



**The Influence of Work-Life Balance and Organizational Culture on Employee Performance of Non-family Employees in Family Businesses in Metro Manila, While Being moderated by Nepotism in the Workplace**

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### Abstract

Family businesses account for 80% of Philippine enterprises, leading to Nepotism, which overrides merit and creates a "glass ceiling" for non-family employees. Understanding this structural barrier and its effects on positive workplace practices is essential for professionalizing MSMEs. However, existing literature presents mixed results on the impact of Work-Life Balance and Organizational Culture on Employee Performance, with models primarily focusing on Western contexts and neglecting the Filipino "Padrino" system. This study examines how Work-Life Balance and Organizational Culture affect Employee Performance while evaluating whether Nepotism weakens or disrupts these relationships.

The study utilizes a quantitative, correlational, cross-sectional, and causal-explanatory design. Data will be gathered through an anonymous 5-point Likert survey from 219 non-family MSME employees in Metro Manila, determined through G\*Power 3.1 analysis. Statistical analysis involves descriptive statistics and correlation in Jamovi, complemented by

Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS to assess models and test the moderating effects of Nepotism.

*Keywords: Employee Performance, Family Business, Metro Manila, MSMEs, Nepotism, Non-family Employees, Organizational Culture, Padrino System, PLS-SEM, Work-Life Balance*

## **Sustainable Development Goals**

This research aligns with the United Nations 2030 Agenda for Sustainable Development, which offers a shared goal for peace and prosperity for both people and the planet. By examining the impact of work-life balance, organizational culture and nepotism on employee performance in family-owned micro, small, and medium enterprises (MSMEs), this study contributes to the following Sustainable Development Goals (SDGs):

### **SDG 8: Decent Work and Economic Growth**

This study directly supports SDG 8, which aims to promote sustained, inclusive, and sustainable economic growth, as well as full and productive employment, and decent work for all. SDG 8'S "target 8.3" works towards supporting policies that promote development by encouraging productive activities, creating decent jobs, and fostering entrepreneurship, creativity, and innovation (United Nations, 2018). Helping micro, small, and medium-sized enterprises grow and formalize by providing access to financial services. The research provides valuable insights for optimizing labor productivity within the MSME sector, which employs 63% of the Philippine workforce.

### **SDG 9: Industry, Innovation, and Infrastructure**

The research contributes to SDG 9 by promoting inclusive and sustainable industrialization and fostering innovation. "Target 9.3 " of this goal is to increase access for small-scale industrial and other enterprises, especially in developing countries, to financial services such as affordable loans and to connect these businesses to value chains and markets (United Nations, 2018). This research serves as a key driver of efficiency and adaptability in family businesses. By identifying ways to professionalize traditional structures, the study supports the growth of MSMEs, which are vital for establishing a self-sufficient industrial foundation in the Philippines.

### **SDG 10: Reduced Inequalities**

This research aligns with SDG 10 by addressing workplace inequalities and reducing disparities within organizations. It specifically investigates how nepotism and the "Padrino" system create a "glass ceiling" for non-family employees, prioritizing family ties over professional merit. By advocating for fairer workplace practices and merit-based advancement, the research aims to bridge the "professionalization gap" and ensure that marginalized or non-connected employees have equal opportunities for career growth.

### **SDG 16: Peace, Justice, and Strong Institutions**

The research promotes SDG 16 by encouraging the development of effective, accountable, and inclusive institutions at all levels. By analyzing how nepotism undermines organizational fairness and transparency, the study lays the groundwork for creating more professional and equitable operational strategies within family-owned firms. Reducing favoritism in recruitment and workplace practices fosters an inclusive society that promotes social justice and encourages participation in the workplace.

## Chapter 1. BACKGROUND OF THE STUDY

### 1.1 Introduction

Family businesses are the backbone of the Philippine economy, particularly within the micro, small, and medium enterprise (MSME) sector centered in Metro Manila. In 2008, the government amended the Republic Act No. 6977 to recognize micro enterprises and strengthen the MSME sector within the national economy. The government recognized that MSMEs have the potential for employment generation and economic growth. However, despite the government pushing the sector toward digitalization and professionalization, the majority are family-owned and these enterprises view “personal connections” as a way for career advancement (Barrios et al., 2026). In addition, small and medium establishments are frequently identified by their lack of professional practices due to close-knit, informal relationships with employees (Arteaga & Menéndez-Requejo, 2017; Basco, 2017). Furthermore, a complex organizational factor in these firms is nepotism, heavily influenced by the Filipino “Padrino” system, which often sets aside merits and creates a “glass ceiling” for non-family employees (Agaton, 2024). This lack of professional fairness disrupts workplace harmony, hinders innovation, and negatively affects employee performance, therefore threatening the long-term sustainability of the MSME sector. The research locale is in Metro Manila, focusing on non-family employees in micro, small, and medium enterprises (MSMEs) making up 99.5% of registered businesses in the Philippines (Cordova et al., 2025). 80% of these businesses are family-owned (Areola, 2023) which leads to challenges like succession and nepotism, deepened by the local “Padrino” system. Metro Manila is selected for its economic importance and high concentration of MSMEs and skilled workers, creating a gap between modern expectations and traditional management styles. The push for digitalization under the MSME Development Plan 2023-2028 adds pressure on family businesses to adapt. At the same time, the severe traffic issues in Metro Manila contribute to commuter stress, highlighting the need for work-life balance through flexible work options and supportive supervisors to boost employee performance.

The challenges of optimizing employee performance in family firms are made more complex by the interaction of work-life balance and organizational culture. While previous studies have examined various drivers of performance, a critical theoretical gap exists in current literature, as many findings present fragmented or conflicting evidence. Existing models have predominantly focused on highly formalized sectors (e.g., multinational banks

or public universities) in Western contexts, failing to account for the unique dynamics of the Philippine family business landscape where personal connections are historically vital for career advancement. Furthermore, prior research has largely relied on single-industry data and failed to properly distinguish between the overt and covert forms of nepotism, limiting their ability to capture the systemic impact of familial favoritism on the non-family workforce.

To overcome these limitations, the current study combines various frameworks related to work-life balance (Wong et al., 2017), models of organizational culture (Bogale & Debela, 2024), theories of employee performance (Diamantidis & Chatzoglou, 2018), and viewpoints on nepotism (Yavuz et al., 2020) integrated into a cohesive operational structure. This framework proposes that work-life balance and organizational culture directly predict employee performance, with nepotism serving as a moderating variable that potentially alters or weakens these positive relationships. A total of seven (7) hypotheses were developed to test these interconnected dynamics.

A quantitative, correlational, cross-sectional, and causal-explanatory research design is formulated to provide a comprehensive and reliable analysis of performance dynamics in Metro Manila's family-owned MSMEs. To ensure statistical reliability, the study will utilize G\*Power analysis, which confirms that 219 participants are required to detect small-to-medium interaction effects with a power of 0.95. A purposive, non-probability sampling technique is strategically selected to exclude family members and avoid perception bias. The survey instrument relies on a five-point Likert scale adapted from previously validated scholarly models. Data analysis will be conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS.

Overall, this proposed study presents a clear and practical model for measuring employee performance tailored to the Philippine MSME sector. By examining the moderating role of nepotism, the research provides a foundation for fairer workplace practices, fostering a more inclusive, professional, and sustainable operational strategy for family-owned businesses that employ millions of Filipinos.

## 1.2 Statement of the Problem

### 1.2.1 General Problem

Family businesses have been around for thousands of years, passed down from generation to generation. The majority of businesses today are family-owned due to it being the most successful business model in history. However, due to this, nepotism was born, where family members gain preferential treatment regardless of their job performance. The Philippine MSME landscape is no stranger to this, as the backbone of the economy, the government continues to push this sector towards digitalization and professionalization. In these family firms, nepotism often overrides merit, where non-family employees experience the "glass ceiling." This nepotistic bias within family firms starkly contrasts with the central, professionalized human resource control systems commonly found in larger-scale firms (Nasr et al., 2025). This conflict leads to nepotism, which negatively affects the professionalization of family firms. Furthermore, the lack of clear enforcement of merit-based systems in family businesses, where the belief in prioritizing familial ties leads to unstandardized practices rather than the standardized practices found in most big firms (Dahwa, 2026). Despite this, these employees are given less merit and credit simply because their last names do not match the owners'. This, in turn, creates a culture in family firms that creates a challenging workplace environment for non-family employees who enter the workforce expecting fair treatment and professional growth but instead encounter favoritism. This lack of professionalism hinders the firm's performance, as innovation and employee performance are negatively affected, ultimately threatening the long-term sustainability of the MSME sector. The main research problem addressed in this study was:

***What is the impact of Work-Life Balance and Organizational Culture on Employee Performance of non-family employees in Family Businesses in Metro Manila, while being moderated by Nepotism in the workplace?***

### 1.2.2 Specific Problems

This study examined the interconnectedness of work-life balance, organizational culture, and employee performance, specifically within MSMEs in Metro Manila.

1. What is the impact of work-life balance towards employee performance?
2. What is the impact of organizational culture towards employee performance?

3. What is the combined impact of work-life balance and organizational culture towards employee performance
4. What is the impact of work-life balance towards employee performance while being moderated by Nepotism?
5. What is the impact of organizational culture towards employee performance while being moderated by Nepotism?
6. What is the impact of nepotism towards employee performance
7. What is the impact of the joint influence of work-life balance and organizational culture towards employee performance while being moderated by nepotism?
8. What recommendations can be provided based on the findings?

### **1.3 Objectives of the Study**

#### **1.3.1 General Objectives**

The main objective of this study is to understand the impact of Work-Life Balance and Organizational Culture on Employee Performance, moderated by Nepotism in the workplace, in MSME owned Family Businesses in Metro Manila.

#### **1.3.2 Specific Objectives**

1. To know the impact of work-life balance towards employee performance.
2. To understand how organizational culture influences employee performance.
3. To know the combined impact of work-life balance and organizational culture towards employee performance
4. To know the impact of work-life balance towards employee performance while being moderated by Nepotism.
5. To know the impact of organizational culture towards employee performance while being moderated by Nepotism.
6. To know the impact of nepotism towards employee performance.
7. To determine the impact of the joint influence of work-life balance and organizational culture towards employee performance while being moderated by nepotism.
8. To provide recommendations based on the findings.

## 1.4 Significance of the Study

This study aims to contribute to understanding how work-life balance and organizational culture influence employee performance in family-owned MSMEs in Metro Manila, particularly when workplace nepotism moderates these influences. The significance of the research lies in unravelling the relationships between work-life balance and organizational culture, which are further moderated by Nepotism. The findings of this research are expected to benefit several stakeholders, including Non-Family Employees, Family Business Owners and Managers, MSMEs, Human Resource Practitioners and organizational leads, policy makers, government institutions, and future researchers and academic scholars.

- **Non-Family Employees**

Non-family employees working in a family businesses can greatly benefit from this study as could highlight the potential “professionalization gap” where performance-based expectations conflict with the informal, relationship-oriented management style that commonly stem from family-owned businesses (Porlucas & Gabayan, 2019; Santiago, 2019). Furthermore, in examining nepotism’s role and impact on workplace dynamics, the study may shed more light into the potential issues of fairness, employee well-being, and professional growth in the workplace.

- **Family Business Owners and Managers**

Owners and managers of a family business benefit from the study’s findings of unjustified favoritism and traditional management structures that result in the hiring of unqualified staff, effectively lowering organizational standards and reducing the likelihood that highly capable external recruits will enter the firm (Ahmed et al., 2024; Ukpong, 2025). The study provides evidence on how nepotism demotivates high-performing non-family staff and hinders operational efficiency. Thus, family business owners and managers can learn to prioritize fair recruitment, flexible work policies, and supportive cultures to maintain their competitive edge and improve their long-term sustainability in an evolving economic environment.

- **Micro, Small, and Medium Enterprises (MSMEs)**

MSMEs in the Philippines also benefits from this study’s findings. As MSMEs make up a significant portion of the Philippine economy by up to 99.5 percent of all



registered businesses in the country, and many operate as family-owned businesses (Cordova et al., 2025; Areola, 2023). Thus, the study provides insights into how internal organizational practices affected workforce performance. These insights helped MSMEs strengthen their management strategies and improve their long-term competitiveness and sustainability in an evolving economic environment.

- **Academic Scholars**

Academic scholars benefit from the study's findings of organizational literatures that presents a conflicting understanding of what drives employee performance, with mixed results regarding the direct impacts of work-life balance and organizational culture (Abawa & Obse, 2024; Qadar et al., 2022). Thus, the study provides a culturally grounded, quantitative framework that reconciles these contradictory findings by factoring in the moderating role of nepotism. These help scholars mitigate the sectoral and demographic isolation prevalent in prior research and further understand how personal connections function as structural barriers in emerging economies (Barrios et al., 2026). Scholars can utilize these insights to further understand how embedded cultural systems, like the Filipino "Padrino" system, function as structural barriers in emerging economies.

- **Future Researchers**

Future researchers also benefit from the study's operational framework connecting work-life balance, organizational culture, employee performance, and nepotism across non-family employees within the Metro Manila MSME sector as a foundational model to address the noted theoretical and methodological gaps of the paper. Previous studies on employee behavior and nepotism often depended on qualitative case studies or small censuses, mainly in foreign contexts, which limited their generalizability and made them prone to biases (Thomas, 2017; Chandra & Purnomo, 2026; Lartey & Ampofo, 2025). Utilizing rigorous G\*Power sampling and Partial Least Squares Structural Equation Modeling (PLS-SEM), provided a strong statistical blueprint for future comparative, regional, or industry-specific studies.

## **1.5 Scope and Limitations**

### **1.5.1 Scope**

The study investigates the influence of Work-Life Balance and Organizational Culture on Employee Performance in family-owned Micro, Small, and Medium Enterprises (MSMEs) in Metro Manila, while examining Nepotism as a moderating factor. The target respondents will strictly be regular or full-time non-family employees, ranging from entry-level staff to middle managers, currently employed in a family-owned MSME in Metro Manila. They must have no familial ties to the owners and a minimum tenure of one year to ensure they are integrated into the firm's culture. The variables of the study are operationalized using academic frameworks. Work-Life Balance is measured through the dimensions of supervisor support, co-worker support, and flexible working arrangements as proposed by Wong et al. (2017). Organizational Culture followed the framework of Bogale and Debala (2024), which includes innovation, teamwork, result-oriented, masculinity, involvement, and power distance. Employee Performance is based on the framework by Diamantidis and Chatzoglou (2018), which utilizes firm/environment-related, job-related, and employee-related factors to provide an overall view of an individual's productivity and contributions. Lastly, Nepotism is based on the framework by Yavuz et al. (2020), which measures the dimensions of promotion, working procedure, and recruitment and selection.

To achieve its objectives, the study will adopt a quantitative, correlational, cross-sectional, and causal-explanatory research design. This methodology prioritizes a structured, large-scale statistical framework to provide a generalizable "birds-eye view" of the Philippine MSME landscape and the "interaction effects" that affect non-family employee outcomes (Salmon, 1984). The quantitative strand involves administering a structured, anonymous survey to 219 regular or full-time non-family employees currently employed in family-owned MSMEs within Metro Manila. To ensure participants are fully integrated into their firm's culture and can provide objective insights, respondents must have a minimum tenure of one year and possess no familial ties to the business owners. The target sample size was determined using G\*Power 3.1 analysis, configured with a power level of 0.95 and an alpha of 0.05 to ensure the research is robust enough to detect the subtle moderating influences of nepotism while minimizing the risk of Type II errors.

Data collection is scheduled to span approximately six weeks, from April 20 to May 29, 2025. The research instrument will be disseminated through a multi-channel digital distribution strategy, including email, social media networks, and instant messaging applications to reach qualified respondents across diverse MSME settings in the capital. This survey-based approach was selected to mitigate social desirability bias and provide an

anonymous platform for employees to discuss sensitive cultural dynamics such as the "Padrino" system.

Quantitative data will be analyzed using Jamovi, SmartPLS, and Microsoft Excel. Statistical techniques include descriptive statistics for respondent profiling, correlation analysis, and Partial Least Squares Structural Equation Modeling (PLS-SEM) to evaluate both the measurement and structural models simultaneously. Furthermore, a moderation analysis using the product-indicator approach will be conducted to determine the strength and significance of nepotism's influence on the efficacy of work-life balance and organizational culture in driving performance.

### **1.5.2 Limitations**

The research is strictly limited to non-family employees in Metro Manila to address the "professionalization gap," where employees with merit-based expectations clash with traditional, kinship-oriented management styles (Porlucas & Gabayan, 2019). This population was chosen to mitigate "perception bias," as family members may hold skewed views of the firm's internal culture and nepotistic practices. Metro Manila was selected specifically because it has the highest MSME density in the Philippines at 20.4% and serves as the country's primary economic hub (Congressional Policy and Budget Research Department, 2020).

The data collection is a cross-sectional study spanning six weeks, from April 20 to May 29, 2025. This timeframe serves as a limitation because it limits insights into how these factors evolve over long-term operational cycles, a depth that only longitudinal studies can provide. By utilizing a cross-sectional design, the research captures only a "snapshot" of employee performance and organizational culture at a specific point in time. Additionally, the cross-sectional nature of the design is a key methodological limitation, as it fails to account for the evolving nature of employee performance and the long-term impact of work-life balance. As the study relies on self-reported Likert scales, it may be susceptible to Common-Method Bias and subjectivity. The diversity within the MSME sector also makes it difficult to generalize findings across all industries. The quantitative design also presents another primary methodological disadvantage, as it may fail to provide the qualitative context or the "why" behind unexpected results, leaving underlying motivations unexplored. Additionally, while the non-probability purposive sampling method is strategic, it can

introduce bias and limit how well the findings represent the entire population compared to probability-based techniques. The study's multi-channel digital distribution strategy (email, social media, and instant messaging) may also face the challenge of "survey fatigue," given Metro Manila's saturated research environment. Respondents may be less likely to participate or provide rushed answers, which can affect overall data quality and response rates in the MSME sector.

To mitigate the identified weaknesses in participant subjectivity and social desirability bias, the researchers will use anonymous surveys to encourage honest accounts of sensitive topics, such as the "Padrino" system. Furthermore, perception bias is addressed through strict inclusion and exclusion criteria that exclude all family members up to the fourth civil degree, ensuring findings reflect the objective experiences of the non-family workforce. While the quantitative design lacks the "why" of qualitative research, this will be strategically mitigated by using Partial Least Squares Structural Equation Modeling (PLS-SEM). This method allows for a more integrated and comprehensive evaluation of the relationships between latent variables than traditional linear regression, providing a "birds-eye view" of the industry that case studies cannot achieve. To compensate for the limitations of a cross-sectional design, a minimum tenure of one year is required to ensure that respondents are sufficiently integrated into the firm's culture to provide accurate assessments. Additionally, the study uses G\*Power 3.1 to address the limitations of cross-sectional designs in establishing long-term causality, with a target power of 0.95 to minimize Type II errors and ensure the sample size is robust enough to detect subtle moderating influences. Finally, to ensure the clarity and validity of the research, the instrument will undergo rigorous pre-testing and will be reviewed by the researchers' academic adviser to align with validated scholarly frameworks.

## **Chapter 2: REVIEW OF RELATED LITERATURE**

### **2.1 Introduction**

In the Philippines' dynamic economic landscape, particularly in Metro Manila, organizations are continually adapting to the complexities of managing a diverse workforce. This chapter presents a comprehensive review of existing literature and scholarly research relevant to the study's core variables. By utilizing established theories, frameworks, and empirical findings, this review provides a critical foundation for contextualizing the current research and identifying gaps.

This chapter examines how environmental factors and organizational practices influence Employee Performance and the overall sustainability of firms. It specifically examines the interplay between Work-Life Balance and Organizational Culture, while highlighting the moderating influence of Nepotism, a practice deeply rooted in the Filipino "Padrino" system, on the professional experiences of non-family employees. By integrating both local and international sources, this chapter provides an in-depth exploration of the following areas: (i) MSMEs in the Philippines, (ii) Definition and Socio-Economic Contributions of MSMEs, (iii) Economic History and Policy Support, (iv) Family Business Dynamics, (v) Organizational Culture, (vi) Work-Life Balance, (vii) Employee Performance, (viii) Nepotism and its Impact, (ix) Linkages between Work-Life Balance, Organizational Culture, and Performance, (x) The Moderating Role of Nepotism, (xi) Theoretical and Methodological Research Gaps, (xii) Synthesis, and (xiii) Literature Map.

### **2.2 MSMEs in the Philippines**

#### **2.2.1 Definition of MSMEs in the Philippines**

The micro, small, and medium enterprise (MSME) sector plays a crucial role in driving economic growth and development, creating employment opportunities for the local workforce, and supplying goods and services to larger companies. MSME in the Philippines is defined as any business with a maximum asset of Php100,000,000 and fewer than 200 employees (Simon & Teodosia Suarez, 2022). The Department of Trade and Industry categorizes these enterprises as micro, small, and medium enterprises. A microenterprise is a business with assets of up to 3,000,000 pesos and up to 9 employees, a small enterprise is a business with assets of 3,000,001 – 15,000,000 pesos and 10-99 employees, and a medium

enterprise is a business with assets of 15,000,001 - 100,000,000 pesos and 100-199 employee (Magna Carta for Micro, Small and Medium Enterprises, 2007).

### **2.2.2 Socio-Economic Contributions of Philippine MSMEs**

As the backbone of the Philippine economy, MSMEs comprise 99.5 percent of all registered businesses. Consequently, MSMEs in the Philippines also continue to play a crucial role in innovation, and economic growth is becoming more essential in today's global economy, where technological advancements are happening at a rapid pace and market demands are constantly increasing (Cordova et al., 2025). The MSME sector consists of 88.45 percent of micro enterprises, totaling 887,272 establishments, as well as 10.58 percent of small enterprises and 0.49 percent of medium enterprises. Additionally, these enterprises employ 63 percent of the total workforce, accounting for over 5.7 million workers, and these MSME workers are employed predominantly in the wholesale and retail trade and repair of motor vehicles, 25 percent, followed by manufacturing, 17.8 percent and administrative and support services, 14.94 percent. These enterprises contribute to 32 percent of the Philippines gross domestic product (GDP). MSMEs provide opportunities for an entry point for those traditionally excluded from the labor force, such as out-of-school youth housewives, undergraduates and persons with disabilities. These enterprises reduce poverty and inequality, while job-creating and uplifting the standard of living; specifically having high potential for labor productivity that can lead to better wages (Victoria & Raquiza, 2021).

### **2.2.3 Notable MSMEs**

The Presidential Awards for Outstanding MSMEs is an event that is conducted on an annual basis that serves as the notable acknowledgment for Filipino MSMEs and their development partners. It honors individuals and organizations that have exhibited exceptional performance and made substantial contributions to the enhancement of the nation's economy. The Department of Trade and Industry (DTI) official reports and the 2025 Presidential Awards for Outstanding MSMEs recognized top winning MSMEs. One of the notable micro enterprise is in Iligan City is Heavens Bakehaus, a bakery that has earned national recognition from the Department of Science and Technology (DOST) as an emerging MSME (Luczon, 2023). It was awarded the 2023 DOST SETUP PRAISE Award for adeptly integrating technological innovations into its production processes. It has also received commendations like the DOST SETUP PRAISE Award and recognition as Iligan City's Best Pasalubong Product in 2024. Furthermore, the business has earned the 2025 Presidential

Award for Outstanding MSME in the Micro Enterprise Category for its resilience and significant contributions in community empowerment (House of Representatives of the Philippines, 2025). It provides jobs for out-of-school youth, persons with disabilities (PWDs), and workers nearing retirement, while also supporting community health through the Enhanced Nutribun program by DOST-FNRI. A small enterprise that was also named as an Outstanding MSME in 2025 is Pasciolco Agri Ventures. The company is actively contributing to the sustainable and economic development of the Quezon community in the Philippines by exporting its organic coconut products to the European Union (Department of Trade Industry, 2022). It began 25 years ago as a modest manufacturing facility within a coconut farm that has evolved into a business that exports 50% of its production to international markets. Throughout this journey, Maureen M. Pasciolco has continued to build on her entrepreneurial success. Maureen M. Pasciolco together with her husband, they launched their venture in 1996 by initially producing coconut vinegar. They soon diversified their offerings to include a range of coconut-based products, such as jam, virgin oil, sugar, and syrup, to better serve the local market. The company holds organic certifications that are valid for exporting to the European Union, along with JAS, USDA, HALAL, Kosher, GMP, and HACCP certifications. Lastly, Nutridense Food Manufacturing Corp. (NPMC), classified as a medium-sized enterprise, operates within Region 1 as a well-known leader in the sectors of food technology and manufacturing. NPMC has benefited twice from the Department of Science and Technology's (DOST) Small Enterprise Technology Upgrading Program (SETUP), which has provided vital machinery to enhance production capabilities and improve operational efficiency. As of early 2025, the company successfully integrated 36 distinct technologies developed by the DOST–Food and Nutrition Research Institute (FNRI) (DOST-ITDI S&T Media Service, 2025). Nutridense earned recognition as the National Winner of the 2025 Best SETUP PRAISE Awards, honoring its commitment to innovation and product quality excellence. The organization is dedicated to the development and production of health and nutrition-oriented products, emphasizing advancements in food technology to enhance consumer well-being and nutritional standards.

### **2.2.4 Typical Scenarios in MSMEs**

Several factors impact the performance and sustainability of MSMEs in the Philippines. While they face challenges such as limited access to finance, technology, and skilled labor, as well as gaps in information and problems with product quality and marketing, they showcase resilience by consistently generating employment opportunities, contributing economic value, adjusting their operations, and prioritizing the need for internal learning (Alonzo et al., 2025). This adaptability helps to achieve a competitive business environment while effectively managing their resources. In addition, local MSMEs in the Philippines are typically characterized by their focus on serving clients within their local areas, operating from home or informal setups, and taking part in various sectors like manufacturing, trading, retailing, and service provision. These enterprises exist as legitimate entities officially registered with DTI and SEC.

MSMEs in the Philippines are increasingly shifting towards greener operations, including the use of energy more efficiently and managing waste better to meet Sustainable Development Goals (SDGs) and finding ways to combat climate change (Tadeo et al., 2023). On the other hand, it was also mentioned that over 70% of the workforce in developing countries works in the informal economy. This includes people who are self-employed or work for businesses that are not officially registered. As a result, MSMEs are often found in low-skilled and labor-intensive sectors like light manufacturing and services.

### **2.2.5 Economic History of the Philippines**

The 1980s witnessed one of the worst economic crises the Philippines had to face, driven by post-war recessions and the sovereign debt crisis under the Ferdinand E. Marcos dictatorship. The total debt accumulation rose from \$2.3 billion in 1970 to \$24.7 billion by 1982, and GDP growth slowed from 5.2 percent in 1980 to 1.9 percent by 1983. Moreover, the crisis culminated in the country's worst post-war recession, a 14 percent drop in real GDP during 1984 and 1985. The government had to rely on short-term loans as creditors became cautious, which rose from 23 percent of total debt in 1970 to 47 percent by 1982. To add to this, the US Federal Reserve raised interest rates to nearly 19 percent in 1980. At the time, the central bank is overstating its international reserves by as much as 50 percent to hide the crisis. Overall, the aftermath of the 1980s economic crisis in the Philippines led to a permanent downward shift in the country's economic trajectory (Punongbayan & de Dios, 2025).



### **2.2.6 Policy Support for MSMEs**

To resurrect an ailing economy, the government shifted its focus towards MSME development as a recovery strategy. In 1991, Republic Act No. 6977 was enacted, and MSMEs began to gain significant formal recognition and support from the Philippine government, as amended by Republic Act No. 8289 in 1997, also known as the Magna Carta for Small Enterprises. The act was created to promote, develop, and assist small and medium-scale enterprises through the Small and Medium Enterprise Development (SMED) Council, and is responsible for streamlining government assistance, simplifying regulations, and coordinating growth strategies across various economic sectors. Attached to the Department of Trade and Industry (DTI), SMED acted as a coordinator for government and private-sector activities related to SME development and formulated comprehensive development plans to unify national development plans and simplify rules, regulations, and documentary requirements to encourage entrepreneurs to start their own businesses. The council exercised policy and administrative oversight over the Small Business Guarantee and Finance Corporation (SBGFC), which was responsible for providing, promoting, and expanding financing opportunities for small, cottage, and micro-sized enterprises. The SBGFC provides financing support through direct and indirect project lending, venture capital, financial leasing, and the issuance of notes, securities, and other negotiable instruments. Most importantly, SBGFC provided guarantee programs, including loans, high coverage guaranteeing these loans for up to 100 percent, and re-insurance, or second-level guarantees for credit or investments (Republic Act No. 6977, 1991).

The transition from RA 6977 to RA 8289 involved significant adjustments to financial and organizational metrics defining small and medium enterprises. The value of total assets adjusted from less than P50,000 to less than P1,500,001 for micro, from P500,001 – P5,000,000 to P1,500,001 – P15,000,00 for small, and from P5,000,001 – P20,000,000 to P15,000,001- P60,000,000 for medium enterprises. The structure and percentage of the loan portfolio adjusted from a step-down schedule over seven years to a mandated fixed allocation for 10 years from the date of effectivity (Republic Act No. 8289, 1997)

The purpose of Republic Act No. 6977 and its amending law, Republic Act No. 8289, collectively known as the “Magna Carta for Small Enterprises,” is to promote, support, and strengthen the growth and development of small and medium enterprises (SMEs) across all productive sectors of the economy. The government recognizes the potential of SMEs for

employment generation and economic growth, and anticipates providing a self-sufficient industrial foundation for the Philippines (Republic Act No. 8289, 1997).

The “Barangay Micro Business Enterprises (BMBEs)” or also known as Republic Act No. 9178 was enacted with the purpose is to accelerate the country’s economic development by encouraging the growth of neighborhood-based micro-businesses. BMBEs are defined as businesses with total assets, excluding land, of not more than P3,000,000. The government acknowledged that barangay-level micro businesses serve as the “seedbeds of Filipino entrepreneurial talents”. This law specifically targets the smallest tier of businesses to ensure that they are not overlooked by other support systems by laws like the Magna Carta for Small Enterprises (Barangay Micro Business Enterprises Act of 2002, 2002).

The government recognized that MSMEs possess potential for employment generation and economic growth, essential for building a self-sufficient industrial foundation. In 2014, the Republic Act 10644, also known as the “Go Negosyo Act” was enacted to expand the support and strengthen the growth of small and medium-sized enterprises (SMEs) across all sectors of the Philippine economy. The law was designed to act as a “support system” to help small businesses survive and grow to create more jobs and reduce poverty, specifically by making money easier to access, cutting the red tape, negosyo centers, guaranteed sales, training and technology, and start-up support. Negosyo centers were established in every province, city and municipality, and these centers act as help desks where you can register your business, get mentoring and training, and find information on how to finance your business. Lastly, the law established a start-up fund specifically to provide financing for new businesses in priority areas of the economy (Go Negosyo Act, 2013).

Republic Act No. 11057, also known as the “Personal Property Security Act” enacted in 2018, was created with a purpose to modernize the legal framework for using personal property as collateral for loans. The main reason for enacting this law was to promote economic activity by increasing access to least cost credit, especially MSMEs. The government recognized the need for a unified and modern legal framework for securing obligations with personal property (Personal Property Security Act, 2018).

The rise in growth of MSMEs in the Philippines showcases the economic importance that these business models have on the country’s financial success. This growth involves a transition towards more digital and greener practices as it has a significant influence on a company’s competitiveness in the market (Varga, 2021). The benefits of green and digital

integration would pose was beneficial especially for MSMEs in the Philippines as it gives them a better advantage against competing companies. However, MSME owners experience barriers that hinder them due to their reluctance in implementing digitalization, with company size, revenue levels, and digital independence being the observable characteristics that prevent them from integration (Rupeika-Apoga & Petrovska, 2022).

## **2.3 Family Business**

### **2.3.1 Definition of Family Business**

A study by Birdthistle & Hales (2023) provides a comprehensive review of multiple definitions of Family Businesses, as there is no single, universally accepted definition of what a family business is. A leading expert in Family Businesses, John Davis, divided the definition of a Family Business into two categories: process definition and structural definition. Process definition is the extent of the family's involvement in the firm. It is based on the extent of family members' influence over the company's policies and their commitment to maintaining the family's control within the business over time. On the other hand, the structural definition focuses on the ownership or management structures within a family business. An example of this is that a firm is considered a family business if the family owns at least 51 percent of it.

A comprehensive review by Diaz-Moriana et al. (2016), aimed to define what is considered a Family Business. By utilizing and gathering 82 separate definitions, there was no consensus on how firms were defined; however, firms were defined as family businesses in seven categories: ownership, management, control, generational transfer, subsystems, perception, and family employment. Most definitions (66%) include an ownership component, followed by management (39%) and control (38%).

