Analysis of Sustainable Investment Strategies on Emerging Financial Markets in Nigeria

Abeke, Margaret Ovoradua[1]
abeke.ovoradua@iuokada.edu.com
Department of Accounting,
College of Business and Management Studies
Igbinedion University, Okada. Edo State

Yemisi F. Bosun-Fakunle[2] **PhD**
bosunfakunle.yemisi@iuokada.edu.ng
ORCID: 0000-0001-6002-3755
Department of Accounting,
College of Business and Management Studies
Igbinedion University, Okada. Edo State

https://doi.org/10.56201/jafm.vol.12.no10.2026.p332.351

Abstract
This study examined the impact of sustainable investment strategies on emerging financial markets in Nigeria, with specific focus on the stock market. The study is motivated by the growing global emphasis on sustainability and the limited empirical evidence on how sustainability-oriented investments influence financial market development in emerging economies. Annual time series data covering the period from 1994 to 2025 were sourced from the Central Bank of Nigeria Statistical Bulletin and the OECD Climate Finance Database. Stock market capitalization was used as a proxy for emerging financial market performance, while sustainable investment strategies were captured through investment in climate financing, renewable energy measured by the percentage of electricity generated from renewable sources, and agribusiness investment. The study employed descriptive statistics and Ordinary Least Squares regression techniques to analyse the data. The findings reveal that investment in agribusinesses and renewable energy has positive and statistically significant effects on stock market capitalization, indicating that these forms of sustainable investment enhance market performance. Investment in climate financing shows a statistically significant but negative relationship with stock market performance, suggesting inefficiencies in the transmission of climate related funds to capital market activities. The study concludes that sustainable investment strategies have differential effects on Nigeria's emerging financial market and recommends policies that strengthen the integration of sustainability driven investments into the stock market framework to enhance long term market development.

Keywords: *Sustainable Investment, Emerging Financial Markets, Stock Market Capitalisation, Renewable Energy, Climate Financing, Foreign Direct Investment.*

1.0 Introduction

Emerging financial markets refer to financial systems in developing economies that are still growing in size, depth, and efficiency but play a key role in mobilising savings and supporting

investment. According to Bekaert, Harvey, and Lundblad (2022), these markets are characterised by expanding stock exchanges, increasing investor participation, and improving regulatory frameworks. In Nigeria, the emerging financial market is largely represented by the stock market, which provides a platform for raising long-term funds, facilitating business growth, and supporting government financing (Eze & Ogiji, 2021). The importance of emerging financial markets lies in their ability to promote economic growth, attract domestic and foreign investors, create employment opportunities, and improve capital allocation within the economy. As noted by Levine (2005) and reaffirmed by Allen, Gu, and Qian (2023), a strong financial market is essential for sustainable economic development, especially in developing economies like Nigeria.

Despite their importance, emerging financial markets in Nigeria face several challenges that limit their effectiveness. Studies such as Lawal et al., (2022) point to macroeconomic instability, exchange rate volatility, weak investor confidence, limited financial instruments, and regulatory uncertainty as major constraints. In addition, environmental risks and climate-related concerns are increasingly affecting investment decisions, as global investors now pay greater attention to sustainability and long-term climate risks (Bolton & Kacperczyk, 2021). These challenges have reduced market liquidity and discouraged long-term investment. Thus, it becomes clear that improving Nigeria's emerging financial markets requires innovative approaches that go beyond traditional investment methods, thereby introducing sustainable investment strategies as a possible solution.

Sustainable investment strategies involve directing funds toward investments that consider environmental and social factors alongside financial returns. According to Pedersen, Fitzgibbons, and Pomorski (2021), sustainable investing can enhance market stability and attract long-term investors by reducing exposure to environmental, regulatory, and climate-related risks. In Nigeria, sustainable investment strategies have the potential to strengthen emerging financial markets by improving investor confidence, expanding the range of financial products, and aligning the market with global sustainability standards (Kassi, Sun, & Ding, 2023). By integrating sustainability into investment decisions, the Nigerian financial market can become more resilient and attractive to both local and international investors.

The main dimensions of sustainable investment strategies relevant to Nigeria include investment in climate financing, renewable energy, agribusinesses, and foreign direct investment. Investment in climate financing supports projects aimed at mitigating and adapting to climate change, such as clean energy infrastructure, climate-resilient systems, and low-carbon technologies. Such financing can deepen financial markets by introducing new funding channels and attracting climate-conscious investors, thereby improving liquidity and market depth (Bolton & Kacperczyk, 2021). Investment in renewable energy, measured by the percentage of electricity generated from renewable sources, supports energy security and reduces long-term production costs, which can positively influence business performance and stock market activity (Adekoya et al., 2022). Investment in agribusinesses promotes food security, employment, and rural development, while also encouraging the listing and growth of agribusiness-related firms in the stock market (Okwuego et al., 2025).

The need for this study arises from the limited empirical evidence on how sustainable investment strategies specifically affect emerging financial markets in Nigeria. While several global studies suggest that sustainability-oriented investments improve market performance, Nigeria's unique economic and institutional environment requires focused analysis.

Statement of the Problem

Emerging financial markets play a critical role in mobilising long-term capital, supporting investment, and driving economic growth in developing economies such as Nigeria. In Nigeria,

the stock market is expected to serve as an effective channel for savings mobilisation, investment allocation, and wealth creation. However, evidence shows that the Nigerian emerging financial market has struggled with weak performance characterised by low liquidity, volatile stock prices, declining investor confidence, and inconsistent capital inflows. Studies such as Eze and Ogiji (2021) and Lawal et al., (2022) document that macroeconomic instability, exchange rate volatility, and structural weaknesses have continued to limit the efficiency and depth of the Nigerian stock market. These challenges have reduced the market's ability to support sustainable economic growth and have raised concerns about the long-term resilience of Nigeria's financial system.

In recent years, global financial markets have increasingly turned attention to sustainable investment strategies as a means of improving market stability, attracting long-term investors, and managing environmental and climate-related risks. Empirical studies such as Flammer (2021) and Pedersen et al., (2021) show that sustainable investments, including climate financing and renewable energy financing, can enhance market performance by improving risk-adjusted returns and strengthening investor confidence. In emerging markets, Dai (2025) provides evidence that sustainability-focused investments can outperform conventional benchmarks in certain regions, while Kassi et al., (2023) demonstrate that sustainable finance contributes positively to stock market development. Despite these global findings, Nigeria has recorded slow adoption and limited integration of sustainable investment instruments such as climate financing, renewable energy investments, and agribusiness financing within its financial market framework.

Although some Nigeria-specific studies have examined aspects of sustainability and finance, notable gaps remain in the literature. For instance, Okwuego et al., (2025) focused on sustainability practices and investor behaviour in deposit money banks, while Imanche et al., (2021) examined the role of Chinese foreign direct investment in achieving sustainable development goals rather than its direct impact on stock market outcomes. These studies do not comprehensively address how key sustainable investment strategies jointly influence emerging financial markets in Nigeria, particularly the stock market. Consequently, there is limited empirical evidence on whether investments in climate financing, renewable energy, and agribusinesses significantly improve the performance and depth of Nigeria's emerging financial market.

