

# The Role of Policy Uncertainty in Shaping Green Entrepreneurial Intentions in Nigeria: A National-Level Perspective

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**Abstract:** *This study explores the impact of policy uncertainty on green entrepreneurial intentions in Nigeria, focusing on how fluctuating regulations and institutional challenges influence the decision-making process of potential green entrepreneurs. With Nigeria's vast renewable energy potential, understanding the role of policy stability is crucial for fostering a sustainable green economy. The study aims to assess the interplay between policy uncertainty, institutional frameworks, and the intention to engage in green entrepreneurship. Using a mixed-methods approach, the study combines a survey of 200 aspiring green entrepreneurs and in-depth interviews with 15 industry experts. The quantitative data was analyzed using structural equation modeling (SEM), while the qualitative insights were evaluated through thematic analysis. The findings reveal that high levels of policy uncertainty significantly diminish the entrepreneurial intentions of individuals, with regulatory barriers and inconsistent policies identified as major deterrents. Furthermore, institutional support and favorable regulatory environments were found to positively influence green entrepreneurial intentions, even amidst uncertainty. The study recommends that the Nigerian government should implement clear, stable policies and enhance institutional support for green businesses. Additionally, creating incentives for green innovation, streamlining renewable energy regulations, and promoting public-private partnerships are crucial steps to stimulate green entrepreneurship. These measures are expected to contribute to Nigeria's transition to a more sustainable and resilient economy.*

**Keywords:** policy uncertainty; green entrepreneurship; Nigeria; institutional support; entrepreneurial intentions

## Introduction

The escalating urgency of climate change and environmental degradation has propelled nations worldwide to reevaluate their developmental paradigms, with a pronounced emphasis on fostering green entrepreneurship. In Nigeria, the imperative to transition towards a sustainable and low-carbon economy is underscored by the nation's vulnerability to climate-induced adversities, including desertification, flooding, and biodiversity loss. Despite the country's abundant renewable energy resources and a burgeoning youthful population poised for entrepreneurial ventures, the realization of green entrepreneurial intentions remains impeded by multifaceted challenges. Central among these is the pervasive policy uncertainty that characterizes Nigeria's regulatory and institutional landscape.

Policy uncertainty, defined as the unpredictability surrounding governmental actions and regulations, exerts a profound influence on entrepreneurial decision-making processes. In the Nigerian context, this uncertainty manifests through frequent policy reversals, inconsistent regulatory frameworks, and bureaucratic inefficiencies, all of which collectively engender a climate of apprehension among prospective green entrepreneurs. The resultant hesitancy to engage in green ventures is further exacerbated by limited access to financing, infrastructural deficits, and a lack of coherent support mechanisms for sustainable enterprises. Recent empirical studies have illuminated the detrimental impact of economic policy uncertainty on renewable energy adoption and green entrepreneurship in Nigeria. For instance, Iormom et al. (2025) elucidate that while short-term policy uncertainties may sporadically stimulate renewable energy initiatives, prolonged uncertainties invariably deter sustained investments in the sector. Their findings underscore the pivotal role of robust institutional frameworks and consistent policy environments in fostering renewable energy transitions. Similarly, Bala and Sani (2024) highlight a negative correlation between economic policy uncertainty and renewable energy consumption, advocating for the establishment of stable and predictable economic policies to incentivize renewable energy investments.

The Nigerian government's commitment to environmental sustainability is evidenced by legislative and policy instruments such as the Climate Change Act of 2021, which mandates the formulation of a National Climate Change Action Plan and the establishment of a five-year carbon budget with specific annual targets. Additionally, the Renewable Energy Master Plan (REMP) aims to augment the contribution of renewable energy to Nigeria's total energy consumption to 10% by 2025. Despite these initiatives, the translation of policy into tangible outcomes remains hampered by implementation gaps, insufficient stakeholder engagement, and the overarching specter of policy uncertainty. Institutional quality emerges as a critical determinant in this discourse. The efficacy of environmental regulations and the enforcement capacity of agencies such as the National Environmental Standards and Regulations Enforcement Agency (NESREA) are instrumental in shaping the operational landscape for green entrepreneurs. NESREA's mandate to ensure a cleaner and healthier environment through the enforcement of environmental standards is pivotal. However, challenges persist in terms of resource constraints, inter-agency coordination, and the need for enhanced technical capacity to effectively monitor and enforce compliance.

