

# The Influence of Purchasing Maturity on Ethical Procurement in Kenya: A Survey of Procurement Professionals in Kenya

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## Abstract

Ethical behaviour in procurement has been and is still a central issue in supply chain matters. In spite of immense issues in this area, few studies have delved into the precursors that generate the recurrent malpractices in the procurement process. No study has been done in Kenya to attest this issue. This study seeks to answer the underlying issues to ethical procurement in organization and apparent linkages to maturity in the procurement function. The study employed mixed method approaches methodology. Primary data was collected in two phases (qualitative data collection and then quantitative data collection. Probabilistic and Non Probabilistic sampling techniques were utilized as appropriate to collect findings from the procurement profession who were the target population. Data was analyzed from 107 respondents using descriptive statistics, correlation, multiple regression analysis and content analysis. Validity of the data collection instrument was initially done through pretesting questionnaire on a two phase: with MBM graduates and with Purchasing Professionals. Further, Factor analysis was also carried out for validity while reliability was tested using Crobach Alpha. While as preconceived dependent variable had four factors, the varimax Rotation revealed the three factors explain purchasing maturity are professional relationships, supplier selection and purchasing positioning. Pearson's correlation coefficient was used to determine relationship between independent and dependent variables while regression analysis was used to predict the effect of purchasing maturity and ethical procurement. The study findings showed that professional relationships ( $\beta=0.541$ ,  $P= 0.000$ ) had showed positive effect and significantly influenced ethical procurement. However, Supplier selection in Kenya ( $\beta= - 0.261$ ,  $P= 0.745$ ) had a negative effect and did not significantly influence ethical behaviour while purchasing positioning ( $\beta=0.276$ ,  $P= 0.001$ ) had a positive effect and significantly influenced ethical procurement. The overall influence on the regression mode was shown by the coefficient of determination (adjusted R<sup>2</sup> of 43.1%). However, the paradox of reversal of gains in the purchasing maturity process was well revealed by the content analysis. This as well explains the negative effect of supplier selection and ethical procurement. The study concludes that procurement maturity influences ethical procurement. The study suggests that more studies be done on ethical procurement in Kenya focusing more on particular industries, for instance comparative studies of ethical behavior in procurement on private and public sectors.

**Keywords:** Procurement, Ethics, Supply Chain Management

## 1. Introduction

The discourse of procurement in Kenya dates back to colonial times and it has evolved with time and establishment of public procurement and disposal Act, 2005 and new constitution of Kenya 2010. Despite this development access to procurement information remains a challenge and many times it has been described as being shrouded in secrecy. (Contract monitoring Kenya network, 2012).

The legal and institutional framework procurement in Kenya has public procurement and disposal Act 2005 and public procurement regulation 2006 as the legislations governing public procurement in Kenya. The law is anchored in the supreme law of the country, other supporting laws include public officers ethics Act, Ethic and anti corruption commission Act and whistle Blowers act. The framework has set difficult measures to curb corruption and ensure accountability in the public sector such as competitive bidding, conflict of interest rules, procurement sanctions on bidders, whistle blowing ensured in witness protection Act.

Kenya is in the wake of professionalizing the purchasing and supply profession. Just like other African countries, structures are being laid to promote professionalism. Chizu (2011) recognizes that issues such as moral and ethical conduct are difficult to govern. Professional associations such as Kenya institute of supplies management (KISM) are coming into the scene to enhance application of law, integrity accountability, responsibility and ethical behavior.

According to contract monitoring Kenya network (2012), There are milestones in professionalizing procurement but a holistic approach to suppliers selection and sourcing in a manner that regards due to process and ethical

concern, Supplier relationship that are mutually ethically sensitive and purchasing positioning in a manner that ethics issue can be addressed should be looked into.

## 2. Literature review

### 2.1 Ethical Procurement

Emergence of purchasing as a strategic function has not only broadened the scope of purchasing, it has also changed the responsibilities of the purchasing managers by empowering them to spend large sums of money in procuring good and services. (Bastian and Zentes, 2010). However, this has also presented them with an array of ethical dilemmas involving questionable purchasing practices. This research study proposes a framework to examine proactive ethical behaviour.

Studies on ethical behaviour have been conducted in Singapore. It recognized that purchasing is entrusted with spending millions of dollars of company resources. All these empowerment, responsibilities and pressure to succeed in today's highly competitive business environment often leads to situations that require managers to take actions deemed questionable from ethical stand point. (Razzaque and Hwee, 2002).

