

**PROCUREMENT ETHICS AND ORGANIZATIONAL PERFORMANCE OF
ANIMAL FEEDS MANUFACTURING FIRMS IN KENYA**

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

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

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DEDICATION

This project is dedicated to my family who remained at my side and supported me throughout, sacrificing everything since the start of this journey. Without their support and help it would not have been possible to finish this work. I also dedicate it to parents who stood by me, prayed for me and loved me unconditionally as long as i can remember. They hold a dear place in my heart and i thank God for their love and support throughout my MBA course

AKNOWLEDGEMENT

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Finally and most importantly, i wish to thank God for bringing me this far. I don't take it for granted

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ABSTRACT

The study adopted a descriptive design and was based on the following objectives: to determine the extent to which procurement ethics have been implemented among animal feeds manufacturing firms in Nairobi Kenya, to establish the relationship between procurement ethics on the organizational performance of animal feeds manufacturing firms in Nairobi Kenya and to determine the challenges faced by same firms in implementing procurement ethics activities. A census approach was adopted and the census consisted of all 38 animal feeds manufacturing firms in Nairobi Kenya as listed in Appendix 2. The findings were presented in frequency tables for easy understanding. The researcher used primary data collected through administering 38 questionnaires to various respondents including supply chain and procurement managements and their equivalent at various animal feeds manufacturing firms in Kenya. However researcher only managed to obtain 25 completed questionnaires representing 66% response rate. Questionnaires were coded, and keyed into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics such measures of central tendency and measures of dispersion were used to analyze the data. The findings from the study revealed that procurement ethics have been implemented at animal feeds manufacturing firms to a large extent with serving public interest, professionalism and respect to suppliers and also profession laws and ethical standards being the most implemented with highest means while low effort has been put on accountability and transparency and also on honest and integrity. The study findings also found a positive and significant relationship between procurement ethics and organizational performance hence management of the animal feeds manufacturing firms need to uphold the relationship to gain and maintain the competitive advantage in the industry. In regard to challenges faced during implementation of procurement ethics, the research concludes that high cost of implementation and lack of management support, unsupportive organizational culture, resistance and training in implementation of supply chain management practices were the most faced challenges. The study recommends manufacturing firms to hire competent procurement staff that can be entrusted in implementation, management and measurement of procurement ethics.

ABBREVIATIONS AND ACROYNMS

AKEFEMA	Association of Kenya Feed Manufacturers
CIPS	Certified institute of purchasing and supplies
IAPWG	Interagency procurement working group
PPDA	Public procurement and disposal Act
PPDGM	Public procurement and disposal General manual
PPOA	Public procurement oversight authority
RDT	Resource dependency theory
SCM	Supply Chain Management
SPSS	Statistical package for social sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

According to Bastian and Zentes(2010), the materialization of procurement as a planned function has expanded the span of procuring and changed the duties of the procurement managers by enabling them use more money in procurement of organizations goods and services. Conversely on the other hand it has also presented them with a range of ethical dilemmas involving dubious procurement practices. Procurement function is critical in running of procurement and supply chain management and determination on inventory quality, accessibility, inventory and cost of inputs delivered to the organization for use in production of variety of products with objective of meeting customers' needs (Kanyoma & Khomba, 2013). Kanyoma & Khomba (2013) the function plays an important role in organization delivery and should not be downplayed in an industry

Organizations have recognized that procurement is paramount in creating sustainable supply chain with long-term competitive edge through key competitive dimensions such as quality delivery, timeliness, innovation and quality service to customers. These advantages are inevitable and beneficial to a firm however it requires integration of different and more incompatible groups inside the firm and between businesses so as to attain universal objectives (Cooper et al., 1997). Ethics of late has becomes significant ideology affecting a firm's competitiveness and therefore conforming to procurement ethical code of conduct is nowadays considered by organizations as effective method of adding value, competitive edge an increasing influence upon successful organizational performance (Lindfelt & Tornroos, 2006).

Studies have indicated that effective implementation of procurement ethical practices have the potential of contributing to enhanced organizational performance. For instance

Andersen and Larsen (2009) identified numerous facets of procurement ethics ahead of several aspects of giving back to the society, ethical sourcing, fair trade and low carbon initiatives. Eltantawy et al. (2009) indicated that procurement ethics are basically apprehensive to the aversion of unscrupulous behaviors in procurement process. Consequently, attempts have been made to develop principles and policies that provide vision on sensitive actions including receiving gift and more preference to few suppliers who comply to their wishes.

Nyamongo and Ombui (2015) carried a study on the impacts of procurement moral practices on the performance of commercial state owned enterprises in Nairobi County with the objective of ascertaining the influence of procurement process management on performance of commercial state owned enterprises. From the study finding, it was evident that ethical practices in all procurement processes had a robust effect on the performance of commercial state owned enterprises. The study findings proposed that all state owned corporations should implement efficient and moral practices for the purpose of ensuring more supply chain efficiency especially on operations and more so on service delivery to their customers (Nyamongo & Ombui 2015).

Therefore this study will focus on the overall procurement ethics and their existing relationships with organizational performance of Animal feeds manufacturing firms in Kenya by considering moral concepts and values such as loyalty and respect of procurement policies and systems, being trustful and transparent in tender processes, confidentiality, avoidance of appearance of impropriety. The above mention procurement ethical practices will bring about cost reduction, efficiency and effectiveness, process standardization and collaboration which will lead to organizational performance.

1.1.1 Procurement Ethics

According to Sollish and Semanik, 2012, Procurement ethics consist of actions done by organization with the purpose of ensuring embracement of effective management and procurement of input materials in supply chain. Procurement plays a significant role in helping firms achieve their supply chain objectives and prepare for future uncertainties. In Kenya, Public Procurement Oversight Authority (PPOA) is legally mandated to ensure that all public entities adhere to ethical practices during the procurement process by conforming to procurement regulations and guidelines outlined in public procurement and Asset disposal Act (2015).

Procurement ethics includes practices and philosophies such as being loyal and respectful to procurement laws, regulations, transparency and openness in tender processes. The above mention procurement ethical practices will bring about cost reduction, efficiency and effectiveness in procuring of inputs, process standardization and collaboration which will lead to exemplary performance (Interagency Procurement Working Group (IAPWG, 2012).

Procurement code of ethics in any procuring entity is designed to help procurement officers comply with the Act, regulations and ethical standards providing a ground for disciplinary proceedings on officers who will violate the law or engage in unethical business dealings (Carter, 2000). Actually, few empirical studies are available to address immoral actions or behaviors in procurement and supply chain management, excepting the opportunism, despite procurement professionals being more vulnerable to unethical choices due pressure of rising weight for cost reductions and unachievable objectives (Rottig, Koufteros, & Umphress, 2011). The pressures which the customers points of consumption exerts on procurement function and distinct consumers make it

indispensable that procurement managers together with other stakeholders tasked with ensuring organization source the right products and goods are well conversant with moral standards and practices required out of them especially when discharging their duties(Rottin *et al* .,2011)

Kothari (2004) emphasized that purchasing moral practices are significant in acquisition process because procurement activities engaged by officials represent the level of transparency and fairness hence external partners can act based on their actions. Sufficient moral actions between firm and the source of supplies is necessary because it form basis for long-term associations and development of partner goodwill and more so claiming professional status in procurement process.