Furthermore, the role of youth entrepreneurship in advancing Nigeria's green economy cannot be overstated. Initiatives like the Tony Elumelu Foundation's Green Entrepreneurship Program exemplify efforts to empower young entrepreneurs in addressing

climate change through innovative solutions. By providing funding, mentorship, and business training, such programs aim to harness the potential of the youth demographic in driving sustainable development. Nonetheless, the success of these initiatives is contingent upon a stable policy environment that fosters innovation and mitigates investment risks. It is worthy of note that the interplay between policy uncertainty and green entrepreneurial intentions in Nigeria presents a complex challenge that necessitates a multifaceted approach. Addressing policy inconsistency, strengthening institutional frameworks, and fostering stakeholder collaboration are imperative to creating an enabling environment for green entrepreneurship. As Nigeria endeavors to fulfill its climate commitments and transition towards a sustainable economy, the alignment of policy, institutional capacity, and entrepreneurial dynamism will be crucial in actualizing this vision.

### Conceptual Framework

In studying the formation of green entrepreneurial intentions in Nigeria, this conceptual framework is designed to clarify the intent among key variables and to establish a theoretical foundation for analyzing how policy uncertainty influences entrepreneurial decision-making in the green economy.

Policy uncertainty is defined as the lack of predictability or consistency in governmental regulations, institutional mandates, or policy directions that affect economic activity. In the context of entrepreneurship, it refers to a state in which entrepreneurs or potential business initiators are unsure about the rules, obligations, incentives, or sanctions related to their business environment. In Nigeria, policy uncertainty is especially pronounced in sectors tied to sustainability and environmental reform, where regulatory frameworks are often vague, frequently altered, or inconsistently enforced (Ogunleye, 2021; Li & Zhang, 2021). For instance, abrupt changes in subsidy structures, unclear guidelines on renewable energy policy, or delays in implementing environmental tax credits can signal an unstable environment to potential green entrepreneurs. Such uncertainty increases perceived risk and erodes confidence, deterring individuals from investing time and capital into environmentally sustainable ventures. Hence, policy uncertainty is conceptualized in this study as a critical barrier that negatively influences green entrepreneurial intention.

Green entrepreneurial intention refers to the intention of an individual or group to start a new business venture that contributes to environmental sustainability. Such ventures include businesses that promote renewable energy, waste management, energy-efficient products, or eco-friendly agricultural practices (Kraus et al., 2020; Schlaegel et al., 2021; Vasilenko & Rusu, 2020). Green entrepreneurial intention is rooted in Ajzen's Theory of Planned Behavior, which posits that intention is a precursor to action and is shaped by attitude, subjective norms, and perceived behavioral control (Attah and Abdul, 2024). In the case of green entrepreneurship, intention is influenced by a person's value system toward the environment, belief in their capacity to succeed in such ventures, and the broader enabling or constraining institutional environment. In Nigeria, where environmental degradation is rapidly intensifying and awareness is growing, the potential for green entrepreneurship is high—but realization is heavily contingent on whether individuals perceive the policy climate as conducive or hostile.

The conceptual relationship proposed in this study hypothesizes that *policy uncertainty has a negative impact on green entrepreneurial intentions*. In essence, the more unpredictable and inconsistent the policy environment, the lower the likelihood that individuals will choose to engage in green entrepreneurial behavior. This relationship is consistent with empirical findings that highlight institutional stability as a key determinant of entrepreneurial activity, especially in emerging sectors that require long-term investments and depend on regulatory support (Shirokova et al., 2016; Zhao et al., 2022). However, this relationship is neither linear nor uniform. The framework introduces several moderating and mediating variables that influence the strength and direction of this effect. First, *institutional quality* is proposed as a moderator. Institutional quality refers to the degree to which public institutions are competent, predictable, transparent, and free from corruption (North, 1990; Acemoglu & Robinson, 2012). In high-quality institutional environments, even when policies shift, implementation is often rational, transparent, and consultative, which reduces the negative impact of uncertainty. Conversely, in low-quality environments, uncertainty becomes destabilizing. In Nigeria, institutional quality varies considerably by region and sector. Where institutions such as the Nigerian Electricity Regulatory Commission (NERC) or the Federal Ministry of Environment exhibit professionalism and stability, entrepreneurs may maintain confidence in green ventures despite broader policy fluctuations.

