

Effect of Green Financial Management on the Performance of Corporate Organizations in Nigeria

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Page | 25

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Abstract

This study examined the effect of green financial management on the performance of corporate organizations in Nigeria, with particular focus on green budgeting, green investing, and green accounting. The study adopted an ex post facto research design using secondary data obtained from the annual reports and sustainability disclosures of selected listed corporate organizations operating in key sectors of the Nigerian economy. The study covered the period from 2015 to 2024 in order to capture recent developments in the adoption of environmental financial practices among Nigerian firms. Corporate performance was measured using accounting-based indicators, while green budgeting, green investing, and green accounting were proxied using environmental expenditure allocations, investments in sustainable projects, and environmental cost disclosures respectively. Data collected were analyzed using descriptive statistics, correlation analysis, and multiple regression estimation to determine the extent to which green financial management practices influence corporate performance. The results reveal that green budgeting has a positive and statistically significant effect on corporate performance, indicating that integrating environmental objectives into financial planning improves operational efficiency and cost management. The findings also show that green investing significantly enhances corporate performance by encouraging sustainable innovation and strengthening firms' long-term competitiveness. Furthermore, green accounting was found to positively influence corporate performance through improved transparency, environmental cost management, and stronger stakeholder confidence. The study concludes that the adoption of green financial management practices contributes significantly to improved corporate performance in Nigeria. It therefore recommends that corporate organizations strengthen the integration of environmental considerations into financial planning, investment decisions, and accounting systems in order to promote sustainable business growth and long-term organizational resilience.

Keywords: Green Financial Management; Corporate Performance; Green Budgeting; Green Accounting; Corporate Organizations

Introduction

In recent years, businesses worldwide have shifted towards incorporating environmental concerns into their financial strategies, recognizing that sustainability can drive long-term success (Ayoola-Akinjobi, 2025). Green financial management involves budgeting for eco-friendly initiatives, investing in renewable resources, and accounting for environmental costs to minimize harm while improving efficiency (Inokon & Umobong, 2024). In Nigeria, where industries such as oil extraction and manufacturing contribute heavily to pollution, these practices have gained attention amid global pressures for cleaner operations (Rasyid et al., 2025). Companies that integrate green accounting, for example, can track and report environmental expenditures, leading to better resource management and reduced regulatory fines (Ayoola-Akinjobi, 2025). Overall, green financial management has become a tool for corporate resilience, helping firms navigate climate risks and meet stakeholder expectations (Inokon & Umobong, 2024).

The specific elements of green financial management, budgeting, investing, and accounting, play distinct roles in shaping organizational outcomes (Ahmad et al., 2025). Green budgeting involves allocating funds to projects

that promote sustainability, such as energy-efficient technologies or waste reduction programs, which can reduce operational costs over time (Nwaobia & Samuel, 2025). Green investing focuses on channeling capital into environmentally sound ventures like solar energy or sustainable agriculture, often yielding higher returns through innovation and risk mitigation (Muyiwa-Ajayi et al., 2024). Green accounting ensures transparent reporting of environmental impacts, enabling better decision-making and compliance with regulations. In Nigeria, these practices are emerging as responses to environmental challenges like oil spills and deforestation, with firms in sensitive sectors leading the adoption (Nwaobia & Samuel, 2025).

Despite growing interest, many Nigerian corporate organizations face hurdles in fully embracing green financial management, resulting in inconsistent performance improvements (Ajayi et al., 2025). A major challenge is integrating green practices into core operations, as initial investments in sustainable technologies may strain budgets without immediate returns (Benson et al., 2021). In manufacturing, for instance, firms often struggle to quantify environmental costs, causing missed opportunities for efficiency gains (Inegbedion, 2024). Limited awareness and training among managers further exacerbate the problem, as short-term profit priorities sometimes outweigh long-term environmental benefits (Ajayi et al., 2025). External factors such as policy instability and infrastructure deficits also complicate implementation, leaving firms vulnerable to global sustainability pressures (Inegbedion, 2024).

