

GOVERNANCE AND THE SUSTAINABILITY OF FAMILY-OWNED SUPERMARKETS: EVIDENCE FROM KIAMBU COUNTY, KENYA

¹Jane Wangari Ngene, ²Dr. Julius Kahuthia & ³Dr. Helen Mugambi

^{1,2&3}School of Business and Leadership Studies, St. Paul's University, Kenya

Email of the Corresponding author: jane@galinakenya.com

Publication Date: October 2026

ABSTRACT

Purpose of the study: The study examined the effect of governance on the sustainability of family-owned supermarkets in Kiambu County, Kenya.

Statement of the problem: Although governance is widely regarded as central to the continuity of family enterprises, evidence on its relative contribution to sustainability in Kenya's family-owned supermarket subsector remains limited. This gap constrains evidence-based governance decisions by owners and managers.

Research methodology: The study adopted a pragmatist philosophy and a mixed-methods, cross-sectional design. Structured questionnaires targeted 183 owners, managers, and supervisors from 70 registered family-owned supermarkets, complemented by key informant interviews. Data were analysed using Partial Least Squares Structural Equation Modelling in STATA after reliability, validity, and diagnostic testing.

Findings: Governance demonstrated strong reliability and validity and had a positive, statistically significant effect on sustainability (standardised beta = 0.652, $t = 11.919$, $p < .001$), explaining approximately 42.9% of the variance in sustainability. Formal transition planning and accountability were the most established governance practices, whereas board independence from

family influence was the least established. Qualitative evidence supported the quantitative findings.

Conclusion: The study concludes that governance is a major strategic driver of sustainability among family-owned supermarkets in Kiambu County. Stronger governance structures can support continuity, accountability, and informed strategic decision-making.

Recommendations: The study recommends that family-owned supermarkets should formalise governance through independent advisory representation, family constitutions or governance charters, and transparent accountability systems. Owners should also strengthen board independence while maintaining clear transition-planning mechanisms.

Keywords: *Governance, sustainability, family-owned supermarkets, stewardship theory, resource-based view, Kenya*

BACKGROUND TO THE STUDY

Family-owned supermarkets occupy a central position in Kenya's modern retail landscape by supplying essential household goods, sustaining livelihoods, and generating employment in peri-urban counties such as Kiambu, which is closely integrated with Nairobi's consumer market. However, Kenya's recent retail history shows that commercial growth alone does not guarantee organisational survival. Nakumatt's collapse in 2017, widely attributed to unsustainable debt, mounting supplier arrears, and declining supplier confidence, remains a prominent illustration of this vulnerability (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2020; Nandonde, 2020). Uchumi Supermarkets' prolonged financial distress and court-supervised restructuring similarly illustrate governance constraints that impeded timely recovery in an increasingly competitive market.

Tuskys Supermarkets' difficulties, culminating in insolvency proceedings and prolonged family disputes, have been attributed to ownership conflicts, contested control, and weak governance mechanisms that undermined operational coherence and stakeholder confidence (Strathmore Business School, 2024). Choppies' exit from the Kenyan market following financial strain further illustrates that survival in this sector depends on disciplined governance and effective strategy execution, not ownership structure alone. Against this pattern of governance-linked retail failure,

understanding how governance shapes the sustainability of family-owned supermarkets operating in Kenya, including Kiambu County, has direct practical and policy importance.

Governance, understood as the structures, policies, and practices that guide decision-making and management within an organisation, has been theorised across multiple disciplinary traditions as a foundational determinant of organisational continuity. In family business scholarship, governance has particular significance because family-owned enterprises must simultaneously manage the governance of the business and the governance of the family relationships embedded within it. Research by Muraguri (2025) and Grissa and Lakhal (2023) has highlighted ownership architecture and formalised governance mechanisms, including family councils, boards of directors, and family constitutions, as critical strategic drivers that delineate the roles and responsibilities of family members and professional managers, thereby mitigating intra-family conflict and institutionalising a culture of stewardship that anchors long-term firm continuity.

Empirical evidence further supports the relationship between robust governance and sustainable business practice; Hinga, Gichunge, and Njeru (2022) demonstrated that well-governed family-owned businesses in Nairobi County were more likely to integrate sound organisational practices into their strategic planning, thereby strengthening overall performance. Two additional studies clarify the mechanisms linking governance to performance. Muraguri (2025), in a doctoral investigation of corporate governance and performance among family-owned businesses in Kenya, found that board composition, ownership structure, and disclosure and transparency practices were each independently and significantly associated with firm performance, with disclosure and transparency practices, which is conceptually related to the accountability dimension examined in this study, recording the strongest individual association.