For the purpose of this research, ethical purchasing is used as a generic term to include sourcing, purchasing and procurement. It is the acquisition of goods and services through supply chains and subcontractors in a responsible manner, with consideration of the conditions under which goods and services are made and delivered and a strategy that promotes improvements (Mamic, 2005).

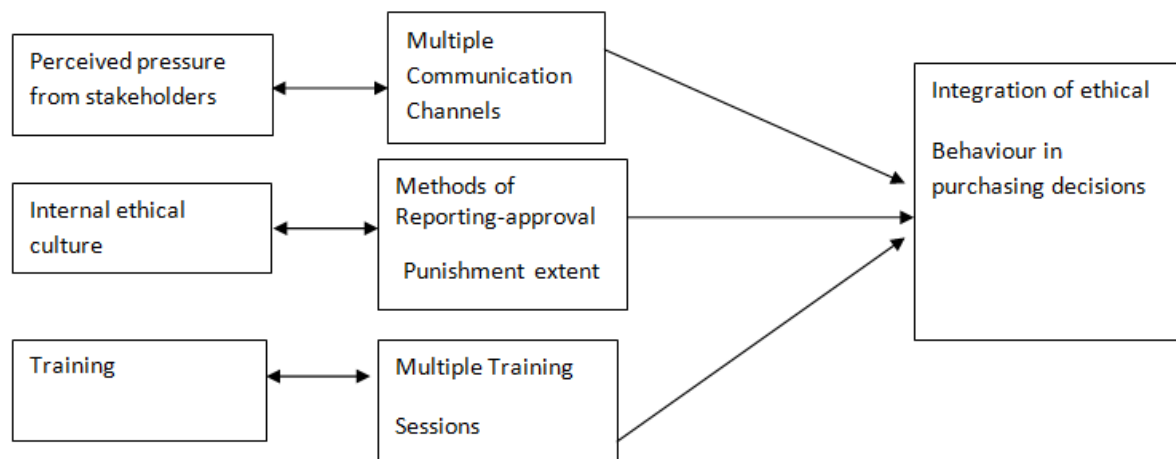
Ethical procurement leads to sustainable supplies relationships that are marked by mutually beneficial terms, fair practice and trust. Ethical procurement improves the suppliers reliability. Good ethical practice also enhances an institution integrity and reputation. It is therefore important for procurement staff to be trained particularly on how to resolve ethical dilemmas and competing priorities.

Some of the ethical gray practices include offering and accepting gifts as unethical, revealing confidential bids and allowing supplier to requite as deception. Purchasers should be informed of the company's ethical stand through purchasing policies and the same encouraged though incentives and disincentives, to act ethically when faced with purchasing dilemma. These will greatly affect purchasers perceptions in these situations and promote professionalism (Atwater, 2006).

Comments of Brigley respondent include that high unemployment affects your ethics what people say and what people do are very different, people suppress their own ethical values to be generally accepted and to get on in business and the more senior you are the easier it is to maintain an ethical stance. This becomes a concern in Kenya where unemployment is high.

However, Cumming 1979 argues that "do as I say not as I do" attitude among many firms in regards to purchasing function is detrimental. While the buyer may be reprimanded (or worse) for accepting gifts or favours, the firms sales personnel may be rewarded for their use of such favours in order to secure new contracts. He however warns that there is danger that younger less experienced, low paid staffs are likely to be flattered to receive gifts the implication of which are not always recognized for this reason. Lyson (2003) recommend that all purchasing staff should have some training in return as applies to purchasing.

Stevens *et al.* (2005) suggests that managers are more likely to integrate ethical codes into their decision making when there is pressure to do so from stakeholders, when there is a strong internal culture and when training programs direct them to do so. A framework was proposed by Stevens *et al.* (2005) to instill supply managers adherence to ethical codes of conduct and avoidance of conflict of interest- relating to giving or receiving gifts, family or personal relationships, investments that supply to buying organization and use of company resources for nonbusiness related activities.



**Figure 1.0: Proactive purchasing framework**

(Source: Handfield *et al.* 2006)

This study explored communication channels, reporting diversities, training sessions that are carried out in organizations with at varying maturity levels and the impact on integrated ethical behaviour.