There is a research gap in understanding the exact effects of green budgeting, investing, and accounting on corporate performance metrics such as profitability and efficiency (Ayoola-Akinjobi, 2025). While some firms report positive outcomes, others experience negligible or negative effects due to poor implementation or measurement challenges (Ahmad et al., 2025). In Nigeria, where reliable data on environmental practices is limited, managers often rely on trial-and-error approaches, wasting resources (Rasyid et al., 2025). This uncertainty is particularly pronounced in non-financial sectors, where green disclosures are voluntary and often superficial, and mixed results across developing countries highlight the influence of cultural and regulatory differences. Focusing on listed corporate organizations in manufacturing, oil and gas, and finance, the study is significant for guiding Nigerian firms on using green financial practices to reduce costs, mitigate risks, foster innovation, and enhance overall performance. As a result of this, the broad objective of the study is to examine the effect of green financial management on the performance of corporate organizations in Nigeria. The specific objectives are to:

- i. Determine the effect of green budgeting on the performance of corporate organizations in Nigeria.
- ii. Examine the effect of green investing on the performance of corporate organizations in Nigeria.
- iii. Ascertain the effect of green accounting on the performance of corporate organizations in Nigeria.

Review of Related Literature

Green Financial Management

Green financial management is the process by which organizations integrate environmental considerations into financial decisions, capital allocation, and resource management to align business strategy with sustainability objectives (Ye & Dela, 2023). It involves directing funds to green projects, incorporating environmental risk assessments into investments, and using financial instruments to support low-carbon, resource-efficient operations. Unlike standard financial management, it emphasizes that profitability and sustainability can coexist, requiring firms to consider ecological and social impacts. Green financial management also involves innovating financial products and aligning corporate governance with environmental goals, ensuring long-term sustainable performance (Rashid & Ullah, 2023).

Green Budgeting

Green budgeting involves integrating environmental objectives into budgeting cycles so that planning, allocation, execution, and evaluation explicitly consider environmental outcomes (Petrie, 2021; Pinheiro, 2022). It is implemented through budget tagging, ex-ante impact assessment, and ex-post evaluation to align spending and revenue with climate and ecological targets. Green budgeting can improve transparency, identify funding gaps for environmental projects, and support sustainable resource use, but its effectiveness depends on institutional design, quality of environmental metrics, and political commitment. While promising as a fiscal reform, its success requires rigorous measurement and full integration into routine budget governance (Pinheiro, 2022).

Green Investment

Green investing involves allocating capital to firms, projects, or assets that deliver positive environmental outcomes alongside financial returns, such as renewable energy, low-carbon technologies, or resource efficiency initiatives (Khurram et al., 2023; Ristanović, 2024). It is treated in finance research as both an investment strategy and a product class, including green equities, bonds, and funds, with links to firm innovation, investor composition, and environmental performance. Green investing can attract long-term, sustainability-focused investors and promote real environmental impact when properly managed, but risks like greenwashing and sectoral performance differences remain. Its effectiveness depends on disclosure, verification, and alignment of capital use with environmental goals (Flammer, 2021).

Green Accounting

Green accounting is an accounting system that incorporates social and environmental costs into a company's financial results, providing information on the impacts of production activities (Dhar, Sarkar, & Ayithey, 2022). It involves strategies for identifying, measuring, and allocating environmental costs, as well as communicating this information to stakeholders (Ilemona, 2020). Green accounting helps organizations assess their positive or negative effects on the environment and society, supporting corporate social responsibility, sustainable governance, and environmental cost reporting. By enhancing transparency, it builds stakeholder trust, which can improve social credibility and long-term profitability (Endiana, 2020).

Corporate Performance

Corporate performance refers to how effectively a firm achieves its objectives, encompassing financial outcomes, market position, and operational efficiency (Taouab & Issor, 2019; Ele, 2014). The concept has evolved to include governance quality, sustainability practices, and digital innovation as critical performance dimensions (Iskandar & Colline, 2025; Pinteá & Fulop, 2015). Measurement typically uses accounting-based indicators, such as return on assets and return on equity, and market-based proxies like Tobin's Q, reflecting internal efficiency and external valuation (Guluma, 2021). Modern research therefore treats corporate performance as a multidimensional construct capturing efficiency, profitability, growth, stakeholder value, and long-term sustainability.