Based on that, the main aim of this study is to examine the impact of sustainable investment strategies on emerging financial markets in Nigeria, with particular emphasis on the stock market. The specific objectives of the study are to:

1. examine the impact of investment in climate financing on financial market performance in Nigeria;
2. assess the impact of investment in renewable energy on financial market performance in Nigeria;
3. evaluate the impact of investment in agribusinesses on financial market performance in Nigeria;

Research Hypotheses

The study shall be guided by the following hypotheses in null form:

H_{01}: Investment in climate financing has no significant impact on financial market performance in Nigeria.

H_{02}: Investment in renewable energy has no significant impact on financial market performance in Nigeria.

H_{03}: Investment in agribusinesses has no significant impact on financial market performance in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Sustainable Investment Strategies

Sustainable investment strategies represent a fundamental evolution in financial decision-making, where capital allocation seeks not only financial returns but also positive environmental, social, and governance (ESG) outcomes. This approach integrates ESG criteria into the traditional processes of financial analysis and portfolio construction, reflecting a broader understanding of value and risk (Global Sustainable Investment Alliance, 2022). At its core, sustainable investment is predicated on the belief that ESG factors—from climate change and resource scarcity to labour practices and corporate ethics—materially affect the performance of investments over time. Therefore, considering these factors is not merely an ethical choice but a critical component of prudent risk management and long-term value creation (Kölbel et al., 2020). These strategies move beyond the traditional binary of profit versus principle, instead positing that responsible business practices are intrinsically linked to sustainable profitability and resilience. The implementation of these strategies has grown from niche, ethically-driven exclusion to a mainstream, sophisticated set of tools used by institutional and retail investors globally.

2.1.3 Dimensions of Sustainable Investment Strategies

2.1.3.1 Climate Financing

Climate financing is an important dimension of sustainable investment strategies because it directs financial resources towards economic activities that respond to climate change while supporting long term development objectives. Hong et al. (2020) define climate finance as the financing of public and private investments intended to support both climate change mitigation and adaptation. From this perspective, climate financing involves the mobilisation and allocation of financial resources to activities that reduce greenhouse gas emissions, improve resilience to climate related effects and facilitate the transition towards a low carbon economy.

2.1.3.2 Investment in Renewable Energy

According to the International Renewable Energy Agency (IRENA, 2023), renewable energy investment involves financing electricity generation from sustainable sources such as solar and wind. The percentage of electricity generated from renewables reflects the scale of commitment to clean energy development. Investment in renewable energy is a cornerstone dimension of sustainable investment, directly addressing the urgent need to decarbonise the global energy system. This investment encompasses capital deployed into technologies and projects that generate energy from naturally replenishing sources, such as sunlight, wind, water (hydropower), geothermal heat, and sustainable biomass. The primary objective is to increase the share of these clean sources in the total energy mix, thereby reducing dependence on fossil fuels and mitigating climate change. A key metric for tracking progress in this domain is the percentage of electricity generated from renewable sources within a specific portfolio, company, region, or country (IRENA, 2023).

2.1.3.3 Investment in Agribusinesses

Investment in sustainable agribusiness represents a critical dimension of sustainable investment strategies, focusing on the transformation of the global food and agricultural system. This sector encompasses all activities involved in the production, processing, and distribution of agricultural products. Sustainable investment here aims to support practices and enterprises that enhance food security, promote environmental stewardship, and ensure social equity, thereby addressing challenges such as soil degradation, water scarcity, deforestation,

biodiversity loss, and rural poverty (FAO, 2020). Investors target agribusinesses that adopt regenerative agricultural practices, improve resource efficiency, reduce chemical inputs, strengthen supply chain resilience, and ensure fair labour conditions. The goal is to shift capital towards models of production that can nourish a growing global population without exceeding planetary boundaries, making the agricultural sector a net positive contributor to ecosystems and communities. The application of capital in this dimension takes various forms. Direct investments can be made in companies that produce sustainable inputs, such as organic fertilisers or drought-resistant seeds. It also includes financing for farms and cooperatives that implement certified sustainable practices (e.g., organic, fair trade, Rainforest Alliance). Further along the value chain, investment flows into food processing companies with strong sustainability policies, technology firms developing precision agriculture and AgriTech solutions, and companies focused on reducing food waste and improving logistics (Boffo & Patalano, 2020). Private equity and venture capital play a significant role in funding innovative start-ups in the alternative protein sector (e.g., plant-based and cultivated meats) and in circular economy models for agriculture. Like renewable energy, this dimension often involves investments in real assets and private companies, reflecting the fundamental, physical nature of the food system. The rationale for sustainable agribusiness investment is anchored in its material significance. Agriculture is a major driver of environmental change, contributing significantly to greenhouse gas emissions, freshwater use, and land-use change. Consequently, it faces substantial transition risks from evolving regulations, consumer preferences, and physical climate impacts like droughts and floods (FAO, 2020). Investing in businesses that mitigate these risks and offer sustainable solutions is therefore seen as a strategy for long-term value preservation and creation. Furthermore, with global population growth and rising middle-class demand, the need for increased and more sustainable food production presents significant growth opportunities. Companies that can produce more with less—less land, less water, less pollution—are poised to capture market share and benefit from operational efficiencies and premium product pricing. The impact of such investments is measured through a suite of environmental, social, and governance indicators. Key environmental metrics include soil health scores, water usage efficiency, biodiversity impact, and greenhouse gas emissions per unit of output. Social metrics might cover fair wages for workers, community development initiatives, and smallholder farmer inclusion (Global Impact Investing Network, 2021). Governance focuses on supply chain transparency, land tenure rights, and ethical sourcing policies. For an investment portfolio, the aggregate impact might be assessed in terms of hectares of land under sustainable management, tonnes of carbon sequestered, or number of farmers provided with improved livelihoods. This multidimensional impact measurement underscores the interconnected goals of this investment dimension: to generate financial returns while fostering an agricultural system that is productive, restorative, and equitable.

2.1.4 Emerging Financial Markets

According to Bekaert, Harvey, and Lundblad (2022), emerging financial markets are markets in developing economies that are growing in size, regulation, and investor participation. These markets play a crucial role in mobilising savings and directing funds to productive sectors.
Emerging financial markets, often referred to as emerging markets (EMs), constitute a category of financial systems in countries that are in the process of rapid industrialisation and economic growth but have not yet reached the advanced development status of nations like the United States, Japan, or those in Western Europe. These markets are characterised by a dynamic interplay of high growth potential and elevated risk relative to developed markets (Arnold & Lewis, 2021). Key defining features include a transitional economic structure, often shifting from agriculture or resource extraction towards manufacturing and services; a growing middle

class driving domestic consumption; and financial markets that are developing in depth, breadth, and sophistication. While they exhibit great diversity among themselves, emerging markets generally share common traits such as lower per capita income, higher economic volatility, and institutional frameworks that are still evolving. Their financial systems play a crucial role in mobilising domestic savings and attracting foreign capital to fund this growth, acting as the engine for national development.

The structure of emerging financial markets typically includes a banking sector that dominates the financial landscape, alongside nascent but growing capital markets comprising stock exchanges and bond markets. These capital markets are often smaller, less liquid, and more volatile than their developed counterparts. They may have a narrower range of listed companies, often concentrated in a few sectors like natural resources, banking, and telecommunications (Mobius, 2020). Regulatory environments and legal frameworks protecting minority shareholders can be less robust, and corporate governance standards may vary widely. Information asymmetry—where investors have less access to reliable and timely corporate data—is often a greater challenge. Despite these inefficiencies, these markets offer compelling opportunities due to their faster economic growth rates, which can translate into higher potential returns on investment, and their lower correlation with developed markets, which can provide diversification benefits for global portfolios.