Barbera, Hasso, and Schwarz (2023) extended this line of inquiry by demonstrating that family governance's effect on firm performance operates largely through the intermediate mechanisms of family functioning and competitive advantage, rather than through a simple direct pathway. In other words, well-governed families first achieve healthier internal functioning and a stronger competitive position, which then translates into superior firm performance. This finding on intermediate mechanisms is directly relevant to the interpretation of this study's qualitative evidence, discussed in Section 4.5, in which a family governance charter was credited with

reducing intra-family conflict as a precursor to, rather than a substitute for, the operational and expansion decisions that ultimately drove sustainability gains.

Despite this theoretical and empirical consensus on governance's importance, a specific and consequential gap remains in the literature: no prior study has examined governance's direct effect on sustainability in the particular context of family-owned supermarkets in Kenya using a structural equation modelling approach capable of simultaneously testing governance's relative explanatory power alongside competing strategic drivers, namely management skills, succession planning, and supply chain management, together with the moderating influence of external environmental factors. Existing governance-sustainability research has instead been dispersed across public sector organisations, youth empowerment projects, Saudi Arabian family enterprises, East African family businesses more broadly, Nigerian listed firms, and Kenyan manufacturing and cooperative retail contexts, leaving the specific question of governance's relative importance in Kenya's family-owned supermarket subsector empirically unresolved. This study directly addresses that gap.

Beyond the specific dynamics of retail collapse, the broader policy and academic environment in Kenya has increasingly recognised governance as a determinant of enterprise survival that operates independently of sector, ownership form, or firm size. Sector analyses of Kenya's evolving retail landscape show that competitive pressure has intensified markedly for locally owned and family-managed supermarkets that fail to professionalise management, strengthen governance, and modernise supply chain practices, even as more formalised retail chains and new retail formats continue to expand (Cytonn Investments, 2024a, 2024b). Family-owned supermarkets that have historically relied on informal, trust-based decision-making among family members now compete directly against increasingly professionalised retail formats in which governance, accountability, and reporting discipline are treated as core operational infrastructure rather than optional refinements. Understanding whether, and to what degree, governance quality distinguishes the family-owned supermarkets that continue to survive and grow from those that stagnate or fail is therefore a matter with direct implications for the continued viability of an entire subsector of Kenya's retail economy.

STATEMENT OF THE PROBLEM

The problem addressed by this study is twofold. Empirically, family business governance research has not established the magnitude of governance's effect on sustainability specifically in Kenya's family-owned supermarket subsector. It has also rarely applied Partial Least Squares Structural Equation Modelling to isolate governance's contribution from competing strategic drivers operating within the same firms. Practically, owners of family-owned supermarkets in Kiambu County have limited empirical guidance on which governance dimensions, including board composition, accountability mechanisms, ownership clarity, and transition planning, are most strongly associated with sustained business performance. Consequently, governance investment decisions may depend on intuition or generic corporate governance guidance developed for contexts, such as publicly listed firms, that differ from the family ownership structures common in Kiambu County's supermarket sector.

RESEARCH OBJECTIVE

The objective of the study was to examine the effect of governance on the sustainability of family-owned supermarkets in Kiambu County, Kenya.

LITERATURE REVIEW

The literature establishes governance as an important determinant of continuity and sustainability in family-owned enterprises. The study is anchored in Stewardship Theory, originally advanced by Donaldson and Davis (1991), which challenges agency-based assumptions by proposing that managers may act as stewards whose interests are aligned with those of the organization. Davis, Schoorman, and Donaldson (1997) further explain stewardship through trust, collectivism, and intrinsic motivation, while Muth and Donaldson (1998) emphasize the relevance of stewardship-oriented governance structures in organizational leadership. In family businesses, these assumptions are particularly pertinent because ownership and management are often closely intertwined. However, Torfing and Bentzen (2020) caution that stewardship assumptions may idealize managerial behaviour, particularly in competitive and uncertain environments, thereby underscoring the importance of combining trust with formal accountability and governance mechanisms.

The Resource-Based View provides a complementary explanation of how governance may contribute to organizational sustainability. Barney (1991) argues that firms achieve sustained

competitive advantage through resources that are valuable, rare, difficult to imitate, and organizationally embedded. Applied to family businesses, governance structures may represent such strategic resources because they develop through accumulated family relationships, trust, ownership arrangements, accountability practices, and historically established decision-making routines. These governance capabilities cannot easily be reproduced by competitors because they are embedded in firm-specific social and institutional relationships. The literature therefore presents governance not merely as an administrative control mechanism but also as an organizational capability that can strengthen long-term performance. Combined with Stewardship Theory, the Resource-Based View provides a broader explanation of why formal governance structures may support both internal organizational cohesion and sustainable competitive advantage in family-owned supermarkets.