### 2.2 Concept of purchasing & supplies management maturity

Purchasing from standpoint of objectives can be defined as the process of obtaining materials of the right quality in the right quantity from the right source delivered to the right place and the right place procurement is a wonder term than purchasing which implies acquisition of goods or services in return for monetary or equivalent payment. Procurement however is the process of obtaining goods or services in any way including borrowing leasing and even force. The term procurement is supplementing purchasing (Lyson, 2003)

A number of purchasing development models can be found in literature. Reck and long (1988) presented a four stage model that purchasing function goes through to become a competitive force for an organization. The four stages are passive stage which reacts to request from other departments 2. Independent stage which professionalize the purchasing function 3. The supportive stage which view purchasing by top management as an essential business function 4. Integrative stage which flews firms success to be dependent on competencies of purchasing personnel.

There has been a paradigm shift in purchasing and supplies driven by production philosophies through focuses on inventory, waste quality throughout ability and flexibility, time and supply chain relationship. The above aspects have led to change of traditional purchasing (Lysons, 2003). Research has found that companies which have diverged from traditional management in order to adopt strategies which include ethics, cooperation and a joint vision of management obtain a greater added value.

Interestingly, purchasing maturity had the strongest indicator on better contacts, purchasing efficiency, customer satisfaction, closer and more cooperative relationships, reduced costs, improved quality and increased time to market resulting from an early involvement of purchasing department in the new product development. The conclusion of this study was that higher stage of the purchasing function results to more value added. (Telgen and Sitar, 2001).

With such finding on the influences of purchasing maturity: on value added by the purchasing department. This study will concentrate on exploring the value of maturity on ethical behaviour. Different indexes will establish the level of maturity of the organization and see the trend on ethical procurement as effected by supplier sourcing and selection, supplier relationships, purchasing positioning and professionalism.

### 2.3 Effect of sourcing and supplier selection ethical procurement

This research aims to identify influences of varied Purchasing and Supplies Maturity advancements on sourcing process ethically. For many organizations, the process of procurement does expose the most potential for ethical abuses violations. Good procurement managerial should identify areas of potential ethics pitfalls and address them ahead of time so employees know what practices to avoid (Mathenge, 2012).

Institute of Business Ethics (2008) argues that it is good practice to formulate clear supplies selection principles with regards to social ethical and environmental criteria. They should be aligned to organizational code of ethics and corporate responsibility and sustainability objectives.

Chattered Institute Of Purchasing and Supplies (2006) contend that ethic and ethical trading are fundamental to all people in purchasing. Supplier's selection must be made on decision which does not favour the supplies in front of others. Our specifications must honestly reflect our needs. The buffer must not misinterpret needs by

untruthfully leading suppliers to believe that the quantities of goods and services the buyer intend to purchase are higher than we honestly anticipate them to be.

#### **2.4 Effect of professionalism on ethical procurement**

According to Gilbert (1998) a professional denotes a person who is highly educated enjoys work autonomy earns a comfortable salary and engages in creative and intellectually challenging work. (Perks, 1993) argue that a profession has to be an occupation work the effort. A code of professional ethics defines rules for members to abide by.

Two legislations define procurement professionalism in Kenya, the supplies practioners, management Act 2007 and public procurement and disposal Act 2005; the letter is applicable in public sectors. According to GOK (2005) a procurement professional should have profession qualifications in procurement and supply management is engaged in a calling for procurement practice and is a member of a recognized professional association for procurement and supply. This definition leaves out the academic qualification that such professional should posses; the public procurement oversight authority is supposed to define the required academic qualifications.

Lyson (2003) identifies the difficulties encountered by purchasing in meeting profession criteria as a). No regulation of entry. It is not necessary to have a profession qualification in purchasing to the occupation. b). Purchasing practioners are at all levels of evolution. Person with only operational or transactional knowledge weight experience difficulty in moving to strategy purchasing c) Limited powers to ensure ethical standards.

Ethics is important in purchasing for the following reasons: a) Purchasing staff are representatives of their organization in its dealing with suppliers b).Sound ethical conduct in dealing with suppliers is essential to creation of long term relationship and establishment of goodwill c).Purchasing staff are probably more exposed to temptation to act unethically than most other employees. d).It is impossible to claim professional status for purchasing without reference to consideration of its ethical aspects.

Procurement staff should be trained on specific relevance of ethics in their work and how they can obtain guidance when facing dilemmas. It should be clear in the code of conduct how procurement staff should behave in line with ethical values. To ensure that ethical commitments are lived up to Institute of Business Ethics suggest that ethical practice should be included in staff performance review. (Institute of Business Ethics, 2008).

Handfield (2006) notes that training programs and seminars might positively influence ethical employee behaviour when confronted with a conflict of interest. Chizu 2012, acknowledges that most organizations operate with purchasing and supply function that is clerical. He further relates this to three key factors. To begin with, historically most individuals mainly purchasing and supply function was there by accident. The function was a relegation bay for non- performers from specific trades and included click, injured and notorious employees who are demoted to store and some worked their way to buying. As such most of item did not develop purchasing skill resulting in purchasing and stores department being manner by personal without relevant qualifications.