The literature highlights three main theoretical approaches: the three-circle behavior, the behavioral approach, and the F-PEC scale. The three-circle model depicts a firm as a family business within three interactive systems: the business, the family, and the owner. It groups the family circle as “emotion-based,” prioritizing loyalty and values; the business circle as “task-based,” focusing on results and performance; and the ownership circle as defined by legal control and voting rights. The behavioral approach argues that family businesses should be defined by their distinct behavior rather than by family involvement alone. Moreover, it defines family businesses as a vision held by a dominant coalition and focuses on the intent behind how family involvement is used to shape and pursue that vision.

The F-PEC scale seeks to address the problem of defining what a family business is, using a “continuum” rather than a yes-or-no categorization. It uses four segments: power, experience, culture, and utility. Power is defined as the family’s influence over ownership, governance, and management roles; experience is defined as the knowledge passed down from generation to generation; and culture is defined as how the family’s values and business overlap. Although the universal definition of what constitutes a family business remains difficult to articulate, the field is making progress through greater consensus on key definitional criteria (Diaz-Moriana et al., 2016).

By default, a Family Business is characterized by having one or more family members who hold a majority or significant share of ownership, occupy one or more top management positions, and actively participate on the company’s board of directors (Hima & Singh, 2016). However, scholars debate the definition of what constitutes a Family Business. In a study by Cano-Rubio et al. (2017), owners identified themselves as family businesses based on the following criteria: Self-Perception, Ownership Control, Management Leadership, General Continuity, and Active Involvement. The aforementioned factors that define a Family Business, however, may not be a fit for all establishments, as years of operation and even the scale of the business have to be taken into account. Many definitions of what a family business is dependent on the equity, ownership, and shares that the family controls. For example, one study stated that a firm is considered a family business if it is 50 percent owned by the family members. Another study defined a family business as one having family members in key management positions or on the board of directors. To add to this, some studies require at least one family member to work closely with the owner. A firm may be identified as a family business if a family successor has been appointed as the CEO. Lastly, a firm may be identified as a family business depending on how its owners perceive it (Tucker, 2011).

In small and medium sized establishments, they are often identified by their lack of professional practices, often because of their closer-knit relationships with each employee; leaning towards more on business-oriented goals. (Arteaga & Menéndez-Requejo, 2017; Basco, 2017). Larger family businesses at the conglomerate level, however, are more dynastic in nature, operating under a pyramidal ownership structure in which different generations share their holdings (Randolph et al., 2017).

### 2.3.2 Development of Family Business

Family businesses have existed for thousands of years; the oldest recorded one is a hotel in Hayakawa, Yamanashi Prefecture, Japan, and a winery in the Loire Valley, France, both of which are operational to this day. Zildjian, a cymbal manufacturer founded during the Ottoman Empire, agreed to establish a protocol and set rules for families who want to be involved in the business; namely, they must earn a college degree to bring new ideas and innovate the business. These ancient businesses operated for generations because of their culture, high-quality craftsmanship, and willingness to adapt to what was needed at the time (Hodgkinson, 2023). The first industrial revolution, occurring from the late 18th to mid 19th century, marked a significant point in human history, transitioning from a farming and craft-based economy to one primarily characterized by industrial and machine production. This period saw improvements in transportation, banking, and overall economic growth. While it created advancements in production and consumption, it also widened the gap between the rich and the poor (Mohajan, 2019). Family businesses dominated this period, owning and managing large firms established in capital-intensive industries in France that have persisted to this day. These family-led enterprises use a simple organizational structure, grounded in kinship ties, focused on family capitalism.

The second industrial revolution, from the 1870s to the 1890s, saw family businesses adapt to the rise of conglomerates, especially in the United States. Pierre Du Pont, a prominent American industrialist and businessman, abandoned the idea of an “inherited attitude” and rewarded only family members who had proven themselves managerially competent. This approach allowed Du Pont to bridge the gap between personal capitalism and managerial enterprises, proving that family enterprises thrive better with professional management structures than with kinship ties. Family businesses innovated by finding ways to retain control of their companies as they grew larger and more complex. Rather than disappearing, family businesses at this time adapted by professionalizing their leadership and using financial tools to retain power within the family. The period of the “Modern Survival” (1900s to Present) describes an era in which family businesses did not disappear in the face of giant corporations; instead, they adapted by integrating traditional family values with modern professional management and financial strategies. Despite the rise of managerial capitalism, family businesses remain the backbone of the global economy. By the end of the 20th century, 95 percent of US companies were family-owned, and even among the top 500 companies, 150 were family businesses. In Italy, nearly half of the top 100 corporations

remain family-owned businesses til this day. The key reason family businesses were able to survive for centuries was the realization that families should not get jobs just because of their last name, but also for their expertise, removing the notion of complacency. Families began hiring professional managers to handle operations while they owned the business. Moreover, family businesses were found to have a competitive edge in sectors where trust and long-term reputation are most important, in finance, insurance, and high-quality niches like Benetton and Ferrero. The culture of family businesses remains worldwide, emphasizing long-term thinking and the continuation of the legacy (Colli, 2003).

The historical progression of family enterprises, from ancient origins to modern global corporations, directly mirrors the stages of the Business Life Cycle (Miller & Friesen, 1984). In the start-up phase, early family firms like those in Japan relied on high levels of innovation and niche craftsmanship to establish their market position. As these firms transitioned into the growth phase during the first industrial revolution, they developed the "simple organizational structures grounded in kinship ties" to rapidly increase sales. However, to avoid the stagnation often found in the maturity phase, leaders like Pierre Du Pont recognized that a "conservative approach" must be replaced by professional management and managerial competence. This strategic shift prevents a family business from entering the decline phase. By integrating professional managers and requiring family members to develop expertise, these businesses bypass the struggle to adapt to external challenges.

### **2.3.3 Significance of Family Business**

In the Philippines, family businesses hold a significant market presence being the predominant business form and estimating to make up 80% of all Philippine businesses (Areola, 2023). This dominance allows family businesses to account for the majority of economic activity despite many Family Businesses being small businesses, making them the “lifeblood” of the Philippine economy. One of these economic activities includes their influence on the country’s Gross National Product (GNP), which are significantly and directly contributed by many family businesses that have transformed into conglomerates over the decades (Santiago, 2015). Family-owned businesses have also generated much-needed capital for industrialization and development within the Philippines. A study by Palanca (1997) states that many major industries in the Philippines were built by family businesses that evolved from small-scale trade into large-scale manufacturing, including the

founders of Yutivo Hardware Corporation which began as blacksmiths in the 1860s. This significant presence considers family businesses essential for the growth and sustainability of various industries and describes them as an imperative instrument in the growth of the economy and the pursuit of economic sustainability (Areola, 2023). Additionally, many Chinese-controlled family businesses in the Philippines contribute to domestic reinvestment, because unlike foreign multinational corporations that repatriate their profits, these Chinese-controlled Family Businesses reinvest their profits within the Philippines or keep them in local banks, which supports domestic demand and employment (Palanca, 1997). Family Businesses also introduce new products and services to the Philippines, such as certain food "viands" brought by immigrants that become household names and part of the national identity (Santiago, 2015). Today, these family businesses often contribute to job creation and stability, providing essential employment opportunities, most especially in the agriculture sector where they help absorb surplus labor (Palanca, 1997). Family businesses also contribute to the welfare of the community and the environment through CSR activities. In the Philippine setting, these contributions often take the form of philanthropic initiatives including scholarships and educational support, organizing medical and dental missions and supporting health-related causes, environmental efforts such as tree planting, and charitable practices like gift-giving and donations (Areola, 2023).

#### **2.3.4 Key Actors**

There is strong and consistent evidence that suggests that family members influence most of the owned business, ranging from management methods to hiring and compensation decisions (Blumentritt et al., 2024). Although the relevance of family members is evident in the business setting, business decisions are not solely dependent on family members, but also on the firm's stakeholders. Family businesses are motivated by non-financial resources as well, not just financial, which include developing long-term relationships with their stakeholders. These stakeholders are categorized between internal and external stakeholders, with external stakeholders referring to customers and suppliers, while employees make up most of the internal stakeholders (Deferne et al., 2023).

#### **2.3.5 Notable Family Businesses**

The majority of the top privately owned corporations in the Philippines are family businesses; these include corporate giants such as SM Investments Corporation, owned by the Sy family, valued at \$12.3 billion, Ayala Corporation, owned by the Zobel de Ayala family,

valued at \$4.2 billion, and Aboitiz Equity Ventures, owned by the Aboitiz family valued at \$3.6 billion. These family businesses have been around for at least three generations: Ayala, dating back to the 1800s, currently being led by the seventh generation of the family and Aboitiz, in the latter half of the 19th century, in Cebu currently managed by its fourth and fifth generations.

Wealth follows family businesses in the Philippines, if you look at the “Forbes Richest List” in the Philippines, it is dominated by families. Sy siblings who own SM, Enrique Razon Jr., Manuel Villar, Ramon Ang, Isidro Consunji and siblings are the Philippines top five richest and accumulate a net worth of \$42 billion (Ho & Phromchanya, 2025). To add to this, the majority of the largest companies in the Philippines by market capitalization are family-owned. The Philippines Stock Exchange (2026) reported that SM Investments Corporation, SM Prime Holdings, BDO Unibank, Ayala Corporation, Ayala Land, Metropolitan Bank, and Aboitiz Power have market capitalizations of \$14.49 billion, \$12.57 billion, \$11.51 billion, \$9.58 billion, \$5.54 billion, and \$4.66 billion, respectively Click or tap here to enter text.. To put this into perspective, the average annual household income is approximately \$6,358 USD, and for individuals the average monthly salary is about PHP 18,423 to 21,000 (Ledsom, 2025).

### **2.3.6 Strength and Culture**

Family businesses have been an important part of the Philippines’ overall economy, growing from small businesses to what we now recognize as large conglomerates. A part of the reason family businesses has grown to develop strong patronage from investors is their effective use of the family’s name to maintain the image and perceived performance of the family business (Santiago et al., 2019). The image of their name reflects what the public sees in them; a positive outlook can increase trust, while a negative outlook could drastically affect their business performance. This developed perception can be associated to the Filipino Family Business’ strong social culture, where hierarchy and a strong sense of community predominantly shape how smaller family businesses navigate daily operations and resolve internal conflicts (Martinez, 2023). Given the inherent nature of Filipino culture, the assumption is that nepotism within the family would be a regular occurrence in the family business model. However, a section in an article by Schilpzand et al. (2024) argues that the receiver or beneficiary of nepotism could have much more adverse effects on their organizational culture, work-life balance, and workload. The reason for this is that the



beneficiary of nepotism could develop a negative perception of their co-workers, experience greater stress in the position they are placed in and lack the necessary skills to handle the workload they are to be exposed to.

### **2.3.7 Trajectory and Growth of Family Businesses**

Family businesses over the years have shown the potential to transform into large conglomerates and large-scale industries through leveraging unique governance structures to build specific organizational capabilities and pursuing aggressive diversification strategies (Ozturk & Liu, 2026). Families also transformed their personal resources, such as social capital, long-term orientation, and reputation, into actionable firm-specific advantages (FSAs) by recombining them with professional management and technical knowledge (Kano et. al., 2021). In emerging economies, family businesses account for approximately 40% of overall revenue. Palanca (1997) states that in many cases, families in the Philippines evolved over generations from small-scale trades into large-scale manufacturing based on their original business lines, including the founders of Yutivo Hardware Corporation, who began as blacksmiths in the 1860s. This significant presence considers family businesses essential for the growth and sustainability of various industries and describes them as an imperative instrument in the growth of the economy and the pursuit of economic sustainability (Areola, 2023).

## **2.4 Organizational Culture**

### **2.4.1 Definition**

Organizational culture (OC) is a set of norms, beliefs, and attitudes shaped by the members of an organization (Bogale & Debela, 2024). These are values, protocols, and presumptions that an organization possess, supported by the organizational structure and fundamentals. Similarly, Caliskan and Zhu (2020) described organizational culture as a system of meanings that is collectively embraced by a distinct group of individuals. This culture is comprised of various elements, including symbols, language, beliefs, ceremonies, and legends. Functionally, OC serves to foster consistency in an employee's perception and outlook of culture, acting as a mechanism for reducing conflict, and facilitating the essential processes of coordination and control (Bamidele, 2022). This outlook then motivates staff to improve loyalty and commitment to the organization's collective goals over individual self-interests, providing a focus for professional identification. Furthermore, beyond the internal cohesion OC provides, externally, it is also able to provide an identity that separates

itself from others. This allows companies to distinguish themselves in the market as a strong OC reflects the overall efficiency and performance of a firm and its employees (Ramos & Elitan, 2022).

#### **2.4.2 Driver of Strategic Success and Employee Commitment**

Previous studies show that organizational culture influences several factors within the organization, which can lead to either success or failure. One of these is the systematic review by Bogale and Debela (2024) on organizational culture, which concluded that it profoundly influences how organizations function and succeed. Companies that effectively develop their organizational culture are more likely to see improvements in productivity and in employees' overall quality of life. A strong organizational culture can foster greater employee engagement and commitment. Organizations that have developed a culture create a sense of belonging for employees. When employees share the same beliefs and values and understand the organization's work ethic, they become more committed to the organization. In addition, organizational culture shapes how employees behave, collaborate, and align with organizational goals (Akpa et al., 2021). A strong, positive culture can foster innovation, motivation, and efficiency. In addition, the study emphasizes that the strength of the relationship between organizational culture and organizational performance depends on cultural alignment with strategic goals and leadership style.

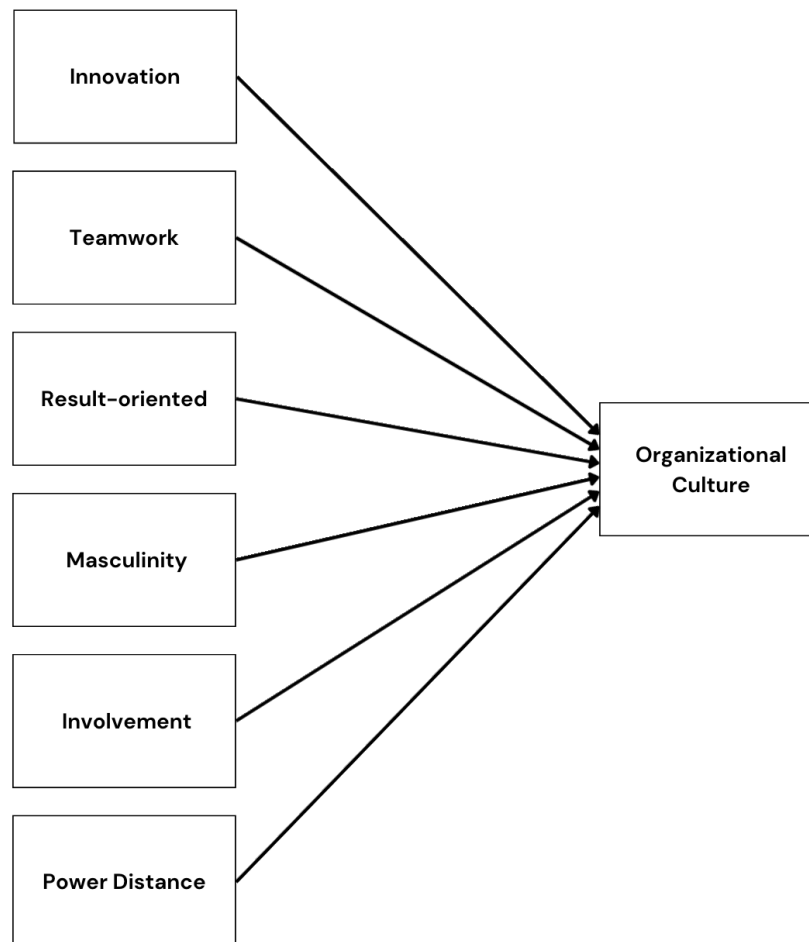
#### **2.4.3 Organizational Culture in Family Businesses**

In family businesses, organizational culture is often based on loyalty, tradition, and family ties. Halasah and Al-Qatawneh (2022) highlighted the influence of organizational culture and its ability to mitigate employee burnout by transforming employee performance from a feeling of overwhelm to a key part of their identity within the organization, thereby creating a more engaging and fulfilling work environment. This shift allows individuals to connect deeply with their roles and the company's mission, fostering a sense of belonging and purpose. In contrast, Ouzký and Machek (2023) find that organizational culture directly improves performance and enhances knowledge management. Cultures built on trust, collaboration, and openness encourage knowledge sharing and innovation, thereby boosting competitiveness and long-term success. In addition, the study notes that family businesses have clan-oriented cultures that focus on loyalty and tradition. A strong culture helps family firms manage knowledge wisely and improve their relationships and financial results.

#### 2.4.4 Framework by Bogale & Debela (2024) from their study entitled — “Organizational culture: A systematic review.”

**Figure 1**

*Organizational Culture Framework 1: Conceptual Framework by Bogale & Debala (2019)*



**Figure 1** interprets the conceptual framework of organizational culture as researched by Bogale & Debela (2024). The variable was formed by six sub-dimensions: innovation culture, teamwork culture, result-oriented culture, masculinity, involvement, power distance.

##### 2.4.4.1 Innovation

Bogale & Debela (2024) defined innovation as an organization’s ability to explore emerging trends in its field of expertise, supported by a willingness to take risks, capitalize on opportunities as they arise, and embrace creativity. Vargas-Halabi & Yagüe-Perales (2024) explains that innovation is a key ability of an organization, showing how well it can adapt, learn, and change based on its environment. An organization that has high innovative performance (IP) indicates a culture that values adaptability and has a clear mission. These

traits help the organization be open to new ideas, focus on customers, and maintain a strategic direction. On the other hand, low innovation may reflect a culture that values consistency, favoring agreement and standardization over flexibility. This can restrict the organization's ability to create and adopt new ideas.

#### **2.4.4.2 Teamwork**

Teamwork is a collaboration and people-oriented behavior are essential components of team orientation, aimed at developing an organization's internal structures and strengthening the connections among its members (Bogale & Debela, 2024). Teamwork exemplifies the practical application of collaborative values that transforms abstract cultural beliefs into a structured environment that improves both human capital and employee commitment (Ghorbanhosseini, 2013). Incorporating teamwork into an organization's culture is crucial as it transforms individual skills into collective human capital. This significantly increases the organization's overall effectiveness and fosters greater commitment among employees.

#### **2.4.4.3 Result-oriented**

Bogale & Debela (2024) defined result-oriented as an organization that places a strong emphasis on achieving its goals and has high expectations for outcomes. A result-oriented culture focuses on achieving goals, meeting performance expectations, recognizing employees, and committing to objectives (Tran et al., 2022). This shifts the focus from following rules to achieving measurable outcomes, boosting efficiency, accountability, and overall success in the organization.

#### **2.4.4.4 Masculinity**

Bogale & Debela (2024) measured masculinity as involving traits such as agreeableness, toughness, logical analysis, and quality of life. Trait masculinity is a trait that is traditionally associated with masculinity and is orthogonal to sex, meaning both men and women can incorporate these traits into their self-concepts. These include independence, aggression, individualism, assertiveness, and dominance. Masculine ideology is the belief system that shapes how men are expected to live up to social expectations, scripts, and behaviors (Fowler & Geers, 2017).

#### 2.4.4.5 Involvement

Bogale & Debela (2024) define involvement as the extent to which employees actively participate in decision-making processes. It emphasizes the importance of employee and employer cooperation and engagement, allowing workers to share in management decision-making. It creates an open, collaborative framework that leverages the talents of all employees and helps fulfill both individual and organizational goals (Ogohi Daniel, 2019).

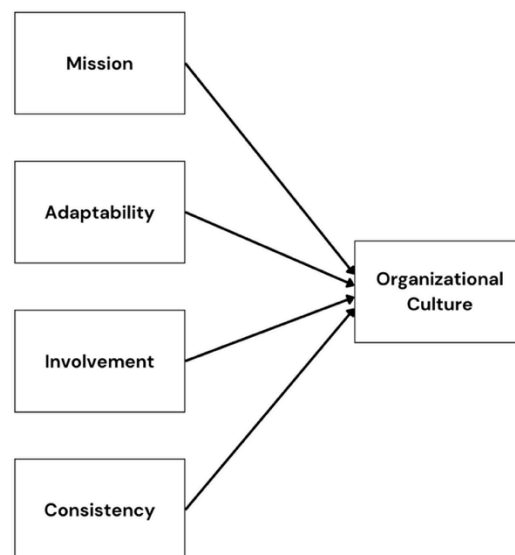
#### 2.4.4.6 Power Distance

Power distance involves power, authority, wisdom, and seniority within organizational structures. It is used as a metric to understand and evaluate organizational functions, job design, decision-making processes, control structures, and reward systems. Moreover, it significantly influences employee behavior, workplace dynamics, and how individuals are treated within the organization (Bogale & Debela, 2024).

#### 2.4.5 Framework by Kassem et al. (2019) from their study entitled -- “Assessing the impact of organizational culture on achieving business excellence with a moderating role of ICT: An SEM approach.”

**Figure 2**

*Organizational Culture Framework 2: Conceptual Framework by Kassem et al. (2019)*



**Figure 2** interprets the Denison Organizational Culture Survey (DOCS) to measure organizational culture, focusing on four distinct dimensions: mission, adaptability, involvement, and consistency (Kassem et al., 2019).

#### **2.4.5.1 Mission**

Kassem et al. (2019) described a mission as a company with a mission culture that provides a clear sense of direction, along with specific visions and goals. This culture focuses on establishing strategic intent and formulating objectives for the organization.

#### **2.4.5.2 Adaptability**

Adaptability is defined by Kassem et al. (2019) as a culture that emphasizes the importance of change, customer awareness, and organizational learning. Companies that excel in adaptability can notice and respond to shifts in the environment and client needs, allowing them to adjust their behaviors and processes effectively.

#### **2.4.5.3 Involvement**

According to Kassem et al. (2019), organizations with a strong involvement culture encourage employees to take an active role in their work and to collaborate with others. In these organizations, employees work informally and often take on extra tasks voluntarily. Furthermore, involvement in the organization's culture fosters a sense of belonging to a collective rather than an individual, encouraging collaboration, flexibility, and positive relationships between colleagues and management (Anchal et al., 2021). Thus, empowering its employees with greater responsibility fosters a sense of ownership, leading to commitment to the organization.

#### **2.4.5.4 Consistency**

Kassem et al. (2019) characterized consistency culture as the quality of consistently behaving or performing in a similar way or having the same standard or principles over time. In the context of organizational culture, consistency refers to the alignment and agreement among employees on values, practices, and procedures. It contains clear instructions, strong roles, commitment to shared values, and predictable responses to changes or challenges. This structure promotes stability within the organization and enhances coordination and integration among team members.

### **2.5 Work-Life Balance**

#### **2.5.1 Definition**

Work-Life Balance (WLB) is defined by Rahmani & Che Embi (2025) as the allocation of time and psychological energy in a balanced manner across work and non-work domains while deriving satisfaction from both. Similarly, Dave & Purohit (2016) described WLB as a person's capability and ability to devote equal amount of time and energy to both professional work and non-work domains. Brough et al. (2020) further expands on this equality approach, stating that WLB is the extent to which a person is equally engaged in and satisfied with their multiple roles in life. However, Al-Saaidi et al. (2022) argues that WLB is not about having equal time or resources for work and life, but feeling satisfied in both domains and having minimal conflict.

Although these definitions share similarities in resource distribution being their focus, they differ in their emphasis on subjective perception versus objective equality. Dave & Purohit (2016) highlight that WLB is a matter of individual perception, where satisfaction may differ significantly from one employee to another. Mcleod & Stein (2020) reinforces this notion by defining WLB as an employee's critical evaluation of the favorability of their combination of roles, which depends on how well their experiences correspond with the values they attach to those roles. However, it is argued that WLB may be achieved when role investment is consistent with the importance an individual places on that role Brough et al. (2020).

The definitions of WLB also vary with regards to functional and social scope. Work-life balance may consist of individual activities that lead to satisfaction and functioning smoothly in both areas while encountering minimal role conflicts Dave & Purohit (2016). In contrast, Brough et al. (2020) offer a more social conceptualization, defining WLB as the accomplishment of role-related expectations that are discussed and agreed upon with partners in both the work and family environments.

### **2.5.2 The Relationship Between Work-Life Balance and Employee Performance**

Despite work-related stress, employees can excel in their roles when the company is able to support them to achieve a balance between their personal and professional lives. With the implementation of effective balance strategies, stress does not hinder employees' performance in their work. Maintaining a healthy balance allows individuals to manage workplace stress without compromising their performance (Moore et al., 2023). Another study implies that work-life balance does not significantly affect employee performance but is positively correlated with employee engagement and job satisfaction. However, the study

also concluded that employee engagement and job satisfaction have a positive impact on employee performance (Sutanto et al., 2024).

### **2.5.3 Strategies and Tools for Achieving Individual Work-Life Balance**

Work-life balance is achieved by allocating time and mental energy equally between physical and personal responsibilities, so that an individual gains satisfaction from both. It is done through proper time allocation, the use of organizational tools, habits, and goals, and the adoption of technology. Proper time allocation requires individuals to be intentional with their daily schedules, understanding what needs to be prioritized and what needs to be done. Utilizing organizational methods is key to maintaining work-life balance; this includes using calendars and to-do lists to see events and tasks, and checking to-do lists for easy prioritization. Cultivating habits and goals with a mind of personal growth helps individuals learn how to maintain WLB. Adopting user-centric technology is a must. For example, mobile phones are convenient and versatile; individuals must prioritize simplicity and use a single platform to manage tasks, goals, and schedule events (Rahmani & Che Embi, 2025). Achieving work-life balanced can be done through creating boundaries (turning off work phones after hours), practicing self-care routines (meditation), and using organizational resources when available (wellness programs or support groups). Moreover, the practice of saying "no" when needed is a key aspect in maintaining work-life balance as it creates clear boundaries between work and home (Alvarez, 2026).

### **2.5.4 Supervisor and Co-Worker Support**

A study by Effendi et al. (2025) found that supervisor support positively affects employees' work-life balance. In this context, supervisor support is defined as the direct care that leaders provide for the wellbeing and productivity of their employees; this support is characterized by recognizing achievements and being attentive to the needs. Such a type of leadership can significantly improve work-life balance. Co-worker support, also known as social support, is when employees assist their colleagues with job duties, stay late to help, or volunteer to train newcomers. Co-worker support positively influences employees' work-life balance by acting as a "shield" against work-related stress and promoting overall well-being. The loss of social support is a significant source of stress that can lead to an imbalance between professional and personal life, harming work-life balance (Bano & Wajidi, 2020).

### **2.5.5 Digitalization and the Remote Work Revolution**

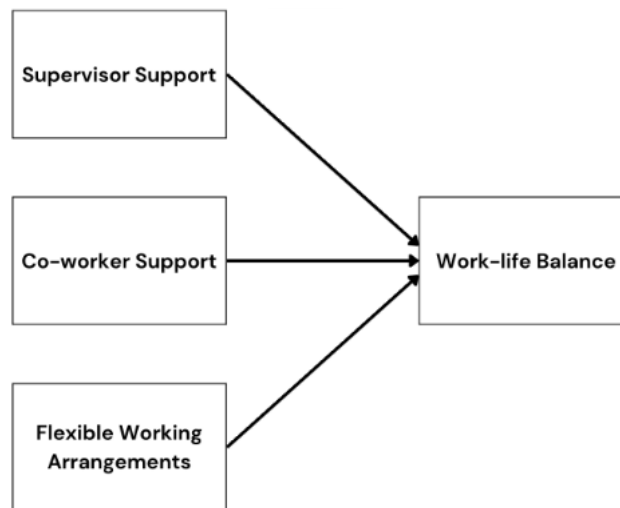


The COVID-19 pandemic accelerated the adoption of technology in businesses, especially among SMEs and entrepreneurs. It forced businesses to adopt new technologies and utilize digital communication tools to stay competitive. Many entrepreneurs switched from the traditional face-to-face methods to a flexible digital setup. Digitalization improves work-life balance by enabling entrepreneurs to better manage work and family responsibilities. Adapting to digitalization can lead to better work-life balance, which is a key motivation for entrepreneurs to digitalize their businesses (Aránega et al., 2025). Remote work was then introduced, allowing employees to work from a remote location outside corporate offices without personal contact with co-workers, while still able to communicate using information and communication technologies. Remote work enables employees to achieve a proper work-life balance and is seen to improve organizational performance and reduce employee absenteeism. For employees, remote work can help achieve better work-life balance, increase autonomy, and reduce time spent commuting; for employers, it can lead to reduced labor costs, savings on office space, fewer unproductive meetings, less sick leave, and improved organizational performance (Pokojski et al., 2022). Although the pandemic has ended, many organizations retained their remote work setup. This is because of the benefits experienced during the pandemic, such as increased productivity, employee retention, satisfaction, cost savings, and access to a wider talent pool. Businesses also recognize that remote work policies help attract top talent and are seen as a competitive advantage; even companies without full-time remote work policies are adopting flexible hybrid models. Both employees and employers now view remote work as a valuable benefit, and businesses are responding to workers' desire for flexibility and improved work-life balance (Marston, 2022).

#### **2.5.6 Framework by Wong et al. (2017) from their study entitled — “Workplace Factors and Work-life Balance Among Employees in Selected Services Sector.”**

##### **Figure 3**

*Work-life Balance Framework 1: Conceptual Framework by Wong et al. (2017)*



**Figure 3** represents supervisor support, co-worker support, and flexible working arrangements are positively related to work-life balance. The three factors are interconnected, as the successful implementation of flexible working arrangements largely relies on the collaboration between supervisors and coworkers.

#### **2.5.6.1 Supervisor Support**

Wong et al. (2017) state that a supportive supervisor is characterized by decentralizing decision-making, which helps employees feel comfortable in the working environment. Additionally, it is the extent to which employees believe their supervisors care about their well-being and value their contributions to the organization. It includes emotional support, guidance, and practical help with work-related issues (Rodrigues & Melchior, 2025).

#### **2.5.6.2 Co-Worker Support**

Wong et al. (2017) defines Co-worker Support as assistance from co-workers, distinct from that of supervisors, because co-workers work at the same level and lack the authority to give orders. Co-worker support refers to the help, encouragement, and assistance that employees provide to each other in the workplace. This includes sharing knowledge and expertise, offering emotional support, and assisting with work-related tasks (Bayat & Yücel, 2025).

#### **2.5.6.3 Flexible Working Arrangements**

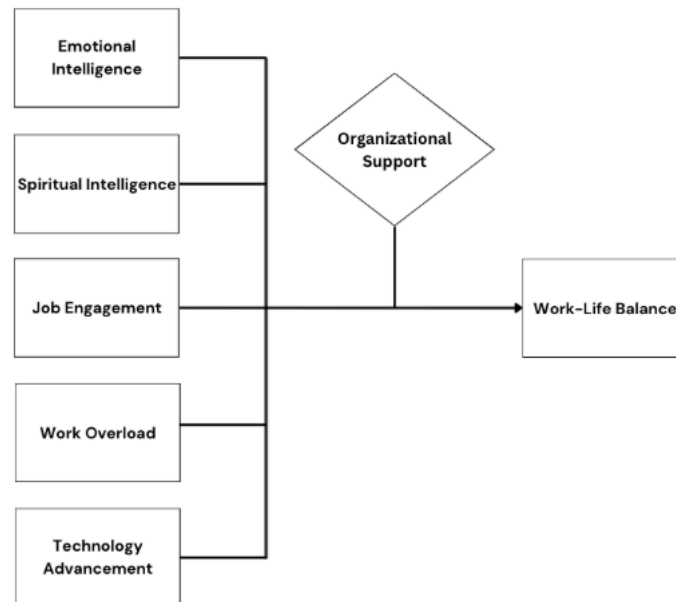
Based on Wong et al. (2017), flexible working arrangements encompass options such as flexi-hours, unpaid leave, career breaks, compressed workweeks, homeworking networks, and job sharing, all designed to enhance work-life balance and accommodate individual

employee needs. Specifically, flexible working arrangements are defined as any policies or practices, formal or informal, that permit people to vary when and where they work (Ramakrishnan & Arokiasamy, 2019).

### 2.5.7 Conceptual Framework by Kumarasamy (2016) their study entitled — “Individual, Organizational, and Environmental Factors Affecting Work-Life Balance.”

**Figure 4**

*Work-life Balance Framework 2: Conceptual Framework by Kumarasamy (2016)*



**Figure 4** presents the Individual, Organizational, and Environmental Factors Affecting Work-Life Balance from the study of Kumarasamy (2016). Work-life balance is composed of six dimensions: emotional intelligence, spiritual intelligence, job engagement, work overload, technology advancement, and organizational support.

#### 2.5.7.1 Emotional Intelligence

Kumarasamy (2016) defined emotional intelligence as a subset of social intelligence that involves the capacity to monitor one's own and others' feelings and emotions. Emotional intelligence allows an individual to better balance their personal and professional lives by helping them remain aware of how their feelings influence their decision-making.

