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Green Financing and Its Impact on Entrepreneurship in the Nigerian Oil and Gas Sector

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Abstract: This study investigates the relationship between green financing and entrepreneurship development in Nigeria, using Techno Oil Limited as a case study. Guided by a positivist research philosophy and a deductive approach, the study employed a descriptive research design and a mono-method strategy, relying on structured questionnaires to collect quantitative data. A total of 107 respondents were purposively selected from the Finance, Sustainability, and Corporate Strategy departments. Data were analyzed using SPSS version 24, applying descriptive statistics and Pearson correlation analysis. Results revealed significant challenges to green financing, such as high collateral requirements (77.6% agreement), lack of awareness (92.5%), and policy uncertainty (40.1% agreement). Likewise, entrepreneurship development is constrained by limited access to capital (89.8%), high interest rates (96.2%), and economic instability (96.3%). The correlation analysis showed a statistically significant moderate positive relationship between green financing and entrepreneurship development ($r = 0.475$, $p < 0.01$), leading to the rejection of the null hypothesis. The findings underscore the need for policy reforms, awareness campaigns, and flexible financing mechanisms to enhance entrepreneurial growth through green finance in Nigeria

Keywords: **Green Financing, Entrepreneurship Development, Financial Barriers, Sustainable Growth, Nigeria**

INTRODUCTION

Entrepreneurship has now become the area that leads to the implementation of green financing as a component of sustainable development. This is the processing of financing projects and businesses contributing to environmental sustainability, energy efficiency, and reduction of carbon emissions (Ogbeide & Oviawe, 2020). The financing of eco-friendly projects has become imperative in fostering a new wave of entrepreneurial ventures aimed at improving environmental sustainability while also generating economic growth (Ibrahim & Olayinka, 2021). Green financing not only supports the development of renewable energy projects but also drives innovation in sectors such as waste management, sustainable agriculture, and eco-tourism (Ayodele & Adebayo, 2020).

Entrepreneurship, as a key driver of economic development, plays a pivotal role in addressing the challenges of unemployment, poverty, and regional disparities in Nigeria. The Nigerian entrepreneurial ecosystem, however, faces a series of challenges that hinder the growth of both traditional and green-based businesses. Access to capital remains one of the foremost barriers, with many Nigerian entrepreneurs struggling to secure funding for innovative, environmentally focused ventures (Ayodele *et al*., 2019; Ogujiuba *et al*., 2020; Otache, 2021). While green financing could offer a potential solution, the lack of awareness and understanding of its benefits within the entrepreneurial community impedes its widespread adoption. This knowledge gap, coupled with underdeveloped financial markets for green projects, has created a significant barrier to the full realization of green entrepreneurship in Nigeria (Ogundipe *et al*., 2020; Aluko et al., 2021; Bello & Yusuf, 2020).

While the government has made efforts to introduce green bonds and other environmentally focused financial instruments, the lack of a cohesive and comprehensive policy for supporting green entrepreneurship remains an obstacle (Babajide *et al*., 2021). The absence of clear guidelines for green financing and the complexity of existing environmental regulations pose significant risks for investors and entrepreneurs. Moreover, Nigeria's financial institutions, which are critical to the provision of green capital, often lack the requisite infrastructure to assess the viability of environmentally sustainable projects, leading to a mismatch between available financing and entrepreneurial needs (Adebayo *et al*., 2021).

Many Nigerian financial institutions, including banks and microfinance institutions, lack the expertise and resources to effectively evaluate green business proposals. This is coupled with a general resistance to adopting green financing models due to perceived risks and uncertainties associated with environmental ventures (Adeyemo *et al*., 2021). These challenges are compounded by Nigeria's macroeconomic instability, which often discourages both local and foreign investments in green projects. Despite these hurdles, the potential for green financing to drive sustainable entrepreneurship and contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) remains significant (Fapohunda & Ayodele, 2021). Therefore, this study seeks to examine the challenges associated with green financing and how they impact entrepreneurship development in Nigeria, to propose practical solutions for enhancing access to green financial resources.

