

International Journal of Management and Marketing Intelligence	International Journal of Management and Marketing Intelligence, 3(3), 11-21.	
	Volume: 3	http://ijmmi.com
	Issue: 3	ISSN: 3080-860X
	Received: June 22 2026	Accepted: August 27 2026
	<i>Citation: AlAwadhi, N. (2026) The Role of Green and Ethical Procurement in Driving Organizational, Market, and Operational Performance. International Journal of Management and Marketing Intelligence 3(3), 11-21. DOI: https://doi.org/10.64251/ijmmi.152</i>	

The Role of Green and Ethical Procurement in Driving Organizational, Market and Operational Performance

Nawaf AlAwadhi¹

¹Department of Management, College of Business Administration, University of Sharjah, UAE.

ARTICLE DETAILS	ABSTRACT
Article History Received: June 2026 Accepted: August 2026 Published Online: September 2026	In today's competitive and sustainability-focused landscape, procurement decisions extend beyond cost considerations to include ethical and environmental obligations. Green and ethical procurement are increasingly recognized for their impact on how organizations operate and how they perform externally and achieve long-term sustainable outcomes. This paper examines the effect of green procurement and ethical procurement on organizational, market, and operational performance in the UAE. A quantitative approach focused on data from 408 executive-level employees in semi-government organizations in the UAE. In the analysis of the data, Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to assess the hypotheses and to validate the conceptual model. The studies revealed that green and ethical procurement have positive and significant impacts on organizational, market, and operational performance. The research offered empirical evidence to show that sustainability-focused procurement can be socially and environmentally impactful and can be used to enhance competitiveness and long-term performance outcomes.
Keywords Green procurement Ethical procurement Organizational performance Market performance Operational performance	
JEL Codes L25, M11, P28	
Corresponding Author Email: u19106220@sharjah.ac.ae	

1. INTRODUCTION

In the UAE, one of the factors affecting how semi-government entities perform is a competitive advantage. Shin and Konrad (2017) indicated that companies with a higher competitive advantage exhibit higher organizational performance. Accordingly, one indicator of organizational performance is how well an organization achieves its goals. Masudin et al. (2018) said that organizations differ in the factors and strategies they choose to achieve success. Nevertheless, an organization's performance is evident in its operational and market performances (Abdallah et al., 2016). The former concerns an organization's capacity to deliver services or products to consumers through cost-effective and efficient processes (Al Awadhi & Alshurideh, 2023). The latter, i.e., market performance, concerns the financial pointers reflecting market goals in contrast to consumer needs. Ebrahim (2020) mentioned that these indicators include consumer loyalty, market share, and brand equity. Consequently, market and operational performance result in overall organizational performance. It is becoming critical for organizations to identify strategies that improve their performance. Prior investigations express several questions concerning how procurement techniques could pay off in terms of market and operational performance. Vluggen et al. (2019) stated that ongoing examinations exhibit that they could indeed enhance organizational performance. This study is particularly relevant because it aims to investigate the green procurement and ethical procurement of the semi-government entities in the UAE, where socio-economic and regulatory contexts differ significantly from those of developed countries. It also increases the generalizability of the findings in other comparable environments worldwide and provides recommendations for the UAE stakeholders. Understanding the significance of green and ethical procurement is crucial in formulating strategies to improve the procurement system's ability to adapt to market shifts, trends, and stakeholders' needs. This may include centralizing decision-making, promoting innovation, and developing and implementing efficient and adaptable procurement structures and tools. This way, the proposed research will contribute to advancing knowledge to demonstrate the benefits of adopting and implementing green procurement and ethical procurement to enhance organizational performance. Green procurement is defined as the environmental impact caused by organizations that can be reduced by prioritizing environmentally friendly goods and services in procurement processes (Appolloni et al., 2014). This includes waste reduction, usage of recycled material, and energy efficiency. Companies can be involved in alleviating climate change and preserving natural resources by selecting vendors with a clean environmental reputation and by making eco-friendly choices as procurement standards. The studies reveal that switching to green procurement approaches can lead to savings and long-term fiscal benefits for organizations. While purchasing sustainably made goods or

services might require more upfront investment initially, this will eventually lead to savings in operating costs through reduced waste, less energy usage, and better resource management. Furthermore, companies will gain a competitive advantage and enhance their reputation by responding to consumers' desire for environmentally conscious goods and services. In addition, Ethical procurement refers to sourcing goods and services that align with ethical standards and principles (Baraka et al., 2019). It involves taking into consideration social and environmental factors, in addition to cost and quality. The studies on ethical procurement highlight the importance of incorporating ethical considerations into the procurement process (Haron & Mahzan, 2019). The development of open, beneficial, and transparent relationships with suppliers is emphasized in ethical procurement. Studies indicate that cultivating enduring relationships founded on mutual respect and trust can enhance supplier performance, lower the likelihood of immoral activities like bribery or corruption, and increase the overall resilience of the supply chain. Labor rights and working conditions in supplier facilities are issues that ethical procurement tackles (Mukhtar & Omwenga, 2019). The significance of confirming that suppliers follow labor laws, pay fairly, provide safe working conditions, and forbid exploitative practices like child labor or forced labor is frequently acknowledged in research publications. Organizations can respect human rights and social responsibility requirements by favoring suppliers who follow ethical labor practices. Dynamic Capabilities Theory emphasizes an organization's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. In this situation, procurement sustainability is seen as a dynamic capability that enables organizations to adapt to environmental and social demands, ensuring long-term viability and competitiveness. Sustainable procurement practices, such as green procurement and ethical sourcing, are essential for organizations to meet regulatory requirements and stakeholder expectations. By involving sustainability in procurement processes, organizations can enhance their reputation, reduce risks, and achieve sustainable growth, which improves organizational performance.

