

ROLE OF SUSTAINABLE BUSINESS ORIENTATION IN ENHANCING PERFORMANCE OF FAMILY-OWNED FIRMS IN SOUTHWEST NIGERIA

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Abstract

This research looked at how family-run companies in Southwest Nigeria fared after adopting a sustainability mindset. The study's outcome variable and performance measure for family-owned businesses was asset growth, whereas sustainability orientation was captured through risk taking and innovativeness. This study used a descriptive survey research approach. The research included 15,771 family-run enterprises in three Southwest Nigerian states (Ekiti, Lagos, and Oyo) that were chosen at random from the States' Ministry of Commerce and Industries (2022) data. Among the several sectors represented by these 8,712 family-owned firms in Lagos, 6,131 in Oyo, and 928 in Ekiti State were manufacturing, construction, trading, agriculture, and information and communication technology (ICT), among others. Taro Yamane's (1967) formula was used to calculate a sample size of 390 out of 15,771 registered family-owned businesses in the selected Southwest states. The researchers in this study used descriptive and inferential statistics to estimate the data they gathered. The study's six hypotheses were tested using inferential statistics, which included simple linear regression analysis, and descriptive statistics, which included frequency tables to display respondent demographic data. With a coefficient of $\alpha=0.307$ and a probability value of $p=0.126>0.05$, respectively, the analysis revealed that risk taking positively affects the performance of family-owned firms in Southwest, Nigeria, but this effect is not statistically significant. Additionally, it was shown that family-owned enterprises in Southwest, Nigeria, which are known for their innovativeness, had a beneficial impact on their performance, however this effect was not statistically significant ($\beta= 0.676$, $p=0.072>0.05$). There was a statistically significant positive correlation between sustainability attitude and the success of family-owned firms in Southwest, Nigeria.

Keywords: Sustainability Orientation, Risk Taking, Innovativeness, Performance of Family-Owned Businesses, Asset Growth

1.0 Introduction

When it comes to the distribution of wealth, the creation of jobs, and the promotion of local innovation, family-owned firms in Nigeria are major players. To be relevant in the market and ahead of the competition, these companies must plan strategically and sustain themselves over the long term (Ibrahim & Mas'ud, 2022). Sustainable practices are a challenge for many family-owned businesses since owners prioritise short-term profits above long-term goals. Research on the effects of a sustainable orientation on the success of family-owned businesses is urgently needed, particularly in developing regions like Southwest Nigeria, where the need for environmentally responsible practices is on the rise.

Sustainability is no longer a nice-to-have for businesses; it's a must-have for success and longevity (Adeyemi & Ogunsanya, 2021). For a company to have a sustainable orientation, its strategy and operations must take ESG factors environmental, social, and governance into account. Many benefits, including enhanced brand recognition, operational efficiency, and greater community links, can accrue to family-owned firms who implement these strategies (Adams & Eniola, 2023). A lot of Nigerian family-owned firms have been sluggish to fully incorporate sustainability concepts, according to study (Ojo & Babajide, 2020). This could be because of a lack of knowledge, resources, or a perception of an immediate return on investment. In addition to threatening the survival of family-owned businesses, the difficulties associated with implementing sustainable practices may reduce their competitive advantage. Businesses that prioritise sustainability are more likely to succeed financially, have loyal customers, and withstand economic downturns better than their competitors, according to research (Bamidele & Okeke, 2021). Here, family-run businesses in Southwest Nigeria that depend on old-fashioned ways of doing things are at a crossroads: they may either adapt to the changing economic climate by embracing sustainable methods that boost long-term performance, or they risk slipping behind (Eze & Adeleke, 2023). As a result of increasing social and environmental demands brought about by fast industrialisation and population increase, this area has an urgent need for sustainable business models.

Notwithstanding the obvious advantages, there is a dearth of empirical studies that examine how a sustainability approach influences the success of Nigerian family-owned firms. Research on family businesses and sustainability has mostly concentrated on Western economies, which have quite distinct business climates and sustainability support systems (Agboola, 2022). Research into the potential benefits of a sustainability-oriented strategy for family-owned businesses in Nigeria's Southwest area is urgently needed, considering the country's distinct cultural, economic, and legal settings. The practical steps needed to build a sustainable business climate customised to local needs must be informed by policymakers, business owners, and industry stakeholders, and this study must be conducted to that end.

So, to fill a critical void in the literature, this study looks at how family-owned businesses in Southwest Nigeria might benefit from a sustainable business perspective. This research intends to shed light on how family-owned enterprises might adopt practices that are good for the environment and the bottom line by understanding the extent to which sustainability effects business performance. At the end of the day, our research will help build a system for family businesses to follow, which would ensure their continued success in Nigeria's ever-changing market.