Secondly, Chizu assert that positions in purchasing and supplies are clerical in most organizations and they do not pay well as other professionals. And he argues that in order to survive, buyers subside, their earning from bribes that they solicit from suppliers. In his native Zimbabwean language, he adds the proverb that the pay given and status of professionalism could as well affect ethical procurement in an organization. To this effect, most buyers are not keen to go leave. The information is synthesized further to mean that organizational architecture can promote unethical practice in purchasing and supply function and thus there is urgent need to change the status quo.

Chizu (2011) cites educational system to have also contributed to less recognition of purchasing and supply profession. He argues that universities only recognized purchasing and supply as a profession that could be studied at a high level like other professions only in this recent past. This view can be shared in Kenya, where this research will be carried out. It is only recently that we are seeing universities and other institution of higher learning taking interest in the profession and offering graduate and post graduate courses.

Kleyn *et al.* (2012) noted in a study on building strong corporate ethical identity that employees are frequently regarded as ambassadors underpinning organizational identity and image, and that they are expected to uphold and display their organizational social and ethical values.

#### **2.5 Effect of supplier relationships on ethical procurement**

The CIPS official dictionary of purchasing & supply terminology (Crompton and Jessop, 2007) defines supplies as a general term used by suppliers stuff for all kinds of providers of goods & services purchased of procured by them. This is a basic definition, to fully define the term supplier the definition that is brought to the purchasing organization by the supplier (b) differing supplier to gain from relationship with customers. (d) different business objective that supplier and purchasing organization have (e) resource that the supplier is and be for purchasing need of quality.

CIPS comprehensive definition of supplier is an independent commercial organization used as a resource within different relationship types of delivery goods works material and service of an appropriate quality to its customers as requested and specified by customers in return for payment, benefit and achievement of its own

business goals.

Institute of Business Ethics (2008) suggests some good practice of ethical procurement in supplier relations values of honesty and openness in the supplier relationship. Disadvantage of adversarial relationship should be explored. Supplier should be informed of changes in the institution that might affect them. Published creditor's department targets and figures regarding on time payment of invoices should be disclosed to suppliers. Avoiding the contracting for more than 20% of a suppliers should be pursued to reduce the risk of overdependence. Decisions on how far down the supply chain an organization need to impose ethical standards and reasons to do so should be established.

The new outlook must be based upon ethical practices which generate a high level of comprehension and cooperation, leading to efficiency in the productive system in general. The implementation of such systems must be based upon deep rooted ethical values and a global vision. In the long term this continued ethical management will give rise to mutual trust, constant collaboration and a joint approach to problem solving. (Kannan and Tan, 2002)

According to Kleyn *et al.*, 2002 the following context in negotiation with suppliers is illustrative of the traditional perspective: "... to have suppliers waiting for more than two hours; to make them sit in a lower seat making them feel smaller and inferior; to place them facing the light in a dazzling way; to tell them we are listening to them while looking at the watch, reading correspondence or yawning; to leave some chosen papers? Mainly competitors offer? - Partially covered on the table and the like. In contrast, long term proactive strategic perspective thrives on ethicality. An ethical relationship based on a positive mutual trust to reduce level of opportunism, which does not benefit the company. Opportunism leads to continuous reprisals on both sides.

While purchasing staff should be open to information, they should be frank but courteous in informing a sales representative if there is no possibility of business to avoid future calls. Above all- a buyer should not be patronizing, rude or supercilious such behaviour demeans both the representative and the buyer and is clearly not conducive to establishing supplier good will, while there must clearly be an exchange of pleasantries it should be remembered that time is money for both purchaser and supplier. It is fundamental to our dealing in either position of relationship spectrum that dealings with supplier, however our relationship with them, that behave in a professional and ethical manner through the relationship. (CIPS, 2006).

A study was conducted by Kannan and Tan (2002) investigating impact of suppliers and findings were that firms develop relationships with suppliers that are willing to develop closer ties, have order entry systems that support the relationship, are willing to share confidential information and are otherwise committed to serving the buyers long-term needs. The study reinforced the need for suppliers to view suppliers as extensions of the buying firm itself and not as independent entities to be dealt with at arm's length. From a practical stand point the recommendations pointed to changes to how buyers are trained and in how buyer- supplier communications are conducted.