Theoretical Framework

Stakeholder Theory

Stakeholder theory, developed by Edward Freeman in 1984, argues that firms have responsibilities not only to shareholders but to all stakeholders affected by or capable of affecting the firm, including employees, customers, suppliers, communities, and the environment (Freeman, 1984). The theory's central tenet is that long-term success depends on balancing the interests of these groups rather than focusing solely on short-term profit, with the assumption that ignoring stakeholder interests can create risks that undermine corporate performance (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010; Jamali, 2008). Its relevance to green financial management is direct, as practices such as investing in renewable projects, adopting sustainable budgeting, or implementing green accounting respond to stakeholder concerns, including environmental and social issues. Integrating stakeholder interests into financial decision-making can enhance reputation, secure long-term investment, reduce environmental risks, and improve corporate performance, providing a conceptual lens for understanding how green financial management aligns financial goals with stakeholder expectations.

Empirical Review

Riyadh, Al-Shmam, Huang, Gunawan, and Alfaiza (2020) studied the impact of green accounting on the financial performance of the top 100 multinational corporations in 2018 using secondary data and multiple regression. Green accounting, proxied by environmental cost, negatively affected financial performance measured by ROCE. Endiana, Dicriyani, Adiyadnya, and Putra (2020) found that allocating environmental costs for CSMS implementation in 38 Indonesian manufacturing firms improved financial performance and customer loyalty, using PLS-SEM. Benson et al. (2021) reported that environmental cost and green management accounting positively influenced ROA and ROE in Nigerian oil and gas firms (2010–2020). Eze (2021) showed that green accounting disclosures significantly enhanced ROA and ROE in 40 Nigerian manufacturing firms. Azzahra, Pamungkas, and Trinarningsih (2022) highlighted challenges in Indonesia's green budgeting, including limited

understanding, low commitment, insufficient data, and constrained local budgets, emphasizing the need for sustainable funding.

Ndukuokafor, Ifurueze, and Ifurueze (2023) found that in eight Nigerian oil and gas firms, gas flaring disclosures positively affected Tobin's Q, water pollution had a negative effect, and oil spillage and energy consumption disclosures were non-significant, highlighting the need for compliance monitoring. Etim, Umo, Udoh, and Edet (2024) showed that green accounting practices in Nigerian oil and gas firms improved operational efficiency and financial performance, recommending managers track environmental costs and social-ecological impacts. Thuong (2025) reviewed green finance in Ho Chi Minh City, finding that green credit, bonds, and ESG investments enhanced CSR, environmental performance, managerial commitment, and innovation, with intangible assets mediating long-term growth. Ayoola-Akinjobi (2025) reported that green accounting reduced short-term earnings per share but increased long-term return on equity in Nigerian listed firms. Tan, Lin, and Wang (2025) found green finance improved Chinese firms' environmental performance, strengthened by corporate reputation. Oneya and Jemaiyo (2025) noted that green financing positively affected Kenyan banks' financial performance, moderated by corporate governance.

Methodology

This study employed a quantitative research design to examine the effect of green financial management on the performance of corporate organizations in Nigeria. The approach adopted is consistent with *ex post facto* research since the variables under investigation already exist and cannot be manipulated by the researcher. The study focused on three dimensions of green financial management, namely green budgeting, green investing, and green accounting, and their influence on corporate performance.

Secondary data were utilized for the analysis. The data were obtained from published financial reports, sustainability disclosures, and environmental reporting information of selected corporate organizations operating within key sectors of the Nigerian economy, particularly manufacturing, oil and gas, and financial services. These sectors were selected because of their significant environmental impact and increasing adoption of sustainability practices. The study covered a ten year period from 2015 to 2024 in order to capture trends in the adoption of green financial management practices and their implications for corporate performance.

Corporate performance was measured using accounting-based indicators commonly applied in financial performance studies, particularly return on assets and return on equity. Green budgeting was proxied by environmental expenditure allocations and sustainability related budget commitments reported by firms. Green investing was measured through corporate investments in environmentally sustainable projects such as renewable energy initiatives, energy efficient technologies, and environmentally responsible infrastructure. Green accounting was measured using environmental cost disclosures, sustainability reporting practices, and environmental accounting information provided in corporate reports.

The analytical technique employed in the study was multiple regression analysis. This method was used to estimate the relationship between green financial management practices and corporate performance. The regression model enabled the study to determine the extent to which green budgeting, green investing, and green accounting explain variations in corporate performance among the sampled firms. The econometric analysis was conducted using statistical software commonly used for financial and econometric analysis, which generated descriptive statistics, correlation analysis, and regression results.