2.0 Literature Review

2.1 Conceptual Clarification

2.1.1 Sustainability Orientation

In order for businesses to survive in the long run, entrepreneurs all over the world need to be familiar with the concept of sustainability. The concept of sustainable orientation is so required. The capacity of businesspeople to spot and capitalise on opportunities in the corporate world is what Salau (2022a) calls a sustainability orientation. This is supported by Okeke (2021), who outlined how sustainability orientation is a key factor in determining the environmental significance of various types of businesses. Since the business climate is always shifting, companies that want to stay relevant must be able to adapt quickly to new circumstances. According to Alao (2019), technological and scientific progress have a significant impact on how companies function.

Etim et al. (2017) defined sustainability orientation as the process of meeting people's needs as they have been discovered via autonomous innovation and creativity. The main responsibility of an entrepreneur is to ascertain the needs of the people, collect necessary resources, and make risky investments to meet those needs. Then, the entrepreneur must anticipate high demand from the targeted consumers and look forward to more opportunities to remain relevant in the business world over time. Entrepreneurs who prioritise sustainability give small and medium-sized enterprises (SMEs) a leg up in the marketplace. Nnabuike and Okoli (2017) provided an explanation for this by proposing that sustainability orientation is a managerial process that reveals the ways in which new entrants to the corporate sector use the methodologies, decision-making process, and practices of entrepreneurship.

2.1.1.1 Risk Taking

The ability to take calculated risks has always been an essential quality in successful entrepreneurs. The term has evolved from its original meaning—the risks individuals took by choosing to be their own boss—to mean the risks taken by corporations, such as when upper management decides to invest heavily in projects with questionable future outcomes (Hamali, 2015). The tendency to engage in daring activities, such as venturing into unexplored markets, committing large sums of money to projects fraught with uncertainty, or taking on substantial debt to fund investments in businesses fraught with unpredictability in volatile environments, is known as risk-taking (Olannye & Edward, 2016). The act of deliberately investing in efforts with a high chance of failure and a high chance of return is known as risk-taking (Awogbemi, et al., 2022). An entrepreneur who wants to succeed must be willing to take risks.

2.1.1.2 Innovativeness

The ability to innovate is another quality that family-owned businesses should have in order to be sustainable. Businesspeople are so astute when they handle their businesses like this (Ayor & Nwaiwu, 2020). What makes one family-owned business different from another is the focus of innovation. What a company offers in terms of products and services is directly related to innovation. Since entrepreneurs create new combinations of resources when they enter the market, some argue that innovation and entrepreneurship go hand in hand. By elaborating on the role of technological leadership and product line alterations within the framework of a sustainability orientation, this definition of innovation draws attention to the importance of these factors to the company's bottom line.

2.1.2 Performance

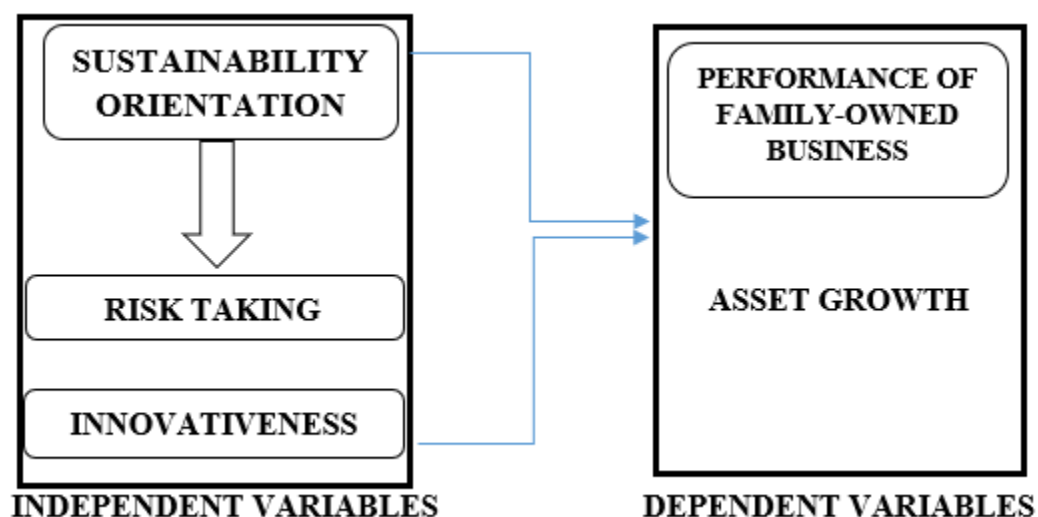
According to Samuel (2018), organisational performance can be defined as the degree to which, during a certain trading period, a corporation has been able to accomplish its goals and objectives. According to Alyahyaei et al. (2020), organisational performance may be seen as a measure of a company's competence and output throughout a specific time frame. Financial performance and non-financial performance are two ways to look at it. Companies that aim to make a profit typically employ financial performance indicators, whereas nonprofits tend to utilise non-financial performance metrics.

