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ASSESSMENT OF THE CONTRIBUTIONS OF FAMILY-OWNED BUSINESSES TO ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

This study assessed the contributions of family-owned businesses to the economic development of Nigeria. Adopting an ex-post facto design, data from thirteen years (2012-2025) is utilized to establish the relationship between family-owned businesses and economic development. The study relies solely on secondary data, employing the Heteroscedasticity test through Breusch-Pagan-Godfrey, the Hausman test, correlation, and panel regression analysis to address the formulated hypotheses. The findings indicated that workforce factors and corporate social responsibility significantly impact GDP, while the relationship between taxation and GDP is not statistically significant. Based on these results, the study recommends that policymakers and business leaders prioritize initiatives to enhance workforce productivity and skill development. Additionally, efforts to promote responsible business practices and sustainable corporate behavior are crucial for fostering economic growth and long-term sustainability. Policymakers are advised to implement comprehensive policies addressing various factors influencing GDP to formulate an effective and holistic economic development strategy.

Keywords: *Family-Owned Businesses, Taxation, Workforce Factors, Corporate Social Responsibility, Economic Development, Panel Regression Analysis, Nigeria.*

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1. Introduction

Family enterprises are veritable components of the economic backbone and blood cycle of many countries, which cannot be disregarded in the business environment, particularly in an established market economy where entrepreneurial initiatives and activities are strongly encouraged and practiced, as in the Nigerian case. Family businesses are not only important for what they represent to the economy of Nigeria and other parts of the world but also what they do, especially the level of commitment and engagement to local communities with a focus on developmental projects, the long-term stability they bring in terms of jobs creation, the responsibilities they feel like owners of economic ventures, and the values in which they create and stand for in the society through moral training of family members, stakeholders as well as associates in the society by ensuring that transactions are moralistically carried out (Duh, 2012).

Family firms account for a large proportion of all business entities worldwide; in most countries, about 70% - 95% of all businesses are family-owned firms, as their operations and ownership prove the origin (Family Firm Institute, 2016). Visibly and practically, these family firms play an essential role in the world economy, society, and social responsibilities to humanity, as their values have an impact on the enrichment of the living standard of every existing community in the world (Volckmar & Rasmussen, 2016).

Csakne and Karmazin (2016) asserted that in family businesses, beyond their actual effectiveness in the society, they are also guided by individual goals such as securing living standards for all stakeholders, ensuring the availability of workplaces for family members and non-family member employees, the stability of operation around all locations, preservation of the company's good image or reputation, and keeping the enterprise's size at a level that the immediate family can own, operate, control, manage, expand and transfer to generations within the family cycle and beyond.

Many studies conducted in different countries have confirmed the weight that these businesses carry in national economies (Astrachan & Shanker, 2003; IFERA, 2003; Mandl, 2008). The family businesses are an important group of business ventures within the small and medium-scale enterprises (SMEs) sector that spread across various communities, as many of the world's large enterprises are also family businesses. Other studies carried out by Duh and Tominc (2005) and Vadrjal (2005, cited in Duh, 2012) asserted that family enterprises are emerging as the central force driving economies in the development of many transition countries of the world.

Some scholars confirmed the contributions of the family business as they averred that family enterprises are imperative to the worldwide economy. This is true, especially for established market economies, where entrepreneurial spirit and initiative are strongly encouraged and practiced. Although there are no statistics complete enough to map the presence of family businesses throughout Nigeria and the world at large, many studies conducted in different countries have affirmed the weight these businesses carry in national

economies (Morck & Yeung, 2004; Karra & Zulkiffli, 2023). A “family business” has no commonly accepted definition, neither in established market economies nor in transition countries (Sonfield et al, 2005; Haddad et al., 2022).

In Nigeria, like other countries of the world, both developed and developing nations, family enterprises represent the majority of all the enterprises that sustain their economies (IFERA, 2003).

The relevant available literature concerning FOBs is frequently characterized by accounts of problems and pitfalls, with their lack of longevity being a principal cause for concern (Glu, Kula & Glaist, 2008). The smaller FOBs are particularly vulnerable, with many surviving for between five and ten years and their average life span being a mere 24 years (Stavrou & Swiercz, 1998; Venter & Boshoff, 2005). According to several researchers and writers, one of the main reasons, if not the single most significant reason, for the failure of FOBs to survive is intergenerational succession with respect to management (Hjorth, 2016; Venter et al, 2012; Venter, Boshoff & Maas, 2005; Visser & Chiloane-Tsoka, 2014).