This study will investigate ethical behaviour that arises from different relationships in the spectrum ranging from arm's length to co-destiny features. Matters of speedy resolution to problems; respect for the partner; transparency in all its dealings- which include information sharing, clear communications and fair but firm negotiations.

## **2.6 The effect of Structure and strategy on ethical procurement**

Most textbooks state that purchasing is about the right goods, at the right time at the right place, in the right quantity and of the right quality. Whilst this is indeed a fundamental requirement, effective purchasing has to deliver more than this. Adopting an effective purchasing strategy will turn a reactive buyer into a proactive buyer one that adds value to the process (Chattered institute Management, 2005).

A typical organizational structure shows the hierarchy of decision making power within a department. Built like a pyramid, the employee at the top has the most decision making responsibility. While each job is answerable to the department everyone answers to the person giving responsibility. While each job is considered to be vital to the person above him. Each business refines its organizational chart based upon particular needs. The structure of one purchasing department won't necessarily look like another although there are positions that appear within most hierarchies. (Bailey, 2006)

According to Bailey (2006) there are four elements which exist in organizations that make ethical behaviour conducive within an organization. The four elements necessarily to quantify an organizations ethics are (1) written note of ethic and standards (2) ethics training to executives managers and employees (3) availability for advice on ethical situations and (4) systems for confidential reporting.

The internal Status of Purchasing and supply function will also be closing related to stage of development reached by an enterprise, thus using Reck and long model; purchasing at passive stage is likely to be viewed by top management as clerical function. At the independent and supportive stages, purchasing will be regarding as a significant commercial activity. Only at the integrative stage is it recognized as making a strategic contribution (Lysons 2003).



According to Lysons (2003) purchasing strategy at functional or operational level delivers from corporate or business strategies. Information and advice given by purchasing function may be influenced by purchasing contribution to competitive advantages as perceived by top management purchasing executive is clearly in a stronger position to contribute to corporate strategy than one who is lower in hierarchy and reports to a lower executive irrespective of level of reporting, however purchasing staff should seek to contribute to corporate strategy by provision of intelligence on the basis of which decision can be made and by competitive advantage by improving the effectiveness of the function.

Policies are instrumentals for strategy implementation. A policy is a body of principles, express or implied, laid down to direct an enterprise towards its objectives and guide executive in decision making. Procurement policy includes those relating to supply relationship, sourcing relationship. (Lysons, 2003)

Referring from Federation of economic organization CIPS (2005) recommends that procurement policy of individual organization should conform to three basic principles A. Procurement policy should aim to select and procure in an economically rational manner the best possible goods and services available. B. Supplies worldwide should be eligible to participate in procurement transaction in open fair and transparent principles and easy to understand, simple procedures C. Procurement transactions have an important contribution to society worldwide

### 3. Methodology

Procurement professionals in Kenya are the target population as they are likely to be knowledgeable about the paradigm shift in purchasing and supplies as well as ethical issues in the supply chain as well as their own experiences at work. Procurement professionals have registered with Kenya Institute of Supplies Management. The present registered members are 3,442 (K.I.S.M database, 31<sup>st</sup> Dec 2012). The professional category is the population of interest. The researcher will further get collect views of non-registered members using snowballing technique.

#### 3.1 Sampling

The researcher study collected both qualitative and quantitative data. For quantitative data collected from KISM Members, the researcher was interested in achieving the desired representation from various sub groups of the population; stratified random sampling technique is therefore desirable. The research employed stratified random sampling in selecting KISM respondents. The researcher went further to collect views of non-registered members using snowballing technique

Membership Category	Total Count	Sample Selected	Percentage
Associate Members	1,230	137	36
Full Members	2,212	247	64
Total	3,442	384	100

### 4. Discussion of findings and results

#### 4.1 Validity Test: Factor Analysis

Twelve factors were used to test purchasing maturity on ethical procurement on a 5 point likert scale. By application of SPSS version 18, results of factor analysis (Table 4.8 below) revealed KMO measure of sampling adequacy of 0.726 at a significance level of 0.000. This implies sample sufficiency to conduct factors analysis as shown on the table below. The Bartlett's test of sphericity was statistically significant at ( $\alpha=0.000$ ,  $\chi^2 = 329.078$ ,  $df=66$ ).

Table 4.1 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett's Test of Sphericity	Approx. Chi-Square	329.078
	df	66
	Sig.	.000

In the table 4.1 above, the researcher used Kaiser Normalization Criterion, which allows for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and three factors were extracted. As the table below shows, these three factors explain 55.219% of the total variation. Factor 1 contributed the highest variation of 21.213%, followed by factor 2 at 18.487% and factor 3 at 15.519%.