Empirical evidence from international and regional contexts generally supports a positive relationship between governance and business sustainability. Al Rawaf and Alfalih (2023), studying 396 respondents from 87 family-owned enterprises in Saudi Arabia using PLS-SEM, found that organizational governance significantly enhanced business sustainability and that entrepreneurial culture strengthened this relationship. Within East Africa, Mporayonzi and Dotto (2025) examined family businesses in Rwanda and Tanzania and established that formal governance practices, including family constitutions, advisory boards, and succession planning, improved business continuity. Their findings further showed that informal and reactive governance arrangements increased exposure to family conflict and organizational discontinuity. These studies collectively demonstrate that governance structures can promote sustainability across different institutional environments, although their geographical and organizational settings differ from family-owned supermarkets operating specifically within the Kenyan retail sector.

Kenyan and broader international studies provide additional evidence linking governance with organizational performance and sustainability. Kaumbulu, Muathe, and James (2020) found that governance structures significantly influenced the sustainability of youth empowerment projects in Makueni County, explaining approximately 38 percent of performance variation. Hinga, Gichunge, and Njeru (2022) similarly reported a positive association between governance structures and organizational performance among family-owned businesses in Nairobi County. Beyond private enterprises, Uyar, Karmani, Kuzey, Kilic, and Yaacoub (2022), using evidence

from 242 countries, demonstrated that governance indicators were significantly related to sustainability reporting practices. Temel, Lozano, and Barreiro-Gen (2021) further identified vision, policies, reporting, communication, boards, responsible departments, and designated personnel as interconnected governance factors that contribute to sustainability across corporate, public, and civil-society organizations.

Overall, the reviewed literature consistently indicates that governance influences organizational sustainability through accountability, ownership clarity, formal decision-making, succession planning, board structures, and institutionalized oversight. Nevertheless, an important contextual, conceptual, and methodological gap remains. Existing studies have examined family enterprises, public organizations, empowerment projects, and sustainability reporting, but limited evidence specifically addresses family-owned supermarkets in Kenya. The present study responds to this gap by examining governance dimensions comprising board independence, board diversity and effectiveness, ownership structure, accountability, and transition management within family-owned supermarkets in Kiambu County. It further distinguishes itself by applying Partial Least Squares Structural Equation Modelling and combining quantitative structural analysis with qualitative evidence. This approach enables a more comprehensive assessment of governance's independent contribution to sustainability relative to other strategic drivers within the same organizational context.

RESEARCH METHODOLOGY

This study adopted a pragmatist research philosophy, which prioritises practical problem-solving and actionable outcomes rather than restricting inquiry to a single ontological or epistemological position (Creswell & Creswell, 2018). Because sustainability in family-owned supermarkets involves measurable outcomes, such as financial performance, as well as subjective factors, such as governance culture and family dynamics, pragmatism supported the use of mixed methods. Quantitative survey data were used to test the study hypothesis, while qualitative key informant interviews helped explain the mechanisms underlying the observed relationships. A sequential explanatory, cross-sectional design was therefore used to integrate quantitative and qualitative evidence on governance and sustainability.

The unit of analysis comprised the 70 family-owned supermarkets registered in Kiambu County, while the unit of observation was 350 respondents drawn from the top, middle, and lower

management tiers of these establishments. Using Cochran's (1977) formula for sample size determination at a 95 percent confidence level and a 5 percent margin of error, a sample of 183 respondents was derived. A multistage stratified sampling procedure was used to ensure geographic and operational diversity: supermarkets were first clustered by sub-county and stratified into large, medium, and small operational tiers, after which simple random sampling was applied within each stratum, with proportional representation maintained across top, middle, and lower management levels.

Governance was operationalised through six indicator items evaluating the independence of the board from disproportionate family influence, the representation of demographic diversity on the board, the contribution of diverse perspectives to strategic decision quality, the clarity of ownership structures in defining family member roles and entitlements, the consistency with which accountability standards are applied, and the formalisation of leadership transition planning mechanisms. These items were selected to measure both the structural dimension of governance, encompassing board composition and ownership role clarity, and the behavioural dimension, encompassing the consistent application of accountability standards in everyday decision-making, reflecting the recognition in the family business governance literature that formal governance structures alone are insufficient to guarantee effective oversight unless they are consistently operationalised through actual managerial practice (Mustakallio et al., as cited in the parent thesis's conceptual development). Sustainability, the dependent variable, was assessed through financial performance, internal business processes, family culture, and leadership quality, each measured on a five-point Likert scale.

