SUSTAINABLE GROWTH THROUGH GREEN INNOVATION: ANALYZING ORGANIZATIONAL PERFORMANCE IN SELECTED PHARMACEUTICAL FIRMS IN ILORIN METROPOLIS, KWARA STATE, NIGERIA

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DOI: 10.64290/gjam.v7i2.1327

Abstract

This study examined the effect of sustainable growth through green innovation: Analyzing organizational performance in selected pharmaceutical firms in Ilorin metropolis, Nigeria. The study's purpose was to establish the effect of green innovation dimensions such as green process, green product innovation, energy renewable and environmental consciousness on performance of selected pharmaceutical companies in Ilorin metropolis, Kwara State. Survey design was used for the study, as data were collected using questionnaires administered on a sample of two hundred and eighty-four (284) respondents using Taro Yamane sample size determination model from 979 population. The data analysis for the study was carried via PLM-SEM. Consequently, the findings of the study revealed that green innovation dimensions positively influence the performance of Peace and Tuyil pharmaceutical company with beta (β = 0.230), t-statistic (t = 2.468) and p value (p = 0.014), (β = 0.656), t statistics (t = 11.280) and p value (p = 0.000), (β = -0.182), t statistics (t = 1.788) and p value (p = 0.074) and (β = 0.161), t statistics (t = 2.025) and p value (p = 0.043) respectively. The study highlights the critical role of green innovation as a strategic driver for sustainability and improved performance in the pharmaceutical industry. The study further recommends that green innovation dimensions should be integrated into business operations as these would enhance sustainability credentials and improve overall firm performance, contributing to both economic and environmental goals.

Key Words: Sustainable Growth, Green Process Innovation, Renewable Energy, Organizations Performance, Environmental Consciousness

Introduction

Around the world, environmental issues have drawn a lot of attention. Millions of people's lives have been impacted by some of these problems, including global warming, deforestation, floods, earthquakes, and other natural catastrophes. Their detrimental effects on a global, national, and personal level cannot be overstated (Arome & Asaju (2015). Companies have a significant impact on the environment, improve people's quality of life, and contribute significantly to the environment's health and well-being. However, businesses are continuing to engage in behaviours and actions that have a significant detrimental impact on the environment (Chen, et al., 2018; Bawa, et al., 2022).

Pharmaceutical companies in Nigeria have a high concentration of total volatile organic compounds in their industrial environment due to the chemicals and washing areas that are constantly present in their waste release (Bawa, et al., 2022). They argue that greater air velocity and airflow are necessary to remove and flush out the dangerous gaseous presence and keep the concentration of all organic compounds within acceptable environmental limitations. Pharmaceutical companies are heavily burdened financially by the overuse of complex machinery and equipment as well as the high-energy consumption necessary to operate their operations, which eventually affects profitability (Bawa,

et al., 2022). Additionally, pharmaceutical manufacturing have a direct impact on the environment (Bawa, et al., 2022). In order to reduce operating costs and ensure long-term efficiency while maintaining a high level of environmental consciousness, as required by the majority of regulatory agencies in developed nations like China, pharmaceutical companies are increasingly using renewable energy sources and other innovative measures, particularly green innovation, to power their production plants or avoid incurring energy-related costs, according to earlier research like Zhang, et al. (2020).

Concerns have been raised by pharmaceutical companies' operations, which include deforestation, the emission of harmful pollutants into the atmosphere, and other unhealthy practices, such as the excessive use of synthetic chemicals in the manufacturing of medications and consumables. These practices by companies that manufacture medications, human foods, and cosmetics have continuously drawn attention because they have the potential to negatively impact customers' health over time. To protect their earnings, pharmaceutical businesses need to employ cleaner and safer production methods. They also need to think about how their actions affect the environment, which is becoming a bigger concern for individuals, governments, and organizations worldwide (Chen, et al., 2018).

Businesses must integrate sustainability concerns, especially those related to green innovation, into their daily operations if they are to meet their social, environmental, and financial goals. Chen, et al. (2018) state that the two primary factors promoting green management are the need for manufacturing firms to implement effective and innovative strategies to control input and stakeholder environmental concerns. Businesses are realizing the advantages of integrating environmental sustainability issues into their business strategy and greening the innovation process, regardless of the motivations behind them, which may include gaining legitimacy, increasing competitiveness, or adhering to environmental laws and regulations (Zhang, et al., 2020). According to this perspective, companies may consider green innovation tactics to gain and preserve a competitive edge, or at the very least, to improve organizational performance. Therefore, embracing green innovation opportunities could be crucial for businesses to increase productivity and build and enhance their core competencies to lessen their reliance on core resource providers (Chen, et al., 2018).

