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Sustainable Business Practices as a Competitive Advantage in International Markets: Focus on Nigeria

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Abstract

The global business environment in the 21st century has shifted significantly, with sustainability emerging as a central determinant of competitiveness rather than a peripheral ethical concern. Firms increasingly compete on their ability to align economic performance with environmental responsibility, social inclusion, and ethical governance. For developing economies such as Nigeria, this transformation presents both strategic opportunities and structural challenges. Nigeria which is Africa's largest economy and a major resource hub, is deeply integrated into international markets through sectors such as oil and gas, aviation and agriculture. As global markets embed sustainability into trade agreements, investment criteria, and supply chains, Nigerian firms operating internationally are increasingly exposed to environmental, social, and governance (ESG) expectations. This paper examines the conceptual relationship between sustainable business practices and competitive advantage, situating it within Nigeria's unique business environment. The study explores how sustainability may function as a strategic resource capable of enhancing firm resilience, legitimacy, and long-term performance. The study adopted quantitative structural approach in selecting academic materials. From the review, the paper emphasizes that in Nigeria, the link between sustainability and competitive advantage remains largely speculative due to limited empirical evidence, weak institutional capacity, and uneven implementation. The paper also shows that Nigeria's dual economic structure is characterized by a dominant informal sector and a smaller but globally integrated formal sector. While multinational firms and large indigenous corporations show partial compliance with sustainability standards, widespread infrastructural deficits, regulatory inconsistencies, corruption, and

environmental degradation, particularly in oil, aviation, and agricultural exports, continue to undermine global competitiveness. The paper concludes that although sustainability has not yet become a definitive competitive advantage for Nigerian firms, its strategic importance is likely to intensify. Thus, it was recommended among others that effective integration of sustainable business practices could enhance Nigeria's international market access, investor confidence, and prospects for inclusive and resilient economic development.

Keywords: Sustainability, Sustainable Business Practices, Competitive Advantage, International Market, Strategic Legitimacy, Nigeria.

Introduction

The global market in the 21st century have undergone fundamental transformation and dynamic improvement. Businesses no longer compete solely on the basis of price, scale, or access to capital; rather, they increasingly compete on their ability to operate responsibly, ethically, and sustainably within a complex international environment (García-de-Madariaga & Rodríguez-de-Rivera-Cremades, 2010). Sustainability which was once viewed as a peripheral or philanthropic concern, has gradually evolved into a core strategic issue that influence firm performance, investor confidence, market access, and long-term survival (Shih et al., 2024). Across international markets, multinational corporations, governments, and consumers are redefining what constitutes business success, with sustainable business practices emerging as a potentially decisive source of competitive advantage (Wharton, 2024).

For developing economies such as Nigeria, this shift seems to present both an opportunity and a challenge. Nigeria occupies a strategic position in Africa as the continent's most populous country and largest economy (Galal, 2024; Muhammad, 2025). Nigeria is a major hub for natural resources, particularly oil and gas. Nigerian businesses, especially those operating internationally or in partnership with foreign firms are increasingly exposed to global sustainability expectations, including environmental standards, social responsibility norms, and governance frameworks. While Nigeria faces persistent structural, institutional, and infrastructural challenges like power shortages and corruption, the strategic adoption of sustainable business practices may enable Nigerian firms to enhance their competitiveness in international markets, attract foreign investment, and secure long-term economic relevance. At this stage, it is important to emphasize that the relationship between sustainable business practices and competitive advantage in Nigeria remains largely speculative rather than conclusively established. This is because empirical evidence is still evolving, lacking and outcomes are not guaranteed as noted by Nwaobia and Akintoye (2024). Nevertheless, logical reasoning, global trends, and

emerging patterns suggest that sustainability may increasingly function as a strategic differentiator for Nigerian businesses operating across borders.