Despite the growing global emphasis on green financing as a tool for fostering sustainable entrepreneurship, Nigeria continues to face significant challenges in integrating green finance into its entrepreneurial ecosystem. One of the major problems is the limited access to funding for environmentally sustainable business initiatives. Many entrepreneurs in Nigeria struggle to secure financial support due to a lack of specialized green financing instruments and the reluctance of traditional financial institutions to invest in green projects (Babajide *et al*., 2021). The Nigerian financial sector remains largely conservative, with banks and investors prioritizing short-term returns over long-term environmental and economic benefits. This makes it difficult for entrepreneurs seeking to establish green businesses to access capital, thereby stifling innovation and slowing down the transition toward a sustainable economy (Oseni & Ariku, 2020).

In addition to financial constraints, the absence of a well-defined regulatory framework further complicates the adoption of green financing in Nigeria. While initiatives such as the issuance of green bonds have been introduced, the lack of clear guidelines and incentives for both financiers and entrepreneurs hinders the widespread adoption of green finance mechanisms (Bello & Yusuf, 2020). Furthermore, the general lack of awareness and technical knowledge among Nigerian entrepreneurs about the benefits and mechanisms of green financing limits their ability to explore available opportunities (Obi *et al*., 2020). Without adequate financial literacy, policy support, and an enabling business environment, Nigeria risks falling behind in leveraging green financing to drive sustainable entrepreneurial development.

The study aims to determine the relationship between green financing and the challenges of entrepreneurship development in Nigeria. The specific objectives include to:

i. determine the various challenges of green financing in Nigeria

ii. determine the various challenges of entrepreneurship development in Nigeria.

iii. assess the impact of green financing on entrepreneurship development in Nigeria

Based on the research objectives, the following research hypothesis was formulated:

H0: Green financing has no significant relationship with entrepreneurship development in Nigeria

H1: Green financing has a significant relationship with entrepreneurship development in Nigeria

Significance of the Study

As Nigeria continues to face severe environmental issues such as deforestation, pollution, and climate change, green financing offers a viable solution for businesses to engage in eco-friendly practices while driving economic growth. By examining the barriers and opportunities associated with green financing, this research contributes valuable insights into how entrepreneurial ventures can tap into this emerging market. The findings would be instrumental in shaping policies and strategies that promote green entrepreneurship, providing a roadmap for stakeholders, including policymakers, financial institutions, and business owners, to overcome existing challenges and seize opportunities in the green economy. By identifying the gaps in policy, financial resources, and institutional capacity, the research offers recommendations that can guide the development of a more robust green financing framework in Nigeria. This, in turn, would enhance the nation’s ability to achieve environmental sustainability goals while fostering a thriving entrepreneurial ecosystem. The significance of this study extends beyond the academic realm, as it seeks to inform industry stakeholders on best practices for integrating green finance into business operations, thereby contributing to the realization of the United Nations Sustainable Development Goals (SDGs) in Nigeria.

THEORETICAL REVIEW

Innovation Diffusion Theory (IDT) is a theory about how new ideas, technology, and practice spread over time among a population. Everett Rogers (1962), who wrote Diffusion of Innovations, has proposed a theory of diffusion process with five key stages: knowledge, persuasion, decision, implementation, and confirmation (Rogers, 2003). It points

out that an innovation has to be adopted based on relative advantage, compatibility, complexity, trialability, and observability (Robinson, 2009). In the last decades, the theory has been widely applied in business, healthcare, and environmental sustainability to explain the diffusion of innovation in a late majority. However, successful diffusion hinges on good communication channels and the social influences that foster adoption in certain social systems (Straub, 2009).

It is assumed that adoption follows a predictable pattern, by which individuals are separated into groups according to how accepting they are of new ideas. The categories in this include innovators, early adopters, early majority, late majority, and laggards (Sahin, 2006). Early adopters and innovators are pivotal in guiding broader acceptance because their experiences are used as references for later adopters (Dearing & Cox, 2018). Additionally, the assumption that all individuals will eventually adopt an innovation is flawed, as some may resist due to risk perception, economic limitations, or lack of incentives (& Martins, 2011). These barriers are particularly relevant in the diffusion of environmentally sustainable innovations, where adoption rates vary significantly between developed and developing economies.