#### 2.5.7.2 Spiritual Intelligence

Kumarasamy (2016) defined spiritual intelligence as an individuals' capacity to find the hidden resources of life and joy within a stressful environment.

### **2.5.7.3 Job Engagement**

Kumarasamy (2016) defined job engagement as a positive, fulfilling, work-related state of mind characterized by dedication and absorption. It involves maintaining high levels of energy and mental resilience while remaining fully focused on one's work. This is further observed when an employee is captured to be engaging more on their tasks purely because of how intrinsically motivated they are with their work (Wood et al., 2020).

### **2.5.7.4 Work Overload**

Kumarasamy (2016) defined work overload as an employee's perception of having too many things to do insufficient time, or of being asked to do work that is too difficult.

### **2.5.7.5 Technology Advancement**

Kumarasamy (2016) defined technological advancement as a tool that transforms physical work into work done on a device, such as email or calls. While it offers a flexible approach to work, it can also blur the boundaries between work and personal time by making work accessible at all times.

### **2.5.7.6 Organizational Support**

Kumarasamy (2016) defined organizational support as an employees' belief on how the organization values their contributions and cares about their wellbeing. The approach of organizational support can evoke positive employee behavior and act as a moderator to help individuals achieve work life balance.

## **2.6 Employee Performance**

### **2.6.1 Definition**

Employee performance is defined by Nadhilah et al. (2024) as the expected value of an individual's actions taken to achieve specific results within a standard timeframe. It serves as a central measure of how effectively an employee utilizes resources to meet their designated job objectives. This concept encompasses both the quality and quantity of work produced relative to an individual's responsibilities, with a specific focus on outputs, relevance, and timeliness. It is also a reflection of organizational quality that is directly enhanced by the quality of human resources, transformational leadership, and compensation,

which is measured explicitly through six key indicators: work quantity, quality, timeliness, and effectiveness, as well as communication quality and employee relationships (Tobing et al., 2024). Additionally, Employee performance is a critical element for a company's long-term sustainability and success, as it directly drives organizational productivity, innovation, and growth. (Lukito et al., 2025). Moreover, daily transformational and ebullient leadership behaviors drive employee performance to engage in a proactive work design. This approach allows workers to boost daily task performance while making it more fun and challenging (Bakker et al., 2025).

### **2.6.2 Determinants of Employee Performance and Organizational Success**

Employee performance is important because it determines the organization's competitive edge and overall success. An employee's performance directly affects service excellence and organizational growth. High performance is linked to increased productivity, better work quality, and higher employee morale. (Baydeniz et al., 2025). High-performance employees who engage in the customer-oriented organizational behavior (OCBC), meaning that they go out of their way to solve problems to help ensure customer loyalty. A vital component of organizational success is recognizing customer loyalty as a key indicator of organizational effectiveness and directly linking it to superior market performance. When employees perform well, customers tend to be more satisfied, which serves as a significant indicator of a positive customer experience. In addition, customer satisfaction leads to increased market share and greater market value for organizations. (Lavelle et al., 2021). However, improvements in employment performance are directly affected by the leadership style adopted by the organization. A study concluded that visionary leadership and talent management are essential for improving employee performance. Visionary leadership is important because leaders set clear, long-term direction and motivate employees to ensure their work aligns with company goals. If leadership is unclear and lost, it can cause delays and reduce employee performance. Talent management is important because it provides clear paths and development opportunities that motivate employees to perform better. When employees see growth opportunities and how performance affects their career, they are more likely to be engaged and productive. Both factors, directly and indirectly, improve employee performance (Miharja & Hayati, 2021). Additionally, employee performance improves through self-efficacy, organizational environment, and overall job satisfaction. When an individual believes in their own ability to complete tasks, it has a significant, positive, direct effect on performance: they are more confident in their ability to achieve set targets. They are

less likely to see complex tasks as a burden. To improve this, the organization should offer certified training sessions to enhance employees' skills, thereby boosting their self-confidence and work output. Creating a supportive work environment is a critical indirect driver; it includes both physical and non-physical factors, such as lighting, layout, ventilation, and quality communication and teamwork. Job satisfaction is a crucial factor, as it has a significant positive effect on performance, motivating employees to commit to the quality and quantity of their work (Devi & Dewi, 2025).

### **2.6.3 Managerial Influence on Employee Performance**

Managers have been pivotal stakeholders in every firm, especially when it comes to employee performance. The managers play a significant role in leading the core employees in their departments. A study by Neher and Maley (2019) argues that managers and employee performance management (EPM) go hand in hand in improving a firm's overall employee performance through a range of shared approaches, with managers' perceived values being a major contributor to encouraging employee performance. The managers do this by backing up their values in actual application, reducing values of dissonance among employees, and effectively improving their performance and perception. Furthermore, this perception that employees develop their managers is essential, as it positively aligns them towards having a better relationship with their managers (Suknunan & Bhana, 2022). However, managerial values must also align with the manager's management style, as poor methods have resulted in lower employee performance.

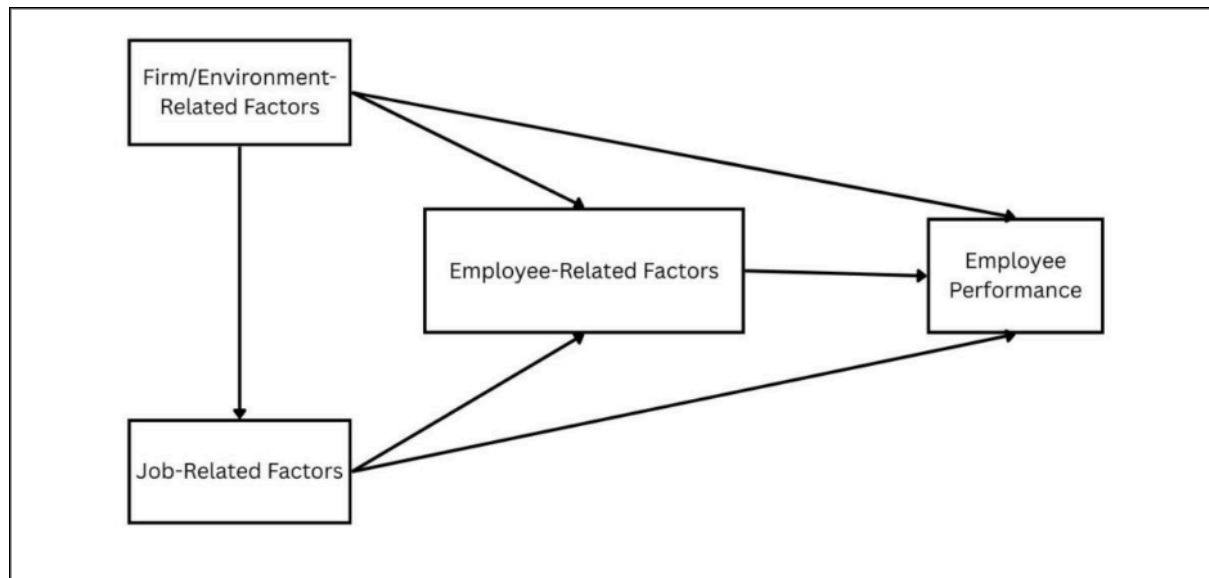
### **2.6.4 Role of Human Resources in Employee Performance and Development**

Human Resources (HR) is responsible for acquiring and developing the firm's human capital and overseeing an employee's lifecycle within the firm (Tanjung, 2020). Thus, it is in the department's best interest to effectively improve employee performance through training programs or employee counseling (Yuliantari & Martini, 2019). Furthermore, as one of the main drivers of a firm, developing an environment that fosters growth and supports employees' well-being is essential to maintaining high levels of performance and satisfaction within the workforce, as motivation is a strong influence on employee performance (Mansaray, 2019).

### 2.6.5 Framework by Diamantidis and Chatzoglou (2018) from their study entitled “Factors affecting employee performance: an empirical approach”

**Figure 5**

*Employee Performance Framework 1: Theoretical framework by Diamantidis & Chatzoglou (2018)*



**Figure 5** presents that Firm/Environment Related Factors, Job-Related Factors, and Employee-Related factors positively affect Employee Performance. The three variables provide a comprehensive view of performance by accounting for the environmental, operational, and personal dimensions that drive an employee's overall performance within the firm.

#### 2.6.5.1 Firm/Environment-Related Factors

Diamantidis & Chatzoglou (2019) defines Firm/Environment-Related Factors as internal and external elements of a firm that influence the workplace. These factors include management support, which measures the degree of assistance and guidance provided to employees, and training culture, which reflects the extent to which a considers training as an investment in improving employee performance. These factors also comprise of organizational climate, representing the perceived quality of an employee with regards to job climate and relationships with supervisors and peers, and environmental dynamism, which refers to management’s perception of the stability or instability of the external business environment.



### 2.6.5.2 Job-Related Factors

Job-Related Factors focuses on the specific nature of the work itself and the immediate workplace conditions (Diamantidis & Chatzoglou, 2019). These factors include job autonomy, defined as the level of freedom and independence an employee must decide how to perform their tasks. It also encompasses job communication, which is made up of performance feedback, information regarding workplace changes, and supervisor responsiveness. Finally, job environment, which is divided into managerial and intrinsic affirmation (feeling valued), personal and co-worker belonging (social connection), and personal competence (belief in one's own skills).

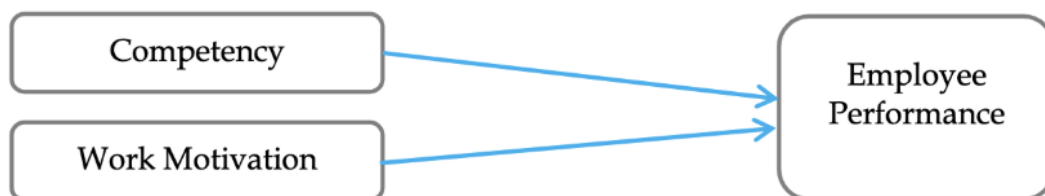
### 2.6.5.3 Employee-Related Factors

Diamantidis & Chatzoglou (2019) describes employee-related factors as individual-level traits and behaviors that connect organizational conditions to actual performance outcomes. These include intrinsic motivation, the drive to achieve personal satisfaction through one's work, and proactivity, the tendency to take charge and anticipate future needs or problems. Other components include adaptability, the ability to handle emergencies, stress, and unpredictable situations, and skill flexibility, which refers to the number of alternative ways an employee can apply their skills. This factor also includes the employee's skill level and their commitment, which is categorized as affective, continuance, or normative emotional attachment to the firm.

### 2.6.6 Framework by Wijayanto & Riani (2021) from their study entitled — “The Influence of Work Competency and Motivation on Employee Performance”

**Figure 6**

*Employee Performance Framework 2: Conceptual Framework by Wijayanto & Riani (2021)*



**Figure 6** presents the Individual, Organizational, and Environmental Factors Affecting Work-Life Balance from the study of Wijayanto & Riani (2021). Employee performance comprises two dimensions: competency and work motivation.

### 2.6.6.1 Competency

It is defined by Wijayanto & Riani (2021) that competency refers to an individual's ability to perform a range of tasks associated with their job. Specifically, it represents the knowledge, skills, and work attitudes required to perform job tasks and achieve optimal performance. Moreover, it is a fundamental characteristic that influences an individual's consistent patterns of thinking and acting across various situations.

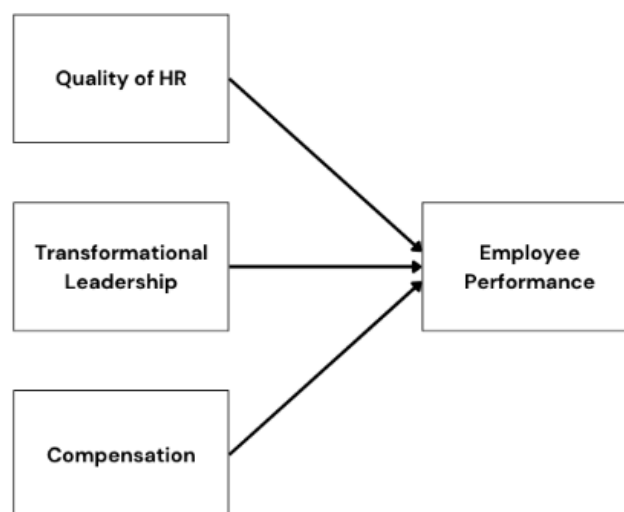
### 2.6.6.2 Work Motivation

Wijayanto & Riani (2021) defined work motivation as the driving force arising from both external and internal sources, guiding and influencing employees to perform their tasks aligned to their responsibilities and roles. It represents a mental state and willingness to exert effort toward achieving organizational goals, often to satisfy specific individual needs. This drive acts as an essential "motor" that activates an employee's skills and abilities, ensuring they achieve the quality and quantity of work required for the organization's success.

### 2.6.7 Framework by Tobing et al. (2024) from their study entitled — “The Effect Of Quality Of HR, Transformational Leadership And Compensation On Employee Performance.”

**Figure 7**

*Employee Performance Framework 3: Conceptual Framework by Tobing et al. (2024)*



*Figure 7* illustrates the research conceptual framework developed by Tobing et al. (2024) to analyze the factors impacting Employee Performance. The framework identifies three independent variables: Quality of HR, Transformational Leadership, and Compensation, and their proposed effects on Employee Performance.

#### **2.6.7.1 Quality of Human Resources**

Tobing et al. (2024) defined HR quality as a workforce with high knowledge, skills, and moral competence. It is described as a dynamic state regarding human resources that meets or exceeds expectations. The quality of human resources refers to the professional skills and expertise of employees, which significantly influence a company's success and operational efficiency. Individuals who demonstrate high HR quality possess the knowledge and expertise to solve problems professionally, communicate effectively, manage themselves effectively, and maintain a high level of trustworthiness and objectivity (Darmawan et al., 2020).

#### **2.6.7.2 Transformational Leadership**

Tobing et al. (2024) defines transformational leadership as an activity in which leaders inspire their followers to move beyond their own self-interests. These leaders can have a profound and extraordinary influence on their members, benefiting the organization. Moreover, transformational leadership is a complex, dynamic process in which leaders influence their subordinates' values, beliefs, and goals. It drives change within an organization by providing a visionary perspective that helps employees recognize the actual value of their work and encourages them to perform their jobs more effectively (Moradi Korejan & Shahbazi, 2016).

#### **2.6.7.3 Compensation**

Tobing et al. (2024) defines compensation as everything employees receive as a reward or in exchange for the work they perform for an organization. It includes specific rights such as salaries, wages, incentives, bonuses, insurance, and premiums that are the responsibility of the company.

## **2.7 Nepotism**

### **2.7.1 Definition**

Nepotism refers to the practice of individuals securing employment, promotions, or more advantageous working conditions due to personal relationships, specifically familial ties, rather than their qualifications, skills, or experience. The term is derived from the Latin word for "nephew," which emphasizes the historical trend of valuing relationships over merit as individuals were often hired or favored solely due to their connections (Yavuz et al., 2020). Between the 15th and 17th centuries in Italy, the Catholic Church became a powerful and wealthy institution led by Popes who carried vows of chastity and had no legitimate children. Instead, they often appointed their familial nephews or illegitimate children referred to as nephews to church positions like cardinals or bishops (2003, as referenced in Schilpzand et al., 2025). In modern organizations, nepotism happens when people give special treatment to family members over others at work (2012, as cited in Schilpzand et al., 2025). This favoritism can affect hiring, promotions, pay and benefits, training opportunities, and task assignments. Similarly, nepotism frequently occurs in private businesses, demonstrating not only in the hiring of family members, friends, and acquaintances but also in the allocation of additional benefits, such as promotions and salary increases (Kerse & Babadağ, 2018). This perspective highlights the exploitation of public power to gain benefits, explaining how nepotism is considered an unprofessional practice.

### **2.7.2 Impact of Nepotism on Family Businesses**

Although Nepotism has negative connotations, the practice itself has its bright sides. In family businesses, it can lead to both positive and negative outcomes. Positively, it often creates trust, loyalty, and a sense of commitment among family members, which can help the business succeed and reduce hiring costs (Dexter, 2019). These benefits are crucial for survival as a starting business, however, as the business expands, the negatives may end up outweighing the benefits. When left unchecked, nepotism in a family business can negatively influence employee morale, decreasing job satisfaction among employees (Schmid & Sender, 2019).

### **2.7.3 Non-Familial Nepotism**

Nepotism may take many forms; a common one is providing favorable treatment to members of an organization with whom people have familial ties. However, under nepotism,

cronyism also exists, in which non-family members are given special treatment (Erol & Savaş, 2020). This would inadvertently reduce employee performance due to its adverse effects on motivation and morale. Moreover, its influence on an applicant's hiring process may be harder to detect than with familial nepotism, as hiring managers with ties to an applicant may use methods to conceal their connection (Hotho et al., 2018). The application of such methods could make it more challenging to get in employees with better credentials for the required job.

#### **2.7.4 Influence of Nepotism in Succession**

The contention of Nepotism during succession can be a topic for debate; it is often questioned whether the recipient of the higher position would be fit for the new role they would be given. In a family business, Nepotism is viewed as a common occurrence, as familial ties and socio-economic wealth are intertwined among members of the organization (Marcíanová et al., 2025). This positive occurrence stems from the tacit knowledge that comes with family members who are close to the business's founders.” Furthermore, the occurrence of Nepotism may yield mixed results for organizational performance, depending on the parties involved; however, resilience may be observed during economic hardships as family members tend to push through such hardships. (Schilpzand et al., 2025).

#### **2.7.5 Impact of Nepotism on Employee Behavior**

Nepotism is linked to several negative employee behaviors, such as workplace withdrawal, increased fear-based silence, and low job satisfaction. Employees are more likely to withdraw from their work when nepotism is present; this may include neglecting tasks, taking longer breaks, or purposely delaying assignments. Moreover, employees are more likely to remain silent, withholding ideas or information out of fear. This connects to employees having a lower sense of career achievement, as they expect the same opportunities for promotions, raises, and career growth but are hindered by nepotism. When employees see that rewards and opportunities are given based on relationships rather than merit, they feel it is unfair and that their career goals are unreachable. This perceived unfairness may lead to anger, frustration, and a sense of not being valued, reducing productivity, limiting valuable feedback, and increasing turnover intentions, harming the organization (Jain et al., 2023).

#### **2.7.6 Padrino System**

In the Philippine context, nepotism is closely linked with the *padrino* system. The *padrino* system is a reciprocal relationship rooted in kinship and the cultural idea of "*utang na loob*," which means debt of gratitude. Individuals in power offer favors or employment to those they know in exchange for loyalty (Agaton, 2024). When applied to the workplace, this manifests as the *palakasan* system. The word *padrino* is Spanish for "patron" or "godfather". The system involves a complex web of mutually beneficial relationships between a patron (godfather/mother) and a client (godchild). It often begins as a "give-and-take" relationship where a more powerful benefactor assists a beneficiary out of goodwill.

A comprehensive study by Villamejor-Mendoza (2023) highlights the cultural context in which this patronage system operates, indicating that such practices are not universally viewed as negative but rather seen as part of the societal framework. The research also emphasizes the tension between the ideals of merit-based systems and the realities of political patronage, revealing how deeply embedded these practices are in Philippine political culture. It is a form of political patronage, defined as the power of political actors to appoint individuals to non-elective positions at their own discretion. The author notes that the Philippine public bureaucracy has a long-standing vulnerability to nepotism, which was deepened by the institution of godfathers carried over from the Spanish colonial period. The *padrino* system is closely linked to what some scholars call an "anarchy of families" or the dominance of political dynasties. In this environment, wealthy clans use patronage networks to dominate the state, rewarding supporters with a "share of the spoils". In the Philippines, these strong familial and personal relationships mean that patronage is firmly embedded in the cultural context and is not always viewed purely as a negative political tool, but rather as an integral part of the societal value system. The author also states that this system does not support a fair workforce based on merit. Instead, it often results in hiring people who are "ineligible" or "unqualified" wherein these individuals usually do not have the necessary education, training, or eligibility for their jobs.

A similar study by Kondo (2012) delves into the *padrino* system in the Philippine workplace revealing it as a deeply embedded manifestation of nepotism, also referred to as the *bata-bata* system. This system uses a hybrid management style called *merito-patronage*. It combines merit-based practices with traditional relationships between patrons and clients to address the unique challenges in the Philippine business environment. Theoretically, the *padrino* relationship operates as an informal group that complements implicit employment

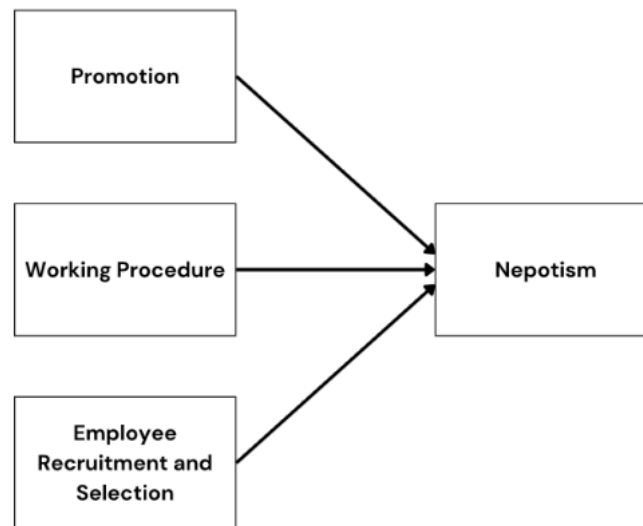
contracts, seen as a transactional game where members pursue individual and collective objectives. Empirically, this relationship manifests in various ways, including professional carry-overs where padrinos hire trusted former subordinates, and social ties formed through shared backgrounds or rituals like *ninong-inaanak* sponsorships at weddings, fostering moral obligations. Non-family employees, those without padrinos, face significant hurdles, perceiving promotion as determined by connections rather than merit, which diminishes their motivation and leads to a cycle of mediocrity. They are more likely to face biases in disciplinary actions. The padrino system allows organizations to navigate high-risk, low-trust environments by reframing non-family workers as pseudo-family members, mitigating low institutional trust, and providing labor market stability through the concept of *utang na loob* (debt of gratitude). Consequently, while often criticized as nepotism, the merito-patronage system serves as a rational strategy for Philippine firms. This system helps them use personal connections to improve their competitiveness, especially when formal merit-based systems have weaknesses.

The padrino system and its associated practices, such as nepotism and the *palakasan* system, have significant implications for businesses and the workplace in the Philippines. While these practices are deeply rooted in cultural traditions and personal relationships, they often damage merit-based systems and can lead to inefficiencies and favoritism within organizations.

### 2.7.7 Framework by Yavuz et al., (2020) from their study entitled -- “Nepotism Perception and Job Satisfaction in Healthcare Workers”

**Figure 8**

*Nepotism Framework 1: Conceptual Framework by Yavuz et al. (2020)*



**Figure 8** outlines the three subdimensions of the Nepotism Scale—Promotion, Working Procedure, and Recruitment and Selection—highlighting the key areas where nepotism occurs in the workplace.

#### 2.7.7.1 Promotion

Yavuz et al. (2020) defines promotion as examining favoritism in advancement decisions, where personal relationships are prioritized with management rather than skills and merit. This is further supported by Habaza et al. (2025), wherein promotion is described to be more relationship/kinship-based instead of merit and performance. Furthermore, the prioritization of personal relationships as a basis for promotion over good performance is shown to impede the propagation of healthy competition within the workplace, negatively impacting the careers of high-performing employees (Kawo & Torun, 2020).

#### 2.7.7.2 Working Procedure

Yavuz et al. (2020) describes working procedure based on assessments of whether individuals with close ties to management receive more respect, lighter penalties, and greater rewards, indicating potential unequal treatment coming from personal connections. This is further defined by Alhateem et al. (2025) as working procedures with regard to nepotism to



have unjust work distribution and much more favorable advantages that mask the nepot into having better work metrics.

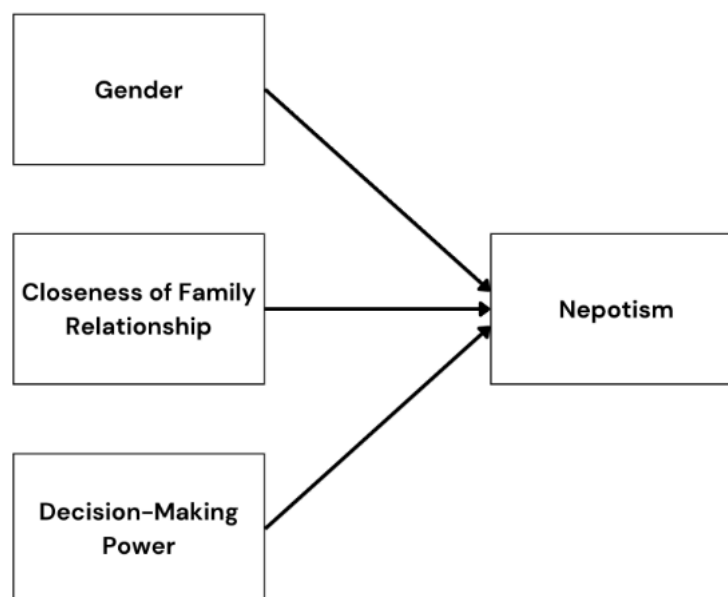
### 2.7.7.3 Employee Recruitment and Selection

Employee recruitment and selection are characterized by hiring decisions that are influenced by relationships instead of qualifications, highlighting the issue of nepotism in the recruitment process (Yavuz et al., 2020). This unjustified favoritism toward applicants influenced by nepotism would lead to the recruitment of unqualified staff who lack the necessary competencies to effectively contribute to the firm (Ahmed et al., 2024). With this practice, limited slots would then be “reserved” for applicants influenced by nepotism, lowering the chances of better performing recruits of getting into the organization (Ukpong, 2025).

### 2.7.8 Framework by Marciánová et al. (2025) from their study entitled -- “Long-term sustainability of family firms: The role of nepotism.”

**Figure 9**

*Nepotism Framework 2: Conceptual Framework by Marciánová et al. (2025)*



**Figure 9** represents that gender, closeness of family relationship, and decision-making power directly influence the success and retention of nepotism in family firms.

### **2.7.8.1 Gender**

Based on Marciánová et al. (2025) Gender refers to whether the nepot (family member employed in the firm) is male (M) or female (F). Examining how being male or female influences the success and retention of nepots in family firms. A study by Iqbal & Ahmad (2020) found that male employees are more inclined to participate in preferential treatment (nepotism/favoritism) compared to their female counterparts, concluding that the influence of workplace spirituality on nepotism and favoritism varies between genders.

### **2.7.8.2 Closeness of Family Relationship**

Marciánová et al. (2025) defines the closeness of family relationships by categorizing relatives into two groups, close relatives (first line: son/daughter, husband/wife, brother/sister) and more distant relatives (second line: uncle, cousin) to measure how the degree of kinship affects the likelihood of successful involvement in the business.

### **2.7.8.3 Decision-Making Power**

Decision-Making Power is characterized as the degree to which a nepot is involved in high-level management or has influence over company decisions. From the employees' point of view, it is the ability to be actively involved in the family firm's operations. It is also described as a "latent variable of power," linked to a family member's share in decision-making and their influence on the business's operations. This power is often created through trust and is frequently centralized with the founder before being given to other family members (Marciánová et al., 2025).

## **2.8 Linkages**

### **2.8.1 Linkage Between IV (Work-Life Balance, Organizational Culture) and DV (Employee Performance)**

In the context of Indonesian local government administration, Barokah et al. (2025) found that work-life balance is a direct predictor of employee performance ( $\beta = 0.393$ ,  $T = 3.178$ ,  $p = 0.001$ ). Using data on drivers of productivity among 104 millennial employees in Pangkalpinang city and analyzing them via Structural Equation Modeling (SEM-PLS), the study suggested that, for millennial bureaucrats, the ability to manage professional and personal responsibilities is a key driver of productivity rather than a welfare issue. In contrast,

organizational culture demonstrated an insignificant direct influence on performance outcomes ( $\beta = 0.059$ ,  $p = 0.686$ ). These findings confirm that organizations are better off focusing on personalized motivational strategies and outcome-based performance metrics for their employees.

In a study by Preena (2021), a survey was conducted with 84 employees in a shipping company in Sri Lanka to evaluate the impact of work-life balance on employee performance. The study used a simple linear regression analysis in SPSS to determine the strength and direction of the relationship between work-life balance and employee performance (the dependent variable). A strong positive relationship is observed between the variables ( $r = 0.949$ ,  $p = 0.000$ ), and the regression results confirm that work-life balance is a significant predictor of employee performance, with a  $\beta$  value of 0.949 ( $p = 0.000$ ) and an R-Square of 0.900. The findings show that work-life balance has a significant impact on employees, and the authors of the study suggest implementing flexible work arrangements to help them handle job-related challenges without feeling pressured.

A study by Ahmed et al. (2024), conducted in Bangladesh within the private banking sector, showed that work-life balance significantly affects employee performance. By gathering 346 respondents and analyzing using Partial Least Squares Structural Equation Modelling (PLS-SEM), their study showed that work-life balance has a direct positive impact on employee performance ( $\beta = 0.208$ ,  $p = 0.001$ ). Additionally, Employee engagement served as a mediating variable ( $\beta = 0.120$ ,  $p < 0.001$ ), wherein results showed that employees who are positively engaged in their work exhibited better employee performance, which also leads to improved work-life balance.

In a study by Isse et al. (2018), 271 administrative staff members of public universities across Malaysia were surveyed regarding their work-life balance, job satisfaction, and organizational commitment. Using multiple linear regression analysis, their results showed that work-life balance is a significant predictor of employee performance ( $\beta = 0.183$ ,  $t = 3.604$ ,  $p = 0.000$ ). The study affirms that work-life balance has a significant effect on employee performance, leading to greater efficiency and effectiveness.

A study by Murniawati & Achmad (2024), conducted in Indonesia within the Regional Finance Agency of Karanganyar Regency, concluded that organizational culture significantly affects employee performance. Their study, based on 90 respondents and analyzed using Partial Least Squares (PLS), revealed that organizational culture was the most

significant predictor of employee performance ( $\beta = 0.868$ ,  $p < 0.001$ ). In contrast, work-life balance was not statistically significant ( $T = 1.690$ ,  $p = 0.047$ ). Organizational commitment served as an important mediator in these relationships ( $\beta = 0.386$ ,  $p = 0.001$ ); for example, organizational culture significantly influenced employee performance through commitment, suggesting that a strong organizational culture aligns employee values with organizational goals, driving better results.

Anyim et al. (2020) study conducted in Nigeria within selected insurance companies in Lagos State, concluded that work-life balance significantly affects employee performance. Their study, based on 249 respondents and analyzed using Multiple Linear Regression (MLR), revealed that work-life balance significantly influenced employee performance ( $\beta = 0.152$ ,  $p < 0.05$ ). These findings suggest that work-life balance significantly impacts employee performance because excessive work hours and pressure lead to low morale and physical or mental health issues that reduce overall productivity.

Rizvi & Maulana (2025) investigated the relationships among organizational culture, work-life balance, and employee performance, with job satisfaction as the mediating variable, among employees in coffee shops in Palembang City. Supported by the Partial Least Squares – Structural Equation Modeling (PLS-SEM) data, it was concluded that work-life balance has a positive and significant direct effect on employee performance with a path coefficient of 0.15, a t-statistic of 2.08 (which is  $> 1.96$ ), and a p-value of 0.04 (which is  $< 0.05$ ). Organizational culture has an insignificant direct influence on employee performance, with a path coefficient of 0.11, a t-statistic of 1.47 ( $< 1.96$ ), and a p-value of 0.14 ( $> 0.05$ ). However, the study found that organizational culture significantly improves job satisfaction (path coefficient 0.16, t-statistic 2.06) and that job satisfaction has a powerful impact on employee performance (path coefficient 0.45, t-statistic 6.47). Work-life balance directly drives performance; organizational culture improves job satisfaction, which, in turn, improves employee performance.

A study by Nurfiani et al. (2025), conducted in Indonesia, within the Department of Education and Culture of Cilacap Regency, examined how work-life balance and organizational culture affect employee performance. Their study, based on 120 respondents and analyzed using the Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) revealed that work-life balance ( $\beta = 0.095$ ,  $T = 0.713$ ,  $p = 0.238$ ) and organizational culture ( $\beta = 0.077$ ,  $T = 0.872$ ,  $p = 0.192$ ) did not have a statistically significant effect on

employee performance. The study concluded that a supportive organizational culture can increase job satisfaction but does not directly improve employee performance if organizational values are not fully internalized into employees' daily work behaviors.

