

ESG Governance, Institutional Trust, and Sustainable Agribusiness Development in Nigeria and Brazil: A Comparative Institutional Analysis

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Abstract

Environmental, Social, and Governance (ESG) governance has become a major framework for promoting accountability, sustainability, and long-term value creation in agribusiness systems. Yet its effectiveness in emerging economies remains uneven because ESG practices are shaped by the institutional environments in which they are implemented. This study examines how institutional trust shapes the relationship between ESG governance and sustainable agribusiness development in Nigeria and Brazil. Using a qualitative comparative institutional design, the paper synthesizes secondary evidence from scholarly literature, policy documents, and institutional reports. It argues that ESG governance is unlikely to generate meaningful sustainability outcomes where institutions lack transparency, credibility, and stakeholder confidence. Nigeria's main ESG challenge is implementation credibility, reflected in fragmented coordination, weak enforcement, and uneven confidence in public systems. Brazil's challenge is sustainability legitimacy, as stronger institutional capacity coexists with concerns over deforestation, land use, environmental accountability, and producer inclusion. The study contributes to ESG and Global South sustainability scholarship by positioning institutional trust as both an enabling mechanism and a relational governance resource. It concludes that sustainable agribusiness transformation depends not only on formal ESG adoption, but on trusted institutions capable of strengthening legitimacy, mobilizing cooperation, and supporting long-term sustainability transitions.

Keywords: ESG governance; institutional trust; sustainable agribusiness development; Nigeria; Brazil; comparative institutional analysis; Global South.

1. Introduction

Agribusiness plays a central role in food security, employment, rural livelihoods, industrial input supply, export earnings, and economic diversification in many emerging economies. In Nigeria and Brazil, the sector carries both developmental promise and sustainability pressure. It supports millions of livelihoods and links primary production with processing and trade, yet it is increasingly scrutinized because of climate risks, environmental degradation, land-use pressures, labour concerns, social inequalities, and rising expectations for responsible corporate conduct.

Environmental, Social, and Governance (ESG) governance has gained prominence as a framework for strengthening accountability and sustainability in business systems. Within agribusiness, ESG-oriented governance covers environmental stewardship, responsible land and water use, labour standards, supply-chain transparency, ethical leadership, stakeholder participation, and credible reporting. The underlying assumption is that sustainability principles can improve resilience, legitimacy, competitiveness, and long-term value creation (Carter & Rogers, 2008; Julkovski et al., 2023; Ramos, 2026).

However, ESG frameworks do not work merely because they exist. Their practical value depends on whether the institutions responsible for implementing them are perceived as credible, fair, and capable of sustaining stakeholder confidence. In agribusiness systems, where farmers, processors, exporters, regulators, financiers, certification bodies, and communities work across uneven value chains, trust becomes part of the governance process itself.

Nigeria and Brazil provide useful settings for examining this issue. Nigeria has substantial agricultural potential and has increasingly positioned agribusiness as a pathway for inclusive recovery, employment creation, poverty reduction, and food-system transformation (Mghenyi et al., 2022; World Bank, 2026a). Recent policy attention has also focused on value-chain development, smallholder aggregation, agro-processing, climate-resilient seed systems, and digital advisory services (World Bank, 2026a). Still, weak market linkages, infrastructure deficits, fragmented institutions, and uneven confidence in public systems continue to restrict the sector's transformational capacity.

Brazil presents a different pathway. It is one of the world's major agribusiness economies, with stronger links to global markets, agricultural research, rural finance, technology adoption, and policy support. OECD (2025) notes that more than 90% of Brazil's general services support to agriculture is directed toward research and development, technology transfer, and extension services. At the same time, Brazil's agribusiness model remains under scrutiny because of deforestation, land-use change, environmental accountability, and concerns about whether agricultural policy benefits are fairly distributed across large-scale and smallholder actors (Corcioli et al., 2022; OECD, 2025).

Existing research has examined ESG disclosure, institutional quality, stakeholder engagement, and agribusiness sustainability from different angles. Prior Nigeria-Brazil ESG studies have considered ESG practices, competitive advantage, stakeholder trust, and agribusiness resilience (Ozike et al., 2026a, 2026b). This paper advances that line of inquiry by placing institutional trust at the centre of the analysis, not as a background condition but as the mechanism through which ESG-oriented governance becomes credible, accepted, and capable of producing development outcomes.