The relationship between emerging financial markets and sustainable investment is becoming increasingly significant. Many of the world's most pressing sustainability challenges, from climate vulnerability to social inequality, are acutely felt in emerging economies. Consequently, the need for sustainable investment—to finance renewable energy, resilient infrastructure, sustainable agriculture, and inclusive services—is immense (S&P Global, 2022). Emerging financial markets are therefore both a critical destination for global sustainable capital flows and a laboratory for innovative sustainable finance instruments tailored to local contexts. The development of local green bond markets, the integration of ESG factors by domestic asset managers, and the listing of companies in sustainable sectors are all indicators of this convergence. Sustainable investment in these markets is seen not only as an ethical imperative but as essential for managing the systemic environmental and social risks that could otherwise derail their economic progress.

The performance and stability of emerging financial markets are influenced by a complex set of domestic and international factors. Domestically, the quality of institutions, political stability, fiscal and monetary policy effectiveness, and the pace of structural reforms are paramount. Externally, these markets are sensitive to global financial conditions, including interest rate movements in advanced economies, commodity price cycles, and shifts in global risk appetite (Arnold & Lewis, 2021). Capital flows to emerging markets can be volatile, with periods of rapid inflow ("risk-on" sentiment) followed by sudden outflows ("risk-off" or "flight to safety" events). This volatility underscores the importance of deep, liquid, and well-regulated domestic financial markets that can absorb such shocks. For sustainable investment strategies, this context adds a layer of complexity, requiring investors to conduct thorough ESG analysis while also navigating these broader macroeconomic and financial risks.

2.1.5 Measure of Emerging Financial Markets in Nigeria

2.1.5.1 Nigerian Stock Market

The Nigerian stock market, operationalised primarily through the Nigerian Exchange Limited (NGX), is a central component of the country's emerging financial market and a key barometer of its economic activity. Historically established as the Lagos Stock Exchange in 1961, it has evolved into a demutualised, technology-driven exchange offering a platform for trading equities, bonds, and other securities. Its performance and structure are fundamental measures

of Nigeria's financial market development. The most cited metric is the All-Share Index (ASI), a broad index that tracks the capitalisation-weighted performance of all listed equities on the NGX, serving as the primary benchmark for the market (Nigerian Exchange Group, 2023). Market capitalisation, the total value of all listed shares, is another core measure, often expressed as a ratio to GDP to gauge the stock market's relative economic significance. As of recent years, this ratio has fluctuated, reflecting the market's sensitivity to oil price shocks, foreign exchange liquidity, and domestic macroeconomic policies.

The composition and liquidity of the NGX provide further insight. The market is characterised by a concentration of sectors, with a significant weight traditionally held by the banking industry, followed by consumer goods, industrial goods, and the oil & gas sector. This lack of sectoral diversification can amplify systemic risks, as a shock to one dominant sector heavily impacts the entire index. Liquidity, measured by metrics like the turnover ratio (the value of shares traded divided by market capitalisation), has historically been a challenge, with a large proportion of shares held by strategic investors and government entities, resulting in a relatively thin free float (CBN, 2022). This illiquidity can lead to higher volatility and wider bid-ask spreads, posing challenges for both domestic and international investors seeking to enter or exit positions efficiently. The market has undertaken reforms to improve this, including encouraging more listings and the introduction of new trading technologies.

The regulatory environment governing the Nigerian stock market is a critical qualitative measure. The primary regulator is the Securities and Exchange Commission (SEC), which is responsible for developing and enforcing rules, protecting investors, and maintaining fair and orderly markets. The corporate governance framework for listed companies, encapsulated in the Nigerian Code of Corporate Governance, sets standards for board composition, audit committees, and disclosure (SEC Nigeria, 2020). The effectiveness of this regulatory framework in ensuring transparency, preventing market manipulation, and enforcing minority shareholder rights is a key determinant of market confidence. Recent efforts have focused on strengthening these regulations, improving electronic disclosure platforms, and mandating stricter reporting standards to bring Nigerian practice closer to international benchmarks, thereby attracting more sustainable and long-term investment.

In the context of sustainable investment, the Nigerian stock market is at an incipient but growing stage. The NGX has launched several initiatives to promote ESG integration, including the development of a Sustainability Disclosure Guidelines to assist listed companies in reporting on ESG performance and the creation of ESG-themed indices, such as the NGX Sustainability Index (NGXSI) (Nigerian Exchange Group, 2023). These measures are designed to improve the availability of ESG data, highlight companies with strong sustainability practices, and ultimately channel investment towards them. The number of companies issuing sustainability reports and the volume of capital tracked by ESG indices are becoming new metrics for assessing the market's alignment with global sustainable finance trends. However, the penetration of dedicated sustainable investment strategies among domestic institutional investors remains limited compared to developed markets.

2.2 Theoretical Reviews

2.2.1 Stakeholder Theory

Stakeholder Theory was originally propounded by Freeman in 1984 and has been widely developed in modern sustainability and finance literature. The theory argues that firms and investment systems should consider the interests of all stakeholders, including investors, employees, customers, communities, and the environment, rather than focusing solely on shareholders. Recent studies emphasise that financial decisions that recognise stakeholder

interests tend to promote long-term value creation and market stability (Freeman, Phillips, & Sisodia, 2020; Harrison, Barney, Freeman, & Phillips, 2021).

In the context of sustainable investment strategies, Stakeholder Theory provides a strong foundation for understanding why investors increasingly integrate environmental and social considerations into investment decisions. According to Hörisch, Freeman, and Schaltegger (2020), investments in green bonds, renewable energy, agribusinesses, and sustainability-oriented foreign direct investment align corporate activities with broader societal and environmental expectations. This alignment enhances trust, transparency, and legitimacy in financial markets, particularly in emerging economies.

The relevance of Stakeholder Theory to this study lies in its explanation of how sustainable investment strategies can strengthen emerging financial markets in Nigeria. By directing capital towards projects that benefit multiple stakeholders, the Nigerian stock market can attract long-term investors and improve market confidence. As argued by Eccles, Klimenko, and Serafeim (2022), markets that reflect stakeholder-oriented investment behaviour are more resilient and better positioned for sustainable growth, making this theory appropriate for analysing sustainable investments in Nigeria's emerging financial market.

2.2.2 Modern Portfolio Theory

Modern Portfolio Theory was developed by Harry Markowitz in 1952 and remains a cornerstone of investment analysis. The theory explains how investors can maximise expected returns while minimising risk through diversification across different assets. Recent extensions of the theory recognise sustainability-related assets as important components of diversified portfolios (Markowitz, 1952; Pedersen, Fitzgibbons, & Pomorski, 2021).

From a sustainable investment perspective, Modern Portfolio Theory supports the inclusion of green bonds, renewable energy investments, agribusiness assets, and foreign direct investment as instruments that improve risk-adjusted returns. According to Pankratz and Zeisberger (2021), sustainable assets often show lower downside risk and provide diversification benefits, especially during periods of economic or environmental uncertainty. This makes them attractive within both developed and emerging financial markets.

