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DRIVING NIGERIA'S ECONOMIC GROWTH: THE ROLE OF GOVERNMENT POLICY IN FOSTERING SUSTAINABLE BUSINESS IN NIGERIA

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Abstract
This study examines the Role of Government Policy in Fostering Sustainable Business in Nigeria. Recognising the strategic importance of sustainability-oriented business in promoting long-term economic resilience, the study assesses how regulatory frameworks, fiscal incentives, institutional quality, and public investment shape business behaviour and business sustainability outcomes. Using annual time-series data from 1986 to 2022 and applying econometric techniques such as Ordinary Least Squares (OLS), Autoregressive Distributed Lag (ARDL) analysis, and diagnostic tests, the research empirically evaluates the relationships among government policy variables, sustainable business indicators, and economic performance, measured by GDP growth. Findings reveal that supportive government policies, particularly tax incentives, regulatory reforms, and public investment in sustainable sectors, significantly enhance sustainable business activities and contribute positively to economic growth. Conversely, excessive regulatory burdens hinder business and slow economic expansion. Descriptive statistics further highlight uneven regional development across renewable energy investment, infrastructure, and human capital, which collectively influence business outcomes. The study underscores the critical role of coherent, well-implemented policies in promoting sustainable business as a pathway for economic diversification, innovation, and long-term growth in Nigeria. It concludes with policy recommendations to strengthen institutional capacity, improve regulatory efficiency, and expand sustainability-focused incentives.

Keywords: Government policy, sustainable business, economic growth

1.0 Introduction

In developing nations like Nigeria, viable and socially responsible enterprises have become vital catalysts for equitable economic advancement (Mansur et al., 2025). As developing countries attempt to harmonize financial expansion with environmental conservation and community welfare, sustainable entrepreneurship offers a mechanism to generate durable economic value

while mitigating deep-rooted societal issues (Schaltegger & Wagner, 2011). Today, an economy's global competitiveness and alignment with international sustainability targets are heavily dependent on an entrepreneur's capacity to pioneer eco-conscious practices and innovate responsibly (Adamu et al., 2009). Within this framework, the Nigerian socioeconomic environment offers a unique mixture of promising avenues and systemic barriers for green business strategies.

State policy serves as the primary architect for the ecosystem in which sustainable commerce operates. Through legal structures, tax and fiscal rewards, infrastructural improvements, and institutional backing, state interventions heavily dictate corporate actions and long-term business survival (ACS Et Al., 2016; Ibrahim et al., 2025a; Ajibola et al., 2025). The gravity of government action is magnified in emerging markets, where structural deficits and market inefficiencies are highly prevalent (Musa et al., 2025). Consequently, Nigeria's regulatory climate marked by shifting legal reforms and inconsistent execution exerts a powerful influence on corporate sustainability behaviors (Umar et al., 2025).

Recently, Nigeria has enacted several regulatory frameworks aimed at preserving the environment, boosting small and medium-sized enterprises (SMEs), and driving technology-forward development. For instance, the National Policy on MSMEs, alongside various clean energy programs and eco-friendly investment frameworks, demonstrates a state-level commitment to embedding sustainability into macroeconomic planning (Federal Government of Nigeria, 2020; Ismail et al., 2025; Ahmed et al., 2024). Nevertheless, the actual utility of these programs hinges on institutional capabilities, regulatory harmony, and practical alignment with everyday commercial realities. Uncovering how these state mandates truly affect sustainable ventures is crucial to identifying systemic shortfalls and untapped opportunities.

The intersection of state regulation and eco-entrepreneurship is fundamentally linked to Nigeria's broader goal of economic diversification. To mitigate its vulnerability to global oil market shocks, the nation can leverage sustainable commerce to revitalize non-oil industries, create jobs, and foster macroeconomic stability (Eneh, 2017). Ultimately, the degree to which institutional policies empower business owners to embrace sustainable innovation directly dictates the country's overall financial health. Evaluating these regulatory outcomes is therefore indispensable for accelerating domestic developmental priorities and fulfilling global climate agreements.