2.1.2.1 Asset Growth

An asset is a resource that a person, business, or nation owns or controls because of its economic value and the hope that it will be useful in the future (Samuel, 2018). A company can boost its value and operational benefits through the acquisition or creation of assets. Whether it's a patent or some piece of manufacturing equipment, everything that has the potential to increase sales, decrease expenses, or generate cash flow in the future is considered an asset. A company's future growth prospects can be enhanced through the accumulation of assets (Bokhari, et al., 2020). Total asset growth is a measure of growth, and an increase in assets over time is indicative of future profitability and expansion.

2.1.3 Conceptual Framework

The relationship between the independent and dependent variables is seen in Figure 2.1.



2.2 Theoretical Framework (Schumpeterian Theory on MSE Growth)

Entrepreneurship, according to Schumpeter's (1934) theory of innovative profits, is all about seeking out opportunities to generate innovative value and engage in risk-taking, proactive leadership within an enterprise, and innovation, which seeks to nurture opportunities through the intellectual capital of entrepreneurs in order to exploit their potential for profit and development. Extending beyond traditional economic theory, Schumpeter's theory of economic growth distinguishes between two forms of capital: physical and intellectual. It also distinguishes between saving, which increases physical capital, and innovation, which increases intellectual capital. This theory incorporates what Schumpeter termed "creative destruction" and concludes that technological advancement is a product of discoveries made by profit-driven businesses. That is, the goal of every innovation is to produce a new process or product that the inventor may use to gain an edge over their competitors. However, in the process of creating this new advantage, each invention inevitably makes an earlier innovation obsolete (Schumpeter, 1934).

Entrepreneurship is all about doing things differently, with innovation being a core value, as Schumpeter said (as referenced by Swedberg, 2000), in contrast to the more robotic and standardised nature of economic conduct. Even while economics tended to center on outside forces acting on organisations, he maintained that change might come from inside and that a business cycle could be leveraged to bring about economic transformation. According to Schumpeter,

entrepreneurs are driven by a combination of three main traits: a need for autonomy and authority, an obsession with achievement, and the joy that comes from seeing projects through to fruition (Swedberg, 2000). In order to expand their firm and stand out in a competitive market, entrepreneurs need to be inventive, creative, and risk-takers, according to this notion, which is related to the study.

2.3 Empirical studies

Entrepreneurship, according to Schumpeter's (1934) theory of innovative profits, is all about seeking out opportunities to generate innovative value and engage in risk-taking, proactive leadership within an enterprise, and innovation, which seeks to nurture opportunities through the intellectual capital of entrepreneurs in order to exploit their potential for profit and development. Extending beyond traditional economic theory, Schumpeter's theory of economic growth distinguishes between two forms of capital: physical and intellectual. It also distinguishes between saving, which increases physical capital, and innovation, which increases intellectual capital. This theory incorporates what Schumpeter termed "creative destruction" and concludes that technological advancement is a product of discoveries made by profit-driven businesses. That is, the goal of every innovation is to produce a new process or product that the inventor may use to gain an edge over their competitors. However, in the process of creating this new advantage, each invention inevitably makes an earlier innovation obsolete (Schumpeter, 1934). Entrepreneurship is all about doing things differently, with innovation being a core value, as Schumpeter said (as referenced by Swedberg, 2000), in contrast to the more robotic and standardised nature of economic conduct. Even while economics tended to center on outside forces acting on organisations, he maintained that change might come from inside and that a business cycle could be leveraged to bring about economic transformation. According to Schumpeter, entrepreneurs are driven by a combination of three main traits: a need for autonomy and authority, an obsession with achievement, and the joy that comes from seeing projects through to fruition (Swedberg, 2000). In order to expand their firm and stand out in a competitive market, entrepreneurs need to be inventive, creative, and risk-takers, according to this notion, which is related to the study.