The purpose of this study is to examine how institutional trust shapes the relationship between ESG governance and sustainable agribusiness development in Nigeria and Brazil. Specifically, the study seeks to explain how ESG governance contributes to sustainability-oriented agribusiness transformation; examine institutional trust as a mechanism for stakeholder engagement and implementation credibility; compare institutional conditions affecting ESG effectiveness in Nigeria and Brazil; and identify policy and scholarly implications for emerging-economy

agribusiness systems. The paper contributes by integrating ESG governance and institutional trust within a comparative institutional framework, strengthening Global South sustainability scholarship, and showing that ESG reform must move beyond compliance language toward trusted governance systems.

2. Literature Review

2.1 ESG Governance: Transformation or Symbolic Compliance?

ESG governance has moved from corporate disclosure and investment screening into a broader framework for organizational accountability and sustainability. In agribusiness, it addresses environmental performance, social responsibility, governance accountability, supply-chain integrity, labour standards, community relations, and long-term value creation. This is important because agricultural value chains are tied closely to land, water, biodiversity, climate exposure, food systems, and rural livelihoods.

The literature remains divided on whether ESG produces substantive transformation or symbolic compliance. Supporters view ESG practices as governance tools that can improve risk management, reputation, stakeholder relations, and sustainability performance. Critics warn that ESG may become a legitimacy device when organisations adopt sustainability language without meaningful operational change. This concern is especially relevant in emerging economies, where formal reporting can coexist with weak enforcement, limited technical capacity, and uneven participation (Carter & Rogers, 2008; Pagell & Shevchenko, 2014).

2.2 Institutional Trust: Antecedent or Outcome?

Institutional trust refers to stakeholders' confidence in the competence, fairness, reliability, and legitimacy of institutions. It influences whether rules are believed to be consistently applied, whether collective commitments are taken seriously, and whether governance systems are worth supporting. In agribusiness, this may involve trust in regulators, cooperatives, extension agencies, financial institutions, certification bodies, environmental authorities, and market intermediaries.

Trust may be understood both as an outcome of effective institutions and as a precondition for governance effectiveness. Where trust is weak, stakeholders may comply only superficially or withdraw from formal sustainability initiatives. Conversely, stronger confidence in institutions can enhance cooperation, facilitate implementation, reduce uncertainty, and strengthen the credibility of ESG-oriented governance systems.

2.3 Governance Capacity and Governance Legitimacy

Governance capacity and legitimacy are related but distinct. Capacity refers to the ability of institutions to design policies, coordinate actors, mobilize resources, monitor compliance, and enforce rules. Legitimacy refers to whether stakeholders perceive institutions and their decisions as appropriate, fair, and worthy of support. A government agency, certification body, or development programme may possess formal authority, but its effect will remain limited if stakeholders doubt its credibility.

Institutional Theory helps explain this tension. Organisations often adopt formal structures to conform to institutional expectations and secure legitimacy, even when those structures are not fully integrated into practice (Meyer & Rowan, 1977). DiMaggio and Powell (1983) show that coercive, normative, and mimetic pressures can push organisations toward similar practices, while Scott's (2014) regulative, normative, and cultural-cognitive pillars explain how rules, values, and shared meanings shape behaviour. For ESG governance, this means formal adoption is not

enough. Sustainability standards, reports, and policies can exist without deep change if stakeholders perceive them as symbolic.

2.4 Sustainable Agribusiness Beyond Productivity

Traditional agribusiness development has often emphasized productivity, profitability, market access, and technological innovation. These remain important, but sustainability scholarship requires a broader view. Sustainable agribusiness also includes economic viability, environmental stewardship, social inclusion, and long-term resilience within agrifood systems.

This broader view is necessary because agricultural growth can produce uneven outcomes when it is not supported by responsible governance. Productivity gains may coexist with land degradation, smallholder exclusion, labour exploitation, or ecological damage. Sustainable supply-chain research therefore stresses the integration of economic, social, and environmental concerns across organizational and inter-organizational systems (Carter & Rogers, 2008; Gold et al., 2010; Pagell & Shevchenko, 2014). From this perspective, ESG frameworks establish expectations for responsible conduct, while stakeholder confidence influences whether those expectations are accepted and implemented.