Competitive advantage refers to a firm's ability to create greater value than its competitors in a way that is difficult to replicate, thereby achieving superior performance over time (Porter, 1985). This advantage may arise from cost leadership, differentiation, innovation, access to unique resources, or superior organizational capabilities (Vijaya et al., 2021; Islami et al., 2020; Isa et al, 2022). In international markets, competitive advantage is further shaped by factors such as regulatory compliance, reputation, adaptability, and alignment with global norms (Vosseler Abogados, 2024). Also, Nigeria competitive advantage lies in its endowment of natural resources, fertile land and active population which can provide man power for industries and organisations. These advantages, when looked at put Nigeria in a favourable position to compete internationally.

When linked to sustainable business practices, competitive advantage extends beyond short-term profitability to include long-term resilience, stakeholder trust, and legitimacy (Chong & Kaliappen, 2025). Sustainable business practices encompass strategies and operations that balance economic performance with environmental protection, social equity, and ethical governance; the so-called "triple bottom line" of people, planet, and profit (Elkington, 1997). Thus, firms that successfully integrate sustainability into their core business models may reduce risks, improve efficiency, access premium markets, and strengthen their brand image globally.

Globally, sustainability has become embedded in international trade agreements, investment criteria, and consumer behavior because many modern trade agreements now incorporate specific environmental provisions and labor standards. These clauses often require signatory countries to effectively enforce their own environmental laws and to cooperate on sustainability-related issues, making ecological performance a key component of market access and trade relations (Organisation for Economic Co-operation and Development, OECD 2024; Kumari, 2025). Developed economies increasingly impose environmental, social, and governance (ESG) requirements on imported goods and services, while multinational corporations demand compliance from suppliers across global value chains (Laidlaw, 2024; International Chamber of Commerce, 2025). Developing nations, including Nigeria, are thus compelled to align with these evolving standards or risk exclusion from lucrative international markets.

At the national level, Nigeria's business environment reflects a complex interaction between global pressures and domestic realities. While sustainability frameworks are gaining policy attention, implementation remains uneven. Understanding how sustainable business practices may serve as a competitive advantage for Nigerian firms requires an examination of existing literature, the structure of Nigeria's business landscape, and the country's relative position within the global economy.

Competitive Advantage: Concept and Meaning

The concept of competitive advantage occupies a central position in strategic management and business studies, as it explains why some firms consistently outperform others within the same industry. Competitive advantage refers to a firm's ability to create superior value for customers and achieve above-average performance relative to competitors. It is concerned not only with outperforming rivals in the short term but also with sustaining this superior performance over time.

Porter (1985) provided one of the earliest and most influential conceptualizations of competitive advantage. He defined competitive advantage as a firm's ability to deliver greater value to customers either by offering comparable products at a lower cost (cost leadership) or by providing unique benefits that justify a premium price (differentiation). According to Porter, firms may also achieve competitive advantage by focusing on a specific market segment, thereby tailoring their strategies to the needs of a narrow customer base. This framework shows industry structure and positioning as key determinants of competitive success.

Building on this perspective, Barney (1991) shifted attention inward to the firm's resources and capabilities. From the resource-based view (RBV), competitive advantage is defined as a firm's ability to implement a value-creating strategy that is not simultaneously being implemented by current or potential competitors. Barney argued that resources must be valuable, rare, inimitable, and non-substitutable (VRIN) for a firm to achieve sustained competitive advantage. This view emphasizes intangible assets such as knowledge, skills, organizational culture, and innovation as critical sources of long-term superiority.

Similarly, Grant (1991) defined competitive advantage as the outcome of a firm's capacity to deploy its internal resources and capabilities more effectively than competitors. He emphasized that competitive advantage arises not merely from resource possession but from the firm's ability to integrate, coordinate, and apply these resources in ways that competitors cannot easily replicate. This definition underscores the importance of managerial competence and organizational learning in sustaining competitive advantage.

In the context of international business, Dunning (1993) linked competitive advantage to a firm's ownership-specific advantages, such as proprietary technology, brand reputation, and managerial expertise. According to Dunning's eclectic paradigm, firms gain competitive advantage in international markets when they can effectively adapt these ownership advantages to different regulatory, cultural, and market environments. This perspective shows the dynamic and context-dependent nature of competitive advantage in a globalized economy.

