential risk of inflated relationships due to response bias, particularly in single-family-owned firms where emotional ties may influence responses (Brundin et al., 2014; Gómez-Mejía et al., 2007). The findings revealed low correlations between marker variables and the key constructs, which range from 0.014 to 0.022; all are below the conventional 0.30 threshold (Lindell & Whitney, 2001), indicating that CMB is unlikely to bias the results. In addition to the MVA, the analysis of Harman's single factor test revealed that a single factor accounted for only 21.5% of the total variance, which is below the 50% threshold; thus, it is indicative that the CMB poses no concern on the results of the study (Podsakoff et al., 2003). Therefore, these findings validate that the GSEM results on the influence of FFC on SEW dimensions and FFP are robust and methodologically sound (Podsakoff et al., 2003).

**Table 6.** Common Method Bias testing

Construct/Scale	Correlation with marker variable
Family continuity (KC)	0.015
Family prominence (KC)	0.022
Family enrichment (KC)	0.018
Family firm culture (KC)	0.017
Firm's financial performance (KC)	0.014
Current Generation's Decision-Making Power in the Firm (MV)	0.012
Generations involved in firm management (MV)	0.016
Family involvement in the firm's management (MV)	0.017
Political regime (MV)	0.013
Inclusion of family name in firm's name (MV)	0.019

Source: Table by authors

### 4.2.2 Structural Model Fit Statistics

To assess the validity of the measurement model, the confirmatory factor analysis (CFA) was conducted on the FC, FP, FE, and FFP constructs. All constructs showed strong factor loadings ( $> 0.50$ ) (Table 7), supporting structural validity and reliability (Kline, 2023) (see Appendix 1). However, two FFC constructs (Cu2\_01 and Cu2\_02) were excluded due to low loadings ( $< 0.50$ ) to improve the model fit. The eight retained items (Cu2\_03 to Cu2\_010) effectively captured emotional commitment, strategic alignment, and stewardship behaviour relevant to family-owned firms in the Tanzanian context. The Model fit was further assessed using standard fit indices. The RMSEA values were below the 0.08 threshold, and the chi-square to degrees of freedom ratios ( $\chi^2/\text{df}$ ) were under the recommended cutoff of 5.0 (Kline, 2023), thus indicating a recommended model-data fit. Additionally, the TLI and the CFI exceeded 0.90 (Hu & Bentler, 1999), suggesting strong convergent validity and structural soundness. These results confirm that the structural model effectively captures the constructs' theoretical relationships and supports the GSEM analysis's overall robustness.

**Table 7.** Confirmatory factor analysis

Construct / Scale	$\chi^2/\text{df}$	RMSEA	CFI	TLI
FFC	3.560	0.078	0.912	0.899
FC	2.800	0.065	0.934	0.920
FP	3.300	0.072	0.927	0.913
FE	2.850	0.069	0.936	0.922
FFP	3.050	0.071	0.944	0.930

**Note(s).**  $\chi^2/\text{df}$  = Chi-square divided by degrees of freedom; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index. Cut-off criteria for a good fit: Cronbach's  $\alpha \geq .70$ ;  $\chi^2/\text{df} \leq 5.00$ ; RMSEA  $\leq .08$ ; CFI  $\geq .90$ ; TLI  $\geq .90$ .

Source: Table by authors



#### 4.2.3 Goodness-of-Fit Indices for GSEM

Table 8 presents the goodness-of-fit indices for the generalised structural equation modelling (GSEM), assessed using Stata (Version 17). The model's log-likelihood (LL) value was 16.98, indicating satisfactory alignment with observed data. The Akaike Information Criterion (AIC) and Bayesian Information Criterion (BIC) values were 44.26 and 16.98, respectively, supporting the model's adequacy. Lower AIC and BIC values suggest a better balance between fit and complexity (Ramlall, 2016). Given the sample size ( $N = 267$ ), these indices confirm that the specified GSEM appropriately reflects the structural relationships among key study variables (FFC, FC, FP, FE, FFP) (Cain, 2021; Hair et al., 2019).

