

**ETHICS AND PROCUREMENT PERFORMANCE OF
HUMANITARIAN ORGANIZATIONS IN KENYA**

BY

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D61/67792/2013

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI**

2015

DECLARATION

I hereby declare that the work contained in this project is my original work and has not previously, in part or in its entirety, been presented at any other university for assessment or award of degree.

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This Research Paper has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research is dedicated to my lovely husband Paul Healy, for his incredible support and encouragement to pursue my highest academic and career goals. To my children Jessica Healy, Conor Healy and Ciaran Healy who are always my little angels surrounding me! To my mother Josephine, a primary school teacher who just completed her Bachelor's Degree in Education, continues to remind me that hard work is the backbone of success and that nothing in this world will come easy. To my siblings Simon, Caroline, Patricia and Patrick for your never-ending encouragement, support and prayers. I can never find words to thank you!

To all my friends and dear classmates: Linah Ouru, Fatma Ali, Viva Muzungu, Sosan Woldemichael and Cetric Muruli whom we started this academic journey together and have since been on each other's shoulders.

To all the humanitarian organizations that answered when I knocked at their doorsteps with the questionnaires! Through interactions with them I learnt a lot about the humanitarian work.

Lastly to the Almighty God for His blessing and for giving me strength to write this paper and a sound mind to overcome any other obstacles that I encountered in this academic journey.

ACKNOWLEDGEMENT

I acknowledge my supervisor Mr. Michael Chirchir for his guidance in writing my research paper. His commitment and availability ensured that I moved with him step by step, his insightful guidance went a long way in ensuring that small details were never overlooked. Sir, I can never thank you enough!

To my moderator Dr Peterson Magutu, for his good comments and guidance which enriched my document.

Lastly, I wish to acknowledge other faculty members like Mr Onsario Nyamwange and Prof. Martin Ogutu who offered me guidance and mentorship.

ABSTRACT

This study was conducted to establish the relationship between ethics and procurement performance of humanitarian organizations in Kenya. The objective of the study was to establish the impact of ethics on procurement performance, the extent of practicing ethics and the challenges faced in implementing procurement ethics. The population of the study comprised the 70 humanitarian organizations registered by the NGO Council of Kenya. However, there was no sampling and instead a survey was conducted because the population is not too large. Primary data was collected through self-administered structured questionnaires. Percentages, frequency distributions, bar charts, means and standard deviations were used to analyse sections A, B and D of the questionnaire. Statistical Package for Social Sciences (SPSS) was used to explain the relationship between the independent and dependent variables in section C of the questionnaire. Competitive bidding, gifts, conflict of interest, negotiation, reciprocity, sharp practices, personal buying and confidentiality were used as the independent variables while procurement performance was used as the dependent variable. The study established that there exists a positive relationship between ethics and procurement performance. The study recommended that there is need to overcome the challenges of implementing procurement ethics in humanitarian organizations. For instance, lack of training, culture and political pressure. The study was faced by several limitations which included: lack of enough financial and non-financial resources, fear of victimization by management due to disclosure of information relating to ethics and that some organizations' policies did not allow them to accept research questionnaires from students. Recommendations for further research included the need for more studies to be conducted in all humanitarian organizations in East Africa, other than in Kenya in order to give the researcher a wider experience of other ethical issues not addressed in this study. Similarly, another study could be conducted by linking the same independent variables with cost reduction as another measure of procurement performance.

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LIST OF ABBREVIATIONS

- ILO – International Labour Organization
- WRAP – World Responsible Apparel Production
- UN – United Nations
- WHO – World Health Organization
- SCMA – Supply Chain Management Association
- WFP – World Food Programme
- FAO – Food and Agriculture Organization
- IOM – International Organization for Migration
- UNICEF – United Nations Children’s Fund
- UNDP – United Nations Development Programme
- NGO – Non-governmental Organization
- UNHCR – United High Commissioner for Refugees
- OCHA – United Nations Office for the Coordination of Humanitarian Affairs
- KRCS – Kenya Red Cross Society
- IFRS – International Federation of Red Cross
- EACC – Ethics and Anti-Corruption Commission
- PPDA - The Public Procurement and Disposal Act of 2005
- KACC – Kenya Anti-Corruption Commission
- CIPS – Certified Institute of Purchasing and Supply
- ISM – Institute of Supply Management
- CSR – Corporate Social Responsibility
- SPSS – Statistical Package for Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In 2011, natural disasters killed 30.773 million people and caused 244.7 million victims worldwide (Guha-Sapir, Vos and Ponserre, 2012). Similarly, every year, there are about 500 disasters killing around 75000 people and affecting some 200 million people (Wassenhove, 2006). The objective of any relief chain is to provide humanitarian assistance in the forms of food, water, medicine, shelter and supplies to areas affected by large-scale emergencies (Benita and Burcu, 2008). According to Heaslip (2014), humanitarian supply chains must be fast and agile. Procurement in humanitarian operations faces different challenges than those experienced in the private sector. The nature of most disasters demand that a supply chain be designed and deployed immediately with limited knowledge of resources available, needs in the field, quantities required and a large amount of suppliers (Rolando and Luk, 2004).

Each year, humanitarian organizations from different parts of the world implement a wide variety of efforts aimed at recovering from disasters and reducing poverty, and in the process they procure an estimated US\$ 50 billion worth of goods and services from local and international suppliers, with the procurement of goods representing around 60% of all those expenditures. Procurement operations of international aid agencies can be divided into two segments: procurement for short-term relief or humanitarian operations and procurement for medium programmes. In humanitarian relief operations, the primary emphasis in procurement is on speed and access which means delivering the goods to affected areas as quickly as possible. On the other hand, procurement for medium

programmes is aimed at sustainable social and economic development. For instance, the World Bank focuses on helping the poorest people and the poorest countries in projects focused on health and education, social development, good governance, environmental protection and private business development (Taupiac, 2001).

1.1.1 Ethics

According to Lysons and Farrington (2012), ethics refer to principles of conduct governing an individual or group; concern for what is right or wrong, good or bad. Ethical behaviour in procurement performance is of particular relevance in the twenty-first century, because of stakeholder pressure (Pedersen, 2009). This has led to the call for ethics in humanitarian procurement as organizations are realizing that ethics can lead to improved operational and financial performance (Carter, 2005). Supply chain managers, more than any other group within a firm, encounter daily situations that put ethics to the test and while supply chain managers can be viewed as “organizing the optimal flow of high-quality, value-for-money materials or components from a suitable set of innovative suppliers” (Wagner, 2003), they are also exposed to a range of selling techniques, some of which are less ethical than others. For instance, compromising in ethics to create short cuts in processes or to generate less review during the audit process is costing companies their reputations, as well as profits. Thus, understanding ethics and its impact on procurement performance is a key responsibility of supply managers (Eltantawy, Fox and Guinipero, 2009).

Ethical issues have been addressed by appointed credible bodies to ensure that organizations incorporate ethics in procurement. For instance, World Responsible Apparel Production (WRAP) is an independent, non-profit organization dedicated to the certification of lawful, humane and ethical manufacturing throughout the world. Others include International Labour Organization (ILO) Conventions and UN Declaration of Human Rights. Cooper , Frank and Kemp, (1997) posit that supply management procurement ethics involves: avoidance of showing partiality toward suppliers preferred by upper management; allowing personalities to improperly influence the buying decision; failure to provide prompt and honest responses to customer inquiries and requests; lack of knowledge or skills to competently perform one's duties; failure to provide products and services of the highest quality in the eyes of the internal customers; receiving gifts or entertainment that influence, or appear to influence purchasing decisions; and failure to identify the customer's needs and recommend products and services that meet those needs. In addition, Flech (1985) argues that sensitive practices involving standards of conduct in procurement include avoidance of unethical supply management behavior like acceptance of gifts, competitive bidding, negotiation and everyday dealings with vendors.