Green financing plays a critical role in facilitating the diffusion of sustainable technologies by providing the financial resources necessary for early adopters and innovators to implement and scale eco-friendly solutions (Polzin *et a*l., 2019). The high initial costs of many green innovations, such as renewable energy infrastructure and energy-efficient systems, often deter potential adopters, making financial incentives crucial in overcoming economic barriers (Zhang et al., 2022). By supporting the early stages of innovation adoption, green financing aligns with IDT by ensuring that sustainable technologies gain momentum and reach the early majority more quickly (Busch *et al*., 2021). Furthermore, as governments and private institutions promote green financing through mechanisms such as green bonds, subsidies, and impact investing, the visibility and perceived advantages of green technologies increase, leading to broader adoption across industries (Ameli *et al*., 2020).

CONCEPTUAL REVIEW

The Concept of 'Green Financing'

The term green financing refers to the provision of financial services to facilitate environmentally sustainable projects, such as those focused on the areas of energy efficiency, climate change mitigation, and renewable energy (Cui *et al.*, 2018). This includes any type of green loans, green bonds, or sustainable investment funds that meet this objective for environmental reasons without damaging the financial returns. Despite growing global environmental concerns, green financing is an essential instrument in financing the gap in sustainable development (Zhang *et al*., 2019). This means the financial sector is linked to environmental stewardship, where the investment activities are inculcating the goal of bringing down carbon emissions and building the eco-economy. Financial institutions can avoid exposure to environmental risks and also exploit emerging market opportunities by focusing on green projects.

One of the fundamental aspects of green financing is its ability to mobilize private sector capital for sustainable initiatives (Flammer, 2021). However, governments and public institutions do not have enough resources to fund large green projects, so involvement by the private sector is needed. Thus, one example of such a tool is issuing green bonds to attract institutional investors that place greater emphasis on Environmental, Social, and Governance (ESG) criteria. The global green bond market has seen exponential growth with almost $500 billion in annual issuance by 2021, according to Flammer (2021). Such financial instruments make it cheaper for companies and governments to finance green projects and thus encourage their wider usage. By embedding environmental objectives into financial markets, green financing enhances collaboration across sectors to achieve global climate goals.

Furthermore, green financing is based on the regulatory and standard framework to promote transparency and accountability (Tang & Zhang, 2020). The International Capital Market Association (ICMA) has laid down guidelines like the Green Bond Principles that help in the standardization of what a green financial instrument is and how to report the same. These frameworks make investors less likely to fall victim to greenwashing, when otherwise they may be falsely misled about environmental benefits to gain investments. According to Tang and Zhang (2020), consistent regulatory oversight and disclosure practices are crucial in building trust among investors and ensuring that green financing achieves its intended environmental impact. Financial institutions must also integrate environmental risk assessments into their investment processes to align with sustainable development goals (SDGs).

Green financing plays a pivotal role in aligning financial performance with sustainability outcomes, thereby creating a win-win scenario for stakeholders (Cui *et al*., 2018). Companies that embrace green financing often experience enhanced reputational benefits, improved risk management, and long-term profitability. For example, organizations that adopt renewable energy solutions financed through green instruments can reduce operational costs while contributing to environmental conservation (Flammer, 2021). Additionally, green financing encourages innovation by providing capital for the development of cleaner technologies and sustainable business models (Berensmann *et al*., 2018). These developments not only help mitigate climate risks but also position firms competitively in an increasingly sustainability-driven market.

Despite its potential, green financing faces several challenges, including market fragmentation, limited awareness, and insufficient integration of ESG factors into mainstream finance (Ghosh & Nanda, 2019). Many financial institutions are yet to fully adopt green financing principles due to concerns about short-term profitability and a lack of

standardized metrics to measure environmental performance. Furthermore, access to green financing remains uneven across regions, with developing countries often struggling to attract sufficient investment for their green initiatives (Eyraud *et al*., 2013).

Green Financing in Nigeria

Green financing is a pertinent financial strategy that has been used in Nigeria to tackle the critical environmental challenges encountered in different parts of the country. Some of the challenges faced include deforestation, desertification, and the negative effects of climate change on agriculture and infrastructure (Igbinoba & Olowookere, 2014). This dependence on fossil fuels worsens the country's environment, thus, the need to transition to a green economy. Renewable energy, energy efficiency, and the development of sustainable infrastructure call for the requisite funding, and that is where green financing comes in. Tools, such as green bonds and loans, are put into place to generate resources for environmentally friendly projects (Adebayo et al., 2014). Nigeria's efforts corroborate its commitment to the achievement of the UN Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change (Adebayo, S. *et al*., 2014).