Instrument reliability and validity were assessed before full data collection through a pilot study conducted outside the main sampling frame, followed by confirmatory factor analysis (CFA) and internal consistency testing using the full dataset. Data were collected using structured, closed-ended questionnaires administered to owners, managers, and supervisors. Key informant interviews with selected supermarket owners complemented the quantitative data and provided qualitative corroboration of the findings. A total of 181 usable questionnaires were returned from the 183 targeted respondents, giving a response rate of 98.9 percent.

Variance-based Structural Equation Modelling through the Partial Least Squares (PLS-SEM) algorithm was used as the principal analytical technique, because it effectively estimates in

estimating direct, indirect, and conditional effects spanning observed measurement indicators and unobserved latent variables within a unified computational framework. All structural model estimations were conducted using the `plsem` command in STATA 17, with 5,000 bootstrap replications employed to derive bias-corrected confidence intervals for the reported path coefficient. Governance's simple structural effect on sustainability was estimated as:

$$Y = \beta^0 + \beta^1 G + \varepsilon$$

Where Y represents sustainability, G represents governance, β_0 is the constant term, β_1 is the standardised path coefficient, and ε is the error term. Before hypothesis testing, the measurement model was subjected to a comprehensive battery of diagnostic and psychometric assessments, including outer model indicator loadings, internal consistency reliability (Cronbach's alpha and composite reliability), convergent validity (average variance extracted), discriminant validity (the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio), and structural-level multicollinearity (variance inflation factor) testing, the results of which are reported alongside the substantive governance findings in the following section.

Data collection and analysis procedures adhered strictly to institutional and national research ethics requirements. Ethical clearance was secured through the university's Institutional Scientific and Ethics Review Committee (ISERC) prior to data collection, and a research licence was obtained from the National Commission for Science, Technology and Innovation (NACOSTI). Respondents were informed of the voluntary nature of participation, and written informed consent was obtained prior to questionnaire administration. Confidentiality of individual and firm-level responses was maintained throughout data handling, and no individually identifying information is reported in this article or the parent thesis.

RESULTS AND DISCUSSION

Sample Characteristics

Of the 183 targeted respondents, 181 provided usable responses, yielding a response rate of 98.9 percent. The achieved sample was dominated by supervisors (81.0%), followed by managers (17.4%) and owners (1.6%), reflecting the study's emphasis on respondents with direct operational knowledge of governance practices. Regarding education, 53.1 percent of the respondents held college diplomas, 31.1 percent held bachelor's degrees, and 11.3 percent had postgraduate

qualifications. In addition, approximately 71 percent of the sampled supermarkets had operated for at least five years. These characteristics indicate that the respondents possessed relevant organizational experience and educational backgrounds to provide informed assessments of governance and sustainability practices within family-owned supermarkets.

Table 1: Demographic and Organisational Profile of Respondents

Characteristic	Category	Frequency	Percent
Position in supermarket	Owner	3	1.6%
	Manager	31	17.4%
	Supervisor	144	81.0%
Highest education level	Secondary	8	4.5%
	College diploma	94	53.1%
	Bachelor's degree	55	31.1%
	Postgraduate	20	11.3%
Years in operation	Less than 5 years	≈29%	≈29%
	5 years and above	≈71%	≈71%

Note. n = 181. Source: Field Data.

Measurement Model: Reliability and Validity of the Governance Construct

The governance construct demonstrated satisfactory measurement properties. All six indicators recorded CFA loadings above the recommended minimum threshold of 0.70, ranging from 0.718 to 0.877. Diversity of perspectives in strengthening decision quality recorded the highest loading (0.877), followed by board gender and ethnic diversity (0.864), while board independence from undue family influence recorded the lowest loading (0.718). The construct also demonstrated strong internal consistency, with Cronbach's alpha of 0.867 and composite reliability of 0.897. The average variance extracted was 0.549, confirming adequate convergent validity. These results indicate that the governance indicators consistently measured the intended construct and were therefore suitable for subsequent structural analysis.