### **2.8.2 Linkages Between IV's (Work-Life Balance and Organizational Culture)**

Stefanovska–petkovska et al. (2019) conducted a study to explore the effects of organizational culture and its dimensions on job satisfaction and work-life balance (WLB) within the wood manufacturing industry in the Republic of Macedonia. A cross-sectional design was utilized in this study, and survey data were collected from 200 employees across five wood product manufacturing companies using Wallach's Organizational Culture Instrument (OCI), VOX Organizationis, and single-item measures of job satisfaction and work-life balance. Hierarchical multiple regression and Poisson regression analyses were then used to test the study's hypotheses. The results indicated that specific cultural dimensions, such as the work environment and managerial style, are critical predictors of positive WLB. An autocratic management style was found more likely to produce lower levels of WLB (adjusted PR = 1.33) compared to a participative style. Additionally, "closed" organizational systems were identified as a significant risk factor, as employees in such environments were 16.95 times more likely to report unsatisfactory WLB. In essence, organizational openness and management style directly affect employee well-being. Those who perceived their work environment as closed or autocratic reported a lack of support, which, in turn, led to greater work-home interference and lower job satisfaction. The study concludes by highlighting the importance of managers in this industry to adopt participative management and open communication to foster a more balanced and satisfied workforce.

Groner (2018) evaluated the relationship between organizational leadership culture and individual work-life balance among working adults in Maryland. The study used a mixed-methods approach, collecting data through personal interviews, observations, and surveys from 34 participants across diverse organizations. To test the hypothesis that specific leadership styles affect WLB, the study utilized Quantitative analysis, including ANOVA and correlation tests. The findings show that there was no significant quantitative relationship between established leadership cultures (Hierarchy, Market, Clan, or Adhocracy) and employee WLB scores ( $r = -0.05$  to  $0.07$ ,  $p = 0.68$  to  $1.00$ ). However, qualitative results indicated that the "Clan" culture, characterized by collaboration and mentoring, produced the highest frequency of "family-first" responses from employees. The study concludes that there

is no significant relationship between the organizational leadership culture and work-life balance of employees. A complete organizational culture label does not guarantee a positive work-life balance. Instead, the study suggests that WLB depends directly on the immediate supervisor rather than the broad leadership style, as the research has shown that every leadership style can demonstrate a strong work-life balance for employees. This study highlights the importance of organizations training supervisors to be supportive, as their individual behaviors determine whether employees feel comfortable using available company policies and benefits.

Fayaz and Gulzar (2025) investigated how organizational climate fosters work-life balance among women employees in higher education. A cross-sectional survey design was utilized, and data were collected from 587 women at 11 universities in Jammu and Kashmir. To test the hypotheses, a partial least squares structural equation modeling (PLS-SEM) was utilized. The researchers found that all six studied dimensions of organizational climate had significantly positive and direct effects on WLB, with supervisory support being the strongest contributor ( $\beta=0.174, p=0.002$ ), followed by integration ( $\beta=0.154, p=0.001$ ), training ( $\beta=0.139, p=0.001$ ), autonomy ( $\beta=0.136, p=0.010$ ), involvement ( $\beta=0.129, p=0.008$ ), and welfare ( $\beta=0.113, p=0.006$ ). The results indicated that self-efficacy serves as a significant partial mediator, showing positive indirect effects of climate dimensions such as integration ( $\beta=0.041, p=0.004$ ) and support ( $\beta=0.029, p=0.016$ ) on balance outcomes. The study shows that a supportive workplace environment directly builds an employee's belief in their own capabilities. This increased self-efficacy results in a greater capacity to manage the competing demands of research, teaching, and personal life.

### **2.8.3 Linkages Between MV and DV (Nepotism and Employee Performance)**

Nepotism is frequently perceived as unjust, however, it persists within many organizations. Tam and Hoang (2025) explored the impact of individuals' perceptions of nepotism on employee performance. A cross-sectional design was utilized, and survey data were collected among 220 employees at major airports in Vietnam. While partial least squares structural equation modeling (PLS-SEM) was used to test the hypothesis. The researchers found that perceived nepotism has significant negative direct effects on both customer-directed in-role performance ( $\beta = -0.218, p = 0.008$ ) and customer-directed extra-role performance ( $\beta = -0.266, p = 0.000$ ). The results indicated that organizational affective commitment serves as a partial mediator, showing significant negative indirect

effects of nepotism on in-role performance ( $\beta = -0.048$ ,  $p = 0.022$ ) and extra-role performance ( $\beta = -0.052$ ,  $p = 0.008$ ). In addition, work centrality was identified as a significant moderator ( $\beta = 0.274$ ,  $p = 0.000$ ). The negative indirect effects of nepotism were significant at low levels of work centrality ( $\beta = -0.048$  for in-role performance and  $\beta = -0.060$  for extra-role performance), whereas these effects became non-significant for employees with high work centrality. In essence, nepotism directly affects employee performance. Those who perceived nepotism felt a decreased connection to their organization. This lack of connection subsequently resulted in lower levels of commitment and reduced engagement in both their work and customer service. These findings are consistent with previous research that correlates employee commitment with job performance. Rather than actively resisting favoritism, employees often disengaged mentally, leading to a decrease in their emotional investment in their roles. This study underlines the importance for organizations, particularly within service industries, to confront issues of favoritism, as it can have a substantial impact on both employee performance and customer satisfaction.

Ombanda (2018) conducted a study in Kenya involving 304 employees from 40 public and private organizations to examine the impact of nepotism on workplace productivity specifically on individual employees' behaviour and performance. Utilizing a multiple linear regression model and correlation analysis, the research found a statistically significant inverse relationship between nepotism and performance ( $r=0.644$ ,  $p<0.01$ ), with nepotism accounting for approximately 46% of the variance in job performance ( $R^2=0.456$ ). Notably, the findings revealed that 77% of the surveyed employees were hired through kinship or friendship networks, often sidelining qualifications in favor of tribal or social connections, a phenomenon described by the author as Tribal Labour Theory (TLT). The study concludes that nepotism, by prioritizing personal ties over competence, significantly impacts employee performance. It recommends the implementation of anti-nepotism laws and independent staff audits to promote merit-based recruitment.

## **2.7 Research Gap**

### **2.7.1 Theoretical Gap**

Existing literature has shown studies that explore the attempt to connect the concepts of Organizational Culture, Work-Life Balance, Employee Performance, and Nepotism. However, current organizational literature presents a fragmented or conflicting understanding

of what drives employee performance, causing a gap due to their contradictory nature. Regarding WLB, studies show mixed results, with findings leaning toward significant effects on performance (Barokah et al. (2025); Preena (2021); Ahmed et al. (2024); Isse et al. (2018); Rizvi & Maulana (2025)), whereas others observe the opposite or none at all (Murniawati & Achmad (2024); Anyim et al. (2020); Nurfiani et al. (2025)). Similarly, a bridge in connection is also observed with OC, where its influence was observed only to be an indirect influence on performance (Abawa & Obse, 2024) or that it lacks a clear direct relationship as a whole (Qadar et al., 2022). The merits of the study addresses the observed “perception bias” and limited scope of previous research on employee performance. Majority of the literature relies on self-reported data and is sectoral and demographically isolated, making it challenging to apply the results of the literature to other contexts (Puspitawati et al., 2025). This makes way for the region-specific studies in the Philippines, where family-owned enterprises predominate, and “personal connections” are seen as vital for career advancement making way for research addressing the area (Barrios et al., 2026). Furthermore, research on nepotism has been noted to lack extensive research on its influences on business sustainability and culture (Dexter, 2019). It has also been recommended in future studies to distinguish the difference between overt and covert nepotism as generalities in its definition make it difficult in identifying different influences on an organization’s condition (Schilpzand et al., 2025).

To address these theoretical gaps, this study investigates the dynamics of family businesses in Metro Manila by examining how conceptualized Nepotism as both overt and covert practices functions as a moderating variable. This approach allows the examination of its influences on the relationship between Work-Life Balance and Organizational Culture (Independent Variables) and Employee Performance (Dependent Variables). This study aims to:

- **Reconcile contradictory findings on the direct drivers of Employee Performance within the Philippine family business context.** This addresses the “fragmented and conflicting” evidence regarding the impact of WLB and OC on Employee Performance (Sutanto et al., 2024; Qadar et al., 2022). Previous studies explored different measurements of organizational culture and their impact on organizational performance, identifying that some measurements are significant while others are not. One of which is Abawa & Obse (2024) who identified that the impact of organizational culture on performance is not found to be significant. Instead,



organizational culture only affects performance indirectly. A study by Anggreani et al. (2023) found that, in MSMEs, quality of work life, job satisfaction, and knowledge sharing have a significant positive impact on employee performance. Nadhilah et al. (2024) also states that job satisfaction significantly improved performance. However, the study by Bataineh (2019) found that job satisfaction had no impact on performance. Many studies regarding work-life balance and its effects on employee performance establish correlations but lack mediating variables that may further explain the effects of work-life balance, as the relationship between work-life balance and employee performance is complex and not universal (Hidayat et al., 2025). While global literature offers mixed results, with some studies suggesting only indirect influences, this research aims to determine if these variables hold more significant weight in the Metro Manila landscape, where family-owned enterprises predominate (Barrios et al., 2026). By focusing on this specific region, the study seeks to mitigate the "sectoral and demographic isolation" noted in previous research (Puspitawati et al., 2025) and provide empirical clarity on whether WLB and OC serve as direct or indirect drivers of Employee Performance in a culturally distinct environment.

- **Evaluate the moderating role of Nepotism by distinguishing between overt and covert practices.** This aims to respond to the call by Dexter (2019) and Schilpzand et al. (2025) by moving beyond the general definitions of Nepotism. Dexter (2019) conducted a study on nepotism due to its lack of extensive research in family businesses and its influence on employee satisfaction, business sustainability, and organizational culture. The research leaves a gap for researchers to study nepotism from a different perspective, specifically on the preferential treatment of family members, friends, and acquaintances. Additionally, current research often neglects to distinguish between overt nepotism which is characterized by publicly visible hiring practices, and covert nepotism which involves hidden favors and behind-the-scenes arrangements (Schilpzand et al., 2025). While overt nepotism, such as the public hiring of a relative, is easily recognized, covert forms manifest through discreet advantages and information sharing. These two types can have different influences on the organization's culture and on the employees. This objective seeks to uncover how the preferential treatment of family members (overt) versus discreet "behind-the-scenes" arrangements (covert) alters the effectiveness of WLB initiatives and OC health. Specifically, the study will examine if high levels of perceived nepotism dampen the positive effects of a strong organizational culture on non-family

employees, thereby providing a more nuanced understanding of how "personal connections" (Barrios et al., 2026) function as a barrier or a catalyst for performance.

- Mitigate “perception bias” through a robust methodological approach tailored to Metro Manila family businesses.** Most studies on Employee Performance rely on cross-sectional surveys, which provide limited information and cannot establish causality. They also introduce the potential for perception bias, as many of these studies rely on self-reported data (Puspitawati et al., 2025). To address these gaps, this research aims to develop a data-gathering framework that accounts for the Philippines' unique psychological factors and business dynamics. Additionally, findings are often restricted to a single firm, industry, or demographic, such as a single psychiatric hospital, a single pharmaceutical company, five-star hotels, or Gen Z employees in Vietnam, which makes it challenging to apply the results to the broader global workforce. By investigating a diverse range of family-owned businesses in Metro Manila rather than a single firm or industry, the study seeks to generate a more generalizable and "culturally sensitive" model. This objective focuses on providing actionable insights for HR practitioners in family firms to navigate the "broader organizational impact" of nepotism, ensuring that performance management systems remain equitable and effective despite the inherent familial ties of the firm.

| Area                               | Existing Literature                                                                                       | Identified Gap                                                                                                               | How This Study Addresses the Gap                                                                                               |
|------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Organizational Culture (OC)</b> | Literature suggests OC affects performance, but often only as an indirect influence (Abawa & Obse, 2024). | Lack of a clear, direct relationship; fragmented understanding of what specifically drives performance (Qadar et al., 2022). | Examines OC within the specific context of family-owned firms where culture and personal connections are uniquely intertwined. |
| <b>Work-Life Balance (WLB)</b>     | Studies show mixed results: some see significant effects on performance, others                           | Results are not universal and lack mediating variables; current research is                                                  | Investigates WLB as a potential core driver of performance while                                                               |

|                             |                                                                                                                                         |                                                                                                                                                                              |                                                                                                                                                  |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
|                             | see none (Sutanto et al., 2024; Moore et al., 2023).                                                                                    | often isolated to specific sectors or Gen Z (Hidayat et al., 2025).                                                                                                          | accounting for the complex dynamics of the Philippine business environment.                                                                      |
| <b>Employee Performance</b> | Traditionally linked to motivation and job satisfaction, but recent findings are contradictory (Nadhilah et al., 2024; Bataineh, 2019). | <b>Perception Bias:</b><br>Heavy reliance on self-reported, cross-sectional data which cannot establish causality or global applicability (Puspitawati et al., 2025).        | Moves beyond single-firm/industry isolation by focusing on the broader regional impact in Metro Manila.                                          |
| <b>Nepotism</b>             | Defined as familial appointments over skills (Dexter, 2019); focuses on trust (NA) or diversity (Europe).                               | <b>Conceptual Gap:</b><br>Failure to distinguish between <b>overt</b> (public) and <b>covert</b> (hidden) nepotism (Schilpzand et al., 2025). Lack of longitudinal research. | Distinguishes between overt/covert forms and focuses on the "personal connection" requirement for career advancement in the Philippines.         |
| <b>Contextual/ Regional</b> | Most studies are conducted in North America, Europe, or the Middle East with localized effects.                                         | Research fails to account for the Philippines' unique landscape where family-owned enterprises predominate (Barrios et al., 2026).                                           | Provides region-specific data for the Philippines, where nepotism has a broader, more systemic impact on firm dynamics than in Western contexts. |

### 2.7.2 Methodological Gap

Significant gaps in employee performance research persist, particularly regarding the impact of work-life balance, organizational culture, and nepotism. These areas require more refined methodological approaches to fully capture their influence on employee performance.

While quantitative designs offer a structured evaluation of work life balance, organizational culture and employee performance, existing studies often have restricted geographical and institutional scopes. For example:

- Research done by Larney and Ampofo (2025) relies on quantitative data collected from two public media tertiary institutions in Ghana. This approach enables the statistical evaluation of hypotheses and the examination of connections between organizational culture and employee performance.
- A study conducted by Abdirahman et al. (2018) relies on quantitative data collected from four public universities in the Northern region of Malaysia. This method allows examination of the relationships among work-life balance, job satisfaction, organizational commitment, and employee performance.
- A survey conducted by Evendi et al. (2025) relies on quantitative data collected from 74 third-party employees at the Bank Indonesia Malang Representative Office. This approach enables an analysis of relationships among organizational culture, work-life balance, job satisfaction, and employee performance.

These studies highlight gaps in quantitative data analysis, which may fail to provide the qualitative context or the "why" behind unexpected results, thereby leaving the underlying reasons for these outcomes unexplored.

While qualitative designs provide a detailed understanding of the 'why' behind employee behavior, they often lack the statistics necessary to establish cause-and-effect relationships. For example:

- A significant methodological gap identified by Badaruddin et al. (2024) is the reliance on qualitative data, specifically in-depth interviews and focus groups. Although it provides detailed insights into employee experiences, it may fail to address

quantitative aspects and the statistical relationships between work-life balance and employee performance.

- A qualitative study by Dexter (2020) conducted on the impact of nepotism and organizational culture in Southern California small family-owned businesses said that there is a need for quantitative data as it allows for larger sample sizes and helps researchers identify a broader range of techniques to reduce the adverse effects of nepotism.
- A qualitative study by Thomas (2017) analyzed the strategies used by family business owners to reduce nepotism in St. Louis, Missouri. It concluded that organizational culture, built on respect and inclusion, is essential for maintaining the loyalty and employee performance of non-family employees. However, the results showcase only the experiences of family-owned funeral home business owners in St. Louis, Missouri, and lack the statistical cause-and-effect relationships of the study.

The authors suggest that future research should employ quantitative or mixed methods approaches across different industries and locations to provide a comprehensive understanding of these variables.

Multiple studies cover work life balance, employee performance and nepotism and its effects on employee performance, but is studied separately and focuses on different locations, industries, and populations. For example:

- A study by Achmad & Murniawati (2024) found that transformational leadership, organizational culture, and work-life balance impact the performance of 90 staff members at the Regional Finance Agency of Karanganyar Regency, located in Indonesia.
- A survey conducted by Abdirahman et al. (2018) investigates how work-life balance, job satisfaction, and organizational commitment affect the performance of administrative staff at Universiti Utara Malaysia, Universiti Malaysia Perlis, Universiti Teknologi Mara (Arau), and Universiti Sains Malaysia in the Northern region of Malaysia.
- Findings from Alhateem et al. (2025) conducted at Tanta International Teaching Hospital examined how the practice of nepotism in recruitment, promotion, and working procedures influences nurses' job performance.

This creates a significant gap in the literature, highlighting the need for comprehensive studies that integrate organizational culture, work-life balance, employee performance, and nepotism within a single research design to understand better their relationships and effects across diverse cultures, geographic locations, and industries. Specifically, a significant methodological and demographic gap exists regarding the application of these frameworks to family-owned businesses in Metro Manila.

Multiple studies utilize non-probability sampling, which can introduce bias and limit how well the findings represent an entire population. Additionally, it was found that multiple studies use census sampling, however conducting a census is often impractical due to significant financial and time constraints, and the logistical challenge of reaching the entire population can introduce bias and reduce overall data quality. For example:

- The quantitative study by Lilian Obiageli et al. (2015) focused solely on employees of three specific commercial banks in Lagos State using judgmental sampling, severely limiting the generalizability of its insights.
- The quantitative study by Chandra and Purnomo (2026) focused solely on all 43 employees of the Lampung Regional Office, Surveyor Indonesia. It used saturated sampling (census), severely limiting the generalizability of its insights to the broader population within the survey and inspection industry.
- The quantitative study by Lartey and Ampofo (2025) focused solely on all 281 employees of two public media tertiary institutions in Ghana. It used a census technique, severely limiting the generalizability of its insights to the broader population within the media and tertiary education industry.
- Chandra and Purnomo (2026) studied the influence of team collaboration, organizational culture, and work-life balance on employee performance at Surveyor Indonesia, Lampung Regional Office, used questionnaire data collected via a saturated sampling (census) of 43 employees.

A further methodological issue concerns sampling restrictions and the generalizability of the findings. Many studies recognize that their results rely on small or non-diverse participant groups, limiting the broader relevance of their conclusions. For example:

- A quantitative study by Chandra and Purnomo (2026), while studying the influence of team collaboration, organizational culture, and work-life balance on employee

performance in the Lampung Regional Office. Surveyor Indonesia, used questionnaire data from a relatively small sample of 43 employees.

- A qualitative study by Dexter (2019) examined 25 participants from five small family-owned businesses in Southern California, significantly limiting the generalizability of the findings.
- Similarly, the qualitative multiple-case study by Thomas (2017) focused solely on family-owned and operated funeral establishments in the St. Louis, Missouri region, which significantly restricts the applicability of its findings to the broader national population and other industries.

While a substantial body of literature has explored the relationships between work environment, organizational culture, and employee performance, the majority of these studies have heavily relied on Partial Least Squares Structural Equation Modeling (PLS-SEM) and standard multiple regression (Barokah et al., 2025; Ahmed et al., 2024; Murniawati & Achmad, 2024; Rizvi & Maulana, 2025; Tam and Hoang, 2025). Furthermore, these existing methodologies have predominantly been applied to large-scale corporations, government agencies, and foreign contexts, such as Indonesia, Bangladesh, and Malaysia. Partial Least Squares Structural Equation Modeling (PLS-SEM) is frequently criticized for its applicability to "Interaction Effects" or moderation analyses. This stems from its limitations when the objective is to examine how relationships fluctuate across levels of the moderator. This creates a gap in the preference for moderated regression techniques in such instances.

While previous literature, such as Thomas (2017) and Badaruddin et al. (2024), suggests the use of mixed-methods to capture the 'why' behind employee behavior, the current study adopts a Quantitative design. This choice is made strategically to address a critical gap, statistically study data on the moderating effect of nepotism; as existing cross-sectional and standard regression designs often treat variables like nepotism as mere background factors rather than central moderating variables. Furthermore, a quantitative design is essential for generalizability. Unlike the small-scale qualitative case studies of Dexter (2019), which are limited to specific firms, a survey-based quantitative approach allows for the collection of data from a diverse cross-section of industries, providing a representative 'birds-eye view' of the Philippine MSME landscape. To ensure high data quality and reduce social desirability bias, this study utilizes an anonymous survey distributed through a non-probability purposive sampling. This sampling method addresses the limitations of small-scale censuses and non-probability techniques used in prior research

(Chandra & Purnomo, 2026; Obiageli et al., 2015) by ensuring that all participants are employees of family-owned businesses. This research will employ Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS to explore the connections among work-life balance, organizational culture, and employee performance. This method is especially appropriate for the MSME sector, as it can manage non-normal data effectively and provides the statistical strength required to assess the moderating impacts of nepotism. Furthermore, PLS-SEM allows for an integrated assessment of both the measurement and structural models simultaneously.

A key methodological limitation is the predominance of a cross-sectional research design. These studies fail to account for the evolving nature of employee performance and the long-term impact of organizational culture and work-life balance, leaving a gap in understanding how these variables develop over time.

- A study by Orogbu et al. (2015) utilized cross-sectional research in their study of 262 employees in the Nigerian commercial banking sector in Lagos State, they used survey data to examine the relationship between leave policies and service delivery.
- Research conducted by Rizqi and Qamari (2022) utilized cross-sectional research in their study of 105 employees at a village administrative office in Indonesia, they used survey data to examine the relationship between organizational climate and performance.
- An analysis by Chandra and Purnomo (2026) utilized cross-sectional research and studied 43 employees at the Lampung Regional Office, Surveyor Indonesia. The study used survey data to examine the relationship between team collaboration, organizational culture, work-life balance, and employee performance.

A time-horizon based on longitudinal studies would be more appropriate for understanding, as their cross-sectional approach, conducted from November 2024 to January 2025, limits insights into how these factors' impact on employee performance evolves over long-term operational cycles.

Examining this framework within family-owned businesses in Metro Manila marks a significant methodological advancement in comparison to prior literature. Previous studies predominantly focused on work-life balance, organizational culture, and performance in highly formalized sectors—such as multinational banks, public universities, and government agencies (Ahmed et al., 2024; Isse et al., 2018; Barokah et al., 2025). In these settings,



nepotism is typically considered an anomaly or a direct breach of established HR policies. As a result, assessing nepotism in such contexts may lead to limited variance and response bias. In contrast, family enterprises in the Philippines generally have flexible HR practices. These organizations are often influenced by strong values of the founders, leading to complicated working relationships, overlapping job roles, and informal compensation or decision-making structures (Estorninos & Castino, 2024). Furthermore, the Philippine workplace is greatly shaped by cultural values such as the *padrino* system and strong relational ties (Agaton, 2024). Investigating these variables in this specific demographic offers a culturally nuanced understanding of how informal organizational structures actively shape employee performance. Exploring these factors within this specific demographic pushes the boundaries of existing theories, providing a culturally nuanced understanding of how informal organizational structures and family dynamics actively influence employee performance and work-life balance.

| <b>Methodological Area</b>             | <b>Limitations of Existing Literature</b>                                                                                    | <b>Identified Gap</b>                                                                                                 | <b>How This Study Addresses the Gap</b>                                                                                    |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Study Design (Qual vs. Quant)</b>   | Reliance on purely qualitative data (Dexter, 2020; Thomas, 2017) or isolated quantitative snapshots (Lartey & Ampofo, 2025). | Qualitative studies lack statistical cause-and-effect; Quantitative studies often lack the "why" or depth of context. | Adopts a Quantitative Design specifically to statistically test the moderating effect of nepotism across a broader sample. |
| <b>Variable Integration</b>            | Variables like WLB, OC, and Nepotism are often studied separately (Achmad & Murniawati, 2024; Alhateem et al., 2025).        | Lack of a single research design that integrates all four variables to see how they interact.                         | Integrates WLB, OC, and Nepotism into one framework to observe how they collectively impact Employee Performance.          |
| <b>Sampling &amp; Generalizability</b> | Frequent use of Census/Saturated                                                                                             | High risk of bias; findings are restricted                                                                            | Uses Purposive Sampling of                                                                                                 |

|                                   |                                                                                                          |                                                                                                            |                                                                                                                                     |
|-----------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                                   | sampling on very small groups (e.g., 43–74 people) or non-probability methods (Obiageli et al., 2015).   | to specific firms/industries and cannot be generalized to the broader workforce.                           | employees across diverse Philippine MSMEs to provide a more representative "birds-eye view."                                        |
| <b>Data Collection &amp; Bias</b> | Heavy reliance on self-reported Likert scales from single sources (Rizqi & Qamari, 2022).                | Susceptibility to Common-Method Bias and social desirability/subjectivity .                                | Utilizes Anonymous Surveys to reduce social desirability bias, especially crucial when asking about sensitive topics like nepotism. |
| <b>Research Context</b>           | Focus on highly formalized sectors like multinational banks and public universities (Isse et al., 2018). | Nepotism is a "breach of policy" in formal sectors, leading to response bias and limited variance in data. | Shifts context to Family-Owned Businesses in Metro Manila, where nepotism is ingrained, allowing for more accurate measurement.     |

## 2.8 Synthesis

In the Philippines, Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the economy, representing 99.5% of all registered businesses and contributing 32% of the country's Gross Domestic Product (GDP) (Cordova et. al., 2025). These enterprises are legally defined by their asset size, with a maximum of Php 100,000,000, and an employee count of fewer than 200 individuals (Simon & Teodosia Suarez, 2022). Beyond their economic impact, MSMEs are crucial for employment, accounting for 63% of the total

workforce and offering entry points for traditionally excluded groups such as out-of-school youth and persons with disabilities. These enterprises reduce poverty and inequality while creating jobs and improving living standards; specifically, they have high potential for labor productivity, which can lead to better wages (Victoria & Raquiza, 2021). Notable examples of successful MSMEs recognized for their resilience and innovation include Heavens Bakehaus, Pasciolco Agri Ventures, and Nutridense Food Manufacturing Corp. Despite their vital role, these businesses often face challenges such as limited access to finance and technology, yet they demonstrate high adaptability by shifting toward greener and more digital operations (Alonzo et al., 2025).

The majority of these MSMEs operate as family businesses, which are generally defined by the degree of family involvement in ownership, management, or strategic control (Birdthistle & Hales, 2023). Leading experts in Family Businesses, like John Davis, distinguish between "process definitions," which focus on family influence over policies, and "structural definitions," which focus on ownership percentages, such as a family owning at least 51% of the firm. The significance of family firms in the Philippines is profound, with families dominating the "Forbes Richest List" and accounting for the largest companies by market capitalization, including conglomerates like SM Investments and Ayala Corporation (Ho & Phromchanya, 2025). These businesses often leverage their family name and reputation to maintain investor patronage and public trust (Santiago et al., 2019).

Organizational Culture (OC) within these firms is a major driver of strategic success and employee commitment. It comprises shared values, beliefs, and behaviors that define how a business operates, encompassing dimensions such as mission, adaptability, involvement, and consistency (Bogale & Debela, 2024). In the context of Philippine family businesses, this culture is often characterized by a strong sense of community and hierarchy, which significantly shapes how operations are navigated and how internal conflicts are resolved. A supportive workplace environment is essential as it builds employee belief in their own capabilities and encourages them to perform their jobs more effectively (Akpa et al., 2021).

Complementing OC is Work-Life Balance (WLB), which refers to the equilibrium an employee maintains between their professional duties and personal life (Wong et al., 2017). Key dimensions of WLB include supervisor support, co-worker support, and flexible working arrangements. A supportive organizational climate has a significant, direct, and positive

effect on WLB, which, in turn, acts as a critical driver of productivity. When employees feel their professional and personal demands are well managed through structural and interpersonal support, their overall work satisfaction and engagement improve.

Employee performance is measured by the value of an individual's actions in achieving organizational objectives (Nadhilah et al., 2024). Diamantidis and Chatzoglou (2018) offer a multidimensional framework consisting of firm/environment-related factors (e.g., management support), job-related factors (e.g., job autonomy), and employee-related factors (e.g., intrinsic motivation). In family businesses, Employee Performance is often linked to visionary leadership and the alignment of personal career paths with organizational growth.

A critical factor that can disrupt these dynamics in the Philippine setting is Nepotism, which is the practice of favoring relatives for employment or promotions over qualified candidates. Yavuz et al. (2020) defines its scope through three subdimensions: promotion, working procedure, and recruitment/selection. In the Philippines, this is deeply rooted in the Padrino system, which is a reciprocal relationship based on the "utang na loob" (debt of gratitude). While nepotism can initially create trust and lower hiring costs in start-ups (Dexter, 2019), Jain et al. (2023) warn that it often leads to perceived unfairness, reducing productivity and increasing turnover intentions among non-family staff.

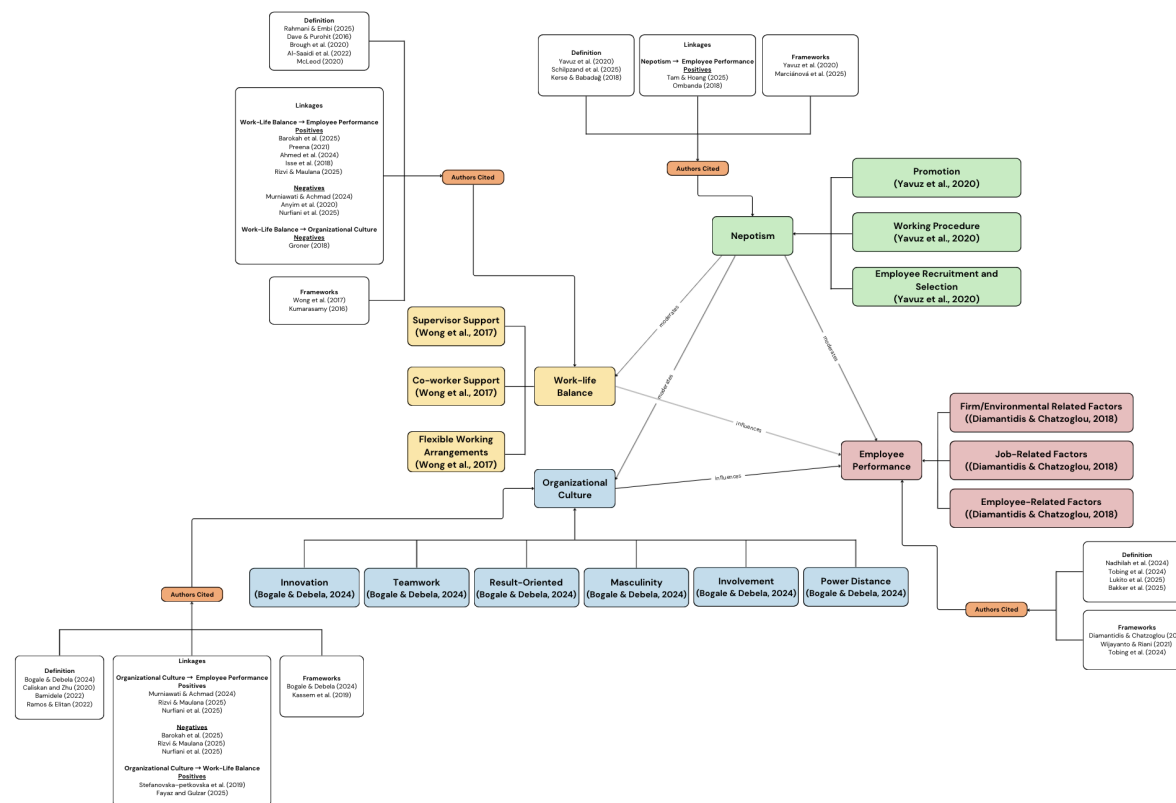
Barokah et al. (2025) and Preena (2021) found that WLB is a significant direct predictor of employee performance, with high-WLB employees demonstrating higher employee performance. Conversely, Murniawati & Achmad (2024) observed that OC serves as the most significant predictor of performance by aligning employee values with organizational goals. Stefanovska-Petkovska et al. (2019) found that Organizational Culture dimensions, including managerial style and organizational openness, are critical predictors of positive WLB. Tam and Hoang (2025) found that perceived nepotism has significant negative effects on performance, as it decreases the emotional investment non-family employees have in their roles. Ombanda (2018) further established a statistically significant inverse relationship between nepotism and productivity. These linkages are important because they suggest that the positive effects of a supportive organizational culture and work-life balance can be diminished or nullified by high levels of perceived nepotism, particularly in the culturally distinct environment of Metro Manila.



## 2.9 Literature Map

The literature map details all variables, their dimensions, linkages, and relevant sources related to the study's focus. For easier access, the map can be viewed by scanning the QR code or clicking the provided [link](#).