1.1.2 Procurement Performance

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs (Van Weele, 2002). For any organization to change its focus and become more viable, Amaratunga and Baldry (2002) suggest that procurement performance is a key driver to improving

superiority of services while its absence or use of inappropriate means can act as an obstruction to change and may lead to decline of the purchasing function. Nonetheless, most developing countries are facing a setback of hasty changes in procurement requirements. The changes are impacting force on how the procurement function performs its interior and exterior processes and procedures in order to achieve its objectives. Procurement performance provides a basis for effective control and stewardship of resources and reveals the value of the procurement function. Most organizations have no performance measures in place for assessing procurement efficiency and effectiveness (Adams, 2008).

A study carried out by Wassenhove (2006) explains that humanitarians have begun to heed to the lessons learnt from previous disasters and realized that they have to work not only during disasters but also between disasters. Effective performance measurement systems would assist relief chain practitioners in their decisions, help improve the effectiveness and efficiency of relief operations and demonstrate the performance of the relief chain, thereby increasing the transparency and accountability of disaster response. Since relief efforts generally operate on limited funds, there is also the need to demonstrate cost effectiveness by adopting low cost inventory management systems (Benita et al., 2008). Kaplan (2001) notes that performance measurement is critical in the non-profit sector due to increasing competition from a proliferating number of agencies all competing for scarce donor funding and increased demands for accountability of donors, the media and the public in general. A primary goal in relief operations is to minimize the response time and be able to deliver supplies to the areas as they are

needed. The basic principles of good procurement practice include accountability where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully (Thai, 2000).

1.1.3 Humanitarian Organizations in Kenya

Global humanitarian organizations, have come together to provide relief aid to billions of people suffering worldwide. According to the global humanitarian assistance survey (2011), humanitarian assistance cost 537 million US dollars and Kenya was the 8th largest recipient of official humanitarian assistance in the year 2011. World Health Organization (WHO) and UN (FAO) ensure that food is made available to those who might starve. Similarly, the United Nations High Commissioner for Refugees (UNHCR) and International Organization for Migration (IOM) sets up camps and other facilities for those who are forced to leave their homes incase of a disaster. WHO also protects those displaced by natural and man-made disasters from the ravages of disease, and the United Nations Children's' Fund (UNICEF), together with other aid of bodies like Save the Children provides education for children who have been uprooted by calamity.

According to the Non-Governmental Organization (NGO) Coordination Board (2015), there are about 70 humanitarian organizations currently operating in Kenya (Appendix II). Nyamu (2012) explains that humanitarian organizations are divided into four categories: government-sponsored humanitarian organizations like Kenya Red Cross Society (KRCS) established in 1965, privately-sponsored and registered as NGO's with the NGO Council, like Oxfam and Save the Children, faith-based humanitarian organizations established by churches and mosques like Catholic Relief Service and

Caritas Internationalis, among others and lastly organizations affiliated to the United Nations Organization (UNO) like the United Nations Development Programme (UNDP) and WHO. Governments hold the main power with the control they have over political and economic conditions and directly affect the supply chain processes with their decisions.

1.2 Statement of the Problem

The subject of supply management and more specifically supply management ethics has received insufficient coverage in the past (Carter and Jennings, 2004). A recent study of supply management practices rated ethics to be the number one issue facing supply managers (Giunipero and Handfield, 2004). Many enterprises around the world are unaware of how effective ethics and compliance programs can help them avoid costly recalls and brand damage that results from supply chain ethics and scandals (Callaghan, 2009). The consequence of ethics on procurement performance has insufficiently been addressed, with a documentation of no relationship (McWilliams and Siegel, 2000). Humanitarian procurement processes are difficult to enforce as integrity is lacking. For instance, tracking and tracing of shipments is typically done manually using spreadsheets (Thomas, 2003). This makes implementation of ethics difficult. Thus, accountability to key stakeholders is an important issue facing executives today and ethics is becoming more important to both buyers and suppliers (Eltantawy et al., 2009).

Humanitarian procurement has attracted a number of researchers. According to VanWassenhove (2006), humanitarian supply chains are about fifteen years behind their

private sector counterparts, who realized long ago the importance of using efficient supply chains. Since donors are becoming more aware when it comes to expenses, humanitarian organizations are under greater scrutiny to monitor the impact of aid, not just the input and output but the whole operation. The study observed the need to adopt strategies for better preparedness and the need for supply chains to be agile, adaptable and aligned. Some of the shortcomings of this study included a lack of effective coordination hence leading to a chaotic relief operation.

Onyango (2012) found out that there is a positive relationship between oil marketing organizations that have instituted proper ethical principles and improvement of their supply chains. One of the challenges faced in this study was participants unwilling to disclose confidential information on ethics, as this could be held against them by the organization based on breaching the confidentiality policy. Similarly, Mwaponda (2009) observed that oil marketing companies in Kenya are primarily ethical in nature. Limitations of this study indicated a slow response from junior employees who felt uncomfortable answering questions in the questionnaire due to the fear of exposing their employer. A study carried out by Nyamu (2012) found out that lack of proper information affects delivery of the right product, uncertainty in demand inhibits delivery of the right quantity, poor storage facilities affects the right condition of products as well as inaccessible locations affect delivery of services at the right time. Kinyua (2013) concluded that there was a disjoint between planning and implementation of procurement activities due to high costs of logistics, low contribution to the supply chain by target communities and poor road infrastructure, which is the most common method of

delivering aid. Ndambuki (2013) found out that humanitarian organizations in Kenya have integrated their supply chains by use of intranets for inventory management as well as real time transaction processing and that some of the shortcomings of the study included poor infrastructure, high cost of transporting bulky materials. Both Kinyua (2013) and Ndambuki (2013) agreed that, one common problem that affects supply chain performance is high cost of logistics.

The above studies have not focused on the impact of ethics on procurement performance of humanitarian organizations in Kenya. Studies on ethics have been carried out in other types of organizations in and outside Kenya, but not in humanitarian organizations in Kenya. This study sought to answer the following research questions: What is the extent to which ethics is practiced by humanitarian organizations in Kenya? What is the impact of procurement performance of humanitarian supply chains in Kenya? What are the challenges faced in implementing ethics by humanitarian organizations in Kenya?

1.3 Research Objectives

The study aimed at achieving three objectives:

- i. To establish the extent to which ethics is practiced by humanitarian organizations in Kenya.
- ii. To establish the impact of ethics on procurement performance of humanitarian organizations in Kenya.
- iii. To identify the challenges faced in implementing ethics by humanitarian organizations in Kenya.

1.4 Value of the Study

This study would be beneficial to all stakeholders interested in humanitarian response. Effective and efficient supply chains would enable humanitarian organizations to make the best use of resources by matching available supplies with the highest priority needs in the shortest time possible and under the constraint of limited funding. Secondly, donors would have confidence in humanitarian organizations by ensuring that aid is not misused for personal gains. In addition, a successful response depends heavily on local capabilities as well as collaboration with the host governments and the general public to donate or offer assistance. Therefore, this study would ensure the above parties get to closely monitor the operations of humanitarian supply chains. Moreover, the beneficiaries who are the victims of disasters would learn from what to expect of the humanitarian relief operations and have hope in getting both assisted as well as sustained. Furthermore, the media, which is quite influential in calling for public appeals for response whenever a disaster strikes, would place high pressure on humanitarian agencies to compete for more visibility and be promptly responsive. For instance, we have seen the media being active in mobilizing for aid in hunger-stricken areas like Turkana and Baringo. Lastly, this study would benefit the researchers and academicians by providing them with valuable information in their areas of interests as well as areas for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher will explore current and previous literature related to the impact of ethics on procurement performance of humanitarian organizations. The general goals within organizations operating in humanitarian supply chains are perceived to be focused upon maximizing effectiveness for the delivery of aid to recipients. There could also be efficiency issues which may be affected by ethics and the operational strategies of the organization (Slack et al., 2004).