2.5 Nigeria and Brazil as Comparative Institutional Contexts

Nigeria and Brazil are useful comparative cases because they share broad Global South relevance but differ significantly in institutional capacity, agribusiness structure, and sustainability pressures. Nigeria's agribusiness sector has major potential for inclusive recovery, employment creation, poverty reduction, and food-system transformation, yet productivity, infrastructure, finance, and weak market linkages continue to limit smallholder transition from subsistence farming to commercially viable agriculture (Mghenyi et al., 2022; World Bank, 2026a). Recent evidence also suggests that ESG awareness and adoption among Nigerian MSMEs remain uneven, with financing and formalization gaps affecting firms' capacity to integrate sustainability practices (Bank of Industry, 2025; ILO & NECA, 2026).

Brazil's agribusiness system is more globally integrated and institutionally developed. Its agricultural policy framework includes credit, insurance, zoning, adaptation and mitigation measures, reforestation, soil recovery, and biodiversity protection instruments linked to competitiveness and sustainability debates (OECD, 2025). However, stronger capacity coexists with environmental and social legitimacy concerns, especially around deforestation, land governance, and the distributional effects of agricultural policy (Corcioli et al., 2022; Ramos, 2026). The comparison is therefore not a simple contrast between weak and strong systems. Nigeria's main ESG challenge is implementation credibility, while Brazil's is sustainability legitimacy.

2.6 Literature Gap and Conceptual Proposition

Although ESG governance, institutional quality, stakeholder engagement, and sustainable agribusiness have each received scholarly attention, they are often treated as separate discussions. ESG studies tend to focus on reporting, performance, or investor expectations, while agribusiness research frequently emphasizes productivity, innovation, value-chain upgrading, and environmental management. What remains less clearly explained is why similar sustainability frameworks may produce different outcomes across emerging economies.

This paper addresses that gap by treating institutional trust as a missing explanatory mechanism. The central proposition is that trust shapes whether ESG governance is accepted,

implemented, and translated into practical development gains within agribusiness systems. Where confidence in institutions is weak, ESG may remain symbolic. Where it is stronger, responsible governance is more likely to facilitate cooperation, encourage voluntary compliance, strengthen implementation credibility, and support long-term agribusiness transformation.

3. Theoretical Framework

3.1 Institutional Theory

Institutional Theory provides the principal theoretical lens for this study because it explains how formal rules, social norms, cultural expectations, and legitimacy pressures shape organizational behaviour. Meyer and Rowan (1977) argue that organisations often adopt formal structures to secure legitimacy within their institutional environments. DiMaggio and Powell (1983) further show that coercive, normative, and mimetic pressures can push organisations toward similar practices within organizational fields.

Scott's (2014) regulative, normative, and cultural-cognitive pillars are useful for understanding how ESG governance becomes accepted, resisted, or symbolically adopted within agribusiness systems. In Nigeria, the central challenge is linked to fragmented enforcement and weak confidence in implementation systems. In Brazil, the challenge is more closely tied to legitimacy debates around environmental governance, land use, and the social distribution of agribusiness benefits.

3.2 Supporting Theoretical Perspectives

Stakeholder Theory complements Institutional Theory by highlighting the relational nature of sustainability governance. Freeman (1984) argues that organisations create value within networks of relationships involving multiple stakeholders, while Mitchell et al. (1997) clarify how stakeholder salience shapes whose interests receive attention. Within agribusiness, ESG effectiveness depends on whether farmers, firms, regulators, investors, consumers, and communities recognize governance systems as legitimate and worth supporting.

The Resource-Based View provides a strategic perspective. Barney (1991) argues that valuable, rare, inimitable, and non-substitutable resources can support sustained advantage. In this study, institutional trust is treated as an intangible relational resource that can strengthen coordination, enhance legitimacy, and support implementation. Dyer and Singh's (1998) relational view, supports this position because inter-organizational advantage can emerge from trust-based cooperation across networks.