1.1.2 Procurement ethics and organizational performance

Organizational performance in organization is represented by ability of firms to attain its pre planned objectives in accordance with formulated standards and implementation matrix (Henri, 2010). The efficiency of procurement function of a firm can generate a higher return which forms the basis of sustainable, reliable and long lasting procurement ethics which has recently be of great concern (Vachon & Klassen, 2006).

According to (Carter et al., 2000) found out that being honest and considering existing procurement laws is essential because it raises firm net income and operating cost which translates to improved firm performance. Poister (2003) indicated that performance measurement in organization is aimed at providing open is intended to produce accurate and reliable information pertaining project progress and implementation of ethical practices which can be used in strengthening information decision making. He further notes that organizational performance can be measured using return on assets and equity. Measurement of organization performance needs to be integrated with general

Performance management system and viewed as the progression of maximizing the efficiency and value of measures (Yu et al., 2013).

1.1.3 Animal feeds manufacturing firms in Kenya

Animal feed industry in Kenya is under the umbrella body of Association of Kenya feed manufacturers(AKEFEMA) which plays a key role in bringing stakeholders in the feed industry together and self-regulating feed millers for the purpose of enhancing quality and affordability of feed stocks and services (AKEFEMA 2012).

According to Karuri (2010), Animal feed manufacturers in Kenya practices mixed production of dairy cattle, poultry, and pigs feeds on the same site. The objectives of animal feed manufacturing firms in Kenya are to produce safe feed for animal use meeting the nutritional requirement of the animals. (Mbugu, 2010).Larger manufacturing millers in Kenya uses computerized technology (imported continuous flow mixers) which facilitates higher output, while the trivial millers engages low investment and labour-intensive production technologies.

Currently the total installed feed production capacity is about 843,000 tons, out of which only 44.5 percent has been utilized. The resulting underutilization is caused by lack of reliable quality raw materials/feed ingredients and in some cases, farmers' inability to purchase the feeds. Feed manufacturers are usually subjected to a rigorous certification and standardization process and re-certified every three years to ensure they maintained their quality before they are permitted to sell their feeds.

Kenya imports over 70% of the raw inputs required for manufacturing animal feed, the bulk of which consists of grain and oil seed cake by-products. It is exceptionally difficult to procure high quality inputs and fraud is common. Although feed products and inputs

standards have been defined, they need review procurement policies and ethical practices so as to ensure conformity to nutrient requirements of livestock breeds (KFIPR 2013).

1.2 Research Problem

Procurement function plays a pivotal role towards attainment of firm's strategic objectives and it is responsible for procurement of materials, goods and services to be used in production and operation of an organization. Well planned system controls, when consistently implemented can significantly minimize the probability of the occurrence of fraudulent or the malfeasant behavior (Chapman II & Glatz, 2009).

Due to the roles and powers bestowed to procurement department by management to acquire materials and services, there has been a tendency of top managers and procurement officials inflating product and tender prices with the aim of siphoning firm's financial resources for their own personal interest (Hughes, 2001). By so doing, they are practicing against the set regulations and ethical standards of procurement which clearly prohibits ethical risks such as conflict of interest, fraud, corruption, collusion and coercion in procurement process. Wangi and Kwasira (2015) assessed the effects of ethical practices specifically on accountability and transparency on procurement performance of State Regulatory Agencies in Nairobi County, Kenya. The findings of the study indicated that accountability and transparency affected performance of procurement function strongly, positively and significantly.

Hussein and Shale(2014) on his study on influence of procurement practices on performance of Unilever Kenya Limited concluded that most of the studied variables indeed contributed to the performance hence a positive relationship was concluded. Kabubu, Hulo and Kyalo (2015) carried out a study investigating the effects of procurement ethics on the procurement process of medical supplies of public hospitals in

Nyeri County in Kenya and their findings indicated that ethics remained strongly and positively correlated with procurement process with a Pearson's correlation coefficient of ($r = 0.732$) at 5% level of significance and ($p = 0.003$). The study also established that collusion, conflicts of interest and abuse of office affected the procurement process and recommended that ethical standards be enhanced and public officers must be conversant with the guidelines in the Kenyan constitution (chapter 6) and PPDA on the code of conduct.

A research study is therefore needed to analyze and establish the best procurement ethical practices in Animal feeds manufacturing firms in Kenya because of the highlighted deficiencies. Further still, despite having many previous studies having been carried out, there is no researcher who carried out a study on the effect of procurement ethics on performance of Animal feeds manufacturing firms in Kenya. This has created a significant knowledge gap and therefore forms the basis for this study in order to answer the following key questions: To what extent is the implementation of procurement ethical practices at Animal feeds manufacturing firms in Kenya? What is the impact of procurement ethics on the performance of Animal feeds manufacturing firms in Kenya? And lastly the challenge of implementing ethical procurement practices by Animal feeds manufacturing firms in Kenya?

1.3 Study objectives

The general objective of this study is to determine the influence of procurement ethics on performance of Animal feeds manufacturing firms. The precise objectives of the study will be:

- i.** To determine the extent to which procurement ethics has been implemented among Animal feeds manufacturing firms in Kenya.

- ii. To establish the impacts of procurement ethics on the performance of Animal feeds manufacturing firms in Kenya
- iii. To determine the challenges faced during implementation of procurement ethics at Animal feeds manufacturing firms in Kenya.

1.4 Value of the study

The study is of major help Animal feeds manufacturing firms to know the importance of ethical procurement practices in relation to performance of their firms. The management are able to come up with recommendations on how to improve on their performance and consequently improve the performance of their internal procurement functions. Academicians and future researches benefits from the finding of the study especially in supporting literary citations as well as developing areas for further research on influence of ethical practices on firm's organizational performance especially on manufacturing firms.

The study also helped the government of Kenya particularly in formulation of policies and programs that are aimed towards improving feeds quality and overall performance of Animal feeds manufacturing firms in Kenya. The implementation of such policies will lead to improvement of quality of animal feeds and excellent procurement performance of such firms. Animal feed manufacturing firms will also benefit from the improved performance and sustainability of effective practices in their value chain activities which including: lead-time reduction, quality product delivery, sustainable supply of feeds, work and services to their customers at large.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section aims on reviewing existing literature on procurement ethics used in ensuring there is transparency in the overall procurement process within the firms supply chain networks, effective flow of acquired materials as well as the impacts of such ethical practices on organizational performance of Animal feeds manufacturing firms in Kenya. The accessible literature gives the basis of the research and consists of the broad outline of procurement ethical practices, organizational performance and conceptual framework. The section also outlines the conceptual framework that shows the interrelationship between procurement ethical practices and organizational performance.

2.2 Theoretical review

Theoretical literature review explores presented concepts and theories in supply chain management that will be of relevance to procurement ethical practices and organizational performance of Animal feeds manufacturing firms in Kenya. The study theoretical framework is based on Agency and virtue ethical theory.

2.2.1 Agency Theory

It was first developed as an agency model which dealt with a situation whereby all the procurement officers were introduced to perform specific tasks in the interests of the principal (Health and Norman, 2014). All the procurement managers in the public firms need to act as agent for elected representatives as per this theory. Disagreements between policy makers and the bureaucracy results in shirking. It is used in most cases when there are challenges faced in contracting especially in issues to do with variations in goals set between principals and agents. Soundly (2015) identified that as agency theory facilitates regulations as intervention that is basically tailored with the task to identify instances of

non conformance by the procurement officials who usually resolute to resolute focusing on their own benefit.