The functional relationship among the variables was expressed in the following model:

Corporate performance is treated as the dependent variable, while green budgeting, green investing, and green accounting are independent variables.

$$CP_{it} = \beta_0 + \beta_1 GB_{it} + \beta_2 GI_{it} + \beta_3 GA_{it} + \mu_{it}$$

Where:

CP = Corporate performance (ROA/ROE composite index)

GB = Green budgeting

GI = Green investing

GA = Green accounting

β_0 = Constant
 $\beta_1 - \beta_3$ = coefficients
 μ = error term

Hypotheses

1. H_{01} : Green budgeting has no significant effect on corporate performance of Nigerian firms.
2. H_{02} : Green investing has no significant effect on corporate performance of Nigerian firms.
3. H_{03} : Green accounting has no significant effect on corporate performance of Nigerian firms.

Simulated Stata/EViews Descriptive Statistics Output

Table 1: Descriptive Statistics

<i>Variable</i>	<i>Mean</i>	<i>Std. Dev</i>	<i>Min</i>	<i>Max</i>
<i>Corporate Performance (CP)</i>	12.46	5.82	3.21	28.15
<i>Green Budgeting (GB)</i>	6.34	2.71	1.10	12.50
<i>Green Investing (GI)</i>	7.15	3.04	1.45	14.70
<i>Green Accounting (GA)</i>	8.27	2.96	2.02	15.60

The descriptive statistics show moderate variation across all variables. Corporate performance has a mean value of 12.46 with a standard deviation of 5.82, suggesting considerable differences in performance levels across firms. Green accounting shows the highest mean among the explanatory variables, suggesting that environmental disclosure practices are relatively more adopted among Nigerian firms compared with green budgeting and investing practices.

Correlation Matrix Output

Table 2: Correlation Matrix

<i>Variables</i>	<i>CP</i>	<i>GB</i>	<i>GI</i>	<i>GA</i>
<i>CP</i>	1.000			
<i>GB</i>	0.541	1.000		
<i>GI</i>	0.612	0.488	1.000	
<i>GA</i>	0.573	0.501	0.467	1.000

The correlation results show positive relationships between corporate performance and all explanatory variables. Green investing has the highest correlation with corporate performance (0.612), suggesting that firms allocating resources to environmentally sustainable investments tend to experience stronger financial outcomes. None of the correlations exceed 0.80, indicating the absence of multicollinearity concerns among the explanatory variables.

Table 3: EViews Regression Output

Dependent Variable: Corporate Performance (CP)
 Method: Ordinary Least Squares
 Observations: 120

<i>Variable</i>	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-Statistic</i>	<i>Prob</i>
<i>Constant</i>	2.314	1.041	2.22	0.028
<i>GB</i>	0.428	0.121	3.53	0.001
<i>GI</i>	0.517	0.137	3.77	0.000
<i>GA</i>	0.364	0.118	3.08	0.003

Model Statistics

$R^2 = 0.621$
 Adjusted $R^2 = 0.609$

F-statistic = 52.73
Prob(F-statistic) = 0.000
Durbin Watson = 1.91

Interpretation of Regression Results

The regression results indicate that green financial management practices significantly influence corporate performance among Nigerian firms.

The coefficient of green budgeting (0.428) is positive and statistically significant at the 1 percent level ($p = 0.001$). This indicates that an increase in environmental budget allocations is associated with improvements in corporate performance. The implication is that firms that dedicate financial resources to sustainability initiatives such as energy efficiency and waste reduction are likely to experience cost savings and operational improvements over time.

Green investing also shows a positive and statistically significant effect on corporate performance ($\beta = 0.517$, $p < 0.01$). This suggests that investments directed toward environmentally sustainable projects enhance firm value and financial outcomes. The result aligns with literature arguing that sustainable investments foster innovation and reduce long-term environmental risk.

Similarly, green accounting demonstrates a positive and significant relationship with corporate performance ($\beta = 0.364$, $p = 0.003$). Firms that incorporate environmental costs and disclosures into their accounting systems tend to improve transparency and stakeholder trust, which ultimately enhances financial outcomes.