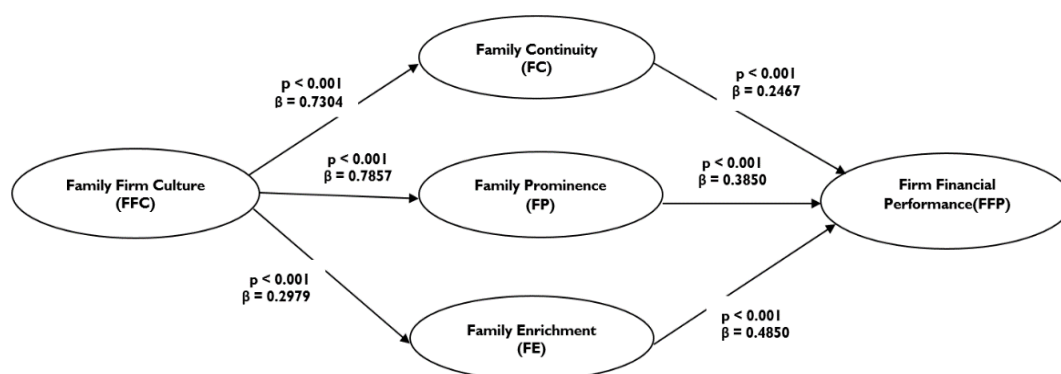
**Table 8.** Goodness-of-fit indices for GSEM

Model	N	LL(Null)	LL(Model)	df	AIC	BIC
	267		16.97952	14	16.97952	44.26245

Source: Table by authors

#### 4.3 GSEM estimation results

Since the SEWi scale was designed to measure direct effects (Debicki et al., 2017; Seema, 2020), this study employed generalised structural equation modelling (GSEM) in STATA to ensure consistent direct measurement. The study utilised Stata's GSEM to analyse the influence of FFC on SEW variables (FC, FP, FE) and to assess SEW's direct influence on firm financial performance (FFP). Stata's GSEM is particularly suitable for this analysis because it can transform variables to establish linear relationships among them (Cain, 2021). The Stata's GSEM analysis was conducted in two stages, as illustrated in Figure 2 and Table 9. In the first stage, the study examined the influence of FFC on SEW variables (FC, FP, and FE). In the second stage, the study determined the influence of SEW variables (FC, FP, FE) on the firm's financial performance. This two-step approach was feasible due to the model's simplicity and limited variable interactions (Hair et al., 2021). The study deemed the sample size of 267 sufficient for GSEM because it exceeds the recommended minimum of 200 participants (Hair et al., 2020; Wang & Wang, 2019).



**Figure 2.** The structural model

Source: Figure by authors

##### 4.3.1 Influence of family firm culture on family continuity and financial performance

Therefore, the study performed Stata's GSEM analysis to obtain the logical flow of the tree and its fruit analogy. The first hypothesis (H1), which posits that family firm culture positively influences family continuity, received strong support ( $p < 0.001$ ;  $\beta = 0.7304$ ). This finding establishes a foundation for the fourth hypothesis (H4), which asserts that family continuity positively influences the financial performance of the SFoF-PFs. The analysis confirmed H4 as well ( $p < 0.001$ ;  $\beta = 0.2467$ ), indicating a significant positive influence of family continuity on firms' financial performance. Therefore, this highlights the role of family firm culture in fostering family continuity and enhancing the SFoF-PFs' financial performance. The results, however, diverge from Seema's (2020) findings in Indian private family firms, which lacked consideration of family firm culture's role and found no influence of family continuity on firms' financial performance.

##### 4.3.2 Influence of family firm culture on family prominence and financial performance

By a similar analogy, the analysis tested the second hypothesis (H2) and the fifth hypothesis (H5). The results supported H2 ( $p < 0.001$ ;  $\beta = 0.7857$ ), indicating a significant positive effect of family firm culture on family prominence in SFoF-PFs. This finding establishes a basis for H5, which posits that family prominence positively influences the financial performance of SFoF-PFs. The analysis also confirmed H5 ( $p < 0.001$ ;  $\beta = 0.3850$ ), demonstrating a significant positive relationship between family prominence and financial performance. Thus, family firm culture plays a crucial role in

enhancing family prominence and improving the financial performance of SFoF-PFs. However, these results contrast Seema's (2020) study of Indian private family firms, which did not consider the impact of family firm culture and found no effect of family prominence on financial performance. Therefore, fostering a strong family firm culture through shared values, family meetings, and community engagement is vital for building stakeholder trust and ensuring long-term success (Herrero et al., 2024; Smajić et al., 2025).