The relevance of Modern Portfolio Theory to this study is based on its ability to explain how sustainable investment strategies can enhance the performance of Nigeria's emerging financial market. By broadening the range of investable assets within the stock market, sustainable investments contribute to better portfolio diversification and market depth. As Dai (2025) demonstrates, sustainability-oriented portfolios in emerging markets can outperform conventional benchmarks, reinforcing the theoretical relevance of this framework.

2.2.3 Efficient Market Hypothesis

The Efficient Market Hypothesis was propounded by Eugene Fama in 1970 and suggests that financial markets reflect all available information in asset prices. In its modern interpretation, the theory acknowledges that new forms of information, including sustainability and environmental disclosures, play a significant role in price formation (Fama, 1970; Fama, 2021). Recent literature argues that sustainability-related information influences investor behaviour and market valuation. According to Bolton and Kacperczyk (2021), markets increasingly price climate risks, carbon exposure, and environmental performance into stock prices. This implies that sustainable investment strategies affect market outcomes as investors respond to sustainability signals when allocating capital.

The relevance of the Efficient Market Hypothesis to this study lies in its explanation of how sustainable investment strategies influence emerging financial markets in Nigeria. As sustainability information becomes more visible through green bonds issuance, renewable

energy investment, and sustainability-driven FDI, such information is reflected in stock market performance. This supports the idea that sustainable investments can improve market efficiency and transparency in Nigeria's emerging financial market.

2.2.4 Institutional Theory

Institutional Theory was developed by scholars such as Meyer and Rowan in 1977 and later expanded by DiMaggio and Powell in 1983. The theory explains how organisations and markets are shaped by regulatory frameworks, social norms, and cultural expectations. Recent applications emphasise the role of institutions in promoting sustainable finance and responsible investment behaviour (Scott, 2014; Aguilera et al., 2021).

In sustainable finance, Institutional Theory suggests that investment behaviour is influenced by policies, regulations, and global sustainability standards. According to UNCTAD (2023), emerging economies adopt sustainable investment practices partly due to international pressure, regulatory reforms, and institutional learning. These forces encourage investments in renewable energy, agribusiness, and green financial instruments.

The relevance of Institutional Theory to this study is grounded in Nigeria's evolving financial and regulatory environment. As sustainability-related policies and market institutions develop, they influence how investors allocate capital within the stock market. The theory therefore helps explain how institutional frameworks shape the adoption of sustainable investment strategies and their impact on Nigeria's emerging financial market performance.

Empirical Reviews

Yuwen Dai (2025) examined sustainable investing in emerging markets using evidence from the Sustainable Stock Exchanges (SSE) initiative, with particular emphasis on the comparative performance of sustainability indices across emerging economies. The study was motivated by the limited focus of existing literature on sustainable investing in emerging markets despite the growing global demand for environmental, social, and governance–based investment products. Using time series analysis and Monte Carlo simulation techniques, the author evaluated whether combining sustainability-focused investments with emerging market exposure could outperform global sustainability and emerging market benchmarks while also improving portfolio diversification. The findings revealed significant regional heterogeneity in sustainable investment performance, indicating that investors could achieve superior risk-adjusted returns in certain emerging markets while benefiting from diversification advantages. This study is relevant to the present research as it provides empirical evidence that sustainable investment strategies can enhance financial market outcomes in emerging economies, thereby supporting the argument that sustainability-driven investments may improve stock market performance in Nigeria. Okwuego et al., (2025) investigated the impact of sustainability practices on investor behaviour in quoted deposit money banks in Nigeria, focusing specifically on agricultural financing, housing finance, and long-term investments. The study employed panel data from 13 listed deposit money banks covering the period 2012 to 2023 and applied panel regression techniques, with the Fixed Effects model selected based on the Hausman test. The results showed that housing finance exerted a positive and statistically significant impact on market capitalization, while agricultural financing and long-term investments exhibited weaker effects on investor behaviour. The authors concluded that targeted sustainability practices could influence market performance by shaping investor confidence and participation. This study is closely related to the current research as it demonstrates how sector-specific sustainable investments, particularly in agriculture and long-term projects, can affect stock market outcomes in Nigeria.

Imanche et al., (2021) examined the role of sustainable finance in achieving the Sustainable Development Goals in Nigeria, with a specific focus on Chinese foreign direct investment. The study adopted a desk research approach, relying on secondary data from publicly available sources to identify Chinese-financed infrastructure projects across various sectors in Nigeria. The findings revealed that Chinese FDI has played a significant role in financing infrastructure development that supports economic growth and sustainability objectives, while also benefiting Chinese firms through access to resources. The study concluded that sustainable FDI arrangements contribute to development outcomes aligned with sustainability goals. This research is relevant to the present study as it highlights the role of foreign direct investment as a sustainable financing strategy capable of influencing economic and financial market development in Nigeria. Yusuf et al., (2024) explored the impact of climate change risks on international financial markets and investment strategies, emphasizing both physical and transition risks associated with climate change. Using advanced quantitative techniques such as Vector Autoregression, Autoregressive Distributed Lag models, and panel data analysis, the study examined how climate risks affect asset valuation, investor behaviour, and market dynamics across international markets. The findings indicated that climate change risks have significant short-run and long-run effects on financial markets, influencing investment decisions and market stability. This study is important to the current research as it provides evidence that sustainability-related risks and environmental considerations are increasingly shaping financial market performance, thereby reinforcing the relevance of sustainable investment strategies in emerging markets like Nigeria.

Jamil and Rasheed (2024) conducted a comparative study on the impact of environmental stability and financial market sustainability on economic development and the achievement of Sustainable Development Goals in developed and emerging countries. The study utilized annual data from 1991 to 2021 for selected developed and emerging economies and applied econometric techniques including unit root tests, Johansen co-integration, Granger causality, and generalized method of moments estimation. The results revealed significant long-run and short-run relationships between financial market indices, environmental sustainability indicators, and economic growth, with emerging markets such as India, Malaysia, and Thailand showing strong responsiveness to sustainable finance initiatives. The findings suggest that financial sustainability plays a critical role in market development and investment efficiency. This study supports the present research by providing cross-country evidence that sustainability-oriented investments can enhance financial market performance in emerging economies. Ogbonna and Olubusoye (2022) examined the connectedness between green investments and market uncertainties in emerging markets, focusing on own-market uncertainty, oil market uncertainty, and geopolitical risks. The study employed advanced econometric techniques, including asymmetric ARMA–GARCH models and the Westerlund and Narayan distributed lag framework, to capture tail risks and uncertainty dynamics. The findings revealed that green investment returns respond significantly to various sources of uncertainty and exhibit some hedging potential against external shocks. The authors concluded that green investments could enhance market resilience when uncertainties are properly accounted for. This study is relevant to the present research as it highlights the stabilizing role of green investments within emerging financial markets, which may positively influence stock market performance. Muyiwa-Ajayi et al., (2024) investigated the financial impact of sustainable investments on corporate profitability, emphasizing the role of environmental, social, and governance factors in investment decision-making. The study relied on empirical evidence from multiple industries and examined financial performance indicators such as return on assets, return on equity, and stock performance. The findings showed a positive relationship between sustainable investment practices and corporate profitability, indicating

that firms engaging in sustainability initiatives tend to experience improved financial outcomes, enhanced risk management, and stronger market reputation. The study concluded that sustainable investments contribute to long-term financial performance and investor confidence. This research is relevant to the current study as it links sustainability-driven investments to improved firm-level and market-level performance, reinforcing the argument that sustainable investment strategies can enhance stock market outcomes in Nigeria.