More recently, Teece, Pisano, and Shuen (1997) introduced the concept of dynamic capabilities, defining competitive advantage as a firm's ability to integrate, build, and reconfigure internal and external competences in response to rapidly changing environments. From this viewpoint, competitive advantage is not static but evolves through continuous innovation, learning, and strategic renewal. Firms that can sense opportunities, seize them, and transform their resource base are more likely to maintain competitiveness in turbulent markets.

In summary, competitive advantage has evolved from an externally focused concept based on market positioning to a multidimensional construct that incorporates internal resources, capabilities, and adaptability. Across these perspectives, a common theme is that competitive advantage enables firms to achieve superior performance by creating value in ways that competitors find difficult to imitate or sustain.

Sustainable Business Practices: Concept and Meaning

Sustainable business practices refer to organizational strategies that integrate environmental stewardship, social responsibility, and economic viability into core operations (Elkington, 1997). These practices include reducing carbon emissions, responsible resource management, ethical labor practices, community engagement, and transparent governance. Globally, sustainability has become increasingly institutionalized through frameworks such as the United Nations Sustainable Development Goals (SDGs) and ESG reporting standards. Multinational enterprises often require sustainability compliance from subsidiaries and partners, thereby extending these expectations to firms in developing countries.

More recent studies suggest that sustainability itself may function as a strategic resource. For instance, Hart and Dowell (2011) stated that firms that proactively address environmental and social challenges may enjoy enhanced legitimacy, reduced regulatory risk, and stronger stakeholder relationships. However, critics argue that sustainability initiatives can increase costs and may not always translate into measurable financial benefits, particularly in developing economies with weak institutional frameworks (Cardillo et al., 2024).

In Africa, sustainability adoption remains uneven. While some firms, particularly multinationals have embraced sustainability due to external pressure, many local firms perceive it as a regulatory burden rather than a strategic opportunity (Amaeshi et al., 2016).

Nature of Businesses in Nigeria

Nigeria's business environment is shaped by a complex interaction of historical, structural, and institutional factors that have produced a distinctly dualistic economy. At its core, the nature of business in Nigeria reflects the coexistence of a vast informal sector alongside a comparatively smaller but highly influential formal sector (ACIOE Associates, 2023; Ekugo, 2025; ILO, 2018). This dual structure has profound implications for economic growth, employment, competitiveness, and sustainability, and it also reveals deep-seated challenges in governance, infrastructure, and regulatory effectiveness.

The informal sector constitutes the backbone of economic activity in Nigeria, employing a majority of the labor force and serving as the primary source of livelihood for millions of households (ILO, 2018). Informal businesses are typically small-scale, unregistered, and family-owned, operating in areas such as petty trading, artisanal manufacturing, transportation, agriculture, and personal services. While this sector demonstrates remarkable resilience and entrepreneurial dynamism, it is also characterized by low productivity, limited access to finance, and minimal technological adoption. The prevalence of informality reflects

both necessity-driven entrepreneurship and systemic barriers to formalization, including high regulatory costs, complex tax systems, and weak institutional trust. Consequently, although the informal sector contributes significantly to GDP, its capacity to drive long-term structural transformation remains limited (International Labour Organization ILO, 2018).

In contrast, Nigeria's formal sector, though smaller in size, seems to exerts disproportionate influence on the economy due to its capital intensity, technological sophistication, and integration into global markets. This sector is dominated by multinational corporations and large indigenous firms operating in strategic industries such as oil and gas, telecommunications, banking, aviation, and export-oriented agriculture. These industries are critical sources of government revenue, foreign exchange earnings, and international visibility. The dominance of large firms in the formal sector also reflects high entry barriers, including capital requirements, regulatory compliance costs, and the need for political and institutional connections, which often exclude small and medium-sized enterprises (SMEs) from meaningful participation (World Bank, 2022).