3.0 Methodology

This study used a descriptive survey research approach. The study's primary data came from a survey sent out to family company owners and managers in a few states in Southwest Nigeria. The survey was well-designed and circulated to gather responses. The research included 15,771 family-run enterprises in three Southwest Nigerian states (Ekiti, Lagos, and Oyo) that were chosen at random from the States' Ministry of Commerce and Industries (2022) data. Among the several sectors represented by these 8,712 family-owned firms in Lagos, 6,131 in Oyo, and 928 in Ekiti State were manufacturing, construction, trading, agriculture, and information and communication technology (ICT), among others. Taro Yamane's (1967) formula was used to calculate a sample size of 390 out of 15,771 registered family-owned businesses in the selected Southwest states. The researchers in this study used descriptive and inferential statistics to estimate the data they gathered. Inferential statistics included verifying the study's hypotheses using simple linear regression analysis, and descriptive statistics included presenting respondent demographic data in frequency tables. What follows is the study's linear regression model:

$$ASG = f(RST) \dots\dots\dots (3.1); ASG = f(INN) \dots\dots\dots (3.2)$$

Where: ASG is Asset Growth; RST is Risk Taking; INN is Innovativeness

4.0 Results and Discussion

4.1 Analysis of Administered Questionnaire

Table 4.1: Distribution of Questionnaire by States

S/N	States	Nos Distributed	Nos Returned	Return Rate
1	Lagos	215	182	46.67
2	Oyo	152	122	31.28
3	Ekiti	23	21	5.38
TOTAL		390	325	83.33

Source: Researcher's Data Output (2025).

The three states in Southwest, Nigeria were chosen at random from a pool of 390 questionnaires. Of these, 325 were returned, giving a return rate of 83.33%. The remaining 16.67% were not returned. So, as shown in table 4.1 above, the analysis was conducted on the 83.33% of questionnaire copies that were returned.

4.2 Descriptive Statistics Analysis of Respondents

Table 4.2 Bio-data of the Respondents

		Frequency	Percent
Gender	Male	211	64.9
	Female	114	35.1
Age	18-25	51	15.7
	26-35	173	53.2
	36-45	57	17.5
	46 and above	44	13.5
Marital Status	Single	205	63.1
	Married	106	32.6
	Divorced	14	4.3
Years of Experience	0-5	245	75.4
	6-10	50	15.4
	11-15	30	9.2
Academic Qualification	Primary	35	10.8
	Secondary	21	6.5
	ND/NCE	87	26.8
	HND/B.Sc	107	32.9
	M.Sc	46	14.2
	Ph.D	29	8.9
Number of Employees	1-5	205	63.1
	6-10	89	27.4
	11-15	31	9.5
Status of Respondents	Owner	227	69.8
	Manager	98	30.2
Nature of Business	Agriculture	51	15.7

Location of Business	Service	42	12.9
	Trading	94	28.9
	Construction	35	10.8
	Manufacturing	43	13.2
	ICT	26	8
	Education	34	10.5
	Lagos	182	56
	Oyo	122	37.5
	Ekiti	21	6.5

Source: Data Output, 2025

As shown in Table 4.2, the demographic components utilised to characterise the bio data of respondents include gender, age, marital status, years of experience, and academic qualification. Regarding the gender breakdown, men make up 64.9% of the respondents, while females account for 35.1%. The research demonstrated that more and more males in Nigeria, particularly in the southwest, are taking part in family-owned businesses out of a sense of duty to pass the baton. There is a noticeable range of ages represented in the response pool. Based on the data, we can see that 15.7% of the participants are in the 18–25 age group, 53.2% are in the 26–35 age range, 17.5% are in the 36–45 age group, and 13.5% are 46 and up. The results showed that the age group of active young adults makes up the bulk of family-owned businesses. Among those who filled out the survey, 63.1% are unmarried, 32.6% are married, and 4.3% have gotten a divorce. According to the data on years of experience, a sizable portion of the family-owned business managers surveyed have more than enough years of experience. With 75.4% having no experience at all, 15.4% having 6-10 years, and 9.2% having 11-15 years, the majority of respondents fell into this category. The results also show that Western education is highly valued in Southwest Nigeria. Among the respondents, 10.8% had a primary school leaving certificate, 6.5% had a secondary school certificate, 26.8% had a national diploma or certificate for education studies, 32.9% had a higher national diploma or bachelor of science, 14.2% had a master's, and 8.9% had a degree of philosophy.

In addition, 63.1% had employees in the 1–5 range, 27.4% in the 6–10 range, and 9.5% in the 11–15 range, according to the results. Furthermore, it was found that 69.8% of the respondents are the owners of the businesses in question, while 30.2% are managers of the same businesses. Nearly half of the respondents came from the agricultural sector, nearly a quarter from the service sector, nearly a third from trading, nearly a quarter from construction, nearly a quarter from manufacturing, nearly a quarter from information and communication technology, and nearly a third from education, spanning a wide range of economic sectors. Lastly, looking at where the family-owned firms are located, we find that 182 (56%) are in Lagos State, 122 (37.5%) are in Oyo State, and 21 (6.5%) are in Ekiti State. This suggests that Lagos state is home to the vast majority of the family-run enterprises being considered. Because of this, Lagos state is rightfully considered Nigeria's financial capital.