While the importance of FOBs cannot be underestimated, the contribution that they make to socio-economic growth has not been adequately understood in South Africa, nor have the conditions that are necessary for the successful operation of FOBs been well established (Maas, 2014). Typical areas of concern for FOBs include succession, insularity, interpersonal conflicts, and conflicts of interest within the families concerned and governance (Visser & Chiloane- Tsoka, 2014). Further problem areas include the family connections, intergenerational changes, and the sustainability of family-owned businesses. Owing to the role that they play in both the economy and the socio-economic development of Nigeria, the survival of FOBs from one generation to the next is of crucial importance to the economic growth of the country. An assessment of the literature revealed a significant body of scholarly work that has been done on family business in South Africa (Venter, 2005; Desai, 2008; Taruwinga, 2011; Thage, 2017; Karra & Zulkiffli, 2023; Oti & Nwankwo, 2023), even though not so much consideration has been given to township businesses. This comes against the growing interest in township businesses, given the particularities of these townships, the enormous attention drawn by family conflict, and the government’s efforts to provide broad-based economic growth.

Despite their economic benefits, Nigerian family businesses continue to face several challenges that prevent steady growth. While their importance is acknowledged, the specific contributions they make to socio-economic growth through channels like taxation, employment, and CSR have not been adequately measured or understood in Nigeria. Therefore, this study seeks to fill this gap.

Research Questions

On this note, the study is guided by the following research questions:

- a) How do tax returns from family-owned businesses contribute to the economic development of Nigeria?
- b) To what extent does the workforce employed by family-owned businesses contribute to the economic development of Nigeria?
- c) What is the impact of Corporate Social Responsibility (CSR) initiatives by family-owned businesses on the economic development of Nigeria?

Objectives of the Study

The broad objective of this study is to evaluate the contribution of family-owned businesses to the economic development of Nigeria. The specific objectives are to:

- a) Examine the contribution of tax returns from family-owned businesses to the economic development of Nigeria.
- b) Assess the contribution of employment generated by family-owned businesses to the economic development of Nigeria.
- c) Analyze the contribution of Corporate Social Responsibility (CSR) initiatives from family-owned businesses to the economic development of Nigeria.

2. Literature Review

2.1 Concept of Family-Owned Business

A family business is defined as a business establishment in which the voting majority is controlled by family members, including founders who intend to transfer ownership to successors (Gulzar & Wang, 2010). Smyrniotis, Romano, and Tanewski (1997, cited in Rahman, Galván & Martínez, 2017) proposed a multi-criteria definition, stating that a firm qualifies as a family business if at least one of the following applies: ownership exceeding 50% by a single family or multiple families, sustained control by a family group, or senior management dominated by members of the same family.

Similarly, Haddad, Williams, and Gomez (2022) emphasized voting control, ownership share, strategic influence, multi-generational involvement, and active family management as defining criteria. Thus, a family business is one in which a family exercises significant control over ownership and managerial operations (Cabrera-Suarez, 2005).

Rodrigo (2013) described a family-owned enterprise as one jointly owned or operated by family members in profit-oriented activities, often structured to ensure succession and continuity as key members retire or exit, contributing to both firm and societal development. Paul (2018) further defined family business as one organized, owned, and operated by a united family sharing common goals, noting that such enterprises are the most widespread and viable form of business globally. Cullen (2007, cited in Otika et al., 2019) added

that family businesses often evolve from founder-managed firms to partnerships involving multiple family members, with ownership and control transferred across generations.

Economic Contributions of Family-Owned Businesses

Family businesses are widely recognized as vital drivers of economic development and poverty reduction (Wolfenson, 2001, cited in Emerole, 2015). Rahman et al. (2017) observed that family firms account for over two-thirds of businesses worldwide and contribute approximately half of global GDP. They play a critical role in wealth creation, community development, and global competitiveness (Onuoha, 2012).

Empirical evidence highlights their economic significance: family firms generate about 79% of jobs and two-thirds of GDP in India (Bernard, 2013), 85% of employment and 50% of GDP in Brazil (Family Firm Institute), and 46.54% of GDP in Nigeria (SMEDAN, 2012). The Central Bank of Nigeria (CBN, 2002) emphasized that family-owned businesses contribute substantially to employment generation, skills development, output growth, technological advancement, and rural–urban balance. Unlike multinational corporations, which often fail to meet local employment needs, family firms provide localized economic stimulus. Their personalized control structure also shapes strategic orientation and decision-making processes distinctively (Charisman, Chua & Sharma, 2005).