2.2 Ethical Issues on Procurement

Ethics in procurement plays a crucial role informing the perception of donors (Wild & Zhou, 2011) and is therefore very important for humanitarian organizations in order to keep stability of donor revenues (Oloruntoba & Gray, 2006). According to Turner et al, (2009), this area of supply management has begun recently to investigate ethical issues in buyer-supplier relationships. Unethical supply management behaviour is common in the areas like; acceptance of gifts and hospitality, competitive bidding, negotiation, giving preference to a supplier (Flech, 1995), conflict of interest (UN Supplier Code of Conduct, 2013; SCMA, 2014) and confidentiality (SCMA, 2014). Ethics is not only included in the humanitarian organizations' values and strategies, but also in their relationships and collaboration with suppliers (Svensson & Baath, 2008). In order to achieve mutual ethical behaviour and values among actors involved in the supply chain, humanitarian organizations implement Codes of Conduct. Usually, unethical behaviour in supplier networks poses a constant risk for the organizations' credibility and threatens the flow of

incoming donations (Svensson, 2009). Given the increasing complexity of supply management professionals, every day aspects of supply manager's jobs expose them to ethical dilemmas and that they face ethical responsibilities in all of their decisions (Eltantawy et. al., 2009). This section discusses the theories underpinning ethics in procurement which include; competitive bidding, gifts, conflict of interest, negotiation, confidentiality, reciprocity, sharp practices and personal buying.

Competitive bidding is a process whereby suppliers are asked to quote on terms and prices, and the buyer chooses the best offer (Official CIPS course book, 2011). Humanitarian organizations often purchase relief items from global suppliers through competitive bidding processes in order to provide equal opportunities to all firms interested, by identifying potential suppliers and inviting them to a bid (Balcik & Beamon, 2008). However, according to Taupiac (2001), in cases of disasters of a big magnitude, tendering techniques are not applied. Similarly, formal bidding cannot be used for supplies such as in high emergency procurement of aid materials. In this case, informal competition may be achieved through price quotations from several national suppliers provided that, price, quality, time of delivery, after-sales-service and other relevant features of the contract are competitive at least by national standards (Jessica, S. & Tina, S., 2008). The World Bank (2003) has identified two ethical violations in regards to competitive bidding, that is, bid rigging and bid collusion. Humanitarian organizations like International Federation for Red Cross (IFRS) (2011) make it obligatory for all suppliers bidding in a procurement process to sign an ethics statement committing them to behave with integrity.

Secondly, the giving of gifts and offers of hospitality are among the common courtesies of business dealings. The problem for procurement professionals is to decide when such practices amount to an attempt to induce a favourable sourcing or contract award decisions, information disclosure or other favourable treatment (Lysons and Farrington, 2012). ISM and the Purchasing Management Association of Canada (PMAC), in their codes of conduct strongly condemn gratuities beyond token gifts of nominal value (Leenders, Johnston, Flynn and Fearon, 2010). The UN (2013) has a 'zero tolerance' policy and does not accept any type of gift or any offer of hospitality. This is by not accepting any invitations to sporting or cultural events, offers of holiday or other recreational trips, transportation or invitations to lunches or dinners. Some of the factors considered when receiving a gift or offer of hospitality include: the motive of the donor (token or bribe), value of the gift (if it exceeds what is permissible), the manner in which the offer is made (openly or surreptitiously), any strings attached and the impression the gift makes on superiors, colleagues or subordinates. In addition, conflict of interest is an ethical situation where the impartial and objective exercise of the functions of a person involved in budget implementation, procurement, management, audit or control is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a third party. A study carried out by Christian (2011) explains that conflict of interest will exist if the tenderer is a member of staff of the partner or has an equivalent professional relation with the partner. UN suppliers are expected to disclose to the UN any situation that may appear as a conflict of interest and disclose to the UN in any UN official or professional under contract with the UN may have an interest of any kind in the supplier's business or any kind of economic

ties with the supplier (UN, May 2011). Moreover, procurement processes encounter negotiation. This means an attempt to find an agreement that allows both parties to realize their objectives and must be used when the buyer is in a single or sole-source situation (both parties know that a purchase contract will be issued and their task is to define a set of terms and conditions acceptable to both). Unethical negotiation actions condemned by the code of ethics of ISM and PMCA include: a purchaser to tell a sales representative that he or she has received a quotation that was not, in fact, received; to fake telephone calls in the sales representative's presence; to leave real or fictitious bids of competitors in an open sight for a sales representative to see and to mislead as to the quantity needed (Leenders, et al., 2010). Humanitarian organizations need to take unpredictability of demand as well as the required resources into account when considering purchasing contracts. This can be achieved through combining purchasing requirements over a certain period of time and negotiating lower purchasing prices (Lambert and Stock, 1993). Humanitarian organizations can also negotiate consignment stocks which are stocked at the warehouse of the buyer but remain the property of the supplier (Steinbuch, 2001). Furthermore, reciprocity is an ethical issue in procurement. It is the practice by supply management professionals of giving preference to suppliers because they are also customers or the organization influences a supplier to become a customer (ISM, 2005). The Federal Trade Commission has taken an aggressive stance against reciprocal buying arrangements, ruling that it is illegal to abusively use large buying power to restrict competitive market opportunities. Reciprocity can restrict competition among suppliers or potential suppliers since competing sellers know the business is closed to competition and that the favoured reciprocal seller will receive most

of the business (Handfield, Monczka, Guinipero and Patterson, 2011). Also, unethical procurement behaviour may involve sharp practices. Sharp practice means any misrepresentation by a buyer. This includes different behaviour like: gaining information unfairly through deception; taking unfair advantage of a supplier's financial situation by knowingly pressurizing a financially troubled supplier to provide lower than normal price hence placing the supplier to a further financial jeopardy. In addition, a buyer requests bids from unqualified suppliers for the sole purpose of driving a qualified supplier's price lower; sharing information on competitive quotations hence breaching confidentiality and lastly, a buyer exaggerating the size of a supplier-caused problem to extract a large penalty from a supplier (Handfield, et al., 2011). Personal buying occurs when a purchasing department purchases material for the personal needs of its employees. Trade diversion laws prohibit purchasing from engaging in personal buying for items not required during the normal course of business. Personal buying is a gray area for some purchasing departments where as some firms view it as a fringe benefit and service to employees (like work safety gear), others flatly prohibit the practice (Leenders, et al., 2010). Lastly, according to ISM's code of ethics (2005), confidential and proprietary information requires protection and should be shared with others only when needed. Access must meet ethical guidelines, contractual obligations and government regulations. Supply management professionals should ensure that recipients of confidential and proprietary information know that they have an obligation to protect it. Examples of information include but not limited to: pricing, contract terms and conditions, bids and quotations and sources of supply.

2.3 Procurement Performance

Measuring the performance of supply chains has become vital for all organizations involved in disaster management (Van Wassenhove, 2006). This is particularly due to increasing competition in the sector for scarce resources and increasingly high demands from donors and the public to improve visibility and accountability (Benita et al., 2008). Although there is an increasing interest in performance measurement of non-profit organizations, few attempts have been made to provide these organizations with a performance measurement framework (Micheli and Kennerly, 2005). In the humanitarian sector, performance is hard to measure, as demand and supply is not directly regulated through price (Van Wassenhove, 2006).

