



# Environmental pollution policy of small businesses in Nigeria and Ghana: extent and impact

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## Abstract

This study provides a comprehensive assessment of firms' operation and environmental protection policies in Nigeria and Ghana, where there has been a rising industrial growth amidst low regulatory and institutional frameworks. We analyze the extents to which firms' adoption of environmental protection policies affect their performances. We use firm-level data of 842 firms (447 for Nigeria and 395 for Ghana) distributed across different regions of both countries for our descriptive and econometric estimations. We find, among other things, that firms' adoption of internal policies on environmental protection is dismally low in both Nigeria (32%) and Ghana (17%), with policies focused on reducing solid (38%, Nigeria; and 35%, Ghana), gaseous (22%, Nigeria; and 44%, Ghana), and liquid (24%, Nigeria; and 14%, Ghana) pollution. Training appears to be an important intervention that can help improve firms' adoption of such policies. We also found that firms' adoption and implementation of environmental protection policies significantly improve their performance.

**Keywords** Environment · Green industrialization · Performance · Pollution · Small businesses · West Africa

**JEL Classification** H32 · L25 · Q52 · Q53

## Introduction

Sustained policies towards environmental protection in Africa's unique business environment have become crucial since the continent is experiencing a rise in industrial growth characterized by increasing population of small businesses, entrepreneurs, and other firms involved in service delivery. Limited access to the needed infrastructure for efficient and

environmentally friendly means of operation in the continent has also compelled most businesses to generate their own source of energy in the form of burning fossil fuel for electricity supply. In their desperate attempt to generate enough energy for their business operation and survival, these businesses may even be less conscious of the extent of emission that they generate and the consequences on plants and human life. Therefore, the limited access to infrastructure coupled

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