Pharmaceutical companies are required by law to produce their goods in an environment that is completely hygienic and devoid of any pollutants (Bawa, et al., 2022). The companies spend a significant portion of their planned capital on technology-oriented procedures and equipment in order to create this kind of environment. Additionally, fuelling these technology and processes is a significant barrier for these businesses. According to Bawa, et al. (2022), the majority of pharmaceutical companies in Nigeria are unaware of environmental issues because they use high-grade power generators to power their machinery and processes, which raises production costs and pollutes the environment, creating problems for the environment as well as limitations on profitability and business performance.

Nigeria must embrace green energy and less expensive renewable energy sources due to the high cost of electricity and petroleum. Nubi, et al. (2022) contend that because of Nigeria's unstable and inadequate electricity supply, the majority of manufacturing companies rely significantly on self-generated energy, primarily diesel-powered electricity generators, which not only seriously pollute the environment but also severely deplete businesses' financial resources. Recent price increases for petroleum products and other fuels, such as diesel, have raised concerns about businesses' profitability and impacted the performance of their products in the marketplace. This is because higher production costs result in higher product prices, which are a function of the current energy prices used to power factories. However, Wang (2020) contends that businesses should switch to renewable energy sources, which are steadily gaining traction as a more dependable energy source, in light of the growing global energy demand, rising prices for accessible energy resources, and the depletion of non-renewable sources. According to Bawa, et al. (2022), there hasn't been much progress in the Nigerian pharmaceutical industry's use of green innovation techniques in energy usage.

The main research issue is that, despite the fact that green innovation is widely acknowledged as a means of achieving sustainable growth, there is a dearth of empirical data and a contextual knowledge

gap about its actual application and effects on the multifaceted organizational performance of pharmaceutical companies, particularly those located in Nigeria's Ilorin Metropolis. This is made worse by the idea that economic and environmental performance must be traded off, the possibility of a gap between theory and practice, and the difficulty of accurately assessing the ways in which green innovation affects performance metrics other than profitability. Therefore, the study aims to fill this void by investigating how these firms can navigate these challenges to achieve sustainable growth through green innovation, thereby providing contextually relevant insights that are not readily available from studies conducted in other regions or industries.

Objective of the Study

The main study objective is to explore the effect of Sustainable Growth through Green Innovation by analyzing organizational performance of selected pharmaceutical firms in Ilorin metropolis while the specific objectives are to:

a. Examine the effect of environmental consciousness on the performance of Peace and Tuyil pharmaceutical company in Ilorin metropolis;
b. Investigate the relationship between green product innovation and the performance of Peace and Tuyil pharmaceutical company in Ilorin metropolis;
c. Determine the relationship between green process innovation and the performance of Peace and Tuyil pharmaceutical company in Ilorin metropolis and
d Examine the impact of renewable energy on the performance of Peace and Tuyil pharmaceutical company in Ilorin metropolis.

Literature Review

Green Innovation

Kammerer (2019) defines green innovation as the creation of new goods and procedures while considering their environmental impact. Green process innovation describes a company's procedures and methods of action that take environmental conditions and problems into consideration, whereas green product innovation refers to a company's innovative product offerings in material or immaterial items (Chiou, et al., 2021; Kammerer, 2019). Lin & Ho (2021) define green innovation as any new administrative procedures or technical developments that enhance an organization's environmental performance and competitive advantage over competitors. The term "green innovation" is defined by some scholars (Lin & Ho, 2021; Chang, 2021) as "new or changed processes, practices, systems, and products positively impacting the environment to achieve environmental sustainability."

Green Process Innovation

The manufacturing process is the deliberate focus of green process innovation. It can be utilized or used to lessen environmental risk, contaminated discharge, and other adverse impacts, even if it is company-specific. Clean production, recirculation, ecological efficiency, pollution avoidance, and pollution control are among the various forms of green process technology that have been identified by research (Rao, 2022; Klassen & Vachon, 2021). The use of environmentally friendly modifications to the production process to reduce adverse environmental impacts, boost resource efficiency, and improve sustainability is referred to as "green process innovation." According to a study by Ahmed, et al. (2023), green process innovation which entails redesigning manufacturing processes to cut down on waste, discharge, and energy requirements significantly improves organizational and environmental performance. Wang, et al. (2021) provided support for the study, which discovered that green process innovation has a direct impact on the firm's financial performance, especially when it is in line with environmental performance and market competitiveness.