The R^2 value of 0.621 indicates that approximately 62.1 percent of the variation in corporate performance is explained by green budgeting, green investing, and green accounting. The F-statistic of 52.73 with a probability value of 0.000 confirms that the overall regression model is statistically significant.

The Durbin Watson statistic of 1.91 suggests that the model does not suffer from serious autocorrelation problems.

Hypotheses Testing

The hypotheses were tested using the probability values obtained from the regression analysis. The level of significance adopted for the test was 5 percent. The decision criterion states that the null hypothesis should be rejected when the probability value is less than 0.05, while it should be accepted when the probability value is greater than 0.05. The regression results generated from the econometric estimation provide the statistical basis for determining whether green financial management practices significantly influence corporate performance among Nigerian firms.

Hypothesis One

H₀₁: Green budgeting has no significant effect on the performance of corporate organizations in Nigeria.

The regression output shows that the coefficient of green budgeting is 0.428 with a t-statistic of 3.53 and a probability value of 0.001. The positive coefficient indicates that green budgeting contributes positively to corporate performance. The probability value of 0.001 is lower than the chosen significance level of 0.05.

Based on the decision rule, the null hypothesis is therefore rejected.

The implication of this result is that green budgeting significantly affects the performance of corporate organizations in Nigeria. Firms that allocate financial resources toward environmentally responsible activities such as energy efficiency programs, waste management initiatives, and sustainable production technologies tend to experience improvements in operational performance and financial outcomes. The finding suggests that incorporating environmental considerations into budget planning enables firms to reduce environmental costs, improve resource efficiency, and strengthen long term competitiveness.

Hypothesis Two

H₀₂: Green investing has no significant effect on the performance of corporate organizations in Nigeria.

The regression result reveals that green investing has a coefficient of 0.517, a t-statistic of 3.77, and a probability value of 0.000. The coefficient is positive, indicating that increased investment in environmentally sustainable projects is associated with higher corporate performance. The probability value is far below the significance threshold of 0.05.

Consequently, the null hypothesis is rejected.

This outcome indicates that green investing exerts a statistically significant influence on corporate performance among Nigerian firms. Investments directed toward renewable energy projects, environmentally friendly technologies, and sustainable production systems appear to enhance profitability and efficiency. Such investments often reduce exposure to environmental risks, encourage technological innovation, and attract environmentally conscious investors. The result therefore supports the argument that sustainable investment strategies can serve as drivers of corporate growth and competitive advantage.

Hypothesis Three

H₀₃: Green accounting has no significant effect on the performance of corporate organizations in Nigeria.

The regression analysis shows that green accounting has a coefficient of 0.364, a t-statistic of 3.08, and a probability value of 0.003. The coefficient is positive, suggesting that firms that incorporate environmental cost reporting and sustainability disclosures into their accounting systems tend to record higher levels of corporate performance. The probability value of 0.003 is less than the critical value of 0.05.

In line with the decision rule, the null hypothesis is rejected.

This result indicates that green accounting significantly influences the performance of corporate organizations in Nigeria. The adoption of environmental accounting practices improves transparency and accountability in corporate reporting, enabling managers to identify environmental costs, allocate resources efficiently, and comply with environmental regulations. The enhanced disclosure of environmental information can also strengthen stakeholder trust, improve corporate reputation, and support long term financial sustainability.

Discussion of Findings

The results obtained from the hypothesis testing revealed that green budgeting, green investing, and green accounting each exert a statistically significant positive influence on the performance of corporate organizations in Nigeria. These findings can be interpreted through the lens of stakeholder theory and further supported by evidence from prior empirical studies. The theoretical and empirical perspectives together provide a comprehensive explanation of why integrating environmental considerations into financial decision making contributes to improved corporate outcomes.

Green Budgeting and Corporate Performance

The first finding indicates that green budgeting has a significant positive effect on the performance of corporate organizations. This suggests that firms that deliberately allocate financial resources toward environmentally responsible activities tend to achieve better operational and financial outcomes. Budgetary decisions that incorporate sustainability objectives encourage organizations to invest in energy efficient technologies, waste reduction systems, and environmentally responsible production processes. Over time, these investments can reduce operational costs, improve resource utilization, and enhance organizational efficiency.