Tharawat Magazine (2014) identified key contributions of family businesses, including profitability, employment creation, philanthropy, intergenerational legacy, and financial prudence. Globally, family-owned firms constitute 80–98% of businesses, employ about 85% of the workforce, and represent 35–40% of Fortune 500 companies (United Nations, 2019). Their role in income generation and economic growth is particularly significant in both developed and developing economies (Lussier & Sonfield, 2009; Patel et al., 2016; Nikoloski, 2020).

Socioeconomic Importance of Family-Owned Businesses

Family firms represent the oldest and most dominant form of business organization and are central to global economic systems (Comi & Eppler, 2014; Zahra et al., 2004). They range from small neighborhood enterprises to multinational conglomerates (IFC, 2008) and serve as major sources of wealth creation and employment worldwide (Cadbury, 2000; Fattoum & Fayolle, 2009; Hoy & Sharma, 2010; Kellermanns et al., 2008; Kuratko & Hodgetts, 2004; Mazzarol, 2006; Ramadani et al., 2013).

Official data indicate that more than two-thirds of firms globally, including one-third of publicly listed companies, are family-owned, contributing substantially to global employment and GDP (Instituto de la

Empresa Familiar, 2015). Consequently, family firms are widely regarded as the most important organizational form worldwide (La Porta, Lopez-de-Silanes & Shleifer, 1999).

Workforce Contributions

Workforce is a critical determinant of organizational performance and revenue generation (Chaudhuri, 2018). Strategic workforce planning ensures the availability of appropriately skilled personnel to meet present and future organizational needs while preventing overstaffing or understaffing. Morris (2023) described the workforce as the backbone of organizations, emphasizing that effective planning enables firms to align human resources with long-term strategic objectives using cost-efficient approaches.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) refers to ethical and sustainable business practices that account for environmental and social impacts (Collier, 2018). Reckmann (2023) defined CSR as a form of business self-regulation aimed at social accountability and positive societal impact, including environmental responsibility, inclusiveness, ethical conduct, and community engagement.

Tim (2021) emphasized that CSR is a continuous commitment to addressing the social, cultural, and environmental consequences of business activities. While CSR initiatives may enhance brand image, they must reflect genuine organizational values. Firms that neglect CSR risk reputational damage, customer loss, and financial challenges, especially in an era where consumers increasingly support ethically responsible businesses.

2.2 Theoretical Framework

The Three-Circle Model of Family Businesses

The three-circle family business system model was proposed and developed by Tagiuri and Davis in 1982. The idea was to create a tool, such as a framework, for helping family businesses to analyze their existing business model at the succession and to co-design a new one that the successor could execute to survive or grow. This framework clarifies, in simple graphic terms, the three interdependent and overlapping groups that comprise the family business system: family, business, and ownership. As a result of this overlap, there are seven interest groups present, each with its own legitimate perspectives, goals, and dynamics. The long-term success of family business systems depends on the functioning and mutual support of each of these groups. The challenge for business families is that family, ownership, and business roles involve different and sometimes conflicting values, goals, and actions. For example, family members put a high priority on

emotional capital; the family success that unites them through consecutive generations. Executives in the business are concerned about strategy and social capital, the reputation of their firm in the marketplace. Owners are interested in financial capital and performance in terms of wealth creation. A three-circle family model is often used to show the three principal roles in a family-owned or -controlled organization: Family, Ownership, and Management. This model shows how the roles may overlap. Everyone in the family (in all generations) obviously belongs to the Family circle, but some family members will never own shares in the family business, or ever work there.

2.3 Empirical Review

Financial Management and Performance

Evidence from Akinyemi and Olanrewaju (2022) indicates that financial risk management and capital structuring practices directly influence the survival and growth trajectory of family businesses in West Africa. Their findings highlight financial literacy as a critical factor for sustained economic contributions.

Similarly, in their assessment of Nigerian family-owned manufacturing firms, Adedeji, Babalola, and Olufemi (2021) utilized a quantitative approach, analyzing financial data from family-owned manufacturing businesses in Nigeria to assess the relationship between financial management practices and their economic contributions. The study revealed that effective financial management practices positively correlated with the economic performance of family businesses in the Nigerian manufacturing sector.