Green Product Innovation

The green product innovation is adapted to minimize the environmental impacts of the waste disposal of products and save the energy expenditure by modifying/redesigning the product designs through nontoxic materials or the use of biodegradable materials in the manufacturing cycle (Lin, et al., 2018). The eco-product must be developed through the entire lifecycle i.e. at the time of manufacture, distribution, usage and disposal/reuse/recycling (Noci & Verganti, 2019). Precisely, the product-related innovation in green products involves prolonging the product life cycle or making it recyclable, reducing the mass of raw materials used, choosing the more health-friendly materials used in the product, and scrapping the ingredients that pose a potential threat (Kivimaa & Kautto, 2019). Green Product Innovation is the invention or development of the product and the major objective is to reduce its effect on the environment during its cycle of production to usage to disposal. Such type of innovation will focus on developing eco-friendly products using renewable materials, less energy use, renewable/biodegradable, and producing less pollution.

Renewable Energy

Renewable energy has been widely constructed in the scholarly sources laying stress on its sustainability, benefits to the environment and its renewability. According to Wang, et al. (2021), renewable energy is one of the main sources of renewable energy reducing the environmental impact and helping the organization to pursue green innovation initiatives. Andersen, Ghosh & Simonetti (2020) also emphasise renewable energy as a key element of proactive and environmentally effective approaches to environmental protection and the decrease of dependency on fossil fuels. Begum, et al. (2022) describe renewable energy as something that is clean, non-exhaustible and that are essential in attaining functional efficiency and long-term aspirations of the environment. Chang (2021) highlights the contribution of renewable energy to corporate environmental ethics in relation to competitive advantage and better performance of firms. Furthermore, Wang, Khan, Anwar, Shahzad, Adu & Murad (2021) speak about the role of renewable energy in lowering the greenhouse gas emissions and increasing the environmental responsibility of firms. All these views believe in renewable energy as a key to sustainable development and green innovation within an organization.

Environmental Consciousness

The literature on environmental awareness has classified environmental consciousness as the awareness and concern in addition to action taken by an individual or a group regarding protection and safeguarding the natural environment. As an illustration, Wang, et al. (2021) mention environmental consciousness as one of the main organizational characteristics as a concern in environmental quality and long-standing practice in environmental sustainability. As Andersen, et al (2020) state, environmental consciousness is all about information, awareness, and readiness to practice the behaviour aimed at helping to protect the environment. Another aspect, which is equally important, is environmental values and proactive attitude according to Begum et al. as mentioned in 2022 as two green innovation and sustainable practices. Chang (2021) provides a discussion of environmental consciousness in the context of the strategic orientation on the whole that encourages businesses to participate in the environmentally responsible actions and minimize their contribution into the pollution. In addition to this, Wang, et al (2021) underline the importance of moral norms and organisational culture in developing environmental awareness, which further speaks to sustainable action and green innovation. In general, environmental consciousness addresses cognitive, affective and behavioural aspects thus emphasizing how awareness and values are transformed stewardship behaviour and promotion of environmental stewardship.

Organizational Performance

The performance of a given organization may be measured both in non-financial and financial aspects (Chen, 2018). With the help of green innovation, the businesses become able to lower the

financial costs of their environmental impact (Rusinko, 2017; Hillestad, et al., 2020). Along with improving their market shares, companies can expand their markets through the incorporation of environmental practices (Chen, 2018). The new customers, more dedicated customers, and improved reputation and image of the brand are just a few examples of non-financial performance improvements that will become long-term operational goals (Hillestad, et al., 2020). Chen (2018) states that, at best, companies that have first ventured into green innovation will enjoy the first-mover advantage as comprising competitive advantages, amplified perception of the customers, elevated pricing of goods and services, and new market access.