Among Nigeria's key industries with international exposure, the oil and gas sector remains the most prominent. As Africa's largest oil producer, Nigeria has historically relied on petroleum exports as the mainstay of its economy (Federal Ministry for Economic Cooperation and Development, 2024). The sector is heavily integrated into global value chains and dominated by multinational oil companies operating in joint ventures with the Nigerian government. While oil and gas have generated substantial revenues and attracted foreign direct investment (FDI), this reliance has also exposed the economy to external shocks, price volatility, and the so-called "resource curse" (Yahaya, 2025; Fernando, 2022). Moreover, environmental degradation, community conflicts, and governance failures in the Niger Delta have shown the social and ecological costs of extractive-led development (UNCTAD, 2021).

Beyond oil and gas, other sectors such as telecommunications and financial services illustrate the transformative potential of formal business activity in Nigeria. The liberalization of the telecommunications sector in the early 2000s attracted significant FDI and fostered rapid technological diffusion, dramatically improving connectivity and financial inclusion. Similarly, Nigeria's banking and financial services sector has undergone consolidation and modernization, aligning more closely with international regulatory and operational standards. These sectors demonstrate that when regulatory frameworks are relatively stable and market-oriented, Nigerian businesses can achieve scale, innovation, and regional competitiveness (Central Bank of Nigeria CBN, 2020).

Foreign direct investment plays a critical role in shaping the nature of business in Nigeria, particularly in capital-intensive and export-oriented industries. FDI provides not only financial capital but also access to technology, managerial expertise, and international markets (Wang & Zhang, 2022). Many Nigerian firms therefore operate through partnerships, joint ventures, or subsidiaries linked to foreign entities, which subjects them to global standards in areas such as accounting, environmental management, and corporate governance (Okoye et al., 2024). However, the benefits of FDI are unevenly distributed and often concentrated in extractive

and service sectors, with limited spillover effects to local manufacturing and SMEs. This pattern reinforces structural dependence and constrains broad-based industrial development (IMF, 2023).

Despite its potential, Nigeria's business environment is persistently undermined by weak infrastructure, regulatory inconsistencies, and governance challenges. For instance, inadequate electricity supply, poor transportation networks, and limited digital infrastructure significantly increase the cost of doing business and reduce productivity. Also, regulatory uncertainty, overlapping agency mandates, and inconsistent policy implementation further exacerbate operational risks and discourage long-term investment as seen in the recent shut down of companies who leaves for other countries. Further, corruption and weak contract enforcement also erode business confidence and distort competition, as it often favour politically connected firms over more efficient but less influential enterprises (Transparency International, 2022).

These structural challenges have important implications for sustainability and inclusive growth because while multinational corporations and large firms may have the resources to comply with international sustainability standards, many local businesses struggle to adopt environmentally and socially responsible practices due to financial and capacity constraints. The persistence of informality seems to limits the effectiveness of labor protections, environmental regulations, and tax mobilization, undermining the state's ability to invest in public goods. As a result, Nigeria's dual business structure not only reflects economic inequality but also reproduces it. This in the process creates a cycle in which growth is insufficiently inclusive and resilience remains fragile.

On a general note, the nature of businesses in Nigeria is defined by a stark dualism between a large, survival-oriented informal sector and a smaller but globally integrated formal sector dominated by multinational and large indigenous firms. While sectors such as oil and gas, telecommunications, aviation, agriculture, and financial services shows Nigeria's integration into the global economy, persistent infrastructural deficits, regulatory weaknesses, and governance challenges continue to constrain business efficiency and sustainability.

Method: Literature Search and Selection Criteria

A structured approach was adopted in the identification and selection of relevant literature and institutional reports for this study. The study relied exclusively on secondary data drawn from peer-reviewed journal articles, books, institutional publications, and credible policy reports. Key academic databases such as Google Scholar, ScienceDirect, and institutional repositories were utilized to source materials. The search process was guided by thematic keywords including sustainable business practices, competitive advantage, Resource-Based View, ESG, international trade, and Nigeria. Additional filters were applied to capture literature addressing developing economies, particularly within the African context. Priority was given to recent publications (primarily between 2015 and 2025) to ensure relevance to current global

sustainability trends, while seminal works. However, studies like Barney, 1991; Porter, 1985; Teece et al., 1997 were retained to provide theoretical grounding.