Procurement performance involves two main aspects: effectiveness and efficiency. Procurement effectiveness is the extent to which the previously stated goals and objectives are being met, while, procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities. The most important driver of procurement performance is supplier performance (Van Weele, 2002). Effectiveness in procurement considers indicators such supplier quality, delivery management, flexibility of suppliers, material quality defects, supplier profile, inventory incoming on-time, order cycle time and documentation. Effective performance measurement can help non-profit managers make better decisions, improve performance and provide accountability. It also helps allocate resources more effectively, evaluate the efficacy of alternative approaches and gain greater control over operations, even when allowing increased flexibility at operating level (Poister, 2003).

Ethics in procurement performance aims at achieving a number of objectives. Firstly is transparency, which is the ability to understand how processes interact within the supply chain in order to improve performance. Transparency helps to answer questions of efficiency: are we doing it well? (Rolando and Wassenhove, 2009). Competitive bidding is a transparent process that invites all potential suppliers to a bid but may not be applied in the cases of high emergency procurement of aid due to time limitation (Balcik and Beamon, 2008). Secondly is reputation, which means the evaluation of a firm by its stakeholders in terms of their effect, esteem and knowledge (Deephouse, 2000). Unethical procurement practices in supply networks endanger the credibility of humanitarian organizations (Svennson, 2009). Hence, for instance, offer of gifts by donors with a motive of giving bribes results in negative publicity which adversely affects the procurement performance. Another objective is accountability which identifies who is responsible for the actions within the procurement process and how well the actions are performed. Humanitarian ecosystem is made up of many different groups with different incentives and levels of commitment like the international community, made up of large and small aid agencies (Rolando and Wassenhove, 2009). To improve on accountability conflict of interest aims at ensuring that assigning responsibility is not compromised on the basis of professional relationship with partners (Leenders, at al., 2010).

Improved response time is another objective. In humanitarian operation, improved response time translates into speed and accuracy in delivering aid to the affected areas. A successful humanitarian operation mitigates the urgent needs of a population with a

sustainable reduction of their vulnerability in the shortest amount of time (Roland and Wassenhove, 2004). For example, ethical negotiation enables humanitarian organizations combine purchasing requirements over a certain period of time (Lambert and Stock, 1993). In addition, ethical reciprocity enables the supplier and buyer obtain a great understanding of mutual problems thus increasing goodwill, whereas unethical reciprocity enables buyers use buying decisions to inappropriately enhance a sales opportunity (Lysons and Farrington, 2012). Unethical sharp practices encourage buying through deception and taking unfair advantage over suppliers when buying; ethical personal buying aims at ensuring employees enjoy fringe benefits like work safety gear (Leenders, et al., 2010), as unethical personal buying is a misuse of trade discounts (Eltantawy, et al., 2009), and lastly, confidentiality aims at ensuring that confidential and propriety information like bids, contract terms are not exposed to unauthorized persons (ISM, 2005). Procurement must be conducted with probity in mind to enable purchasers and suppliers to deal with each other on the basis of mutual trust and respect. Adopting an ethical, transparent approach enables businesses to be conducted fairly and reasonably with integrity. Ethics also enables procurement to be conducted in a manner that allows participating suppliers to compete as equally as possible (GoK, 2005).

2.4 Empirical Review

In this section, the Empirical literature review will explain the relationship between independent and dependent by exploring previous studies. There is a positive relationship between excellence in operations and ethics. Excellence in companies implies a strong presence of ethical behavior (Van der Merwe, Pitt and Berthon, 2003). Michael and

Russell (2007) argue that, instituting a code of conduct could be based on efficiency, with codes being a binding ideal for a profession, in the interest of the public, consistent with rational self-interest and an effective tool towards self-regulation. Effective communication of accepted behavior and codes of conduct is capable of detecting and preventing indicators of procurement fraud like; excessive supplier hospitality to selected staff, new suppliers continually facing entry obstacles, budget holders pressuring buyers to place work with named suppliers, buyers' lifestyles changing dramatically, pricing schedules being completed in pencil, suppliers and contractors being very familiar with senior staff and specifications favouring a particular supplier.

Ndolo and Njagi (2014) observed that the more ethical the practices organizations are, the better the effectiveness of the procurement process. Transparency, fair treatment in bidding and award of tenders; accountability and responsible purchasing and supply have a positive implication on procurement processes in any organization and could thus result into increased performance and delivery. Mbae (2014) observed that unethical practices among procurement officers in public procurement negatively affected procurement processes in Machakos County hence the overall procurement performance was affected. Other studies by Colin, Robert, Mark and Jonas (2014) indicate that donors are becoming more demanding on performance and impact, and less tolerable of expensive duplication of effort, which fosters competition between the humanitarian relief organizations as they endeavour to solicit the funding. Also, studies also indicate that ethics helps increase transparency and accountability in disaster response (Duran, Ergun, Keskinocak and Swann, 2013). More specifically, it is the issue of "anticipated responsiveness" that is

addressed, since it is a key factor to dramatic reductions in response times making it possible to save lives, and to develop an “ethics of care” (Plot, 2009).

2.5 Challenges of Implementing Ethics

Most purchasing people think of ethical codes as being remote from the real world. The requirement to maintain an unimpeachable standard of integrity in all business relationships is fine until one questions the meaning of integrity and to whom the duty of integrity is due. The most prominently cited obstacle to managing ethically is when there is a conflict between employees’ choice on when to remain silent or speak out and face the consequences of been seen as disloyal (Lysons and Farrington, 2012). Secondly, communication barrier is an impediment in implementing ethics in procurement. According to the CIPS’ Ethical Guide (2013), suppliers abroad may well be communicating in their second or third language. Some words do not have direct translation and the concept behind a word may not exist in another language or culture. In this case, to get suppliers to sign up to a code of ethics remains a challenge.

In addition, culture remains a challenge in implementing ethics. A study carried out by Tobin (2005) indicates that military health professionals face challenges and ethical dilemmas in peace keeping operations. They confront the medical needs of the civilian populations in the area of their assignment; yet they may be subject to rules and regulations preventing them from providing professional assistance to civilians (whether the medical personnel should resist the culture of their military colleagues and remain loyal to the ethical standards of their civilian medical colleagues). Lastly, moral muteness makes managers decide to keep quiet and not speak out in situations where they disagree

with circumstances at work (Hemingway, 2004). According to Schelgelmilch and Houston (1990), the main argument as to why firms lack a code of ethics is that behaviour is more important than words, and that codes tend to be too broad to be of any use. Therefore, they need to be accompanied by ethical education and other processes that support their enforcement. Kangogo and Jeptoo (2013) observed that lack of ethical and technical skills breeds unethical behaviour in the procurement profession.

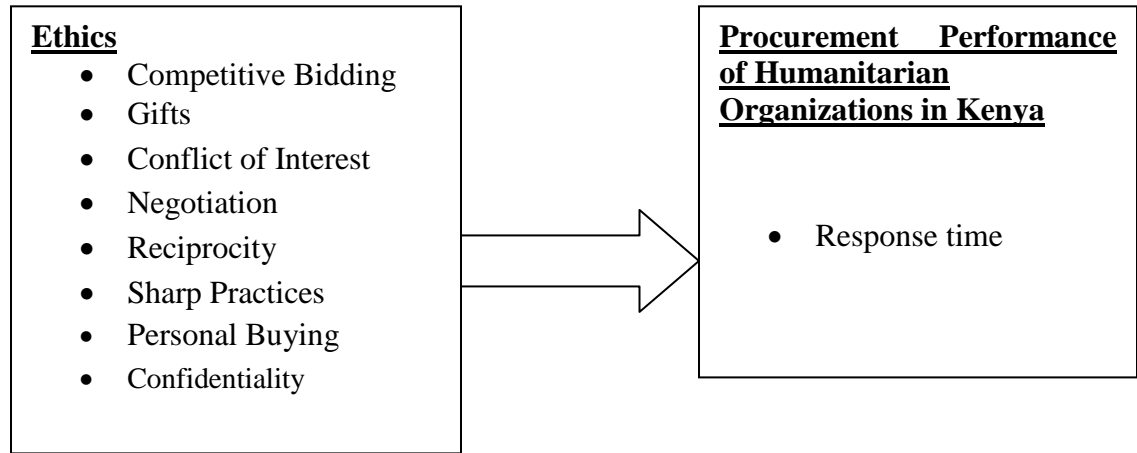
2.6 Chapter Summary and Research Gap

From the literature review, previous studies have not been able to link ethics with procurement performance of humanitarian organizations in Kenya. Therefore, there is need for humanitarian organizations to apply ethics in procurement in order to improve the effectiveness and efficiency of relief operations.