Resource-Based View Theory

Resource-based view (RBV) has long dominated product innovation literature in the sense that they suggest that competitive advantage can be based on the resources and capabilities of a firm. Successful product innovation, as posed in this school, owes to a unique combination of tangible and intangible resources that cause differentiation and excellent performance output (Barney, et al., 2016; Andersen, et al., 2018; Lockett, et al., 2019). Nevertheless, RBV remains firm-centered and the ecological implications of operation of firms are not considered. Filling this gap, Hart (2015) proposed the so-called Natural Resource-Based View (NRBV) which considers the issues of the environment in strategic management. RBV concentrates on the perspective that competitive advantage might not only occur due to the resources of the firm but also because of the abilities that spur environmental soundness that include strategic proactiveness, avoidance of pollution and stewardship of products. RBV also considers such additional factors as the role of outside resources which are neither managed nor controlled by a firm as mentioned by the relational RBV such as green suppliers and green supply chains (Andersen, et al., 2020; Guang-Shi, et al., 2022), and enlarges the focus towards a bigger eco- and collaborative environment.

In this respect, green product innovation (GPI) is an area that has gotten special attention due to its capacity to produce both competitive and environmental advantage. Although the majority of the studies associated with GPI have focused on its antecedents, there has been little consideration of the performance outcomes of GPI, and the findings on its economic effect have been inconclusive (Dangelico, 2020; Lin, et al., 2018). However, in line with the main provisions of the Resource-Based View (RBV) and the Networked-Based View (NRBV) of the firm, companies that have better capabilities in terms of GPI will be in a strategic position to differentiate their services and stay up to date with the regulations and demands of the environment and the market. The importance of external partnership, including green-related supplier involvement, has been highlighted in the extant literature to unlock the potential of GPI (Chiou, et al., 2021). Integrating the frameworks of RBV, NRBV, and relationship-based RBV provides a better collective picture of the role of green product innovation in firm sustainable performance and environmental responsibility.

Empirical Review

Wang, et al. (2021) used a large sample of 515 responses from manufacturing and service firms in Pakistan to assess the influence of stakeholders' views on green innovation practices. Their results supported a strong positive relationship between the environmental and organizational performance with green innovation only. This indicates the fact that green innovation is largely a good. However, its effectiveness may be determined by internal strategies.

In China, Wang, et al. (2021) investigated the transmission channels through which green process and product innovation are linked to the performance of the economic sector among 642 industrial enterprises. Their model indicated that although both green process and product innovations have a positive influence on economic performance, they do it through different pathways: green process innovation has a direct effect, whereas green product innovation can have an effect through its impact on environmental performance and competitiveness of the product in the market. These results underscore the existence of a differentiated approach to the adoption of types of green innovation depending on priorities of the firm.

Begum, et al. (2022) have added to this discussion through their study on how green transformational leadership and creative process involvement relate to enhancing green innovation. The study used survey data on 291 managers in high-tech manufacturing industry in China and the results of the study revealed that green leadership does indeed strengthen green product and process innovation, through the role of creative engagement of employees. The study emphasized the importance of organizational culture and leadership in driving innovation in a nation.

Asad, et al. (2024) focused on entrepreneurial businesses and found that transformational leadership and green entrepreneurial attitude positively affect the development of green products and, accordingly, business performance. Remarkably, they discovered that whereas green product innovation mediators the association between performance and green entrepreneurial orientation, it does not mediate the relationship between performance and green leadership. This suggests that not all leadership elements successfully foster innovative performance, and that performance achievement may differ based on leaders' strategy or leadership style orientation.

Turning to the process-based view, Wang, et al. (2022) suggested a conditional process model to analyze the role of green innovation strategy in shaping performance by focusing on green learning in the organization that is mediated by green technological turbulence. Their results indicated that the influence of green leaning in strategy-performance relationship is, the effect is amplified in a more technology turbulent environment. This is in line with both Natural Resource-Based View and Knowledge-Based View, with emphasis on learning as a strategic capability.

The study by Rehman, et al. (2021) further contributed to insight by analyzing manufacturing companies in general and determining a green innovation as an input between green intellectual capital and green HRM on the one side and environmental performance on the other. They also discovered that moderation of green innovation-performance as influenced by environmental strategy showing the significance of alignment strategy in the achievement of the green objectives.

Lastly, Xie, et al. (2022) examined the impact of the green process innovation on the financial performance of 221 Chinese manufacturing companies. The result of their findings revealed a U-shaped relationship, which means that U-shape starts off with adverse effect on financial performance with initial investments in green innovation but becomes positive at a more intense level of innovation. In addition, green social capital reduced preliminary losses whereas tacit green needs of the customers increased losses. The subtle results indicate that a cyclic type of asset can be maintained through management of external and internal relational assets in order to maximize the green innovation investment.