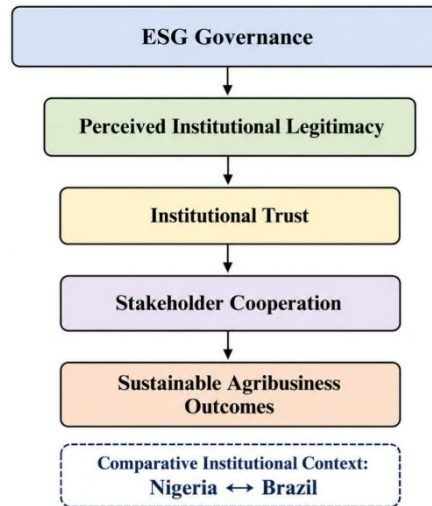
Sustainability Transition Theory extends the discussion to systems-level change. Geels (2002) explains transitions as processes involving innovations, dominant regimes, and broader landscape pressures, while Markard et al. (2012) emphasize governance, learning, and actor coordination. Agribusiness transformation therefore requires institutional and relational conditions capable of supporting long-term system change.

3.3 Conceptual Framework

Grounded in Institutional Theory, Stakeholder Theory, the Resource-Based View, and Sustainability Transition Theory, this study proposes a conceptual framework that explains how ESG governance influences sustainable agribusiness development through perceived institutional legitimacy, institutional trust, and stakeholder cooperation within the comparative contexts of Nigeria and Brazil (Ozike et al., 2026a, 2026b; Julkovski et al., 2023).

The framework conceptualizes ESG governance as the initiating mechanism through which agribusiness actors build legitimacy, foster confidence among stakeholders, and facilitate cooperative action that contributes to sustainable agribusiness outcomes. It is intended as an interpretive device for organizing comparative institutional insights rather than as a statistically validated causal model.

Figure 1. Proposed Conceptual Framework



Note: Proposed interpretive conceptual framework illustrating the theorized relationships among ESG governance, perceived institutional legitimacy, institutional trust, stakeholder cooperation, and sustainable agribusiness outcomes within the comparative contexts of Nigeria and Brazil.

Source: Developed by Ozike, Kingsley Chibuzo (2026).

3.4 Framework Explanation

The proposed framework positions ESG governance as a foundational driver of institutional change within agribusiness systems. When ESG practices are implemented transparently and responsibly, they can improve perceived institutional legitimacy by demonstrating alignment with societal expectations, regulatory requirements, and accepted norms of responsible conduct (Julkovski et al., 2023; Ramos, 2026). Legitimacy here refers to stakeholders' perception that governance structures and organizational actions are credible and socially acceptable.

Enhanced legitimacy strengthens institutional trust as stakeholders observe consistency, accountability, and fairness in governance processes (Ozike et al., 2026b). Trust then reduces uncertainty and creates favourable conditions for information sharing, collective problem-solving, and cooperation among governments, producers, processors, investors, consumers, and civil society organisations. Through these collaborative arrangements, stakeholders can mobilize resources and capabilities that support improved environmental stewardship, social inclusion, economic resilience, productivity, and long-term competitiveness.

The framework also recognizes that these relationships operate within distinct institutional environments. Nigeria and Brazil differ in governance capacity, regulatory enforcement, stakeholder configuration, and agribusiness trajectories. The comparative context may therefore influence how strongly ESG governance translates into legitimacy, trust, cooperation, and sustainable outcomes.

4. Methodology

4.1 Research Design

This study adopted a qualitative comparative institutional research design to examine how institutional trust shapes the relationship between ESG governance and sustainable agribusiness development in Nigeria and Brazil. The design is appropriate because the study does not seek to measure statistical relationships among variables. Instead, it interprets how institutional conditions, governance capacity, legitimacy, and stakeholder confidence influence the effectiveness of ESG-related sustainability initiatives across two emerging-economy contexts.

The study is grounded in comparative institutional analysis, which allows examination of how different institutional environments shape governance processes and development outcomes. Nigeria and Brazil were selected because both are major Global South economies with significant agribusiness potential, but they differ in institutional capacity, regulatory coordination, environmental governance challenges, and levels of stakeholder confidence.

4.2 Case Selection Logic

Nigeria and Brazil were purposively selected as theoretically relevant cases. Nigeria represents an agribusiness context where agricultural potential is high, but governance fragmentation, policy implementation gaps, and trust deficits continue to affect sustainability initiatives. Brazil represents a more advanced agribusiness economy with stronger institutional structures, deeper global market integration, and more developed agricultural policy systems, while still facing legitimacy concerns relating to land use, deforestation, environmental stewardship, and stakeholder inclusion.

The comparison follows a 'similar sector, different institutional pathway' logic. It supports the study's central argument that ESG governance does not operate in isolation; its effectiveness depends on the institutional environment in which it is implemented.