2. THEORETICAL FRAMEWORK

2.1. Green procurement and organizational performance

Green procurement is buying products and services that aim to cause the least environmental harm. As per the study of Khan et al. (2021), until cleaning work is done with the help of eco-friendly methods, the expenses decrease and productivity levels shoot up. Companies will be able to grow their profitability with time by identifying the environmentally sustainable approach to their supply chain, energy consumption, waste management, and eco-friendly offerings. The key benefit of the reduced costs is profitability and overall financial success. Examples of researchers who have shown that green procurement helps in innovation and product differentiation are those demonstrated by Blome et al. (2014). Increasing ecological awareness is implemented by employing production methods beneficial to the environment, connecting with suppliers to develop green products, and expanding sales markets. By offering eco-friendly products and services, companies may achieve competitive advantages, find environmentally conscious customers, and outperform competitors in the market simultaneously. Establishing environmentally conscious suppliers could succeed if green procurement methods were used, as established in a study by Eltayeb & Zailani (2010). Businesses prioritizing environmental sustainability in their procurement procedures are more likely to attract partners and suppliers who align with such values. For example, organizing good relationships with suppliers ensures timely, predictable, and reliable supply allocation, strengthening the organization's performance. Green procurement has been highlighted by Eltayeb and Zailani (2010) as a means of risk mitigation and regulatory compliance. Green procurement strategies assist companies in recognizing and mitigating the risks associated with climate change, resource constraints, and environmental legislation (Eltayeb & Zailani, 2010). Businesses may protect their operations, image, and general performance by proactively managing environmental hazards and adhering to legal obligations. Prior studies indicate that green procurement enhances a brand's reputation and image. Businesses that show a dedication to environmentally sustainable buying practices improve their standing as socially conscious enterprises. Customers, investors, and other stakeholders are drawn to brands with a positive reputation and perception, which boosts sales, market share, and financial performance. Research from various academics suggests that using green buying techniques improves organizational effectiveness. Green procurement adds to organizations' overall success and sustainability by encouraging innovation, assuring regulatory compliance, strengthening supplier relationships, boosting cost savings, and enhancing brand image. Green procurement initiatives have always appeared as a shortcut to cost savings and a possible way for organizational efficiency in every research. Studies from (Blome et al., 2014) found that adherence to green procurement strategies like choosing supplies from environmentally friendly industries and preference for energy efficient products results in energy saving to a large extent, reduction of waste generation, and lowering operation costs over time. Furthermore, such eco-purchasing brings about innovations in product development and procedural optimization, leading to enhanced effectiveness and cost-effectiveness. Green procurement has a high-power goal of the lowest possible eco-footprint impact made by the organization on nature in general. According to the research done by Puschmann & Alt (2005), green procurement has a positive impact on cutting greenhouse gas emissions, reducing waste generation, water consumption, and air pollution by companies. By using eco-friendly materials to supply, sustainable packaging, and developing recycling and waste reduction programs, an organization works to affect the environment and contribute to global sustainability goals. Green sourcing promotions are a way of increasing both internal and external stakeholder satisfaction, as well as corporate reputation. Individuals (customers, investors, and stakeholders) now consider environmental protection alongside a mission and are ready to patronize sustainable companies through their purchases, investments, and participation. (Blome et al., 2014) found that enterprises seen as environmentally conscious by their in-process procurement practices may keep and improve customers, increase brand loyalty, and gain stakeholder trust. Moreover, green procurement helps organizations get more significant connections with public authorities, residents, and interest groups. This reduces the potential risks related to their reputation and increases organizational sustainability. Based on the above arguments, this study proposes the following hypothesis:

H1: Green procurement has a positive impact on organizational performance.

2.2. Green procurement and operational performance

The term "green procurement" is also known as eco-purchasing, and it is spending that does not create any adverse environmental implications (Appolloni et al., 2014). According to Khan et al. (2021), research incorporating green purchasing approaches can lead to decreased expenditures and higher operational performance. Organizations apply several environmentally responsible purchasing practices alternatively in stages, including cutting back on energy use, minimizing waste, and using sustainable products, thus reducing operational costs gradually. These cost savings result in higher profitability and increased overall operational efficiencies. Green procurement has been proposed by Liu et al. (2017) as a simplifying method to symmetrize the functioning of the supply chain. Using green procurement techniques makes collaborating with suppliers a more cooperative and open relationship, achieving better efficiencies and dependability. Companies can enhance their operational effectiveness, reduce order time, and smooth out supply operations among their suppliers who are diligent in environmental support. (Blome et al., 2014) found that green procurement methods increase an organization's resilience and mitigate risks. Organizations can efficiently draw on sustainability factors into their supplier selection and risk survey emerging possibilities of ecological capital shortage, resource scarcity and climate change risks, and mitigate them accordingly. Throughout the operational, active risk management strategies offer operational performance insurance, mitigate interruptions, and improve resistance. Studies, for instance, Slastanova et al. (2021) point out that green procurement philosophies lead to process innovation as well as constant growth. Green procurement strategies foster collaboration with suppliers and use environmentally responsible materials, production methods, and markets. Organizations can achieve operational excellence and increase performance by facilitating creativity and efficiency improvement throughout their business processes. The multiplicity of researchers who have previously conducted studies, such as those by Eltayeb and Zailani (2010), can attest that green procurement could impact worker productivity and participation. In the end, organizations that are dedicated to environmental sustainability attract motivated employees who have feedback for better performance and morale. Employee involvement leads to more creative contributions from individuals who work better in teams and help with better operations. Before research conducted by numerous practitioners, it was found through another research that green buying methods are effective for efficient and flawless performance. Green procurement supports cost saving, supply chain optimization, risk mitigation, process innovations, and employee engagement; the organization becomes efficient, innovative, reliable, and effective. Semi-government organizations can improve efficiency and reduce expenses by using green purchasing methods. They can improve their financial stability by applying sustainable materials, decreasing waste, and consuming less energy. Based on the above arguments, this study proposes the following hypothesis:

H2: Green procurement has a positive impact on operational performance.