2.7 Conceptual Framework

Ethics has an impact on procurement performance of humanitarian organizations in Kenya. In the conceptual framework below, ethical dilemmas are treated as the independent variables that influence the performance of humanitarian organizations in Kenya. They should therefore be implemented in order to win the confidence and trust of donors, governments, corporate entities and all other stakeholders who donate towards humanitarian assistance.

Figure 2.1: Ethics and Procurement Performance
Independent Variables



Source: Research Data (2015)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology applied in conducting the study. It covers research design, target population and sampling design, data collection methods and data analysis techniques.

3.2 Research Design

This study was conducted using descriptive research design. This type of design facilitates an in-depth analysis of the research variables and explains relationship between the independent and dependent variables. Descriptive research design produces an accurate representation of persons, events or situations by seeking to accurately answer questions that relate to ‘what, who, where and how situations’ (Mugenda & Mugenda, 2003). The study also involved the cross-sectional type of descriptive research design.

3.3 Target Population

The population of this study comprised of all the 70 humanitarian organizations in Kenya (NGO Coordination Board, 2015 – Appendix II). There was no sampling but instead a survey was conducted because the population is not too large.

3.4 Data Collection

The researcher used primary data that was collected from all the 70 humanitarian organizations. One respondent was selected from the procurement management department, supply chain management department, logistics department or any other equivalent department. These staff members were selected because of their in-depth understanding of operations in humanitarian procurement.

A structured questionnaire was used to collect data in the form of a Likert Scale of 1 to 5. This was preferred because it was possible to use it with matrix questions where, a list of all possible alternatives from which respondents were able to select answers that best described their situation. The questionnaire contained the following sections: Section A incorporated general organizational profile, while Section B focused on the extent to which ethics was practiced by humanitarian organizations in Kenya. Section C focused on the impact of ethics on procurement performance of humanitarian organizations in Kenya while section D focused on identifying challenges faced in implementing ethics in humanitarian organizations in Kenya. The questionnaire was administered through email and “drop and pick later” method.

3.5 Data Analysis

The researcher used both quantitative and qualitative methods to analyze and present data. The data was sorted and corded then entered into the Statistical Package for Social Sciences (SPSS). Descriptive statistics such as means and frequencies were subsequently derived from the analysis, as seen in chapter four. This was employed in order to enable the researcher to summarize, organize, evaluate and interpret the numeric information. Multiple Regression Analysis was used to analyze the relationship between ethics and procurement performance of humanitarian organizations in Kenya.

Regression Model

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \dots + b_nx_n + e \text{ where}$$

Y = Procurement Performance Index

a = Index of ethics unaffected by independent variables.

x_3 = Conflict of Interest

x_4 = Negotiation

x_5 = Reciprocity

x_6 = Sharp Practices

e = Error term

x₇ = Personal Buying

x₁ = Competitive Bidding

x₈ = Confidentiality

x₂ = Gifts

To achieve objective one and three, the researcher used descriptive survey, while, a multiple linear regression function was used to test the relationship between the independent variable and dependent variable in objective three. The dependent variable (procurement performance) was measured in response time where respondents were to indicate the amount of time their organizations took to response to an emergency.

Table 3.1: Summary of Data Collection and Data Analysis

Objectives	Data to be collected	Data Collection	Data Analysis Tool
General Information (Section A)	Primary Data	Questionnaire	Descriptive Statistics
Extent to which ethics is practiced by humanitarian organizations in Kenya (Section B)	Primary Data	Questionnaire	Descriptive Statistics
Impact of Ethics on procurement performance of humanitarian organizations in Kenya (Section C)	Primary Data	Questionnaire	Regression Analysis
Challenges of implementing ethics in humanitarian organizations in Kenya (Section D)	Primary Data	Questionnaire	Descriptive Statistics

Source: Research Data (2015)

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings with regard to the objectives and discussion of the topic under study. The findings are presented in percentages and frequency distributions, bar charts, mean and standard deviations. A total of 70 questionnaires were issued for each of the 70 registered humanitarian organizations in Kenya and a total of 51 were returned. This represented a response rate of 73%, which is considered adequate for the research.

4.2 Organizational Profile

The organizational profile considered in the study was the respondent's designation, the number of years the organization had been in operation; the current number of employees and respondent's level of education.

4.2.1 Respondent's Designation

The respondents were required to indicate their designations in the organization and the senior most respondent was considered. The results are presented in the frequency table below:

Table 4.1 Respondent's Designation

Respondent's Designation	Frequency	Percentage	Cumulative Percentage
Supply Chain/Logistics/Procurement			
Manager	35	68.6	68.6
Others	16	31.4	100
Total	51	100	

Source: Research Data (2015)

The results indicate that 68.6% of the respondents were supply chain/logistics/procurement managers while 31.4% indicated that the respondents occupied other positions of procurement officers, procurement advisors, administration secretaries and logistics officers. The results indicate that the respondents were from different designations and thus they gave an independent view of the impact of ethics on procurement performance.

4.2.2 Period of Operation in Kenya

The respondents were required to indicate the number of years their organizations had been in operating in Kenya. The results are presented in the frequency table below:

Table 4.2: Period of Operation in Kenya

Number of Years	Frequency	Percentage	Cumulative Percentage
Below 5	7	13.7	13.7
5 - 10	7	13.7	27.5
11 - 20	11	21.6	49
Over 20	26	51	100
Total	51	100	

Source: Research Data (2015)

The study findings indicate that 51% of the humanitarian organizations had been operating in Kenya for over 20 years. Similarly, 21.6% of the humanitarian organizations had been operating in Kenya between 11 and 20 years, while 27.4% of the organizations had been operating in Kenya in less than 10 years. The long duration implies that most organizations have a wide experience of using ethics in their procurement processes.

4.2.3 Number of Employees

The respondents were required to indicate the current number of employees in their organizations. The results are presented in the frequency table below:

Table 4.3 Current Number of Employees

Number of Employees	Frequency	Percentage	Cumulative Percentage
Below 20	4	7.8	7.8
21 - 30	3	5.9	13.7
31 - 40	6	11.8	25.5
41 - 50	9	17.6	43.1
Over 50	29	56.9	100
Total	51	100	