3.0 Methodology

The study adopts an *ex post facto* research design because it relies on historical data that already exist and cannot be manipulated by the researcher. The population comprises annual observations relating to sustainable investment indicators and stock market performance in Nigeria, covering climate financing, renewable energy investment, and agribusiness investment and stock market capitalisation. The sample consists of thirty-two annual observations covering the period from 1994 to 2025, selected purposively based on the availability, consistency and relevance of the required data. The study relies exclusively on secondary data obtained from authoritative sources, with data on stock market capitalisation, and agribusiness investment obtained from the Central Bank of Nigeria Statistical Bulletin, while data on climate financing and renewable energy investment, measured as the percentage of electricity generated from renewable sources, are obtained from the OECD Climate Finance Database. The data are analysed using descriptive statistics and Ordinary Least Squares regression, while diagnostic tests for normality, serial correlation, heteroskedasticity and model specification are conducted to establish the reliability and robustness of the estimated results. All statistical analyses are performed using EViews 10 software.

Model Specification and Variables Measurement

The functional relationship between emerging financial market performance and sustainable investment strategies is specified as:

$$STMCAP = f(INVCLFIN, INVAGB, INVRNE) \quad (i)$$

Ordinary Least Squares Regression Form

The econometric model estimated using the Ordinary Least Squares technique is expressed as:

$$STMCAP_t = \beta_0 + \beta_1 INVCLFIN_t + \beta_2 INVAGB_t + \beta_3 INVRNE_t + \varepsilon_t \quad (ii)$$

Where:

STMCAP represents stock market capitalisation

INVCLFIN represents investment in climate financing

INVAGB represents investment in agribusinesses

INVRNE represents renewable energy investment measured by the percentage of electricity generated from renewable sources

β_0 is the intercept term

β_1 to β_3 are the coefficients of the explanatory variables

ε_t is the stochastic error term which captures the effect of other factors not included in the model

Logarithmic Form of the Model

To improve linearity, stabilise variance, and enable elasticity interpretation of the coefficients, the model is transformed into a log linear form as follows:

$$LnSTMCAP = \beta_0 + \beta_1 LnINVCLFIN + \beta_2 LnINVAGB + \beta_3 LnINVRNE + \varepsilon \quad (iii)$$

Where:

Ln denotes the natural logarithm of the respective variables

In the log linear specification, the estimated coefficients measure the percentage change in stock market capitalisation resulting from a one per cent change in each sustainable investment variable, holding other factors constant.

4.0 results and discussion

Descriptive Statistics

Table 4.1 Result of Descriptive Statistics

	STMCAP	INVCLFIN	INVAGB	INVRNE
Mean	9846.579	151181.3	49986.36	0.385961
Median	6957.450	27595.00	49856.10	0.293000
Maximum	52132.08	483542.0	90123.12	0.546600
Minimum	95.42000	273.0000	19979.12	0.104400
Std. Dev.	11865.81	151161.4	22607.30	0.100627
Skewness	1.847651	1.238145	0.077728	0.299403
Kurtosis	6.170102	3.042967	1.608322	2.859707
Jarque-Bera	30.61870	7.922906	2.532875	0.488572
Probability	0.000000	0.019035	0.281834	0.783263
Sum	302143.9	3446621.	1548430.	8.864800
Sum Sq. Dev.	4.22E+09	6.85E+11	1.53E+10	0.303776
Observations	**32**	**32**	**32**	**32**

Source: Eviews 10

The descriptive statistics presented in Table 4.1 show the distributional characteristics of the variables used to examine the effect of sustainable investment strategies on emerging financial markets performance in Nigeria based on 32 annual observations. The Small Market Capitalisation (STMCAP) recorded a mean value of 9,846.579 and a median of 6,957.450, with values ranging from 95.420 to 52,132.08 and a standard deviation of 11,865.81, indicating considerable variation in financial market performance over the study period. Investment in Climate Financing (INVCLFIN) had a mean of 151,181.3 and a median of 27,595.00, with a minimum of 273.00 and a maximum of 483,542.00, while its standard deviation of 151,161.4 indicates substantial variation in climate financing across the period. Investment in Agribusinesses (INVAGB) recorded a mean of 49,986.36 and a median of 49,856.10, with a minimum value of 19,979.12 and a maximum of 90,123.12, while its standard deviation of 22,607.30 indicates moderate dispersion around the mean. Investment in Renewable Energy (INVRNE) had a mean of 0.385961 and a median of 0.293000, ranging from 0.104400 to 0.546600, with a standard deviation of 0.100627, showing relatively lower variation compared with the other investment variables. The skewness statistics show that STMCAP, INVCLFIN, and INVRNE are positively skewed, with STMCAP recording the highest skewness of 1.847651, while INVAGB is approximately symmetric with a skewness value of 0.077728. The kurtosis results further show that STMCAP is highly leptokurtic with a value of 6.170102, whereas INVCLFIN, INVAGB, and INVRNE have kurtosis values closer to the normal distribution benchmark of three, although INVAGB has a relatively flatter distribution. The Jarque Bera statistics indicate that STMCAP and INVCLFIN are not normally distributed because their probability values of 0.000000 and 0.019035 are below the 5% significance level, while INVAGB, and INVRNE are approximately normally distributed because their probability values of 0.281834, and 0.783263 respectively exceed 0.05. Overall, the descriptive results reveal substantial variations in the sustainable investment indicators and financial market performance across the 32 year period, reflecting changes in the level of investment activities and financial market conditions in Nigeria.

4.1.3 Inferential Statistics

4.1.3.1 Regression Analysis

Table 4.2 Ordinary Least Square (OLS) Model

Dependent Variable: LNSTMCAP
Method: Least Squares
Date: 08/13/26 Time: 18:45
Sample: 1994 2025
Included observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-33.69353	1.725569	-19.52604	0.0000
LnINVCLFIN	-0.148769	0.050178	-2.964856	0.0004
LnINVAGB	4.304561	0.275875	15.60329	0.0003
LnINVRNE	0.474055	0.170155	2.786016	0.0000

R-squared	0.817435	Mean dependent var	8.171001
Adjusted R-squared	0.798754	S.D. dependent var	1.775406
S.E. of regression	0.497473	Akaike info criterion	0.530796
Sum squared resid	2.564519	Schwarz criterion	0.452084
Log likelihood	-3.265341	Hannan-Quinn criter.	0.706730
F-statistic	314.4894	Durbin-Watson stat	1.980005
Prob(F-statistic)	0.000000		

Source: Eviews 10

The Ordinary Least Squares regression results presented in Table 4.2 indicate that the model has an R-squared value of 0.817435, showing that approximately 81.74% of the variation in emerging financial market performance, measured by LNSTMCAP, is jointly explained by investment in climate financing, agribusinesses, renewable energy and foreign direct investment, while the remaining 18.26% is explained by factors outside the model. The adjusted R-squared value of 0.798754 further indicates that after accounting for the number of explanatory variables included in the model, approximately 79.88% of the variation in emerging financial market performance is explained by the sustainable investment strategies considered in the study, demonstrating a strong explanatory power of the model. The F-statistic of 314.4894, with a probability value of 0.000000, indicates that the overall regression model is statistically significant at the 5% level, implying that the explanatory variables are jointly significant in explaining emerging financial market performance in Nigeria. The Durbin Watson statistic of 1.980005, which is very close to the benchmark value of 2, suggests that there is no serious evidence of first order serial correlation in the residuals of the model. Overall, the results indicate that the estimated OLS model has strong explanatory power, is statistically significant as a whole and satisfies the basic requirement regarding serial correlation.

