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AN ANALYSIS OF FACTORS INFLUENCING MORALITY IN PROCUREMENT OPERATIONS IN CORPORATE SECTOR

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ABSTRACT

Many researchers have covered research on ethics in the procurement operation but have covered little on morality. Morality and ethics may seem to be the same thing but their difference is that ethics has to do with obeying the rules while morality has to do with reasoning and behaving according to values that go beyond narrow self-interest. A change of incentives combined with regulation can improve long-term results and corporate ethics, but it won't create moral organizations. The objective of this study was to establish morality in procurement operation aimed at acquiring right materials and services, from the right supplier. Purchasing officers are faced with the prospect of being held to a higher moral standard in an organization, and this has been used to explain the existence of ineffective and inefficiencies procurement operation. The term "morality" can be used either descriptively to refer to some codes of conduct put forward by a society or, some other group, such as a religion, or accepted by an individual for her own behavior. Morality also refers to the quality of being in accord with standards of right or good conduct or a system of ideas that fall into those same categories. This research looked into factors influencing morality in procurement operations in corporate sector. The findings of this research will be of benefit to researchers and academicians. It will also be beneficial to public procurement firms, private procurement firms and the Government in terms of aiding play the role of addressing the problem of the moral degeneration in procurement department.

KEYWORDS/ABBREVIATIONS USED

Agric Eng	:	Agriculture Engineering
CEO	:	Chief executive officer
EDs	:	Edition(s)
Elect Inst	:	Electrical and Instruments
FSS	:	Fertilizer Supply Section
Gen Management	:	General Management
H & Safety	:	Health and safety
HR Admin	:	Human resources Administration
HR	:	Human Resource
ICT	:	Information and communications Technology
IND Relations	:	Industrial Relations
Mech Eng	:	Mechanical Engineering
Man Accounts	:	Management Account
N/Estate	:	Nuclease Estate
ODS	:	Out growers Development section
OSA	:	Out growers and services Accounts
PPA	:	Public Procurement Act
S & D	:	Sales and Distribution
SD	:	Standard Deviation
SPSS	:	Statistical Package for Social Scientists
Trans & Harv	:	Transport and Harvesting
MW	:	Megawatt

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Many organizational issues are directly related to management and how they deal with moral situations and decision-making. On a daily basis, managers of private organizations encounter a concept called 'moral stressa'. These individuals recognize that there are moral stressors in everyday professional life but remain unsure how to handle these situations. They can sometimes find themselves in a situation where they are forced to choose between organizational responsibility and some other competing moral standards in certain situations, acting in a moral manner negatively affects the financial success of the company. This pressure is exemplified by the fact that managers often feel censured and judged when they are candid and critical about the way others act. In other words, when managers enforce or encourage ethical policies and behavior in procurement operation, they feel ostracized by other members of the organization (Walters & Bird, 2004).

Procurement managers feel ostracized by other members because of the ethical decision they make and moral behaviors they put in place using their inner conscience, which contradicts with the actions of the most organization members. This is why ethics in the procurement function is difficult to define. When managers behave unethically, they tend to blame it on their supervisors. Behaving unethically occurs most often when the situation concerns profit issues.

When there are pressures placed on employees by authority figures, it is easier to obey than to disobey. The procurement manager can convince the employees to act against their own ethical beliefs for the benefit of the organization. The loyal employee could also play the role of the disloyal employee (Pettit, Pulley, & Vaught, 1990).

A trend in the organizational climate today is a predominate focus on the misconduct of individuals and a lack of concern with how moral problems arise in the first place. If greater emphasis were placed on preventing these situations from occurring, there would be less of a need to discipline employees. If an organization focuses solely on product and performance while ignoring process, the company will create space for unethical behavior (Doig & Wilson, 1998).

2.0 REVIEW OF LITERATURE

This review summarizes information from the available literature on related aspects of study. It has covered theoretical literature and empirical literature.