Table 2: Governance Item Statistics, Reliability and Convergent Validity

Item	Mean	SD	Item-Total r	CFA Loading
G1: Board operates independently from undue family influence	3.37	1.17	0.582	0.718
G2: Board reflects gender and ethnic diversity	3.62	1.17	0.708	0.864
G3: Diversity of perspectives strengthens decision quality	3.81	0.97	0.717	0.877
G4: Ownership structure clearly defines family roles and rights	4.03	0.97	0.664	0.821
G5: Clear accountability mechanisms are consistently applied	4.20	0.79	0.604	0.749
G6: Formal plan exists for managing leadership transitions	4.26	0.80	0.641	0.793
Composite ($\alpha = 0.867$; CR = 0.897; AVE = 0.549)	3.88	0.97	—	—

Note. CFA = Confirmatory Factor Analysis; CR = Composite Reliability; AVE = Average Variance Extracted. Source: Field Data.

Discriminant Validity and Structural Collinearity Diagnostics

Discriminant validity was confirmed using the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio. Governance recorded a square root of AVE of 0.741, which exceeded its correlations with sustainability, management skills, succession planning, and supply chain management. Similarly, all HTMT values were below the conservative threshold of 0.85, with the highest ratio recorded between governance and sustainability at 0.727. Structural collinearity was also not problematic, as governance recorded a variance inflation factor of 1.381. The Breusch-Pagan/Cook-Weisberg test was non-significant ($p = 0.692$), indicating homoscedastic residuals, while Harman's single-factor test showed that the first unrotated factor accounted for 49.8 percent of the variance, below the conventional 50 percent threshold for serious common method bias concerns.

Table 3: Discriminant Validity and HTMT Ratios

Construct Pairing	Fornell-Larcker ($\sqrt{\text{AVE}}$)	Correlation	HTMT Ratio
Governance	0.741	—	—
Governance ↔ Sustainability	—	0.638	0.727
Governance ↔ Management Skills	—	0.301	0.354
Governance ↔ Succession Planning	—	0.276	0.322
Governance ↔ Supply Chain Management	—	0.412	0.481

Source: STATA plssem output, Field Data.

Descriptive Findings

The governance construct recorded a composite mean of 3.88 (SD = 0.97), indicating a relatively strong level of governance among the sampled supermarkets. The highest-rated governance practice was the existence of a formal leadership transition plan (M = 4.26, SD = 0.80), followed by consistent application of accountability mechanisms (M = 4.20, SD = 0.79). Ownership structures clearly defining family roles also recorded a high mean of 4.03. In contrast, board independence from undue family influence recorded the lowest mean of 3.37, while board gender and ethnic diversity recorded a mean of 3.62. The findings indicate that family-owned supermarkets had more strongly institutionalized internally controlled governance practices, particularly accountability and leadership transition, than governance mechanisms requiring greater independence from family control.

Table 4: Governance Descriptive Statistics

Statement	SD	D	N	A	SA	Mean	SD
Board operates independently from undue family influence	2.0%	20.3%	19.3%	33.0%	25.4%	3.37	1.17
Board reflects gender and ethnic diversity	10.2%	3.6%	21.3%	43.1%	21.8%	3.62	1.17
Diversity strengthens decision quality	2.0%	9.1%	18.3%	46.7%	23.9%	3.81	0.97
Ownership structure clearly defines family roles	4.6%	3.0%	8.6%	52.8%	31.0%	4.03	0.97
Clear accountability mechanisms consistently applied	0.5%	0.0%	19.8%	38.6%	41.1%	4.20	0.79
Formal leadership transition plan in place	0.5%	0.0%	19.3%	37.6%	42.6%	4.26	0.80
Composite Mean						3.88	0.97

Note. SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree.

Source: Field Data.

The response distributions reinforce this pattern. Clear accountability mechanisms attracted a combined agreement level of 79.7 percent, while formal leadership transition planning recorded 80.2 percent agreement. By comparison, only 58.4 percent agreed that boards operated independently from undue family influence. The findings therefore suggest that internally driven governance mechanisms were more established than governance reforms requiring the family to relinquish some direct control. This pattern is important because it highlights a potential governance imbalance: family-owned supermarkets appear relatively strong in accountability and succession planning but less developed in independent board oversight.

Structural Model: Effect of Governance on Sustainability

The structural model demonstrated an acceptable fit. The estimated model recorded an SRMR of 0.064, which was below both the conservative 0.08 threshold and the broader 0.10 threshold commonly applied in PLS-SEM analysis. The d_{ULS} and d_G values showed only modest differences between the saturated and estimated models, while the NFI of 0.759 indicated moderate-to-good fit. When considered alongside the satisfactory reliability, validity, and collinearity results, these statistics indicate that the governance-sustainability relationship was estimated within an acceptable measurement and structural model.