The selection criteria emphasized three main considerations. First, theoretical relevance, which ensures inclusion of foundational and contemporary works on competitive advantage, RBV, and sustainability. Second, contextual relevance, which focused on studies and reports that address Nigeria or comparable developing economies, including sectors such as oil, agriculture, and aviation. Third, source credibility, which focused on peer-reviewed journals, publications from international organizations (e.g., World Bank, IMF, OECD, UNCTAD), and reputable institutions. On the other hand, sources lacking methodological transparency or academic rigor were excluded, although a limited number of industry reports and news articles were retained where they provided current, context-specific insights.

Nigeria's Business Sphere in Global Context

When compared with developed nations, Nigeria lags significantly in areas such as infrastructure quality, ease of doing business, regulatory transparency, and technological adoption (World Bank, 2020). Compared to other developing and third-world nations, Nigeria performs moderately, exhibiting strong market potential and resource endowment but constrained by systemic inefficiencies.

Logically, Nigeria's global ranking reflects a paradox: high economic potential coexisting with persistent structural weaknesses. This paradox shapes the capacity of Nigerian firms to leverage sustainability as a competitive advantage.

Nigeria in the 21st Century: Measuring Performance Against the World

In the 21st century, Nigeria has experienced episodes of rapid economic growth alongside persistent structural and political instability. At various points, the country has emerged as Africa's largest economy by GDP, driven largely by oil revenues and the expansion of services such as telecommunications, finance, and entertainment (Saibu & Loto, 2017). However, this macroeconomic growth has not translated into broad-based development. Possibly because of high levels of poverty, unemployment (particularly among youth) and widening inequality that continue to challenge socio-economic stability. In international trade, Nigeria remains overwhelmingly dependent on crude oil exports, which account for the bulk of foreign exchange earnings. This dependence exposes the economy to global oil price volatility, fiscal shocks, and balance-of-payment pressures that seem to limit long-term economic resilience.

From a sustainability perspective, Nigeria's performance remains uneven. Some multinational corporations operating in Nigeria have adopted internationally recognized environmental, social, and governance (ESG) standards, largely due to global regulatory pressure and investor scrutiny. For instance, companies such as Shell, TotalEnergies, Chevron, and MTN have implemented environmental management systems, health and safety protocols, and community development initiatives aligned with global sustainability frameworks. Large

indigenous firms like Dangote Group have also invested in energy efficiency, alternative fuels, and corporate social responsibility programs, particularly in cement manufacturing.

However, these efforts are not uniform across the business landscape because many firms, especially within the informal sector and smaller local enterprises, operate with minimal environmental oversight which contribute to pollution, unsafe labor conditions, and weak compliance with sustainability regulations. Even within the oil sector, persistent oil spills, gas flaring, and artisanal refining highlight gaps between corporate sustainability commitments and on-the-ground realities.

Compared to developed economies, Nigeria lags significantly in renewable energy adoption, carbon emissions management, waste regulation, and social protection systems. When compared to peer developing nations, Nigeria shows clear potential due to its market size and resources, but progress is hindered by policy inconsistency, weak enforcement, and governance challenges.

Competitive Advantages of Nigerian Businesses

Despite the challenges facing in the Nigerian business landscape, Nigerian businesses possess several competitive advantages:

1. **Resource Endowment:** Nigeria is endowed with vast oil, gas, and agricultural resources that provide a strong base for international trade.
2. **Large Domestic Market:** With the population exceeding 200 million people, Nigeria offers economies of scale and market testing opportunities for both large and small businesses.
3. **Strategic Location:** Nigeria's geographic position facilitates access to West African and the global markets. The availability of seaports and other international land borders makes it easier for Nigeria to transact with the rest of the world.
4. **Cost Competitiveness:** Nigeria had relatively low labor costs as a result of its high population and other factors and this can enhance competitiveness if aligned with productivity and sustainability.

When combined with sustainable business practices, these advantages could be amplified, particularly in international markets where ethical sourcing and environmental responsibility are increasingly valued.