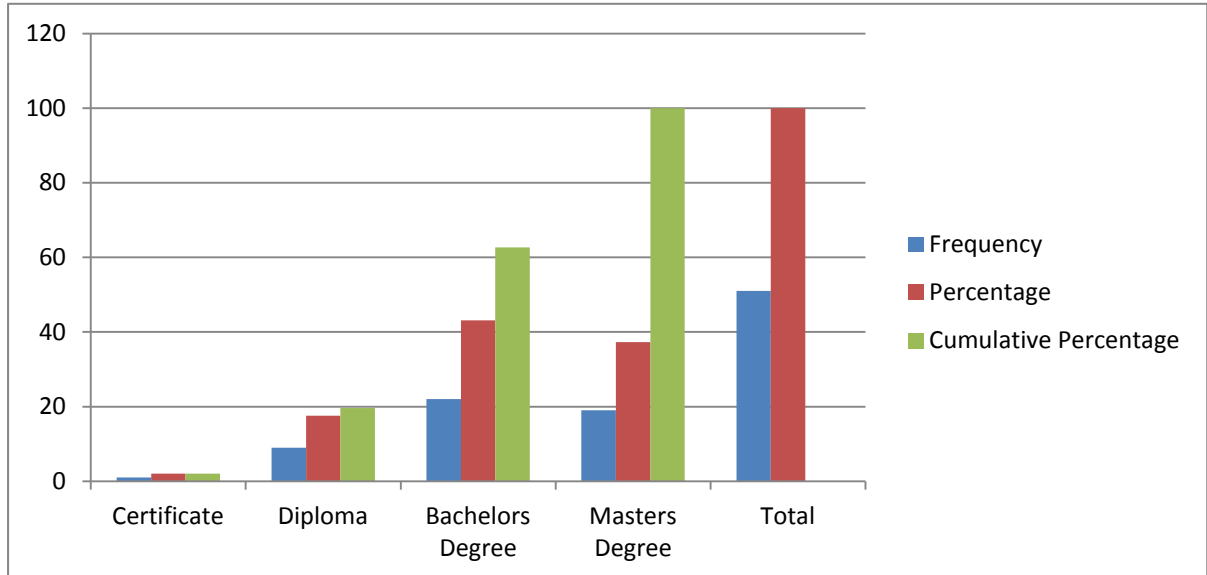
Source: Research Data (2015)

The study findings indicate that 56.9% of the humanitarian organizations had over 50 employees. Similarly, 17.6% of the humanitarian organizations had between 41 – 50 employees, 11.8% of the humanitarian organizations had between 31 – 40 employees, 5.9% of the humanitarian organizations had between 21 – 30 employees, while only 7.8% of the humanitarian organizations had less than 20 employees. This indicates that most organizations have expanded their operations hence the large size of their workforce.

4.2.4 Education Level

The respondents were required to indicate their level of education. The results are presented in the frequency table below:

Figure 4.1: Level of Education



Source: Researcher (2015)

The study findings indicate that 43.1% of the employees had a bachelor's degree qualification. Similarly, 37.3% of the employees had a master's degree qualification, 17.6% of the employees had a diploma qualification and only 2% of the employees had a certificate qualification. However, none of the respondents had a PhD qualification. This implies that majority of the respondents have a wide knowledge of using ethics in procurement processes.

4.3 Ethics

This section discusses the first objective which is the extent of practicing procurement ethics in humanitarian organizations in Kenya. Ethical issues play an important role in the procurement process hence, it act as guidance in ensuring that procurement policies are upheld.

4.3.1 Extent of Practising Ethics

The respondents were requested to indicate the extent to which humanitarian organizations in Kenya practise ethics in their procurement processes. A five point Likert scale of 1(very large extent), 2 (large extent), 3(moderate extent), 4 (small extent) and 5 (very small extent) was used.

Table 4.4 Extent of Practising Ethics

Extent of Practising Ethics	Mean	Std. Deviation
Negotiation takes place only in the cases of single-sourcing	2.6939	0.37344
A nominal value exists for which gifts should not be exceeded	2.0000	0.55094
Accepting of gifts is zero-tolerated	1.9200	0.89618
Giving of gifts is zero-tolerated	1.7143	0.34754
Suppliers are obliged to sign an ethics statement	1.4510	0.75667
Sharp Practices are discouraged	1.3922	1.21113
Disclosure of any interest with a third party must be made	1.3333	0.71181
Bid Rigging is a prohibited ethical violation	1.2745	1.39841
Information access must meet ethical guidelines	1.2353	0.94415
Information on competitive quotations must be protected	1.1633	0.76376
Unethical Negotiation actions are strongly condemned	1.1373	0.30305
Bid Collusion is a prohibited ethical violation	1.1000	0.53211

Source: Research Data (2015)

The above results indicate that negotiation takes place only in the cases of single-sourcing (mean 2.6939), a nominal value exists for which gifts should not be exceeded (mean 2.0000), there is a zero tolerance to accepting of gifts (mean 1.9200), there is a zero tolerance to giving of gifts (mean 1.7143), suppliers are obliged to sign an ethics statement (mean 1.4510), sharp practices are discouraged (mean 1.3922), disclosure of any interest with a third party must be made (mean 1.3333), bid rigging is an ethical violation which is prohibited (mean 1.2745), information access must meet ethical guidelines (mean 1.2353), information on competitive quotations must be protected (mean 1.1633), unethical negotiation actions are strongly condemned (mean 1.1373) and lastly bid collusion is an ethical violation which is prohibited (mean 1.1000).

The results indicate that procurement ethics is practiced in humanitarian organizations in Kenya hence this helps in improving procurement performance. These results concur with Wild and Zhou (2011) findings that ethics play a crucial role informing the perception of donors. In addition, Oloruntoba and Gray, (2006) findings indicate that organizations that practiced ethics in their procurement process ensured stability of donor revenues. Svensson (2009) on the other hand emphasized that unethical behaviour in supplier networks poses a constant risk of the organizations' credibility and threatens the flow of incoming donations.

4.3.2: Impact of Ethics on Procurement Performance

In this section the study sought to establish the impact of ethics on procurement performance of humanitarian organizations in Kenya. The results of the least square are shown in the table below:

Table 4.5: Results of the Least Square

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.689	0.342		4.939	0.013
Competitive Bidding (X ₁)	0.534	0.065	0.448	8.215	0.028
Gifts (X ₂)	0.409	0.076	0.087	5.382	0.036
Conflict of Interest (X ₃)	0.493	0.107	0.198	4.607	0.032
Negotiation (X ₄)	0.507	0.097	0.243	5.227	0.039
Reciprocity (X ₅)	0.424	0.171	0.05	2.376	0.021
Sharp Practices (X ₆)	0.413	0.156	0.061	2.647	0.011
Personal Buying (X ₇)	0.512	0.154	0.201	3.325	0.018
Confidentiality (X ₈)	0.803	0.275	0.256	2.920	0.031

Source: Research Data (2015)

From the SPSS-generated table 4.6 above, the established multiple linear regression equation becomes:

$$Y = 1.689 + 0.534X_1 + 0.409X_2 + 0.493X_3 + 0.507X_4 + 0.424X_5 + 0.413X_6 + 0.512X_7 + 0.803X_8$$

The regression equation above has established that taking all the ethical issues into account constant at zero, procurement performance will be 1.689. The findings presented also show that taking all other independent variables at zero, a unit increase in competitive bidding would lead to a 0.534 increase in procurement performance. Similarly, a unit increase in gifts would lead to a 0.409 increase in procurement performance, a unit increase in conflict of interest would lead to a 0.493 increase in

procurement performance, a unit increase in negotiation would lead to a 0.507 increase in procurement performance, a unit increase in reciprocity would lead to a 0.424 increase in procurement performance, a unit increase in sharp practices would lead to a 0.413 increase in procurement performance, a unit increase in personal buying would lead to a 0.512 increase in procurement performance and lastly, a unit increase in confidentiality would lead to a 0.803 increase in procurement performance.

The significant values represented by **p** are all < 5% (from 0.013 to 0.031) hence this implies that all the predictors used were significant. Similarly, the sample used Z-statistic represented by **t** since it is more than 30. The **t** values are > 1.96 hence the values are all significant. These results agree to **p** values and imply that all the predictors used were significant.

The above results concur with the findings of Balcik and Beamon (2008) who found out that competitive bidding (with the highest score of 8.215), being an ethical and transparent process that invites all suppliers to a bid, is hardly followed in the cases of high emergency procurement of aid due to time limitation. On the contrally, reciprocity, which involves giving preference to suppliers in order to influence them to become customers (ISM, 2005) had the lowest score of 2.376 because humanitarian organizations are not profit-oriented hence they would normally not be involved in selling or providing services to customers in exchange for value.