The Federal Government of Nigeria, being one of the milestones for green financing in Nigeria, has issued sovereign green bonds. In 2014, Nigeria became the first African country to issue a sovereign green bond aimed towards renewable energy and afforestation projects (Nwankwo et al., 2014). These bonds not only raised funds but also increased awareness of sustainable investment opportunities in the Nigerian financial market (Bello *et al*., 2014). Despite these efforts, the uptake of green financing instruments remains limited, primarily due to weak institutional frameworks and insufficient investor awareness (Adebayo *et al*., 2014).

The role of the private sector in advancing green financing cannot be overstated. Nigerian banks and financial institutions, such as Access Bank and Zenith Bank, have started integrating sustainability into their lending practices (Adebayo et al., 2014; Nwankwo *et al*., 2014). These institutions are adopting Environmental, Social, and Governance (ESG) criteria to evaluate projects for financing, ensuring that funded initiatives contribute to environmental sustainability (Igbinoba & Olowookere, 2014; Bello *et al*., 2014). Additionally, the Nigerian Stock Exchange has introduced guidelines for the issuance of green bonds, providing a framework for companies to raise capital for green projects (Nwankwo *et al*., 2014). These developments demonstrate a growing recognition of the financial sector's role in driving sustainability. However, challenges such as high interest rates and limited access to international green funds hinder the sector's full potential (Adebayo *et al*., 2014; Bello *et al*., 2014).

International collaborations and funding mechanisms play a significant role in Nigeria's green financing landscape. Organizations like the Green Climate Fund (GCF) and the African Development Bank (AfDB) are key partners in financing sustainable development projects in Nigeria (Olanipekun *et al*., 2014). For instance, the AfDB has funded renewable energy initiatives, such as the development of solar mini-grids in rural areas (Bello *et al*., 2014). These partnerships help bridge the financing gap for green projects, which local financial institutions often find too risky to fund independently (Igbinoba & Olowookere, 2014). Furthermore, international donors and development banks provide technical assistance to build local capacity for managing green investments effectively (Bello *et al*., 2014).

Despite the progress made, Nigeria's green financing sector faces several obstacles that must be addressed to achieve its full potential. Weak regulatory frameworks and limited public awareness remain significant barriers (Olanipekun et al., 2014). Additionally, a lack of data and metrics to measure the impact of green financing initiatives makes it challenging to evaluate their effectiveness (Igbinoba & Olowookere, 2014). Addressing these issues requires a collaborative approach involving the government, financial institutions, and international partners (Adebayo et al., 2014). Strengthening policies, providing incentives for green investments, and improving access to international green funds are essential steps toward a more sustainable financial ecosystem in Nigeria (Nwankwo *et al*., 2014).

Entrepreneurship Development in Nigeria

Entrepreneurship development refers to the process of enhancing the knowledge, skills, and abilities of individuals to start, manage, and grow their businesses (Emon & Nipa, 2024). It involves structured efforts such as training programs, mentoring, access to funding, and policy support that foster entrepreneurial mindsets and capabilities (Emon & Nipa, 2024). Entrepreneurship development plays a critical role in economic growth, job creation, and innovation by empowering individuals to identify market opportunities and convert ideas into viable enterprises (Juliana *et al*., 2021). Through entrepreneurship development, aspiring entrepreneurs gain the confidence and competence needed to navigate challenges such as market competition, resource limitations, and regulatory complexities (Abebe & Kegne, 2023).

Entrepreneurship development is not limited to individual empowerment but also includes the creation of an enabling ecosystem that supports business sustainability (Andriamahery & Qamruzzaman, 2022). Governments, educational institutions, financial organizations, and private sector actors contribute to this ecosystem by providing resources such as startup capital, incubator programs, and favourable regulatory environments (Nabi, Walmsley & Akhtar, 2021). In developing economies, entrepreneurship development is often seen as a tool for poverty alleviation and inclusive growth, especially when it targets marginalized groups such as youth and women (Nabi, Walmsley & Akhtar, 2021). Effective entrepreneurship development fosters a culture of innovation, resilience, and self-reliance that drives national and community advancement (Efi & Akpan, 2012).