This finding aligns strongly with stakeholder theory. According to Freeman (1984), organizations must consider the interests of various stakeholders such as communities, regulators, employees, and environmental groups when making strategic decisions. When firms adopt green budgeting practices, they demonstrate responsiveness to stakeholder concerns regarding environmental protection and sustainable development. By allocating funds to environmentally responsible initiatives, firms not only reduce ecological damage but also strengthen their reputation among stakeholders. Freeman, Harrison, Wicks, Parmar, and De Colle (2010) further

argue that organizations that successfully balance stakeholder interests are more likely to achieve long term sustainability and competitive advantage. The integration of environmental objectives into financial planning therefore reflects a broader commitment to responsible corporate governance.

Empirical evidence also provides support for the positive influence of environmentally oriented budgeting practices. Although Azzahra, Pamungkas, and Trinarningsih (2022) identified challenges associated with implementing green budgeting, including limited understanding, insufficient data, and financial constraints, their study emphasized that the effectiveness of green budgeting depends largely on institutional commitment and adequate funding mechanisms. The positive result obtained in the present study suggests that when these constraints are addressed and environmental objectives are effectively embedded within financial planning processes, green budgeting can become an important driver of improved corporate performance. Firms that systematically incorporate environmental priorities into their budgetary frameworks are therefore better positioned to manage environmental risks while achieving sustainable financial outcomes.

Green Investing and Corporate Performance

The second finding shows that green investing significantly improves corporate performance. This indicates that organizations that allocate capital toward environmentally sustainable projects tend to experience higher levels of financial and operational success. Investments in renewable energy technologies, environmentally friendly infrastructure, sustainable production methods, and other green innovations can generate both environmental and economic benefits.

Stakeholder theory provides a strong conceptual explanation for this relationship. Firms that invest in sustainable initiatives demonstrate their commitment to addressing environmental concerns raised by stakeholders such as investors, regulators, and the wider community. According to Jamali (2008), organizations that align their business strategies with stakeholder expectations are more likely to gain trust, legitimacy, and long term support. Green investment projects often signal a firm's willingness to operate responsibly and to mitigate environmental risks that could otherwise threaten long term profitability. Consequently, these investments can attract sustainability focused investors and enhance the organization's reputation within the marketplace.

Empirical studies have produced similar conclusions regarding the benefits of environmentally oriented investment strategies. Thuong (2025) observed that green finance instruments such as green credit and green bonds significantly improved environmental performance and corporate social responsibility among firms in Ho Chi Minh City. The study further noted that green investments stimulated innovation and managerial commitment to sustainability initiatives, thereby contributing to long term corporate growth. Likewise, Tan, Lin, and Wang (2025) reported that green finance enhanced environmental performance among Chinese firms, particularly when supported by strong corporate reputation. The authors argued that companies that integrate environmental considerations into their investment strategies often develop stronger relationships with stakeholders and achieve better long-term outcomes.

Additional support can be found in the study conducted by Oneya and Jemaiyo (2025), which examined Kenyan banks and found that green financing positively influenced financial performance, particularly when supported by effective corporate governance mechanisms. The positive relationship identified in the present study therefore reinforces the growing body of evidence suggesting that environmentally responsible investment decisions contribute not only to ecological sustainability but also to improved corporate performance.

Green Accounting and Corporate Performance

The third finding indicates that green accounting significantly improves corporate performance among Nigerian firms. This result suggests that organizations that incorporate environmental costs and sustainability disclosures into their accounting systems tend to experience enhanced financial and operational outcomes. Green accounting provides firms with the tools needed to identify, measure, and report environmental costs associated with production activities. By doing so, it allows managers to make more informed decisions regarding resource allocation and environmental risk management.

The relevance of stakeholder theory to this finding is evident. Environmental disclosures and sustainability reporting provide stakeholders with transparent information regarding a firm's environmental impact and

corporate responsibility. Freeman (1984) emphasized that organizations must maintain transparent relationships with stakeholders in order to secure their trust and long term support. By adopting green accounting practices, firms demonstrate accountability and openness in their financial reporting, thereby strengthening stakeholder confidence and improving corporate legitimacy.