2.2.2 Virtue Ethical Theory

According to Aristotle & Ross (2009), Virtue ethics is methodology which deemphasizes procedures, regulations, consequences and particular acts in procurement and places attention on the person in charge of the procuring process or activities. Additionally, this theory is of significant to ethical studies because it helps in assessing whether procurement officials are acting on right intentions, correct rules and practices set out in ethical code of conduct. The virtue ethical theory judges procurement officials by their traits and behaviors instead of through action which may diverge from their usual behavior (Aristotle & Ross, 2009). Virtue ethical theory is relevant to this study because it is useful in praising or criticizing organizations whether they express, promote or prevents virtues and its development. (Annas, 2009).

Use of virtue ethics during procurement process needs a profound gratitude of human appeal and therefore substantial expertise with personnel psychology. It used to be easier to talking about these things used to be simple in the past due to the fact that members of a culture used to share a unified background, a set of levels with heroes and villains (Wiley & Blackwell ,1999)

2.3 Procurement Ethical Practices

Procurement practices are activities carried by firms with the aim of promoting effective management of its SC (Sollish & Semanik, 2012). Alternatively; Procurement ethics comprise of values, beliefs and moral principles guiding procurement manager's behavior. One is referred as being ethical by following codes of conduct viewed as free, transparent and fair by professionals as well as the community.

Unethical procurement activities is usually an offence committed by procurement officials with the aim of enriching themselves by violating procurement trust bestowed on them by working against moral principles or values guiding procurement manager's behavior (Basheka & Tumutegereize, 2010). The World Bank (2010) indicated that most countries are yet to develop procedural frameworks to challenge the integrity issues in both private and public procurement (OECD, 2007). According to Ferrell (2010), extensive and highly detectable managerial wrongdoing and scandals like Enron, WorldCom in the United States have overwhelmed international businesses and have proved the necessitation for ethical practices in manufacturing sectors.

According to Mathenge (2012), procurement plays a key role in Kenya through facilitation of procurement and disposal of products within the firms hence ensuring consistent flow and production for both public and private procuring firms. Ogachi (2011) indicated that the task of procurement had grown immensely in Kenya over the last decade and that within the period, procurement activities needs to be based on procurement law and regulations.

This study will be based on the six main dimensions of ethical practices having potential influence on organization performance of Animal feeds manufacturing firms in Kenya. This includes accountability and transparency, honesty and integrity, serving public interest, professionalism and respect to suppliers, conformity to the laws and upholding ethical standards set forth by their profession ethics.

2.3.1 Accountability and transparency

Segal and Summers (2002) on their study on how to improve transparency in pharmaceuticals firms in Latin America and the Caribbean region, it was recognized that answerability is firm's obligation to display value in pursuing objectives and procuring

products based on public or customer demands and needs. They also observed that accountability consist of three vigorous proportions, such as evaluation of goals and results, rationalization of results obtained to internal or external monitors, and consequences for poor performance or dishonest behavior. It is contended that accountability exemplifies how the community interest has been sheltered in the spending of firm's funds. (Barret, 2000).

According to commonwealth procurement rules (2017), transparency encompasses relevant firms adopting steps to enable appropriate scrutiny of their procurement activities. Transparency imply unobstructed visibility and because procurement entails spending of and accountability for public funds, transparency is therefore paramount in all acquisition activities and asserted directly associated to accountability, yet Kenya has done less in upholding this type of management. It is further argued that through transparency; documentation and distribution of information is enabled both on span and penalties of corruption (Ngugi & Mugo 2011).

Pertinent strategies that can aid in enhancing accountability include information systems which is basically used to measure how inputs are engaged to yield outcome, oversee establishments, appropriate board or public organization that require justification of results, performance incentives to reward good performance, and sanctions for poor performance (Segal & summer 2002). It is important to note that when there is no accountability, corruption gap is opened for all participants involved in procurement process (Brinkerhoff, 2004).

2.3.2 Honesty and Integrity

The integrity of the procurement system provides assurance both in public and private acquisition process by translating to reliability hence bidders require to be assured on the

integrity and credibility of information disseminated by the procuring entity either formally or informally. When tender papers are released by the procuring entity, the information presented needs to be free of ambiguity in addition to being of higher reliability (Hall and Matos, 2010). Also when confirming solicitation credentials, potential bidders needs to establish their significance and experience for the obligation and be in a situation to review the need for relationship with other bidders, nature of connection that they would be prepared to engage in given their experience and the necessities of the task in question (Institute of Business Ethics, 2008)

As per CIPS (2006), Procurement officials and their equivalents involved in public private procurement process in various procurement entities should thrive for personal and external integrity. They must seemingly be honest at all times, dependable, and accountable with in-depth idea of procurement necessity in mind and attitude of communal interest. Public procurement enforcers are required to manage responsibly all their procurement processes by considering existing procurement legal frameworks in agreement with public procurement principles (Bailey, 2006).

According to Kothari (2004) emphasizes that's personnel with honesty and integrity is vital in procurement for safeguarding the procurement function and being conscious about any action that may lead to corruption or fraud. Furthermore, they will level up the ethics standards within the organizations and demonstrate a lead by example prototype. Public procurement and Asset disposal act (2015) has a provision of ensuring a procurement professional is of honesty and unquestionable integrity.

2.3.3 Serving public interest

Procurement officers are required to work or act based on the interest of the public hence each decision they make should be directly in association with the community interest.

Ethical procurement officials are not allowed or don't accept suppliers gifts or lunch which is actually contrary to their profession ethical policies and standards .They are also not supposed to be influenced by unethical practices of sales people and personal monetary preparations with suppliers (Eltantawy *et al.*, 2009).

Based on procurement legal framework and principles, Public procurement process management is bestowed as the responsibility of procurement officers hence their individual, relatives and acquaintances should not hinder with or manipulate the decisions they make in the carrying out their administration duties (Koufteros, & Umphress, 2011).

There is need for high levels of transparency and openness and minimized exception requirements specifically for the purposes of serving public interest and ensure all the transactions are well documented. The right procedures and processes need to be followed in the submit ion of all changes in any instances that there are changes made in the regulation (Arasa & Ochriri, 2011).

2.3.4 Professionalism and respect to Suppliers

According to supplies practioners, management Act 2007and public procurement and Asset disposal Act 2015, procurement professional need to be in possession of profession qualifications in procurement and SCM. Perks 1993, argued that a profession has to be an occupation work the effort and a code of professional ethics defines rules for members to abide by.

Procurement officers should be trained on detailed significance of ethics in their work and how they can find direction when facing dilemmas. It should be perfect 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 suggests that ethical

practice should be included in staff performance review (Institute of Business Ethics, 2008). Kenyan educational system to have contributed to less recognition of procurement and supply profession because they only recognized purchasing and supply as a profession that could be studied at a high level like other professions only in this recent past. However, 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 (Chizu, 2011)

Kleyn *et al.* (2012) through his study on building strong corporate ethical identity, procurement officials are expected to uphold and display their firms standards and ethical values set forth by their profession ethics.

2.3.5 Conformity to Profession laws and Ethical Standards

According to Razzaque and Hwee (2002), Procurement officers need to uphold the ethical standards and laws set forth by their profession ethics which usually formalizes the set of ethical standards. Two legislations define public procurement professionalism in Kenya, the supplies practioners, management Act 2007 and public procurement and disposal Act 2015.

By ensuring compliance on the above legislations, there is need for focus on areas with high levels of risks in order to understand activities carried out by suppliers' in order to provide the right guidance and support so as to ensure that all risks associated with unethical practices are minimized within manufacturing firms (Awuor & Muthoni 2014). A set of standards have been set in both public and private entities on the aspects of procuring of goods and services by the introduction of the Public Procurement and Asset Disposal Act (PPDA) of 2015 and the Procurement Regulations of 2006 (PPOA, 2007).