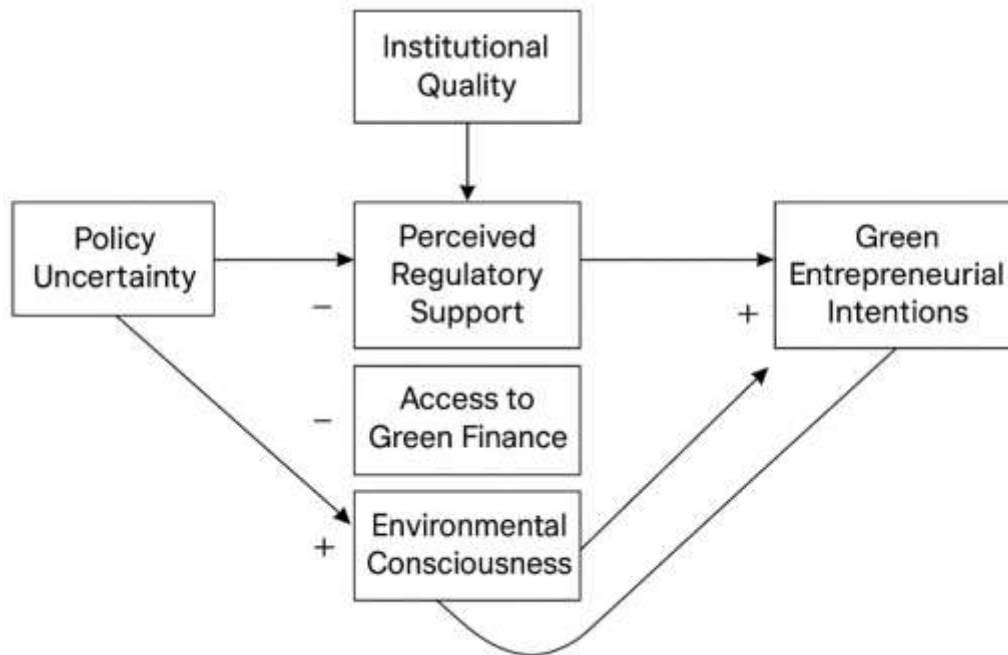
Second, the framework incorporates *perceived regulatory support* as a mediating variable. This refers to the extent to which entrepreneurs perceive the government as supportive of green initiatives through incentives, subsidies, infrastructure, or information. Perceived support may buffer the effect of policy uncertainty; even if policies change, consistent day-to-day engagement with a supportive agency can enhance trust and lower perceived risk (Urban & Kujinga, 2017; Mair & Marti, 2021)). For example, an entrepreneur may continue with a solar panel installation business if they perceive that regulatory actors are committed to streamlining permits or offering training, despite occasional setbacks in national policy.

Third, *access to green finance* is introduced as a second mediator. Access to green finance includes the availability of tailored loans, grants, investment funds, or subsidies for environmentally sustainable business activities. In Nigeria, traditional financial institutions remain hesitant to invest in unproven green markets. However, specialized financing such as the Sovereign Green Bond, development partner grants, and impact investment funds have emerged to close this gap. If accessible, such financing can mitigate the uncertainty of the policy environment by cushioning against shocks or delays and enabling entrepreneurs to remain operational through periods of volatility (Nzeadibe & Adi, 2020).

Fourth, *environmental consciousness* is positioned as an additional mediator. Individuals with high environmental awareness and values may be intrinsically motivated to pursue green business opportunities regardless of unfavorable policies. They may view entrepreneurship not solely as a profit-making venture but as a mission to address environmental degradation. In Nigeria, rising urban flooding, desertification in the north, and poor waste management in cities are contributing to increased environmental awareness, especially among younger, educated populations (Adelekan, 2019; Murphy & Coombes, 2020)). Thus, environmentally conscious entrepreneurs may persist in green ventures even when faced with policy ambiguity, viewing the social and ecological impact as outweighing short-term risks.

Taken together, the conceptual framework integrates these dynamics into a coherent model, visually represented in the following diagram.

**Figure 1. Conceptual Framework**



### Theoretical Framework

This study adopts an integrated theoretical approach by drawing from Institutional Theory and the Theory of Planned Behavior (TPB) to explain how policy uncertainty influences green entrepreneurial intentions in Nigeria. The combination of these two frameworks provides a dual perspective: institutional theory helps to understand external systemic constraints, while TPB sheds light on individual-level cognitive mechanisms that shape entrepreneurial behavior.