2.1 THEORETICAL REVIEW

Moral purchasing or ethical purchasing or ethical sourcing refers to the application of criteria reflective of a morality or, in the terminology of ethics, a theory of value to an individual, family, union, or other group's corporation, university, government purchasing decisions. Paul Hawken argues that certain trust criteria such as credit worthiness or implied warranty, are considered to be part of any purchasing or sourcing decision. However, these terms refer to broader systems of guidance that would, ideally, cause any purchasing decision to disqualify offered products or services based on non-price criteria that do not affect the functional, but rather moral, liabilities of the entire production process (Hawken 1993).

The public procurement profession continues to suffer from high level incidence of immoral conduct (Ntayi 2010). In Uganda, it is estimated that approximately \$107 Million is lost annually to corruption, mostly through public procurement-related transactions (Mugazi 2005). Procurement-related corruption refers to the deviant behavior which manifests itself in abuse of public procurement to favor a certain supplier, "occurring on one's own or the other's initiative in order to achieve an advantage for oneself or a third party" (Rabl and Kuhlmann 2009, p. 268).

2.2 EMPIRICAL REVIEW

Moral purchasing or ethical purchasing or ethical sourcing refers to the application of criteria reflective of a morality or, in the terminology of ethics, a theory of value to an individual, family, union, or other group's corporation, university, government purchasing decisions. Paul Hawken argues that certain trust criteria such as credit worthiness or implied warranty, are considered to be part of any purchasing or sourcing decision. However, these terms refer to broader systems of guidance that would, ideally, cause any purchasing decision to disqualify offered products or services based on non-price criteria that do not affect the functional, but rather moral, liabilities of the entire production process (Hawken 1993).

The mission and vision of any organization influences the entire firm and its constituting department. The procurement department is not an exception. Thomas (2001) believes that moral values start with a company's mission to improve the lives of its staff and satisfaction levels of clients and customers by making systems and processes more effective and efficient. At Mitretek, employees are rewarded for defending organizational values, and Friedman leads a continual dialogue about how best to practice these values. Rewarding employee is one of the major motivational factors in any organizational operation including the procurement function (Friedman 2011).

2.3 CRITIQUE OF THE EXISTING LITERATURE

Thomas (2011), Doig & Wilson, (1998, p. 2), and (Walters & Bird, 2004) et. al argued that organizations sometimes find themselves in a situation where they are forced to choose between organizational responsibility and some other competing moral standards. This pressure is exemplified by the fact that managers often feel censured and judged when they are candid and critical about the way the others act. In other words, when managers enforce or encourage morality, they feel hated by other members of the organization. This raises questions when it comes to the procurement function of any firm. This research thus strived to analyze factors influencing morality in procurement operation in the corporate sector.

3.0 IMPORTANCE OF THE STUDY

The findings of this study will be of importance to Private and public firms in Kenya. They will aid procurement officials to help them understand the role of morality thus, enable them understand the vital role played by each employee in carrying day to day activities in the purchasing process. The findings will help government ministries understand the significance of morality in the procurement department. The findings will also be used as reference by future researchers who might be researching on a similar topic and similar areas of research.

4.0 STATEMENT OF THE PROBLEM

In most procurement procedures moral standards have not been highly upheld hence leading to the many scandals in Kenya such as the Goldenberg scandal, Anglo leasing scandal (2006), Kenya military corruption scandal (2010) etc. These scandals have been often termed to be corrupt practices. The obvious major contributor is due to the procurement personnel not upholding their moral standards.

Therefore, there is need for rules and regulation in private firms that support moral values to be upheld. Private firms have regulatory bodies that guide their day to day operations. Regulatory bodies ensure adherence of morality i.e. code of conduct of employees, policies and procedures. Morality provides reasonable assurance to the organization that their funds and other resources of the organization have not been mismanaged by persons under concerned (Alex, 2011).

It also ensures good customer service, good relationship within the organization and good relationships with suppliers (David, 2012). The main objective of procurement department is to ensure materials are acquired of the right quality, right quantity, at the right time, from the right place at a cheaper price. Morality enables employee to be honest always and to tell the truth in all circumstances and to be transparent in all their operations. This does not mean there is no room for improving moral standards in private firms. This research thus strived to analyze factors influencing morality in procurement operation in corporate sectors.

5.0 OBJECTIVES OF THE STUDY

5.1 GENERAL OBJECTIVE

The general objective of this research was to analyze factors influencing morality in procurement operation in corporate sectors.