2.4 Procurement Ethics and organizational performance

Procurement ethics are a set of moral principles or values guiding procurement manager's behavior or day to day procedures used in carrying out activities in a firm with a basic aim of ensuring that there is effectiveness in the SC (Sollish & Semanik, 2012).

Gershon, (2004) carried out a study to find out various situations that can facilitate the delivering of efficiencies in the use of resources within the organization. In order to achieve there is need for adequate savings in procurement ethics which is facilitated by good supply management by seeking communication between the firms and the vendors (Uyarra & Flanagan, 2010). Adoption of modern procurement platforms supports ethical activity for the procuring of works, goods and services for all parts of the value chain (Porter. 1980).

Leenders and Fearon 2000, reasoned that anticipating requirement, sourcing and obtaining supplies and moving supplies into the organization .Improvement and adoption of ethics in procurement processes helps in lowering the costs incurred in supplier selection is the aim of Procurement activities improving supply chain management an organizational performance (Hardaker & Graham, 2000)

Effective procurement ethics offers a high level transparency, accountability and value for money. Obtaining goods and services of the right quality in the right quantity from the right source, delivered to the right place and at the least cost and price is the basic purpose of procurement activities (Lyson, 2000). Meeting the needs of customers in order to gain adequate optimum condition and value is a major requirement in the achievement of a successful procurement system. (Ntayi, 2009).

2.5 Challenges faced in adoption of procurement ethical Practices

Unethical procurement practices in international procuring of animal's feeds inputs may lead to inappropriate handling of shipments, hence needless operating cost, longer lead-time, annoyance and dissatisfaction reflecting to organizational ineffectiveness and undependability which is dangerous in the long run because of its adverse effects on operations and external relations to both suppliers and customers (Neals, 2011)

According to Chiboiwa, and Chipunza (2010), being deficient in superior company governance paves way for ethical sabotage, thereby negatively affecting implementation of procurement ethical practices, national economic growth and stability. According to Van Eerde & Thierry (1996) Vroom's expectancy theory, progress to fulfill customer's needs is dependent on people's perception expected from certain outcome and effort bringing desirable results. Procurement officers are the mainly vital resources of procuring entity and they expect to be rewarded according to their efforts hence if the firm fails to reward them, they will be less motivated hence withholding from practicing ethical procurement practices (Laoledchai & Low 2008).

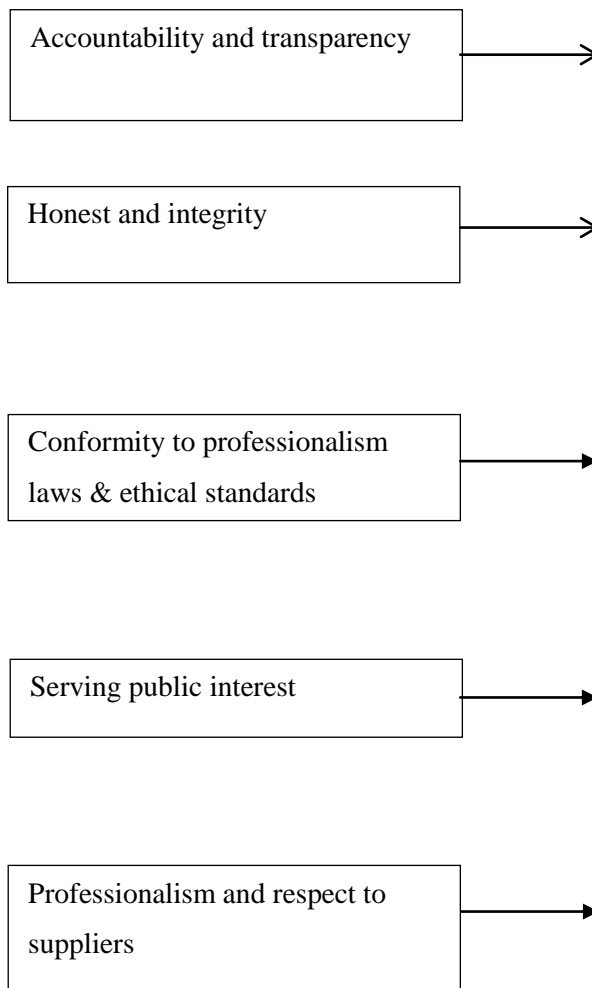
Secondly, a composite legal and policy framework forms risk to successful adoption of ethical procurement practices (Bolton 2006). Firm external and internal environments are characterized by non-friendly policy which then becomes barrier to importation and exportation of produce and merchandise hence creating a situation of less trust between investors and government agencies of firms (Schapper, Malta & Gilbert 2006). Deprived infrastructure, fragile strategic alliances and unwillingness to transformation has hindered adoption of supply chain technologies which could have been used in upholding ethical standards (Schapper *et al.*,2006).

Kapoor and Kansal (2003) pointed out that lack of professional code of ethics was a major challenge to procurement managers. Manufacturing firms should develop a procurement code of conduct and ethics based on recommended standards and should be followed by all practitioners in charge of procurement, selection of suppliers and related activities sensitized to this code and be aware of the implications of unethical dealings (Monczka *et al.*,2008). Unclear procurement procedures and performance standards are also a challenge to organizations because they cannot be able to ascertain their efficiency and effectiveness. This is evident from the study of Kakwezi and Nyeko (2010) which concluded that the ugandan public procurement departments experience challenge of inadequate information regarding the procurement procedures.

2.6 Conceptual framework

The conceptual framework outlined below shows the influence of procurement ethical practices on organizational performance of Animal feeds manufacturing firms in Kenya.

Independent variables



Dependent variable

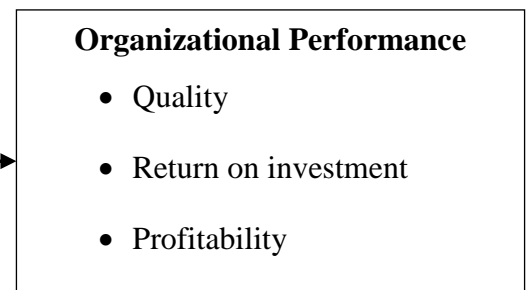


Figure 2.1: Conceptual Model

Source: Researcher (2017)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives details regarding the procedures and the methodology that was used by in conducting the study. It explains the research design, the location, the target population, sample and sampling technique, data collection and analysis techniques which were applied in the study.

3.2 Research Design

This study used descriptive research design to determine impacts of procurement ethical practices on the performance of Animal feeds manufacturing firms in Kenya. Descriptive studies helped in explaining the characteristics of a given group in a given situation by presenting data in a logical form, (Kerlinger, 1999). The design provided in depth information about the characteristics of subjects within particular fields and thus it will aid in identifying relationships between variables

3.3 Study Population

Based on Mugenda and Mugenda (2003), the population represents a sum of total elements of which are of interest to the study and of which have a common characteristics. The study population of interest to this study comprised of all 38 Animal feeds manufacturing firms subscribed to AKEFEMA. The study will adopt a census design since the population is considered small

3.4 Data collection

This study used primary data and quantitative techniques hence questionnaires with both closed and open ended questions was administered to collect data because it facilitates

collection of data from a large sample, and at the same time upholds confidentiality and saves time.