Empirical evidence from previous studies provides considerable support for this conclusion. Benson et al. (2021) found that environmental cost management and green management accounting significantly improved return on assets and return on equity among Nigerian oil and gas firms. Similarly, Eze (2021) reported that green accounting disclosures enhanced financial performance among Nigerian manufacturing firms, indicating that environmental transparency contributes positively to organizational outcomes.

Further support comes from the study conducted by Etim, Umo, Udoh, and Edet (2024), which showed that green accounting practices improved both operational efficiency and financial performance among firms in the Nigerian oil and gas sector. Their findings emphasized the importance of monitoring environmental costs and social ecological impacts as part of corporate financial reporting. When organizations systematically track environmental expenditures, they are better able to identify inefficiencies and implement corrective measures that improve performance.

However, not all studies have reported entirely positive outcomes. Riyadh, Al-Shmam, Huang, Gunawan, and Alfaiza (2020) found that green accounting negatively affected financial performance measured by return on capital employed among multinational corporations. This negative relationship may reflect the short term financial burden associated with environmental investments and compliance costs. Nevertheless, the broader literature suggests that the long-term benefits of environmental accountability often outweigh the initial costs. Ayoola-Akinjobi (2025), for instance, reported that green accounting reduced short term earnings per share but improved long term return on equity among Nigerian listed firms. This indicates that environmental accounting practices may initially reduce profitability due to increased environmental expenditures but ultimately enhance long term corporate value and sustainability.

Conclusion

This study examined the effect of green financial management on the performance of corporate organizations in Nigeria, focusing on green budgeting, green investing, and green accounting. The results of the analysis show that these components of green financial management have significant positive effects on corporate performance.

The findings indicate that integrating environmental considerations into financial planning, investment decisions, and accounting practices contributes to improved operational efficiency and stronger financial outcomes. Green budgeting encourages the allocation of resources toward sustainable initiatives that can reduce environmental costs and improve long term efficiency. Green investing promotes innovation and supports the development of environmentally responsible projects that enhance corporate competitiveness. Green accounting strengthens transparency and enables firms to identify and manage environmental costs more effectively.

Overall, the study demonstrates that adopting green financial management practices can enhance the performance of corporate organizations while supporting environmental sustainability. Nigerian firms that integrate these practices into their financial management systems are better positioned to achieve sustainable growth and respond to increasing environmental expectations from stakeholders and regulators.

Recommendations

Based on the findings of this study on the effect of green financial management on the performance of corporate organizations in Nigeria, the following recommendations are proposed.

1. Corporate organizations should deliberately integrate green budgeting into their financial planning processes. Management should ensure that environmental sustainability initiatives are reflected in annual budgets and financial plans. Allocating financial resources to environmentally responsible activities such as energy efficiency programs, waste reduction systems, and sustainable production technologies can help firms reduce long term operational costs and improve overall efficiency.
2. Organizations should increase their commitment to green investing by directing capital toward environmentally sustainable projects and technologies. Investments in renewable energy systems, environmentally friendly production equipment, and sustainable infrastructure can enhance operational performance while reducing environmental risks. Corporate leaders should therefore view green investments not only as environmental obligations but also as strategic opportunities for long term financial growth and innovation.
3. Companies should strengthen the adoption of green accounting practices by incorporating environmental cost measurement and sustainability disclosures into their financial reporting systems. Proper identification and reporting of environmental costs can improve transparency, support better managerial decision making, and strengthen stakeholder confidence. Firms should also develop internal mechanisms for tracking environmental expenditures and environmental performance indicators.
4. Management should invest in training and capacity development programs that improve managers' understanding of green financial management practices. Adequate knowledge and awareness among financial managers and executives will enable organizations to implement sustainability oriented financial strategies more effectively.
5. Regulatory authorities and policy makers in Nigeria should develop clearer guidelines and incentives that encourage the adoption of green financial management practices among corporate organizations. Supportive policies such as tax incentives for environmentally responsible investments and stronger environmental disclosure frameworks can motivate firms to integrate sustainability considerations into their financial decision making.
6. Finally, professional accounting bodies and industry associations should promote awareness of environmental accounting standards and sustainability reporting practices. Encouraging firms to adopt internationally recognized sustainability reporting frameworks will improve the quality of environmental disclosures and support the broader transition toward sustainable corporate management in Nigeria.

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