Research Methodology

The section gives the methodology as was used in carrying out the study, giving the research design, the population, how it is sampled, sample sizes, and how data will be collected, the design of instruments to be used and how the instruments being used will be vailed and what is its reliability. The study was quantitative and descriptive and thus a survey research design was adopted. The survey approach is very common in the field of management because it helps the researcher obtain uniform data of a sample population (Karlsson, 2017; Rossi, et al., 2018). Saunders, et al. (2019) suggests that survey designs can assist the researcher to collect the information in the form of structured questionnaires, which can concern a sample of a population, so the study can be generalized. This research entails the use of the staff of Tuyil Pharmaceutical Company and Peace Pharmaceutical Company in Ilorin because this is where the target population of the study is located. According to record of human resource, the number of employees is 495 at the Peace Pharmaceuticals and 484 at Tuyil Pharmaceuticals, thus the total population becomes 979. At 95 per cent level of confidence using the Taro Yamane (1967) formula with 5 per cent margin of error a sample size of 284 was arrived at. The simple random sampling was used so that each member of the population had an equal opportunity of being selected hence minimizing bias and giving validity to the results (Saunders, et al., 2019; Caveman & Temione, 2017).

The use of the questionnaire was the main data collection technique to which 142 employees in both companies, Tuyil and Peace Pharmaceuticals, were subjected. The instrument used in the research was a structured close-ended questionnaire that had two parts. In section A, demographical details were gathered like age, sex, education qualification, job position and experience in nominal and ordinal scale. Section B measured relationships in green innovation and organizational performance through a Likert scale of 5 points (1 = Strongly Disagree and 5 = Strongly Agree). It was an understandable questionnaire, which was also related to the study objectives. To ascertain the instrument validity, especially the construct and content validities, this survey was perused by the supervisor of the project and validated its appropriateness and representative nature of the items (Crespo, 2020). To get the correct and unbiased responses, the respondents were assured of confidentiality. In order to carry out reliability testing, a pilot study was performed on 15 participants. The findings recorded satisfactory internal reliability with Cronbach Alpha value of 0.78 and 0.80 on the green product innovation and green process innovation respectively and 0.76 in the organizational performance scale, which means that the instruments used were reliable.

Lastly, the data were interpreted on descriptive and inferential statistical analysis. Demographic characteristics and responses were also summarized in the form of frequencies and percentages by the Statistical Package for Social sciences (SPSS). Besides, SmartPLS, a Partial Least Squares Structural Equation Modeling software, was used to reach the research hypotheses in a multiple regression analysis and determine the extent by which green product and process innovation influences the organizational performance. The method of analysis used enabled the testing of complicated relationships between constructs, and it also greatly validated the working model of the study. The research paid ethical consideration such as voluntary research participation, informed consent and ensuring confidentiality and protection of data collected.

Analysis and Results

Descriptive Analysis of Constructs

To determine the respondents' perceptions of the degree of low (M = 1.00 2.25), medium (M = 2.26 3.75), and high (M = 3.76 and above), the results of these statistical values, as displayed in Table 1, were used (Healey, 2005). In order to respond to the first study question, a descriptive test was conducted.

Table 1: Descriptive Analysis of Constructs

Latent Constructs	N	Mean	Std. Deviation	Level
RE	247	18.36	3.81	High
GSI	247	17.88	4.18	High
EC	247	18.83	3.43	High
GPI	247	18.34	3.62	High

Source: Field Survey, (2025)

Pharmaceutical firms consume a lot of renewable energy, as Table 1 demonstrates. Renewable energy (M = 18.36, Stdev = 3.81), green process innovation (M = 17.88, Stdev = 4.18), environmental consciousness (M = 18.83, Stdev = 3.43), and green product innovation (M = 18.34, Stdev = 3.62) are the independent variables' means and standard deviations. These results showed that high green innovation methods may improve the performance of Peace and Tuyil pharmaceutical company personnel.