One significant challenge to entrepreneurship development in Nigeria is the pervasive issue of inadequate infrastructure. The lack of reliable power supply, poor road networks, and insufficient water resources severely hampers the operational efficiency of businesses. According to research by Ofili (2014), the epileptic power supply in Nigeria forces entrepreneurs to invest heavily in alternative power sources like generators, escalating operational costs significantly. Metu and Nwoyke (2014) found that the absence of basic facilities such as transport systems invariably increases business logistics costs and, as a result, SMEs find it difficult to thrive. In addition, the poor state of infrastructure, as noted by Olusanya (2012), has resulted in high costs of doing business, which often forces some companies out of business or makes it impossible to scale up operations.

There is another critical barrier to Nigerian entrepreneurs, and that is access to finance. However, financial institutions can be very strict in their lending criteria and charge high interest rates to lend their money. A study by Eme (2014) points out that the financial sector in Nigeria is not supportive of startup entrepreneurs, primarily because most lack the necessary collateral and have no established credit history. This is corroborated by the work of Ihugba (2013), which reveals that even when entrepreneurs manage to secure loans, the terms are often prohibitive, with high interest rates that can stifle business growth. Additionally, Umar (2024) discusses how the lack of access to affordable finance leads to reliance on informal funding mechanisms, which might not be sustainable or conducive to long-term business planning.

Government policy inconsistency and corruption also pose substantial challenges to entrepreneurship in Nigeria. Policy changes with each new administration often disrupt business continuity and planning. The research by Efi and Akpan (2012) indicates that governmental instability and frequent policy shifts create an unpredictable business environment, deterring long-term investment in entrepreneurial ventures. Furthermore, corruption within the government framework affects business operations through increased costs for bribes and dealing with bureaucratic red tape, as discussed by Ofili (2021). This issue is further emphasized by Onyeka Uche Ofili (2014), who notes that corruption, alongside overbearing bureaucracies, leads to ineffective government initiatives aimed at supporting entrepreneurship.

There is the challenge of cultural attitudes and an educational system not sufficiently geared towards fostering an entrepreneurial mindset. According to Metu and Nwokoye (2014), the Nigerian educational system often focuses more on preparing students for employment rather than instilling entrepreneurial skills, thus not fully exploiting the potential for entrepreneurship development. The cultural expectation of quick financial gains, as explored by Olusanya (2012), promotes a 'get-rich-quick' mentality, which can lead to risky and unsustainable business practices. This is compounded by the findings of Ihugba (2013), who argues that the lack of a risk-taking culture among potential entrepreneurs in Nigeria stifles innovation and the growth of new businesses. These cultural and educational barriers need to be addressed to cultivate a more robust entrepreneurial ecosystem in Nigeria.

METHODOLOGY

Research Design

The study adopts a positivist research philosophy, emphasizing empirical evidence and objectivity to ensure reliable and valid findings. Using a deductive approach, it tests specific hypotheses to evaluate existing theories through precise measurements and controlled designs, contributing to scientific knowledge (Rozeboom, 2016). Based on this, a descriptive research design was adopted. According to Kwon, Lee, and Shin (2014), descriptive research design encourages the use of surveys to gather uniform data from a large sample. This provided comprehensive insights into the population's attitudes and behaviours.

Population

The targeted population for this study consisted of employees focused on the financial and strategic aspects of Techno Oil Limited. These employees fall into the Finance, Sustainability, and Corporate Strategy departments, which have 82, 28, and 33 employees, respectively. This resulted in a total population size of 143 employees.

Sampling Size and Sampling Technique

The study uses Yamane's (1967) formula to calculate the minimum sample size at a 95% confidence level.

$n= (N)/ (1+N (⟦e) ⟧^2)$

$n= 143/⟦1+143×0.05⟧^2$

$n= 143/1.3575$

$n=105$

A purposive sampling technique was applied to select participants meeting criteria relevant to the study (Obilor, 2023). This method ensures a diverse representation of cultural dynamics, including religion, values, and education (Adeoye-Olatunde & Olenik, 2021).