#### 4.3.3 Influence of family firm culture on family enrichment and financial performance

Finally, the analysis tested the third hypothesis (H3) and sixth hypothesis (H6). Thus, its result shows that H3 was supported ( $p < 0.001$ ;  $\beta = 0.2979$ ), indicating a significant influence of family firm culture on family enrichment. Similarly, the result for H6 was also supported ( $p < 0.001$ ;  $\beta = 0.485$ ), suggesting that FE significantly influence the firms' financial performance. Therefore, family enrichment, which reflects the practices that enhance the emotional and social relationships of the family and contribute to the overall well-being of family members, has demonstrated a positive correlation between family firm culture and firm financial performance. Therefore, the study's findings reveal that if family firm culture promotes SEW and family well-being, it can result in better financial outcomes for the SFoF-PFs. However, this study's findings differ from the results of Seema (2020), who identified the negative influence of family prominence on firm performance in private family firms in India. Accordingly, this study suggests that the discrepancy may be due to cultural differences in how SEW dimensions are developed (Xie & Yuan, 2025; Smajić et al., 2025). Thus, by investing in family well-being, promoting open communication through a supportive family firm culture, and cultivating family harmony (e.g., increasing trust, loyalty, and decreasing conflicts), family-owned businesses can enhance their financial performance and guarantee long-term sustainability (Dutot et al., 2021; Razzak & Jassem, 2019).

**Table 9.** Structural model results

Hypothesis	Relationship	Standardised coefficient	Std. Err.	z	P > z	Decision
H <sub>1</sub>	FFC → FC	0.7304	0.0663	11.01	0.0000	Supported
H <sub>2</sub>	FFC → FP	0.7857	0.0258	30.46	0.0000	Supported
H <sub>3</sub>	FFC → FE	0.2979	0.0699	4.260	0.0000	Supported
H <sub>4</sub>	FC → FFP	0.2467	0.1392	1.770	0.0381	Supported
H <sub>5</sub>	FP → FFP	0.3850	0.1020	3.770	0.0002	Supported
H <sub>6</sub>	FE → FFP	0.4850	0.1337	3.630	0.0000	Supported

**Source:** Table by authors

## 5. Conclusion

This study has demonstrated the significant influence of family firm culture on the SEW dimensions (FC, FP, FE), thereby contributing to the development of SEW theory. In addition, the study revealed that all three SEW dimensions (family continuity, family prominence, and family enrichment) influence firm financial performance for SFoF-PFs. This study, therefore, emphasises the importance of SEW research to focus on family firm culture, which cultivates shared values and traditions, thereby influencing the financial performance and SEW development in SFoF-PFs (Smajić et al., 2025; Stasa & Macek, 2024). The results of this study contribute to the development of SEW theory by emphasising the importance of integrating family firm culture into the SEW framework.

### 5.1 Theoretical implications

This study advances a theoretical understanding of the SEW theory by responding to recent calls (e.g., Smajić et al., 2025; Ratten et al., 2023) to examine the SEW within diverse family firm cultures. Through empirical data from Tanzania, this study contributes to developing theoretical knowledge from Tanzania's family business perspective. It specifically enriches the theoretical understanding of SEW in family-owned firms, linking it to firm financial performance by incorporating family firm culture and supporting the claim that diversity is more apparent when examining the multidimensionality of SEW (Swab et al. 2020).

### 5.2 Practical implications

This body of knowledge suggests practical guidance for single-family-owned firms, emphasising the importance of developing a family firm culture that supports the creation of SEW metrics and values (Anggadwita et al., 2020), promoting financial success. Family firm culture brings long-term values to family-owned firms through stakeholder relations and work efficiency (Kupangwa et al., 2025).