2.3. Green procurement and market performance

As presented in a previous study, green procurement strategies help strengthen the existing brand's reputation and image. Businesses that place great weight on the issue of environmental sustainability in the conduct of procurement activities stand a good chance of being seen as companies with a good appreciation of social responsibilities (Appolloni et al., 2014). Customers, investors, and other stakeholders are often attracted to brands with positive names and reputations, increasing sales, market share, and company success. Prior studies have noted that green procurement enhances the competitive edge of businesses within the industry. Green procurement is designed to develop eco-friendly production techniques, engage suppliers to improve eco-friendliness, and promote further market research (Rejeb et al., 2024). Organizations can achieve large market performance, gain a competitive advantage, and grab market share through factors such as the environmental characteristics of their products. Companies might get an edge by displaying their commitment and efforts to sustainability through green buying techniques. Unlike among environmentally mindful companies, providing a differentiation might be an edge in business competition because consumers now favor products and services from environmentally conscious companies. Meehan and Bryde (2011) found that organizations with environmentally sensitive customers can attract them by adequately including green procurement in their business operations. It can increase their market share and help to improve their image. Green procurement strategies can assist companies in minimizing the risks of non-compliance with environmental guidelines and give them an advantage if they comply with the regulations. Organizations can guard their reputations and avoid fines, legal sanctions, and consequential reputation damage from environmental offenses as they strategically develop procurement strategies that age well with nature. Research shows that you can make public procurement much safer for financial distribution by safeguarding your brand, lawsuit vulnerability, and ensuring the long-term sustainability of your business (Khan et al., 2021). This tactic brings accountability and openness to supply chain operations, enhancing synergy between suppliers, consumers, and the community. Discussing environmental problems with stakeholders can lead to improved relationships, higher credibility, and social license for an organization to conduct its operations. Scholars argued that such corporate social responsibility (CSR) can be met by green procurement, with organizations highlighting sustainable practices (Appolloni et al., 2014). This can be a source of greater self-assurance for investors, better views among customers, and a better image in the whole market. Initiatives for strategic procurement can also improve market success by helping businesses stand out from rivals. Organizations can obtain a competitive edge and attract environmentally sensitive customers by showcasing their commitment to environmental sustainability through their procurement methods. This distinction can eventually improve market performance by strengthening the brand's image and gaining market share. Green procurement can help businesses reduce the risks of non-compliance with environmental rules and comply with them (Blome et al., 2014). Organizations can prevent

finances, legal penalties, and reputational harm from environmental infractions by proactively implementing ecologically sustainable purchasing strategies. Green procurement, which effectively manages risks while preserving an organization's reputation and maintaining business operations, can improve market performance. Based on the above arguments, this study proposes the following hypothesis:

H3: Green procurement has a positive impact on market performance.

2.4. Ethical procurement and organizational performance

Ethical procurement implies a company's ethical practice and responsibility in environmental, social, and legal matters (Baraka et al., 2019). With measures such as mitigating exposure to compliance, ethical violations, and reputational risks, organizations can ensure ethical procurement as one of the options. Businesses avoid legal issues, bad corporate image, and losses in production through ethical purchasing and ensuring transparency is a part of their supply chains. Proactive risk management aims to promote ethical relationships with the procurement partners, achieved by organizational sustainability and resilience, which leads to overall performance improvement. Ethical procurement involves closer collaboration among stakeholders, some of whom are suppliers, employees, local community members, and nongovernmental organizations. Organizations can promote social talk, tackle stakeholder concerns, and develop a relationship of confidence by bowing toward ethical principles while they make the procurement arrangements. Ethical procurement mechanisms in which legitimate stakeholders actively participate can catalyze cooperation, information sharing, and innovation, finally benefiting the organization. The growing trend of collaboration among stakeholders such as suppliers, staff, local communities, and activist groups is enhanced by ethical procurement. Therefore, organizations can have social discussions, take up stakeholder issues, and build relationships based on trust, making ethical concerns a top priority when making procurement decisions. Ethical procurement involvement of local stakeholders may thus lead to collaborative multi-sectoral resource sharing, information exchange, and innovations, which in turn sustainably boost the performance and the effectiveness of these organizations. Ethical buying practices can positively affect employees' morale, interest, and efficiency through organizing. Employee engagement, motivation, and commitment to their work are more likely when they believe that their company upholds social responsibility and ethical standards. An ethically based, supportive workplace culture draws and keeps talent, lowers attrition, and increases employee pride and loyalty, all leading to better organizational performance. Ethical procurement campaigns are essential to creating a good reputation and building up a brand image for any company. Procurement is seen as ethical and socially responsible. For instance, organizations with such behavior acquire trust from consumers, investors, and stakeholders. The commitment to fair working conditions, ethical procurement, and supply chain transparency will help set organizations apart from others in the market and establish them as a perceived positive brand, boosting their competitiveness. Ethical procurement enables organizations to reduce the risk of unethical conduct, regulatory violations, and reputation harm. The study of Liu and Chiu (2021) illustrated the vital role of ethical supply chain mechanisms, including compliant sourcing activities and the piling up of legal penalties, supply chain disruptions, and negative PR. Impartial examination, acceptance of ethics codes of conduct, and checking the adherence to labor and environmental standards are the key to identifying possible risks in implementing corporate operations. Such a mechanism prevents businesses from going through the crisis and protects their image. Ethical procurement serves as a tool based on social and environmental equity to satisfy the stakeholders and generate engagement. A prior study correlated ethical procurement to the organizational culture and job satisfaction that results from it, supplier relationships, and communal welfare (Haron & Mahzan, 2019). Employees find work more attractive when they are employed by companies based on ethical considerations, with the suppliers and local communities considering companies that say fair and practice in a sustainable way the most, hence having stronger partnerships and support for them. In contrast to the opinion that ethical purchasing might end up with higher costs than initially anticipated, research indicates that, in the long run, it could represent a source of efficiency and cost savings. Ethical sourcing practices, such as supplier diversification, waste minimization, and initiatives to improve energy efficiency, may result in cost reduction, efficient resource utilization, and supply chain strengthening. (Meehan & Bryde, 2011). Organizations that commit to ethical procurement will enjoy benefits such as an increase in productivity and diminishing turnovers; thus, the upfront cost from conformance to ethical practices will be offset. Ethical procurement is a niche increasingly getting recognition among organizations and creates a competitive advantage for them and the potential for market differentiation. Previous research revealed that the consumers, in support of such companies, fully support organizations that demonstrate ethical behaviors and social responsibility (Baraka et al., 2019). Organizations can increase their profile as socially responsible businesses by embedding ethical issues into purchasing processes. By doing that, they could sustainably attract customers who are conscious of social issues, stand out from the competitors, and ultimately become more successful in the market. Based on the above arguments, this study proposes the following hypothesis:

H4: Ethical procurement has a positive impact on organizational performance.

2.5. Ethical procurement and operational performance

Although there might be an initial cost associated with switching to ethical procurement practices like using certified vendors or purchasing sustainable materials, research has shown that ethical procurement can be achieved at less cost over the long term. This could be attributed to the enhanced capacity for better resource utilization, reduced waste, and improved supplier relations, which can facilitate cost savings through better leverage and supply chain disruptions. Ethical sourcing of products can be used to construct a good reputation and image. As a result, consumers have become more sensitive not only to the social and environmental footprint of the products they buy, but also to the ethical concerns in sourcing these products, and companies that seek to be led by ethical sourcing and sustainability are often perceived as better amongst consumers. A trusted reputation can grow customer loyalty, trust, and higher sales and financial

performance. As highlighted in a study, adhering to ethical procurement principles can be instrumental in avoiding any violation of the law as the regulatory environment becomes more complex and stringent with each passing day (Mukhtar & Omwenga, 2019). Empowered governments across the globe are spearheading rules and regulations that reinforce practices that are sustainable as well as ethical, most predominantly in industries that have high environmental and social footprints. Companies comply with these regulations and standards to avoid penalties and fines and protect operational performance, besides avoiding legal liabilities. Ethical procurement is beneficial for maintaining a positive relationship, as mentioned by many stakeholders, such as employees, suppliers, investors, and communities (Haron & Mahzan, 2019). When organizations clearly show they are committed to responsible business conduct, they can recruit and retain quality employees while becoming more profitable and forging good relationships with suppliers and local communities. These relationships (interactions) play an important role in businesses and social development, contributing to the long-term sustainability and resilience of the operational and performance of businesses. Moreover, the effect of ethical procurement on operational performance is multifaceted and encompasses cost reduction, reputation enhancement, risk mitigation, innovation, meeting regulations, and connection with stakeholders. Organizations can create value for themselves, society, and the environment by integrating ethical considerations into their procurement processes. Based on the above arguments, this study proposes the following hypothesis:

H5: Ethical procurement has a positive impact on operational performance.

2.6. Ethical procurement and market performance

Ethical procurement can be a strong competitive tool that distinguishes products and services in the market. Numerous studies have demonstrated that people have grown to place greater emphasis on environmental sustainability, fair labor practices, and ethical sourcing when making choices regarding their purchases. Ethical procurement can be a tool for a company to differentiate itself from the competitors, to form a sustainable clientele, and may lead to premium demand. At the same time, the value-oriented consumer has that trend. Nepotism in procurement can build a positive brand reputation and customer loyalty (Haron & Mahzan, 2019). It has been shown that consumers prefer and remain loyal to the brands that take the lead in ethical and environmentally friendly business issues. Companies can improve their brand image, increase customer trust, and ultimately gain more sales and market share through ethical procurement activities, such as practicing ethical business practices. Ethical procurement can lead to greater market and sales opportunities. For example, a company respecting international labor standards and environmental regulations may have access to market segments with strict ethical sourcing requirements. On the other hand, as consumers become more aware of these ethical considerations in their own country and abroad, the demand for ethically sourced products and services in the domestic and international markets is also rising. This market segmentation can be addressed through ethical procurement principles, increasing the company's ability to tap into the market and attract new customers. Furthermore, Sophia and Owuor (2015) investigated ethical procurement practices as a risk management tool, and they, in turn, bring positive results in market performance. They further proved that companies operating in industries with complicated and multi-national supply chains often face risks to their supply chain operations, reputation due to unethical operations, and legal liabilities because of their non-compliance with the regulations. If put into place by the companies, ethical procurement practices can mitigate these risks by building transparent relationships with suppliers, ensuring compliance with regulations, and proactively addressing those ethical issues in the supply chain. Nonetheless, ethical procurement can impact investors' confidence and financial results. Research shows that environmental, social, and governance (ESG) is becoming more important when making fund portfolio decisions. The investors perceive companies with the best CSR ethical procurement practices more positively, resulting in higher stock, lower borrowing costs, and easier access to capital (Islam & Alharthi, 2020). Furthermore, companies focusing on sustainability and ethical sourcing could achieve operational efficiencies and cost-saving options over time, also inculcating positive effects on a company's financial performance. Ethical procurement practices also seek to align with regulatory or industry standards that may eventually help gain market access and meet legal obligations. An illustration could be that companies operating in regulated spaces like food, pharmaceuticals, and electronics would have to comply with ethical sourcing standards that align with product safety and quality. Adherence to these standards and regulations will facilitate companies' market access, avoid regulatory penalties, and maintain their market reputation. Furthermore, ethical purchasing, a key element of building a memorable brand for companies, ensures a good image and reputation. The buyers get more particular about ethical concerns such as environmental sustainability, unfair labor practices, and supply chain transparency. According to studies, engaging in ethical procurement not only ensures that the enterprise has an edge in the competition through greater customer allegiance but also increases the chance of share market growth (Islam & Alharthi, 2020). Ethical purchases imply the evaluation and implementation of appropriate measures for the risks that arise from the suppliers regarding sustainability, labor, and political factors. Research revealing that firms with strong ethical procurement systems have better potential to distinguish and minimize supply chain vulnerabilities and disruptions, leading to robust supply chain resilience, is consequently drawn. This will thus affect the long-term development of a company's market position, as market performance would avoid revenue losses incurred through the supply chain interruptions (Haron & Mahzan, 2019). However, ethical sourcing can initially increase costs, for instance, with environmental materials, while people receive fair pay. According to the research, the long-term benefits are cost savings or operational efficiencies. Furthermore, decreasing energy consumption or changing the routing of vehicles to lessen environmental impact during operation could be cost-effective since the initial high investment in changing the procedures would save operational expenses over time, hence improving the business's profitability and market competitiveness. Deep in the prior discussion, the ethical procurement implementation covers measures that promote social responsibility, which nowadays encompasses regulatory compliance regarding working conditions, environmental protection, and CSR. According to the research, the companies that follow the ethical procurement rules very carefully are ahead of other companies in complying with regulations and obtaining the new markets where