4.1.4 Post analysis Test

4.1.4.1 Residual Diagnostics Test

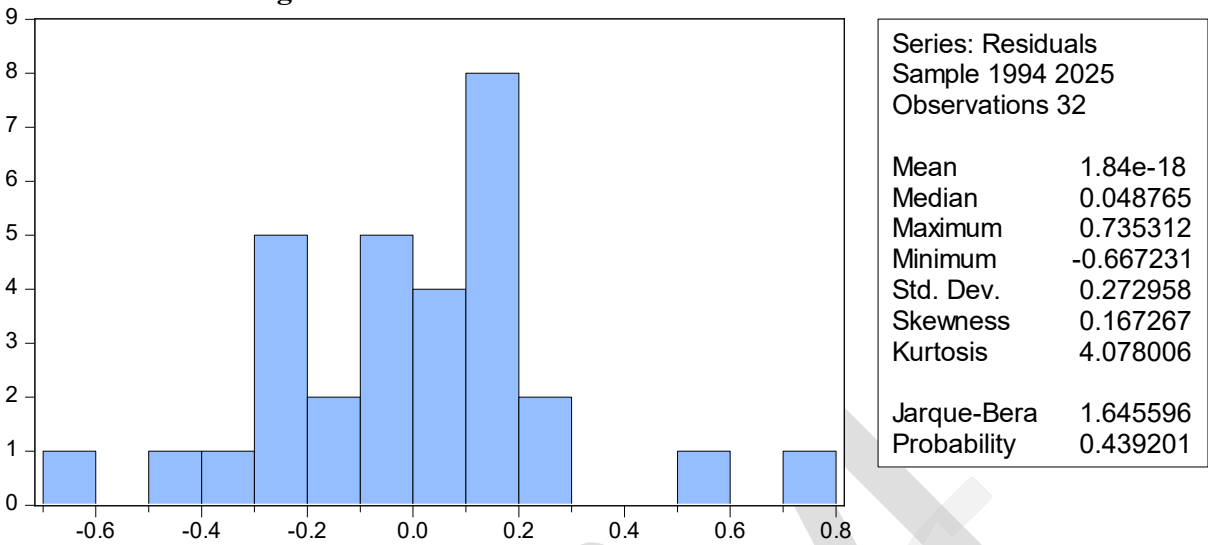


Fig 4.1 Histogram Normality Test

The histogram normality test indicates that the regression residuals are approximately normally distributed, as evidenced by the Jarque–Bera statistic of 1.645596 and a probability value of 0.439201, which is greater than the 5 per cent significance level. This suggests that the null hypothesis of normality cannot be rejected, confirming that the residuals satisfy the normality assumption required for valid and reliable Ordinary Least Squares estimation.

4.1.4.2 Serial Correlation Test

Table 4.3 Breusch-Godfrey Serial Correlation and Heteroskedasticity Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.586607	Prob. F(2,24)	0.2253
Obs*R-squared	3.620095	Prob. Chi-Square(2)	0.1636

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	2.584579	Prob. F(4,26)	0.3605
Obs*R-squared	8.819556	Prob. Chi-Square(4)	0.2658
Scaled explained SS	9.547936	Prob. Chi-Square(4)	0.4488

Source: Eviews 10

The Breusch–Godfrey serial correlation test shows that the probability values of the F-statistic (0.225) and the Chi-square statistic (0.164) are both greater than the 5 per cent significance level, indicating the absence of serial correlation in the model. Similarly, the Breusch–Pagan–Godfrey heteroskedasticity test reveals probability values above 0.05 across all test statistics, confirming that the error terms are homoskedastic. These results validate the reliability and efficiency of the Ordinary Least Squares estimates.

4.1.5 Stability Diagnostics Test

Table 4.4: Ramsey RESET Test

Ramsey RESET Test
Equation: UNTITLED
Specification: LNSTMCAP C LNINVCLFIN LNINVAGB LNINVRNE
Omitted Variables: Squares of fitted values

	Value	df	Probability
t-statistic	0.090190	25	0.9289
F-statistic	0.008134	(1, 25)	0.9289
Likelihood ratio	0.010085	1	0.9200

Source: Eviews 10

The Ramsey RESET test results indicate that the model is correctly specified, as the probability values for the t-statistic, F-statistic, and likelihood ratio are all far above the 5 per cent significance level. This implies that there is no evidence of omitted variables or functional form misspecification, confirming the stability and adequacy of the estimated regression model.

4.1.5 Test of Hypotheses

Test of Hypotheses (at 5% Level of Significance)

Hypothesis One (H_{01}):

Investment in climate financing has no significant impact on the Nigerian stock market.

The OLS result in Table 4.2 shows that climate financing has a negative coefficient with a t-statistic of −2.965 and a p-value of 0.0004. Since the p-value is less than 0.05, the null hypothesis is rejected. This indicates that investment in climate financing has a statistically significant impact on the Nigerian stock market. However, the negative sign implies that, within the period under study, increases in climate financing are associated with a reduction in stock market capitalisation, suggesting that climate-related funds may not have been efficiently transmitted into stock market-enhancing activities.

Hypothesis Two (H_{02}):

Investment in renewable energy has no significant impact on the Nigerian stock market.

The regression result reveals a positive coefficient for renewable energy investment with a t-statistic of 2.786 and a p-value of 0.0003. Given that the p-value is below the 5% significance level, the null hypothesis is rejected. This outcome indicates that investment in renewable energy has a positive and statistically significant impact on the Nigerian stock market, implying that increased reliance on renewable electricity supports market growth, likely through improved energy stability and enhanced business performance.

Hypothesis Three (H_{03}):

Investment in agribusinesses has no significant impact on the Nigerian stock market.

The OLS estimate in Table 4.2 for agribusiness investment shows a strong positive coefficient with a t-statistic of 15.603 and a p-value of 0.0000. Since the p-value is far below 0.05, the null hypothesis is rejected. This result confirms that investment in agribusinesses has a positive and highly significant impact on the Nigerian stock market, indicating that agribusiness investment plays a major role in driving stock market expansion through increased firm activities, employment generation, and investor participation.

4.2 Discussion of Findings

The findings of this study provide strong empirical evidence on how sustainable investment strategies influence the performance of emerging financial markets in Nigeria, proxied by stock market capitalisation. The regression results reveal that investment in agribusinesses and renewable energy exert positive and statistically significant effects on stock market performance, while climate financing shows a significant but negative effect. Foreign direct investment, on the other hand, is found to have a negative but statistically insignificant relationship with stock market capitalisation. These outcomes reflect both the opportunities and structural challenges associated with sustainability-driven capital flows within Nigeria's emerging financial market.