Table 4.2: Factor Extraction  
 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	3.416	28.470	28.470	3.416	28.470	28.470	2.546	21.213
2	2.005	16.705	45.175	2.005	16.705	45.175	2.218	18.487	39.700
3	1.205	10.044	55.219	1.205	10.044	55.219	1.862	15.519	55.219
4	.932	7.767	62.986						
5	.847	7.061	70.047						
6	.789	6.572	76.619						
7	.681	5.674	82.294						
8	.638	5.313	87.607						
9	.495	4.121	91.728						
10	.395	3.295	95.022						
11	.323	2.692	97.714						
12	.274	2.286	100.000						

Orthogonal varimax rotations converged after one rotation and three components were extracted accounting 55% of variance. This indicates that the three component factor model derived fits the data. This is shown in the table 4.3 below.

Table 4.3: Rotated Matrix  
 Rotated Component Matrixa

	Component		
	1	2	3
Organization strives to treat supplier in respectable, forthright and frank manner	.796		
Our Supplier are always paid in time	.742		
Organization Supplier Selection Policy Is Duly Followed	.576		
Remuneration Package Influences Ethical Procurement of Purchasing staff	.558		
Professionally Qualified Staff Perceived as being ethical	.538		
Training to handle ethical dilemmas	.465		
Interferences' have been evident in supplier selection		.861	
Conflict Of Interest has been a challenge that Impedes Supplier Selection		.810	
Reporting Structure allows procurement Influence ethical climate			.751
Purchasing Function Strategically Integrated			.698
Senior Executive Reporting at Board Level			.624

The first component loaded factors in two preconceived constructs: purchasing professionalism and supplier relationships. Below are the factors converging at this point Organization strives to treat supplier in respectable, forthright and frank manner Our Supplier are always paid in time, Organization Supplier Selection Policy Is Duly Followed, Remuneration Package Influences Ethical Procurement of Purchasing staff, Professionally Qualified Staff Perceived as being ethical and finally Training to handle ethical dilemmas. As such this new component has been referred to professional relationship in further analysis.

The second component loaded factors in one preconceived construct: supplier selection which has two measures in this study Interferences' have been evident in supplier selection and conflict Of Interest has been a challenge that Impedes Supplier Selection

The third component loaded factors in one preconceived construct: purchasing positioning which has three measures reporting Structure allows procurement Influence ethical climate, Purchasing Function Strategically Integrated and senior Executive Reporting at Board Level

#### 4.2 Reliability Analysis

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS version 18 for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. Table 4.4 below shows that purchasing maturity ( $\alpha=0.758$ ) that of ethical procurement ( $\alpha=0.765$ ). This composite reliability of the scales for twenty

variables was ( $\alpha = 0.844$ ), which is reliable as their reliability values exceeded the prescribed threshold of 0.6.

Table 4.4: Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Purchasing Maturity	0.758	12
Ethical Procurement	0.765	8
Overall Score	0.844	20

#### 4.3 Purchasing Maturity Descriptive statistics.

In this section the researcher presents the descriptive analysis of the various dependent variables. Means, median, mode and standard deviation were used to interpret the research findings.

Purchasing Maturity	Mean	Median	Mode	Std. Deviation
Professional Relationships	3.71	3.66	4.00	0.59
Supplier Selection	3.52	3.50	4.00	0.83
Purchasing Positioning	3.60	3.66	3.67	0.68

Table 4.5: Descriptive Analysis of Dependent Variable

Respondents were asked to rate the purchasing maturity in their organization. During the analysis summated scales for each category of questions was constructed and their descriptive statistics are shown above. From the findings, respondent agreed that purchasing maturity has taken shape in their organizations with average mean for all constructs exceeding 3.5. This shows purchasing Maturity has taken a high gear in Kenya.

#### 4.4 Correlation Analysis

Correlation analysis determines the association for ration data on ethical procurement. The first step was to construct correlation matrix for various possible combinations of dependent and independent variables. Relationship measurement is shown by the Pearson Product-Moment Correlation Coefficient (r). The outcome of the correlation test was the understated correlation matrix as shown below in table 4.6 below.