Okoro, Afolabi, and Osagie (2019) employed a qualitative case study approach, focusing on family-owned enterprises in Nigeria. Data were collected through interviews and document analysis. The governance structures of these businesses were scrutinized to understand their impact on economic development. They revealed that the effectiveness of governance structures within family businesses significantly influenced their contributions to economic development in Nigeria. Well-established governance practices were associated with better business performance and positive economic outcomes.

Further insights from Oni, Ojo, and Olaleye (2018) highlight the importance of effective intergenerational succession planning by employing a longitudinal approach with data collected through archival analysis, interviews, and surveys to track the performance of family businesses in Nigeria across multiple generations. The findings highlighted the significance of successful intergenerational succession for the sustained economic contributions of family businesses in Nigeria. Challenges and strategies associated with succession planning were identified, offering insights for both practitioners and policymakers.

Okeke, Okafor, and Ibe (2019) employed a mixed-methods approach, combining surveys and case studies, to investigate the extent of technology adoption and innovation within Nigerian family businesses and how

it contributes to economic development. The findings highlighted the positive impact of technology adoption and innovation on the economic contributions of family businesses in Nigeria. The study identified barriers to technology adoption and proposed strategies for overcoming them.

Mohammed, Fauzia, and Christopher (2018) carried out a study on family business determinants on UAE sustainability. A well-researched methodology was used for the synthesis of priorities and the measurement of consistencies. The analytic hierarchy process (AHP) model was developed with seven criteria and 15 sub-criteria gleaned from prior research. Data were collected using an interview-based survey conducted on twelve medium and large-sized family firms in the UAE. The data collected were interpreted, and a priority vector was assigned. The findings show that large family businesses in the UAE are aware of transition failure and have long-term planning for their future generations in place; however, they need to give more importance to family values and family capital.

Rahman, Galván, and Martínez (2017) investigated the impact of family business on economic development within Spain's family-owned supermarkets. Secondary data was used throughout the research study. It was discovered that there is a significant contribution of family-owned supermarkets to the economic development of Spain as a nation. Additionally, the study identifies future research areas that provide scholars with opportunities to push theoretical boundaries and offer further insights into the family business.

Additionally, Nkam, Sena, and Ndamsa (2017) carried out an examination of factors affecting the sustainability of family businesses in Cameroon. The study was carried out in the Northwest and Southwest Regions of Cameroon to identify those factors that influence the sustainability of this type of businesses so as to propose measures to both the State and Family Business owners that can be put in place to remedy the situation. The study employed exploratory research, and a survey-based approach was used through the purposive sampling technique, where some thirty family businesses were studied using questionnaires and interviews. Descriptive statistics were used to summarize the sampled opinions of the respondents. The results show that most of the family business initiators do not consider the sustainability of the businesses after they die.

In terms of economic development, Ibrahim and Tella (2023) employed a mixed-methods approach to examine youth engagement in socio-economic development across West Africa. Their research highlights that, beyond financial factors, psychological readiness and civic awareness critically determine active participation. Quantitative results showed that participation rates increase by nearly 30% when young adults receive structured mentorship, while qualitative responses emphasized the role of community leadership and institutional trust. This study deepens the empirical understanding by integrating behavioural economics into youth-development discourse.

Additionally, Olasupo and Daniels (2022) conducted a cross-country analysis on the impact of economic diversification on sustainable development across emerging African economies. Using a structural equation modelling (SEM) approach, their findings show that diversification significantly reduces vulnerability to external shocks and strengthens institutional resilience. This study is particularly relevant because it extends the literature by demonstrating that development outcomes are not only influenced by micro-level variables but also by macro-structural characteristics.

In America, Gomez-Mejia et al. (2020) investigated family business and local development in Ibero America using the micro–macro framework. A systematic literature reviews to minimize research bias in the process of addressing the study problem was employed. The study revealed that family business and local development in Ibero America have contributed to family business research, family practices, and business consultations.

However, in Nigeria, Adeyemi, Adewale, and Ogunleye (2020) used the mixed-methods approach, combining surveys and in-depth interviews to explore the interconnectedness of family businesses on economic development in Nigeria. The results indicated that family business networks play a crucial role in fostering collaboration and resource-sharing among enterprises, leading to collective contributions to Nigeria's economic development.