compliance with ethics is given importance at first sight (Mukhtar & Omwenga, 2019). Compliance with ethical standards is an ethical code that should act as both a facilitator and an obstacle to market entry and expansion. A bad result can result in low market performance. Ethical procurement practices portray the company's dedication to green and ethical business operations, attract community service investors, and provide easier access to credit. The study reveals that it becomes easier for companies that apply the ethical procurement principle to get investments and draw high credit ratings. Besides, ethical behavior can minimize that kind of risk (reputational damage or non-compliance with regulatory) to a minimum, which allows a customer to feel safe and confident and become a stakeholder of the company. Procuring ethically develops and strengthens the relationship with stakeholders, including employees, suppliers, community members, and shareholders. Research shows that many businesses considering ethical issues in procurement tend to have a prosperous future of corporate citizenship and long-term value creation. Active stakeholders show a stronger disposition to subsidize the companies' targets by thus protecting lasting market performance and making the company more competitive.

H6: Ethical procurement has a positive impact on market performance.

2.7. The theoretical framework

The study's theoretical framework is shown in Figure 1.

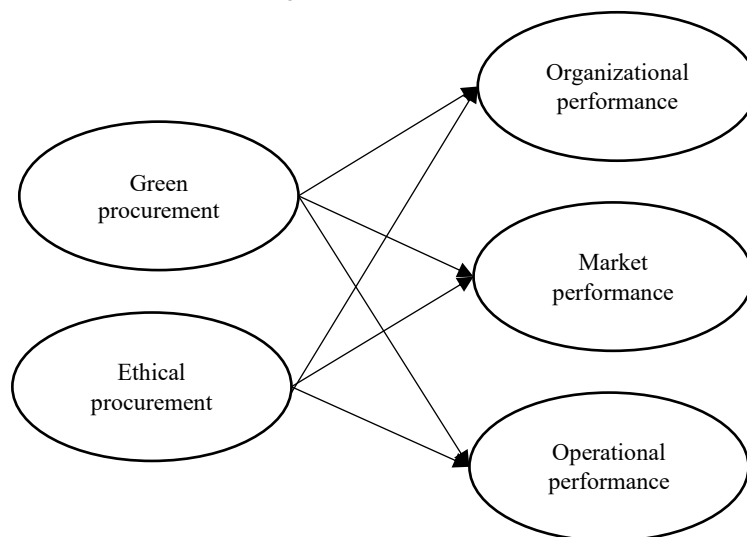


Figure 1. The study model.

3. METHODOLOGY

3.1. Population and sample

The research targeted semi-governmental organizations within multiple hospitality, airline, banking, and telecommunications industries. Given the many companies involved, the study categorized the population into clusters to facilitate the selection of a suitable sample size. Employing a stratified sampling technique. Leveraging cluster sampling across these industries enabled us to efficiently gather data from diverse sources while ensuring adequate representation and statistical validity. We randomly selected 10 organizations in the semi-government sector, including airline, banking, hospitality, and telecommunication industries, based in the UAE. The targeted organizations were Emirates Airlines, Air Arabia, Etihad Airways, Dubai Holdings, Du Telecoms, Dubai Airport, Emirates NDB Bank, Emirates Islamic Bank, ADIB Bank, and ENOC. Owned by the Government, semi-government, private, and federal, located in multiple cities. The correspondents were managerial-level employees of the target industry, such as officers, senior managers, and middle managers. Six hundred questionnaires were sent out. 426 responses were received. The response rate was 71%. Eighteen questionnaires were removed for missing data. Valid data of 408 respondents was used for statistical analysis using two software programs, SPSS and SmartPLS 3.0. The model was confirmed with reliability and validity tests, whereas the hypothesis was tested using the structured equation modeling (SEM) technique.

3.2. Questionnaire development

The data were collected using a questionnaire tailored specifically for this study. Survey items were carefully selected and adapted from previously published studies. These items were validated and adjusted to suit the specific requirements of the current research. While some items directly applied to the current research context, others required adaptation. This adaptation involved modifying the wording of questions, altering response options, or adding new items to capture the nuances of the research context better. It was essential to ensure that the adapted items maintained the integrity of the original constructs while being suitable for the study's specific population and cultural context. The data collection process for this research involved the development of questionnaires based on the chosen methodology. These questionnaires consisted of two sections. The first section included general inquiries about the organization's sector, size, and location, as well as prompts for respondents to identify competitors and assess their performance in similar segments. The second section focused on

factors influencing organizational performance, particularly market and operational performance, based on independent variables. To enhance the reliability of the data, a five-point Likert scale was utilized for responses, ranging from 1 (Strongly disagree) to 5 (Strongly agree).