Investment in Climate Financing

The result for investment in climate financing indicates a negative and statistically significant relationship with stock market capitalisation. This implies that increases in climate financing during the study period were associated with a reduction in stock market performance. Although this finding may appear counterintuitive given the growing global emphasis on green finance, it suggests that climate-related funds in Nigeria may not yet be efficiently integrated into stock market–enhancing activities. Climate finance in Nigeria is largely channelled towards public-sector projects, adaptation programmes, and off-market interventions rather than listed firms that directly influence stock market capitalisation. This outcome aligns with the argument of Bolton and Kacperczyk (2021), who note that climate risks and climate-related investments can initially impose adjustment costs on firms and markets, especially in emerging economies with weak institutional capacity. Similarly, Yusuf, Araoye, and Afolabi (2024) observe that climate-related financial flows may generate short-run market disruptions before long-term benefits materialise. Therefore, the negative coefficient suggests transitional inefficiencies rather than a rejection of climate finance as a sustainability tool.

Investment in Agribusinesses

In contrast, investment in agribusinesses exhibits a strong positive and highly significant impact on Nigeria's stock market performance, making it the most influential sustainable investment variable in the model. This finding implies that increased agribusiness investment substantially enhances stock market capitalisation through expanded firm activities, employment generation, and increased investor participation. Agribusiness plays a strategic role in Nigeria's economy due to its linkage effects with manufacturing, trade, and services, many of which involve listed or listable firms. This result is consistent with Okwuego, Ofor, and Agubata (2025), who find that agricultural financing positively influences investor behaviour and market capitalisation in Nigeria. It also supports the broader argument by Muyiwa-Ajayi, Sobowale, and Augoye (2024) that sustainability-oriented investments at the firm and sectoral levels improve profitability and market valuation. The finding confirms that agribusiness investment serves as a viable transmission channel through which sustainable finance strengthens emerging financial markets in Nigeria.

Renewable Energy Investment

The coefficient of renewable energy investment**,** measured by the percentage of electricity generated from renewable sources, is positive and statistically significant, indicating that increased reliance on renewable electricity supports stock market growth. This suggests that renewable energy investment enhances market performance by improving energy stability, reducing production costs, and boosting firm competitiveness, particularly for energy-dependent industries. A more reliable and sustainable energy supply lowers operational risks

for firms and improves earnings prospects, which are reflected in higher stock valuations. This finding aligns with Adekoya, Oliyide, and Fasanya (2022), who report that renewable energy development contributes positively to financial development in emerging economies. It is also consistent with Dai (2025), who demonstrates that sustainability-oriented investments improve risk-adjusted returns and market performance in emerging financial markets. Thus, renewable energy investment emerges as a key driver of sustainable stock market expansion in Nigeria.

5.0 Summary, Conclusion, And Recommendations

5.1 Summary of Findings

This study examined the impact of sustainable investment strategies on emerging financial markets in Nigeria, with stock market capitalisation used as a proxy for market performance. The analysis covered the period from 1994 to 2025 and employed Ordinary Least Squares regression techniques. The findings reveal that:

1. Investment in climate financing shows a statistically significant but negative relationship with stock market capitalisation
2. Investment in agribusinesses has positive and statistically significant effects on stock market performance in Nigeria.
3. Investment in renewable energy has positive and statistically significant effects on stock market performance in Nigeria.

5.2 Conclusion

Based on the empirical evidence, the study concludes that sustainable investment strategies are relevant determinants of emerging financial market performance in Nigeria, though their impacts vary across investment dimensions. Agribusiness and renewable energy investments serve as effective channels through which sustainability-driven capital enhances stock market growth. However, climate financing has not yet translated into positive stock market outcomes, largely due to institutional inefficiencies, sectoral concentration, and weak market integration. The study therefore concludes that while sustainable investment holds strong potential for strengthening Nigeria's stock market, its effectiveness depends on how well such investments are aligned with listed firms, market institutions, and regulatory frameworks.

5.3 Recommendations

Based on the findings, the study recommends that:

1. Climate financing mechanisms should be restructured to improve their linkage with capital market activities, ensuring that climate-related funds support commercially viable and listed enterprises.
2. Policymakers should strengthen policies that promote agribusiness investment through capital market instruments such as agribusiness-focused bonds and incentives for agribusiness firms to list on the stock exchange.
3. Regulatory authorities should also enhance frameworks that encourage renewable energy firms to access the stock market, thereby deepening market participation.

References

Adekoya, O. B., Oliyide, J. A., & Fasanya, I. O. (2022). Renewable energy consumption, financial development and economic growth in emerging economies. *Energy Economics, 108*, 105934.

Aguilera, R. V., Judge, W. Q., & Terjesen, S. A. (2021). Corporate governance deviance. *Academy of Management Review, 46*(1), 87–113. https://doi.org/10.5465/amr.2017.0422

Allen, F., Gu, X., & Qian, J. (2023). Financial development, institutions, and economic growth. *Journal of Financial Economics, 149*(2), 316–340.

Arnold, G., & Lewis, D. (2021). *Emerging markets: A practical guide for corporations, lenders, and investors* (2nd ed.). Wiley.

Barko, T., Cremers, M., & Renneboog, L. (2021). Shareholder engagement on environmental, social, and governance performance. *European Corporate Governance Institute – Finance Working Paper*, (754).

Bekaert, G., Harvey, C. R., & Lundblad, C. (2022). Financial openness and productivity. *World Development, 153*, 105828.

Boffo, R., & Patalano, R. (2020). *ESG investing: Practices, progress and challenges*. OECD Paris.

Bolton, P., & Kacperczyk, M. (2021). Do investors care about carbon risk? *Journal of Financial Economics, 142*(2), 517–549. https://doi.org/10.1016/j.jfineco.2021.05.008

Bolton, P., & Kacperczyk, M. (2021). Do investors care about carbon risk? *Journal of Financial Economics, 142*(2), 517–549. https://doi.org/10.1016/j.jfineco.2021.05.008

Central Bank of Nigeria (CBN). (2022). *Annual economic report*. https://www.cbn.gov.ng

Dai, Y. (2025). Sustainable investing in emerging markets: Evidence from the Sustainable Stock Exchanges initiative. *International Journal of Finance & Economics, 30*(2), 2001–2015. https://doi.org/10.1002/ijfe.3004

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organisational fields. *American Sociological Review, 48*(2), 147–160. https://doi.org/10.2307/2095101

Eccles, R. G., & Klimenko, S. (2019). The investor revolution. *Harvard Business Review*, 97(3), 106-116.

Eccles, R. G., Klimenko, S., & Serafeim, G. (2022). Why boards should take sustainability seriously. *MIT Sloan Management Review, 63*(2), 1–6.

Eze, O. M., & Ogiji, F. O. (2021). Stock market development and economic growth in Nigeria. *African Development Review, 33*(3), 420–434.

Fama, E. F. (1970). Efficient capital markets: A review of theory and empirical work. *Journal of Finance, 25*(2), 383–417. https://doi.org/10.2307/2325486

Fama, E. F. (2021). Market efficiency in a modern economy. *Financial Analysts Journal, 77*(2), 9–19. https://doi.org/10.1080/0015198X.2021.1879627

Flammer, C. (2021). Corporate green bonds. *Journal of Financial Economics, 142*(2), 499–516.