4.3 Sources of Evidence and Selection Criteria

The study relied on secondary documentary evidence drawn from peer-reviewed journal articles, books, policy documents, institutional reports, and publications from development organisations. Relevant sources were identified through targeted searches using Google Scholar, institutional repositories, development agency databases, and official organizational publications. Search terms included ESG governance, institutional trust, sustainable agribusiness development, Nigeria agribusiness, Brazil agribusiness, institutional capacity, stakeholder trust, sustainability governance, and comparative institutional analysis.

Priority was given to sources that directly addressed ESG practices, institutional quality, agribusiness sustainability, stakeholder engagement, governance legitimacy, and sustainability transitions in Nigeria, Brazil, or comparable emerging-economy contexts. Documentary evidence published between 2008 and 2026 was prioritized for contemporary relevance, while earlier seminal studies were retained where they offered essential theoretical foundations. Sources lacking clear authorship, institutional credibility, or analytical relevance to the study's core concepts were excluded.

4.4 Analytical Procedure, Trustworthiness, and Limitations

The evidence was analyzed using thematic comparative analysis (Braun & Clarke, 2006). First, selected documents were read to identify recurring ideas related to ESG governance, institutional trust, governance capacity, legitimacy, stakeholder engagement, and sustainable agribusiness

outcomes. Second, these ideas were grouped into broader themes informed by the theoretical framework: ESG as compliance or transformation, trust as a governance enabler, capacity and legitimacy, stakeholder cooperation, and sustainable agribusiness as a multidimensional development outcome. Third, Nigeria and Brazil were compared across these themes to identify similarities, differences, and institutional explanations for variation in ESG effectiveness. This approach supports analytical rather than statistical generalization (Yin, 2018).

Trustworthiness was strengthened through evidence triangulation, theoretical triangulation, and analytical transparency. Evidence triangulation involved drawing on scholarly literature, institutional reports, and policy-oriented publications. Theoretical triangulation came from integrating Institutional Theory, Stakeholder Theory, the Resource-Based View, and Sustainability Transition Theory. Analytical transparency was maintained by explaining case selection, source identification, inclusion criteria, and comparative procedure. The study is limited by its reliance on secondary evidence and its focus on two country cases; it does not directly capture the lived experiences of farmers, regulators, firms, investors, or communities. Future studies may extend this work through interviews, surveys, sector-specific cases, or broader Global South comparisons (Lincoln & Guba, 1985).

5. Comparative Analysis and Discussion

5.1 Comparative Institutional Conditions in Nigeria and Brazil

The comparative analysis shows that ESG governance does not produce uniform outcomes across agribusiness systems. Its effectiveness depends on the institutional conditions within which sustainability expectations are interpreted, implemented, and trusted by stakeholders. Nigeria and Brazil are useful cases because both have significant agribusiness potential, yet differ in governance capacity, regulatory coordination, market integration, environmental pressures, and stakeholder confidence.

In Nigeria, agribusiness development is increasingly recognized as central to economic diversification, food security, employment, and rural transformation. The World Bank's AGROW intervention, for example, focuses on priority value chains such as rice, maize, cassava, and soybeans, while supporting research, extension, climate-resilient seeds, digital advisory systems, and farmer registration mechanisms (World Bank, 2026a). Yet such reforms require institutional credibility and stakeholder trust if they are to move beyond programme design into durable transformation.

Brazil presents a different but still complex pathway. It has a more advanced agribusiness system, deeper global market integration, stronger agricultural policy instruments, and more developed mechanisms supporting productivity and competitiveness. However, capacity does not automatically guarantee trust. Brazil's agribusiness sector remains exposed to legitimacy pressures linked to deforestation, land-use change, environmental stewardship, rural finance, and producer inclusion (Corcioli et al., 2022; OECD, 2025; Ramos, 2026).