Table 5: Structural Model Fit Indices

Fit Index	Saturated Model	Estimated Model	Interpretation
SRMR	0.058	0.064	Acceptable fit
d_{ULS}	0.612	0.697	Modest increase
d_G	0.331	0.368	Modest increase
Chi-square	186.204	191.850	Interpreted cautiously in PLS-SEM
NFI	0.771	0.759	Moderate-to-good fit

Source: STATA *plssem* output, Field Data.

PLS-SEM analysis established a strong and statistically significant positive effect of governance on sustainability. Governance recorded an unstandardised coefficient of 0.739 and a standardized path coefficient of $\beta = 0.652$ ($t = 11.919$, $p < .001$). The 95 percent bootstrap confidence interval of [0.542, 0.762] excluded zero, further confirming the statistical robustness of the relationship. Governance independently explained approximately 42.9 percent of the variance in sustainability

($R^2 \approx 0.429$). Its contribution to the full structural model was classified as small-to-medium ($f^2 = 0.097$), while Stone-Geisser's Q^2 of 0.389 demonstrated predictive relevance.

Table 6: Effect of Governance on Sustainability

Predictor	Unstandardised B	Std. Error	Standardised β	t-value	p-value
Constant	1.087	0.241	—	4.510	< .001
Governance	0.739	0.062	0.652	11.919	< .001

Note. Dependent variable: Sustainability. 95% bias-corrected bootstrap confidence interval for $\beta = [0.542, 0.762]$; $R^2 \approx 0.429$. Source: STATA plsem output, Field Data.

The findings demonstrate that improvements in governance were associated with higher sustainability among family-owned supermarkets in Kiambu County. Governance also produced the strongest direct effect among the strategic drivers examined in the broader investigation, with its standardized coefficient exceeding those of management skills and succession planning. The descriptive and structural findings therefore converge in showing that accountability, clear ownership arrangements, and formal leadership transition mechanisms constitute particularly important governance practices. At the same time, the comparatively lower level of board independence suggests an area requiring further institutional development. Overall, the null hypothesis that governance has no statistically significant effect on sustainability was rejected.

Qualitative Corroboration

Qualitative evidence from key informant interviews corroborated the governance-sustainability relationship documented quantitatively. A veteran owner of a supermarket chain that had operated in Kiambu County for over fifteen years explained that the business had introduced a formal family governance charter four years earlier, clearly delineating operational roles, ownership rights, and decision-making protocols among six family-member shareholders. He described how the charter eliminated the family conflicts that had previously disrupted supplier negotiations and delayed investment decisions, allowing the business to expand into two additional branches within three years of governance formalisation. A key informant who had served as an independent board advisor for two family-owned supermarkets similarly noted that the most effective governance intervention she had observed was the separation of the roles of board chairperson and operations manager, which reduced role ambiguity and improved accountability across management levels.

These qualitative accounts reinforce the quantitative finding that institutionalised governance structures constitute the most powerful individual driver of sustainability among family-owned supermarkets in Kiambu County.

DISCUSSION OF FINDINGS

The finding that governance exerts the strongest individual effect on sustainability among family-owned supermarkets in Kiambu County confirms and extends the existing empirical literature on governance and family business performance. Al Rawaf and Alfalih (2023) demonstrated that organisational governance practices, including board quality, ownership role clarity, and accountability transparency, positively and significantly influenced the sustainability of family enterprises in Saudi Arabia, with governance explaining proportions of sustainability variance broadly comparable to those recorded in this study. The convergence between this Saudi Arabian evidence and the present Kenyan findings is noteworthy given the substantial cultural, economic, and institutional differences between the two contexts, suggesting that governance's strong positive influence on family enterprise sustainability may reflect a relatively robust and culturally transferable organisational dynamic rather than one that is highly specific to either the Middle Eastern or East African family business institutional environment.

Mporayonzi and Dotto (2025) provided comparable East African evidence that formalised governance structures, including family constitutions, advisory boards with independent external members, and explicit delineation of ownership from management roles, significantly strengthened business continuity among family enterprises in Rwanda and Tanzania. This regional comparison is particularly relevant given the shared regional economic community context, common historical development trajectories, and broadly similar family business cultural norms that characterise Rwanda, Tanzania, and Kenya, lending strong regional empirical support to the proposition that formalised governance mechanisms constitute a critical and consistently observed determinant of family enterprise sustainability across the wider East African economic region.