4.3 Descriptive Analysis of Variable Item Responses**Descriptive Analysis of responses on Sustainability Orientation****Table 4.3 Descriptive statistics on response on sustainability orientation**

S/N	Items	Responses					Total
		SA	A	U	D	SD	
1	Risk Taking						

My family business would rather accept a risk to pursue an opportunity than miss it altogether.	50	100	75	87	13	325
	15.4%	30.8%	23.1%	26.8%	4%	(100%)
My family business is willing to take risks when we think it will benefit the company.	12	13	32	144	124	325
	3.7%	4%	9.8%	44.3%	38.2%	(100%)
My family business would not be considered gamblers, but we do take risks	138	80	18	49	40	325
	42.5%	24.6%	5.5%	15.1%	12.3%	(100%)
I handle risks and uncertainties carefully and manage the operations systematically to help attain the objectives of the family business	113	101	54	49	8	325
	34.8%	31.1%	16.6%	5.1%	2.5%	(100%)
I proactively realise high returns that play a crucial role in aligning businesses to market demands and performance	102	113	13	47	50	325
	31.4%	34.8%	4%	14.5%	15.4%	(100%)
Being a risk taker, I easily identify the profitable opportunities from the environment	157	57	23	49	39	325
	48.3%	17.5%	7.1%	15.1%	12%	(100%)
2 Innovativeness						
I use innovative approaches to get the job done more efficiently.	195	47	13	37	33	325
	60%	14.5%	4%	11.4%	10.2%	(100%)
Being innovative is a competitive advantage for my family business.	186	59	12	38	30	325
	57.2%	18.2%	3.7%	11.7%	9.2%	(100%)
I tend to be more innovative than most of my competitors	173	75	23	36	18	325
	53.2%	23.1%	7.1%	11.1%	5.5%	(100%)
I create an atmosphere that encourages creativity and innovativeness	85	80	75	63	22	325
	26.2%	24.6%	23.1%	19.4%	6.8%	(100%)
I take time to invest in research, development and creativity	163	63	11	52	36	325
	50.2%	19.4%	3.4%	16%	11.1%	(100%)
I take time to discover new ways of solving problems in the face of opportunities	127	110	11	41	36	325
	39.1%	33.8%	3.4%	12.6%	11.1%	(100%)

Source: Data Output, 2025

Looking at the data in table 4.5, we can see that 50 people (15.4% of the total) strongly agreed that their family businesses would rather take a chance on an opportunity than pass it up, 100 people (30.8%) agreed, 75 people (23.1%) were unsure, 87 people (26.6%) disagreed, and 13 people (4.4%) strongly disagreed. Also, just 12 people (3.7%) were in agreement that family firms are prepared to take risks for the sake of the company, 13 people (4% agreed), 32 people (9.8% were undecided), 144 people (44.3%) disagreed, and 124 people (38.1%) strongly disagreed. We do take risks as a family business, but 138 people (42.5% of the total) strongly agreed, 80 people (24.6%) agreed, 18 people (5.5%) were unsure, 49 people (15.1% of the total) disagreed, and 40 people (12.3%) were quite opposed. Also, 113 people (or 34.8% of the total) were in agreement

that the family business takes risks and uncertainties seriously and uses methodical management of operations to achieve its goals; 101 people (or 31.1% of the total) were in agreement; 54 people (or 16.6% of the total) were unsure; 49 people (or 5.1% of the total) were in disagreement; and 8 people (or 2.5%) were outright opposed. In response to the question of if they actively achieve high returns that are important for bringing companies in line with customer needs and performance, 113 respondents (34.8%) agreed, 102 (31.4%) strongly agreed, 13 (4.4%) were unsure, 47 (14.5%) disagreed, and 50 (15.4%) heavily disagreed. Also, 157 people (or 48.3% of the total) were in agreement that risk-takers can see lucrative chances everywhere; 57 people (17.5%) were in disagreement; 23 people (7.1%) were unsure; 49 people (15.1% of the total) disagreed; and 39 people (12.0% of the total) were in serious disagreement. In terms of innovativeness, 195 respondents (or 60%) were in complete agreement that they employ creative methods to do tasks more quickly and effectively; 47 respondents (14.5%) agreed; 13 respondents (4% were unsure); 37 respondents (11.4%) disagreed; and 33 respondents (10.2%) strongly disagreed. In addition, when asked whether innovation gives my family business an edge in the market, 186 respondents (or 57.2%) said it does, 59 (or 18.2%) said it does, 12 (or 3.7% of the total) were unsure, 38 (11.7%) disagreed, and 30 (or 9.2% of the total) severely disagreed. Of those who took the survey, 173 (or 53.2% of the total) strongly agreed that they are more inventive than their competitors on the whole, while 75 (23.1%) agreed, 23 (7.1%) were unsure, 36 (11.1%) disagreed, and 18 (5.5%) severely disagreed. Furthermore, 85 respondents (26.2% of the total) were in complete agreement that they foster an environment that beckons for fresh ideas and originality; 80 respondents (24.6% of the total) were in agreement; 75 respondents (23.1%) were unsure; 63 respondents (19.4% of the total) were in disagreement; and 22 respondents (6.7%) were in a strong disagreement. Of those who were asked about their level of investment in R&D, creativity, and innovation, 50.2% highly agreed, 19.4% agreed, 3.4% were undecided, 16.2% disagreed, and 11.1% definitely disagreed. In addition, 127 respondents (or 39.1%) were in agreement that they put effort into coming up with novel solutions to problems when presented with possibilities; 110 respondents (or 33.8%) were in agreement; 11 respondents (or 3.4%) were unsure; 41 respondents (12.6%) were in disagreement; and 36 respondents (11.1%) were in strong disagreement.