5.2 SPECIFIC OBJECTIVES

The specific objectives of this study were:

- i. To find out constituent of morality in procurement
- ii. To analyze procurement policies.
- iii. To investigate role of morality in effective procurement operations

6.0 RESEARCH METHODOLOGY

6.1 INTRODUCTION

This provided information on how data was collected and inferences made as well as the mode of research conduct itself.

6.2 RESEARCH DESIGN

Descriptive research design was used in this study. Descriptive research studies are designed to obtain pertinent and precise information concerning the current status of phenomena and whenever possible to draw valid general conclusions from the fact discovered (Lockesh 1984) surveys also aim at obtaining information, which can be analyzed, pattern extracted and comparison made (Bell, 1993), hence choice for this study.

6.3 TARGET POPULATION

The target population for this study consisted of 80 employees of Mumias sugar Company. They emerged from the management cadre and subordinate staff cadre.

TABLE 6.1: TARGET POPULATION

Employee Management	Population	Percentage %
Heads of department	12	15
Assistant heads of department	12	15
Supervisors	12	15
Subordinates	44	55
Total	80	100

Source: Researchers, 2013

6.4 SAMPLE SIZE AND SAMPLING TECHNIQUE

This refers to the number of items to be selected from the universe to constitute a sample (Kothari, 2004). A ratio of 0.5 was selected from the population. Simple random sampling was used to obtain the respondents. A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Webster, 1985). The sample characteristic was summarized in the table below:

TABLE 6.2: SAMPLE SIZE

Staff	Target Population	Ratio	Sample size
Management			
Heads of department	12	0.5	6
Assistant heads of departments	12	0.5	6
Employees			
Supervisors	12	0.5	6
Subordinates	44	0.5	22
Total	80		40

Source: Researchers, 2013

6.5 DATA COLLECTION

Primary data were obtained by the use of survey method. Primary data were collected using structured and semi-structured questions through use of self-administered questionnaires. Secondary data were collected through identification and analysis of literature containing information relevant to the research problem and the research objectives.

7.0 RESULTS AND DISCUSSION

7.1 INTRODUCTION

This represents the findings of the research. A discussion of the research findings is provided hereunder.

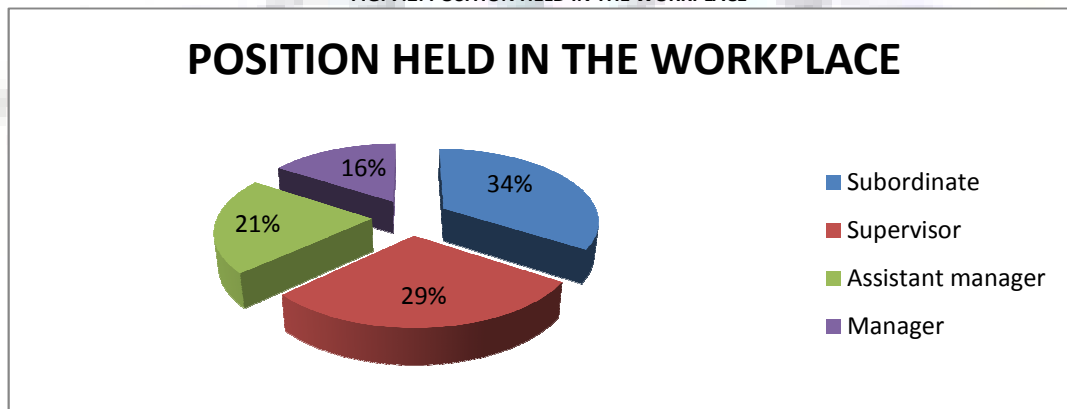
7.2 GENERAL INFORMATION

TABLE 7.1: RESPONSE RATE

Respondents(departments)	Questionnaire issued	Questionnaire received	Response rate (Percentage)
Purchasing	4	4	100%
Stores	4	4	100%
Treasury	4	4	100%
Out growers and service account	2	2	100%
Management account	4	4	100%
Quality assurance	4	4	100%
Sales	3	3	100%
Transport	2	2	100%
Security	2	2	100%
Internal audit	4	4	100%
Human resource	2	2	100%
Production	2	0	0%
ICT	3	3	100%
TOTAL	40	38	1100%

Thirty eight out of the forty questionnaires issued were returned fully filled with the remainder remaining unreturned. There was a higher response from all other department other than production department.