**Figure 10**  
*Literature Map*



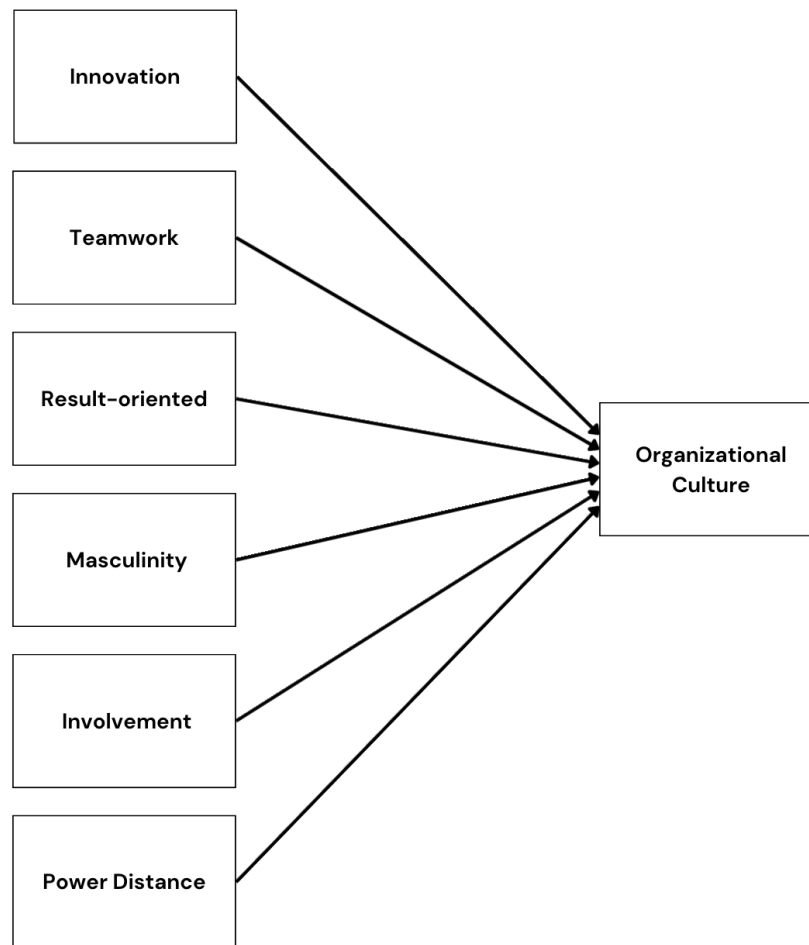
## Chapter 3: FRAMEWORKS OF THE STUDY

### 3.1 Theoretical Frameworks

#### 3.1.1 Theoretical Framework for Organizational Culture

**Figure 11**

*Theoretical Framework for Organizational Culture*



Organizational culture consists of the beliefs, values, protocols, and assumptions shaped by its members, supported by the organization's structure and fundamentals (Bogale & Debela, 2024; ). The framework by Bogale and Debela (2024) was utilized in this study because it offers a comprehensive six-dimensional approach that examines how personal behaviors and business structure connect, focusing on the conflict between traditional authority and merit-based results in family businesses that favor connections over fairness.

The first dimension, innovation, pertains to an organization's ability to explore emerging trends and embrace creativity through a willingness to take risks (Bogale & Debela,

2024). This aligns with the findings of Vargas-Halabi and Yagüe-Perales (2024), who explain that innovation serves as a key indicator of organizational adaptability and strategic mission. A high emphasis on innovation suggests a culture open to new ideas and customer-centricity, whereas low innovation often reflects a rigid preference for standardization and consistency over flexibility.

The second dimension, teamwork, refers to collaboration and people-oriented behaviors aimed at strengthening internal structures and interpersonal connections (Bogale & Debela, 2024). This dimension transforms abstract cultural values into a structured environment that enhances human capital. Ghorbanhosseini (2013) supports this by highlighting that incorporating teamwork into the organizational fabric is crucial for converting individual skills into collective effectiveness, thereby fostering greater employee commitment and overall success.

The third dimension, result-oriented culture, involves a strong emphasis on achieving goals and maintaining high expectations for outcomes (Bogale & Debela, 2024). This shift from rule-following to measurable achievement boosts efficiency and accountability. According to Tran et al. (2022), focusing on performance expectations and goal commitment ensures that the organization remains focused on its strategic objectives, reinforcing a sense of responsibility across the workforce.

The fourth dimension, masculinity, encompasses traits such as toughness, independence, assertiveness, and logical analysis (Bogale & Debela, 2024). These traits are viewed as a belief system or ideology that shapes social expectations and professional scripts. Fowler and Geers (2017) elaborate that this "trait masculinity" is independent of biological sex, influencing how both men and women incorporate dominance and individualism into their professional self-concepts and workplace behaviors.

The fifth dimension, involvement, is defined as the extent to which employees actively participate in decision-making processes and cooperate with management (Bogale & Debela, 2024). This dimension creates an open framework that leverages the diverse talents of the workforce. Ogohi Daniel (2019) emphasizes that high involvement allows workers to share in the management process, which fulfills both individual growth needs and broader organizational goals through collective engagement.

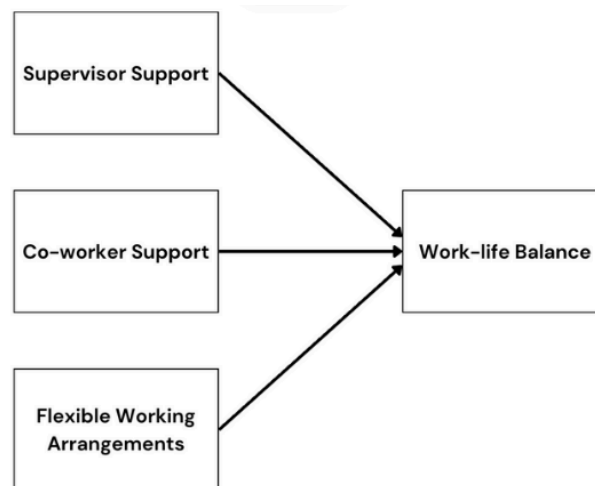
Lastly, the sixth dimension, power distance, involves the distribution of authority, wisdom, and seniority within the organizational hierarchy (Bogale & Debela, 2024). It serves

as a metric for evaluating job design, control structures, and reward systems. Because power distance significantly influences workplace dynamics and how individuals are treated, it is a critical factor in understanding employee behavior, particularly in environments where traditional hierarchy may be challenged by modern performance standards.

### 3.1.2 Theoretical Framework for Work-Life Balance

**Figure 12**

*Theoretical Framework for Work-Life Balance*



Work-life balance is a construct shaped by various workplace influences that determine how effectively an employee manages the interface between professional duties and personal life. To evaluate this, the framework proposed by Wong et al. (2017) in their study, “Workplace Factors and Work-life Balance Among Employees in Selected Services Sector,” identifies three dimensions: supervisor support, co-worker support, and flexible working arrangements. These factors are fundamentally interconnected, as the successful integration of flexible work practices is largely dependent on the collaborative dynamics between supervisors and the broader peer group.

The first dimension, supervisor support, refers to the extent to which employees believe their leaders value their professional contributions and care about the employee’s personal well-being. Wong et al. (2017) state that a supportive supervisor is characterized by decentralizing decision-making, a practice that fosters employee comfort and autonomy within the working environment. Furthermore, Rodrigues and Melchior (2025) note that this support functions as a critical resource, providing employees with emotional encouragement, professional guidance, and practical help with work-related issues.



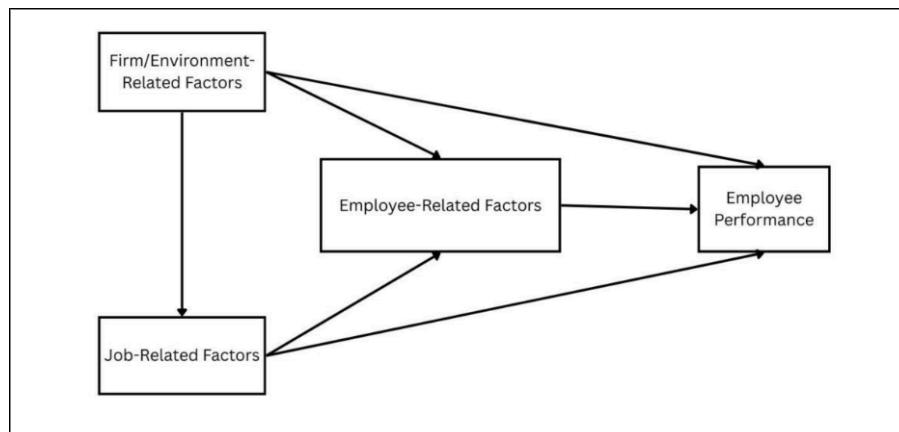
The second dimension, co-worker support, is defined as the assistance and encouragement provided by colleagues who operate at the same organizational level. Wong et al. (2017) distinguish this from supervisor support by noting that co-workers lack formal authority to issue orders, yet their influence is vital to the workplace climate. According to Bayat and Yücel (2025), this dimension encompasses the sharing of knowledge and expertise, as well as the provision of emotional support and collective assistance with daily tasks, which together foster a supportive and collaborative environment.

The third dimension, flexible working arrangements, encompasses the various policies and practices—whether formal or informal—that allow employees to vary when and where they work. Based on the framework by Wong et al. (2017), these options include flexi-hours, unpaid leave, career breaks, compressed workweeks, and job sharing, all of which are designed to accommodate individual needs. Ramakrishnan and Arokiasamy (2019) further emphasize that these arrangements are essential tools for enhancing work-life balance, as they provide the structural flexibility required for employees to meet both organizational and personal demands

### 3.1.3 Theoretical Framework for Employee Performance

**Figure 13**

*Theoretical Framework for Employee Performance*



Employee performance refers to the efficiency and effectiveness with which an individual carries out their assigned tasks and contributes to the organization's overall goals. In line with this, the framework proposed by Diamantidis and Chatzoglou (2018) was utilized in this study, as it offers a multidimensional perspective composed of three core antecedents: firm/environment-related factors, job-related factors, and employee-related factors. These

dimensions collectively provide a comprehensive view of performance by accounting for the environmental, operational, and personal drivers within the firm.

The first dimension, firm/environment-related factors, discusses the internal and external factors that shape the workplace experience (Diamantidis & Chatzoglou, 2019). This includes management support and a proper training culture, which reflects the extent to which an organization views employee development as a strategic investment. Furthermore, this dimension encompasses the organizational climate, the perceived quality of relationships with supervisors and peers, and environmental dynamism, which involves how management navigates the stability or instability of the external business landscape.

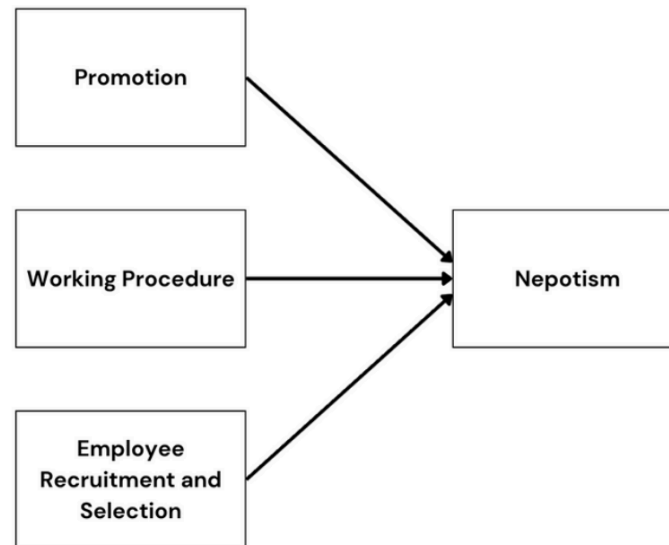
The second dimension, job-related factors, focuses on the specific qualities of the work itself and the conditions under which tasks are performed (Diamantidis & Chatzoglou, 2019). Key components include job independence, which allows employees to decide how to execute their roles. Additionally, the job environment plays a critical role, categorized by intrinsic affirmation (feeling valued), a sense of belonging among co-workers, and personal competence.

The third dimension, employee-related factors, describes individual-level traits and behaviors that translate organizational conditions into actual performance outcomes (Diamantidis & Chatzoglou, 2019). This includes intrinsic motivation, the internal drive for personal satisfaction, and proactivity, where employees anticipate future needs rather than merely reacting to them. Other critical components include adaptability to handle stress and skill flexibility. Finally, the level of commitment, whether through emotional attachment (affective) or a sense of obligation (normative), serves as a psychological bond that sustains high performance over time.

### 3.1.4 Theoretical Framework for Nepotism

**Figure 14**

*Theoretical Framework for Nepotism*



Nepotism in the workplace refers to favoritism toward relatives or close personal connections, often at the expense of merit-based professional standards. In line with this, the framework proposed by Yavuz et al. (2020) was utilized in this study, as it offers a multidimensional perspective composed of three core dimensions: promotion, working procedure, and employee recruitment and selection. These dimensions collectively reflect the specific areas where kinship ties and personal relationships can disrupt organizational fairness and influence employee performance.

The first dimension, promotion, concerns favoritism in career advancement decisions, in which personal relationships with management are prioritized over an individual's skills and professional merit (Yavuz et al., 2020). Supported by Habaza et al. (2025), describe promotion in nepotism as being kinship-based rather than performance-driven. When personal ties substitute objective achievements, they impede healthy competition and negatively impact the career trajectories of high-performing non-family employees (Kawo & Torun, 2020).

The second dimension, working procedure, involves assessing whether individuals with close ties to management receive preferential treatment in daily operations, such as greater respect and rewards (Yavuz et al., 2020). Alhateem et al. (2025) define this as a

system of unjust distribution of work where "nepots" are granted favorable advantages that artificially inflate their work metrics. This unequal treatment creates a fragmented workplace culture in which personal connections serve as a protective shield against accountability, often leading to resentment and decreased motivation among the broader workforces.

The third dimension, employee recruitment and selection, is characterized by hiring decisions influenced by family relationships rather than qualifications or professional competencies (Yavuz et al., 2020). This unjustified favoritism often results in the hiring of unqualified staff who lack the skills to contribute effectively to the organization's goals (Ahmed et al., 2024). As noted by Ukpong (2025), when recruitment slots are "reserved" for those with family influence, the organization effectively lowers its standards, reducing the likelihood that more capable and high-performing external recruits will enter the firm.

The researchers used nepotism as a moderator rather than a mediator because it is conceptualized as a structural and cultural "filter" or "boundary condition" that determines the extent to which professional drivers, such as Work-Life Balance and Organizational Culture, actually influence non-family employee performance. Unlike a mediator, which serves as a causal bridge in a sequence, a moderator like nepotism disrupts, weakens, or nullifies the established positive relationships between variables. The logic of this study focuses on "interaction effects," specifically evaluating how the presence of the Filipino "Padrino" system serves as a barrier to standard HR practices reaching the non-family workforce. As a moderator, nepotism creates a perceived "glass ceiling" in which the motivational benefits of a good work-life balance effectively vanish, as employees believe personal connections are prioritized over professional merit.

This moderating role of Nepotism is grounded in Stewardship Theory's "bifurcation bias," where owners treat non-family staff with suspicion, "devolving" a supportive stewardship environment into a rigid, agency-based one. Furthermore, the Socio-emotional Wealth (SEW) framework explains that prioritizing "family-centered noneconomic goals" over professional merit serves as a structural barrier to productivity. Finally, Trust-based Governance illustrates how an unequal "bar for trust", which is low for relatives and high for non-family professionals, disrupts efficient governance and leads firms to be overly critical of high-performing external staff.

### **3.1.5 Stewardship Theory**

Stewardship theory serves as a foundational pillar for this study, grounded in a "model of man" that describes individuals as self-actualizing and other-serving rather than self-serving. According to Chrisman (2019), individuals who act as stewards naturally align their personal interests with the organization's goals, thereby placing greater importance on pro-organizational behavior. This framework provides a theoretical justification for the study's independent variables, as stewardship-oriented governance assumes that formal controls are often unnecessary and can be counterproductive by lowering a steward's intrinsic motivation.

In the context of family-owned MSMEs, this mindset explains the firm's investment in a supportive organizational culture and work-life balance initiatives as "social controls" intended to foster long-term loyalty. However, Chrisman (2019) introduces a critical theoretical complication, "bifurcation bias," that directly supports the study's investigation of nepotism. Bifurcation bias occurs when family owners treat family members with altruism (the stewardship side) while treating non-family employees with suspicion and rigid, agency-based monitoring (the agency side). This unequal application of stewardship principles, often driven by the pursuit of family-centered goals and the preservation of socioemotional wealth (SEW), can sow the "seeds of agency" among the non-family workforce. In the Philippine context, this bias manifests as the "Padrino" system, where the prioritization of kinship over merit creates a perceived "professionalization gap". By utilizing this framework, the study evaluates how the presence of nepotism may "devolve" a potential stewardship environment into an agency-based one, ultimately diminishing the Employee Performance of non-family staff despite supportive work-life balance policies.

### **3.1.6 Socio-emotional Wealth (SEW)**

Socio-emotional wealth (SEW) is defined as the "non-financial utility" that family owners derive from their business, encompassing the family's desire for identity, influence, and the perpetuation of the family dynasty (Araya-Castillo et al., 2023). Unlike traditional firms that focus on financial wealth, family-owned MSMEs are often "willing to accept financial losses or performance risks" if it means protecting their SEW. This theoretical perspective is essential for this study as it provides the underlying motive for nepotism (Hypothesis H7). The family's need to maintain "family control and influence" and "renewal of family bonds through succession" often leads to prioritizing kinship over professional merit.

In the context of Metro Manila MSMEs, this pursuit of SEW creates a "professionalization gap" for the non-family workforce. When the firm's strategic decisions are guided by family-centered non-economic goals, such as hiring or promoting relatives to ensure family continuity, it directly affects the Employee Performance of non-family staff. This framework justifies the study's proposition that nepotism is not merely an informal practice but a deliberate attempt to preserve emotional wealth, thereby creating a "glass ceiling" that reduces the motivation and productivity of professional employees who lack familial ties.

### **3.1.7 Trust-based Governance**

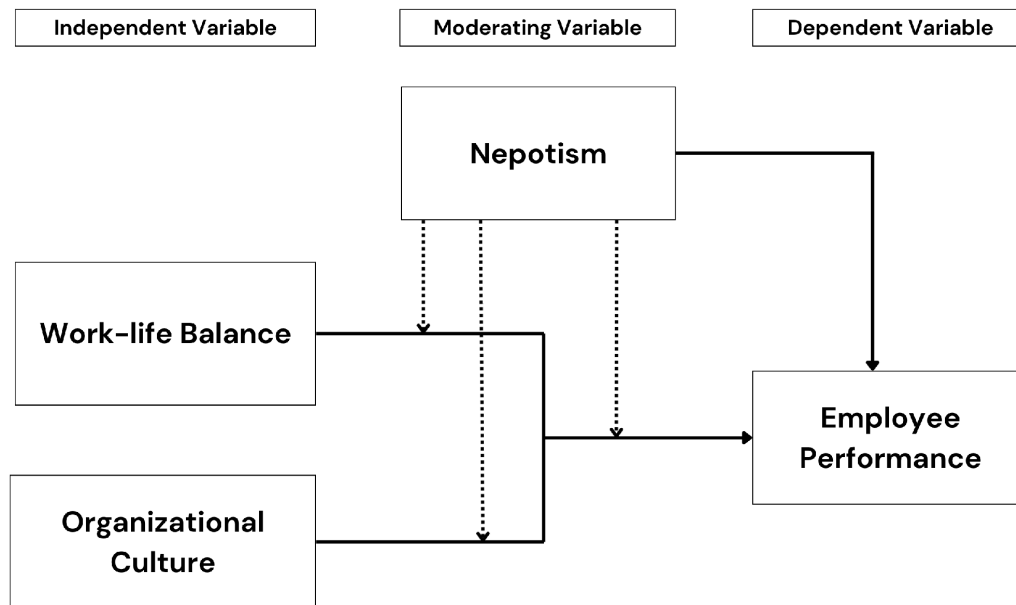
Trust-based governance (TBG) is an organizational arrangement in which trust serves as the primary foundation for initiating and maintaining relationships, and a lack of trust is the only grounds for termination. Unlike governance based on formal contracts, which uses legal safeguards to reduce risk, TBG requires a "willingness to be vulnerable" to another party without the ability to monitor or control them. According to Vanneste and Yoo (2020), the performance of this governance mode is situational. It depends on how high the "bar for trust" is set, which is the level of confidence a leader must have in someone before they are willing to take a risk on them.

In the context of Metro Manila MSMEs, the "Padrino" system represents an unequal setting of this bar. For family members, owners often maintain a relaxed approach (a low bar), meaning they are willing to remain vulnerable to relatives even when their professional performance or trustworthiness is in doubt. In contrast, the non-family employees targeted in this study are often kept on a "short leash" (a high bar), where they are trusted only if they are perceived as highly competent and reliable. This theoretical framework allows the study to evaluate how nepotism disrupts efficient governance, as the firm may choose to stay vulnerable to low-performing relatives while being overly critical of the high-performing professional staff who lack kinship ties.

## **3.2 Conceptual Framework**

### ***Figure 15***

*Conceptual Framework using Work-Life Balance, Organizational Culture and Nepotism as predicting variables of Employee Performance*



**Figure 15** presents the independent, moderating, and dependent variables of the study. The framework is developed by the researchers by focusing on understanding the unique dynamics of family-owned Micro, Small, and Medium Enterprises (MSMEs) in the Philippines. Instead of looking at workplace factors in isolation, this approach emphasizes an integrated system where strong structural support and shared values can drive productivity. It also recognizes that culturally rooted biases can influence these dynamics. A key insight of this framework is its perspective on nepotism. Rather than just being a straightforward factor leading to poor performance, nepotism acts as a moderating variable that can disrupt the positive impact of modern organizational practices. This is particularly relevant for families running businesses, where personal connections can sometimes overshadow professional merit.

The framework seeks to address a gap in literatures regarding what influences employee performance, with particular emphasis on the mixed results observed in WLB studies. Indicating that it has a significant impact on performance (Barokah et al. (2025); Preena (2021); Ahmed et al. (2024); Isse et al. (2018); Rizvi & Maulana (2025)), while some literatures suggest little to no correlation (Murniawati & Achmad (2024); Anyim et al. (2020); Nurfiani et al. (2025)). Similarly, the role of OC appears to be indirect or lacks a clear direct relationship with performance outcomes (Abawa and Obse (2024); Qadar et al. (2022)). This underscores the necessity for more region-specific research, particularly in the Philippines, where family-owned enterprises thrive and personal connections are crucial for

career advancement (Barrios et al., 2026). The also points out the scant attention given to nepotism's effects on business sustainability and culture (Dexter, 2019). The current study calls for deeper and more nuanced exploration of these themes to bridge existing gaps in understanding and to enhance the analysis of employee performance in diverse contexts.

The model proposes that two main elements of Work-Life Balance and Organizational Culture play a crucial role in enhancing Employee Performance. Work-Life Balance is seen as essential; when employees receive solid support from their supervisors and colleagues, along with flexible work arrangements, they tend to feel more psychologically safe and less stressed. This, in turn, boosts their intrinsic motivation and adaptability. At the same time, a strong Organizational Culture plays a key role. When a workplace is characterized by innovation, teamwork, and a focus on results, it creates the right environment for high performance. Clarity in expectations and strong employee involvement can directly contribute to better individual and organizational performance outcomes, leading to enhanced efficiency. However, the role of nepotism cannot be overlooked. In Philippine family businesses, nepotism often acts as a filter that can weaken the link between Work-Life Balance, Organizational Culture, and Employee Performance. Even if a company implements great policies and fosters a positive culture, nepotism can undermine these efforts. When employees believe that personal connections matter more than merit, the motivational benefits of a good work-life balance vanish, and the unity of the organizational culture falters. This can breed resentment and inequality, which ultimately hampers the commitment and proactivity needed for sustained employee performance.

The direct pathways from Work-life Balance and Organizational Culture to performance are anchored in Stewardship Theory, which suggests that employees naturally align their interests with the organization when provided with intrinsic rewards and a supportive environment rather than coercive controls. In this conceptual model, non-family employees are viewed as potential "stewards" whose productivity is fueled by professional identification and shared leadership. Moreover, the conceptual framework illustrates how the family's pursuit of SEW anchors the relationship between the study's variables. Specifically, the path for Hypothesis H7 (Nepotism and Employee Performance) is theoretically grounded in the family's "willingness to accept significant risk to performance" to protect their family influence and identity. This SEW-driven logic explains why nepotism directly inhibits individual output among non-family employees, who may perceive a "glass ceiling" in a system designed to meet the family's non-financial goals. Lastly, the pathway for Hypothesis



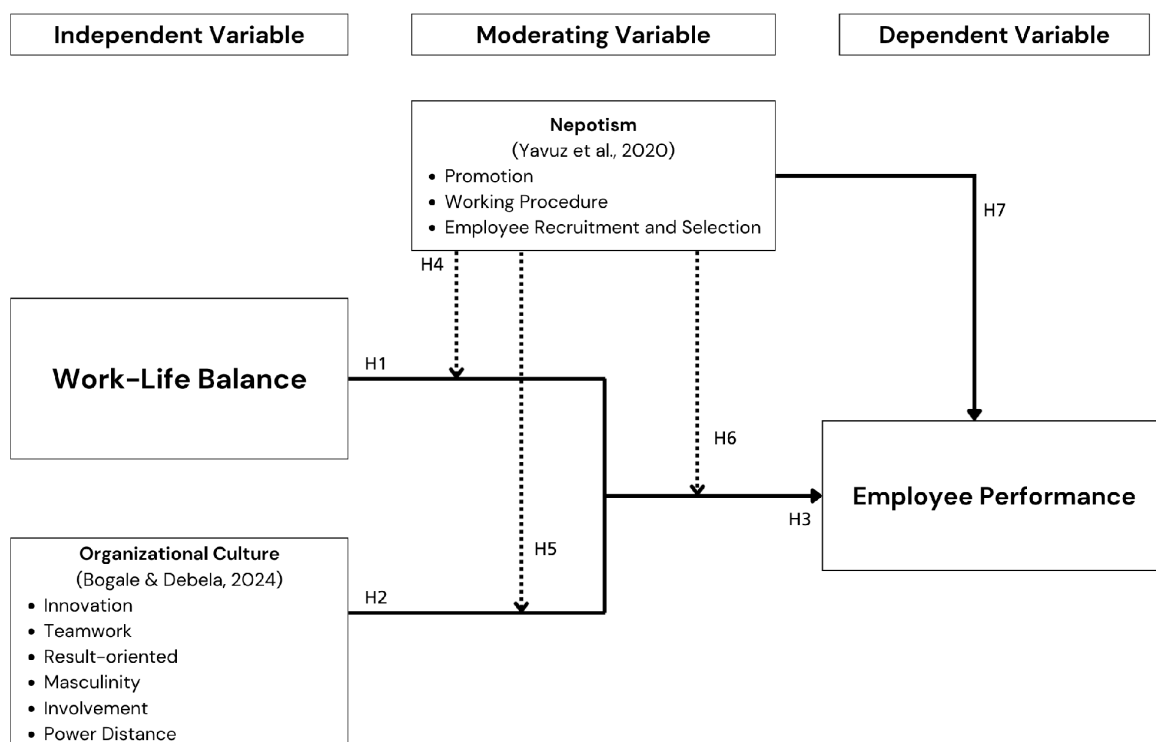
H7 is justified by the SEW framework, proposing that the family's choice to prioritize "family-centered noneconomic goals" over professional merit creates a perceived "glass ceiling" that directly diminishes individual output.

In summary, this model provides a comprehensive understanding of how various factors, structural, operational, and individual, interact in the workplace. By mapping out these connections, the framework supports the main idea of the study: while Work-Life Balance and Organizational Culture can improve Employee Performance, nepotism can significantly alter these outcomes. This integrated approach fits well with the research design, making it possible to empirically explore how traditional family biases challenge modern performance standards, and ultimately offers valuable insights into improving talent retention and efficiency in family-owned businesses.

### 3.3 Operational Framework

**Figure 16**

*Operational Framework using Work-Life Balance, Organizational Culture and Nepotism as predicting variables of Employee Performance*



**Figure 16** illustrates the operational framework of this research, outlining the relationships among the variables and aligning with the proposed hypotheses. This framework includes both direct and moderated pathways to offer a comprehensive analysis of

the factors influencing employee performance in family-owned micro, small, and medium enterprises (MSMEs) in Metro Manila. The study identifies Employee Performance as the dependent variable, directly influenced by two independent variables: Work-Life Balance and Organizational Culture. It is hypothesized that Work-Life Balance has a significant direct effect on Employee Performance (H1), and that Organizational Culture also significantly affects Employee Performance (H2).

Work-Life Balance is conceptualized through the support from the organization, work pressure, and self-development to gain the interpersonal and structural support systems that enable employees to manage professional and personal demands (Pandey, 2024). Whereas Organizational Culture is operationalized through the framework of Bogale and Debala (2024), which includes innovation, teamwork, result-oriented, masculinity, involvement, and power distance. These dimensions were selected because they show how cultural values, such as the acceptance of hierarchy (power distance) and the drive for collective goals (teamwork), shape employee behavior and efficiency in a professional setting. Employee Performance is measured by a generalized view from Setiawan et al. (2023) as successfully executing work within a set timeframe. It involves individual contributions evaluated by quality and quantity, as well as organizational outcomes that reflect teamwork. Performance is assessed through indicators like quality, quantity, and timeliness. Key factors include an employee's ability to meet expectations, produce satisfactory results, and follow standard procedures. Continuous improvement in daily tasks is also emphasized.

Furthermore, the study incorporates Nepotism in the Workplace as a moderating variable to determine how favoritism shapes the impact of the independent variables. Based on the Nepotism Scale by Yavuz et al. (2020), this variable is measured through three dimensions: promotion, working procedure, and recruitment and selection. These areas were chosen to reflect the "padrino" system or also known as kinship ties in the Philippine business context, where personal loyalty often competes with professional merit. It is hypothesized that Nepotism in the Workplace moderates the relationships between Work-Life Balance and Employee Performance (H3) and between Organizational Culture and Employee Performance (H4). By integrating these hypotheses, the framework provides a foundation for examining whether Nepotism strengthens or weakens the effectiveness of Work-life Balance and Organizational Culture in driving Employee Performance.

The operational model specifically tests the stewardship effect through H1 and H2, evaluating if supportive workplace dimensions, namely Work-life Balance (H1) and Organizational Culture (H2), directly boost Employee Performance. These direct pathways assess whether non-family employees act as "stewards" when the firm provides intrinsic rewards and shared leadership. The interaction terms represented by H4, H5, and H6 allow for a statistical examination of bifurcation bias, determining if the "Padrino" system acts as a barrier that nullifies the benefits of work-life balance (H4), organizational culture (H5), or their joint influence (H6) for the non-family workforce. By using the product-indicator approach, these hypotheses examine whether nepotistic practices alter the strength or direction of these professional relationships. Finally, the model operationalizes the SEW-driven path (H7) to measure the direct negative impact of familial favoritism on individual output. By integrating these specific pathways, the operational framework provides the statistical blueprint required to detect how informal kinship ties fundamentally alter the efficacy of standard human resource practices in Metro Manila MSMEs. In this model, the "affective needs" of the family owners act as a contextual filter that determines the strength of the relationship between professional support (Work-life Balance and Organizational Culture) and performance. By operationalizing these interactions, the study detects if the pursuit of "emotional wealth" serves as a structural barrier that prevents improved productivity for the non-family workforce. Finally, the model operationalizes the SEW-driven path (H7) to measure the direct negative impact of familial favoritism on productivity.