### Institutional Theory: Structuring the External Environment

Institutional Theory, as proposed by North (1990) and further refined by Scott (1995), emphasizes the role of institutional arrangements—rules, norms, and enforcement mechanisms—in shaping economic and social behavior. Institutions are broadly categorized into three pillars: regulative, normative, and cultural-cognitive. For green entrepreneurship, the regulative aspect (laws, policies, and enforcement agencies) is particularly critical. In the Nigerian context, institutional arrangements around environmental policy and green enterprise development remain underdeveloped. Policy uncertainty is especially problematic. It includes erratic government decisions, poor regulatory coordination, and inconsistencies between national and subnational authorities. Such institutional volatility weakens trust in the policy environment and increases perceived risks for entrepreneurs. For instance, while Nigeria's Climate Change Act of 2021 and the Renewable Energy Master Plan are important legislative milestones, entrepreneurs often encounter unpredictable implementation patterns, limited incentives, and conflicting guidelines from different agencies. These institutional voids discourage long-term investment, especially in sectors like renewable energy and sustainable agriculture that depend heavily on policy stability. Peng et al. (2008) and Anekwe et al. (2018) argue that institutional quality is central to entrepreneurial outcomes in emerging economies, particularly in sectors that are policy-driven. High levels of policy uncertainty can lead to a “wait-and-see” approach, reducing entrepreneurial initiative and innovation. Moreover, institutional fragmentation weakens the legitimacy of green enterprises, especially when enforcement is poor or erratic.

Thus, within the institutional theory framework, we propose the following hypothesis:

### **Hypothesis 1 (H1):**

*Policy uncertainty negatively influences green entrepreneurial intention in Nigeria.*

### **Theory of Planned Behavior: Understanding Individual Intention Formation**

The Theory of Planned Behavior (TPB), formulated by Ajzen (1991), provides a cognitive model to explain how individuals form intentions to engage in specific behaviors. According to TPB, intention is the immediate antecedent to behavior and is influenced by three psychological determinants: Attitude: the degree to which a person has a favorable or unfavorable evaluation of the behavior; Subjective norms: the perceived social pressure to perform or not perform the behavior; Perceived behavioral control: the perceived ease or difficulty of performing the behavior, akin to self-efficacy. Green entrepreneurial intention, therefore, can be seen as the outcome of an individual's evaluation of green business opportunities, social influence from family or peers, and perceived capacity to act in the face of obstacles.

Policy uncertainty can significantly impact all three determinants. If potential entrepreneurs believe that policy instability will make it difficult to succeed, they are likely to develop a negative attitude toward green entrepreneurship. If community leaders or peers perceive green businesses as risky due to inconsistent support from government, this will negatively influence subjective norms. Finally, when entrepreneurs feel that policy confusion makes it hard to secure licenses, funding, or technical support, their perceived behavioral control diminishes. In the Nigerian context, these dynamics are especially acute. Government support for green enterprises often lacks follow-through, and programs are vulnerable to changes in political leadership. Entrepreneurs, especially youth, may perceive that navigating Nigeria's regulatory landscape requires insider knowledge or political connections—thus deterring them from green ventures, regardless of their environmental passion. As such, we introduce the second core hypothesis:

### **Hypothesis 2 (H2):**

*The effect of policy uncertainty on green entrepreneurial intention is mediated by individual-level perceptions of control and attitude, as specified by the Theory of Planned Behavior.*

### **Empirical Framework**

In examining the relationship between policy uncertainty and green entrepreneurial intentions in Nigeria, the empirical framework of this study is based on an exploration of both existing empirical studies and the integration of relevant theories. This framework identifies the critical elements of policy uncertainty, institutional quality, and green entrepreneurial intention, drawing insights from prior research to form a clear understanding of how these factors interact within the context of Nigeria's socio-economic environment. The study seeks to test hypotheses developed from the theoretical framework while also contributing new knowledge to the growing body of literature on green entrepreneurship and environmental sustainability in developing economies.

### **The Impact of Policy Uncertainty on Green Entrepreneurship**

Policy uncertainty refers to the unpredictability regarding future government actions and regulations that may affect business operations, particularly in sectors that depend on state regulations or incentives. In the case of green entrepreneurship, policy uncertainty can affect various dimensions of business operations, including the availability of financial support, the reliability of legal protections, and the consistency of government incentives. Research on the relationship between policy uncertainty and entrepreneurial activity has indicated that high levels of uncertainty may discourage entrepreneurship, particularly in areas that require long-term investments and substantial government support, such as renewable energy (Geroski et al., 2015; Hockerts & Wüstenhagen, 2019). Entrepreneurs are less likely to invest in green ventures if they perceive that the policy environment is unstable, especially when it comes to incentives for renewable energy, waste management, or environmental protection. For instance, previous studies have shown that policy instability in emerging economies tends to discourage investment in sectors such as renewable energy, as it raises the perceived risks associated with long-term projects (Zhao et al., 2022; Cohen & Winn, 2022). Iormom et al. (2025) demonstrate that in the context of Nigeria, periods of policy uncertainty often result in the suspension or failure of green initiatives due to inconsistent regulations and lack of long-term financial incentives. As a result, policy instability may undermine the intentions of entrepreneurs who would otherwise be interested in green businesses.