Table 4.6: Correlation matrix

Correlations		Professional Relationships	Supplier selection	Purchasing Positioning	Ethical procurement
Professional Relationships	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	107			
Supplier selection	Pearson Correlation	.348	1		
	Sig. (2-tailed)	.000	.		
	N	107	107		
Purchasing Positioning	Pearson Correlation	.297	.057	1	
	Sig. (2-tailed)	.002	.558		
	N	107	107	107	
Ethical procurement	Pearson Correlation	.614	.179	.435	1
	Sig. (2-tailed)	.000	.066	.000	
	N	107	107	107	107

On the correlation of the study variables, the researcher conducted a Pearson Product Moment correlation. From the findings on the correlation analysis between ethical procurement and professional relationship as shown by correlation factor ( $r = 0.614$ ), depicts a positive association with significance ( $p = 0.000$ ), there was positive, albeit weak correlation between ethical procurement and supplier selection as shown by ( $r = 0.179$ ) but this is not significant as p value exceeded threshold ( $p = 0.066$ ). this is expected with the corruption that mars supplier selection procedure. The association between ethical procurement and purchasing positioning was found to have positive and significant correlation coefficient ( $r = 0.435$ ,  $p = 0.000$ ). This is an indication that there was positive relationship between ethical procurement and professional relationships, supplier selection and purchasing positioning.

#### 4.5 Regression Analysis

Regression analysis was used to predict the effect of purchasing maturity and ethical procurement. Adjusted R<sup>2</sup> which is termed as the coefficient of determination tells us ethical procurement varied with professional relationships, supplier selection and purchasing positioning. According to the findings in table above, the value of adjusted R<sup>2</sup> is 0.432. This implies that, there was a variation of 43.2% of ethical procurement with changes in professional relationships, supplier selection and purchasing positioning at a confidence level of 95%. R is the correlation coefficient which shows that there was a strong correlation between the study variable as shown by



the correlation coefficient of 0.669. This information is shown in the table 4.7 below.

Table 4.7: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.669	.447	.432	.3.17303

From the ANOVA statics in table 4.8 below, the processed data, which is the population parameters, had a significance level ( $p=0.000$ ) which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance ( $p$ -value ) is less than 5%. It also indicates that the model was statistically significant.

Table 4.8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	839.750	3	279.917	27.802	.000
	Residual	1037.016	103	10.068		
	Total	1876.766	106			

From the regression model coefficients below, holding supplier selection, supplier relationships, purchasing professionalism and purchasing positioning to constant zero ethical procurement would be at 7.565. It was established that a unit increase in professional relationships would cause an increase in ethical procurement by a factor of 0.578, a unit increase in purchasing positioning would equally cause an increase in ethical procurement by a factor of 0.564. However, a unit increase in supplier selection would cause a decrease in ethical procurement by a factor of  $-0.064$ .

The regression standardized coefficients showed that professional relationships ( $\beta=0.541$ ,  $P=0.000$ ) had showed positive effect and significantly influenced ethical procurement. However, Supplier selection in Kenya ( $\beta= -0.261$ ,  $P=0.745$ ) had a negative effect and did not significantly influence ethical behaviour while purchasing positioning ( $\beta=0.276$ ,  $P=0.001$ ) had a positive effect and significantly influenced ethical procurement.

It was noted that supplier selection has a negative relationship on the ethical procurement. This can be explained from the rigorous process within the public sector that some tenderers have not understood and which takes a long process those impacts negatively on the entire procurement process. It was further noted from the respondents' interferences such as political, vested interest in people outside the purchasing team have been evident in supplier selection procedures. Hence the general stance in Kenya is that selection process is often marred by corruption which affects ethical procurement negatively.

Table 4.9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.565	2.255		3.355	.001
Professional Relationships	.578	.087	.541	6.612	.000
Supplier selection	-.064	.196	-.026	-.326	.745
Purchasing Positioning	.564	.157	.276	3.590	.001

From the finding in table 4.16 above the established regression equation was

$$Y = 7.565 + 0.578 X_1 - 0.064 X_2 + 0.564 X_3$$

#### 4.6 Content Analysis

##### 4.6.1 Professionalism and Ethical Procurement

The study sought to establish what makes purchasing professionals perceive themselves as being more exposed to act unethically compared to other employees. The respondents reported that this perception is influenced by the fact that they are involved in procurement of goods, works or service of high monetary value. The interdependence of the procurement office in execution of its role also influences this perception. Corrupt practises of the suppliers also create an impression on the perception of the procurement Staff. The perception of procurement professionals influence ethical procurement: the respondents indicated that this connotation has earned them a label as 'corrupt'. This negatively affects procurement professionals as they are seen as insiders who encourage corruption. Further, it makes the procurement officers more corrupt as even if they do not conform to this perception, ie if they do not steal people already conclude that they are thieves.