FIG. 7.2: POSITION HELD IN THE WORKPLACE



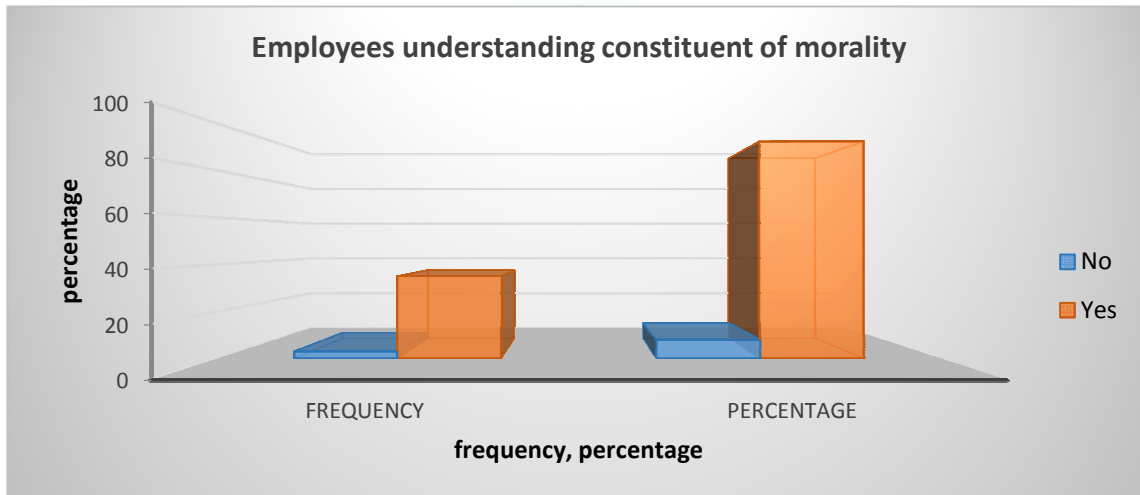
From the study, a majority 13 (34.2%) of the respondents were subordinates, 11 (28.9%) of the respondents were supervisors, 8 (21.1%) of the respondents were assistant managers while the minority 6 (15.8%) of the respondents were managers. For an organization to run smoothly there has to be one manager in charge of a department who is accountable for the organizational operation and who leads others to do the right thing always thus enhancing good morals in the organization.

TABLE 7.3: DURATION OF EMPLOYMENT

Duration	Frequency	Percent
1 years	3	7.9
2 years	11	28.9
3 years	5	13.2
4 years	7	18.4
5 years and above	12	31.6
Total	38	100.0

Information provided indicates that most respondents had worked in the organization for 5 years and above. A majority of 31.6% respondents worked for over 5 years. Those with 2 years work experience were 28.9% whereas those with 3 years work experience were a paltry 13.2%. On the other hand, while those with 4 years work experience were 18.4%, those that had 1 year work experience were 7.9%. This insinuated that the organization preferred employees who have more years of work experience since they possessed required skilled, were morally upright and had technical expertise capable of tackling complicated related issues in the organization.