Table 1. Comparative Institutional Conditions Shaping ESG Governance in Nigeria and Brazil

Analytical dimension	Nigeria	Brazil	Implication for ESG governance
Agribusiness context	High development potential, but constrained by infrastructure, finance, policy	Globally competitive, export-oriented, and better supported by finance,	Nigeria requires implementation credibility; Brazil must connect competitiveness with

	continuity, and value-chain gaps.	research, technology, and markets.	sustainability legitimacy.
Institutional capacity	Coordination and enforcement are uneven across agencies and programmes.	Policy, rural finance, research, and extension systems are comparatively stronger.	Capacity differences shape the consistency of ESG implementation.
Institutional trust	Confidence may be weakened by policy inconsistency, weak accountability, and limited enforcement trust.	Trust is stronger in formal systems but contested in land, environment, and inclusion debates.	Trust deficits limit participation and weaken ESG credibility.
Environmental governance	Climate vulnerability, land-use pressure, and weak monitoring affect sustainability initiatives.	More developed tools exist, but deforestation and land-use tensions remain central legitimacy issues.	Environmental claims must be backed by credible monitoring and enforcement.
Stakeholder engagement	Smallholders and communities often operate in fragmented, unevenly coordinated systems.	Stakeholder systems are more structured but still marked by conflict among firms, regulators, smallholders, and environmental actors.	Participation must move beyond top-down compliance.
Market and finance integration	Sustainable finance, traceability, and formal value-chain access remain uneven.	Rural credit and sustainability-linked finance are more developed but still face inclusion concerns.	ESG works better when finance, market access, and accountability are linked.
Main ESG risk	Symbolic adoption, weak enforcement, and low stakeholder confidence.	Greenwashing risk, environmental contestation, and legitimacy gaps.	The countries face different ESG barriers despite shared Global South relevance.
Policy priority	Strengthen coordination, transparency, extension, inclusion, and institutional credibility.	Strengthen environmental accountability, land governance, inclusive finance, and credible monitoring.	Both cases require trust-centred ESG governance adapted to institutional context.

5.2 ESG Governance and the Problem of Implementation Credibility

The Nigerian case shows that ESG governance can remain weak where formal sustainability commitments are not supported by credible implementation systems. In principle, ESG frameworks can improve environmental responsibility, labour standards, transparency, ethical leadership, and stakeholder accountability across agribusiness value chains. In practice, their effect depends on whether institutions can coordinate actors, enforce rules, and maintain confidence.

Nigeria's agribusiness sector presents high potential constrained by uneven institutional execution. Many sustainability initiatives still struggle to move from policy design into credible implementation. Fragmented institutions, weak coordination, and low confidence in public systems can undermine stakeholder participation (Mghenyi et al., 2022; World Bank, 2026a). Evidence on ESG adoption among Nigerian MSMEs also suggests that awareness and implementation remain uneven, especially where enterprises face financing, technical, and institutional constraints in formalizing sustainability practices (Bank of Industry, 2025; ILO & NECA, 2026). ESG adoption may therefore remain shallow if it is not connected to visible accountability, practical support for producers, and institutions that stakeholders believe can deliver.

5.3 Brazil and the Challenge of Sustainability Legitimacy

Brazil shows a different tension. It benefits from stronger agricultural policy instruments, research systems, rural finance mechanisms, and market linkages. OECD (2025) reports that Brazil's general services support to agriculture is largely directed toward research and development, technology transfer, and extension services, while the 2024-2025 Harvest Plan increased credit allocation for commercial agriculture.

However, institutional strength does not remove the credibility problem entirely. Brazil's agribusiness sector continues to face legitimacy pressures associated with deforestation, land-use governance, environmental accountability, and stakeholder inclusion. Corcioli et al. (2022) show that agricultural policy can generate distributional tensions where benefits favour foreign investments or large-scale agribusiness interests to the detriment of smallholder farmers and local agribusiness. This creates a legitimacy challenge for ESG governance.

The Brazilian case demonstrates that ESG effectiveness is not guaranteed by capacity alone. Even advanced agribusiness systems must maintain legitimacy if sustainability claims are to be trusted. Where sustainability-linked finance, monitoring, and rural development policies are transparent, ESG governance may strengthen trust. Where stakeholders perceive gaps between official commitments and environmental realities, ESG claims may appear reputational rather than transformative.

5.4 Institutional Trust as the Missing Link

Across both cases, institutional trust emerges as the key mechanism linking ESG governance to sustainable agribusiness development. ESG provides the formal structure for responsible conduct, but trust determines whether stakeholders believe in that structure enough to cooperate with it. It reduces skepticism, improves information sharing, supports voluntary compliance, and strengthens the credibility of sustainability initiatives.