The questionnaires comprised of sections where the first section required the respondents' background information while the second section entails the firm commitment to procurement ethical practices. The respondents comprised of procurement departmental head, procurement officers or supply chain officers from each manufacturing entity or their equivalent to whom the questionnaires were administered. However, for respondents who had time constraints, questionnaires were self-administered to provide respondents with the opportunity to provide their responses.

3.5 Data Analysis

The data analysis was carried out using both descriptive and inferential statistical techniques where percentages, means and standard deviations will be used. In order to process the collected data, then entered into the Statistical Package for Social Sciences (SPSS version 20.0) for analysis and easy understanding and interpretation hence drawing conclusions on findings, tables, graphs and charts was used to determine procurement ethical practices adopted and their impacts to organization performance.

The regression model was used in establishing the correlation between procurement ethics and organizational performance in all Animal feeds manufacturing firms in Kenya and consisted of several variables: the independent being (responsible procurement management, honesty and integrity, conformance to procurement laws, serving public interest, professionalism and respect to suppliers) and the dependent variable (Organization performance of Animal feeds manufacturing in Kenya). A multiple regression model was used to ascertain the relationship between procurement ethics and organizational performance of animal feeds manufacturing firms in Kenya.

The multiple regression models was in the form of $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$ Where Y = Dependent variable (organizational performance)

a = Y intercept when x is zero, b1, b2, b3, b4, b5 are regression weights attached to the variables.

X1.....Xn = coefficients

X1 = Responsible procurement management

X2 = Honest and integrity

X3 = conformance to procurement laws

X4 = Serving the interest of the public

X5 = professionalism and respect to suppliers

CHAPTER FOUR: DATA ANALYSIS ,FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings and analysis of the data collected from Animal feeds manufacturing firms in Nairobi. The presentation and interpretation will be based on the research objectives and questions. Data was presented using descriptive statistics tools including tables.

4.2 Biographic Findings

4.2.1Response Rate

On the response rate of the respondents, the findings were as follows

Table 4.1 Response distribution

Response	Frequency	Percent
Responded	25	65.8
Not responded	13	34.2
Total	38	100

Source: Research Data

The response rate findings from table above shows that majority of the respondents(66%) at Animals feeds manufacturing firms in Nairobi responded to researchers questionnaire .those who whereas failed to respond consisted of 34% of the firms .The return rate can be concluded as sufficient and justifiable to observations and conclusions.

4.2.2 Gender

The respondents at the population consisted of both male and female hence from table 4.2 below the researcher did a frequency distribution analysis to find out their gender rates.

Table 4.2 Gender Distribution

Gender	Frequency	Percent
Male	13	52
Female	12	48
Total	25	100

Source: Research Data

The findings from table 4.2 above clearly shows that majority of the respondents were males with 52% the followed closely by the female respondents with 48% implying that the number of male respondents at Animal feeds manufacturing firms in Nairobi were higher than that of female by a margin of 4%.

4.2.3 Ages

In regard to the ages of respondents, the researcher analysed and presented the findings as shown on table 4.3 below,

Table 4.3 Age Distribution

Age	Frequency	Percent
20-25 years	7	28
26-30 years	12	48
31-35 years	4	16
Over 35years	2	8
Total	25	100

Source: Research Data

From table 4.3 above, 28% of the respondents were 20-25 years, 48% had between 26-30years, and 16% had between 31-35years.Those above 35 years had 8%. From the chart analysis the highest number of respondents was aged between 26-30 yrs.

4.2.4 Education Level

Researcher sought to find out education levels of the respondents and the findings are as shown on the table 4.4 below:-

Table 4.4 Education level Distribution

Education Level	Frequency	Percent
secondary level	1	4
College level	7	28
university level	12	48
masters level	5	20
Total	25	100

Source: Research Data

From table 4.4 above, respondents with university education was the majority with 48% followed by college level and master's level with 28% and 20% respectively. Those with secondary level were 4% hence from the highest number of the respondents which is 48%, implies that most of the respondents had First Degree level of education. Therefore, more than majority of the participants in this study were highly qualified and eligible to provide accurate data for analysis.

4.2.5 Working Experience

Work experience of the respondents was analysed and the findings were presented as follows on the table below:-

Table 4.5 Work experience Distribution

Experience	Frequency	Percent
1-5years	3	12
6-10years	11	44
11-15years	7	28
Above 15 years	4	16
Total	25	100

Source: Research Data

Table 4.5 above indicates that 27% of the respondents had 1-5 years' experience, 23% of them having 11-15 years and majority of the respondents having 37% representing 6-10 years of experience. Respondents with work experience of over 15 years formed minority consisting of 13% of all the respondents. This therefore implies that staffs at animal feeds manufacturing firms in Nairobi are well informed on procurement ethics because majority of them consist of employees with work experience of between 6-10 years.

4.3 The Extent of implementation of Procurement ethics

The researcher sought to know the extent to which procurement ethics has adopted by Animal feeds manufacturing firms in Nairobi. The main aim of understanding the extent of implementation was to make conclusions and interpretations on the dominant and most practical procurement ethics practices which animal feeds manufacturing firms can adopt in order to ensure their procurement processes are carried out in an honest and transparent manner. The respondents were asked to rate their effect on organizational performance using a Likert scale of 1-5 where **5** represented Very Large extent, **4** Large extent, **3**- Moderate extent, **2**- Little extent and **1**- No extent.

Table 4.6 Practice implementation Distribution

Practices	Mean	Std. Deviation
Serving public interest	4.31	0.46368
Professionalism and respect to suppliers	4.232	0.34967
profession laws and ethical standards	4.17	0.48261
Accountability and Transparency	4.136	0.38175
Honest and Integrity	4.088	0.42458

Source: Research Data

According to the findings, serving public interest had a higher mean (M=4.31, SD 0.46338) which is above 4 indicating it has been implemented by animal feeds manufacturing firms to a large extent. The results also showed that professionalism and respect to suppliers (M=4.23, SD 0.34967), professional laws and ethical standards (M=4.31, SD 0.48261), accountability and transparency (M=4.136, SD 0.48261), and honesty and integrity (M=4.088, SD 0.42458) has all been implemented to a large extent.

The findings corresponds with the literature review in that increased levels of transparency are achieved through effective procurement systems are (Humphreys, 2012).

4.4 Procurement Ethics and Organizational Performance of Animal feeds manufacturing firms in Nairobi Kenya.

The researcher further sought to know the relationships between procurement ethics and organizational performance of Animals feeds manufacturing firms in Kenya. Regression analysis was carried out to find out the relationship between procurement ethics variables and organization performance (quality, return on investment and profitability) of animal feeds manufacturing firms. Coefficients of determinations test of coefficients, correlations and Analysis of variance was done to expound the association between procurement ethics and organizational performance.

4.4.1 Procurement Ethics and Quality of Animal Feeds

The study sought to find the relationship between procurement ethics and quality of animals feeds in Kenya and the findings are illustrated below

Table 4.7 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F	df1	df2	Sig.
1	.684 ^a	0.468	0.327	0.2088	0.468	3.338	5	19	0.03

Source :Research Data(2017)

a. Predictors: (Constant), Serving public interest, Professionalism and respect to suppliers, Accountability and Transparency, profession laws and ethical standards, Honest and Integrity

From the results in Table 4.7 above, R^2 is 0.468 meaning that independent variables explain 46.8% of the variation in quality. This implies that the five independent variables contribute 46.8% to the quality of animal feeds manufacturing firms while remaining 53.2% is explained by other factors which have not been captured in the study model. The standard error of the estimate shows that on average, the performance level deviate from the projected regression line by a score of 0.2088. The findings also showed that the adopted model is statistically significant at 95% confidence level in explaining the relationships between dependent and independent variables .