Research Instrument

This study employed the mono-method; hence, questionnaires were used to collect data. Questionnaires are structured to collect quantitative data from a large sample, providing insights into variable prevalence and distribution (Harris & Brown, 2019). The questionnaire comprises two sections: Section A collects demographic information, while Section B addresses study concepts of ‘green financing’ and ‘entrepreneurship development’. The adopted items were rated on a 5-point Likert scale (Strongly Disagree to Strongly Agree). Section B also addressed the challenges related to concepts.

Data Analysis Method

This data was analysed using descriptive statistics like percentages and frequency distributions to understand the concepts and related challenges. Correlation analysis examined the relationships between independent variables (green financing) and dependent variables (entrepreneurial development) with the aid of SPSS (Statistical Package for the Social Sciences) version 24.

RESULTS

This section analyzes data from questionnaires distributed to respondents. A total of 107 participants partook in the study, which is 2 more than the calculated minimum sample size of 105 responses.

Demographic Characteristics

Table1: Data Presentation of Demographic Characteristics of Respondents (n = 107)

Category	Frequency	Percent (%)
Gender		
Male	65	60.7
Female	42	39.3
Total	107	100.0
Age		
26 - 35 Years	30	28.0
36 – 45 Years	47	43.9
46 Years & Above	30	28.0
Total	107	100.0
Highest Educational Status		
BSc/HND	75	70.1
MSc/PhD	32	29.9
Total	107	100.0
Years of Experience		
0 - 2 Years	14	13.1
3 - 5 Years	14	13.1
6 – 10 Years	34	31.8
Above 10 Years	45	42.1
Total	107	100.0

Source: Field Survey, 2025

The data provides a demographic and experience profile of the respondents. Males (60.7%) outnumber females (39.3%). The majority (43.9%) are aged between 36 and 45 years, while younger (26–35 years) and older (46 years & above) groups are equally represented at 28.0% each. Regarding education, most respondents (70.1%) hold a BSc/HND, while 29.9% have an MSc/PhD. Experience varies, with 42.1% having over 10 years of experience, and 31.8% having 6–10 years, while those with 0–2 years and 3–5 years are equally represented at 13.1% each. This indicates a predominantly male, mid-career, well-educated group with significant experience in the subject matter.

Challenges of Green Financing in Nigeria

Table 2: Challenges of Green Financing in Nigeria

Challenges	SD	D	U	A	SA	Total
High collateral requirements make it difficult for businesses to secure green financing.	-	6 (5.6%)	18 (16.8%)	49 (45.8%)	34 (31.8%)	107 (100%)
There is insufficient awareness and understanding of green financing options among entrepreneurs.	-	-	8 (7.5%)	39 (36.4%)	60 (56.1%)	107 (100%)
The long approval process for green financing discourages businesses from applying.	4 (3.7%)	3 (2.8%)	26 (24.3%)	46 (43.0%)	28 (26.2%)	107 (100%)
Most financial institutions prioritize conventional loans over green financing initiatives.	4 (3.7%)	7 (6.5%)	28 (26.2%)	51 (47.7%)	17 (15.9%)	107 (100%)
The lack of clear government policies and incentives hinders access to green financing.	-	-	64 (59.8%)	36 (33.6%)	7 (6.5%)	107 (100%)

Source: Field Survey, 2025

The analysis of green financing challenges in Nigeria reveals key obstacles hindering its accessibility and adoption. A significant barrier is the high collateral requirement, with 77.6% of respondents agreeing or strongly agreeing that it makes securing green financing difficult. Additionally, insufficient awareness is a major issue, as 92.5% of respondents acknowledged a lack of understanding of green financing options. The long approval process is another deterrent, with 69.2% of respondents agreeing that it discourages businesses from applying. Furthermore, most

financial institutions prioritize conventional loans, with 63.6% of respondents indicating this preference over green initiatives. Lastly, the lack of clear government policies and incentives stands out as a major challenge, as 59.8% of respondents were undecided on policy effectiveness, while 40.1% agreed or strongly agreed that unclear regulations hinder access.