3.3. Measurements

To measure the study variables, green procurement and ethical procurement comprising 10-item questionnaires were proposed by Blome et al. (2014) and Haron & Mahzan (2019). Organizational performance was assessed with its dimensions (market performance and operational performance) using 15 items for each, developed by Wang et al. (2022) and Al Awadhi & Alshurideh (2023).

4. DATA ANALYSIS

4.1. Respondents profile

Table 1 presents the distribution of gender within the studied group. It shows that there were 142 females (34.8%) and 266 males (65.2%). This suggests a clear male majority within the group. The majority falls within the 30-40 years range ($n = 202$, 49.5%), followed by 40-50 years ($n = 116$, 28.4%), and up to 30 years ($n = 52$, 12.7%). There is a smallest group for individuals aged between 50-60 years ($n = 26$, 8.8%) and over 60 years ($n = 2$, 0.5%). The age distribution provides perceptions about the demographic composition of the group. The majority had either a bachelor's degree ($n = 198$, 48.5%) or a master's degree ($n = 176$, 43.1%). A smaller percentage hold a Doctorate degree ($n = 18$, 3.9%), while High School qualifications constitute the smallest portion ($n = 16$, 4.4%). In addition, it specifies that the largest percentage falls within the 11-20 years range ($n = 200$, 49.0%), followed by >20 years ($n = 106$, 26.0%), 5-10 years ($n = 94$, 23.0%), and <5 years ($n = 8$, 2.0%). The majority work in Semi-Government sectors ($n = 284$, 69.6%), followed by Government ($n = 80$, 19.6%), Private ($n = 40$, 9.8%), and Federal ($n = 4$, 1.0%). The majority hold Managerial positions ($n = 232$, 56.9%), followed by Officers ($n = 86$, 21.1%), Senior Management ($n = 50$, 12.3%), and Middle Managers ($n = 40$, 9.8%).

Table 1. Respondents profile.

Characteristic	Classification	Frequency	Percentage
Gender	Female	142	34.80%
	Male	266	65.20%
Age	Up to 30 Years	52	12.70%
	30-40 Years	202	49.50%
	41-50 Years	116	28.40%
	51-60 Years	36	8.80%
	> 60 Years	2	0.50%
Education	High School	18	4.40%
	Bachelor's Degree	198	48.50%
	Master's Degree	176	43.10%
	Doctorate Degree	16	3.90%
Work Experience	< 5 Years	8	2.00%
	5-10 Years	94	23.00%
	11-20 Years	200	49.00%
	> 20 Years	106	26.00%
Work Sector	Private	40	9.80%
	Semi-Government	284	69.60%
	Government	80	19.60%
	Federal	4	1.00%
Job Position	Officer	86	21.10%
	Middle Manager	40	9.80%
	Manager	232	56.90%
	Senior Management	50	12.30%

4.2. Descriptive statistics

The descriptive statistics for all the study variables are shown in Table 2. The analysis mainly covers the frequency, minimum/maximum, mean (M), standard deviation (SD), and variance. The PSGP variable shows the lowest average score among the variables ($M = 3.32$), alongside the highest standard deviation ($SD = 0.89$) and variance (0.80). Like PSGP, the PSEP variable shows lower positive perceptions ($M = 3.40$) with high variability ($SD = 0.88$). The OPMP variable scores the highest average among all variables ($M = 3.76$), indicating the most favorable perceptions or attitudes, with a moderate spread of responses ($SD = 0.74$) and higher consistency (Variance = 0.54). OPOP variable also shows a high level of positive perception ($M = 3.70$), with slightly less variability ($SD = 0.70$) than OPMP, suggesting consistent (Variance = 0.49) favorable attitudes. OP has a high mean ($M = 3.73$) and the lowest variability ($SD = 0.66$).

Table 2. Descriptive statistics.

Variable	Frequency	Minimum	Maximum	Mean	SD	Variance
PSGP	408	1	5	3.320	0.890	0.800
PSEP	408	1	5	3.400	0.880	0.770
OPMP	408	1	5	3.760	0.740	0.540
OPOP	408	1	5	3.700	0.700	0.490
OP	408	1	5	3.730	0.660	0.440

4.3. The measurement model

The measurement model was assessed for the reliability and validity of the constructs. All factor loadings were above the critical level of 0.70, confirming the reliability of each of the individual indicators. Additionally, each construct's Cronbach's Alpha was more than 0.70 (Table 3), and all Composite Reliability (CR) values were also more than 0.70 (Hair et al., 2019). Furthermore, all Average Variance Extracted (AVE) values exceeded the minimum requirement of 0.50. The results confirm that the measurement model exhibits adequate reliability and validity.

Table 3. Measurement model.

Variable	Items	Loadings	Cronbach Alpha	CR	AVE
Green procurement	PSGP1	0.848	0.904	0.928	0.722
	PSGP2	0.839			
	PSGP3	0.855			
	PSGP4	0.853			
	PSGP5	0.853			
Ethical procurement	PSEP1	0.842	0.898	0.926	0.717
	PSEP2	0.897			
	PSEP3	0.905			
	PSEP4	0.881			
	PSEP5	0.687			
Organizational performance	OP1	0.82	0.902	0.919	0.534
	OP2	0.789			
	OP3	0.839			
	OP4	0.778			
	OP5	0.891			
Operational performance	OPOP1	0.772	0.822	0.875	0.584
	OPOP2	0.755			
	OPOP3	0.815			
	OPOP4	0.771			
	OPOP5	0.704			
Market performance	OPMP1	0.707	0.872	0.908	0.664
	OPMP2	0.851			
	OPMP3	0.846			
	OPMP4	0.823			
	OPMP5	0.837			