### 3.4 Hypotheses

This study examined the following hypotheses:

**Table 1**  
*Research Hypotheses*

| #   | Hypothesis                                                                                                                                                                                                                  |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ho1 | <i>Work-life balance</i> has <u>no</u> significant and positive influence on <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                                              |
| Ha1 | <i>Work-life balance</i> has a significant and positive influence on <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                                                      |
| Ho2 | <i>Organizational Culture</i> has <u>no</u> significant and positive influence on <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                                         |
| Ha2 | <i>Organizational Culture</i> has a significant and positive influence on <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                                                 |
| Ho3 | The combined effect of <i>Work-life Balance</i> and <i>Organizational Culture</i> has <u>no</u> significant and positive influence on the <i>Employee Performance</i> among employees of Family Businesses in Metro Manila. |
| Ha3 | The combined effect of <i>Work-life Balance</i> and <i>Organizational Culture</i> has a significant and positive influence on <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.             |
| Ho4 | <i>Nepotism</i> <u>does not</u> significantly moderate the relationship between <i>Work-life Balance</i> and <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                              |
| Ha4 | <i>Nepotism</i> significantly moderates the relationship between <i>Work-life Balance</i> and <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                             |
| Ho5 | <i>Nepotism</i> <u>does not</u> significantly moderate the relationship between <i>Organizational Culture</i> and <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                         |
| Ha5 | <i>Nepotism</i> significantly moderates the relationship between <i>Organizational Culture</i> and <i>Employee Performance</i> among employees of Family Businesses in Metro Manila.                                        |

- Ho6** *Nepotism* does not significantly moderate the joint influence of *Work-life Balance* and *Organizational Culture* on *Employee Performance* among employees of Family Businesses in Metro Manila.
- Ha6** *Nepotism* significantly moderates the joint influence of *Work-life Balance* and *Organizational Culture* on *Employee Performance* among employees of Family Businesses in Metro Manila.
- Ho7** *Nepotism* has no significant direct influence on *Employee Performance* among employees of Family Businesses in Metro Manila.
- Ha7** *Nepotism* has a significant direct influence on *Employee Performance* among employees of Family Businesses in Metro Manila.
- 

### 3.5 Assumptions of the Study

In this study, the researchers established the following assumptions:

**It is assumed that all respondents possess a fundamental understanding of Filipino work culture and the specific dynamics of family-owned businesses.** Since family-owned businesses account for approximately 80% of all businesses in the Philippines (Areola, 2021), it is assumed that employees in these settings are familiar with this cultural phenomenon of "personal connections" and the "Padrino" system. The study specifically aims to explore how work-life balance and organizational culture influence employee performance under the moderating effect of nepotistic practices. Respondents' familiarity with these elements is crucial for them to provide nuanced insights into how favoritism or kinship-based management affects their professional output and workplace environment.

**It is assumed that all respondents fall within the scope of the demographic of the study, which targets non-family employees of family-owned MSMEs within Metro Manila.** In the Philippines, Metro Manila is identified as the country's primary economic hub (CPBRD, 2020), characterized by intense competition and significant urban stressors (Agapito et al., 2019). By focusing on these specific cohorts, this assumption ensures that the data collected accurately reflects the unique challenges faced by professional employees who do not share kinship ties with business owners. Additionally, excluding family members ensures that no biased perceptions of the firm's internal culture and nepotistic practices are present, thereby guaranteeing that the findings are relevant to the target population of the family business sector.

**It is assumed that all respondents are currently employed in family-owned MSMEs based in Metro Manila and have a tenure of 1 year or more.** This minimum tenure ensures respondents can provide an accurate assessment of the organization's culture and established work-life balance policies, as they have had sufficient time to fully integrate into the organization. This assumption ensures that respondents can provide meaningful insights and perceptions based on their firsthand, active work experience, which is crucial for understanding current performance dynamics and the influence of the study's variables within the specific socioeconomic and logistical context of Metro Manila.

**It is presumed that all participants will offer honest and objective responses to the clear and comprehensible research inquiries.** Given that the topic of nepotism can be sensitive, the researchers employ an anonymous survey to encourage participants to provide truthful accounts of their experiences without fear of professional repercussion, while reducing social desirability bias. Furthermore, it is assumed that the use of a structured Likert-scale instrument, validated through rigorous pre-testing, ensures the questions are clear and understandable to the target population (Dexter, 2020). Lastly, as the survey questions offer a Filipino translation, it is assumed that the participants will offer insightful and relevant answers to the survey.

**It is assumed that the relationships between the independent variables (Work-Life Balance and Organizational Culture), the moderator (Nepotism), and the dependent variable (Employee Performance) will yield statistically significant results.** Although work-life balance and a strong workplace culture generally improve performance, nepotism may act as a negative moderator, diminishing these benefits. This assumption supports the study's hypotheses and suggests that the analysis will reveal how personal connections in family businesses fundamentally alter the efficacy of standard human resource practices.

**It is assumed that the relationships between the independent variables (Work-Life Balance and Organizational Culture), the moderator (Nepotism), and the dependent variable (Employee Performance) will yield statistically significant results.**

It is assumed that the relationships between work-life balance, organizational culture, and employee performance will show statistically significant results. This assumption is based on a post-positivist paradigm, which suggests that while human behavior is complex, we can find reliable patterns by using a scientific and objective approach.

### 3.6 Operational Definition of Terms

**Table 2**  
*Operational Definition of Terms*

|                                           |                                                                                                                                                                                      |                                 |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b>Co-worker Support</b>                  | The extent to which an employee perceives their colleagues as being helpful and providing emotional or practical assistance in the workplace.                                        | Wong et al. (2017)              |
| <b>Employee Performance</b>               | The overall productivity and effectiveness of an individual's work, encompassing job-related factors, firm-related contributions, and individual behavioral outcomes.                | Diamantidis & Chatzoglou (2018) |
| <b>Employee Recruitment and Selection</b> | The formal and informal processes used by a family business to identify, attract, and hire new staff members.                                                                        | Yavuz et al. (2020)             |
| <b>Flexible Working Arrangements</b>      | Workplace policies that allow employees some level of discretion over when, where, and how long they work to manage professional and personal responsibilities.                      | Wong et al. (2017)              |
| <b>Innovation</b>                         | The degree to which an organization encourages creativity, openness to new ideas, and the implementation of novel solutions within its operations.                                   | Bogale & Debela (2024)          |
| <b>Involvement</b>                        | The level of employee participation in decision-making and the degree to which they feel a sense of ownership and responsibility toward the company's goals.                         | Bogale & Debela (2024)          |
| <b>Masculinity</b>                        | A cultural dimension in the workplace characterized by a focus on achievement, assertiveness, and material rewards for success, rather than a preference for cooperation or modesty. | Bogale & Debela (2024)          |

|                               |                                                                                                                                                                   |                        |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <b>Nepotism</b>               | The practice among those with power or influence of favoring relatives or friends, especially by giving them jobs, which serves as a moderator in this study.     | Yavuz et al. (2020)    |
| <b>Organizational Culture</b> | The shared values, beliefs, and practices within a family-owned business that shape employee behavior and influence performance.                                  | Bogale & Debela (2024) |
| <b>Power Distance</b>         | The extent to which less powerful members of an organization accept and expect that power is distributed unequally, particularly in hierarchy-heavy family firms. | Bogale & Debela (2024) |
| <b>Promotion</b>              | The advancement of an employee's rank or position in an organizational hierarchy, which may be influenced by familial ties rather than merit.                     | Yavuz et al. (2020)    |
| <b>Result-oriented</b>        | An organizational focus that prioritizes the achievement of specific goals and performance outcomes over the processes used to reach them.                        | Bogale & Debela (2024) |
| <b>Supervisor Support</b>     | The degree to which employees perceive that their managers value their contributions and care about their well-being.                                             | Wong et al. (2017)     |
| <b>Teamwork</b>               | The collaborative effort of a group of employees to achieve a common goal or complete a task in the most effective and efficient way.                             | Bogale & Debela (2024) |
| <b>Work-life Balance</b>      | The equilibrium an individual needs between time at work and time for personal life, consisting of support systems and flexible arrangements.                     | Wong et al. (2017)     |
| <b>Working Procedure</b>      | The established methods and rules that govern how tasks are performed and how employees are treated within the business environment.                              | Yavuz et al. (2020)    |



## Chapter 4: METHODOLOGY

### 4.1 Research Design

This study will employ a quantitative, descriptive, correlational, and causal-explanatory research design to investigate the relationships between work-life balance, organizational culture, and employee performance, specifically examining the moderating role of nepotism. While previous studies by Thomas (2017) and Badaruddin et al. (2024) have highlighted the value of qualitative depth in understanding individual employee behaviors, this research addresses a different critical gap. It will prioritize a quantitative framework to provide the generalizable, statistically significant data in the Philippine MSME sector. Existing literatures similar to the study are conducted in foreign countries such as Malaysia, Indonesia, and Southern California. Consequently, by focusing on a large-scale sample in Metro Manila, the study aims to validate how nepotism functions as a structural moderator, offering a broader practical foundation that qualitative case studies alone cannot achieve.

The primary design is causal-explanatory and explains the "interaction effects" that affect employee outcomes (Salmon, 1984). This approach is particularly suited for this study's objective in testing how the presence of nepotism limits or weakens the established positive effects of a supportive organizational culture and work-life balance on performance. To address the sampling constraints noted in earlier literatures, specifically the reliance on small-scale censuses and non-probability techniques (Chandra & Purnomo, 2026; Obiageli et al., 2015), this study will utilize a non-probability purposive sampling method targeting employees within family-owned businesses across Metro Manila. By shifting the focus from single-institution case studies to a broader cross-section of the MSME landscape, this design provides an overhead view of the industry, thereby enhancing the external validity and generalizability of the findings.

While the researchers acknowledge a longitudinal gap in the current literature, a cross-sectional design is strategically employed to prioritize industry-wide generalizability and statistical robustness across the Metro Manila MSME landscape. To mitigate the inherent limitations of "snapshot" data, the study implements a strict minimum tenure requirement of one year, ensuring participants are sufficiently integrated into their firm's culture to provide informed and accurate assessments of established policies. Furthermore, the researchers use G\*Power 3.1 with a high target power of 0.95 to address the limitations of cross-sectional

designs in establishing long-term causality, ensuring the sample size is robust enough to detect the subtle moderating effects of nepotism. This approach allows the study to provide a representative "birds-eye view" of the sector while maintaining high levels of statistical sensitivity that single-institution longitudinal designs cannot achieve.

The study will employ a correlational design aimed to identify and quantify the statistical relationships between independent variables and a dependent variable, all without the need for experimental manipulation. The researchers aim to assess the degree to which Work-Life Balance and Organizational Culture interrelate with Employee Performance. Additionally, the study will incorporate an explanatory element to explore the role of Nepotism as a moderating variable in these relationships.

To enhance the statistical reliability of the study, a G\*Power analysis will be employed, indicating that a sample size of 219 participants is necessary to detect small to medium interaction effects with a statistical power of 0.95. The application of G\*Power highlights the researchers' commitment to achieving high levels of statistical sensitivity and representativeness in their findings.

The study will utilize a Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS to investigate the intricate relationships among work-life balance, organizational culture, and employee performance. This approach is particularly well-suited for the MSME context, as it effectively handles non-normal data and offers the statistical power needed to identify the moderating effects of nepotism. Unlike traditional regression methods, PLS-SEM enables a comprehensive evaluation of both the measurement and structural models in a single step.

The data collected for this study will be processed using two primary statistical software packages, Jamovi and SmartPLS. Each software serves a distinct purpose in ensuring the accuracy and depth of the analysis. Jamovi will be utilized for the preliminary stages of data analysis, including data cleaning, identifying missing values, and testing for outliers. Furthermore, Jamovi will be used to generate descriptive statistics (means, standard deviations, and frequencies) to create the profile of the respondents and to conduct initial normality tests and a Pearson correlation matrix to explore the basic correlational relationships between variables. This test will yield a correlation coefficient (denoted as  $r$ ). Presenting the direction (positive or negative) and the strength of the relationships. For the core analysis of the hypothesized model, Partial Least Squares Structural Equation Modeling

(PLS-SEM) will be conducted using SmartPLS. This software is specifically used to evaluate the measurement model (reliability and validity) and the structural model (path significance). SmartPLS will be used to perform the moderation analysis, utilizing the product-indicator approach to determine the strength and significance of the moderating influence of nepotism on employee performance.

This study will employ the post-positivist paradigm, a framework that emphasizes scientific methods and quantitative approaches to the study of social phenomena. Post-positivism will be utilized here as it offers a "critical multiplist" perspective, acknowledging that, while absolute truth in human behavior is difficult to find, the researcher can maximize reliability by using rigorous instruments and statistical techniques to explore a phenomenon as closely as possible (Ansari et al., 2017). This philosophical stance supports the study's quantitative, causal-explanatory, and correlational design by examining specific causes that affect outcomes through the testing of selected variables and hypotheses. In line with post-positivist thought, the findings on work-life balance and performance are viewed as probabilistic and provisional rather than absolute, accounting for the context of Philippine MSMEs and the inherent limitations of scientific methods in studying human behavior.

Building on a post-positivist foundation, this study utilizes a causal-explanatory design to uncover structural patterns within the complex landscape of family businesses in the Philippines. This approach facilitates the analysis of "interaction effects," particularly investigating how nepotism may undermine the positive influences of work-life balance and organizational culture. The research recognizes the multifaceted nature of these social dynamics. By employing Partial Least Squares Structural Equation Modeling (PLS-SEM), we strive to enhance the reliability of measuring latent or unobservable human behaviors. Consequently, the model presented is not viewed as an absolute law, but rather as a scientifically informed "snapshot" that acknowledges the unique, informal, relationship-oriented "Padrino" system characteristic of the MSME context in Metro Manila.

The research design incorporates strict procedural remedies to mitigate the risks of common method bias and participant subjectivity identified in previous self-reported studies (Rizqi & Qamari, 2022; Lartey & Ampofo, 2025). This involves employing anonymous surveys to reduce the influence of social desirability bias, especially with the issue of nepotism.

## 4.2 Research Locale

The study will be conducted in Metro Manila. Participants are non-family employees, ranging from entry-level staff to middle managers, with at least 1 year of tenure. MSMEs serve as the backbone of the Philippine economy, accounting for 99.5% of all registered business establishments (Cordova et al., 2025). Within this sector, family-owned account for approximately 80% of all businesses in the country (Areola, 2021), making family-run businesses the dominant organizational structure in the MSME sector.

Metro Manila was selected as the research locale due to its status as the country's primary economic hub, housing the highest density of MSMEs at 20.4% nationally (203,312 establishments), significantly outpacing regions like Calabarzon (14.8%) and Central Luzon (11.6%) (Congressional Policy and Budget Research Department, 2020). Additionally, Metro Manila has the highest concentration of highly skilled professionals, creating a specific "professionalization gap" in which non-family employees expect modern, merit-based expectations that clash with the informal, kinship-based management styles prevalent in family businesses (Porlucas & Gabayan, 2019).

Many businesses, particularly family-owned ones, face significant challenges regarding succession and professionalization. This struggle often leads to nepotism, where family connections are prioritized over merit in hiring, promotions, and operational processes (Yavuz et al., 2020). In the Philippines, the relevance of nepotism is further highlighted by the country's 'Padrino' system, which acts as a moderating factor in these dynamics (Agaton, 2024). To add to this, Memorandum Circular No. 73 (2024) mandates accelerated digitalization for local firms under the MSME Development Plan 2023-2028. This transition is particularly critical in the competitive Metro Manila market, where an innovative organizational culture and employee involvement are essential for success. Unfortunately, traditional and nepotistic structures within family businesses often impede this necessary shift.

Furthermore, while Metro Manila boasts a high concentration of micro, small, and medium enterprises (MSMEs), the research environment presents its own set of challenges. The saturation of surveys can lead to "survey fatigue" among respondents, and the diversity within the MSME sector, makes it difficult to generalize findings. As a result, a more rigorous non-probability purposive sampling approach is essential to obtain meaningful insights that reflect the true nature of these enterprises.

Metro Manila's traffic crisis is globally recognized for its severity, ranking as the world's "worst" in traffic management by the navigation app Waze. On a regional scale, commuters face the third-longest average delays in Asia, spending approximately 66 minutes daily stuck in traffic, consequently becoming a primary source of chronic stress and mental exhaustion. This extreme stress has led to a "misused value of resilience," in which commuters have been forced to psychologically adapt to uncomfortable commuting conditions as an inescapable part of their daily lives (Agapito et al., 2019). Such stressors underscore the importance of Work-Life Balance, specifically regarding Flexible Working and Supervisor Support (Wong et al., 2017), as these factors are essential for mitigating the negative impact of the urban environment on Employee Performance (Diamantidis & Chatzoglou, 2018).

The findings from this study provide valuable insights for the general public by offering a blueprint for fairer workplace practices in family-owned businesses that employ millions of Filipinos. By identifying ways to reduce nepotism, the research supports the development of more merit-based job environments. This, in turn, contributes to a more inclusive and professional local economy that benefits the entire workforce in Metro Manila.

Participant recruitment and the distribution of survey instruments will commence two weeks before the start of the third term of Academic Year 2025-2026, and concluded after six weeks. Additionally, the study will conduct cross-sectional research starting from April 20 to May 29, 2025. To ensure high participation among non-family employees in the MSME sector, a multi-channel distribution strategy was employed. Digital survey links were disseminated through various platforms, including email, social media networks, and instant messaging applications, and filtered to reach qualified respondents within Metro Manila. Adhering to strict ethical protocols, the researchers secured formal authorization from the designated representatives or owners of each participating MSME before any data collection began. This process ensured institutional support, maintained professional courtesy, and ensured that data collection complied with ethical research standards regarding the voluntary participation of non-family staff.

The researchers obtained all necessary informed consent forms, formal approval letters, and engagement agreements from the participants. These documents serve as a record of institutional support and ethical compliance, ensuring that all data collection was

conducted with the respondents' permission and voluntary agreement. Complete copies of these authorizations are provided in the Appendices for verification.

#### **4.3 Statement on the Use of Artificial Intelligence**

In conducting this research, the researchers responsibly engaged different artificial intelligence (AI) tools to aid in the literature review, the synthesis of information, and the polishing of written content. These tools help improve critical thinking and academic work instead of replacing original analysis, interpretation, or decision-making.

Particularly, Google Gemini were used to find relevant academic studies and to assist in comprehending key points and arguments from lengthy or intricate articles. This tool contributed to streamlining the initial phases of the review process by offering summaries and recommendations for articles, which were later examined and confirmed against primary sources. Google's NotebookLM was also utilized to cross-reference several uploaded sources, allowing the researchers to track links and verify important themes across various academic texts. This helped in refining the conceptual framework and aligning the literature with the study variables. To enhance clarity and academic tone throughout the writing process, Grammarly were employed to improve grammar and style, particularly in sentence structure in the background, methodology, and discussion sections. The tool served as a grammar editor and paraphrasing assistance, but all content underwent careful review and finalization by the researchers.

No generative AI platforms were employed to create false data, generate responses, or produce any part of the analysis or interpretation. All findings, frameworks, and conclusions in this study stem from the researchers' own efforts, guided by faculty supervision and academic standards. For transparency, a complete list of AI prompts and interactions utilized during the research process is provided in the Appendices.

#### **4.4 Profile of Respondents**

To ensure that the study yields credible and representative data. The study's respondents must meet the following criteria: Be employed in a family-run MSME in Metro Manila, have been employed in the business for at least 1 year, and have no family

relationship with the owners. By establishing these prerequisites, the gathered data can present the authentic perspective of non-family employees with sufficient tenure to be part of and experience the firm's organizational culture. By requiring respondents to be employed in a family-owned firm in Metro Manila, they can share their experiences regarding their work-life balance and how the company's environment impacts their overall performance. Furthermore, providing a minimum number of years of employment with the firm ensures that the respondent has sufficient experience within the firm. With 1 to 5 years of employment, the respondents would have had enough time to become familiar with their job responsibilities and to cement themselves within the firm's culture (Janardhanan & Raghavan, 2018). Lastly, as the research itself dives into understanding the influences of the moderation of nepotism among the study's variables, having only the non-family member employees as the respondents of the study allows for non-biased responses; someone related to the company may have a bias regarding the impact of work-life balance and organizational culture on their performance as an employee.

## **4.5 Sampling Design**

### **4.5.1 Quantitative Data**

The study focused on non-family employees working in MSME-owned family businesses in Metro Manila, given the sector's significant role in national economic development and employment generation. Moreover, Metro Manila hosts the highest density of MSMEs, making it a strategic location for studying employee-related outcomes (Congressional Policy and Budget Research Department, 2020). These firms are recognized for their kinship-based management culture, as well as the challenges they face in professionalizing and in succession planning (Porlucas & Gabayan, 2019). Understanding the factors that influence employee performance, specifically in relation to organizational culture, work-life balance, and the moderating influence of nepotism, is crucial for enhancing the sustainability of the Philippine MSME sector.

The target population consists of regular or full-time non-family employees currently working in MSMEs located in Metro Manila. The study specifically targeted non-family employees because this group experiences the "professionalization gap." Unlike family-member employees, non-family employees often enter the workforce with merit-based expectations that may contradict traditional, kinship-oriented practices. Studying how these

employees respond to the "Padrino" system and organizational innovation offers valuable insights for designing effective management strategies within family-run firms (Santiago, 2019).

To ensure the integrity and relevance of the data collected, all respondents must meet the following specific qualifications to be included in the study:

- **Non-Familial Status:** The respondent must be a "non-family" employee, defined as someone with no biological or legal kinship ties to the business owners.
- **Employment Type:** Only regular or full-time employees are qualified to participate. This ensures that the respondents have a consistent, established relationship with the firm's management and have experienced the organizational culture for a significant period.
- **Tenure:** Respondents must have at least 1 year of tenure within the current MSME. This qualification ensures that the employee has moved past the orientation phase and can provide an informed assessment of their own performance and the firm's work-life balance practices.
- **Geographic and Sectoral Location:** The respondent must be currently employed by an MSME located within Metro Manila. This ensures the sample is consistent with the research locale and the specific stressors of the National Capital Region.
- **Consent:** Participants must be willing to participate voluntarily by accepting the Data Privacy Law 2012 and selecting "I consent and agree to take part in this study" as part of the survey questionnaire.

According to data from the Department of Trade and Industry (2023) and the Philippine Statistics Authority (2022), MSMEs account for 99.5% of business establishments in the country, with an estimate of 200,000 of these concentrated in Metro Manila (CPBRD, 2020). By focusing on this locale, the researchers can capture a sample that reflects the various scopes of MSMEs currently navigating the national mandate for digitalization and professionalization.

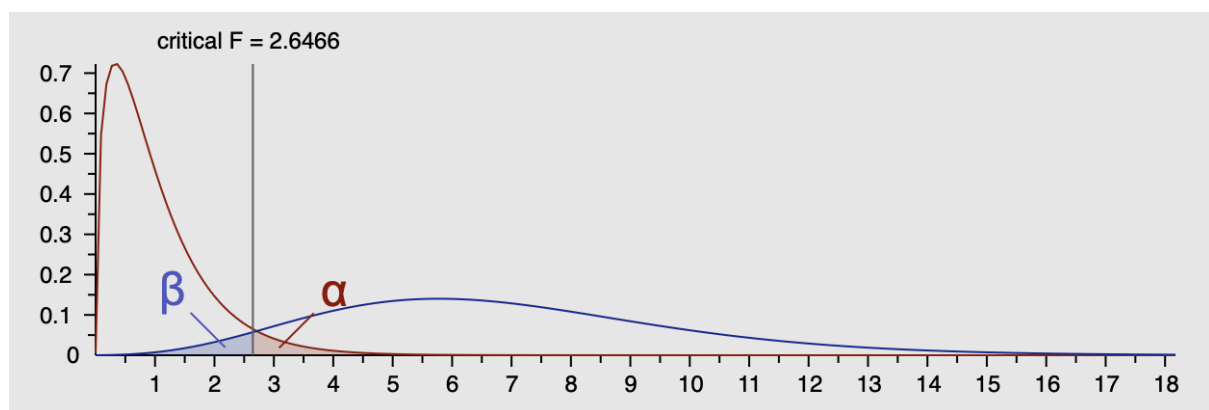
G\*power analysis will be utilized for the study as the researchers prioritize statistical sensitivity and representativeness. The analysis concluded that the study will need 219 respondents. This approach ensures that the sample size is optimized to capture high-quality,



relevant data from non-family employees, which is essential for detecting the nuanced moderating effects of nepotism within the MSME context.

To ensure the statistical validity and sensitivity of the study's findings, the sample size was determined using G\*Power 3.1. A power analysis was conducted specifically for the Moderated Multiple Regression model to ensure the research is robust enough to detect interaction effects. The power analysis for the Moderated Multiple Regression was configured using the following parameters:

**Figure 17**  
*Central and Noncentral Distributions*



**Table 3**  
*Central and Noncentral Distributions*

| Parameters            | Values |
|-----------------------|--------|
| Effect Size ( $f^2$ ) | 0.08   |
| Alpha ( $\alpha$ )    | 0.05   |
| Power ( $1 - \beta$ ) | 0.95   |
| Number of Predictors  | 3      |

**Table 4**  
*Central and Noncentral Distributions*

| Parameters                        | Values    |
|-----------------------------------|-----------|
| Noncentrality Parameter $\lambda$ | 17.52     |
| Critical $F$                      | 2.6465928 |
| Numerator $df$                    | 3         |
| Denominator $df$                  | 215       |
| Total Sample Size $N$             | 219       |
| Actual Power                      | 0.95      |

For this calculation, an Effect Size ( $f^2$ ) of 0.08 was utilized. This value was selected based on Cohen (1988) and represents a small-to-medium effect size; it is academically appropriate for organizational behavior research, where a wide array of external and internal factors beyond the immediate scope of the study often influence employee performance.

Furthermore, the Alpha ( $\alpha$ ) was set at 0.05, adhering to the standard 95% confidence level in social science research (Cohen, 1988). To maintain high stringency, a Statistical Power ( $1-\beta$ ) of 0.95 was targeted. While Cohen originally suggested a minimum power of 0.80, a higher level was intentionally selected to minimize the risk of Type II errors (false negatives), ensuring a 95% probability of correctly identifying significant relationships and the subtle moderating influence of Nepotism. With three (3) main predictors entered the model, Organizational Culture and Work-Life Balance, and the interaction term for Nepotism, the power analysis yielded a total sample size of 219 respondents. By establishing this stringent threshold based on Cohen's framework, the study ensures that its findings regarding the Philippine MSME sector are both mathematically sound and highly reliable.

**Equation 1.**  
*Slovin's Formula*

where

$n$  = sample size

$N$  = population size

$e$  = level of precision (0.05)

In this study, one of the options is to utilize Slovin's formula to determine an appropriate sample size for the quantitative phase. This mathematical formula is applicable to large populations and is designed to calculate a sample size that meets a specified margin of error (Adhikari, 2021).

The population ( $N$ ) is derived from the Philippine Statistics Authority (2022) List of Establishments, which records 1,426,870 MSME employees in Metro Manila. Given that approximately 80% of Philippine MSMEs are family-owned (Areola, 2021), and the study strictly targets the non-family workforce, the estimated target population is 913,197 individuals.

A margin of error of 5% ( $e = 0.05$ ) was strategically selected to balance statistical representativeness with the high level of stringency required by the purposive non-probability sampling design. This level of precision allows the researchers to prioritize data integrity and ensure that participants strictly meet the inclusion criteria, that they are full-time employees with no familial ties to the family business owners.

The study will utilize G\*power as it is well-suited to address the research problem of non-family employee performance in Metro Manila's MSME sector, particularly concerning the influence of nepotism. Moreover, it will be utilized in the study to confirm that a sample of 219 is statistically adequate to maintain a power level of 0.95, thereby minimizing the risk of Type II errors. By employing non-probability purposive sampling, the study ensures data relevance by excluding family members who may hold biased perceptions of the firm's internal culture. Altogether, these sampling techniques support factors influencing employee performance, directly contributing to the research problem by ensuring that the results are both representative of the population or statistically strong enough to validate the role of nepotism as a moderator.

### 4.5.2 Sampling Techniques

The study's chosen sampling technique is a random purposeful sampling technique to ensure that the data gathered from non-employees remain statistically sound and is compatible with the study's correlational research design. This chosen sampling technique addresses the study's various methodological goals. Through random, non-probability purposive sampling, the technique can avoid the risks of selection bias while still adhering to the required respondent criteria (Stratton, 2024). To ensure respondents meet the specified criteria, the study used an anonymous survey distributed via non-probability purposive sampling via Google Forms. This non-probability sampling method addresses the limitations of small-scale censuses and general techniques used in prior research by ensuring that all participants are strictly non-family employees of family-owned businesses (Chandra & Purnomo, 2026; Obiageli et al., 2015). This approach ensures that the data gathered is relevant and excludes family members who may hold biased perceptions of the firm's internal culture and nepotistic practices. To maintain the integrity of the non-probability purposive sample in the study, specific criteria were established. Respondents must: (1) be currently employed in a regular or full-time capacity; (2) have a minimum one to five years; and (3) possess no familial ties to the family business owners up to the fourth civil degree. Part-time employees, contractual project-based workers, and family members were excluded to prevent bias in data on the 'Padrino' system and work-life balance outcomes.

## 4.6 Methods of Data Collection

### 4.6.1 Survey Guide

The researchers drew from a diverse array of secondary data, including peer-reviewed scholarly journals, established academic models, and official Philippine government reports from the Department of Trade and Industry (DTI) and the Philippine Statistics Authority (PSA). These data were instrumental in identifying existing theoretical and methodological gaps and in providing the population statistics required to apply Slovin's Formula and G\*Power analyses for sample size determination. Furthermore, secondary data served to operationalize the study's primary research instrument by adapting validated scholarly frameworks, specifically those proposed by Wong et al. (2017), Bogale and Debela (2024), Diamantidis and Chatzoglou (2018), and Yavuz et al. (2020), ensuring that the data collection process aligns with rigorous academic standards.

The study uses Google Forms as the primary data collection platform due to its ability to facilitate multi-channel digital distribution across Metro Manila while providing an anonymous environment necessary for investigating sensitive topics such as the 'Padrino' system. This platform ensures statistical compatibility with PLS-SEM analysis by hosting structured Likert scales and by allowing seamless integration of informed consent protocols required for ethical compliance. The collection process begins by purposively screening respondents to ensure they are full-time, non-family staff with at least one year of tenure. Data collection will occur over six weeks (April 20 – May 29, 2025), with strict adherence to anonymity protocols to mitigate social desirability bias around sensitive topics such as nepotism. To ensure high construct validity and reliability, the survey is composed of validated scholarly frameworks adapted to the Philippine MSME context:

- Work-Life Balance: Measured through supervisor support, co-worker support, and flexible working arrangements as proposed by Wong et al. (2017).
- Organizational Culture: Evaluated using the six-dimensional framework (innovation, teamwork, result-oriented, masculinity, involvement, and power distance) by Bogale and Debela (2024).
- Employee Performance: Assessed through firm, job, and employee-related factors based on Diamantidis and Chatzoglou (2018).
- Nepotism: Measured through promotion, working procedure, and recruitment/selection dimensions from Yavuz et al. (2020).

This anonymous format is a critical procedural remedy designed to mitigate social desirability bias and the "fear of retaliation". By providing a private platform, the researchers encourage honest reporting of sensitive cultural dynamics, such as the "Padrino" system and workplace favoritism, which might otherwise be underreported in face-to-face or non-anonymous settings. This approach ensures the integrity and objectivity of the data collected from the non-family workforce.

This anonymous format is a critical procedural remedy designed to mitigate social desirability bias and the "fear of retaliation." By providing a private platform, the researchers encourage honest reporting of sensitive cultural dynamics, such as the "Padrino" system and workplace favoritism, which might otherwise be underreported in face-to-face or non-anonymous settings. This approach ensures the integrity and objectivity of the data collected from the non-family workforce.

The instrument was reviewed by the academic adviser and tested through a pre-test to ensure content clarity and alignment with the study's Operational Framework. Data for this

study were collected using a comprehensive questionnaire, divided into distinct sections to thoroughly cover the research variables. The questionnaire was meticulously designed to align with the objectives of both the quantitative and qualitative phases, ensuring high data quality and clear responses from respondents.

Following the screening process, the next section of the questionnaire collected participants' demographics, which were classified as nominal variables. This included gender (male, female, or prefer not to say). The section also collected information on the family business's industry and the participant's length of employment with the company. These demographic data are important for analyzing trends and differences across workforce segments and were designed to enable a detailed analysis of the sample profile. Furthermore, this section supports the examination of potential correlations between demographic variables, such as tenure and industry, and the study's primary constructs.

The subsequent sections of the questionnaire focused on the study's main variables: Work-Life Balance, Organizational Culture, Employee Performance, and Nepotism. Each of these variables was measured using multiple items on a 5-point Likert scale, ranging from Strongly Disagree (1) to Agree (5), which constitutes ordinal-level data. These sections were developed using adapted and validated instruments from prior studies, ensuring reliability and construct validity. The survey ensures compatibility with appropriate statistical tests by identifying and classifying the collected data.

**Table 5**  
*Questionnaire Items Measuring Work-life Balance*

| Indicator | Items                                                                                                |
|-----------|------------------------------------------------------------------------------------------------------|
| WLB_1     | I can access flexible work schedule in my organization.                                              |
| WLB_2     | Employees are expected to work from home outside normal working hours.                               |
| WLB_3     | During work from home, I can spend time with my family                                               |
| WLB_4     | All employees are treated equally when they request assistance with work and family-related matters. |
| WLB_5     | The organization makes it very clear to the employees what expectations they need to fulfill         |
| WLB_6     | I can immediately attend to urgent family or personal issues while working from home.                |

|        |                                                                               |
|--------|-------------------------------------------------------------------------------|
| WLB_7  | My organization supports employees in balancing professional and family life. |
| WLB_8  | My superior places greater emphasis on employee well-being.                   |
| WLB_9  | I can openly discuss work-life balance issues with my superior.               |
| WLB_10 | I think or worry about work (when I am not actually at work)                  |

All items were measured on a 5-point Likert scale, with 1 indicating strongly disagree and 5 indicating strongly agree. The scale was adapted from the survey questionnaire of Neha (2024). **Table 5** shows the items used to measure these key variables in the study.