Descriptive Analysis of Responses on Performance

Table 4.4 Descriptive Statistics on Response on Performance

S/N	Items	Responses					Total
		SA	A	U	D	SD	
	Asset Growth						
	Increase in assets has been an integral part of my business	160 49.2%	51 15.7%	22 6.8%	51 15.7%	41 12.6%	325 (100%)
	I have acquired more assets since I took over the business	127 39.1%	110 33.8%	11 3.4%	41 12.6%	36 11.1%	325 (100%)
	I reinvest my profits to acquire more assets for the expansion of the business	148 45.5%	61 18.8%	14 4.3%	59 18.1%	43 13.2%	325 (100%)
	I don't just improve the physical assets of the company, human	182 56%	59 18.2%	21 6.5%	28 8.6%	35 10.8%	325 (100%)

assets have also improved over the years.

Source: Data Output, 2025

Table 4.4 displays the responses on the impact of a sustainability perspective on the performance of family-owned businesses. When asked about the importance of asset growth to their company, 160 respondents (or 49.2%) said it was very important, 51 (or 15.7%) agreed, 22 (or 6.8%) were unsure, 51 (or 15.7%) disagreed, and 41 (12.6%) strongly disagreed. Furthermore, when asked if they had increased their asset holdings since assuming control of the company, 127 respondents (or 39.1% of the total) gave a strong yes, 110 gave a moderate yes, 11 gave an unsure yes, 41 gave a negative answer, and 36 gave a strong negative answer. Furthermore, 148 respondents (45.5% of the total) were in complete agreement that they reinvest their profits in order to expand their firm. 61 respondents (18.8%) were in agreement, 14 respondents (4.3%) were unsure, 59 respondents (18.1% of the total) were in disagreement, and 43 respondents (13.2%) were in extreme disagreement. In addition, a majority of respondents (182 or 56%) believe that they have strengthened the company's people assets in addition to its physical assets throughout the years; 59 or 18.2% agree; 21 or 6.5% were unsure; 28 or 8.6% disagree; and 35 or 10.8% severely disagree.

4.4 Factor Analysis

4.4.1. Risk-Taking

Table 4.5: KMO Analysis of Risk-Taking Construct

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.631
Bartlett's Test of Sphericity	Approx. Chi-Square		225.155
	Df		15
	Sig.		.000

Source: Data Output (2025)

The sustainability orientation factor (Risk-Taking) shows a KMO score of 0.631 (Table 4.5) suggesting sampling adequacy. The results confirmed that convergence of the item on risk taking factor is valid and the items (Rst1-Rst6) together account for almost 63% variance. The factor loading $> .6$ shows validity of the items highlighting this sustainability orientation dimension. The factor loadings were greater than 0.60 for most of the items explaining risk taking in sustainability orientation.

Table 4.6: Factor Analysis of Risk-Taking Construct

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% Variance	% of Cumulative	Total	% of Variance
Rst1	1.967	32.787	32.787	1.967	32.787
Rst2	1.207	20.110	52.898	1.207	20.110
Rst3	.923	15.388	68.286		
Rst4	.722	12.038	80.323		

Rst5	.658	10.968	91.291
Rst6	.523	8.709	100.00

Extraction Method: Principal Component Analysis**Source: Data Output, (2025)**

The variables of risk taking are examined and reported in Table 4.6 in an item-by-item fashion. The highest factor loading (1.967) was found for Rst1, which indicates that family-owned firms would prefer to take a risk in order to chase an opportunity rather than miss it altogether. With high factor loadings of 1.207 and .923, respectively, these items indicate the relevance to risk taking of family-owned businesses. The result shows that family businesses are willing to take risks when they think it will benefit the company (Rst2) and that family-owned businesses would not be considered gamblers but do take risks (Rst3).

