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CODE OF CONDUCT AND PROCUREMENT MANAGEMENT IN SELECTED PUBLIC SECONDARY SCHOOLS: EVIDENCE IN KENYA

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ABSTRACT

Economic and social challenges have obliged many organizations to re-evaluate their manner and approach in maintaining sustainable relationships with their customers. It has been witnessed in most successful organizations that implementation of ethical practices in procurement has ensured customers get the best services. The paper's objective is to establish the relationship between codes of conduct and procurement management. The study was guided by virtue ethical theory. Correlation research design was used with a target population of 1100 tendering committee in 220 public secondary schools. A sample size was 294 respondents was selected using stratified random sampling technique. Questionnaires were used to collect data. Descriptive and inferential methods were utilized for data analysis and presentation. The findings indicated that code of conduct had significant effect on procurement management ($P=0.000<0.05$). The study recommended that the schools should continuously review of procurement staff from breach of code of conduct to reduce fraud and corruption. Therefore, there is need to tighten internal control systems in detecting procurement corruption and fraud to ensure integrity in the process. The study suggested further study to be done in internal control system and procurement management.

KEYWORDS: Code of Conduct, Procurement Management, Correlation Design, Kenya

INTRODUCTION

Globally, organizations view establishment of a regulatory body, and framework that is comprehensive, legal and transparent in procurement activities as one among the most essential activities that guarantees accountability and transparency concerning public funds (Prier & McCue, 2006). For organizations to achieve value for money and contribute to the efficient service delivery, public procurement practice must adopt a strong ethical bent. It must be practiced so as to be void of leakages and loss, corruption and vendor favoritism. The way to address these concerns is by adopting a strong sense of ethics such as avoiding collusion, discouraging fake competition, removing any arbitrariness from the bid evaluation process, ensuring that the goods and services received reflect the precise quantities actually delivered and using slicing to avoid adopting the appropriate procurement method (Leenders, Johnson, Flynn and Fearon, 2014)

The applicable ethics in public procurement which the government owned entities must also

adhere to include avoidance of collusion, avoidance of conflict of interest, equal opportunity, confidentiality and limited disclosure, avoidance of fraudulent practices, and avoidance of obstruction and undue delay in procurement processes (GOK, 2015). Several studies have given more importance on the ethical practices in procurement process such as (Achuora, 2011) who concurs that adopting procurement regulation improves efficiency in public sector procurement management. Jackson & Eunice, (2014) indicated that ethical behavior in procurement process is built in a corporate and functional framework that is beneficial to all stakeholders. This was further supported by (Kizito and Khomba, 2013) who emphasized on the importance of ethical practices on procurement as necessary for the purpose of long-term relationship and establishment of supplier goodwill.

An effective ethical procurement system that entails transparency, accountability and stakeholder participation enhances governance reforms. Procurement ethics ensures integrity in public funds,



efficiency and accountability which are vital drivers of procurement management in organizations. Ethical practices in public procurement ensure proper use of public funds towards quality service delivery, customer satisfaction, timely payment of suppliers and efficient supply selection among other benefits. The major challenge faced by most organizations globally is lack of effective application and implementation of ethical practices in procurement process. Despite the important ethical practices in procurement in many organizations being in place, there is yet a non-compliance culture, coupled with lack of transparency and accountability that has led to embezzlement of public funds and unethical issues in procurement practices currently. Recently there has been cases of some stakeholders in the schools and especially parents who have been known to be involved in outcries regarding the utilization of resources in these schools. A number of studies has been carried out relating to ethical practices in procurement process and the finding indicates that many organizations observes guidelines put in place by public procurement Act 2015 and manual for secondary schools 2005. However, it is not yet clear if procurement process in public sector in Kenya is free from unethical practices. Therefore, this study was carried out to ascertain ethical practices and procurement management in public secondary schools in Kericho County, Kenya.

The study was used the following objectives to determine the relationship between codes of conduct and procurement management in selected public secondary schools in Kericho County.

2. LITERATURE REVIEW

Theoretical Review

Virtue ethical theory was proposed by Plato, Aristotle & Stoics in the 19th century. The theory is a methodology that emphasizes on regulations, procedures, consequences and particulars act in procurement and gives attention to the person involved in heading the procuring process (Aristotle and Ross, 2009). Aristotle further considered the issue of moral agency which includes deliberation and rational choice. A voluntary act is a responsible act hence an agent is either praised or blamed as per the acts and character.

This implies that an agent should take control and cognizant of their actions so that an act can qualify to be voluntary. Cahn, (2002) indicates that an agent should not be held accountable for involuntary acts for they are carried out of external force, ignorance or to prevent unnecessary evil.

Covey, (1992), further indicates that people believe in what they do and that these virtues lead to organizational success and personal satisfaction. Courage, liberality, pride, temperance, cordiality, justice, truthfulness and magnificence are the basic virtues that Aristotle proposes that it enables people

to work together in a better way. Thus, virtue is more like a way of being rather than something done.