In Nigeria, trust is especially important because fragmented governance systems can weaken confidence in sustainability initiatives. If stakeholders perceive institutions as inconsistent, inaccessible, or weakly accountable, they may disengage from ESG programmes or treat them as external obligations. In Brazil, trust plays a different role. Stronger formal systems may still be

questioned when stakeholders challenge the legitimacy of environmental governance, land-use regulation, or sustainability-linked finance. Here, trust is not merely about capacity; it is about whether institutions are seen as fair, inclusive, and environmentally credible.

5.5 Comparative Interpretation

The Nigeria-Brazil comparison clarifies the paper's main contribution. Nigeria's central ESG challenge is implementation credibility: the need to make sustainability governance more coordinated, transparent, enforceable, and trusted. Brazil's central challenge is sustainability legitimacy: the need to ensure that a powerful agribusiness system remains environmentally accountable, socially inclusive, and institutionally credible.

These differences matter because emerging economies cannot be treated as if they face one uniform ESG problem. In weaker governance settings, trust may depend on basic credibility, consistency, and inclusion. In stronger but contested systems, it may depend on legitimacy, monitoring, and evidence that sustainability commitments are not merely reputational claims. The comparison also challenges the uncritical transfer of ESG models from advanced economies into Global South contexts. Responsible agribusiness development therefore requires context-sensitive governance models that recognize institutional diversity.

5.6 Policy Implications

The policy implication is straightforward. ESG governance should not be designed as a reporting exercise alone. In Nigeria, it must be tied to institutional coordination, transparent enforcement, farmer inclusion, value-chain support, and credible public-private collaboration. ESG reforms should support practical mechanisms that farmers, processors, investors, and communities can understand and trust.

In Brazil, ESG governance must be tied to environmental accountability, responsible land governance, inclusive finance, and stronger mechanisms for demonstrating that agribusiness competitiveness is compatible with sustainability. Brazil's stronger institutional capacity gives it an advantage, but that advantage can be weakened if stakeholders perceive ESG commitments as inconsistent with environmental realities. Across both countries, trust is not built by policy language. It is built through visible fairness, consistent implementation, transparent monitoring, and institutions that stakeholders can rely on over time.

5.7 Contribution to Global South Sustainability Scholarship

The analysis contributes to Global South sustainability scholarship by showing that ESG governance must be understood through institutional context. It moves beyond the assumption that ESG adoption automatically leads to sustainability performance and argues instead that institutional trust shapes whether sustainability frameworks become transformative or symbolic.

By comparing Nigeria and Brazil, the study also demonstrates the value of South-South analysis. Nigeria highlights the importance of implementation credibility in contexts where governance systems are fragmented. Brazil highlights the importance of legitimacy in contexts where agribusiness is globally competitive but environmentally contested. The broader contribution is that sustainable agribusiness development depends not only on ESG policies, reporting systems, or compliance standards, but on trusted institutions capable of mobilizing cooperation across complex value chains.

6. Conclusion

This study examined how institutional trust shapes the relationship between ESG governance and sustainable agribusiness development in Nigeria and Brazil. Drawing on Institutional Theory, Stakeholder Theory, the Resource-Based View, and Sustainability Transition Theory, it argued that ESG frameworks do not generate sustainability outcomes automatically. Their effectiveness depends on the institutional conditions through which they are interpreted, implemented, and trusted.

The comparative analysis showed that Nigeria and Brazil represent different institutional pathways. In Nigeria, the main challenge lies in implementation credibility: agribusiness has strong development potential, but fragmented institutions, weak coordination, limited enforcement, and uneven stakeholder confidence can restrict the practical effects of ESG-related initiatives. In Brazil, the challenge is sustainability legitimacy: a more advanced and globally competitive agribusiness system still faces concerns around land use, deforestation, environmental accountability, and stakeholder inclusion. These findings suggest that institutional strength alone is insufficient. Sustainability governance must also be perceived as credible, fair, and accountable.

The study contributes to ESG and agribusiness scholarship by positioning institutional trust as a central explanatory mechanism rather than a secondary governance condition. Trust influences whether stakeholders cooperate, whether sustainability rules are accepted, and whether formal commitments move beyond symbolic compliance. For policymakers and practitioners, ESG governance should move beyond disclosure toward systems that build confidence through transparency, participation, accountability, and consistent implementation. The study is limited by its reliance on secondary evidence and two country cases. Future research may extend the analysis through interviews, surveys, commodity-specific studies, or wider Global South comparisons. Even so, the paper shows that trust is one of the conditions that determines whether sustainability commitments become real development outcomes.

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