A discussion of the full model irrespective of the individual model follows:

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.838	0.702	0.645	0.168

Source: Research Data (2015)

From the table 4.7 above, the coefficient of determination was found to be 64.5%. This level indicates that, 64.5% of the changes in the procurement performance are attributed to the combined effect of the independent variables. It represents a fairly good fit since an R-Square of 0.7 is generally accepted as the threshold for a good fit. The remaining 35.5% represents the predictor variables not included in the study, as well as chance variation.

Table 4.7: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.257	8	0.407	12.373	0.00067
Residual	1.382	42	0.033		
Total	4.639	50			

Source: Research Data (2015)

The probability value of 0.00067 at 95% confidence level indicates that the regression relationship was highly significant in predicting how the eight independent variables influenced procurement performance. The F calculated at 5% level of significance was 12.373 since F calculated is greater than the F critical (value = 2.17), this shows that the

overall model was significant. The above results concur with the findings of Eltantawy, Fox and Guinipero (2009) that understanding ethics and its impact on procurement performance is a key responsibility of any supply chain managers. Hence, ethics has a statistically significant relationship with procurement performance. However, the studies do contradict those of Carter and Jennings (2002) that ethics has a negative relationship with financial performance. Also, another contradiction is found in the studies of Van der Merwe, et. al., (2003) that although excellence in companies seems to imply a strong presence of ethical behaviour in those companies, the reverse is not always true, as ethical companies are not necessarily excellent.

4.3.3 Challenges of Implementing Procurement Ethics

All humanitarian organizations are bound to adopt an ethics policy in carrying out their day-to-day activities. However, implementing an ethics policy may be a challenge. The respondents were required to indicate the extent to which they agreed or disagreed with the fact that implementation of procurement ethics was a challenge.

The results in table 4.8 below indicate that challenges of implementing procurement ethics in humanitarian organizations included political pressure with the highest mean of 3.5098. In addition, ethical dilemma in aid provision (mean 3.4314), corruption (mean 3.0800) and the respondent's level of education (mean 3.0000) followed. Other respondents observed that communication barrier deterred the implementation of ethical behaviour (mean 2.5882), what was perceived as ethical in one organization was perceived as unethical in another (mean 2.3725), the urgency and severity of a disaster

sometimes overlooked ethical behaviour (mean 2.3600) and that ethical codes were perceived as not being applicable in reality (mean 2.2941). However, most respondents did not agree that there was no clarity as to whom the duty of ethics was accountable and hence this recorded a low mean of 1.9412.

Table 4.8: Challenges of Implementing Procurement Ethics

Procurement Ethics Implementation Challenges	Mean	Std. Deviation
Ethical codes are perceived as being remote from the real world	3.5098	1.2537
Communication barrier deters implementation of ethical behaviour	3.4314	1.3737
Culture is an ethical dilemma in aid provision	3.0800	1.37484
Managers opt to remain silent in order to compromise disagreement on work situation	3.0000	0.97416
Corruption impedes instituting of a code of ethics	2.5882	1.48241
Political pressure deters implementation of ethical behaviour	2.3725	1.41947
Education level determines the understanding and practising of ethical behaviour	2.3600	1.46969
Urgency and severity of a disaster may overlook ethical behaviour	2.3000	1.27391
No clarity as to whom the duty of ethics is accountable	2.2941	1.23954
What is ethical in one organization may be unethical in another	1.9412	1.35589

Source: Research Data (2015)

The results are consistent with Kagongo and Jeptoo (2013) findings which indicated that lack of ethical skills has contributed to breeding unethical behaviour in the procurement profession. Similarly, Wagner (2003) indicated that ethics in procurement was challenging especially to supply chain managers who encounter daily situations that put ethics to test.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objectives of the study was to establish the impact of ethics on the procurement performance of humanitarian organizations in Kenya, the extent of practicing procurement ethics by humanitarian organizations in Kenya and some of the challenges of implementing procurement ethics by humanitarian organizations in Kenya. This chapter is a recap of the findings detailed in the previous chapters and makes recommendations for further research to researchers and policy makers.

5.2 Summary of Findings and Discussions

The study established that there were two major categories of positions occupied by employees of the humanitarian organizations in Kenya. The majority were from senior positions of supply chain, logistics or procurement managers. The minority were from junior positions like logistics officers, logistics advisors and administration assistants. However, their responses were independent from each other.

The study also found out that majority of the humanitarian organizations had been operating in Kenya for over 20 years hence this had given them a wide experience in the procurement processes hence an added advantage in dealing with unethical procurement issues. In addition, the study observed that the current number of employees in most humanitarian organizations was over 50. This shows that majority of these organizations have expanded their operations hence the reason for their high number of workforce. This

also justifies the reason as to why these organizations deal with high capacity procurement. Moreover, the study found that majority of the employees in the humanitarian organizations have a Bachelor's degree qualification hence they have a wide knowledge in both ethics and procurement processes.

The research revealed that there exists a positive association between procurement performance and ethical issues. This indicates that when procurement personnel implement ethical policies in their organizations, then procurement performance will also improve. The study also revealed that there is a wide extent of practising procurement ethics in humanitarian organizations in Kenya. This observation agrees with the findings of Levin (2008), who observed that ethics involves the concepts of honesty, integrity, probity, diligence, fairness, trust and respect. Similarly, studies by Van der Merwe, et. al. indicate that there is evidence that excellent companies appear to be more ethical, implying a relationship between excellence and ethics.

5.3 Conclusions

Ethics is shaping up today's humanitarian picture by ensuring that donors and other interested parties have confidence in supporting the humanitarian cause. According to SCMA (2014), with the practising of procurement ethics several ethical issues relating to suppliers will be avoided. These include: avoidance of conflict of interest, protection of confidential information, maintaining good relationships with suppliers and third parties and avoiding acceptance of gifts, gratuities and hospitality inducements which are likely to compromise procurement decisions.

Ethics in procurement is not only the business of humanitarian organizations but also the globalization of markets which is pressurizing companies to develop codes as public statements of core principles that are universally applicable (Carasco and Singh, 2003). Codes of conduct represent the most effective way of implementing an ethical policy and reducing ethical conflict. Based on efficiency, ethical codes are a binding ideal for a profession, in the interest of the public, consistent with rational self-interest and an effective tool towards self regulation.

5.4 Recommendations

Humanitarian organizations should continually encourage a wide extent of practising procurement ethics. Their suppliers should always be obliged to sign an ethics policy statement before being engaged as this will encourage them to be ethical. Ethical violations of bid rigging, bid collusion and negotiation should be eradicated as these lead to bias towards specific suppliers. Ethics should also not be overlooked in acceptance of gifts where their specified nominal value should not be exceeded, as well as discouraging both sharp practices and careless handling of confidential information.

Despite the challenges humanitarian organizations face in implementing procurement ethics, an ethics' policy must be put in place and thorough training done to all procurement staff in order to have a wide knowledge on how to deal with ethical issues. Being an ethical organization is not enough anymore as consumers, investors, business partners, regulators and media organizations now expect any organization and its entire supply chain to be ethical.

5.5 Limitations of the Study

The research was limited by a number of challenges. Firstly, inadequate financial and non-financial resources and enough time to get to different humanitarian organizations located in different parts of the city. Secondly, the respondents feared providing confidential information in relation to ethics in their organization. They maintained that this could be used against their organization despite the researcher's assurance to them that their responses were to be kept confidential. Lastly, some of the organization's policy did accept questionnaires from research students so such organizations gave no response.

5.6 Recommendations for Further Research

The study was undertaken in all humanitarian organizations in Kenya. It is recommended that the same study could be conducted across all humanitarian organizations in East Africa. This would provide a wide range of findings, conclusions and recommendations. In addition, a study could be conducted by linking the same independent variables with cost reduction instead of response time, which is a measure of procurement performance.