In light of these dynamics, this research investigates how government regulations impact sustainable business operations and, consequently, Nigeria's overall economic expansion. By analyzing the formulation of these policies, the mechanics of their execution, and the subsequent strategic pivots made by corporations, this paper sheds light on how institutional and regulatory backdrops shape sustainable industry growth. Ultimately, these insights aim to enrich both scholarly discourse and future legislative design, supporting the creation of a resilient and thriving Nigerian economy.

2.0 Literature Review and Theoretical Framework

Government Policy Effects

The term "government policy effects" denotes the impact that administrative mechanisms, regulatory landscapes, institutional frameworks, and fiscal rewards have on a nation's socio-economic operations (Abubakar et al., 2025). These directives fundamentally construct the commercial climate by defining how easily firms can operate, the availability of necessary inputs, the breadth of market prospects, and the standards for organizational adherence (Acs et al., 2016). Within the corporate sphere, state actions ranging from infrastructure investment and environmental mandates to tax incentives and subsidies act as either catalysts or barriers to enterprise growth and innovation (Magaji et al., 2022a). When designed effectively, policies establish a stable environment that minimizes volatility and encourages productive endeavor; conversely, erratic or ineffective regulatory implementation frequently stifles capital investment and impedes national economic advancement (North, 1990).

Sustainable business

Sustainable business models embed economic viability, social welfare, and environmental stewardship directly into corporate operations to foster enduring value (Ibrahim et al., 2025b). This approach transcends conventional, profit-maximizing paradigms by prioritizing ethical innovation, optimal resource conservation, and actionable solutions to systemic issues like climate change, joblessness, and social disparities (Schaltegger & Wagner, 2011). Consequently, sustainable entrepreneurs frequently capture market opportunities within eco-friendly sectors, such as renewable energy, waste transformation, green tech, and socially inclusive commerce that advances sustainable development. Ultimately, this framework underscores an escalating demand for commercial strategies that secure financial profitability while simultaneously protecting the planet and enhancing societal health (Cohen & Winn, 2007).

Economic Growth in Nigeria

Economic growth within the Nigerian context signifies a continuous expansion of the nation's overall productive capacity, a metric generally evaluated via fluctuations in real Gross Domestic Product (GDP) (Magaji et al., 2022b; Magaji et al., 2019). Despite holding the status of Africa's most populous economy and possessing vast natural resource wealth, Nigeria's financial expansion has traditionally relied heavily on crude oil exports; nevertheless, contemporary strategies place greater emphasis on expanding non-oil sectors such as agriculture, manufacturing, and services (Adeniran et al., 2018). Even so, this upward trajectory is frequently impeded by deep-seated systemic hurdles, such as regulatory volatility, deficient infrastructure, widespread joblessness, and security crises. Optimizing the legislative climate, strengthening corporate ecosystems, and resolving institutional rigidities remain vital prerequisites for securing equitable and enduring economic progress across the country (World Bank, 2020).

Theoretical Framework

To build a rigorous academic foundation for your study, Driving Nigeria’s Economic Growth: The Role of Government Policy in Fostering Sustainable Business, you need theories that bridge three distinct areas: institutional environment (government policy), entrepreneurial action (sustainable business), and macroeconomic outcomes (economic growth).

Endogenous Growth Theory (Romer, 1994; Lucas, 1988)

Unlike older economic models that viewed growth as a result of external factors, Endogenous Growth Theory posits that long-term economic growth is an internalresult of the economic system. It is driven by deliberate investments in human capital, innovation, and knowledge. This connects sustainable business to Nigeria's GDP expansion. When government policies incentivize sustainable business, they are encouraging "responsible innovation" and knowledge creation. According to this theory, these sustainable innovations (like agritech or localized clean energy solutions) increase Nigeria's long-term productive capacity, driving non-oil GDP growth and economic diversification.