Table 4.8 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.728	5	0.146	3.338	.025 ^b
	Residual	0.828	19	0.044		
	Total	1.556	24			

a. Dependent Variable: Quality

b. Predictors: (Constant), Serving public interest, Professionalism and respect to suppliers, Accountability and Transparency, profession laws and ethical standards, Honest and Integrity

The analysis of variance shows whether or not a model is a good fit for the data. The numerator for $\alpha = 5\%$ whose degree of freedom (df) =(5,19) and critical F value is

(2.740).The findings above show that the calculated F value is(3.338) which is greater than the F-critical (2.740), which shows that the model can be used in predicting the influence of the independent variables on the dependent variable. Additionally, the p-value (0.025) is less than the significance level (0.05), which shows that the model is a good fit for the data.

Table 4.9 Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.756	1.016		3.696	0.002
Accountability and Transparency	0.201	0.121	0.302	1.662	0.113
Honest and Integrity	0.137	0.11	0.229	1.248	0.227
Professionalism and respect to suppliers	0.119	0.126	0.163	0.944	0.357
profession laws and ethical standards	0.269	0.096	0.509	2.799	0.011
Serving public interest	0.059	0.098	0.107	0.601	0.555

Source: Research Data

From table 4.9 above, the resulting regression equation is derived to be $Y = 3.756 + 0.302 X_1 + 0.229 X_2 + 0.163 X_3 + 0.509 X_4 + 0.107 X_5$. The model coefficients in table above reveal that when all variables are held at zero (constant), the value of quality would be at 3.756. However, holding other factors constant, a unit change in each variable would

lead increase in quality performance by variables respective coefficients i.e. Accountability and transparency (30.2%), honesty and integrity (22.9%), Professionalism and respect to suppliers (16.3%), profession laws and ethical standards (50.9%) and serving public interest (10.7%). The relationship between professional laws ,ethical standards and quality of outputs is statistically significant because its significant value(0.11) is less than 0.05 .All the other variables had a positive influence on quality of animal feeds but none has significant relationship except professional law and ethical standards.

4.4.2 Procurement Ethics and Firm Return on Investment

The study sought to find the relationship between procurement ethics and return on investment of animals feeds firms in Kenya and the regression findings are illustrated below

Table 4.10 Coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig.
1	.704 ^a	0.495	0.363	0.36582	0.495	3.732	5	19	0.02

a. Predictors: (Constant), Serving public interest, Accountability and Transparency, profession laws and ethical standards, Professionalism and respect to suppliers, Honest and Integrity

From the results in Table above, R^2 is 0.495 meaning that independent variables explain 49.5% of the variation in firms return on investment. This implies that the five

independent variables contribute 49.5% to the return on investment of animal feeds manufacturing firms while remaining 50.5% is explained by other factors which have not been captured in the study model. The findings also showed that the adopted model is statistically significant at 95% confidence level in explaining the relationships between dependent and independent variables.

Table 4.11 ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.497	5	0.499	3.732	.016 ^b
	Residual	2.543	19	0.134		
	Total	5.04	24			

a. Dependent Variable: Return on investment

b. Predictors: (Constant), Serving public interest, Accountability and Transparency, profession laws and ethical standards, Professionalism and respect to suppliers, Honest and Integrity

The analysis of variance shows whether or not a model is a good fit for the data. The numerator for $\alpha = 5\%$ whose degree of freedom (df) = (5,19) and critical F value is (2.740). The findings above show that the calculated F value is (3.732) which is greater than the F-critical (2.740), which shows that the model can be used in predicting the influence of the independent variables on the dependent variable. Additionally, the p-value (0.016) is less than the significance level (0.05), which shows that the model is a good fit for the data.

Table 4.12 Test for Coefficients

Model	Unstandardized		Standardized		t	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
(Constant)	0.868	1.107			0.785	0.442
Accountability and Transparency	0.435	0.123	0.612		3.528	0.002
Honest and Integrity	0.122	0.146	0.167		0.834	0.415
1 Professionalism and respect to suppliers	0.08	0.141	0.101		0.57	0.576
profession laws and ethical standards	0.428	0.133	0.558		3.225	0.004
Serving public interest	0.263	0.186	0.293		1.415	0.173

Source Research Data

From table 4.9 above, the resulting regression equation is derived to be $Y = 0.868 + 0.612 X_1 + 0.167 X_2 + 0.101 X_3 + 0.558 X_4 + 0.293 X_5$. The model coefficients in table above reveal that when all variables are held at zero (constant), the value of quality would be at 0.868. However, holding other factors constant, a unit change in each variable would lead increase in return of investment by variables respective coefficients i.e. Accountability and transparency (61.2%), honesty and integrity (16.7%), Professionalism and respect to suppliers (10.1%), profession laws and ethical standards (55.8%) and serving public interest (29.3%). The relationship between Accountability, transparency, professional laws and ethical standards on firm return of investment is statistically

significant because its significant value(0.004) and (0.002) is less than 0.05 .All the other variables had a positive influence on quality of animal feeds but none has significant relationship except accountability and transparency, professional law and ethical standards.

4.4.2 Procurement Ethics and Firm profitability

The study sought to find the relationship between procurement ethics and profitability of animals feeds manufacturing firms in Kenya and the regression findings are illustrated below

Table 4.13 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Change	F Change	df1	df2	Sig.
1	.816^a	0.667	0.579	0.32882	0.667	7.595	5	19	0

a. Predictors: (Constant), Serving public interest, Accountability and Transparency, profession laws and ethical standards, Professionalism and respect to suppliers, Honest and Integrity

The R-squared shows the variation in the dependent variable that can be explained by the independent variables being studied. The R-squared in this study was 0.667 implying that all independent variables can explain 66.7% of variation in firms profitability whereas the remaining 33.3% variation is explained by other factors which are not included in the model. The model also has a significance of F change of 0.000 indicating

that the model is statistically significant in explaining the variation in firm profitability of animal feeds manufacturing firms

Table 4.14 ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1	4.106	5	0.821	7.595	.000 ^b
	2.054	19	0.108		
	6.16	24			

Source Research Data

a. Dependent Variable: Firm profitability

The analysis of variance shows whether or not a model is a good fit for the data. The numerator for $\alpha = 5\%$ whose degree of freedom (df) = (5,19) and critical F value is (2.740). The findings above show that the calculated F value is (7.595) which is greater than the F-critical (2.740), which shows that the model can be used in predicting the influence of the independent variables on the dependent variable. Additionally, the p-value (0.000) is less than the significance level (0.05), which shows that the model is a good fit for the data.