Evaluation of PLS-SEM Results

The PLS-SEM results are presented in this part in two stages, per the literature's recommendations (Hair, et al., 2014; Hair, et al., 2011). The two stages are called measurement model assessment and structural model assessment, according to Hair, et al. (2011). In particular, the evaluation

of the measuring model shows the results of individual item reliability, construct internal consistency reliability, and construct validity (convergent and discriminant). The structural measurement assessment shows the following: path coefficients, variance explained (R2), effect size (f2), predictive validity (Q2), and its impact size (q2). This section also assesses the moderating effects of the interplay between exogenous and endogenous factors.

Reliability of Individual Measurement Items

According to Byrne (2010), item loadings are the metric used to assess an item's dependability. This shows the correlation coefficients between the latent construct that each indicator measured and the individual indicators. Items that raised the AVE and had loadings of less than 0.7 were kept, while those with loadings of less than 0.4 were removed. Table 1's item loading findings showed that every item loaded above 0.4, indicating the products' dependability.

Internal Consistency Reliability

The degree of correlation between items measuring a construct is known as internal consistent reliability; higher correlation denotes higher reliability, and vice versa (Kline, 2013). Internal consistency reliability was assessed in this study using composite reliability (CR) estimates. Nonetheless, the coefficient of CR was recommended to be at least 0.7 (Chin, 1998; Hair, et al., 2014). As indicated by Table 1, all of the study's constructs had coefficients of CR greater than 0.7, demonstrating that each construct has sufficient internal consistency dependability.

Convergent Validity

Convergent validity, which is a type of construct validity, evaluates how a particular measure truly measures what it is intended to measure and has a positive association with other alternative measures of the same construct (Hair et al., 2006). An AVE value of 0.50 or over indicates convergent validity of the variable (Chin, 1998; Hair, et al., 2011). According to Hair, et al. (2014), an AVE of 0.50 means that half of the fluctuation of the items in the latent concept is explained, this supports this.

Accordingly, as suggested by Chin (1998), the AVE for each latent variable must not be less than 0.50 in order to ensure enough convergent validity. This reasoning indicates that there was sufficient convergent validity because all of the study's AVE values for each variable were greater than the recommended value of 0.50. Table 1 shows the convergent validity of every variable used in this study.

Table 2: Summary of Items Loading, Composite Reliability and Average Variance Extracted (AVE)

Constructs	Items	Loading	Composite Reliability	Average Variance Extracted (AVE)
Environmental Consciousness	EC_01	0.835	0.803	0.630
	EC_03	0.826		
	EC_04	0.830		
	EC_05	0.672		
Green Product Innovation	GPI_01	0.747	0.881	0.659
	GPI_02	0.730		
	GPI_03	0.833		
	GPI_04	0.874		

	GPI_05	0.865		
Green Process Innovation	GSI_01	0.892	0.914	0.764
	GSI_02	0.883		
	GSI_03	0.856		
	GS1_04	0.864		
Organization Performance	PO_01	0.821	0.902	0.718
	PO_02	0.848		
	PO_03	0.877		
	PO_04	0.862		
	PO_05	0.825		
Renewable Energy	RE_02	0.888	0.868	0.783
	RE_03	0.893		
	RE_04	0.873		

Source: Field Survey, 2025)

Discriminant Validity

A construct in a model is guaranteed to be genuinely different from other constructs via discriminant validity. It attests to the fact that measuring items have a stronger correlation with their own construct than others. When testing discriminant validity in PLS-SEM, three main strategies exist: the cross-loadings, the Fornell-Larcker criterion, and the Heterotrait-Monotrait (HTMT) ratio, HTMT does not have these limitations since it provides a more nuanced approximation of the inter-construct correlations compared to the Fornell-Larcker method adapted to systems where the square root of AVE is compared to the construct correlations. The discriminant validity had adequate levels in all the constructs in this research, each having the acceptable levels of HTMT and Fornell-Larcker (below 0.85).

Table 3: Discriminant Validity (Fornell-Larcker Criterion)

Variables	EC	GPI	GSI	PO	RE	CR
EC	0.794					
GPI	0.762	0.812				
GSI	0.772	0.609	0.874			
PO	0.708	0.816	0.517	0.848	0.847	
RE	0.734	0.587	0.344	0.750	0.580	0.885

Source: Authors' Compilation (2025)

Table 4: Heteriotait-Monotrait Ratio (HTMT)

Variables	EC	GPI	GSI	PO	RE
EC					
GPI	0.922				
GSI	0.901	0.688			
PO	0.832	0.915	0.563		
RE	0.883	0.685	0.843	0.652	

Source: Authors' Compilation (2025)

Assessment of Structural Model

The second step in PLS analysis includes evaluating the structural model that is also called the inner model, which examines the postulated relationships between latent items (Hair, et al., 2016). This involves analysis of how exogenous factors may impact the endogenous variable, the organisational performance, including the environmental consciousness, green product and process innovation, and renewable energy. In this work, the assessment of the structural model was based on such indicators: the significance of the path coefficient, coefficient of determination (R^2) the size of the effect (f^2) the predictive relevance (Q^2) and the size of the effect of the predictive relevance (q^2).