Similarly, Kaumbulu, Muathe, and James (2020) documented a positive and statistically significant governance-sustainability relationship among Kenyan youth empowerment projects, with governance structure explaining approximately 38 percent of performance variation, a figure closely comparable to, though marginally lower than, the 42.9 percent recorded for governance in this family-owned supermarket study. This suggests that governance's explanatory dominance

over sustainability outcomes may be even more pronounced within the family-owned retail sector than within donor-funded or not-for-profit organisational contexts, possibly reflecting the more direct and visible day-to-day operational consequences of governance lapses, such as inventory mismanagement or accountability failures, in a customer-facing retail environment. Hinga, Gichunge, and Njeru (2022) likewise established a positive relationship between governance structures and organisational performance among family-owned businesses in Nairobi County, providing further Kenyan evidence that governance quality is a consequential determinant of family enterprise performance across multiple Kenyan sectoral contexts.

These findings should, however, be interpreted alongside an important structural caveat that emerges from the descriptive results. The comparatively weak item-level mean recorded for board independence from family influence ($M = 3.37$), compared with the higher means for accountability mechanisms ($M = 4.20$) and transition planning ($M = 4.26$), suggests a recurring structural tension documented extensively in the family business governance literature: family-owned enterprises often succeed in formalising operational accountability mechanisms while struggling to relinquish direct family control over strategic board-level decision-making (Davis et al., 1997). This pattern has direct implications for this study's interpretation, since it suggests that governance's strong overall effect on sustainability is likely driven more by accountability and succession-related dimensions than by board independence per se. Family-owned supermarket owners in Kiambu County appear, based on these results, to have prioritised governance reforms that can be implemented unilaterally by ownership, such as clarifying family roles or codifying accountability procedures, over governance reforms that would require ceding a degree of direct family control, such as appointing genuinely independent, non-family board members.

Stewardship Theory (Donaldson & Davis, 1991) and the Resource-Based View (Barney, 1991) together provide complementary explanations of this finding. Governance structures that institutionalise stewardship norms cultivate organisational cultures characterised by long-term performance orientation, shared purpose across family and non-family stakeholders, and robust collective accountability. From the Resource-Based View perspective specifically, well-developed governance structures constitute a valuable, rare, and difficult-to-imitate organisational resource because they are deeply embedded within the specific family relationships, accumulated trust, and historically developed accountability norms of each individual family-owned supermarket, making

strong governance practices difficult for competing retail chains, whether family-owned or corporately managed, to replicate or acquire through simple imitation. Torfing and Bentzen's (2020) caution that Stewardship Theory may present an overly idealistic view of managerial behaviour is relevant here: this study's finding that board independence lags well behind accountability and transition-planning practices suggests that stewardship-based trust, while powerful, is not by itself sufficient to displace the practical value of independent oversight, and that the strongest-performing governance systems are likely to be those that combine stewardship-oriented trust with at least some measure of structural independence.

The qualitative evidence gathered through key informant interviews illustrates of the mechanisms through which formalised governance translates into measurable sustainability outcomes. The account of a family governance charter eliminating conflicts that had previously disrupted supplier negotiations, and thereby enabling expansion into two additional branches, directly demonstrates how governance formalisation operates not simply as a compliance exercise but as a practical enabler of the operational decisions, including supplier relationship management and investment timing, upon which day-to-day retail sustainability depends. This finding resonates closely with the broader retail failure narratives documented in Kenya's recent commercial history: the governance-linked collapses of Nakumatt, Uchumi, and Tuskys each involved, in varying degrees, a breakdown in the accountability, ownership clarity, or independent oversight mechanisms that this study identifies as the strongest drivers of sustainability among the family-owned supermarkets that continue to operate successfully in Kiambu County.

CONCLUSION

The study concludes that governance is a significant and central determinant of the sustainability of family-owned supermarkets in Kiambu County, Kenya. The findings show that governance was the strongest individual strategic driver examined, with board structures, ownership-role clarity, accountability mechanisms, and formal leadership transition practices contributing substantially to sustainability outcomes. In particular, accountability and transition planning emerged as comparatively stronger governance dimensions, while board independence and diversity remained less developed. The results therefore demonstrate that sustainable family-business performance depends not only on informal family relationships and trust but also on deliberate governance formalisation. Consequently, governance should be understood as a strategic organizational

capability that supports continuity, accountability, effective decision-making, and long-term performance within family-owned supermarkets.