Flammer, C. (2021). Corporate green bonds. *Journal of Financial Economics, 142*(2), 499–516. https://doi.org/10.1016/j.jfineco.2021.01.010

Food and Agriculture Organization (FAO). (2020). *The state of food and agriculture 2020: Overcoming water challenges in agriculture*. FAO.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

Freeman, R. E., Phillips, R., & Sisodia, R. (2020). Tensions in stakeholder theory. *Business & Society, 59*(2), 213–231. https://doi.org/10.1177/0007650318773750

Friede, G., Busch, T., & Bassen, A. (2020). ESG and financial performance: aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment*, 5(4), 210-233.

Gillan, S. L., Koch, A., & Starks, L. T. (2021). Firms and social responsibility: A review of ESG and CSR research in corporate finance. *Journal of Corporate Finance*, 66, 101889.

Global Impact Investing Network (GIIN). (2021). *Core characteristics of impact investing*. https://thegiin.org

Global Sustainable Investment Alliance (GSIA). (2022). *Global sustainable investment review 2022*. http://www.gsi-alliance.org

Harrison, J. S., Barney, J. B., Freeman, R. E., & Phillips, R. A. (2021). Stakeholder theory, value, and firm performance. *Business Ethics Quarterly, 31*(3), 1–27. https://doi.org/10.1017/beq.2020.48

Hörisch, J., Freeman, R. E., & Schaltegger, S. (2020). Applying stakeholder theory in sustainability management. *Organization & Environment, 33*(1), 1–25. https://doi.org/10.1177/1086026619833249

Imanche, S. A., Ze, T., Dalibi, S. G., Yuguda, T. K., & Kumo, H. A. (2021). The role of sustainable finance in the achievement of sustainable development goals in Nigeria: A focus on Chinese foreign direct investment. *IOP Conference Series: Earth and Environmental Science, 793*(1), 012030. https://doi.org/10.1088/1755-1315/793/1/012030

International Capital Market Association (ICMA). (2021). *Green bond principles: Voluntary process guidelines for issuing green bonds*.

International Energy Agency (IEA). (2022). *Renewables 2022: Analysis and forecast to 2027*. IEA.

International Financial Reporting Standards (IFRS) Foundation. (2023). *ISSB standards [IFRS S1 and IFRS S2]*. https://www.ifrs.org

International Renewable Energy Agency (IRENA). (2023). *Renewable power generation costs in 2022*. IRENA.

Jamil, M. N., & Rasheed, A. (2024). Financial markets impact of environmental stability on economic development and sustainable development goals: Evidence from developed and emerging countries. *Journal on Innovation and Sustainability RISUS, 15*(3), 78–97. https://doi.org/10.23925/2179-3565.2024v15i3p78-97

Kassi, D. F., Sun, G., & Ding, N. (2023). Sustainable finance and stock market development in emerging economies. *Journal of Sustainable Finance & Investment, 13*(1), 1–20.

Kassi, D. F., Sun, G., & Ding, N. (2023). Sustainable finance and stock market development: Evidence from emerging economies. *Journal of Sustainable Finance & Investment, 13*(4), 1221–1241. https://doi.org/10.1080/20430795.2022.2039231

Khan, M. (2022). ESG and financial performance: A meta-analysis. *Journal of Sustainable Finance & Investment*, 12(1), 1-18.

Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can sustainable investing save the world? Reviewing the mechanisms of investor impact. *Organization & Environment*, 33(4), 554-574.

Lawal, A. I., Nwanji, T. I., & Otekunrin, A. O. (2022). Macroeconomic uncertainty and stock market performance in Nigeria. *Cogent Economics & Finance, 10*(1), 2038664.

Levine, R. (2005). Finance and growth: Theory and evidence. In P. Aghion & S. Durlauf (Eds.), *Handbook of economic growth* (pp. 865–934). Elsevier.

Markowitz, H. (1952). Portfolio selection. *Journal of Finance, 7*(1), 77–91. https://doi.org/10.2307/2975974

Meyer, J. W., & Rowan, B. (1977). Institutionalized organisations: Formal structure as myth and ceremony. *American Journal of Sociology, 83*(2), 340–363.

Mobius, M. (2020). *Investing in emerging markets: The BRIC economies and beyond*. Wiley.

Muyiwa-Ajayi, T. P., Sobowale, A., & Augoye, O. (2024). The financial impact of sustainable investments on corporate profitability. *International Journal of Multidisciplinary Research and Growth Evaluation, 5*(1), 1372–1377. https://doi.org/10.54660/ijmrge.2024.5.1.1372-1377

Newell, R. G., Pizer, W. A., & Raimi, D. (2014). Carbon market design, stability, and reform. *Energy Policy, 75*, 14–22. https://doi.org/10.1016/j.enpol.2014.06.012

Nigerian Exchange Group (NGX). (2023). *2022 annual report*. https://ngxgroup.com

Ogbonna, A. E., & Olubusoye, O. E. (2022). Connectedness of green investments and uncertainties: New evidence from emerging markets. *Fulbright Review of Economics and Policy, 2*(2), 136–160. https://doi.org/10.1108/frep-04-2022-0028

Okwuego, S. P., Ofor, T. N., & Agubata, S. N. (2025). Sustainability practices and investors' behaviour: Evidence from quoted deposit money banks in Nigeria. *International Journal of Trend in Scientific Research and Development, 9*(1), 756–771.

Pedersen, L. H., Fitzgibbons, S., & Pomorski, L. (2021). Responsible investing: The ESG-efficient frontier. *Journal of Financial Economics, 142*(2), 572–597. https://doi.org/10.1016/j.jfineco.2020.11.001

Principles for Responsible Investment (PRI). (2020). *A practical guide to active ownership in listed equity*. PRI.

S&P Global. (2022). *Sustainable1: ESG in emerging markets*. S&P Global.

Saunders, M., Lewis, P., & Thornhill, A. (2023). *Research methods for business students* (9th ed.). Pearson.

Scott, W. R. (2014). *Institutions and organisations: Ideas, interests, and identities* (4th ed.). Sage.

Securities and Exchange Commission, Nigeria (SEC). (2020). *Nigerian code of corporate governance 2018*. https://sec.gov.ng

Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104, 333-339.

UNCTAD. (2023). *World investment report 2023: Investing in sustainable energy for all*. United Nations.

United Nations Conference on Trade and Development (UNCTAD). (2023). *World investment report 2023: Investing in sustainable energy for all*. UNCTAD.

World Bank. (2023). *Nigeria development update: Investing in sustainable growth*. World Bank.

World Bank. (2023). *State and trends of carbon pricing 2023*. World Bank Publications. https://doi.org/10.1596/978-1-4648-2005-7

Yusuf, J. A., Araoye, S. O., & Afolabi, L. O. (2024). The impact of climate change risks on international financial markets and investment strategies. *Journal of Environment, Climate, and Ecology, 1*(2), 1–8. https://doi.org/10.69739/jece.v1i2.113

Zerbib, O. D. (2022). A sustainable capital asset pricing model (S-CAPM): Evidence from green investing and sin stock exclusion. *Review of Finance*, 26(6), 1345-1388.

Zumente, I., & Bistrova, J. (2021). ESG importance for long-term shareholder value creation: Literature vs. practice. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2), 127