Direct Path Coefficients Assessment

According to Chin (1998) and Hair, et al. (2013), bootstrapping method is typically employed in order to judge both direct and indirect path coefficients. In order to estimate model parameters and assess their statistical significance, bootstrapping entails repeatedly resampling from the original dataset (Henseler, Hubona, & Ray, 2016). Following the advice of Hair, et al. (2017), 5,000 bootstrap samples were utilised in this analysis to assess the importance of direct and indirect correlations among variables.

Table 2 displays the findings of the structural model for the direct correlations between the study's independent and dependent variables.

Table 5: Direct Path Coefficients

Hypotheses	Paths	Beta	STDEV	T-Statistics	P-value	Remark
H1	EC ->PO	0.230	0.093	2.468	0.014	Accepted
H2	GPI->PO	0.656	0.058	11.280	0.000	Accepted
H3	GSI->PO	-0.182	0.102	1.788	0.074	Accepted
H4	RE->PO	0.161	0.080	2.025	0.043	Accepted

Source: Authors Compilation (2025)

Table 5 shows the results of the hypothesis testing for the direct relationship as proposed in this study. The discussion for the results on this table is as follows:

Hypothesis 1: Table 5's link between EC and PO shows how environmental awareness enhances Peace and Tuyil Pharmaceutical Company's operations. The table shows the t-statistic ($t = 2.468$), p value ($p = 0.014$), beta ($\beta = 0.230$), and route estimates for the association between EC and PO. This suggests that EC and PO have a positive and significant relationship, which is why hypothesis H1 was approved.

Hypothesis 2: Table 5's link between GPI and PO shows how Peace and Tuyil Pharmaceutical Company's performance is improved by green product innovation. The path calculations for this association show the t statistics (t = 11.280), p value (p = 0.000), and beta (β = 0.656). At the 5% level of significance, these results are consistent with the hypothesis that GPI and PO have a positive and significant relationship.

Hypothesis 3: The path connecting GSI to PO, as shown in table 5, with path estimates of beta (β = -0.182), t statistics (t = 1.788), and p value (p = 0.074), shows how green process innovation enhances Peace and Tuyil pharmaceutical company's performance. Since the results demonstrate a positive and significant relationship between GSI and PO at the 1% significance level, the proposed hypothesis H3 is accepted. This result implies that green process innovation has a significant influence on the performance of Peace and Tuyil Pharmaceutical Company.

Hypothesis 4: With path estimates of beta (β = 0.161), t statistics (t = 2.025), and p value (p = 0.043), the path connecting RE to PO demonstrates that renewable energy positively affects the performance of the Peace and Tuyil pharmaceutical company. These results provide compelling support for the study's hypothesis, according to which the performance of Peace and Tuyil Pharmaceutical Company is significantly impacted by renewable energy at the 1% level of significance.

Coefficient of Determination (R-squared)

According to the study's model, the independent variables (EC, GSI, GPI, and RE), which were first categorised as exogenous variables in the model, together accounted for 69.8% of the variation in the dependent variable (OP), with an R2 value of 0.698 (69.8%). This proved that a sizable portion of the variance could be explained (Chin, 1998).

Effect Size Assessment

Table 3 showed the f2 for each exogenous construct derived from the PLS-SEM result using the survey data. This table demonstrates the small to medium effects of the independent factors that shown significant positive influence on the dependent variable.