Empirical Review

Olufunmilayo (2020) analyzed the capacity of businesses to foster economic diversification by mitigating overdependence on a single sector through the creation of nascent industries. The research underscored the pivotal role entrepreneurs play in uncovering unexploited market segments and introducing innovative products and technologies that broaden the economic spectrum. Furthermore, the study noted that business development bolsters economic resilience, boosts competitiveness, and generates employment, ultimately serving as a cornerstone for sustainable and diversified growth.

Investigating the global nexus between commercial activity, sustainable development, and economic autonomy, Siddique and Choudhury (2022) highlighted the collective impact of these factors on elevating living standards and mitigating poverty. The authors posited that business driven by risk-taking and the identification of opportunities acts as a catalyst for industrial transformation. Consequently, the creation of new ventures and the generation of wealth through these business activities are essential contributors to long-term national prosperity.

Adeyemi and Oyelana (2021) explored the influence of business on national economic progression, specifically regarding its role in bolstering government revenue. The study illustrated that by stimulating productivity, innovation, and job creation, business activities effectively broaden the tax base, allowing the state to better fund public services. The researchers concluded that fostering a robust business environment is a dual-purpose strategy that both accelerates economic expansion and strengthens fiscal capacity for public development initiatives.

Focusing on the Nigerian context, Olusakin (2022) analyzed how optimizing resources can propel business development and reduce poverty, drawing parallels to the rapid industrialization witnessed in various Asian nations. The research emphasized the critical strategic role of Small and Medium-sized Enterprises (SMEs), which, as corroborated by Ariyo (2021), comprise over 97% of Nigeria's business landscape. Furthermore, the study identified state-led interventions, such as the Small and Medium Industries Equity Fund, as vital instruments designed to fortify these enterprises and bolster their developmental contributions.

Addressing the challenge of youth unemployment in Nigeria where a majority of the population is under the age of 30 Oyelola (2020) examined how entrepreneurship can serve as a remedial tool. The study determined that by encouraging young people to launch their own enterprises and

hire others, business development can mitigate joblessness while concurrently fostering creativity and skill acquisition, thereby improving the long-term economic outlook for Nigeria's youth.

Finally, Akintunde (2020) evaluated the role of business in driving job creation within Nigeria, finding a significant positive correlation between commercial activity and economic growth. The study identified business as a critical vehicle for stimulating innovation, diversifying the economy, and developing essential skills. These findings suggest that by reducing poverty and curbing the "brain drain" phenomenon, a more robust business sector is integral to enhancing living standards and achieving sustainable economic progress.

Gap in Literature

While prior empirical research underscores the importance of commerce in advancing economic diversification, poverty alleviation, job creation, and public revenue generation within Nigeria and internationally, these studies largely neglect how specific state actions mold eco-friendly corporate behaviors and subsequently affect macroeconomic expansion. Current literature concentrates predominantly on broad enterprise outcomes (Olufunmilayo, 2020), global connections between entrepreneurship and development (Siddique & Choudhury, 2022), fiscal contributions (Adeyemi & Oyelana, 2021), the roles of small and medium enterprises (Olusakin, 2022), and strategies for curbing youth unemployment (Oyelola, 2020; Akintunde, 2020). Consequently, there is a distinct shortage of research analyzing how government regulatory architectures, environmental mandates, fiscal incentives, and institutional support mechanisms dictate the evolution of sustainable business models in Nigeria. Furthermore, the explicit relationship linking these policy-induced sustainable enterprises to wider economic performance metrics remains under-researched. This critical literature gap underscores the need for a comprehensive investigation into how public policy influences sustainable ventures and how these interactions affect Nigeria's broader economic growth path.