Table 4.15 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	2.198	0.995		2.209	0.04
Accountability and Transparency	0.293	0.111	0.374	2.651	0.016
Honest and Integrity	0.402	0.131	0.497	3.062	0.006
1 Professionalism and respect to suppliers	0.28	0.127	0.319	2.208	0.04
profession laws and ethical standards	0.29	0.119	0.341	2.427	0.025
Serving public interest	0.137	0.167	0.138	0.818	0.423

Source Research Data

a. Dependent Variable: Firm profitability

From table above, the resulting regression equation is derived to be $Y = 2.209 + 0.374 X_1 + 0.497 X_2 + 0.319 X_3 + 0.341 X_4 + 0.138 X_5$. The model coefficients in table above reveal that when all variables are held at zero (constant), firm profitability would be at 2.209. However, holding other factors constant, a unit change in each variable would lead increase in firms profitability by variables respective coefficients i.e. Accountability and transparency (37.4%), honesty and integrity (49.7%), Professionalism and respect to suppliers (31.9%), profession laws and ethical standards (34.1%) and serving public interest (13.8%). All the variables has positive influence on firms profitability except serving public interest (0.138). Also the relationship between all variables and firms

profitability is statistically significant except serving public interest which has a p-0.423) which is higher than recommended p value of 0.005.

4.5 Procurement Ethics Challenges

Researcher sought to find out the challenges affecting implementation of procurement ethics in Animals feeds manufacturing firms in Nairobi Kenya. Respondents were required to state the challenges and were analyzed as on table below

Table 4.16 Challenges

Challenges	(F)	Percentage%
Poor leadership	11	9.9
Lack of management support	20	18
Lack of trainings	7	6.3
Resistance to implementation	13	11.7
Ineffective communication in organization	5	4.5
High cost implementation	21	18.9
Failure in information sharing	9	8.1
Conflicts between supply chain partners	2	1.8
Unsupportive organization culture	15	13.5
Lack of measures of performance	8	7.3
Total	111	100

Source: Research Data

From the table above, the study found out that respondents indicated various challenges indicating that firms faces challenges during implementation of procurement ethics. The

study found out that out of all the challenges listed by respondents, high cost of implementation, lack of management support, unsupportive organizational culture, resistance and poor leadership were a burden to successful implementation of procurement ethics at a greater level. Others challenges noted were failure by firms to share information, lack of trainings, ineffective communication within the firm, organization conflicts and lack of measures performance .Majority of the respondents agreed that above challenges affect implementation of procurement ethics to a large extent hence for Animal feeds manufacturing firms to successfully adopt this practices, they must first put in place measures to address the listed challenges.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to explore procurement ethics and performance of animal feeds manufacturing firms in Kenya .It also examined the extent of procurement ethics implementation as well as the challenges faced by animal feeds firms. Summary of the findings, conclusion and recommendations make up this chapter.

5.2 Summary of Findings

The researcher administered a total of thirty eight questionnaires to animal's feeds manufacturing firms in Nairobi Kenya and managed to obtain twenty five completed questionnaires representing impressive and sufficient response rate. In relation to respondents' demographics, the studies found out that, Majority of the respondents were male though with a smaller margin indicating that animal feeds manufacturing firms in Kenya have observed gender balance in their firm. The research further found out that most of the respondents were aged between 26-30 years followed by those between 20-25 years indicating that majority of the respondents in animal feeds manufacturing firms were adults or grown-ups with the ability of understanding and providing accurate response to the researcher. The findings from education distribution showed that majority of the respondents were University graduates followed college level and masters level indicating that majority of the participants in this study were highly qualified. Furthermore a high number of respondents had experience of between 6-10 years followed closely with respondents of experience of between 1-5 years and 11-15 years.

In regard to the extent to which procurement ethics have been adopted at animal feeds manufacturing firms in Nairobi, transparency, respect to suppliers, honest, professionalism and serving public interest were considered and the respondents asked to rate on the extent of adoption.

The findings revealed that procurement ethics have been adopted to a large extent with procurement role of serving public interest being the most embraced practice indicating that animal feeds manufacturing firms in Kenya have focused their objective on ensuring the interest of their customer is integrated to enhance their satisfaction. Level of professionalism, ethical standards and accountability has also been adhered to a large extent showing the interest of animal feeds manufacturing firms of ensuring procurement processes and activities are transparent and accounted for professionalism hence this study settles on more emphasis especially on integrity and honesty of the procurement officials which had the lowest mean. The significant standard deviations indicate that the responses were not clustered around the mean but were widely highly dispersed from the mean.

On how procurement ethics were linked to performance of animal feeds manufacturing firms in Kenya. The findings showed positive relationships between procurement ethics and organizational performances of animal feeds manufacturing firms in Nairobi. This was supported by regression coefficients of 0.201 for accountability, 0.137 for integrity, 0.119 for professionalism, 0.269 for laws and ethical standards and coefficient of 0.059 attached to serving public interest. The coefficients indicate that a change in procurement ethics variables results to a positive change in organizational performance by the coefficient attached to each respective variable and when all procurement variables are constant or zero, the value of organizational performance would be 3.756. The regression findings show that professional laws and ethical standards has a larger

significance on firms performance followed by honest and integrity and lastly accountability and transparency hence animal feeds manufacturing firms should aim their focus on this variables in order to realize significant positive change in their performance because the variables are suitable predictors of their performance .

In regard to the challenges faced by animal feeds manufacturing firms in implementation of procurement ethics, the study found out that respondents indicated various challenges indicating that firms faces challenges during implementation of procurement ethics. The study found out that out of all the challenges listed by respondents, high cost of implementation, lack of management support, unsupportive organizational culture, resistance and poor leadership were a burden to successful implementation of procurement ethics at a greater level. Others challenges noted were failure by firms to share information, lack of trainings, ineffective communication within the firm, organization conflicts and lack of measures performance .Majority of the respondents agreed that above challenges affect implementation of procurement ethics to a large extent hence for Animal feeds manufacturing firms to successfully adopt this practices, they must first put in place measures to address the listed challenges.

5.3 Conclusions

The study concludes that the introduction of procurement ethics to animal feeds manufacturing firms in Kenya has a high significance in the improvement of their performance hence all firms should put in place measures to ensure procurement ethical practices mentioned are fully adopted. From the study findings it can be concluded that procurement ethics have affected performance of animal feeds manufacturing firms to a large extent. The research also concludes that procurement ethics have been implemented to a large extent by animal feeds manufacturing firms with challenges

being faced on the process of implementation. The research also concludes that high cost of implementation, lack of management support; unsupportive organizational culture, resistance to change and poor leadership were the most faced challenges.

5.4 Limitations of the study

Inadequate resources in administering the study was a major challenge faced by this study .Besides, time constraint was also a major challenge and unwillingness by the respondents in filling the questionnaires was also a constraint to the success of this study. Another challenge was undertaking of the study within a limited period of time which meant that feedback from respondents in these manufacturing firms was required in within this shorter period hence if adequate time was allocated, there could have been a higher response rate. The study was solely focused on Unga limited and hence the findings could not be generalized for other sectors .

5.5 Recommendations

The objective of procurement ethics in a company is to increase efficiency and transparency in all procurement processes hence it is recommended that animal feeds manufacturing firms should adopt procurement practices in order to satisfy their customers as well as increasing efficiency and reducing their procurement cost. The study established that adopting procurement ethics can help enhance both internal and external firm reputations and customer's loyalty which is critical in achieving organization success. The study recommends that the organizations should develop and design this ethical practices and control systems depending on the nature of their firms in order to ensure that all the needs of the organization are adequately addressed in an ethical and transparent manner. The research established that the benefits of such ethical

practices outweigh the challenges and hence should be utilised to optimize firms procurement operations and minimised cost of operations.

The study recommends that animal feeds manufacturing firms should hire competent staff to be entrusted in implementation, management and measurement of procurement ethical activities. Furthermore, staff should receive training and motivation to reduce the margin of error and chances of mismanagement or sabotaging of procurement ethics implementation. This will eventually elevate the credibility of information captured and aid optimal decision making within this firms which will translate to increased flexibility, customer satisfaction and reduced cost of operations. The study further recommends that there should be laid down policies on procurement ethics practices and practice implementation to avoid malice and malpractices that would lead to unsuccessful adoption of the same within Animal feed manufacturing firms.