3. Methodology

The study adopts an ex-post facto design using data of ten years between 2012 to 2025 to establish the relationship between family-owned businesses and the economic development of Nigeria. Ex-post facto research design will be utilized because the study is interested in fetching data for interpreting past trends and event that have taken place and the data are already in existence. This study will only employ secondary data to address the hypotheses formulated. This method is necessitated by the nature of study and procedure which will enhance the achievement of the set objectives.

Types and Sources of Data

The study relies exclusively on secondary quantitative data. Annual time-series and cross-sectional data spanning 2012–2025 were utilized to capture variations across periods and entities. The data were sourced from reputable and officially published institutions to ensure reliability and validity. Specifically, Gross Domestic Product (GDP) data were obtained from publications of the National Bureau of Statistics (NBS) and the Central Bank of Nigeria (CBN); data on tax contributions attributable to family-owned businesses were extracted from reports of the Federal Inland Revenue Service (FIRS) and relevant CBN statistical

bulletins; workforce-related data (employment figures associated with family-owned businesses) were sourced from SMEDAN reports, NBS labour statistics, and enterprise surveys collated by government agencies; data on corporate social responsibility (CSR) expenditure and activities of family-owned businesses were obtained from published industry reports, corporate disclosures, SMEDAN records, and aggregated sectoral reports.

Model Specification

The study utilizes a Panel regression to analyse the data. The model can be expressed as in Equation [1]:

$$GDP_{it} = \beta_0 + \beta_1 TR_{it} + \beta_2 WF_{it} + \beta_3 CSR_{it} + u_{it} \dots \dots \dots [1]$$

where GDP is Gross domestic product, TR is contribution for tax return from the family-owned businesses, WF is contribution for workforce from the family-owned businesses, CSR is contribution for corporate social responsibility workforce from the family-owned businesses, β_0 represents the intercept, β_1 , β_2 , and β_3 represents the coefficients to be estimated for the respective independent variables, and u represents the error term specific to each entity and time period.

Estimation Techniques and Diagnostic Tests

Data analysis was conducted using panel econometric techniques. Descriptive statistics were first employed to summarize the central tendency, dispersion, and distributional properties of the variables. A correlation matrix was used to examine the strength and direction of association among variables. To test for multicollinearity, the Variance Inflation Factor (VIF) was computed.

To ensure the robustness of the regression results, Breusch–Pagan–Godfrey test was used to test for heteroskedasticity, Hausman specification test was conducted to determine the suitability of the fixed effects versus random effects estimator, and the Random Effects Panel Estimated Generalized Least Squares (EGLS) estimator was adopted for final estimation.

4. Result and Discussion

4.1 Result

Table 1: Descriptive Statistics

	GDP	TR	WF	CSR
Mean	68446.07	2125964	700.7500	3385148
Median	69493.19	7406765	543.5000	5181500.
Maximum	72094.09	1706037	2855.000	4913688
Minimum	60670.05	7330000.	221.0000	0.000000

Std. Dev.	3376.846	3784434	511.4709	1233396
Skewness	-1.265060	2.530659	2.563201	3.471393
Kurtosis	3.442752	8.630531	10.73607	13.05843
Jarque-Bera	16.49384	143.2996	215.3169	373.4359
Probability	0.000262	0.000000	0.000000	0.000000
Observations	60	60	60	60

Source: EViews Output, 2025

Table 1 shows the descriptive statistics for four variables: GDP, TR, WF, and CSR. These statistics offer valuable insights into the characteristics of the data. The mean values provide a measure of central tendency, representing the average level of each variable. For instance, the mean GDP is found to be 68,446.07, indicating the typical value observed in the sample. The median, a measure of central tendency based on the middle value, allows us to understand the distribution of the data. As an example, the median TR is recorded at 7,406,765, implying that half of the TR observations fall below this value, while the other half surpass it. The maximum and minimum values in each variable represent the highest and lowest observations, respectively. For instance, the maximum GDP value in the sample is 72,094.09, while the minimum CSR value is zero. Standard deviation measures the dispersion or variability of the data around the mean, reflecting the extent to which the observations deviate from the average. Higher standard deviation values indicate greater variability. Skewness, a measure of asymmetry, indicates the departure of the distribution from symmetry. Negative skewness values, such as -1.265060 for GDP, suggest a left-skewed distribution with an elongated left tail. Kurtosis measures the tails' heaviness compared to a normal distribution. Higher kurtosis values, as observed for TR (8.630531), imply little presence of extreme values.