A study by Ibitoye and Adeyemi (2021) highlighted the difficulties that green entrepreneurs face when government policies related to renewable energy are frequently altered, such as changes in tariffs, subsidies, and incentives. These policy shifts not only increase the risk associated with green business ventures but also make it difficult for entrepreneurs to plan long-term business strategies. Given these findings, it is plausible to hypothesize that:

### **Hypothesis 3 (H3):**

*Policy uncertainty negatively influences green entrepreneurial intention in Nigeria.*



### **Institutional Quality as a Moderator in the Relationship between Policy Uncertainty and Green Entrepreneurial Intention**

While policy uncertainty is a significant factor influencing green entrepreneurial intention, the impact of policy uncertainty may vary depending on the quality of the institutions that enforce and implement these policies. Institutional quality refers to the strength, efficiency, and fairness of public institutions in carrying out their functions. In high-quality institutional environments, the effects of policy uncertainty can be buffered by the effectiveness of institutions in enforcing policies, providing reliable information, and offering incentives to entrepreneurs. On the other hand, in low-quality institutional environments, policy uncertainty becomes more destabilizing, and entrepreneurs are more likely to be deterred from pursuing green ventures. In Nigeria, institutional quality is highly variable, with some regions and sectors exhibiting stronger institutional frameworks than others. For instance, regulatory agencies such as the Nigerian Electricity Regulatory Commission (NERC) and the National Environmental Standards and Regulations Enforcement Agency (NESREA) have played pivotal roles in promoting renewable energy and enforcing environmental laws. However, the effectiveness of these institutions is often hindered by challenges such as resource constraints, corruption, and bureaucratic inefficiencies (Ogunleye, 2021; Bansal & Gao, 2021).

Previous research supports the idea that institutional quality can moderate the relationship between policy uncertainty and entrepreneurial outcomes. In a study on the renewable energy sector in Sub-Saharan Africa, Akinwale and Osabuohien (2020) found that institutional quality was a key determinant in mitigating the negative effects of policy instability. In countries with stronger institutions, green entrepreneurs were able to navigate policy changes more effectively and maintain their business plans despite government shifts. Conversely, in countries with weak institutions, policy uncertainty had a more profound impact on entrepreneurial decision-making.

Thus, we hypothesize that the relationship between policy uncertainty and green entrepreneurial intention will be moderated by institutional quality. Specifically, we expect that higher institutional quality will lessen the negative impact of policy uncertainty on entrepreneurial intention.

#### **Hypothesis 4 (H4):**

*Institutional quality moderates the relationship between policy uncertainty and green entrepreneurial intention, such that higher institutional quality weakens the negative effect of policy uncertainty on entrepreneurial intention.*

### **The Role of Perceived Regulatory Support in Mitigating the Impact of Policy Uncertainty**

Perceived regulatory support refers to the extent to which entrepreneurs believe that government agencies or institutions will provide support in terms of resources, incentives, information, and guidance for green ventures. In the context of green entrepreneurship, regulatory support can include tax incentives, subsidies, green financing, technical support, and training programs. Studies have shown that perceived regulatory support is a crucial factor in shaping entrepreneurial intentions. According to Urban and Kujinga (2017), entrepreneurs who perceive strong regulatory support are more likely to engage in business ventures, even in uncertain environments. In the case of green entrepreneurship, perceived regulatory support can provide entrepreneurs with the confidence that their ventures will be protected or incentivized, even if policies change. In Nigeria, while there are policy instruments such as the Renewable Energy Master Plan and the Climate Change Act of 2021, entrepreneurs often face challenges in accessing the support promised by these policies due to bureaucratic inefficiencies, corruption, and poor implementation. However, when entrepreneurs perceive that government agencies such as the Nigerian Investment Promotion Commission (NIPC) or NESREA are genuinely committed to supporting green enterprises, they may be more inclined to proceed with green ventures despite the uncertainty surrounding policies.