**Table 6**  
*Questionnaire Items Measuring Organizational Culture*

| Dimensions             | Indicator | Items                                                                               |
|------------------------|-----------|-------------------------------------------------------------------------------------|
| <b>Innovation</b>      | OC_IN1    | The firm encourages the sharing of new and creative ideas.                          |
|                        | OC_IN2    | The firm encourages employees to experiment with new ideas without fear of failure. |
|                        | OC_IN3    | The firm constantly improves its processes to stay ahead of competitors.            |
| <b>Teamwork</b>        | OC_TW1    | The firm highly values collaboration across different departments.                  |
|                        | OC_TW2    | The firm work together as a cohesive unit to achieve organizational goals.          |
|                        | OC_TW3    | The firm shares all information and resources among all team members.               |
| <b>Result Oriented</b> | OC_RO1    | The firm emphasizes meeting specific performance targets. OC_RO1                    |
|                        | OC_RO2    | The firm rewards employees based on the measurable results they achieve.            |
|                        | OC_RO3    | The firm prioritizes achieving excellence in work output.                           |
| <b>Masculinity</b>     | OC_MS1    | The firm's work environment is highly competitive and achievement-oriented.         |

|                       |         |                                                                                     |
|-----------------------|---------|-------------------------------------------------------------------------------------|
|                       | OC_MS2  | The firm's values results and performance more than social relationships.           |
|                       | OC_MS3, | The firm encourages employees to be assertive in their job roles.                   |
| <b>Involvement</b>    | OC_INV1 | The firm gives opportunities to participate in planning my daily work tasks.        |
|                       | OC_INV2 | The firm values employee suggestions regarding company operations.                  |
|                       | OC_INV3 | I feel a sense of personal responsibility for the success of this business.         |
| <b>Power Distance</b> | OC_PD1  | The firm's decisions are primarily made by top management without consulting staff. |
|                       | OC_PD2  | The firm expects employees to follow instructions without questioning them.         |
|                       | OC_PD1  | There is a wide social distance between the owners and regular employees.           |

All items were measured on a 5-point Likert scale, with 1 indicating strongly disagree and 5 indicating strongly agree. The scale was adapted from the framework of Bogale & Debela (2024). Organizational Culture consisted of six dimensions: innovation, teamwork, result-oriented, masculinity, power distance, and involvement. **Table 6** details the dimensions and items for this construct.

**Table 7**  
*Questionnaire Items Measuring Nepotism*

| <b>Dimensions</b>        | <b>Indicator</b> | <b>Items</b>                                                                         |
|--------------------------|------------------|--------------------------------------------------------------------------------------|
| <b>Promotion</b>         | NEP_PR1          | The firm promotes family members faster than non-family employees.                   |
|                          | NEP_PR2          | Non-family staff face a "ceiling" when trying to reach executive roles.              |
|                          | NEP_PR3          | The firm's promotion criteria are often ignored if a family relative is a candidate. |
| <b>Working Procedure</b> | NEP_WP1          | The firm rules are applied more leniently to family members than to other staff.     |



|                             |         |                                                                                                  |
|-----------------------------|---------|--------------------------------------------------------------------------------------------------|
|                             | NEP_WP2 | Family members have more influence over decisions regardless of their rank.                      |
|                             | NEP_WP3 | The firm have standard procedures but are bypassed to accommodate family interests.              |
| <b>Employee Recruitment</b> | NEP_ER1 | The firm prioritizes hiring relatives over more qualified outsiders. NEP_ER1                     |
|                             | NEP_ER2 | Job openings are often filled by relatives before being advertised to others. NEP_ER2            |
|                             | NEP_ER3 | The firm's hiring process for relatives is less rigorous than for non-family applicants. NEP_ER3 |

All items were measured on a 5-point Likert scale, with 1 indicating strongly disagree and 5 indicating strongly agree. The scale was adapted from the framework of Yavuz et al. (2020). Nepotism consisted of three dimensions: promotion, working procedure, employee recruitment, and selection. **Table 7** displays the items utilized for this measurement.

**Table 8**

*Questionnaire Items Measuring Employee Performance*

| <b>Indicator</b> | <b>Items</b>                                                                                  |
|------------------|-----------------------------------------------------------------------------------------------|
| EP_1             | The work given is in line with my abilities.                                                  |
| EP_2             | My work is always done with satisfactory results.                                             |
| EP_3             | The work I did was done with care.                                                            |
| EP_4             | The execution of my duties are in accordance with the orders given by superiors.              |
| EP_5             | At work I carry out my duties in accordance with the applicable standard operating procedures |
| EP_6             | I always try to improve the quality of my work every day.                                     |

All items were measured on a 5-point Likert scale, with 1 indicating strongly disagree and 5 indicating strongly agree. The scale was adapted from the survey questionnaire of Setiawan (2023). **Table 8** details the items for this construct.

#### 4.6.2 Pre-Test Reliability and Validity Testing

The researchers conducted a pilot test to evaluate the reliability and internal consistency of the study's survey questionnaire before proceeding to the main data collection.

The pilot survey was sent to 20 respondents who met the research's criteria of respondents of being non-family employees working in family-owned MSMEs in Metro Manila. The means of distributing the survey was done through guerilla methods where researchers approached nearby family businesses. Additionally, researchers also used online messaging applications (e.g. Messenger) to distribute the survey to prospective respondents.

The Reliability was assessed using Cronbach's Alpha, computed through Jamovi's Reliability Analysis, evaluating internal consistency per variable, per dimension, and for the overall questionnaire.

### **Equation 2**

*Cronbach's Alpha*

$$\alpha = \frac{K\bar{v}}{v + (K-1)}$$

The analysis begins by addressing the problem statement through the use of Central Tendency (Means) to describe the state of the MSME variables. It then applies the PLS-SEM algorithm to quantify the relationships among these variables. By examining the Path Coefficients ( $\beta$ ), the study assesses the strength of these relationships, while p-values determine their statistical significance. Finally, the Moderation Analysis in SmartPLS investigates how Nepotism affects these quantified relationships, providing a mathematically rigorous solution to the research problem.

**Table 9**

Cronbach's Alpha Coefficient Interpretation

| <b>Cronbach's Alpha Coefficient</b> | <b>Interpretation</b> |
|-------------------------------------|-----------------------|
| $\alpha \geq 0.9$                   | Excellent             |
| $0.9 > \alpha \geq 0.8$             | Good                  |
| $0.8 > \alpha \geq 0.7$             | Acceptable            |
| $0.7 > \alpha \geq 0.6$             | Questionable          |
| $0.6 > \alpha \geq 0.5$             | Poor                  |
| $\alpha < 0.5$                      | Unacceptable          |

Three main statistical metrics are used in this work to quantify the correlations. First, the relationship's strength and direction are measured by the Path Coefficient ( $\beta$ ). Values closer to +1 indicate a strong positive effect, while those closer to -1 represent a strong

negative effect. According to Cohen (1988), these paths are quantified as small (0.10), medium (0.30), or large (0.50). Using this scale, the study determines the precise impact that work-life balance and organizational culture have on employee performance.

Second, t-statistics and p-values are used to quantify the significance of the relationship. According to social science study standards, a link is considered "significant" if the t-statistic is greater than 1.96 or the p-value is less than 0.05. This offers the mathematical assurance required to verify that the observed "Padrino" dynamics are not the result of random chance.

Lastly, the Coefficient of Determination ( $R^2$ ) measures the overall predictive power of the model. This measure shows which percentage of the variance in employee performance can be accounted for by the independent factors. An  $R^2$  of 0.75 is significant, 0.50 is moderate, and 0.25 is weak according to the thresholds proposed by Henseler et al. (2009). By combining these quantified metrics, the study moves beyond simple observation to provide a scientifically rigorous answer to the research problem, fulfilling the post-positivist requirement for an objective and justifiable warrant.

The Reliability was assessed using Cronbach's Alpha, computed through Jamovi's Reliability Analysis, evaluating internal consistency per variable, per dimension, and for the overall questionnaire as can be seen in **Table 10**. A higher variability value increases the Cronbach Alpha reliability coefficient (Amirrudin et al. 2020). Experimental results indicate that the relationship between variance and standard deviation better represents the Cronbach Alpha reliability coefficient than Range does. Identifying this pattern will assist researchers in developing their research instruments, as a higher coefficient and higher Cronbach's Alpha value indicate greater instrument reliability for measuring the construct

**Table 10**  
*Pre-test Reliability Analysis*

| Scale                         | Cronbach's $\alpha$ | Interpretation      |
|-------------------------------|---------------------|---------------------|
| <b>Overall</b>                | 0.766               | <b>Acceptable</b>   |
| <b>Work-Life Balance</b>      | 0.691               | <b>Questionable</b> |
| <b>Organizational Culture</b> | 0.814               | <b>Good</b>         |
| Innovation                    | 0.803               | Good                |
| Teamwork                      | 0.841               | Good                |
| Result-Oriented               | 0.809               | Good                |
| Masculinity                   | 0.586               | Poor                |

|                             |       |            |
|-----------------------------|-------|------------|
| Involvement                 | 0.800 | Good       |
| Power Distance              | 0.844 | Good       |
| <b>Nepotism</b>             | 0.927 | Excellent  |
| Promotion                   | 0.891 | Good       |
| Working Procedure           | 0.935 | Excellent  |
| Employee Recruitment        | 0.772 | Acceptable |
| <b>Employee Performance</b> | 0.915 | Excellent  |

The questionnaire's total Cronbach's alpha is 0.766, which is acceptable and indicates satisfactory internal consistency, according to the pre-test reliability analysis. At the variable level, Organizational Culture ( $\alpha = 0.814$ ) demonstrated good reliability, while Nepotism ( $\alpha = 0.927$ ) and Employee Performance ( $\alpha = 0.915$ ) both demonstrated excellent dependability. However, Work-Life Balance ( $\alpha = 0.691$ ) showed questionable reliability. The majority of constructs demonstrated good to excellent internal consistency at the dimensional level, particularly for Working Procedure ( $\alpha = 0.935$ ) and Power Distance ( $\alpha = 0.844$ ). However, some aspects of Organizational Culture showed lower reliability, such as Masculinity ( $\alpha = 0.586$ ), which is poor, while the other dimensions including Innovation, Teamwork, and Result-Oriented all demonstrated good reliability. Overall, these findings show that most of the instrument's constructs are trustworthy and appropriate for the primary investigation.

## 4.7 Statistical Treatment

### 4.7.1 Data Handling and Cleaning

To maintain the integrity of our data handling, we used analytical tools that prioritize both data security and functionality, namely Jamovi and Microsoft Excel. After collecting the data, we thoroughly reviewed and refined the responses, eliminating entries with missing values or outliers. This process improved the validity and accuracy of the dataset. Further, we implemented strict monitoring of the survey administration process to ensure data collection integrity.

### 4.7.2 Descriptive Statistics

Descriptive statistics offer a fundamental insight into the current state of variables within the MSME sector. By calculating the mean and standard deviation for each variable and its respective dimensions, the analysis reveals prevailing trends and general perceptions among the non-family workforce. This effectively addresses the descriptive aspect of the

problem statement by assessing whether factors such as Supervisor Support or Innovation are perceived as high, moderate, or low, in accordance with standardized interpretation scales.

The relationships among the study variables will be assessed using Path Coefficients ( $\beta$ ) and P-values generated by the PLS-SEM algorithm in SmartPLS. This analysis aims to determine the strength and significance of the effects of Organizational Culture and Work-Life Balance on Employee Performance. Furthermore, the interaction effect will be examined to understand how Nepotism may either mitigate or amplify these relationships. This quantitative analysis provides the essential justification required by the post-positivist paradigm to either support or refute the research hypotheses with mathematical rigor.

For the demographic variables, the frequency and percentages of each category were tabulated and presented in bar graphs to visualize the distribution of participants across gender, employee type (family or non-family member), and the specific industry of the family business.

Descriptive statistics for each primary variable were reported to provide a clearer understanding of the dataset. This involved determining the total number of observations (N) and calculating the mean ( $\bar{x}$ ) for each central construct and its subdimensions. The constructs examined included Work-Life Balance, Organizational Culture, Employee Performance, and Nepotism in the Workplace.

All items in the survey used a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). **Table 11** provides the corresponding verbal interpretations of the mean scores for each study variable.

**Table 11**  
*Mean Response Interpretation of the Variables*

| Mean Response      | Work-Life Balance                   | Organizational culture                   | Employee Performance                   | Nepotism                   |
|--------------------|-------------------------------------|------------------------------------------|----------------------------------------|----------------------------|
| <b>1.00 - 1.79</b> | Work-Life Balance is Low            | Organizational Culture is Low            | Employee Performance is Low            | Nepotism is Low            |
| <b>1.80 – 2.59</b> | Work-Life Balance is Moderately Low | Organizational Culture is Moderately Low | Employee Performance is Moderately Low | Nepotism is Moderately Low |
| <b>2.60 – 3.39</b> | Work-Life Balance is Moderate       | Organizational Culture is Moderate       | Employee Performance is Moderate       | Nepotism is Moderate       |

|                        |                                      |                                           |                                         |                             |
|------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|-----------------------------|
| <b>3.40 –<br/>4.19</b> | Work-Life Balance is Moderately High | Organizational Culture is Moderately High | Employee Performance is Moderately High | Nepotism is Moderately High |
| <b>4.20 -<br/>5.00</b> | Work-Life Balance is High            | Organizational Culture is High            | Employee Performance is High            | Nepotism is High            |

The study uses a structured method to interpret the mean scores of various dimensions to provide a detailed assessment of the research variables. These interpretation scales convert the raw numerical data into descriptive equivalents, ensuring an objective analysis of non-family employees' perceptions.

**Table 12**  
*Mean Interpretation Scale for Work-Life Balance Dimensions*

| <b>Mean Response</b>   | <b>Supervisor Support</b>             | <b>Co-worker Support</b>             | <b>Flexible Working Arrangements</b>             |
|------------------------|---------------------------------------|--------------------------------------|--------------------------------------------------|
| <b>1.00 -<br/>1.79</b> | Supervisor Support                    | Co-worker Support is Low             | Flexible Working Arrangements is Low             |
| <b>1.80 –<br/>2.59</b> | Supervisor Support is Low             | Co-worker Support is Moderately Low  | Flexible Working Arrangements is Moderately Low  |
| <b>2.60 –<br/>3.39</b> | Supervisor Support is Moderately Low  | Co-worker Support is Moderate        | Flexible Working Arrangements is Moderate        |
| <b>3.40 –<br/>4.19</b> | Supervisor Support is Moderate        | Co-worker Support is Moderately High | Flexible Working Arrangements is Moderately High |
| <b>4.20 -<br/>5.00</b> | Supervisor Support is Moderately High | Co-worker Support is High            | Flexible Working Arrangements is High            |

**Table 13**  
*Mean Interpretation Scale for Organizational Culture Dimensions*

| <b>Mean Response</b>   | <b>Innovation</b>             | <b>Teamwork</b>             | <b>Result-oriented</b>             |
|------------------------|-------------------------------|-----------------------------|------------------------------------|
| <b>1.00 -<br/>1.79</b> | Innovation is Low             | Teamwork is Low             | Result-oriented is Low             |
| <b>1.80 –<br/>2.59</b> | Innovation is Moderately Low  | Teamwork is Moderately Low  | Result-oriented is Moderately Low  |
| <b>2.60 –<br/>3.39</b> | Innovation is Moderate        | Teamwork is Moderate        | Result-oriented is Moderate        |
| <b>3.40 –<br/>4.19</b> | Innovation is Moderately High | Teamwork is Moderately High | Result-oriented is Moderately High |
| <b>4.20 -<br/>5.00</b> | Innovation is High            | Teamwork is High            | Result-oriented is High            |

| <b>Mean Response</b> | <b>Masculinity</b>             | <b>Involvement</b>             | <b>Power Distance</b>             |
|----------------------|--------------------------------|--------------------------------|-----------------------------------|
| <b>1.00 - 1.79</b>   | Masculinity is Low             | Involvement is Low             | Power Distance is Low             |
| <b>1.80 – 2.59</b>   | Masculinity is Moderately Low  | Involvement is Moderately Low  | Power Distance is Moderately Low  |
| <b>2.60 – 3.39</b>   | Masculinity is Moderate        | Involvement is Moderate        | Power Distance is Moderate        |
| <b>3.40 – 4.19</b>   | Masculinity is Moderately High | Involvement is Moderately High | Power Distance is Moderately High |
| <b>4.20 - 5.00</b>   | Masculinity is High            | Involvement is High            | Power Distance is High            |

**Table 14**

*Mean Interpretation Scale for Employee Performance Dimensions*

| <b>Mean Response</b> | <b>Firm/Environment Related Factors</b>             | <b>Job-Related Factors</b>             | <b>Employee-Related Factors</b>             |
|----------------------|-----------------------------------------------------|----------------------------------------|---------------------------------------------|
| <b>1.00 - 1.79</b>   | Firm/Environment Related Factors is Low             | Job-Related Factors is Low             | Employee-Related Factors is Low             |
| <b>1.80 – 2.59</b>   | Firm/Environment Related Factors is Moderately Low  | Job-Related Factors is Moderately Low  | Employee-Related Factors is Moderately Low  |
| <b>2.60 – 3.39</b>   | Firm/Environment Related Factors is Moderate        | Job-Related Factors is Moderate        | Employee-Related Factors is Moderate        |
| <b>3.40 – 4.19</b>   | Firm/Environment Related Factors is Moderately High | Job-Related Factors is Moderately High | Employee-Related Factors is Moderately High |
| <b>4.20 - 5.00</b>   | Firm/Environment Related Factors is High            | Job-Related Factors is High            | Employee-Related Factors is High            |

**Table 15**

*Mean Interpretation Scale for Nepotism Dimensions*

| <b>Mean Response</b> | <b>Promotion</b>            | <b>Working Procedure</b>            | <b>Employee Recruitment and Selection</b>            |
|----------------------|-----------------------------|-------------------------------------|------------------------------------------------------|
| <b>1.00 - 1.79</b>   | Promotion is Low            | Working Procedure is Low            | Employee Recruitment and Selection is Low            |
| <b>1.80 – 2.59</b>   | Promotion is Moderately Low | Working Procedure is Moderately Low | Employee Recruitment and Selection is Moderately Low |
| <b>2.60 – 3.39</b>   | Promotion is Moderate       | Working Procedure is Moderate       | Employee Recruitment and Selection is Moderate       |

|                        |                                 |                                         |                                                             |
|------------------------|---------------------------------|-----------------------------------------|-------------------------------------------------------------|
| <b>3.40 –<br/>4.19</b> | Promotion is<br>Moderately High | Working Procedure is<br>Moderately High | Employee Recruitment<br>and Selection is<br>Moderately High |
| <b>4.20 -<br/>5.00</b> | Promotion is High               | Working Procedure is<br>High            | Employee Recruitment<br>and Selection is High               |

For Work-Life Balance **Table 12**, the dimensions of Supervisor Support, Co-worker Support, and Flexible Working Arrangements are evaluated using a five-level scale. A mean score between 1.00 and 1.79 indicates that these support systems and arrangements are perceived as "Low," while scores between 4.20 and 5.00 signify they are perceived as "High." This approach allows the study to identify which specific areas of work-life balance are most prevalent or lacking in the MSME sector.

The dimensions of Organizational Culture **Table 13**, Innovation, Teamwork, and Result Orientation follow a similar logic, ranging from "Low" to "High." These categories are crucial for identifying the dominant cultural traits within family businesses. Employee Performance **Table 14** is assessed through the dimensions of Masculinity, Involvement, and Power Distance, providing a detailed understanding of how non-family staff operate. Finally, the dimensions of Nepotism **Table 15**, particularly regarding Promotion, Working Procedures, and Recruitment, are measured to determine the perceived intensity of kinship-based favoritism. By analyzing these dimensions individually, the researchers can offer a more nuanced response to the problem statement than a single average across all variables.

The study will employ a measure of central tendency to provide an objective summary of data collected from non-family employees, effectively transforming individual responses into a collective representation of the micro, small, and medium enterprise (MSME) environment. The mean ( $\bar{x}$ ) serves as a crucial measure of central tendency, utilized to identify the "average" perception of respondents regarding critical variables, including Work-Life Balance and Organizational Culture. By calculating the mean for each variable and its dimensions, the analysis determines the extent to which these factors are perceived as high, moderate, or low, thereby addressing the initial component of the problem statement by quantifying social phenomena within the firms. The standard deviation (SD) functions as a key measure of dispersion that assesses the consistency of the responses. A low SD indicates that employees share similar views on the firm's management and culture, while a high SD suggests a wider diversity of experiences. Ultimately, the analysis responds to the problem



statement by mapping the calculated means against predefined Mean Response Interpretation Tables. This standardized approach ensures that the interpretation of the data remains mathematically sound and devoid of researcher bias, thereby enhancing the credibility of the findings.

### **4.7.3 PLS-SEM**

#### **4.7.3.1 Partial Least Squares Structural Equation Modeling**

The data collected for this study will be analyzed using several statistical methods, including Partial Least Squares Structural Equation Modeling (PLS-SEM). Structural Equation Modeling (SEM) is a multivariate analytical technique that integrates measurement theory, factor analysis, path analysis, regression, and simultaneous equations within a single model-fitting framework (Ken Kwong-Kay Wong, 2013; Latan & Noonan, 2017). It is a hypothesis-driven structural approach used to examine causal relationships within comprehensive research models and to identify latent variables (Stoffels et al., 2023).

This statistical technique is appropriate for the present study because it is effective in examining latent constructs, such as Family Business Succession, which serves as a key variable in this research. PLS-SEM is an analytical technique that is widely applied across various research fields as a causal-predictive analytical method capable of both explaining and predicting target constructs while also analyzing latent variables (Avkiran & Ringle, 2018). The PLS-SEM framework consists of two primary components, them being the inner model, also known as the structural model, and the outer model, referred to as the measurement model. Unlike traditional linear regression, PLS-SEM allows researchers to analyze complex relationships within a single model without performing multiple separate regression analyses, which can help reduce standard errors.

Furthermore, PLS-SEM is suitable for research conducted in dynamic and evolving business environments because it can produce statistically reliable and accurate results even with relatively small sample sizes. In this study, the statistical software SMARTPLS will be utilized to conduct the data analysis.

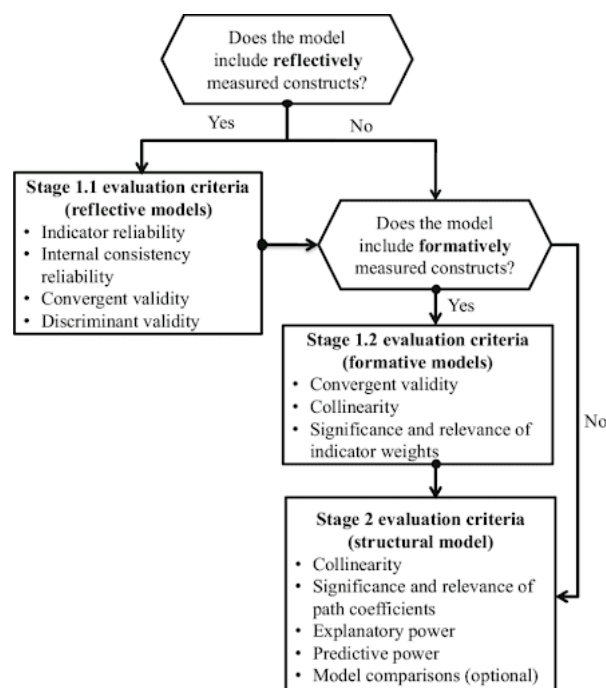
As a statistical approach, SEM offers two major advantages, first is that it allows the simultaneous estimation of multiple regression equations, and second is that enables the inclusion of latent variables within the research model (Nusair & Hua, 2010). Despite its increasing popularity, SEM still presents certain limitations when compared with traditional

regression methods. Additionally, Multiple regression continues to be a constantly refined analytical technique that maintains its reliability for datasets involving censorship, truncation, time series, and panel selection, as well as studies that focus on probability-related research questions (Nusair & Hua, 2010).

In contrast, SEM is more effective in analyzing complex relationships and latent constructs. Its capacity to identify the best-fitting model allows researchers to uncover stronger relationships among constructs and examine how these constructs interact, potentially functioning as both dependent and independent variables within different relationships (Nusair & Hua, 2010). Generally, SEM requires data that meets certain assumptions, including multivariate normality, the absence of systematic missing data, an adequate sample size, and correct model specification (Kock, 2014a). However, the method applied in this study is PLS-SEM, which does not strictly require continuous data or multivariate normality (Fan et al., 2016).

PLS-SEM is particularly appropriate for this study because it allows the analysis of Employee Performance as the dependent variable predicted by Work-Life Balance, and Organizational Culture, while Nepotism serves as a mediating variable. Moreover, no existing research has examined all of these variables simultaneously within a single theoretical framework.

**Figure 18**  
Two Stages for Conducting PLS-SEM



The analysis with the model is conducted in two main stages, interpreted sequentially. The schematic diagram presented above is adapted from Sarstedt et al. (2017). The first stage involves evaluating the measurement model to determine whether the constructs in the study are measured reflectively or formatively. For reflective constructs, the evaluation begins with indicator reliability. When the covariance exceeds 0.70, it indicates that at least 50% of the indicator's variance is explained by the construct, suggesting strong reliability.

The next step is to assess internal consistency reliability; higher values indicate stronger reliability among the indicators. One commonly used measure for this is Cronbach's Alpha. This is followed by the assessment of convergent validity, which is evaluated using the Average Variance Extracted (AVE), calculated as the mean of the squared loadings. The final criterion for reflective constructs is discriminant validity, which ensures that constructs are distinct from one another. This is typically measured using the heterotrait–monotrait ratio (HTMT), which represents the average correlation of indicators across different constructs.

For formative constructs, evaluation involves examining convergent validity, collinearity, and the significance and relevance of path coefficients. Convergent validity determines the extent to which a formative construct correlates with a reflective construct. This process connects survey indicators and latent variables through their loadings and cross-loadings. The loadings approach, as used by Amora (2021), will be applied to determine acceptable convergent validity. According to this criterion, indicator loadings should be at least 0.50, the associated p-values should be less than the acceptable threshold of 0.05 (Kock, 2014b), and cross-loadings should be lower than indicator loadings. Indicators that fail to meet these criteria may be removed from the analysis (Amora, 2021).

The Variance Inflation Factor (VIF) is then used to assess collinearity and is calculated in multiple regression for each indicator included in the model. The last step in evaluating the formative constructs is then determining the significance and reliability of the relationships within the model.

The second stage of PLS-SEM involves evaluating the structural model. This stage consists of several steps, including assessing collinearity, examining the coefficient of determination ( $R^2$ ) for endogenous latent variables, evaluating predictive relevance ( $Q^2$ ), determining the significance and relevance of path coefficients, measuring effect sizes ( $f^2$  and  $q^2$ ), analyzing the magnitude of path coefficients, and performing holdout sample validation.

This stage primarily evaluates the model's predictive capability for the constructs, particularly through indicators such as  $R^2$ , cross-validated redundancy ( $Q^2$ ), and path coefficients.

Within the overall framework, the model comprises two submodels: the inner and outer models. The inner model specifies the relationships among independent and dependent latent variables, while the outer model describes the relationships between latent variables and their observed indicators (Wong, 2023).

#### 4.7.4 Moderation Analysis

To determine if the relationship between the independent variables (Organizational Culture and Work-Life Balance) and the dependent variable (Employee Performance) is significantly modified by a third variable, a moderation analysis was conducted within the PLS-SEM framework. This approach utilizes interaction terms, specifically the product of the indicator variables, to assess whether the influence of the predictors varies across different levels of the moderator, Nepotism. By employing PLS-SEM for this analysis, the study can evaluate the measurement quality of the constructs while identifying the strength and significance of the moderating effect in a single, comprehensive structural model.

In this study, Nepotism is the chosen moderator and is treated as a continuous variable. Unlike straightforward relationships, moderation analysis provides insights into the "boundary conditions" affecting employee performance. Specifically, it examines whether the presence of Nepotism enhances, diminishes, or nullifies the positive impacts of a positive organizational culture and work-life balance.

Interaction terms were generated by multiplying each independent variable by the moderator (Nepotism). These terms were included in the regression model to evaluate whether perceived Nepotism significantly modifies the relationship between work-life balance, organizational culture, and employee performance.

#### ***Equation 2.***

##### *Moderation Analysis*

$$Y = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 (X \cdot M) + \varepsilon$$

- **Y** represents the dependent variable (Employee Performance)
- **X** is the independent variable (Organizational Culture or Work-life Balance)
- **M** is the moderator variable (Nepotism)
- **X \* M** is the interaction term

- $\beta_0$  is the intercept
- $\beta_1$  reflects the direct effect of X on Y
- $\beta_2$  reflects the direct effect of the moderator
- $\beta_3$  represents the effect of the interaction between X and M on Y
- $\epsilon$  is the error term

A statistically significant  $\beta_3$  indicates that the impact of the independent variables (Organizational Culture and Work-Life Balance) on employee performance varies across perceived levels of the moderator. All analyses were conducted using Jamovi, which simplifies the creation of interaction terms and the estimation of moderation effects through its linear regression module. This approach was employed to test whether Nepotism significantly moderates the relationship between predictors and employee performance when the software presents that the path significance (p-value) for  $\beta_3$  is statistically significant (usually  $<0.05$ ). By examining the interaction effect, the researchers can determine whether the 'Padrino' system serves as a wall that diminishes the impact of positive organizational culture and work-life balance on employee performance in the context of Micro, Small, and Medium Enterprises (MSMEs).

#### 4.8 Summary of Hypotheses and Statistical Testing

**Table 16**  
*Summary of Hypotheses and Statistical Testing*

| Hypothesis # | Research Hypothesis                                                                                        | Statistical Test                                                      |
|--------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>H1</b>    | Work-life balance has a significant and positive influence on Employee Performance.                        | Structural Model Path Analysis (PLS-SEM) using SmartPLS.              |
| <b>H2</b>    | Organizational Culture has a significant and positive influence on Employee Performance.                   | Structural Model Path Analysis (PLS-SEM) using SmartPLS.              |
| <b>H3</b>    | Work-Life Balance and Organizational Culture have a significant joint influence on Employee Performance.   | Multivariate Regression Analysis within the PLS-SEM framework.        |
| <b>H4</b>    | Nepotism significantly moderates the relationship between Work-life Balance and Employee Performance.      | Moderation Analysis using the Product-Indicator Approach in SmartPLS. |
| <b>H5</b>    | Nepotism significantly moderates the relationship between Organizational Culture and Employee Performance. | Moderation Analysis using the Product-Indicator Approach in SmartPLS. |

|           |                                                                                                                               |                                                                |
|-----------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <b>H6</b> | Nepotism significantly moderates the joint influence of Work-life Balance and Organizational Culture on Employee Performance. | Moderated Multiple Regression (interaction terms) via PLS-SEM. |
| <b>H7</b> | Nepotism has a significant direct influence on Employee Performance.                                                          | Structural Model Path Analysis (PLS-SEM) using SmartPLS.       |

The summary Table 14 serves as a comprehensive roadmap for the study's Data Analysis Plan, aligning each of the seven research hypotheses with the specific statistical treatments required to validate the operational framework. It details how Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS will be used to assess the direct effects of Work-Life Balance and Organizational Culture on Employee Performance, as well as the moderating role of Nepotism, using the product-indicator approach. By mapping hypotheses to specific analytical tools, such as path analysis and moderated multiple regression, the table ensures a transparent and rigorous methodological approach for detecting the "interaction effects" and "boundary conditions" that define the professional experiences of non-family employees in Metro Manila's family-owned MSMEs.

#### **4.9 Ethical Considerations**

This study was conducted in strict accordance with established ethical protocols for research involving human participants, specifically tailored to the sensitivities of assessing workplace dynamics in Metro Manila's MSME sector. Before data collection began, ethical clearance was sought to ensure that all procedures complied with the Data Privacy Act of 2012 and international research integrity standards.

Every non-family employee invited to participate accepted an Informed Consent Form. This document explicitly stated the study's objective, analyzed the intersection of organizational culture, work-life balance, and nepotism, and emphasized that participation was entirely optional; consent was integrated into the survey's digital interface.

Given the sensitive nature of discussing the "Padrino" system and internal firm favoritism, the researchers prioritized absolute anonymity and confidentiality. To protect the respondents' professional standing, all personal identifiers were removed from the final datasets. Survey data was collected through a platform that does not link responses to individual identities.

The researchers ensured that participants were not exposed to any psychological, social, or professional risks. The study was framed strictly within the boundaries of professional perception and workplace outcomes. To mitigate any "fear of retaliation," respondents were reassured that their employers would not have access to individual raw data. Furthermore, participants maintained the right to skip questions they found uncomfortable or to terminate their involvement immediately.