4.4. The structural model

Hypothesis testing was carried out using the bootstrapping technique, which took 5000 subsamples, and results were determined using path coefficients, p-values, and t-statistics. According to Table 4, PSGP had a positive and significant impact on OP ($B = 0.158$, $t = 2.996$, $p = 0.003$), with a small effect size ($F2 = 0.038$); thus, H1 was supported. PSGP had a positive and significant impact on OPOP ($B = 0.141$, $t = 2.488$, $p = 0.013$), with a small effect size ($F2 = 0.019$); thus, H2 was also supported. PSGP had a positive and significant impact on OPMP ($B = 0.152$, $t = 2.891$, $p = 0.004$), with a small effect size ($F2 = 0.025$); thus, H3 was also supported. Similarly, PSEP had a positive and significant impact on OP ($B = 0.176$, $t = 3.634$, $p < .001$), with a small effect size ($F2 = .030$), thus H4 was supported. PSEP had a positive and significant impact on OPOP ($B = 0.187$, $t = 3.371$, $p = 0.001$), with a small effect size ($F2 = 0.034$); thus, H5 was also supported. PSEP had a positive and significant impact on OPMP ($B = 0.142$, $t = 3.237$, $p = 0.001$), with a small effect size ($F2 = 0.023$); thus, H6 was also supported.

Table 4. The structural model

Path	Estimate	T	P	F ²	Status
PSGP -> OP	0.158	2.996	0.003	0.038	H1: Supported
PSGP -> OPOP	0.141	2.488	0.013	0.019	H2: Supported
PSGP -> OPMP	0.152	2.891	0.004	0.025	H3: Supported
PSEP -> OP	0.176	3.634	0.000	0.030	H4: Supported
PSEP -> OPOP	0.187	3.371	0.001	0.034	H5: Supported
PSEP -> OPMP	0.142	3.237	0.001	0.023	H6: Supported

5. DISCUSSION

This research examined how green and ethical procurement affects organizational, operational, and market performance in semi-government organizations in the UAE, confirming all six hypotheses through the findings. The findings first revealed that there was a positive relationship between green procurement and organizational performance (H1), consistent with the previous literature, which found that applying sustainable procurement practices increased efficiencies, reduced costs, and aided with regulatory compliance (Khan et al. 2021; Eltayeb & Zailani 2010). Utilizing sustainable procurement, including purchasing recycled products, reducing waste, and using suppliers with environmentally friendly policies, engenders organizational resilience and functional partnerships that could facilitate greater effectiveness and improved organizational reputation (Blome et al., 2014; Puschmann & Alt, 2005). These sustainable and ethical practices can encourage innovation and product differentiation by giving firms a competitive advantage in increasingly sustainability-conscious markets (Appolloni et al. 2014; Rejeb et al. 2024). Similarly, green procurement showed a significant positive effect on operational performance (H2), supporting earlier findings that environmentally responsible procurement lowers energy and waste, streamlines processes, and enhances supplier collaboration, which increases efficiency and lowers risks (Liu et al., 2017; Slastanova et al., 2021). Moreover, green procurement had a positive influence on market performance (H3), as eco-purchasing improves brand image, stakeholder trust, and customer loyalty, which in turn is associated with increased market share and competitiveness (Meehan & Bryde, 2011; Blome et al., 2014). This proves that green procurement promotes efficiency, risk reduction, and market positioning across performance dimensions. Additionally, ethical procurement significantly improved organizational performance (H4). As previously researched, advocates of ethical sourcing state that it reduces compliance and reputational risks while increasing transparency and building trust between the supplier and purchaser (Baraka et al., 2019; Haron & Mahzan, 2019). Fair labor, safe labor conditions, and fair engagement with suppliers promote stakeholder confidence, employee satisfaction, and organizational cultures, which result in greater effectiveness (Muktar & Omwenga, 2019). At the operational level (H5), ethical procurement positively impacts operational performance by promoting appropriate resource use, reducing waste, and establishing stronger supply chains with ethical and transparent communication (Liu & Chiu, 2021). Ethical procurement is still found to have a positive and significant effect on market performance (H6), consistent with the research that builds on ethical sourcing practices to enhance brand reputation, appealing to socially-responsible consumers and participants, and to secure long-term competitiveness (Islam & Alharthi, 2020; Sophia & Owuor, 2015). These findings suggest that green and ethical procurement are mutually exculpatory strategic levers that contribute to organizational, operational, and market performance. Sustainability and ethics can be introduced in procurement processes to realize cost efficiency, compliance, stakeholder trust, and competitive advantage, where organizations can operate more effectively toward sustained growth and resilience in ever-increasing sustainability-driven markets.

6. CONCLUSION

This research examined the influence of green procurement and ethical procurement on organizational, market, and operational performance within the semi-government sector in the UAE. Data was collected from 408 managerial-level employees, which was analyzed using PLS-SEM. The results indicated that green and ethical procurement had significant positive effects in all three performance dimensions – organizational, market, and operational. Specifically, the results suggested that if organizations used environmentally sustainable procurement practices and embedded ethics in procurement processes, they could experience better organizational efficiency, market performance, and operational performance. By validating the six hypotheses, the study contributes empirical evidence for the relevance of sustainable procurement approaches in driving organizational performance in a competitive business environment focused on social responsibility.

6.1. Policy implications

The results indicate that incorporating green and ethical procurement approaches into organizational strategies can significantly improve performance across all organizational, operational, and market dimensions. On the one hand, adopting green procurement through sustainable materials, energy-efficient products, and waste-reduction strategies can reduce costs, increase operational resilience, and protect brand reputation, resulting in improved productivity and long-term growth. On the other hand, implementing ethical procurement policies that guarantee fair labor practices, transparency in supplier relationships, and compliance with social and environmental standards helps establish trust with multiple stakeholders, increase operational reliability, and customer loyalty. Together, these approaches prove that sustainability and ethics in procurement are not just mechanisms of compliance but strategic levers for achieving efficiency, resilience, and competitive advantage.