Table 6: Constructs Effect Size

Variables	SMEP	Effect Size
EC	0.043	Small
GPI	0.596	Substantial
GSI	0.036	Small
RE	0.033	Small

Source: Authors Compilation (2025)

Discussion of the Findings

The findings of this study reveal a statistically significant and positive relationship between green product innovation (GPI) and organizational performance (OP) among pharmaceutical firms in Ilorin. As presented in Table 4.10, the direct path coefficient from GPI to OP is strong (β = 0.656, t = 11.280, p = 0.000), indicating that firms actively developing environmentally friendly products experience superior performance outcomes. This supports existing empirical evidence such as Ahmed, et al. (2023), who found that green product innovation significantly enhances both environmental and organizational performance. The study aligns with Wang et al. (2021), who emphasized that green product innovation contributes indirectly to firm success by improving environmental compliance and market positioning. Furthermore, Begum, et al. (2022) and Asad, et al. (2024) confirm that green product innovation, particularly when coupled with leadership and entrepreneurial orientation, can serve as a crucial pathway to operational efficiency and competitive advantage.

In contrast, the relationship between green process innovation (GSI) and organizational performance, while positive, was weaker and only marginally significant (β = -0.182, t = 1.788, p = 0.074). Although the hypothesis was accepted, the lower path coefficient suggests that green process innovation may not yield immediate or substantial performance improvements in the short term. This is in line with the outcomes found by Wang et al. (2021) and Xie, et al. (2022), who warn that the results regarding process-based innovations may be late since they are initially expensive and necessitate operational alterations. Another finding by Xie, et al. was a U-shaped pattern according to which initial phases of green process innovators could lower financial performance prior to attaining its advantages. The assertion of Wang, et al. (2022) that the positive effects of green process innovation are greatly augmented in more dynamic or turbulent technological environments and the moderating role that organizational learning has is more potent are also supported by the small effect size of GSI (2 = 0.036) in the study.

On the same note, environmental consciousness (EC) produced a significant and positive impact in organization performance (beta = 0.230, t = 2.468, p = 0.014). This observation implies that other things being equal, an environmentally oriented organization has a high level of predisposition in matching with the requirements of the stakeholders and the changing environmental laws, hence enhancing its market legitimacy and long-term performance. This aligns with Wang, et al. (2021) who asserted that the firms that are environmentally conscious have a high likelihood to receive competitive positioning and is rated highly by the stakeholders particularly where green values are integrated into the strategy-making choices.

Last but not least, the correlation coefficient between renewable energy (RE) and organizational performance was reported as positive and significant (0.161, t 2.025, p 0.043). This finding means that comparatively there is improved performance because of the usage of renewable sources of energy and this could probably be in the energy cost saving, carbon footprint, and the enforcements of environmental standard measures. This view was substantiated by Wang, et al. (2021) as the authors emphasised the effects of energy sustainability in strengthening potential reputational performance and operational resiliency of firms. Also, Asad, et al. (2024) underscored the importance of green-oriented practices like renewable energy as strategic facilitators of the long-term growth of the organization in case it is provided with a high level of leadership and innovational capacity.

Conclusion

This paper on green innovation and organizational performance among some of the pharmaceutical companies within Ilorin Metropolis comes up with a clear picture that adoption of green solutions is an ideal way to improve the firm performance. Environmental consciousness, green product innovation, and renewable energy adoption are all related to positive attitudes towards organizational results and green product innovation is the most influential one. The green process innovation also contributed a lesser value that is marginally less but it would be an area that will still play a key role in growth and competitive advantage in the long run. The results indicate that green innovation is a strategic factor that touches on sustainability and enhanced performance in pharmaceuticals. Companies in the Metropolis of Ilorin are urged to focus on and incorporate green initiatives in a bid to establish their firm competitiveness and a sustainable long-term success.

Recommendations

a. Pharmaceutical companies operating in Ilorin Metropolis are advised to take initiatives and preach on environmental awareness into their corporate spirit and work approach. Understanding and taking action toward promoting environmental sustainability can improve the reputation of firms and place them in accordance with the expanding regulatory and consumer demand.

b. It is recommended that, firms should put more resources into the area of green products innovation, given this has the greatest positive effect on organizational performance. Producing

green products does not only satisfy market needs, but also gives an upper competitive edge to the product and business growth in the long-run perspective.

c. Even though green process innovation has a trivial impact, this fact does not mean that companies can disregard its possibly positive results. Constant advancement on sustainable processes will bring about operational efficiencies and cost savings in the long run where learning and adaptation happens against a dynamic environment.

d. Renewable energy sources need to be adopted in order to minimize the influence on environment and the costs of its operation. Incorporation of renewable energy in business practices facilitates the businesses with sustainability credentials and enhances the overall performances of firms in regard to the economic and environment objectives.

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