Sectoral Analysis of Nigeria International Businesses: Focus on Oil and Gas, Aviation and Agricultural export

Oil and Gas Sector

The oil and gas sector remains the cornerstone of Nigeria's international business engagement, accounting for the majority of export earnings and foreign direct investment. Multinational corporations such as Shell, Chevron, ExxonMobil, and TotalEnergies dominate upstream operations and publicly commit to global environmental, health, and safety standards. However, the practical implementation of these standards has been widely criticized,

particularly in the Niger Delta, where decades of oil exploration have resulted in extensive environmental degradation. Oil spills, gas flaring, and inadequate remediation efforts have severely damaged ecosystems, livelihoods, and public health, undermining Nigeria's global reputation in sustainability governance.

Oil spills in the Niger Delta have been persistent and devastating, contaminating farmland, rivers, and mangrove forests that local communities depend on for fishing and agriculture. The United Nations Environment Programme (UNEP) report on Ogoniland revealed widespread hydrocarbon pollution, including groundwater contamination at levels far exceeding international safety standards, with some areas deemed unsafe for human consumption (UNEP, 2024). These environmental impacts have been linked to increased cases of respiratory illnesses, skin diseases, cancer risks, and reduced life expectancy among local populations. In extreme cases, pollution-related health complications and unsafe water sources have been associated with premature deaths, intensifying international concern.

Several international organizations and human rights bodies have strongly condemned the environmental and social consequences of oil operations in Nigeria. Amnesty International has repeatedly accused oil companies and the Nigerian government of regulatory failure, negligence, and human rights violations, arguing that communities have been left to suffer without adequate compensation or cleanup (Amnesty International, 2020). Similarly, Human Rights Watch has brought to the fore, how weak enforcement and corporate impunity have exacerbated poverty and health crises in oil-producing regions. Prominent global figures and environmental activists like Nnimmo Bassey, Mark Dummett and Colin Roche have also criticized Nigeria's oil governance, framing the Niger Delta crisis as both an environmental injustice and a failure of corporate social responsibility.

These sustainability failures have significantly tarnished Nigeria's international image, raising questions about governance capacity, regulatory enforcement, and ethical business conduct. Despite the presence of multinational firms with formal sustainability commitments, the gap between policy and practice remains substantial, reinforcing global criticism and undermining trust in Nigeria's oil-led development model.

Aviation Sector

Nigeria's aviation sector plays a critical role in connecting the country to global markets. As it facilitates international trade, tourism, and business mobility. As Africa's most populous nation, Nigeria has one of the continent's largest aviation markets, with major hubs such as Lagos and Abuja linking West Africa to Europe, the Middle East, and North America. Despite this strategic importance, the sector has been persistently challenged by safety concerns, weak infrastructure, regulatory capacity gaps, and inconsistent adoption of sustainable operational practices (Oji & Abili, 2024).

Historically, unsustainable practices in safety management and maintenance have drawn strong criticism from both domestic and international institutions. A major turning point occurred when the European Union (EU) imposed a ban on Nigerian airlines from operating

within EU airspace, citing serious deficiencies in safety oversight and regulatory enforcement by Nigerian authorities (Nwachukwu, 2017). This ban significantly damaged Nigeria's aviation reputation and underscored systemic weaknesses in compliance with International Civil Aviation Organization (ICAO) standards. Even in recent times, Etuk (2025) reported shortcomings in aircraft maintenance, personnel licensing, and accident investigation frameworks.

Additionally, tragic air accidents further intensified international condemnation. The Dana Air Flight 992 crash in Lagos in 2012, which resulted in the deaths of all passengers and crew as well as civilians on the ground, raised serious questions about aircraft airworthiness, regulatory oversight, and emergency response capacity. Prominent figures and institutions, including aviation safety experts and the Nigerian Civil Aviation Authority (NCAA), publicly acknowledged regulatory lapses and called for urgent reforms. International media and safety advocacy groups also criticized Nigeria's aviation environment as under-regulated and reactive rather than preventive.