6.2. Limitations and future studies

While this research has contributed solid empirical evidence regarding the role of green and ethical procurement in facilitating improvement in value-adding organizational, operational, and market performance, there are still a few limitations. This research has focused on UAE semi-government organizations, and its findings may not be generalizable to private organizations or other international contexts. Additionally, survey data relies on self-reported responses, which may introduce response bias. Future research could expand this model to other contexts and/or other industries/regions, use longitudinal data to observe long-term effects, and account for external context such as regulatory changes or context differences when considering culture. Moreover, qualitative research could complement quantitative research exploration in understanding how organizations address or integrate sustainability and ethics when procuring products/services.

REFERENCES

- Abdallah, A. B., Phan, A. C., & Matsui, Y. (2016). Investigating the effects of managerial and technological innovations on operational performance and customer satisfaction of manufacturing companies. *International Journal of Business Innovation and Research*, 10(2-3), 153-183.
- Al Awadhi, N., & Alshurideh, M. (2023). The Impact of Procurement Agility and Procurement Sustainability on Organizational Performance in UAE'S Semi-government Entities: The Mediating Role of Procurement Centralization. In A. E. Hassanien, V. Snášel, M. Tang, T.-W. Sung, & K.-C. Chang (Eds.), *Proceedings of the 8th International Conference on Advanced Intelligent Systems and Informatics*, (pp. 558–569). Springer International Publishing.
- Appolloni, A., Sun, H., Jia, F., & Li, X. (2014). Green Procurement in the private sector: a state of the art review between 1996 and 2013. *Journal of Cleaner Production*, 85, 122–133.
- Baraka, I., Mchopa, A., Mwiseje, S., & Mashene, A. (2019). Ethical Procurement Practices and Performance of Public. *Journal of Cooperative and Business Studies (JCBS)*, 4(2), 39–47.
- Blome, C., Hollos, D., & Paulraj, A. (2014). Green procurement and green supplier development: antecedents and effects on supplier performance. *International Journal of Production Research*, 52(1), 32-49.
- Ebrahim, R. S. (2020). The role of trust in understanding the impact of social media marketing on brand equity and brand loyalty. *Journal of relationship marketing*, 19(4), 287-308.
- Eltayeb, T. K., & Zailani, S. (2010). Investigation on the drivers of green purchasing towards environmental sustainability in the Malaysian manufacturing sector. *International Journal of Procurement Management*, 3(3), 316–337.
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2-24.
- Islam, M. M., & Alharthi, M. (2020). Relationships among ethical commitment, ethical climate, sustainable procurement practices, and SME performance: An PLS-SEM analysis. *Sustainability (Switzerland)*, 12(23), 1–25.
- Khan, K. I., Babar, Z., Sharif, S., Iqbal, S., & Khan, M. I. (2021). Going green? Investigating the role of GSCM practices on firm financial and environmental performance through green innovation. *International Journal of Procurement Management*, 14(6), 681–701.
- Liu, K. P., & Chiu, W. (2021). Supply Chain 4.0: the impact of supply chain digitalization and integration on firm performance. *Asian Journal of Business Ethics*, 10(2), 371–389.
- Liu, Y., Zhu, Q., & Seuring, S. (2017). Linking capabilities to green operations strategies: The moderating role of corporate environmental proactivity. *International Journal of Production Economics*, 187(December 2015), 182–195.
- Masudin, I., Wastono, T., & Zulfikarjiah, F. (2018). The effect of managerial intention and initiative on green supply chain management adoption in Indonesian manufacturing performance. *Cogent Business & Management*, 5(1), 1-19.
- Meehan, J., & Bryde, D. (2011). Sustainable procurement practice. *Business Strategy and the Environment*, 20(2), 94–106.
- Muktar, A., & Omwenga, J. (2019). Influence of Procurement Ethics on Organizational Performance (a Case of Ewaso Ngiro North Development Authority). *International Journal of Social Science and Humanities Research*, 7(2), 579–602.
- Puschmann, T., & Alt, R. (2005). Successful use of e-procurement in supply chains. *Supply Chain Management*, 10(2), 122–133.
- Rejeb, A., Rejeb, K., Appolloni, A., Keogh, J. G., & Iranmanesh, M. (2024). Uncovering the Green Procurement Knowledge Structure: a Systematic Citation Network Analysis. *Circular Economy and Sustainability*, 4(1), 287–316.
- Rokiah Hanum Md. Haron, N., & Haddad Qaisara Dhia Mohd Mahzan, I. (2019). Ethics in Procurement: A Case Study in a Logistic Company. *KnE Social Sciences*, 2019, 930–942.
- Shin, D., & Konrad, A. M. (2017). Causality between high-performance work systems and organizational performance. *Journal of Management*, 43(4), 973-997.
- Slastanova, N., Palus, H., Sulek, R., Parobek, J., & Slastanova, K. (2021). The Benefits of Applying the Green Purchasing. *SHS Web of Conferences*, 92, 1-9.

- Sophia, O. M., & Owuor, D. (2015). Effects of Statgeic Palnning on Organizational Growth. *International Journal of Scientific and Research Publications*, 5(9), 249–263.
- Vluggen, R., Gelderman, C. J., Semeijn, J., & Van Pelt, M. (2019). Sustainable public procurement—External forces and accountability. *Sustainability*, 11(20), 1-16.
- Wang, J., Omar, A. H., Alotaibi, F. M., Daradkeh, Y. I., & Althubiti, S. A. (2022). Business intelligence ability to enhance organizational performance and performance evaluation capabilities by improving data mining systems for competitive advantage. *Information Processing & Management*, 59(6), 1-14.