### 5.3 Policy Implications

To foster growth in this sector, industrial policies in Tanzania should emphasise the importance of family firm culture and the integration of SEW dimensions as critical factors for achieving financial performance. By acknowledging these elements, policy adjustments can better support the unique dynamics of family-owned firms and promote their long-term viability (Anggadwita et al.,2020).

### 5.4 Study limitations and future research

The SEW dimensions (FC, FP, FE) were measured using the SEWi importance scale, a quantitative approach. However, to better understand the detailed stories, thoughts, and emotional attachments linked to SEW dimensions, future research should develop qualitative tools for measuring SEW dimensions.

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**Appendix I. Factor loadings**

<b>Family Continuity (Statement summary)</b>	<b>Factor loadings</b>	<b>Uniqueness</b>	<b>Status</b>
• FC01 Importance of family working together in the business	0.7894	0.3768	Retained
• FC02 Importance of family making decisions collaboratively	0.7270	0.4714	Retained
• FC03 Importance of family working towards consensus in the business	0.8136	0.3380	Retained
• FC04 Importance of preserving family control and preparing future generations for leadership in the business	0.6785	0.5396	Retained
• FC05 Importance of maintaining and promoting family values through business operations to younger family members	0.5546	0.6924	Retained
<b>Family Prominence (Statement summary)</b>			
• FP01 Recognition of the family in the domestic community for generous actions of the firm	0.7847	0.3842	Retained
• FP02 Importance of accumulating and conserving social capital for family benefits through business relationships	0.8031	0.3550	Retained
• FP03 Importance of accumulating and conserving social capital for business benefits through family relationships	0.8334	0.3054	Retained
• FP04 Maintenance of family reputation through ethical and respectful business conduct	0.7285	0.4693	Retained
<b>Family Enrichment (Statement summary)</b>			
• FE01 Importance of enhancing the happiness of family members not directly involved in the business	0.5170	0.2132	Retained
• FE02 Significance of improving family life and relationships among family members through business operations	0.5448	0.3680	Retained
• FE03 Influence of family needs, such as employment, on business-related decisions	0.8138	0.2555	Retained
• FE04 Impact of family needs, such as financial stability, on business-related decisions	0.7476	0.4309	Retained
• FE05 Role of family needs, such as the need for belonging, in influencing business-related decisions	0.8166	0.3321	Retained
• FE06 Consideration of family needs, such as the need for intimacy, in making business-related decisions	0.7111	0.4243	Retained
<b>Family Firm Culture (Statement summary)</b>			
• Cu2_01 Family members support the business publicly	-0.0094	0.1440	Excluded
• Cu2_02 Family members demonstrate loyalty to the business	0.2368	0.5541	Excluded
• Cu2_03 Family members are proud to be part of the business	0.5631	0.5036	Retained
• Cu2_04 Long-term participation benefits the family business	0.6948	0.2078	Retained
• Cu2_05 Family members align with business goals and policies	0.7636	0.3605	Retained
• Cu2_06 Family members care about the business's future	0.5520	0.5234	Retained
• Cu2_07 I support family decisions for the business	0.5729	0.2661	Retained
• Cu2_08 Family members exert extra effort for success	0.5152	0.4667	Retained
• Cu2_09 Family members exert extra effort for success	0.6977	0.4471	Retained
• Cu2_010 Family encourages leadership within the business	0.8592	0.2476	Retained
<b>Firm Financial Performance (Statement summary)</b>			
• FFP01 Growth in sales	0.5691	0.2300	Retained
• FFP02 Growth in market share	0.6746	0.2776	Retained
• FFP03 Growth in the number of employees	0.7248	0.4419	Retained
• FFP04 Growth in profitability	0.8030	0.3520	Retained
• FFP05 Return on assets	0.8872	0.1597	Retained
• FFP06 Return on equity	0.8597	0.2057	Retained
• FFP07 Profit margin to sales ratio	0.7643	0.3947	Retained
• FFP08 Ability to fund growth from profits	0.6615	0.3611	Retained