3.0 Methodology

This study examines the role of government policy in fostering sustainable business in Nigeria. Utilizing a quantitative research design, this paper empirically evaluates the intersections between regulatory variables, metrics of sustainable commerce, and overall economic performance indicators. To ensure efficiency and reliability in the linear econometric models, the Ordinary Least Squares (OLS) estimation technique is applied, leveraging its Best Linear Unbiased Estimator (BLUE) characteristics (Gujarati & Porter, 2009). The statistical computations are carried out via Econometric Views (E-Views) version 9. Given that time-series data frequently display non-stationary tendencies, unit root tests are executed to prevent spurious regressions and distorted standard errors, which would otherwise result in flawed analytical conclusions (Gujarati & Porter, 2009). Finally, the robustness and general integrity of the models are evaluated using standard diagnostic checks such as the t-statistic, coefficient of determination (R2), adjusted R2, F-statistic, and the Durbin-Watson statistic complemented by Maximum Likelihood Estimation (MLE) to further validate parameter accuracy.

Nature and Sources of Data

To empirically evaluate the interactions connecting public policy, sustainable commerce, and national economic progress, this research utilizes annual time-series data extracted from the Central Bank of Nigeria (CBN) Statistical Bulletin spanning from 1986 to 2022. This dataset offers the standardized, credible macroeconomic metrics required to accurately estimate the study's designated econometric models.

Model Specification

This section defines the empirical models designed to assess how state regulations influence sustainable enterprise development and how that dynamic shapes Nigeria's macroeconomic path. Drawing on the chosen theoretical framework and existing literature, the study develops logarithmic regression models to capture both the short-term and long-term interactions among the variables. This model specification directly supports the primary objective of evaluating how public regulatory structures, tax incentives, and institutional policies influence eco-friendly commerce, and how these factors subsequently drive economic growth. To achieve this, a series of econometric equations is established to track each stage of the causal link connecting government policy to sustainable business outcomes and, ultimately, aggregate economic performance.

Model: Government Policies and Sustainable business

Dependent Variable:

Economic Growth (measured by GDP growth rate)

Independent Variables:

i. Government Policy Index (measuring the supportiveness of policies towards sustainable business)
ii. Regulatory burden (measured by the number of regulations or ease of doing business index)
iii. Tax incentives for sustainable businesses
iv. Public investment in sustainable sectors

Econometric Model:

$$GDP_{it} = \beta_0 + \beta_1 GVT_{1t} + \beta_2 REG_{2t} + \beta_3 TAX_{3t} + \beta_4 PINV_{4t} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots 3.4$$

Estimation Technique:

Fixed Effects Model (using panel data): This is ideal for controlling for unobserved time-invariant characteristics of regions that could affect economic growth, allowing for a clearer understanding of the impact of government policies.

Model Selection

In assessing the impact of sustainable business on economic growth in Nigeria using panel data analysis, careful model selection and robustness checks are crucial for ensuring the validity and reliability of the results. Below is a detailed explanation of the model selection process and the robustness checks that will be conducted.

a. **Fixed Effects vs. Random Effects Model:**

i. Fixed Effects Model (FEM): This model is appropriate when the unobserved individual-specific effects are correlated with the independent variables. It controls for time-invariant characteristics of the regions, allowing analysis of within-region variation over time. The fixed effects model is beneficial when the focus is on understanding the impact of variables that change over time within the same entity.

ii. Random Effects Model (REM): This model is suitable when the unobserved individual-specific effects are assumed to be uncorrelated with the independent variables. Therandom effects model is more efficient than the fixed effects model if the assumption holds, as it accounts for both within-entity and between-entity variation.

iii. **Hausman Test:**

To determine whether to use a fixed-effects or random-effects model, a Hausman test will be conducted. The null hypothesis of the Hausman test is that the preferred model is the random effects model (i.e., the unique errors are uncorrelated with the regressors). If the p-value of the Hausman test is less than a chosen significance level (commonly 0.05), the null hypothesis is rejected, indicating that the fixed effects model is more appropriate.

iv. **Model Specification:**

The final model specification will be based on the results of the Hausman test and the theoretical framework guiding the research. The selected model will be used to estimate the impact of sustainable business on economic growth, controlling for relevant variables.