FIG. 7.4: EMPLOYEES UNDERSTANDING CONSTITUENT OF MORALITY



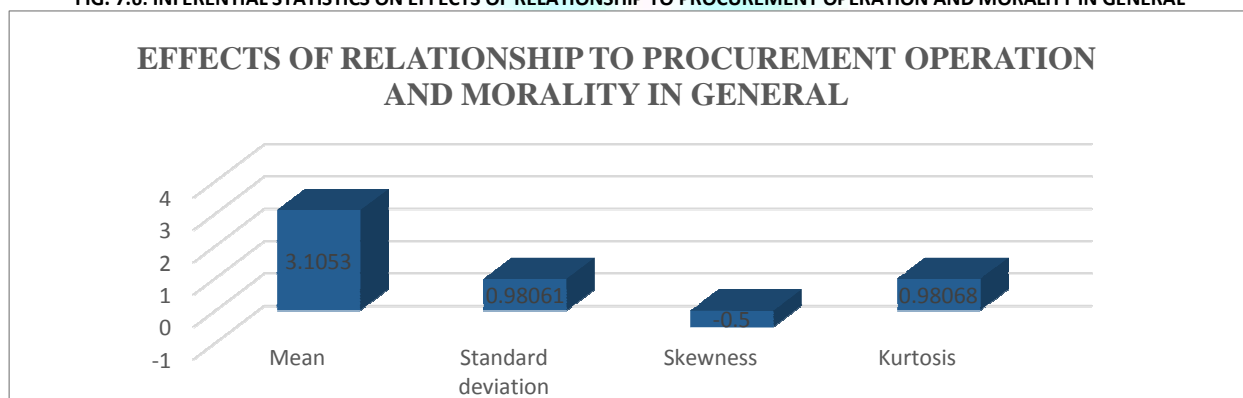
The table/fig. indicates that 35 (92.1%) of the respondents (the majority) were aware of morality and its composition while 3 (7.9 %) of the respondents were not aware of morality and its composition. This insinuates that their knowledge of morality has improved the working environment in the organization.

TABLE 7.5: ADVOCATING RELATIONSHIPS (DATING) BETWEEN EMPLOYEES OR EMPLOYEES WITH SUPPLIERS

	Frequency	Percent	Mean	Standard deviation	Skewness	Kurtosis
Not at all	14	36.8				
Very little	7	18.4				
Somewhat	11	28.9	2.1316	1.09473	.509	-1.045
To a great extent	6	15.8				
Total	38	100.0				

The table reveals that 14(36.8%) of the respondent (the majority) indicated that the organization and themselves did not advocate such relationships. 7(18.4%) of the respondents indicated that relationships are there but on rare occasions. 11(28.9%) of the respondents indicated that such relationships are there but not practiced by everybody, while 6(15.8%) of the respondent indicated that the company has no restrictions on such relationships.

FIG. 7.6: INFERENCE STATISTICS ON EFFECTS OF RELATIONSHIP TO PROCUREMENT OPERATION AND MORALITY IN GENERAL



According to the respondents there is relationship between procurement operation and morality to a moderate extent i.e mean is 3.1053 which lies at (3) on the likert scale weightage. The standard deviation 0.765 is below 1 indicating that that most of the respondents were clustered around this variable. A negative number -0.5 shows that the response is positively skewed i.e. right tailed and that the values are above the mean indicating that relationships will have an effect on procurement operation and morality in general. Morality is a key factor in procurement and entire organisation. An organization that does not endorse morality is likely not to perform since employees will lack discipline and would engage in practices that will lead to downfall of the organisation.

TABLE 7.7: MORAL CONDUCT START WITH A STATEMENT FROM THE SENIOR PROCUREMENT OFFICER ABOUT HIS COMMITMENT ON MORAL PRACTICES

	Frequency	Percent	Mean	Standard deviation	Skewness	Kurtosis
Strongly disagree	2	5.3				
Disagree	19	26.3				
Neutral	11	28.9	3.1316	1.09473	-.013	-.765
Agree	11	28.9				
Strongly agree	4	10.5				
Total		100				

The mean 3.1316 which is in a mean range in the likert scale weightage indicates that most respondents were neutral to the accession that moral conduct in their organisation start with a statement from the senior procurement officer about his commitment on moral practices. The reason for this is that the management instructs employees what to do rather than them doing first and being an example.

8.0 FINDINGS

8.1 SUMMARY

The study indicated that procurement official and suppliers do not fully adhere to procurement codes of conduct. In both cases the response was neutral according to mean 2.3894 and mean 2.7105. This clearly indicates that both procurement officials and suppliers ignore to adhere to codes of conduct and operate contrary. In this study it could be concluded that factors that influence morality in procurement operation in corporate sectors are; level of education, level of income, employees understanding constituent of morality, procurement policies, rewarding and punishing employees, mission vision and core values of the organization. Others include frequent communication to employees regarding moral values and ethics training.