By upholding these rigorous ethical safeguards, the study protected the rights and welfare of the non-family workforce while ensuring that the data gathered on MSME performance and nepotism remains credible, objective, and academically sound.

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# APPENDICES

## Appendix A CVS of the Researchers



LINKEDIN PROFILE

### Ace Timothy A. Bejar

+63 969 087 0032

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Verdana Homes, Molino IV, Bacoar Cavite



### ABOUT ME

With a proven track record of managing diverse stakeholders and handling documentation effectively, I take a strategic approach to ensure the client's satisfaction is always my top priority. My passion for driving revenue through sales is matched by my commitment to delivering exceptional customer service. I'm on the lookout for opportunities to further develop my skills and expand my expertise. I have a strong drive to continuously learn and grow; highly trainable and looking to be mentored.

### WORK EXPERIENCE

#### NEW HORIZON TRAVEL AND TOURS INC. | DOCUMENTATIONS OFFICER

2024 - PRESENT

Handled visa processing and checked numerous visa applicants across different embassies, including Australia, Canada, and the USA, increasing their chances of approval. Brought in new clients to the business who availed of various travel needs, such as group packages, tickets, and visas. Managed client personal portfolios, creating trust and repeat business from multiple clients.

### SKILLS

- Proficient in Microsoft Office Suite (Excel, Word, Powerpoint, etc.)
- Flexible in Windows and Mac Operating Systems
- Experienced in Customer Relationship Management
- Well-versed in Project Management
- Adaptive and Collaborative
- Strong Work Ethic
- Problem Solver
- Time Management
- Communicative

### EDUCATION

#### DE LA SALLE UNIVERSITY | MANILA

BS BUSINESS MANAGEMENT

2023 - PRESENT

#### First Honors Deans Lister

AY 2025-2026, Term 1 – 3.6 GPA

#### Second Honors Deans Lister

AY 2023-2024, Term 1 – 3.2 GPA

AY 2024-2025, Term 2 – 3.3 GPA

AY 2024-2025, Term 3 – 3.3 GPA

#### DE LA SALLE SANTIAGO ZOBEL | VERMOSA

ACCOUNTANCY, BUSINESS MANAGEMENT

2020 - 2023

#### Silver Medal Awardee

AY 2021-2022, CGPA: 94

AY 2022-2023, CGPA: 93

#### Exemplary Conduct Awardee

AY 2022-2023, Term 2

### PERSONAL INTERESTS

- Gold Medal Awardee 15th Summa Cum Laude (SCL) Chicago International Youth Music Festival, Cellist
- Commissioner for Verdana Homes Basketball League (VHBL) 2025 & 2026
- Marathon Finisher Hoka Series 2025 in Pasay, Manila
- Travelling, Photography, Gym, Basketball, Cooking and Playing Instruments (Cello).

**Peter Bernardo Pamintuan Calvo**

Quezon City, Metro Manila, Philippines

0921 945 6420 | peter\_bernardo\_calvo@dlsu.edu.ph | calvo.peterbernardo@gmail.com

Portfolio: <https://www.linkedin.com/in/peter-calvo-2209193a7/>**EDUCATION****De La Salle University – Manila***Bachelor of Science in Business Management*

- Project Head – “Threads of Hope: Empowering Families, One Stitch at a Time” (COBCSRG)
- Dean’s Lister
- CGPA: 3.18/4.000

**Taft Ave., Manila**

2023 - Present

**De La Salle University –Integrated School***Accountancy, Business, and Management*

- Silver Medal Awardee - General Academic Excellence

**Taft Ave., Manila**

2021 - 2023

**WORK EXPERIENCE****Asterisko Artisan Coffee***Human Resource Manager*

- Managed end-to-end talent acquisition, including sourcing candidates, conducting structured interviews, and coordinating hiring decisions.
- Led onboarding and training programs for new staff, ensuring smooth integration into team operations and service standards.
- Facilitated employee relations and conflict resolution, promoting a positive and collaborative workplace

**Taft Ave., Manila**

Jan. 2025 - Present

**Asterisko Artisan Coffee***Operations Manager*

- Oversaw daily café operations, ensuring efficient workflow at the beverage preparation bar and front counter.
- Managed staff scheduling and shift coordination to maintain smooth service during peak customer hours.
- Coordinated with management to improve service efficiency and reduce operational waste.

**Taft Ave., Manila**

Dec. 2024 - Present

**Dude Pare Totes***Chief Operating Manager*

- Monitored sales performance and operational costs to support pricing and production decisions.
- Coordinated production planning, inventory management, and supply sourcing to ensure efficient product delivery.
- Implemented workflow processes for product assembly and order fulfillment, improving team efficiency.

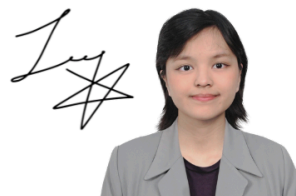
**Awards and Certifications**

- Second Honor Dean’s Lister AY 2025-2026 T1
- First Honor Dean’s Lister AY 2024-2025 T3
- Second Honor Dean’s Lister AY 2024-2025 T2
- Second Honor Dean’s Lister AY 2023-2024 T2
- First Honor Dean’s Lister AY 2023-2024 T1

**SKILLS & INTERESTS****Technical:** Microsoft Office, Python, jamovi, Rstudio, POS Systems**Skills:** Project Management, Project Coordination, Video Editing, Event Hosting, Inventory Management, Workflow Optimization, Market Research, Customer Experience Management**Language:** Tagalog, English**Interests:** Coffee, Model Building, Music, Simulation Games

**Stephanie Sto. Domingo Lee**

Paco, Manila, Metro Manila, Philippines 0945 115 2949 |  
 stephanie\_lee\_a@dlsu.edu.ph | lee.stephanie324@gmail.com  
 Portfolio: <https://www.linkedin.com/in/stephanie-lee-a1597a3b5/>

**EDUCATION****De La Salle University – Manila**

*Bachelor of Science in Business Management*

**Taft Ave., Manila**

2023 - Present

**De La Salle University –Integrated School**

*Accountancy, Business, and Management*

**Taft Ave., Manila**

2021 - 2023

**WORK EXPERIENCE****Asterisko Artisan Coffee**

*Inventory and Operations Manager*

**Taft Ave., Manila**

January 2026 - Present

- Established monthly stock thresholds based on historical sales data and consumption patterns to prevent overstocking and eliminate product shortages.
- Managing end-to-end monthly restocking cycles, ensuring all ingredients and materials were sourced and available for peak demand periods.
- Monitoring ingredient shelf-life and usage rates, significantly reducing operational waste through more accurate ordering.
- Conducting regular "barista checks" and performance audits to maintain high service standards and consistency in beverage quality.
- Identifying operational bottlenecks and implementing workflow changes that improved drink preparation speed and customer wait times.
- Fostering a positive work culture through empathetic feedback and hands-on support.

**MatchaBunny Cafe**

*Founder and Principal Investor*

**Paco, Manila**

August 2025 - Present

- Strategically allocating personal capital for initial startup costs, equipment procurement, and inventory sourcing.
- Handling financial planning, product development, and creative direction.
- Leveraging digital illustration and graphic design skills for marketing.
- Overseeing daily cash flow, budget tracking, and reinvestment strategies to ensure sustainable business scaling and profitability. Cultivating a loyal community through empathetic engagement and personalized service.

**SKILLS & INTERESTS**

**Technical:** SketchbookPro, Canva, Google Workspace, Microsoft Office

**Skills:** Inventory Forecasting & Threshold Setting, Capital Allocation & Budgeting, Social Media Planning & Implementation, Graphic Design & Digital Illustration, Empathetic Stakeholder Engagement

**Language:** Tagalog, English, Japanese, Chinese (Basic)

**Interests:** Coffee, Matcha, Art and Drawing, Badminton, Gym, Wildlife Conservation and Protection

## Klijster Ramil Rosales Roca

Taguig City, Metro Manila, Philippines

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Portfolio: <https://www.linkedin.com/in/klijster-roca>



### EDUCATION

#### De La Salle University – Manila

*Bachelor of Science in Business Management*

**Taft Ave., Manila City**

*2023 - Present*

#### De La Salle University Integrated School – Manila

*Accountancy, Business, and Management*

**Taft Ave., Manila City**

*2021 - 2023*

- Bronze Medallion – General Academic Excellence

### WORK EXPERIENCE

#### Asterisko Artisan Coffee

*Senior Barista*

**Taft Ave., Manila City**

*2024 - 2026*

- Developed standardized extraction profiles and brewing protocols to ensure product consistency across all shifts.
- Led onboarding for all new baristas, covering recipes, drink quality, machine care, and finances.
- Directed and developed floor flow and deployment during peak hours, maintaining a sub-3 minute average drink turnaround time.

#### ECO-ZY

*Marketing Manager*

**Taft Ave., Manila City**

*2021 - 2023*

- Spearheaded the end-to-end launch of flagship products, coordinating cross-functionally with Product and Sales teams to exceed initial sales targets.
- Designed and deployed integrated promotional campaigns across social media platforms, driving a consistent brand narrative.
- Conducted deep-dive competitive analysis and consumer market trends to pivot brand strategy and capture a new customer segment.

### ORGANIZATION AND AFFILIATIONS

#### The Animo

*Radio Broadcaster*

**Taft Ave., Manila City**

*2021 - 2023*

- Delivered live and pre-recorded news segments, maintaining a professional and engaging on-air presence for a diverse student audience.
- Scripted concise, high-impact news stories and headlines under tight daily deadlines, ensuring accuracy and adherence to journalistic standards.
- Conducted thorough background research and interviewed both campus and external sources to verify facts and provide context for local and global news stories.

### SKILLS & INTERESTS

**Technical:** Microsoft Office, Google Workspace, RStudio, Logic Pro, Rekordbox, RStudio

**Skills:** Research and Development (R&D), Employee Training, Strategic Marketing Management, Product Promotion, Public Speaking, Team Leadership, News Writing, Broadcast Journalism, Project Management, Project Coordination, Events Production, Music Production

**Language:** English, Waray-Waray, Tagalog

**Interests:** Coffee, Mixing Music (DJ), Physical Music Media (Vinyl, CDs, Cassettes), Music Production

## **Appendix B**

### *AI Prompts Used*

#### AI Prompts Used in the Research Process

This appendix contains a list of representative prompts and interactions used with artificial intelligence (AI) tools throughout the conduct of the study. These tools supported the researchers in literature search, content comprehension, cross-referencing, and editorial refinement. All outputs were critically reviewed and finalized by the researchers in consultation with the thesis adviser.

- “Are there any recent research (2016-2026) on Worklife balance in employees working in a family business?”
- “How does nepotism affect employee performance according to the article?”
- “How is masculinity defined in the study?”
- “Can you tell me the linkages of organizational culture and worklife balance to employee performance”
- "Based on the study so far, what is the best statistical test to apply”
- "How to use g\*power, give me a step-by-step guide for the study”
- “Remove any redundancies from the statement I made”
- “How did the author relate the concepts of work-life balance with nepotism”
- “What parts of the text are there room for adding more context?”
- “Please discuss the linkages between work life balance and organizational culture for each source.”
- “What does this source say about the contributions of family businesses to the Philippines?”
- “How did family businesses transform into large conglomerates or large scale industries based on the sources I provided?”

Grammarly was also used to support grammar, clarity, and tone adjustments throughout the manuscript. While no custom prompts were entered, automated suggestions included passive voice correction, redundancy removal, fluency improvement, and tone refinement to ensure consistency with formal academic writing standards.

All tools were used ethically and strictly for research support. No AI platform was used to generate original research content, data analysis, or conclusions. The researchers maintained full responsibility and authorship over the final work.

## *Appendix C.*

### *Survey Questionnaire*

#### **Introduction**

---

Greetings in St. La Salle!

We are BS-MGT students from De La Salle University Manila under the Ramon V. Del Rosario College of Business (RVR-COB). We are conducting research on a topic of family businesses: "The Influence of Work-Life Balance and Organizational Culture on Employee Performance of Employees in Family Businesses in Metro Manila, While Being moderated by Nepotism in the Workplace"

Your participation will contribute significantly to the understanding of how family businesses in Metro Manila can enhance employee performance through the influence of work-life balance and organizational culture, while navigating the unique dynamics of nepotism in the workplace.

We would like to emphasize that this survey will not request any specific financial information or financial statements from the family business. Rather, it seeks to gather knowledge about the operations, culture, and your performance in the family business. Your expertise and experience in these areas will provide critical insights into the dynamics of family businesses and how workplace relationships moderate professional outcomes.

There would be codes seen in the questionnaire; this would be used for transcribing the data afterwards.

Rest assured, all information collected in this survey will be used for academic purposes only, and your data privacy will be rigorously respected. Your responses will be treated with the utmost confidentiality, and no individual responses will be identifiable in any publication or report resulting from this research.

The survey is designed to take approximately 5 to 10 minutes to complete, depending on the depth of your responses. Your time and thoughtful input are greatly appreciated, and I am sincerely grateful for your participation.

If you wish to contact us for any questions related to this survey you can reach any of our members at:

Ace Timothy A. Bejar  E-mail: [ace\\_bejar@dlsu.edu.ph](mailto:ace_bejar@dlsu.edu.ph)

Peter Bernardo P. Calvo  E-mail: [peter\\_bernardo\\_calvo@dlsu.edu.ph](mailto:peter_bernardo_calvo@dlsu.edu.ph)

Stephanie S. Lee  E-mail: [stephanie\\_lee\\_a@dlsu.edu.ph](mailto:stephanie_lee_a@dlsu.edu.ph)

Klijster Ramil R. Roca  E-mail: [klijster\\_ramil\\_roca@dlsu.edu.ph](mailto:klijster_ramil_roca@dlsu.edu.ph)

\* indicates required question

Email \*

- o Record my email address with my response

#### **Confidentiality Note - Data Privacy**

---

Data Privacy Consent



2. This page informs you that the researcher, from here on out, will use and process your data in relation to your participation in the academic study.

Specifically, consent is being requested for the usage of information to be submitted for research purposes.

Personal Data SHALL NOT be shared with parties not currently stated without prior additional consent from the data subject.

The name and photo associated with your Google account will be recorded when you upload files and submit this form.

As the Data Subject, you are afforded the following rights as written in RA 10173 otherwise known as the Data Privacy Act of 2012.

1. Right to be Informed - Participants have the right to be informed of any changes in conditions affecting their submission of information and files.
2. Right to Object - Participants may withdraw or request the removal of his or her personal information from the submitted data and may contact any of the researchers mentioned in the previous section for assistance.
3. Right to Block - Participants may request for data to be deleted from the DLSU record and may contact any of the researchers mentioned in the previous section for assistance.
4. Right to Access -Participants who wish to access their personal data may contact any of the researchers mentioned in the previous section for assistance.
5. Right to Correct - Participants who wish to make corrections on the submitted data may contact any of the researchers mentioned in the previous section for assistance
6. Right to Data Portability - Participants may obtain a copy of data undergoing processing in an electronic format of provided data.
7. Right to file a complaint- Participants who have a concern or complaint about the data collection and usage of personal data may contact the Data Protection Officer of De La Salle University at [privacy.officer@dlsu.edu.ph](mailto:privacy.officer@dlsu.edu.ph)
8. Right to be indemnified - Participants have the right to be indemnified for any damages sustained due to such inaccurate, incomplete, outdated, false, unlawfully obtained, or unauthorized use of personal information, to be supported upon further investigation.

- ☐ I consent and agree to take part in this study
- ☐ No

3. Does a family hold a controlling ownership stake and maintain family influence over the business's management and operations?

- ☐ Yes
- ☐ No

---

### Demographics Data

4. Name (Optional)

5. Gender \*  
Mark only one oval.  
1 - Male

5. How do you describe the current state of the industry of the firm? (EEC) \*

1 - Start-up  
2 - Rapid Growth  
3 - Growth



- 2 - Female  
 3 - Prefer not to say  
 Other:  
 6. Industry of the Family Businesses (check all that applies) \*  
 Check all that apply.  
 1 - Aerospace  
 2 - Agriculture  
 3 - Banking  
 4 - Construction  
 5 - E-commerce  
 6 - Education  
 7 - Energy  
 8 - Entertainment  
 9 - Fashion  
 10 - Food Industry  
 11 - Healthcare  
 12 - Insurance  
 13 - Investment  
 14 - Manufacturing  
 15 - Media  
 16 - Mining  
 17 - Music  
 18 - Pharmaceutical  
 19 - Real Estate  
 20 - Retail  
 21 - Technology  
 22 - Telecommunication  
 23 - Tourism & Hospitality

7. How do you describe the current state of the industry of the firm? (EEC) \*  
 Mark only one oval.  
 1 - Start-up  
 2 - Rapid Growth  
 3 - Growth  
 4 - Maturity  
 5 - Decline  
 8. Scale of the Firm (EC) \*  
 Mark only one oval.  
 1 - Micro (1 - 9 employees or Asset Valued at no more than Php 3,000,000)  
 2 - Small (10 - 99 employees or Assets valued from Php 3,000,001 to 15,000,000)  
 3 - Medium (100 - 199 employees or Assets valued from 15,000,001 to 100,000,000)  
 9. How many employees are employed in the firm? (EC)  
 Mark only one oval.  
 1 - Less than 24 employees  
 2 - 25 to 49 employees  
 3 - 50 to 74 employees  
 4 - 75 to 99 employees  
 5 - 100 and more employees  
 10.  
 Number of Years in Operation of the firm (EC) \*  
 Mark only one oval.  
 (1) 1 year to 9 years  
 (2) 10 years to 19 years  
 (3) 20 years to 29 years  
 (4) 30 years to 50 years  
 (5) Above 50 years

### Organizational Culture

---

Please rate the following statements based on how much you agree or disagree with them using the scale below.

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

|                                                                                                                                                                                                                       |                   |   |   |   |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---|---|---|----------------|
| Innovation                                                                                                                                                                                                            | 1                 | 2 | 3 | 4 | 5              |
| Innovation is defined as an organization's ability to explore emerging trends in its field of expertise, supported by a willingness to take risks, capitalize on opportunities as they arise, and embrace creativity. | Strongly Disagree |   |   |   | Strongly Agree |

1. The firm encourages the sharing of new and creative ideas. (OC\_IN1)

Hinihikayat ng kumpanya ang pagbabahagi ng mga bago at malikhaing ideya. (OC\_IN1)

2. The firm encourages employees to experiment with new ideas without fear of failure. (OC\_IN2)

Hinihikayat ng kumpanya ang mga empleyado na

sumubok ng mga bagong ideya na walang takot kung hindi ito gagana. (OC\_IN2)

3. The firm constantly improves its processes to stay ahead of competitors. (OC\_IN3)

Patuloy na pinapabuti ng kumpanya ang mga proseso nito para manatiling nangunguna sa mga kakumpitensya. (OC\_IN3)

#### Teamwork

Collaboration and people-oriented behavior are essential components of team orientation, aimed at developing an organization's internal structures and strengthening the connections among its members.

4. The firm highly values collaboration across different departments. (OC\_TW1)

Lubos na pinagpapahalagahan ng kumpanya ang kolaborasyon sa pagitan ng iba't ibang departamento. (OC\_TW1) \*

5. The firm work together as a cohesive unit to achieve organizational goals. (OC\_TW2)

Nagtutulungang ang bilang isang yunit ang kumpanya para maabot ang mga layunin ng organisasyon. (OC\_TW2)

6. The firm shares all information and resources among all team members. (OC\_TW3)

Ibinabahagi ng kumpanya ang lahat ng impormasyon at resources sa lahat ng miyembro ng koponan. (OC\_TW3)

#### Result-Oriented

An organization that places a strong emphasis on achieving its goals, meeting performance expectations, recognizing employees, and committing to objectives.

7. The firm emphasizes meeting specific performance targets. (OC\_RO1)

Binibigyang-diin ng kumpanya ang pag-abot sa mga partikular na target sa performance. (OC\_RO1)

8. The firm rewards employees based on the measurable results they achieve. (OC\_RO2)

Ginagantimpalaan ng kumpanya ang mga empleyado bae sa suakt na resulta na kanilang nakakamit. (OC\_RO2)

9. The firm prioritizes achieving excellence in work output. (OC\_RO3)  
Pinapahalagahan ng kumpanya ang pagkamit ng kahusayan sa kinalabasan ng trabaho. (OC\_RO3) \*

#### Masculinity

\*Disclaimer: Masculinity is independent to sex, meaning both men and women can incorporate this trait.

Masculinity is measured as involving traits such as agreeableness, toughness, logical analysis, and quality of life (Bogale & Debela, 2024).

10. The firm's work environment is highly competitive and achievement-oriented. (OC\_MS1)  
Ang kumpanya ay nakatuon sa mataas na antas ng kompetisyon at pagkamit ng mahusay na resulta. (OC\_MS1)
11. The firm's values results and performance more than social relationships. (OC\_MS2)  
Mas pinapahalagahan ng kumpanya ang resulta at performance kaysa sa mga social na ugnayan. (OC\_MS2)
12. The firm encourages employees to be assertive in their job roles. (OC\_MS3)  
Hinihikayat ng kumpanya ang mga empleyado na maging mapangahas (assertive) sa kanilang mga tungkulin. (OC\_MS3)

#### Involvement

Involvement is the extent to which employees actively participate in decision-making processes. It emphasizes the importance of employee and employer cooperation and engagement, allowing workers to share in management decision-making.

13. The firm gives opportunities to participate in planning my daily work tasks. (OC\_INV1)  
Binibigyan ako ng pagkakataon ng kumpanya na makilahok sa sa pagpapalano ng aking mga pang-araw-araw na gawain. (OC\_INV1)
14. The firm values employee suggestions regarding company operations. (OC\_INV2)  
Pinapahalagahan ng kumpanya ang mga mungkahi ng empleyado tungkol sa operasyon ng negosyo. (OC\_INV2) \*

15. I feel a sense of personal responsibility for the success of this business. (OC\_INV3)  
Nakakaramdam ako ng personal na responsibilidad para sa pag-unlad ng negosyo. (OC\_INV3)

#### Power Distance

Power, authority, wisdom, and seniority within organizational structures. It is used as a metric to understand and evaluate organizational functions, job design, decision-making processes, control structures, and reward systems.

16. The firm's decisions are primarily made by top management without consulting staff. (OC\_PD1)  
Ang mga desisyon ng kumpanya ay pangunahing ginagawa ng mga nakatataas sa management nang hindi kumokonsulta sa mga kawani. (OC\_PD1)
17. The firm expects employees to follow instructions without questioning them. (OC\_PD2)  
Inaasahan ng kumpanya na sunding ng mga empleyado ang mga tagubilin nang hindi na kinukwenstyon pa. (OC\_PD2)
18. There is a wide social distance between the owners and regular employees. (OC\_PD3)  
May malawak na pagitan ang pagsasalo ng mga may-ari at ng mga empleyado sa mga tuntunin ng pakikisalamuha. (OC\_PD3)

#### Work-life Balance

---

Please rate the following statements based on how much you agree or disagree with them using the scale below.

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

|                      |   |   |   |                   |
|----------------------|---|---|---|-------------------|
| 1                    | 2 | 3 | 4 | 5                 |
| Strongly<br>Disagree |   |   |   | Strongly<br>Agree |

19. Employees are expected to work from home outside normal working hours. (WLB\_1)  
Nakakakuha ako ng flexible na skedyul saaking organisasyon. (WLB\_1)
20. Employees are expected to work from home outside normal working hours. (WLB\_2)

Inaasahan na magtrabaho ang mga empleyado sa labas ng normal na oras ng trabaho (WLB\_2)

21. During work from home, I can spend time with my family. (WLB\_3)

Nakakasama ko ang aking pamilya habang ako ay naka work from home (WLB\_3)

22. All employees are treated equally when they request assistance with work and family-related matters. (WLB\_4)

Patas ang pagtrato sa mga empleyado kung sila ay humiling sila ng tulong na may kaugnayab sa trabaho at pamilya. (WLB\_4)

23. The organization makes it very clear to the employees what expectations they need to fulfill. (WLB\_5)

Klaro na ininabahagi ng organisasyon ang mga ekspektasyon na kailangan matupad (WLB\_5)

24. I can immediately attend to urgent family or personal issues while working from home. (WLB\_6)

Nabibigyan ko kaagad ng mabilisang atensyon ang aking sarili o pamilya habang nagtatrabaho mula sa bahay (WLB\_6)

25. My organization supports employees in balancing professional and family life. (WLB\_7)

Sinusuportahan ng aking organisasyon ang mga empleyado sa pagsasama-sama ng propesyonal na buhay sa buhay pamilya. (WLB\_7)

26. My superior places greater emphasis on employee well-being. (WLB\_8)

Pinangungunahan ng aking nakakataas ang aking kalusugan (WLB\_8)

27. I can openly discuss work-life balance issues with my superior. (WLB\_9)

Maari kong ihayag ang mga isyu na may kaugnayan sa worklife balance saaking mga nakatataas (WLB\_9)

28. I think or worry about work (when I am not actually at work) (WLB\_10)  
 Napagiisipan ko ang aking trabaho (kahit hindi ako nasa trabaho) (WLB\_10)

#### Employee Performance

Please rate the following statements based on how much you agree or disagree with them using the scale below.

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

|                      |   |   |   |                   |
|----------------------|---|---|---|-------------------|
| 1                    | 2 | 3 | 4 | 5                 |
| Strongly<br>Disagree |   |   |   | Strongly<br>Agree |

29. The work given is in line with my abilities. (EP\_1)  
 Ang trabahong binigay saakin ay naaayon sa antas ng aking kakayanan (EP\_1)
30. My work is always done with satisfactory results. (EP\_2)  
 Natatapos ko ang aking trabaho na may maganda o kasiya--siyahang resulta. (EP\_2)
31. The work I did was done with care. (EP\_3)  
 May pangangalaga kapag ginagawako ang tungkulin ng aking trabaho. (EP\_3)
32. The execution of my duties are in accordance with the orders given by superiors (EP\_4)  
 Ang pagtupad ng aking mga tungkulin ay naaayon sa mga utos ng aking mga nakatataas. (EP\_4)
33. At work I carry out my duties in accordance with the applicable standard operating procedures (EP\_5)  
 Natutupad ko ang aking mga tungkulin sa trabaho ayon sa standard operating procedures ng kompanya. (EP\_5)
34. I always try to improve the quality of my work every day. (EP\_6)  
 Lagi kong sinisikap na mapabuti ang kalidad ng aking trabaho araw-araw. (EP\_6)

### Nepotism

Please rate the following statements based on how much you agree or disagree with them using the scale below.

1 – Strongly Disagree | 2 – Disagree | 3 – Neutral | 4 – Agree | 5 – Strongly Agree

| Promotion                                                                                                                                                         | 1                 | 2 | 3 | 4 | 5              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---|---|---|----------------|
| Promotion is defined as examining favoritism in advancement decisions, where personal relationships are prioritized with management rather than skills and merit. | Strongly Disagree |   |   |   | Strongly Agree |

35. The firm promotes family members faster than non-family employees. (NEP\_PR1)  
Mas mabilis pinapaunlad sa posisyon ng kumpanya ang mga kapamilya kaysa sa mga empleyadoing hindi kapamilya. (NEP\_PR1)
36. Non-family staff face a "ceiling" when trying to reach executive roles. (NEP\_PR2)  
Nakakaharap ng limitasyon ang mga empleyadong hindi kapamilya sa pag-abot ng mga mas mataas na posisyon. (NEP\_PR2)
37. The firm's promotion criteria are often ignored if a family relative is a candidate. (NEP\_PR3)  
Kadalasang hindi pinapansin and pamantayan sa promosyon kung and kandidato ay isang kamag-anak. (NEP\_PR3)

### Working Procedure

Working procedure is based on assessments of whether individuals with close ties to management receive more respect, lighter penalties, and greater rewards, indicating potential unequal treatment coming from personal connections.

38. The firm rules are applied more leniently to family members than to other staff. (NEP\_WP1)  
Mas maluwa ang pagpapatupad ng mga patakaran ng kumpanya sa mga kapamilya kaysa sa ibang mga staff. (NEP\_WP1)
39. Family members have more influence over decisions regardless of their rank. (NEP\_WP2)  
Ang mga kapamilya ay may higit na impluwensya sa mga desisyon anuman ang kanilang ranggo. (NEP\_WP2)

40. The firm has standard procedures, but they are bypassed to accommodate family interests.

(NEP\_WP3)

Mayroong mga pamantayan ang kumpanya, ngunit ito ay nilalagpasan para mapagbigyan ang mga interes ng pamilya. (NEP\_WP3) \*

#### Employee Recruitment

Employee recruitment and selection are characterized by hiring decisions that are influenced by relationships instead of qualifications, highlighting the issue of nepotism in the recruitment process.

41. The firm prioritizes hiring relatives over more qualified outsiders. (NEP\_ER1)

Mas pinapahalagahan ng kumpanya ang pag-kuha ng mga kamag-anak kaysa sa mas kwalipikadong mga hindi kapamilya. (NEP\_ER1)

42. Job openings are often filled by relatives before being advertised to others. (NEP\_ER2)

Ang mga bakanteng posisyon ay madalas napupunan na agad ng mga kamag-anak bago pa ito i-advertise sa iba. (NEP\_ER2)

43. The firm's hiring process for relatives is less rigorous than for non-family applicants. (NEP\_ER3)

Ang proseso ng pag-hire ng kumpanya para sa mga kamag-anak ay hindi gaanong mahigpit kumpara sa mga hindi kapamilyang aplikante. (NEP\_ER3)

### Appendix D

#### *Jamovi Pre-test*

### Central Tendency (Main Variables)

Descriptives

|          | N  | Mean | SD    | Minimum | Maximum |
|----------|----|------|-------|---------|---------|
| OC_Main  | 20 | 3.73 | 0.531 | 2.56    | 4.44    |
| WLB_Main | 20 | 3.73 | 0.470 | 2.80    | 5.00    |



## Descriptives

|          | N  | Mean | SD    | Minimum | Maximum |
|----------|----|------|-------|---------|---------|
| EP_Main  | 20 | 4.02 | 0.855 | 2.17    | 5.00    |
| Nep_Main | 20 | 2.83 | 0.848 | 1.56    | 4.67    |

## Central Tendency (Dimensions)

## Descriptives

|                  | Mean | SD    |
|------------------|------|-------|
| OC_Involvement   | 3.62 | 0.867 |
| OC_Teamwork      | 3.90 | 1.066 |
| OC_Result        | 3.90 | 0.886 |
| OC_Masculinity   | 3.75 | 0.748 |
| OC_Innovation    | 4.17 | 0.798 |
| OC_PowerDistance | 3.07 | 1.074 |
| NEP_Promotion    | 2.95 | 1.022 |
| NEP_WorkingProc  | 2.97 | 1.070 |
| NEP_Recruitment  | 2.57 | 0.765 |

## Reliability Analysis (Whole Questionnaire)

## Scale Reliability Statistics

|       | Cronbach's $\alpha$ |
|-------|---------------------|
| scale | 0.766               |

## Scale Reliability Statistics

| Cronbach's $\alpha$                                                                                                                                                                                                                                   |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Note. items 'OC_MS1', 'OC_PD1', 'OC_PD2', 'OC_PD3', 'WLB_2', 'WLB_3', 'NEP_PR1', 'NEP_PR2', 'NEP_PR3', 'NEP_WP1', 'NEP_WP2', 'NEP_WP3', 'NEP_ER1', 'NEP_ER2', and 'NEP_ER3' correlate negatively with the total scale and probably should be reversed |  |

## Reliability Analysis (WLB)

## Scale Reliability Statistics

| Cronbach's $\alpha$                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------|-------|
| scale                                                                                                     | 0.691 |
| Note. items 'WLB_2' and 'WLB_3' correlate negatively with the total scale and probably should be reversed |       |

## Reliability Analysis (EP)

## Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.915 |

## Reliability Analysis (OC)

## Scale Reliability Statistics

| Cronbach's $\alpha$                                                                                                    |       |
|------------------------------------------------------------------------------------------------------------------------|-------|
| scale                                                                                                                  | 0.814 |
| Note. items 'OC_PD1', 'OC_PD2', and 'OC_PD3' correlate negatively with the total scale and probably should be reversed |       |

## Reliability Analysis (NEP)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.927 |

## Reliability Analysis (OC\_IN)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.803 |

## Reliability Analysis (OC\_TW)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.841 |

## Reliability Analysis (OC\_RO)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.809 |

## Reliability Analysis (OC\_MS)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.586 |

## Reliability Analysis (OC\_INV)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.800 |

## Reliability Analysis (OC\_PD)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.844 |

## Reliability Analysis (NEP\_PR)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.891 |

## Reliability Analysis (NEP\_WP)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.935 |

## Reliability Analysis (NEP\_ER)

Scale Reliability Statistics

| Cronbach's $\alpha$ |       |
|---------------------|-------|
| scale               | 0.772 |