RECOMMENDATIONS

The study recommends that family-owned supermarkets should strengthen and professionalise their governance systems by establishing formal advisory boards that should include independent non-family members with relevant retail, financial, legal, or supply-chain expertise. Family-owned supermarkets should also adopt family constitutions or governance charters that should clearly define ownership rights, management responsibilities, decision-making authority, and leadership transition arrangements. In addition, they should institutionalise transparent accountability systems through regular financial reporting, documented approval procedures for major strategic decisions, and periodic internal audits. Supermarket owners should further strengthen board independence and diversity while maintaining the comparatively strong accountability and succession-planning practices already identified. Policymakers and business-development institutions should support these enterprises through targeted governance capacity-building programmes that should promote professional oversight, succession planning, accountability, and sustainable family-business continuity.

REFERENCES

- Al Rawaf, R. A., & Alfalih, A. A. (2023). The role of governance in achieving sustainability in family-owned business: Do responsible innovation and entrepreneurial culture matter? *Sustainability*, 15(7), 5647. <https://doi.org/10.3390/su15075647>
- Barbera, F., Hasso, T., & Schwarz, T. V. (2023). Family governance and firm performance: Exploring the intermediate effects of family functioning and competitive advantage. *Journal of Family Business Management*, 13(4), 1085–1103.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Cochran, W. G. (1977). *Sampling techniques* (3rd ed.). Wiley.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Lawrence Erlbaum Associates.

- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). Sage.
- Cytonn Investments. (2024a). *Kenya retail report 2024*. Cytonn Investments.
- Cytonn Investments. (2024b). *Kenya retail report 2024 (Cytonn Weekly #29/2024)* [PDF]. Cytonn Investments.
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1), 20–47. <https://doi.org/10.5465/AMR.1997.9707180258>
- Dijkstra, T. K., & Henseler, J. (2015). Consistent partial least squares path modeling. *MIS Quarterly*, 39(2), 297–316.
- Donaldson, L., & Davis, J. H. (1991). Stewardship theory or agency theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16(1), 49–64.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39–50.
- Grissa, L., & Lakhal, L. (2023). Governance characteristics and sustainable longevity of family firms: The role of long-term orientation. *Journal of Family Business Management*, 13(4), 1410–1428. <https://doi.org/10.1108/JFBM-01-2023-0006>
- Hinga, V. N., Gichunge, E., & Njeru, E. (2022). Relationship between governance structures and organizational performance of family owned businesses in Nairobi County. *The Strategic Journal of Business & Change Management*, 9(2), 14–24.
- Kaumbulu, A. K., Muathe, S. M., & James, R. (2020). Sustainability of youth empowerment projects: The role of project governance in Makueni County, Kenya. *Journal of Economics and Sustainable Development*, 11(20), 122–136.
- Kenya Institute for Public Policy Research and Analysis. (2020, August 31). *Evidence and lessons for retailers*. KIPPRA.

- Mporayonzi, D., & Dotto, D. A. (2025). *The influence of family business governance on business continuity in Rwanda and Tanzania* [Master's thesis, Jönköping University]. Jönköping University.
- Muraguri, K. G. (2025). *Corporate governance and performance of family-owned businesses in Kenya* [Doctoral dissertation, KCA University]. KCA University.
- Muth, M. M., & Donaldson, L. (1998). Stewardship theory and board structure: A contingency approach. *Corporate Governance: An International Review*, 6(1), 5–28. <https://doi.org/10.1111/1467-8683.00076>
- Nandonde, F. A. (2020). In the desire of conquering East African supermarket business: What went wrong in Nakumatt supermarket? *Journal of African Business*.
- Strathmore Business School. (2024). *Tuskys Supermarkets: The good, the bad and the ugly in the Kago family business* [Case study]. Strathmore University.
- Temel, M., Lozano, R., & Barreiro-Gen, M. (2021). Analysing the governance factors for sustainability in organisations and their inter-relations. *Frontiers in Sustainability*, 2, 684585.
- The EastAfrican. (2021, January 26). *Choppies to pay \$12m as it exits East African market*. Nation Media Group.
- Torfin, J., & Bentzen, T. Ø. (2020). Does stewardship theory provide a viable alternative to control-fixated performance management? *Administrative Sciences*, 10(4), 86. <https://doi.org/10.3390/ADMSCI10040086>
- Uyar, A., Karmani, M., Kuzey, C., Kilic, M., & Yaacoub, C. (2022). Does governance quality explain the sustainability reporting tendency of the public sector? Worldwide evidence. *International Journal of Public Administration*, 45(13), 931–947.