9.0 RECOMMENDATIONS

- Management should frequently conduct training for all employees on moral skills and ethics through seminars and workshops.
- They should also encourage their employees to go for further studies to enhance their general skills

10.0 CONCLUSION

From the study the researchers conclude that, management should ensure that the appointed designated officer to overlooks the general procurement activities should be well known to all individuals. The individuals should be encouraged to be free with him/her and also to report cases of immoral behaviors when witnessed.

11.0 LIMITATIONS

The following limitations were faced during the study.

1. Some of the staff were very unwilling to be interviewed and refused to fill the questionnaire since they took it as interrogation. The researchers decided to give questionnaires to willing respondents.
2. The company is a busy institution and therefore the respondents did not get enough time for interviews.

12.0 SCOPE FOR FURTHER RESEARCH

The researchers suggest that further studies be conducted on the importance of procurement policies and the role of morality in procurement operations.

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APPENDICE

QUESTIONNAIRE

A) Demographic data of respondents

1. Gender (a) male () (b) female () (tick appropriately)
 2. Age (optional a) below 25 yrs. () b) 25- 35 yrs. () c) 35-45 yrs. () d) 45 yrs. and above ()
 3. Position held in the workplace: (a) Manager () (b) Assistant manager () (c) Supervisor () (d) Subordinate ()
 4. Duration of employment (a) 1yr () (b) 2yrs () (c) 3yrs () (d)4yrs () (e)5yrs and above ()
 5. Academic qualification (a) O-Level () (b) Certificate () (c) Diploma () (d) Degree () (e) Masters () (f) PhD ()
- Others, specify..... (Tick appropriately)

B) (Tick appropriately) CONSTITUENT OF MORALITY

- 6. Does employee understand constituent of morality?
(a) Yes () (b) No ()
- 7. Do you think it is important for employees to understand constituent of morality.
(a) Yes () (b) No ()
- 8. To your own opinion do you advocate relationships (dating) between employees or between employees with supplier?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 9. To your own opinion do those relationships affect the procurement operation and morality in general?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 10. Does the morality cover key elements, such as conflicts of interest, financial irregularities, and compliance to laws?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 11. Does level of education and level of income affect morality?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()

C. (Tick appropriately) PROCUREMENT POLICIES

- 12. Do procurement policies have an effect on procurement operation?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) Disagree ()
- 13. To what extent does procurement policies affects procurement activities?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 14. Do procurement officials adhere to codes of conduct of procurement?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 15. Do suppliers adhere to moral conduct of procurement?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 16. Is ethics a focus during employee evaluations, supplier selection and customer contract acceptance?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 17. Does management reward employees who adhere to moral conduct of procurement?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 18. If yes, does management portray conflict of interest?
a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 19. Has management established an ethical "tone at the top" by setting a good example of moral conduct, providing positive and open communication, and supporting moral conduct?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 20. Is there fairness, impartiality and transparency in the tendering process?
(a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 21. Does moral conduct start with a statement from the senior procurement officer about his commitment on moral practices?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 22. Do employees receive ethics training on a regular basis?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 23. Is there a form of communication to all employees regarding morality on a regular basis via formats such as organization newsletter articles and posters?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 24. If yes, which form of communication does the organization use?
(a) Newsletter article () (d) Brochures ()
(b) Posters () (e) Face to face/Meetings ()
(c) Memos ()
Any other

C. ROLE OF MORALITY

- 25. Is there a designated officer who overlooks the general procurement activities and ensure they are in line with morality?
(a) Yes () (b) No () (c) Don't know () (d) Not sure ()
- 26. To what extend does morality affects procurement activities?
a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()
- 27. Does the organization punish employees who do not adhere to moral values?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 28. If you agree, what forms of punishment are employees subjected to
(a) suspension () (b) expulsion () (c) retrenchment () (d) Taken to court () Any other.....
- 29. Is the procurement activities undertaken in an ethical and acceptable way?
(a) Strongly agree () (b) agree () (c) Neutral () (d) strongly disagree () (e) disagree ()
- 30. Does the company's mission, vision and core values influence morality and procurement performance?
a) To a great extent () (b) Very little () (c) Somewhat () (d) Not at all ()

THANK YOU VERY MUCH

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