4.4.3. Innovativeness**Table 4.7: KMO Analysis of Innovativeness Construct**

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.753
Bartlett's Test of Sphericity	Approx. Chi-Square		355.550
	Df		15
	Sig.		.000

Source: Data Output (2025)

The sustainability orientation factor (Innovativeness) shows a KMO score of 0.753 (Table 4.7) suggesting sampling adequacy. The results confirmed that convergence of the item on innovativeness factor is valid and the items (Inn1-Inn6) together account for almost 75% variance. The factor loading $> .6$ shows validity of the items highlighting this sustainability orientation dimension. The factor loadings were greater than 0.60 for most of the items explaining innovativeness in sustainability orientation.

Table 4.8: Factor Analysis of Innovativeness Construct

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% Variance	of Cumulative %	Total	% of Variance
Inn1	2.420	40.334	40.334	2.420	40.334
Inn2	.955	15.913	56.248		
Inn3	.810	13.498	69.746		
Inn4	.747	12.450	82.196		
Inn5	.641	10.691	92.887		

Inn6	.427	7.113	100.000
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Extraction Method: Principal Component Analysis

Source: Data Output, (2025)

An item-by-item analysis of the factors of innovativeness is presented in Table 4.8. The results show that family-owned businesses' forebears use innovative approaches to get the job done more efficiently (Inn1), which has the highest factor loading (2.420). The results also suggest that being innovative gives family-owned businesses a competitive advantage (Inn2), and that the items with high factor loadings of .955 are relevant to the innovativeness of family-owned businesses.

4.4.4 Asset Growth

Table 4.9: KMO Analysis of Asset Growth

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.643
Bartlett's Test of Sphericity	Approx. Chi-Square		138.170
	Df		6
	Sig.		.000

Source: Data Output (2025).

The FOBs performance factor (Asset Growth) shows a KMO score of 0.643 (Table 4.9), suggesting sampling adequacy. The results confirm that convergence of the item on asset growth factor is valid and the items (Asg1-Asg4) together account for almost 64% variance. The factor loading > 0.6 shows validity of the items highlighting this FOBs performance dimension. The factor loadings were greater than 0.60 for most of the items explaining asset growth in performance of Family-owned Businesses.

Table 4.10: Factor Analysis of Asset Growth Construct

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% Variance	of Cumulative %	Total	% of Variance
Asg1	1.754	43.852	43.852	1.754	43.852
Asg2	.955	23.874	67.726		
Asg3	.724	18.102	85.828		
Asg4	.567	14.172	100.000		

Extraction Method: Principal Component Analysis

Source: Data Output, (2025)

The factors of asset growth are examined and reported in Table 4.10 in an item-by-item fashion. The results showed that family-owned enterprises' (Asg1) asset growth has been crucial to their success and has the greatest factor loading (1.754). With high factor loadings of .955 and .724, these items are relevant to the asset growth of family-owned businesses, which means that the successors have acquired more assets since taking over the business (Asg2) and reinvest their profits to acquire more assets for the business's expansion (Asg3).

4.5 Test of Hypotheses

4.5.1 Hypothesis One:

Ho_{iv}: There is no significant effect of risk-taking on performance of family-owned businesses in Southwest, Nigeria

Table 4.11: Regression of Risk taking against FOB's Performance

Independent Variable	Unstandardised Coefficient		Standardised Coefficients	T	P-Value
	B	Std. Error	Beta		
(Constant)	37.639	2.747		13.701	.000
Risk taking	.307	.162	.421	.930	.126
R = 0.421			Standard Error of the estimate = 10.24787		
R ² = 0.177			F = 79.754(0.000)		

Dependent Variable: FOB's Performance

Source: Data Output, 2025

A positive linear association between the dependent and independent variables of the model was shown by the model summary values of the regression analysis of risk taking on performance of family-owned enterprises ($R = 0.421$), as shown in Table 4.11. With an R^2 value of 0.177, we can see that other, non-model variables accounted for 82.3% of the variation in the performance of family-owned firms in Southwest, Nigeria. This means that the regression model only explained 17.7% of the total variation. According to the regression coefficients, risk-taking is positively correlated with performance, meaning that a larger independent variable will lead to a larger dependent variable. Also, the reported p-value of $0.126 > 0.05$ indicates that the relationship is not significant. As a result, family-owned enterprises in Southwest, Nigeria, benefit from taking risks, albeit this effect is not statistically significant ($p = 0.126 > 0.05$).