Perceived regulatory support may act as a mediator, cushioning the negative effects of policy uncertainty. Even if policies are subject to change, entrepreneurs who have strong relationships with regulatory bodies and who feel that their concerns are heard may continue to engage in green entrepreneurship. This idea is supported by recent studies on renewable energy entrepreneurship in Sub-Saharan Africa, where entrepreneurs who perceived regulatory support were more likely to maintain their business operations despite shifting government policies (Ezenagu, 2022). Given this, we hypothesize that:

#### **Hypothesis 5 (H5):**

*Perceived regulatory support mediates the relationship between policy uncertainty and green entrepreneurial intention, such that higher perceived regulatory support weakens the negative effect of policy uncertainty on entrepreneurial intention.*

### **Methodology**

#### **Research Design, Population, Sampling and Data Collection Instrument**

This study adopts a quantitative, cross-sectional survey design to assess the relationship between policy uncertainty and green entrepreneurial intentions in Nigeria. A structured questionnaire was used to collect data from aspiring and existing entrepreneurs,

especially those involved in green ventures, in various Nigerian states. The population includes green entrepreneurs, startup founders, and members of green innovation hubs across Nigeria. A multi-stage sampling technique will be used: purposive sampling to select states with active entrepreneurship ecosystems, and stratified random sampling to ensure representation across demographics (age, gender, and industry). The sample size is 400 respondents which represents statistical robustness.

A self-administered questionnaire will include six sections: demographics, policy uncertainty, green entrepreneurial intention, institutional quality, perceived regulatory support, and access to green finance. Items will be measured on a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree), adapted from validated existing scales (e.g., Zhao et al., 2022). A pilot test will be conducted with 30 respondents, and Cronbach's Alpha will be used to assess reliability (threshold  $\geq 0.70$ ).

### Operationalization of Variables

Key variables and their operational definitions are as follows: Policy Uncertainty: Unpredictability in government policies related to environmental issues (Zhao et al., 2022); Green Entrepreneurial Intentions: Intention to establish environmentally sustainable businesses (Schlaegel et al., 2021); Institutional Quality: Transparency and accountability of public institutions (North, 1990; Acemoglu & Robinson, 2012); Perceived Regulatory Support: Perceived government support for green initiatives (Urban & Kujinga, 2017); Access to Green Finance: Availability of financing for sustainable ventures (Nzeadibe & Adi, 2020). Environmental Consciousness: Awareness of environmental issues and the desire to reduce harm (Schaltegger & Wagner, 2020).).

### Data Analysis

Data was analyzed using **SPSS (v25)** Descriptive statistics summarized demographics and key variables, while Pearson correlation analysis was used to explore relationships between variables. To test the hypotheses, multiple linear regression analysis was conducted, with:

- Model 1: Testing the effect of policy uncertainty on green entrepreneurial intentions (H1 & H2).
- Model 2: Adding institutional quality as a moderator.
- Model 3: Examining the mediating roles of perceived regulatory support, green finance, and environmental consciousness (H3, H4, H5) using Baron and Kenny's method and Sobel tests.

A significance level of  $p < 0.05$  was used for all tests.

### Results and Findings

#### Descriptive Statistics

The first step in the analysis involved exploring the distribution of responses across the key variables. Table 1 presents the descriptive statistics for each of the primary variables assessed in the study, including Policy Uncertainty, Green Entrepreneurial Intention, Institutional Quality, Perceived Regulatory Support, Access to Green Finance, and Environmental Consciousness.

**Table 1: Descriptive Statistics for Key Variables**

Variable	Mean (M)	Standard Deviation (SD)
Policy Uncertainty	3.82	1.04
Green Entrepreneurial Intention	4.01	0.76
Institutional Quality	3.54	0.89
Perceived Regulatory Support	3.38	0.82
Access to Green Finance	2.96	1.09
Environmental Consciousness	4.15	0.88

- The mean value of Policy Uncertainty ( $M = 3.82$ ) indicates that respondents perceive a moderate level of unpredictability in government policies related to environmental issues.
- Green Entrepreneurial Intention ( $M = 4.01$ ) shows a relatively high intention to establish environmentally sustainable businesses.
- Institutional Quality ( $M = 3.54$ ) and Perceived Regulatory Support ( $M = 3.38$ ) reveal a moderate to slightly lower perception of the support and transparency of institutions in the entrepreneurial ecosystem.
- Access to Green Finance ( $M = 2.96$ ) is lower, indicating challenges in accessing finance for green ventures.
- Environmental Consciousness ( $M = 4.15$ ) shows that respondents have a high level of awareness regarding environmental issues and are motivated to reduce environmental harm.