Challenges of Entrepreneurial Development in Nigeria

Table 3: Challenges of Entrepreneurial Development

Challenges	U (%)	A (%)	SA (%)	Total (%)
Difficulty in securing long-term funding limits business expansion opportunities.	7 (6.5%)	69 (64.5%)	31 (29.0%)	107 (100.0%)
High interest rates on loans discourage entrepreneurs from seeking financial support.	4 (3.7%)	47 (43.9%)	56 (52.3%)	107 (100.0%)
Limited access to venture capital and private investors restricts business growth.	11 (10.3%)	80 (74.8%)	16 (15.0%)	107 (100.0%)
Complex regulatory and tax policies create financial burdens for entrepreneurs.	12 (11.2%)	57 (53.3%)	38 (35.5%)	107 (100.0%)
Economic instability and inflation negatively impact access to financing for entrepreneurs.	4 (3.7%)	55 (51.4%)	48 (44.9%)	107 (100.0%)

Source: Field Survey, 2025

The analysis of entrepreneurial challenges in Nigeria reveals significant financial and regulatory constraints. The most prevalent issue is limited access to venture capital and private investors, with 74.8% agreeing and 15.0% strongly agreeing, indicating a major barrier to business growth. High interest rates on loans also discourage financial support, as 52.3% strongly agree, making it the most strongly felt challenge. Additionally, economic instability and inflation negatively impact financing, with 51.4% agreeing and 44.9% strongly agreeing, highlighting macroeconomic constraints. Complex regulatory and tax policies further burden entrepreneurs, with 53.3% agreement, while difficulty in securing long-term funding remains a challenge for 64.5% of respondents.

Test of Hypothesis

H0: Green financing has no significant relationship with entrepreneurship development in Nigeria

H1: Green financing has a significant relationship with entrepreneurship development in Nigeria

Table 4: Correlation analysis between green financing and entrepreneurship development

Correlations

		GF	ED
Green Financing (GF)	Pearson Correlation	1	.475**
	Sig. (2-tailed)		.000
	N	107	107
Entrepreneurial Development (ED)	Pearson Correlation	.475**	1
	Sig. (2-tailed)	.000	
	N	107	107

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation study between Nigerian entrepreneurial development (ED) and green financing (GF) is shown in the table. The two variables have a somewhat good association, as indicated by the correlation coefficient (r) of 0.475. The link seems to be statistically significant since the p-value (0.000) is below the significance level of 0.01. The null hypothesis (H_0) was rejected since the p-value fell below the threshold, indicating that there is a substantial correlation between green finance and the growth of entrepreneurship in Nigeria.

DISCUSSION

The study highlights significant barriers to green financing in Nigeria, including high collateral requirements, long approval processes, and weak government policies. These findings resonate with the real-life experiences of Nigerian entrepreneurs seeking sustainable financing. For example, many agribusinesses exploring renewable energy solutions struggle to secure funding due to the high collateral demands from financial institutions. This aligns with Okafor *et al*. (2020), who identified financial barriers as a major constraint in developing economies. Similarly, solar energy startups in Nigeria, such as Arnergy, often face delays in securing green funds, mirroring Devidze's (2022) findings that slow disbursement deters businesses from adopting environmentally friendly initiatives. The absence of clear government incentives also echoes Adamu and Adeyemo (2019), who emphasized the role of policy frameworks in promoting green financing. In contrast, countries like Kenya have leveraged favourable policies, such as green bonds and concessional loans, to enhance green financing accessibility, showcasing a policy gap in Nigeria.

The research also underscores financial constraints, high interest rates, and economic instability as key obstacles to entrepreneurship. Nigerian small businesses frequently cite difficulties in accessing venture capital, with fintech startups like Kuda and PiggyVest relying on foreign investors due to local funding constraints. This aligns with Abdullahi, Jakada, and Kabir (2015), who found financial inaccessibility as a major limitation for SMEs. Furthermore, Nigeria's rising inflation rate, which has exceeded 20% in recent years, adversely affects loan repayment capacity, reinforcing Olayemi's (2020) assertion that macroeconomic instability undermines business sustainability. The study's finding that 53.3% of respondents see tax complexity as a challenge aligns with the World Bank's (2022) Ease of Doing Business report, which ranks Nigeria low in tax efficiency. Comparatively, Rwanda's streamlined tax policies have been instrumental in improving SME growth, suggesting a model Nigeria could emulate.