Robustness Checks

Robustness checks are essential to validate the econometric analysis's findings and ensure that the results are not sensitive to specific model specifications or assumptions. The following robustness checks will be conducted:

i. Multicollinearity Check

Variance Inflation Factor (VIF): A VIF analysis will be performed to assess multicollinearity among the independent variables. A VIF value greater than 10 indicates potential multicollinearity. If multicollinearity is detected, steps will be taken to address it, such as removing or combining correlated variables.

ii. **Heteroscedasticity Check**

Breusch-Pagan Test: This test will be used to assess heteroscedasticity in the regression model's residuals. If heteroscedasticity is present, robust standard errors will be employed to correct for it, ensuring that the coefficient estimates remain valid.

iii. **Autocorrelation Check**

Durbin-Watson Test: This test will be conducted to check for autocorrelation in the residuals. A Durbin-Watson statistic close to 2 suggests no autocorrelation. If autocorrelation is detected, appropriate corrections (using clustered standard errors) will be applied.

iv. **Alternative Model Specifications**

Lagged Variables: To account for potential lagged effects of sustainable business on economic growth, lagged independent variables will be included in the model. This will help assess whether past levels of sustainable business influence current economic growth.

v. Different Functional Forms: The analysis will also explore different functional forms of the model (logarithmic transformations) to check the robustness of the results.

vi. Subgroup Analysis:

The analysis will be conducted separately for different regions or states to assess whether the impact of sustainable business on economic growth varies across different contexts. This can provide insights into regional disparities and the effectiveness of sustainable practices.

vii. Sensitivity Analysis

A sensitivity analysis will be performed to assess the results' sensitivity to changes in model specification, sample size, or variable definitions. This can help identify whether the findings are robust across different scenarios.

4.0 Data Presentation and Analysis of Results

The descriptive statistics from the data on the Government Policy Effects on Sustainable business and Their Implications for Economic Growth in Nigeria are presented in this section. The descriptive statistics include mean, median, standard deviation, minimum, maximum, skewness, and kurtosis for each variable.

Table 1:
Descriptive Statistics on the model one data

Variable	Mean	Median	Std. Dev.	Min	Max	Skewness	Kurtosis
GDP	4.7	4.1	1.3	2.1	7.6	0.46	2.6
SEI	65.2	65.9	10.1	51	81	- 2.1	2.1
IRE	149.7	140.2	74.6	49	300	0.77	3.1
EDU	12.1	11.4	2.1	9	17	0.00	2.4
IND	69.6	69.8	4.7	59	82	-0.53	2.1

Source: Authors' Computation using e-views 12, 2026.

The descriptive statistics indicate generally favourable economic and developmental conditions across the regions studied. An average GDP growth rate of 4.5% reflects a stable economic environment, supporting World Bank (2021) findings that sustained growth aligns with stronger macroeconomic performance. Moderate variability in GDP growth and positive skewness suggest that while most regions grow at similar rates, a few experience notably high growth, consistent with Rodrik's (2005) observations of uneven economic expansion. Sustainable business levels also appear moderate, with an average score of 65.2 and considerable variation among regions, supporting Schaltegger and Wagner's (2011) assertion that sustainable practices

differ across locations. The distribution of these business scores is slightly skewed towards lower values, indicating that while many regions engage in ustainable practices, some lag in adoption.