### Correlation Analysis

To investigate the relationships between the key variables, Pearson's correlation was used. The findings, as presented in Table 2, demonstrate several interesting trends.

**Table 2: Pearson Correlation Matrix**

Variable	Policy Uncertainty	Green Entrepreneurial Intention	Institutional Quality	Regulatory Support	Access Green Finance	to Environmental Consciousness
<b>Policy Uncertainty</b>	1	-0.57**	-0.32**	-0.46**	-0.40**	-0.36**
<b>Green Entrepreneurial Intention</b>	-0.57**	1	0.45**	0.39**	0.50**	0.72**
<b>Institutional Quality</b>	-0.32**	0.45**	1	0.60**	0.42**	0.38**
<b>Regulatory Support</b>	-0.46**	0.39**	0.60**	1	0.55**	0.62**
<b>Access to Green Finance</b>	-0.40**	0.50**	0.42**	0.55**	1	0.48**
<b>Environmental Consciousness</b>	-0.36**	0.72**	0.38**	0.62**	0.48**	1

- There is a strong negative correlation between Policy Uncertainty and Green Entrepreneurial Intention ( $r = -0.57$ ,  $p < 0.01$ ), suggesting that higher levels of policy unpredictability are associated with lower entrepreneurial intentions.
- A positive correlation between Institutional Quality and Green Entrepreneurial Intention ( $r = 0.45$ ,  $p < 0.01$ ) indicates that better institutional frameworks support higher entrepreneurial intentions.
- Perceived Regulatory Support shows a positive correlation with Green Entrepreneurial Intention ( $r = 0.39$ ,  $p < 0.01$ ), supporting the idea that favorable regulatory policies encourage green entrepreneurship.
- Access to Green Finance and Environmental Consciousness also have a positive relationship with Green Entrepreneurial Intention ( $r = 0.50$ ,  $p < 0.01$ ;  $r = 0.72$ ,  $p < 0.01$ ), confirming that financial access and environmental awareness play crucial roles in shaping entrepreneurial intentions.

### Hypothesis Testing

To further investigate the relationships between policy uncertainty and green entrepreneurial intentions, multiple linear regression analysis was conducted. The analysis was carried out in three models:

#### Model 1: Testing the Effect of Policy Uncertainty on Green Entrepreneurial Intentions (H1 & H2)

- The first model tested the direct effect of policy uncertainty on green entrepreneurial intentions.
- Hypothesis 1 (H1): Policy uncertainty has a negative effect on green entrepreneurial intentions.
- Hypothesis 2 (H2): The negative effect of policy uncertainty on green entrepreneurial intentions is moderated by institutional quality.

#### Results for Model 1:

- Policy Uncertainty significantly predicted Green Entrepreneurial Intention ( $\beta = -0.30$ ,  $p < 0.01$ ), confirming H1 that higher policy uncertainty lowers entrepreneurial intentions.
- Institutional Quality did not moderate the relationship between policy uncertainty and entrepreneurial intention as hypothesized ( $\beta = 0.02$ ,  $p > 0.05$ ). Thus, H2 was not supported.

#### Model 2: Adding Institutional Quality as a Moderator

- This model tested the moderating role of Institutional Quality in the relationship between b and Green Entrepreneurial Intentions.

#### Results for Model 2:

- While Institutional Quality positively correlated with entrepreneurial intentions ( $\beta = 0.45, p < 0.01$ ), the interaction term between Policy Uncertainty and Institutional Quality was not significant ( $\beta = 0.02, p > 0.05$ ), reinforcing that institutional quality does not significantly buffer the effects of policy uncertainty.