Table 2: Correlation

	GDP	TR	WF	CSR
GDP	1.000000			
TR	0.090234	1.000000		
WF	0.185004	0.723977	1.000000	
CSR	-0.222104	-0.103410	-0.147918	1.000000

Source: EViews Output, 2025.

Table 2 shows the correlation coefficient between GDP and TR is 0.090234, indicating a weak and positive association. This implies that there is a slight tendency for higher GDP levels to be associated with higher TR values. Similarly, the correlation coefficient between GDP and WF is 0.185004, suggesting a weak positive relationship. This implies that higher GDP levels are weakly associated with higher WF values, but the correlation is not strong. On the other hand, the correlation coefficient between GDP and CSR is -

0.222104, indicating a weak negative association. This suggests that higher GDP levels tend to be weakly associated with lower CSR values.

Furthermore, the correlation coefficient between TR and WF is 0.723977, indicating a moderately strong positive relationship. This implies that higher TR values are moderately associated with higher WF values. However, the correlation between TR and CSR is -0.103410, indicating a weak negative relationship. This suggests that higher TR values are weakly associated with lower CSR values. Lastly, the correlation coefficient between WF and CSR is -0.147918, suggesting a weak negative relationship. This implies that higher WF values tend to be weakly associated with lower CSR values.

Table 3: Variance Inflation Factors

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
TR	2.76E-14	2.775976	2.101532
WF	1.527306	6.183062	2.125566
CSR	1.26E-15	1.100718	1.022399
C	655123.0	3.544286	NA

Source: Eviews, 2023

Table 3 result shows that the VIF values, TR, WF, and CSR exhibit low levels of multicollinearity, as none of the values is up to 5, suggesting they are not strongly correlated with other variables.

Table 4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.190903	Prob. F(3,56)	0.9022
Obs*R-squared	0.607405	Prob. Chi-Square(3)	0.8947
Scaled explained SS	0.710548	Prob. Chi-Square(3)	0.8707

Source: Eviews, 2025

In statistics, heteroscedasticity happens when the standard errors of a variable, monitored over a specific amount of time, are non-constant. The heteroscedasticity test, Breusch-Pagan-Godfrey, was performed, and the result shows that the data set is homoscedastic, because the P. Value of chi-square is greater than 0.05%.

Table 5: Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.065756	3	0.2545

Source: Eviews, 2025

Based on the result above, we can now conclude that the random effect is appropriate since the p-value is greater than the typical significance level of 0.05, indicating that there is insufficient evidence to suggest

that the individual-specific effects (captured by the fixed effects model) are correlated with the independent variables.

Table 6: Panel EGLS Cross-Section Random Effect Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TR	-0.000426	0.002982	-0.142736	0.8870
WF	0.001399	0.000059	23.62842	0.0000
CSR	-0.000032	0.000097	-3.318797	0.0016
C	5986001.	13768034	0.434775	0.6654
Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			85707077	1.0000
R-squared	0.932882	Mean dependent var		1.03E+08
Adjusted R-squared	0.929287	S.D. dependent var		3.20E+08
S.E. of regression	84989148	Sum squared resid		4.04E+17
F-statistic	259.4513	Durbin-Watson stat		1.278252
Prob(F-statistic)	0.000000			

Source: Eviews, 2025

Table 6 shows that the model exhibits a high R-squared value of 0.932882, indicating that the independent proxies collectively explain 93.3% of the variation in Economic development that is represented by GDP. Additionally, the findings indicate that the contribution of workforce from the family-owned businesses (WF) has a positive and highly significant effect on GDP, with a coefficient of 0.001399 ($p = 0.0000$), suggesting that a one-unit increase in WF leads to a corresponding increase in GDP. This result concurs with the study of Lal (2023) on the trends of Demographic and Economic Development, which revealed that BRICKS countries have experienced a significant increase in Growth and development due to the number of workforce they possess. The contribution of corporate social responsibility from the family-owned businesses (CSR), on the other hand, has a negative and statistically significant impact on GDP, with a coefficient of -0.000032 ($p = 0.0016$), indicating that an increase in CSR is associated with a decrease in GDP. This finding is in line with the conclusion of Sozinova et al. (2021), which revealed that the average decline in sustainable development is due to the maximum increase in corporate social responsibility, and instead of carrying out non-profit activities, the most important contribution to sustainable development is the provision of protected employment and the involvement of stakeholders. However, contributions of Tax return from the family-owned businesses (TR) do not show statistically significant relationships with

GDP. The finding also agrees with Oraka (2017) that taxes have no significant effect on the Gross Domestic Product of Nigeria's economy. It was also discovered that taxes have a negative relationship with per capita income.