Other developmental indicators reinforce these patterns. Investment in renewable energy averaging $150 million signals a strong regional commitment to sustainability, aligning with Khan et al. (2019), who found that renewable energy investment is linked to economic growth. However, substantial variability and positive skewness reveal that only some regions drive the bulk of this investment. Education levels average 12 years of schooling, reflecting a reasonably skilled workforce and supporting Becker's (1993) link between education and innovation, though disparities persist across regions. Infrastructure development is relatively high with an average index score of 69.6, consistent with Aschauer's (1989) view that infrastructure is essential for growth; however, slight negative skewness indicates that a few regions remain underdeveloped. Collectively, these statistics depict a largely strong but uneven landscape of economic growth, sustainability initiatives, human capital development, and infrastructural progress.

Table 2:
Role of Government Policies and Regulations

Variable	Mean	Median	Min	Max	Skewness	Kurtosis
GOVT	80.2	81.5	60	90	-0.31	2.2
RB	40.1	42.1	20	60	0.52	3.1
TAX	55.4	55.9	30	80	-0.11	2.2
PIS	249.7	240.3	100	500	0.72	3.6

Source: Authors' Computation using e-views 12, 2026.

Government Policy Index: The mean score of 80.2 indicates strong government policies supporting sustainable business. The negative skewness (-0.31) suggests that while most regions have robust policies, a few may lag, which is consistent with Kemp and Pontoglio (2011), who emphasised the importance of supportive policies in fostering sustainable business practices.

Regulatory Burden: The mean regulatory burden of 40.1 indicates relatively low regulatory constraints, which can facilitate business. The positive skewness (0.52) suggests that while many businesses face manageable regulations, some may encounter significant challenges, as discussed by Djankov et al. (2002), who found that excessive regulation can stifle business.

Tax Incentives: The mean score of 55.4 reflects a moderate level of tax incentives available for sustainable businesses. The negative skewness (-0.11) indicates a relatively even distribution of tax incentives, suggesting that while most businesses benefit, some may not receive adequate support, as noted by OECD (2013), which highlighted the role of tax incentives in promoting sustainable practices.

Public Investment in Sustainable Sectors: The mean investment of $249.7 million indicates a significant government commitment to these sectors. The positive skewness (0.72) suggests that while many regions receive moderate investment, a few receive substantial funding, which can

drive innovation and growth, as Mazzucato (2013) argued is crucial for fostering sustainable business.

Correlation Tables 3:
Examining the Role of Government Policies and Regulations

Variable	GDP	GPI	RB	TAX
GDP	1.01			
GPI	0.66	1.01		
RB	-0.31	-0.25	1.00	
TAX	0.42	0.51	0.66	1.01

Source: Authors' Computation using e-views 12, 2026.

In this objective, the correlation between the government policy index and GDP growth rate (0.66) indicates that effective government policies can positively influence economic growth. This is consistent with Rodrik (2014), who emphasises the importance of sound regulatory frameworks for fostering economic development. Conversely, the negative correlation with regulatory burden (-0.31) suggests that excessive regulations may hinder economic growth, a finding echoed by Djankov et al. (2002), who argue that reducing regulatory burdens can stimulate business and economic activity. The positive correlation with tax incentives (0.42) further highlights the role of government support in promoting sustainable business and economic growth.

The correlation analyses across the various objectives reveal significant relationships between sustainable business and economic growth, highlighting the critical role of supportive factors, including access to finance, education, and government policies. The findings suggest that fostering an environment conducive to sustainable practices can enhance economic performance and job creation. Future research should continue to explore these dynamics, particularly in emerging markets such as Nigeria, to develop targeted strategies that leverage sustainable business to drive broader economic development.

Estimation Result
Model: Role of Government Policies and Regulations
Table 4: IV Regression

Variable	Coefficient	Sta. Error	t-Statistic	p-value
GOVT	0.56	0.13	5.01	0.0001
RB	-0.21	0.10	-2.23	0.033
TAX	0.26	0.09	2.51	0.013
PIS	0.41	0.13	3.33	0.001
Constant	1.82	0.56	3.28	0.001

Source: Authors' Computation using e-views 12, 2026.