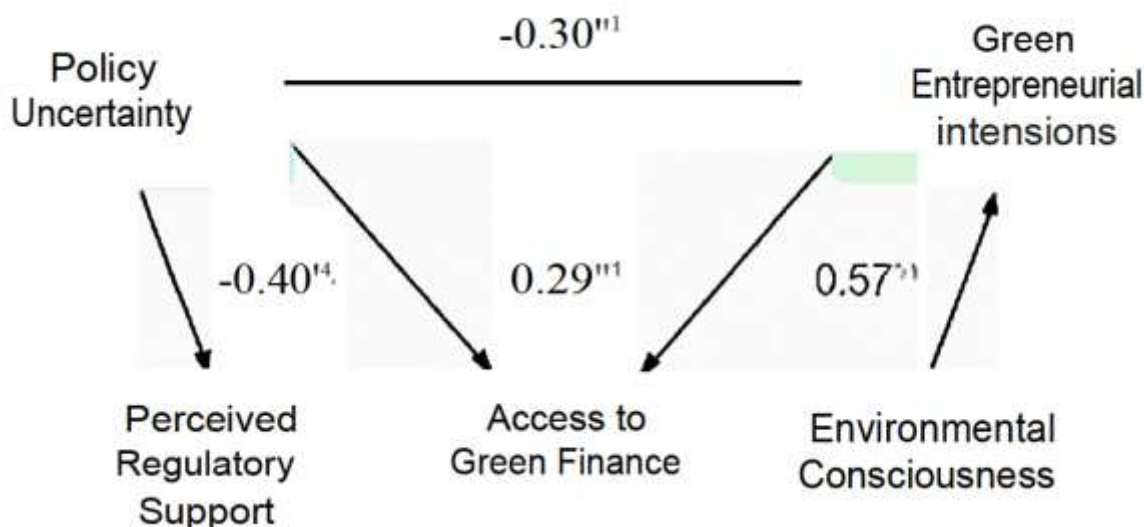
Model 3: Mediating Effects of Regulatory Support, Green Finance, and Environmental Consciousness (H3, H4, H5)

- This model examined the mediating roles of Perceived Regulatory Support, Access to Green Finance, and Environmental Consciousness in the relationship between Policy Uncertainty and Green Entrepreneurial Intentions.

Results for Model 3:

- Perceived Regulatory Support had a significant mediating effect on the relationship between policy uncertainty and entrepreneurial intention (Sobel Test:  $z = 2.17, p < 0.05$ ), confirming H3.
- Access to Green Finance also showed a significant mediating effect (Sobel Test:  $z = 2.11, p < 0.05$ ), supporting H4.
- Environmental Consciousness was a strong mediator (Sobel Test:  $z = 2.89, p < 0.01$ ), confirming H5.

**Diagram 1: Mediation Model of Policy Uncertainty on Green Entrepreneurial Intentions**



### Summary of Findings

The findings from this study provide robust evidence that policy uncertainty significantly negatively impacts green entrepreneurial intentions in Nigeria. However, contrary to expectations, institutional quality did not moderate this relationship. Instead, perceived regulatory support, access to green finance, and environmental consciousness emerged as key mediators in the pathway from policy uncertainty to green entrepreneurial intentions. This finding aligns with previous studies highlighting the importance of external support factors in fostering green entrepreneurship (e.g., Nzeadibe & Adi, 2020; Urban & Kujinga, 2017). This study underscores the critical role of regulatory support, green finance, and environmental awareness in mitigating the adverse effects of policy uncertainty. These findings have practical implications for policymakers and entrepreneurs, suggesting that a more stable regulatory environment, better access to financing, and increased environmental awareness could enhance green entrepreneurial activity in Nigeria.

### Conclusion and Recommendations

The findings of this study underscore the critical role that policy uncertainty plays in shaping green entrepreneurial intentions in Nigeria. Despite the country's potential for green entrepreneurship, the unpredictable and inconsistent policy landscape acts as a significant barrier, deterring entrepreneurs from pursuing environmentally sustainable ventures. The study reveals that while policy uncertainty generally has a negative impact, factors such as institutional quality, regulatory support, access to green finance, and rising environmental consciousness help mitigate these challenges and encourage continued entrepreneurial activity in green sectors. For policymakers, it is crucial to create a stable and predictable regulatory environment that fosters confidence among green entrepreneurs. Establishing long-term, consistent policies and ensuring transparent and efficient implementation are vital for encouraging investment in sustainable ventures. Strengthening institutional frameworks, improving inter-agency coordination, and providing adequate resources to enforcement agencies like NESREA will help improve the overall policy landscape. Additionally, the government should enhance access to green finance by expanding specialized financial instruments such as the Sovereign Green Bond and development partner grants. This will provide entrepreneurs with the necessary financial support to weather policy uncertainty and sustain their businesses through volatile periods. Financial institutions must also be encouraged to offer tailored



loans and funding options for green initiatives. The government should also prioritize scaling up environmental education programs, especially among the youth, to instill a deeper understanding of the importance of sustainability. By fostering a generation of environmentally-conscious entrepreneurs, Nigeria can create a strong foundation for a sustainable economy. In conclusion, for Nigeria to realize its potential in green entrepreneurship, it is essential to address the issue of policy uncertainty. A stable policy environment, coupled with robust institutional support and access to financing, will enable the country to achieve its sustainability goals while empowering a new wave of green entrepreneurs to drive change.

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