4.5.2 Hypothesis Two:

Ho_v: There is no significant effect of innovativeness on performance of family-owned businesses in Southwest, Nigeria

Table 4.12: Regression of Innovativeness against FOB's Performance

Independent Variable	Unstandardised Coefficient		Standardised Coefficients	T	P-Value

	B	Std. Error	Beta		
(Constant)	26.368	3.118		8.455	.000
Innovativeness	.676	.386	.513	1.483	.072
R = 0.513					
Standard Error of the estimate = 9.70121					
R ² = 0.263					
F = 131.869(0.000)					

Dependent Variable: FOB's Performance

Source: Data Output, 2025

According to Table 4.12, there is a positive linear relationship between the dependent and independent variables of the model when it comes to the regression analysis of innovativeness on performance of family-owned enterprises. The coefficient value (R) is 0.513. The R² result of 0.263 indicates that other, non-model variables accounted for 73.7% of the variation in the performance of family-owned firms in Southwest, Nigeria, while the regression model explained 26.3%. The independent variable, innovativeness, was found to have a positive correlation with performance according to the regression coefficients. This means that a larger independent variable would lead to a larger dependent variable. The reported p-value of 0.072 > 0.05, which indicates an insignificant connection, should also be taken into consideration. So, innovativeness has a 0.676 (p=0.072 > 0.05) positive but small effect on the performance of family-owned firms in Southwest, Nigeria.

4.6 Discussion of findings

The performance of family-owned enterprises in Southwest, Nigeria was studied to determine the benefits of sustainability focus. The study examined sustainability orientation through risk-taking and innovativeness, and asset growth was used to measure the performance and outcome of family-owned businesses. The results showed that family-owned firms in Southwest, Nigeria, which were the subject of the first hypothesis, benefit from taking risks, however this effect was not statistically significant ($\beta=0.307$, $p=0.126 > 0.05$). This found that family-owned enterprises in Southwest Nigeria will see a 31% improvement in performance for every 1% increase in risk-taking. This finding suggests that family enterprises will do better when members take more risks. The fact that those who aren't afraid to take risks often end up failing, which may explain the good result. Taking risks is a trait of prosperous company entrepreneurs. They risk a lot of money by stepping into an uncharted market in the hopes of increasing profits, assets, market share, and shareholder happiness.

The failure of the successors to adequately and efficiently manage the risk and uncertainty into which they enter may explain the lack of a statistically significant effect. There is mounting evidence that many young people in this generation, who are carrying on family enterprises, are risk averse and seldom take risks. Perhaps they aren't prepared to handle the risks associated with running their family company effectively. Baba and Thiong (2019) and Lawal et al. (2018) both have their results supported by this result. There was a small but favourable correlation between risk-taking and SMEs' performance, according to their findings. Having said that, it doesn't back up Donald and Ranggi's (2019) findings that risk-taking hurts SMEs' bottom lines. In addition, the study found that family-owned firms in Southwest, Nigeria were positively

affected by innovativeness, however the effect was not statistically significant ($\beta = 0.676$, $p = 0.072 > 0.05$). The performance of family-owned firms in Southwest, Nigeria will be enhanced by 68% with just a 1% boost to innovativeness. The a-priori expectation is satisfied by this result. Despite the lack of statistical significance, this result suggests that innovativeness can have a favourable effect on family-owned enterprises in Southwest Nigeria in terms of revenue growth, asset growth, market share, and shareholder satisfaction.

The failure of the successors to implement an effective marketing strategy to raise awareness of the unique product or service could be the reason for the lack of a substantial influence. It would appear that this is a typical practice among family firms that develop innovative ideas, goods, and services to fulfill the needs of their target market. When the family business founder dies or leaves, it becomes extremely difficult to implement a good marketing plan, which often causes the ideas and products to become irrelevant. These results corroborated those of Alyahyaei et al. (2020), who found that SMEs in Oman do better financially when they innovate, but that this relationship is not statistically significant. Innovation also has a favourable but insignificant effect on a company's longevity, according to research by Meekaewkunchorn et al. (2021).

5.0 Conclusion and Recommendation

This study discovered that family-owned firms in Southwest Nigeria can benefit from taking risks and being innovative, but these factors do not have a statistically significant effect on performance. On the other hand, a strong focus on sustainability has a statistically significant positive effect. Adopting sustainable practices is crucial, since organisations that prioritise social impact, environmental responsibility, and ethical governance are more likely to see improvements in operational efficiency, customer loyalty, and resilience, among other metrics. In order to achieve long-term success in a competitive market, family-owned firms must incorporate sustainability into their basic strategy. This will ensure continued growth and performance improvement. The following suggestions were given in light of the study's results:

- i. Successors should adopt a "wait and see" attitude when it comes to accepting risks in order to minimise them. This can be accomplished by establishing risk management committees whose job it is to assess the enterprise's risk profile prior to getting involved.
- ii. More dependable and successful modern marketing tactics should be used to raise knowledge about the existence of a new idea, product, or service in order to prevent the insignificant impact of innovativeness. It is important to use the appropriate marketing strategy for any product, service, or idea because different items call for different approaches.

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