The study further reveals a moderate positive correlation ($r = 0.475$, $p < 0.01$) between green financing and entrepreneurship development. This suggests that increased access to green financing could spur sustainable entrepreneurship in Nigeria. Real-world cases, such as the rise of eco-friendly startups like Malebi Bio, which recycles agricultural waste into biodegradable products, demonstrate the potential of green financing. Mahmood et al. (2024) similarly found that green funding enhances sustainability and innovation in emerging markets. Additionally, Zhang et al. (2021) emphasized that green credit policies encourage eco-friendly investments, a concept reflected in China's green financing expansion, which has significantly boosted clean energy startups. The study thus reinforces the need for Nigerian policymakers to strengthen green financing frameworks, reduce collateral requirements, and introduce targeted incentives to promote sustainable entrepreneurship.

CONCLUSION

The findings of this study highlight the significant challenges hindering the accessibility and adoption of green financing in Nigeria. High collateral requirements, insufficient awareness, and lengthy approval processes remain key barriers that discourage entrepreneurs from seeking green financial support. Additionally, financial institutions' preference for conventional loans over green initiatives and the lack of clear government policies further exacerbate these challenges. On the entrepreneurial side, limited access to venture capital, high interest rates, economic instability, and complex regulatory frameworks create additional financial constraints. These obstacles collectively hinder the ability of businesses to adopt sustainable practices and leverage green financing opportunities for growth.

Despite these challenges, this statistical analysis reveals a moderate but significant positive relationship between green financing and entrepreneurship development in Nigeria. The findings show that business development depends on green financing. This indicates that policy reforms, increased awareness, and institutional support for green finance will enable entrepreneurial growth and sustainability. Addressing these challenges through targeted interventions, such as lower collateral requirements, streamlined approval processes, and stronger policy frameworks, can create an enabling environment for green entrepreneurship in Nigeria. Based on the findings, the following are recommended:

i. Financial institutions should implement flexible collateral policies and alternative credit assessment methods to improve access to green financing for entrepreneurs. Governmental organisations and financial institutions must start training initiatives and awareness efforts to inform business owners about the advantages and alternatives of green funding.

ii. Banks and financial bodies should adopt digital and simplified approval mechanisms to shorten the green financing application and disbursement process.

iii. Policymakers should establish clear, supportive regulations and offer tax incentives or subsidies to encourage green entrepreneurship and investment.

iv. Financial institutions and investors should develop tailored funding mechanisms, such as green venture capital and impact investment funds, to support sustainable businesses.

Contribution to Knowledge

i. The study provides empirical evidence of the significant relationship between green financing and entrepreneurship development in Nigeria, advancing knowledge in sustainable finance and business growth.

ii. By establishing a moderate yet statistically significant correlation between green financing and entrepreneurship development, the study underscores the potential of green finance in fostering sustainable business ventures.

iii. The study calls for targeted policy interventions, increased awareness campaigns, and institutional reforms to improve green financing accessibility and support sustainable entrepreneurship in Nigeria.

Suggestions for Further Studies

Future research should consider adopting a mixed-methods approach that combines qualitative interviews or focus groups with quantitative surveys to capture more nuanced perspectives on green financing and entrepreneurship. Expanding the scope of the study to include multiple organizations across different sectors and geographic regions in Nigeria would enhance the external validity of the findings. Furthermore, longitudinal studies could be undertaken to explore how green financing influences entrepreneurial development over time, offering more dynamic insights into causal relationships and evolving trends in sustainable enterprise growth.

Limitations of the Study

This study is limited by its focus on a single organization, which may restrict the generalizability of findings to other sectors or firms within Nigeria's broader entrepreneurial ecosystem. The use of a purposive sampling technique, while suitable for targeting specific departments, may introduce bias as it limits random representation. Additionally, the mono-

method approach, relying solely on questionnaires, may not capture deeper contextual insights that qualitative methods could provide. Respondents' answers may also be influenced by social desirability bias, particularly when addressing corporate policies or sustainability practices.

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