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APPENDIX I: Research Proposal's Questionnaire

Introduction

This questionnaire has been designed for academic use only. It aims to establish the impact of ethics on procurement performance of humanitarian organizations in Kenya.

Please note that the data that you provide will be handled with utmost confidentiality and privacy. Thank you for your consideration.

Section A: General Information

Answer the following questions by ticking alongside your choice.

1. What is your position in this organization?

a) Supply Chain Manager/Logistics Manager/Procurement Manager

b) Others (please specify) _____

2. How long has your organization been in operation in Kenya?

Below 5 years 5 – 10 years 11 - 20 years over 20 years

3. What is the current number of employees in your organization?

Below 20 21 – 30 31 - 40 41 – 50 over 50

4. What is the level of your education?

Certificate Diploma Bachelors Degree Masters Degree

PhD

Section B: Extent to which Ethics is practised in Humanitarian Organizations in Kenya

Please indicate the extent to which you concur with the following statements on the extent of practising procurement ethics in your organization’s procurement process.

Use the scale of: **1= very large extent 2= large extent 3= moderate extent 4= small extent 5= very small extent.**

No	Statement	1	2	3	4	5
1.	The organization makes it obligatory for all suppliers bidding in a procurement process to sign an ethics statement committing them to behave with integrity.					
2.	Ethical violation of bid rigging is prohibited.					
3.	Ethical violation of bid collusion is prohibited.					
4.	The organization has a zero tolerance to giving gifts of any kind.					
5.	The organization has a zero tolerance to acceptance of gifts of any kind.					
6.	There exists a limited nominal value to which gifts should not be exceeded.					
7.	All procurement personnel are required to disclose any economic or other shared interest with a third party (family, emotional life, political or national affinity, economic interest).					
8.	Negotiation takes place only in the cases of single-source situation.					
9.	Unethical negotiation actions are strongly condemned (to leave real or fictitious bids of competitors openly for sales representatives to see which may be misleading).					
10.	The organization discourages sharp practices (requesting bids from unqualified suppliers in order to drive a qualified					

	supplier's price lower).					
11.	Information access must meet ethical guidelines, contractual obligations and government regulations.					
12.	Information on competitive quotations is protected.					

Section C (i): Impact of Ethics on Procurement Performance

Please indicate the extent to which you concur with the following statements on the impact of procurement ethics on supply chain performance.

Use the scale of: **1= very large extent 2= large extent 3= moderate extent 4= small extent 5= very small extent.**

No	Statement	1	2	3	4	5
1.	For a faster response, a transparent process of bidding is not applicable in the cases of high emergency procurement of aid.					
2.	Tendering techniques are not applied in cases of disasters of a big magnitude.					
3.	The organization does not accept offer of hospitality like invitation to sporting, cultural or holiday events as this may interfere with the disaster response calendar.					
4.	The procurement process is not slowed due to reasons involving family, emotional life, political or national affinity or any other interest.					
5.	In order to improve on accountability and responsibility, all staff must disclose to the organization any situation that may appear as conflict of interest.					
6.	Negotiation is limited to a certain short period of time in order to improve response time in delivering aid equitably and fairly to the affected areas.					
7.	Negotiation is only used in the case of a sole-source					

	situation as multiple-source negotiation can be time consuming.					
7.	Unethical reciprocity of using buying decisions to inappropriately enhance a sales opportunity is both unacceptable and time wasting.					
9.	Unethical sharp practices (gaining information unfairly through deception) are prohibited and instead a transparent procurement process is adopted.					
10.	Unethical personal buying is a misuse of trade discounts and does not take care of the interests of victims of a disaster.					
11.	Confidentiality requires that information access on bids, quotations, supply sources and prices must meet ethical guidelines in order to improve trust with suppliers and avoids leakage.					
12.	The organization ensures that information channels are short and efficient.					

(ii): Performance Measurement

Please indicate the span of response time your organization usually takes in the case of a disaster. Use the scale of **0-5 hours, 6-10 hours, 11-15 hours, 16-20 hours and above 20 hours.**

No	Statement	0-5	6-10	11-15	16- 20	>20
13.	Indicate the average response time in hours your organization takes in the case of an emergency.					

Section D: Challenges of Implementing Procurement Ethics

Please indicate the extent to which you agree with the following statements on challenges of implementing ethics in humanitarian organizations.

Use the scale of: **1= strongly disagree 2= disagree 3= neutral 4= agree 5= strongly agree.**

No	Statement	1	2	3	4	5
1.	Most people perceive ethical codes as being remote from the real world (are not applicable in reality).					
2.	Communication barrier deters implementation of ethical behaviour hence it is difficult to get foreign suppliers sign a code of ethics.					
3.	Culture remains an ethical dilemma in providing aid to civilians.					
4.	Moral muteness makes managers opt to remain quiet than speak out in situations where they disagree with work circumstances.					
5.	Corruption is an impediment to instituting a code of ethics.					
6.	Political pressure deters the implementation of ethical behaviour.					
7.	One's level of education determines the understanding and practicing of ethical behaviour.					
8.	The urgency and severity of a disaster may overlook ethical behaviour.					
9.	There is no clarity as to whom the duty of ethics is accountable.					
10.	Ethics is relative, as what is ethical in one organization may be unethical in another.					

Others.....
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Much obliged

APPENDIX II: A List of Humanitarian Organizations from the NGO Coordination

Board, Kenya

1	ACTED
2	Action Aid
3	Adeso (African Development Solutions)
4	African Rescue Committee (AFREC)
5	Adventist Development and Relief Agency
6	Care International
7	Caritas Internationalis - Holland
8	CAFOD – Caritas England & Wales
9	Catholic Relief Services (CRS)
10	Centre for Health Solutions (CHS)
11	Christian Aid
12	Concern Worldwide
13	Cooperazione Internazionale
14	Cordaid
15	Danchurchaid
16	Diakonie Emergency Aid
17	Finchurchaid
18	Food and Agriculture Organization
19	Food for The Hungry International (FHI)
20	German Agro Action
21	Goal Kenya
22	Hand in Hand Eastern Africa
23	Hellen-Keller International
24	Help Age International
25	Hornaid
26	Intersos
27	International Rescue Committee (IRC)

28	International Federation of Red Cross and Red Crescent Societies (IFRC)
29	International Medical Corps
30	International Organization for Migration (IOM)
31	Islamic Relief Worldwide
32	Kenya Red Cross Society
33	Kenya Aids NGO Consortium
34	Lay Volunteers International Association
35	Lutheran World Relief
36	Malteser International
37	Medicins Sans Frontiers-Belgium
38	Medicins Sans Frontiers- France
39	Medicins Sans Frontiers
40	Medicins Sans Frontiers-Holland
41	Medical Emergency Relief International
42	Mercy Corps
43	Mercy USA for Aid and Development
44	Methodist Relief and Development Fund
45	Mubarak for Relief and Development
46	Muslim Aid
47	Northern Kenya Caucus
48	Norwegian Church Aid
49	Norwegian Refugee Council
50	Office for the Coordination of Humanitarian Affairs (OCHA)
51	Oxfam GB
52	Pastoralists Against Hunger
53	Plan International
54	Poverty Eradication Network
55	RedR UK
56	Refugee Consortium of Kenya

57	Samaritan's Purse – International Relief
58	Save the Children
59	Solidarites International
60	Tear Fund
61	Terre Des Hommes – Child Relief
62	Trocaire
63	United Nations Development Programme (UNDP)
64	United Nations High Commissioner for Refugees (UNHCR)
65	United Nations Children's Fund (UNICEF)
66	World Concern International
67	World Food Programme
68	World Health Organization
69	World Relief International
70	World Vision

Source: NGO Coordination Board (2015)