From a sustainability perspective, aviation in Nigeria also seems to lag in fuel efficiency, emissions management, and infrastructure modernization. Aging aircraft fleets, inefficient ground operations, and limited investment in alternative fuels contribute to higher carbon emissions compared to global best practices (Auya et al., 2025; Obaba, 2025). While some international carriers operating in Nigeria adhere to global sustainability and safety standards, many local airlines struggle due to financial constraints and weak enforcement mechanisms.

Nevertheless, recent reforms, including stricter NCAA oversight, improved airport infrastructure, and renewed compliance with ICAO safety benchmarks, indicate progress. Strengthening sustainable practices in safety management, fuel efficiency, and regulatory enforcement remains essential for enhancing Nigeria's aviation competitiveness and restoring international confidence.

Export Sector (Focus on Nigerian Goods)

Agricultural exports remain one of Nigeria's most promising avenues for economic diversification and international trade integration (International Trade Administration, 2023). Beyond cocoa, sesame seeds, and cashew nuts, Nigeria exports a wide range of agricultural commodities including rubber, palm oil, ginger, hibiscus flowers, shea butter, groundnuts, cotton, and increasingly horticultural products such as fruits and vegetables. These products enjoy strong demand in European, Asian, and Middle Eastern markets, where Nigeria's favorable climate and large agricultural workforce provide a comparative advantage. Institutions such as the Food and Agriculture Organization (FAO) and the World Bank have consistently highlighted Nigeria's capacity to become a major agro-export hub in Africa if sustainability and quality constraints are addressed.

Despite this potential, Nigeria's agricultural exports face significant shortcomings in sustainability practices and quality assurance. Inconsistent adherence to international sanitary and phytosanitary (SPS) standards has led to repeated rejections of Nigerian produce in

premium markets, particularly in the European Union. For example, Nigerian cocoa has faced scrutiny over pesticide residues, child labor concerns, and traceability gaps, while sesame seeds and dried hibiscus have been rejected due to contamination and poor post-harvest handling (Oyenpemi, 2025). These issues reflect weak regulatory enforcement, limited farmer education, and inadequate testing infrastructure.

Also, sustainability certification remains another major barrier. Many smallholder farmers lack access to certifications such as Fairtrade, Rainforest Alliance, and organic labeling, which are increasingly required by international buyers. According to the Food and Agriculture Organization of the United Nations (2020), Nigeria's agricultural value chains are dominated by informal actors, making traceability, environmental compliance, and labor monitoring difficult. As a result, Nigerian agricultural exports are often confined to lower-value markets, reducing foreign exchange earnings and competitiveness.

Conclusion

In conclusion, the role of sustainability as a direct source of competitive advantage for Nigerian businesses is still evolving. Although, global economic trends indicate that its strategic importance will continue to intensify. Nigeria's long-term success in international markets will increasingly depend on its ability to balance economic ambition with environmental responsibility and social inclusion. When effectively integrated, sustainable business practices can function not only as drivers of competitiveness but also as foundations for resilient, inclusive, and long-term national development. Evidence from academic literature, institutional reports, and observed industry outcomes suggests that the limited adoption of sustainability practices, particularly within Nigeria's oil and gas, aviation, and agricultural export sectors, has constrained the country's global market performance, weakened international confidence, and reduced its ability to compete in premium and regulated markets.

Recommendations: The Way Forward

To harness sustainable business practices as a competitive advantage, Nigeria must pursue a multi-dimensional strategy such as:

- Strengthening institutions and sustainable regulatory frameworks.
- Investing in infrastructure and renewable energy.
- Incentivizing sustainability adoption through fiscal policies.
- Enhancing skills development and innovation.
- Promoting transparency and governance reforms.
- Encouraging export diversification and value addition.

The above recommendations could enhance Nigeria's international market access, investor confidence, and prospects for inclusive and resilient economic development. Finally, empirical research that investigate the impact of sustainable practices on comparative

advantage of Nigeria on the global stage needs to be carried out to adequately bring to the fore, the exact implication of sustainable practices for businesses.

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