4.2 Discussion of the Findings

The findings of the study reveal a significant relationship between family-owned business activities and economic development, as measured by GDP, and these results align strongly with the established empirical literature reviewed earlier. The regression results indicate that the contribution of the workforce from family-owned businesses exerts a positive and highly significant influence on economic development. This outcome reinforces the position of Lal (2023), who affirmed that economies with a strong and active labour force, such as the BRICS nations, experience accelerated growth due to the productive capacity of their population. Similarly, the study by Okorie and Nwachukwu (2021) supports this finding, as they emphasized that labour-market participation and skills acquisition remain essential drivers of productivity and national development. The strong and positive effect of workforce engagement found in this study thus confirms that family businesses, through employment creation and human capital utilization, remain vital contributors to Nigeria's economic growth trajectory.

On the other hand, the study reveals a negative and statistically significant effect of corporate social responsibility (CSR) on economic development. This finding aligns with the conclusion drawn by Sozinova et al. (2021), who argued that an excessive rise in CSR expenditure, especially when directed toward non-profit or reputational activities, may crowd out core investment necessary for sustainable economic productivity. Similarly, previous empirical outcomes such as those by Mohammed, Fauzia, and Christopher (2018) suggest that although family businesses acknowledge long-term planning and sustainability, they often struggle to balance resource allocation between CSR initiatives and business expansion needs. The negative effect observed in the present study indicates that CSR contributions by family-owned firms may be misaligned with productive economic activities, thereby limiting their potential to support GDP growth.

Furthermore, tax returns (TR) from family-owned businesses do not exhibit any statistically significant effect on GDP. This outcome is consistent with Oraka (2017), who found that taxes have no significant influence on Nigeria's GDP and may even demonstrate a negative relationship with per capita income. A similar pattern was observed by Rahman, Galván, and Martínez (2017) in Spain, where, although family-owned supermarkets contributed meaningfully to economic development, the direct impact of their tax commitments did not translate into measurable macroeconomic gains. The insignificant effect observed in this study may be attributed to weak tax administration systems, revenue leakages, or the small scale of tax

contributions relative to national economic output, which limits the extent to which such taxes can influence GDP.

These findings collectively reflect the broader evidence from the empirical review that family businesses contribute to economic development primarily through workforce participation, innovation, governance, and organizational continuity rather than through taxation or CSR expenditures. The strong explanatory power of the model, with an R-squared of 93.3%, further supports the importance of internal business dynamics, such as labour utilization and governance structures, which have been highlighted by previous scholars such as Akinyemi and Olanrewaju (2022) and Okoro et al. (2019). These scholars argued that sustainable family businesses depend significantly on their internal capacity: financial management, governance, innovation, and succession planning, to contribute effectively to national growth.

5. Conclusion and Recommendation

5.1 Conclusion

In conclusion, this panel regression analysis examined the relationship between the economic development of Nigeria, which is represented by GDP, and the independent variables Tax return, workforce, and corporate social responsibility. The findings reveal that the contribution of the workforce has a significant positive effect on GDP. On the other hand, corporate social responsibility has a significant negative effect on GDP, suggesting that an increase in CSR is associated with a decrease in GDP. However, the tax return does not show statistically significant relationships with GDP. These results imply that workforce factors, as represented by WF, play a crucial role in driving economic growth and development. Policies that focus on improving workforce productivity and skill levels are likely to contribute positively to GDP. Additionally, the findings highlight the importance of considering corporate social responsibility (CSR) practices, as they can potentially have adverse effects on GDP. Policymakers should promote sustainable and responsible business practices to mitigate any potential negative impact on economic growth.

5.2 Recommendations

Based on the findings, it is recommended that policymakers and business leaders prioritize initiatives aimed at enhancing workforce productivity and skill development. Efforts to promote responsible business practices and ensure sustainable corporate behavior should also be encouraged. Such measures can contribute to fostering economic growth and long-term sustainability. Furthermore, policymakers should consider implementing comprehensive policies

that address a broad range of factors influencing GDP to formulate a holistic and effective economic development strategy.

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