5.6 Suggestion for Further Studies

This study was aimed at establishing impacts of procurement ethics on organizational performance of animal feeds manufacturing firms in Kenya. The study also explored the extent at which procurement ethics has been implemented and the challenges faced by animal feeds manufacturing firms during implementation of procurement ethical practices. The study was however not conclusive effects of procurement practices on operational performance but serves as a basis for more research to conducted on more variable to come up with more information concerning the same. The study focused on organizational performance without analyzing quantitative details of the supply chain or operational performance, future research can be done to analyze quantitative aspect of performance such as changes in firm's profits among others.

This study suggests that other researchers should undertake to the research on the link between procurement ethics and supply chain performance and the benefits or challenges the accompanying same practices on supply chain performance. This research never considered the possible solutions to the challenges listed by the respondents hence more research can be carried out on possible remedies of problems facing animal feeds manufacturing firms. The researcher also suggest more research to be done to find out the extent ,challenges and relationship between procurement ethics and performance of all animal feeds manufacturing firms in Kenya given that this study only sampled manufacturing firms within Nairobi .

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APPENDICES

Appendix I: Research Questionnaire

This questionnaire has been designed to collect information on Procurement ethics and organizational performance of animal feeds manufacturing firms in Nairobi Kenya. Please read carefully and answer the questions as honestly as possible. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence.

Instructions

1. Tick appropriately in the box or fill in the space provided.
2. Feel free to give further relevant information to the research.

PART A: BIOGRAPHIC INFORMATION

1. Your age bracket

20-25 years () 26-30 years () 31-35 years () 36-40years () above 40 years ()

2. Name of the firm working with

3 .How long have you been working with the firm?

1-5 years () 6-10 years () 11-15 years () 16-20 years () above 20 years ()

4. Highest level of education

Secondary Level () College Level () University Level ()

Others (specify).....

PART B: PROCUREMENT ETHICS IMPLEMENTED AT YOUR FIRM

7. To what extent has the following procurement ethical practices been implemented at the Firm?

Use **1-** Very low extent, **2-**Low extent, **3-**Moderate extent, **4-** Great extent, **5-** Very great extent

PROCUREMENT ETHICS	1	2	3	4	5
Accountability and transparency					
Honest and integrity					
Conformity to professionalism laws & ethical standards					
Serving public interest					
Professionalism and serving public interest					
Avoidance of appearance of impropriety					
Confidentiality					
Due diligence					
Impartiality and fairness					
Others (please specify)					

PART C: PROCUREMENT ETHICS AND ORGANIZATIONAL PERFORMANCE

9.) Indicate using a tick (√) to what extent do you agree that procurement ethical practices below have influenced the organizational performance of the firm.

Rate using a scale of **1-5**, where: **1** strongly disagree, **2** Disagree, **3** neither agree nor disagree, **4** agree, **5** strongly agree .

PROCUREMENT ETHICS	5	4	3	2	1
Accountability and transparency					
All procurement transactions and processes are subject to scrutiny					
Transparency is considered paramount in all procurement activities.					
All procurement officials are liable to unethical practices					
All staff are held accountable for their procurement activities					
Procurement officers always ensure that how they do their work is available to the public.					
Honesty and integrity					
Merit is the sole basis for source selection					
Procurement staffs are discouraged from accepting meals paid for by suppliers.					
The purchase is competitively based, with the award going to the lowest responsive and responsible bidder					

Acting without consideration of personal gain					
Resisting undue political pressure in decision making					
Conformity to Professionalism laws and Ethical standards					
All competitive bid processes will be conducted professionally and free of any misleading information or intent					
Procurement officers understand what the procurement laws or rules are intended to accomplish.					
Procurement officials understand the rules and regulations pertaining to his or her profession and organization					
All staff strictly follows the code of ethics developed at the firm					
Serving public interest					
Staff members are prohibited from placing procurements with firms which employ a member of the staff person's immediate family, or with firms in which the staff person holds a significant financial interest					
Staff members shall not use their office or knowledge gained from their official functions for private gain, financial or otherwise					
Procurement officer does not participate in any conflicting procurement process					
Procurement officials always declare with immediate effect any potential conflict of interest					

Professionalism and respect to suppliers					
All suppliers are dealt with fairly and impartially					
All suppliers are paid their money within the agreed period					
Applying the same standards of evaluation to all the suppliers (equal treatment)					
Procurement staff should be qualified and well trained to diligently discharge their duties					
Officers efficiently carry out the activities entrusted to them in various areas of procurement, communicate and coordinate work with others.					

9b. Using a likert scale of 1-5, rate the organization performance indicators below before and after implementing procurement ethics at the firm.

Performance Indicator	Greatly improved	Improved	Constant	Reduced	Greatly reduced
	5	4	3	2	1
Cost reduction					
Return on investment					
Quality					
Profitability					

PART D: CHALLENGES

10.) Please indicate the challenges faced during implementation of procurement ethics at your firm?

For each challenge, Use a Likert scale of = **1.No extent, 2. Smallextent,3 Medium extent, 4.large extent, and 5.Very large extent**, to show the extent it affects implementation of procurement ethics

	Challenge	1	2	3	4	5
1	Poor leadership					
2	Lack of management support					
3	Lack of trainings					
4	Resistance to implementation					
5	Ineffective communication in organization					
6	High cost implementation					
7	Failure in information sharing					
8	Conflicts between supply chain partners					
9	Unsupportive organization culture					
10	Lack of measures of performance					

I sincerely appreciate the time you spared to complete this questionnaire

THANK YOU

Appendix II: List of Animal Feeds Manufacturing Firms in Nairobi Region

1. ECONOMY FARM PRODUCTS
2. HEMCO FEEDS
3. PEMBE FEEDS LTD
4. UNGA FARM CARE (EA) LTD
5. NUTRIMIX LTD
6. PIONEER FEEDS LIMITED
7. TARIME SUPPLIERS LTD
8. SIRARI FEEDS
9. ABS TCM LTD
10. ALLTECH BIOTECHNOLOGY (EA) LTD
11. DANDORA MILLERS LTD
12. EAGLE VET (K) LIMITED
13. JOELIZ BONE MEAL LTD
14. KARMARTS LTD.
15. KENGROW LTD
16. MODERN WAYS SUPPLIES LTD
17. NAIROBI FEED MANUFACTURERS LTD
18. S. ROCKY GENERAL CONTRACTORS LTD
19. TAM FEEDS LTD
20. TWIGA CHEMICAL INDUSTRIES LTD
21. VETCARE (K) LTD
22. CAREVET ANIMAL FEED LTD
23. TWIN BROTHERS
24. ZAGROS SINGAPO LTD

25. TRANSKEN LINKS LTD
26. NOVAS INTERNATIONAL
27. ULTRAVETIS E.A
28. NUTREX NV
29. ADC FEED MILLS
30. BELFAST MILLERS LTD
31. MOUNT MERU MILLERS
32. COOPER K-BRANDS LTD
33. AFRI VENTURE (KENYA) LTD
34. EVONIK INDUSTRIES AG
35. LIMA FEEDS
36. MILLET COMPANY LTD
37. JOSUN ANIMAL FEEDS LTD
38. HIKA ANIMAL FEEDS LTD

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