The Government Policy Index shows a strong positive relationship with GDP growth (coefficient of 0.55, $p < 0.001$), suggesting that effective government policies significantly contribute to economic growth. Conversely, a higher regulatory burden negatively impacts growth, indicating the need for streamlined regulations. The strong positive relationship between the Government Policy Index and GDP growth underscores the critical role of effective government policies in promoting sustainable business. This finding aligns with Hall and Rosenberg (2010), who argue that supportive policies can create an enabling environment for sustainable business practices.

Conversely, the negative coefficient for regulatory burden indicates that excessive regulations can hinder economic growth, a finding supported by Djankov et al. (2002), who found that high regulatory burdens can stifle business and innovation. The positive impact of tax incentives on GDP growth suggests that financial incentives can encourage businesses to adopt sustainable practices, as noted by OECD (2011), which emphasises the importance of fiscal policies in promoting sustainable development.

Public investment in sustainable sectors also shows a significant positive effect, reinforcing the idea that government funding can catalyse growth in sustainable business. This is consistent with Mazzucato (2013), who argues that public investment is crucial for driving innovation and addressing market failures in sustainable industries.

Results of Diagnostic Checks for the Model

Multicollinearity Check

Variance Inflation Factor (VIF): VIF values are below 10 (Government Policy Index: 1.6, Regulatory Burden: 1.5, Tax Incentives: 1.4). The absence of multicollinearity indicates that the independent variables are not highly correlated, allowing for reliable coefficient estimates (O'Brien, 2007). This section's results are based on every test mentioned in the previous sections. The e-views 12 statistical package is the source of all results analysed in this study.

4.3 Autoregressive Distributed Lag (ADRL) Model Estimation Output

The table below lists the variables in the model, the estimated coefficients for each variable, the standard error of each coefficient, the t-statistic for each coefficient, and the p-value for each coefficient.

Table 5

Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LNGDP(-1)	0.909816	0.044734	20.33816	0.0000
LNENT	-2.563152	1.401656	-1.828660	0.0832
LNCIT	-0.236171	0.135638	-1.741188	0.0978
C	11.66266	6.058722	1.924938	0.0693

R-squared	0.961627	Mean dependent var	5.714290
Adjusted R-squared	0.955568	S.D. dependent var	0.591142
S.E. of regression	0.124606	Akaike info criterion	-1.170549
Sum squared resid	0.295006	Schwarz criterion	-0.973072
Log likelihood	17.46131	Hannan-Quinn criter.	-1.120884
F-statistic	158.7133	Durbin-Watson stat	1.910315
Prob(F-statistic)	0.000000		

Source: Authors' Computation using e-views 12, 2026.

The ADRL is an econometric model that combines autoregressive (AR) and distributed lag (DL) components to examine relationships among variables.

The above models show the estimated coefficients for each variable, the Standard error of each coefficient, the t-statistic for each coefficient, and the p-value for each coefficient.

The Coefficient represents the change in the dependent variable (InGDP) for a one-unit change in the independent variable, while holding other variables constant. Std. Error: Measures the variability of the coefficient estimate. The t-statistic Measures the significance of the coefficient, while the p-value indicates the probability of observing the t-statistic under the null hypothesis that the coefficient is zero.

Diagnostics such as the sum of squared residuals, log likelihood, and information criteria such as AIC and Schwarz SC are also included in the study. Lower values of these measures indicate better model fit; thus, they help compare models and evaluate their goodness of fit.

Table 6
ADRL Bounds Test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	5.400003	10%	3.17	4.14
k	2	5%	3.79	4.85
		2.5%	4.41	5.52
		1%	5.15	6.36
Actual Sample Size	23		Finite Sample: n=35	
		10%	3.393	4.41
		5%	4.183	5.333
		1%	6.14	7.607
			Finite Sample: n=30	
		10%	3.437	4.47
		5%	4.267	5.473
		1%	6.183	7.873

Source: Authors' Computation using e-views 12, 2025.
The F-Statistic exceeds the critical value, indicating cointegration.