##### 4.6.2 Purchasing Positioning and Ethical Procurement

The study inquired on the major hindrances or limits to professional authority of purchasing staff. The results of the study revealed that there is a perennial lack of trust by peers in the organization and management support to procurement department is also lacking. Poor compensation of was also sighted as a hindrance. The fact that procurement is also not placed at a strategic level in some organizations was mentioned as well.

##### 4.6.3 Supplier selection and ethical procurement

The respondents were requested to indicate measures taken when a staff member is perceived to have closed deal with suppliers in a manner that is not transparent. The respondents indicated disciplinary action is taken where there is sufficient evidence on the case, demotion, deployment to another department and suspension. The

respondents emphasized that such allegations must have been established beyond reasonable doubt before any of this action is undertaken.

#### **4.6.4 Supplier relationships and ethical procurement**

The study sought to establish how the nature of supplier relationships impact on ethical procurements. The respondents indicated that the relationship impacts both positively and negatively. When suppliers deliver quality materials/ services/works - they achieve value for money to the organisation while the other tenderers obtain fair competition. When there is procurement irregularity, the impact is adverse to the government and the country along with other stakeholders. The nature of the relationships also determines if the procurement officer is exposed to unethical procurement or not.

#### **4.6.5 Ethical Procurement**

The study sought to establish measures been put in place to promote ethical culture in the organisation. The respondents identified factors such as change in reporting structure where procurement manager reports to the CEO, active participation of users in the procurement process, staff rotation, training on how to handle ethical dilemmas so as to curb corruption. Other comments on addressing ethical procurement from respondents include integrity test to be done on all procurement officers, and moving towards e procurement. The study inquired on the channels of communication that have been put in place to report incidents where ethical line has been crossed by staff/supplier. The respondents mentioned corruption reporting box, anti-corruption committees and suggestion box.

### **5. Summary of findings, conclusion and recommendations**

#### **5.1 Summary of Finding**

The study established that ethical procurement is depicted in organizations that follow stipulations of organizational ethical policy, where provisions of ethical policy are reasonable and appropriate, where procurement professionals are recognized and where top managements is supportive on implementation of an ethical culture. Further, such organizations have in place mechanism to curb ethical malpractices such as communication channels to report incidents and with a structure that encourages staff members to report incidents of unethical conduct.

The study found out that organizations in Kenya have adopted the paradigm shift and are embracing proactive stance in their procurement process. As such, purchasing maturity has taken root and this has influenced ethical climate in organizations. However, the influence of this factor on ethical procurement is greatly compromised by the fact that purchasing professionals still have a perception of greater exposure to unethical conduct. The study however, revealed that professionals with qualifications perceive themselves as being more ethical. Nevertheless, this has been affected by the disclosure that trainings on how to handle ethical dilemmas is not been done regularly in organizations and the revelation that remuneration package does influence the ethical behavior of procurement staff.

The study established that organizations strive to follow supplier selection policy and that structures have been created to ensure that conflict of interest is not inhibiting supplier selection process in the organization. However, interferences such as political, vested interest in people outside the purchasing team have been evident in supplier selection procedures are undermining the gains that would accrue from the purchasing maturity that organizations have grown to. The area in which organizations can leverage ethical procurement in their organizations is by investing in ethical supply chains as established that supplier relationships greatly influence ethical procurement. Maturity in supplier relationships is undoubtedly vital.

#### **5.2 Conclusion**

From the research finding on an the influence of purchasing maturity on ethical procurement- the finest deduction of this research is that indeed, purchasing maturity is a precursor to ethical procurement and organizations in Kenya are well on their path to a strategic dimension of purchasing and supplies which induces a proactive stance to ethical procurement.

There is a paradox however of 'reversed gains' in Kenya on the influence of purchasing maturity on ethical procurement. Firstly, the obstinate perception of procurement professionals as being 'corrupt' thereby exposing them further to unethical conduct, this perception is undermining maturity of procurement positioning. Secondly, lack of regular training undermining maturity of procurement professionals. Thirdly, undue interferences in supplier selection procedure are undermining maturity of supplier selection process. To compound the paradox, Research findings revealed that remuneration package and fear of job loss affects ethical conduct of procurement staff.

#### **5.3 Recommendations for Further study**

The researcher would recommend comparative study on public and private sectors on the same research subject. These findings of the research did find out that the legislative framework in public institutions is responsible for the implementation of purchasing maturity. It would be good for scholars to find out how this sector has fared on ethical procurement compared to private sector whose purchasing maturity is less legislatively driven

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