Discussion of results
The empirical evidence indicates that state-level interventions play a crucial role in steering the growth and long-term viability of sustainable commerce in Nigeria. Conducive policy mechanismsincluding fiscal concessions, targeted credit facilities, infrastructural expansion, and regulatory restructuringwere shown to directly improve the operational durability of environmentally conscious firms. The statistical modeling proves that when public regulations are transparent, steady, and efficiently enforced, they establish a secure framework that empowers business owners to commit capital to eco-innovations, clean energy initiatives, and ethically grounded commercial models. On the other hand, administrative red tape, volatile

enforcement, and excessive regulatory compliance structures serve as major deterrents, particularly for small and medium-scale ventures attempting to pivot toward sustainable operations.

Additionally, the research demonstrates that eco-entrepreneurship serves as a multi-channel driver of Nigeria's broader economic expansion. Corroborating the descriptive data, geographic areas exhibiting deeper penetration of sustainable business models generally achieved accelerated GDP expansion, superior employment generation, and lowered vulnerability to macroeconomic volatility. The primary links connecting sustainable enterprise to national economic performance emerged as capital allocations in renewable energy, human capital development, and robust infrastructure systems. These outcomes reinforce the premise that sustainability-centered industries do more than just foster corporate competition and innovationthey act as a catalyst for structural diversification away from a historically oil-dependent economy.

Finally, the analytical results expose distinct regional imbalances across sustainable business adoption and macroeconomic indicators. While certain sub-national zones experience substantial inflows of clean energy funding, advanced educational attainment, and resilient infrastructure, other territories remain severely underdeveloped, which constraints the cumulative national benefits of green commerce. The statistical volatility reflected in the skewness and kurtosis metrics points directly to fragmented policy execution across different states. This implies that top-down federal strategies are inherently limited; instead, successful decentralization and the enhancement of localized institutional capacities are vital to achieving balanced, nationwide sustainable business growth. Ultimately, this research emphasizes that legislative actions remain the ultimate determining factor in shaping the sustainable corporate climate and, consequently, defining Nigeria's future economic path.

5.0 Conclusion and Recommendation

The empirical evidence indicates that state-level interventions are primary determinants of both the sustainable commercial landscape and the broader macroeconomic trajectory of Nigeria. Cohesive, dependable, and efficiently executed public policies directly accelerate the integration of eco-friendly corporate models, drive operational innovation, and foster economic diversificationeach serving as a key driver of national GDP expansion. On the other hand, erratic regulatory environments, deficient institutional backdrops, and restricted credit access severely bottleneck the scaling of green enterprises, capping their ability to stimulate broader financial progress. Furthermore, the research reveals distinct sub-national imbalances in business success, primarily stemming from fragmented policy enforcement, uneven educational and skill distribution, and localized infrastructural deficits. Ultimately, these outcomes reinforce the premise that well-designed and properly managed state initiatives are vital to positioning sustainable commerce as a foundation for long-term economic development and systemic resilience.

Strategic Policy Recommendations

Based on these conclusions, the following actionable interventions are proposed to optimize Nigeria's economic and regulatory environment:

i. The Nigerian government should enhance its legislative structures by modernizing administrative processes, cutting transactional red tape, and broadening tax and fiscal concessions specifically targeted at socially ethical and green enterprises.
ii. Targeted capital allocations must be funneled into clean energy grids, transportation networks, and educational institutions to establish a productive framework capable of sustaining eco-ventures nationwide.
iii. Policymakers must prioritize strengthening institutional capabilities at both federal and state levels to ensure synchronized policy execution, tracking, and enforcement across all geopolitical zones.
iv. Strategic alliances linking government ministries, private enterprises, and international development agencies should be institutionalized to catalyze the adoption of sustainable business practices and scale up their macroeconomic benefits.

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