This theory is relevant to this study because it assessed the procurement officials if they are had right intentions and if they are following correct rules as well ethical practices as required. The theory also points out its relevance through praising or criticizing the organizations if they are promoting, expressing or preventing virtues and development (Annas, 2009)

Empirical Literature

Codes of conduct refers to risk-rating compliance systems that determines levels and measures of ethical risks and are being applied by institutions as tools that helps in meeting the procurement due diligence commitments.

James, Ibia, Kilungu and Kadem (2016) did a study on the effects of ethical sourcing on organization performance in the energy sector in Kenya. The researchers employed descriptive research design with a target population of 100 employees from the company. The study focused on corporate social responsibilities, ethical codes and ethical policies. The study used simple random sampling and a sample size of 72 individuals. The findings indicate that much has to be done to improve on the ethical codes because many respondents were not sure of its impact on sourcing ethics. The current study therefore focused on ethical practices on procurement management and adopted both descriptive and correlation research design. The focus was on codes of conduct, ethical principles and ethical risks.

It comprises of selected dimensions such as professionalism, policies, behavioral standards and, rules and regulations. The legal regulations in a country are to ensure that procurement is done in ethical manner. People are not unethical but they acquire such traits as they grow and codes of conduct would not work well if system are not changed (Mlinga, 2010).

This was supported further by (Makali, 2018) who studied procurement and Humanitarian organizations in Kenya. The study used survey research design, research data was from the 70 humanitarian organizations in Kenya as per the year 2016. Questionnaires were used for data collection and analyzed using descriptive statistics. The researcher therefore, expound that ethical practice in procurement is vital due to stakeholder's pressure. Ethics in procurement should always be beyond the legal requirements. Several researchers have proposed the notion that codes of conduct exist to boost ethical environment in the procurement process. However, the study focused on humanitarian organizations while the current study focused on secondary schools.

Omanji and Moronge, (2018) did a study in Kenya about procurement practices on performance



of the public sector. They adopted descriptive survey design and the target population comprised of management employees of Narok County. Stratified sampling was used and a sample size of 196 respondents. Data was collected using questionnaires and analyzed by the aid descriptive statistics. However, the current study sought to investigate on ethical practices and procurement management in selected public secondary schools.

Ethical practices in procurement comprises of integrity, diligence, fairness, consistency, respect and trust to avoiding conflict of interest. The Public Procurement Act 2015 requires that all the disposal be conducted on bases of good conduct from time to time as given by the Public Procurement Regulatory Authority, Government of Kenya, (2015) shows the codes of conduct that were structured by the PPRA and it guides the public procuring entities as well as the winning bidders.

Dinah and Pressley, (2013) did a survey on marketing ethics and gave a good reason to formulate codes of conduct and argued that ethical codes have a positive influence on employee's morals which gives them a set of ethical values and enforcing policies. Thus, all the employees should model their behaviors in an ethical manner.

Heungski and John, (2013) did a study on the impact of ethics programmes and ethical culture on misconduct in public service organizations. The study utilized a survey research design. The study indicates that there is a significant relationship between ethics programmes and misconduct mediated by ethical culture. Further the study found that ethics programme as set of procedures, policies and activities would be necessary in ensuring that the employees behave in the right manner through understanding and complying with ethical standards of organizations. Therefore, this study sought to

establish the relationship between ethical practices and procurement management in selected public secondary schools in Kericho County, Kenya

Ayoyi and Mukoswa, (2015) did a study in Kenya about ethics and procurement process. The study recommended that there is need for procuring entities to establish a training policy and codes of conduct that guided all the procurement staff. Clark and Leonard, (2010) found that codes are ineffective when it comes to establishing an employee's decision making.

3. RESEARCH METHODOLOGY

Correlation research design was used to examine the relationship between ethical practices and procurement management. The study targeted the selected public secondary schools from total of 220 public registered secondary schools in Kericho County. A population of 1100 tendering committee from 220 public registered public secondary schools in Kericho County. Stratified sampling technique was used to select 294. Questionnaires were appropriate for data collection. Descriptive statistical analysis was done using means and standard deviation. ANOVA analysis was used inferential statistics at 5% significant level.

4. DATA ANALYSIS

Descriptive Statistics

Descriptive statistics analyzed the code of conduct where minimum, maximum, mean and standard deviation was obtained for purposes of interpretation. This were obtained from frequencies pertaining to Likert scale of 1-5. The code of conducted were examine according to the result in table 1.

Table 1: Code of Conduct Results

	SA(5)	A (4)	N(3)	D(2)	SD(1)	N	Min	Max	Mean	SD
School has code of conduct guiding its procurement management is well understood by procurement staff.	42 (16.1%)	178 (68.2%)	40 (15.3%)	0 (0.0%)	0 (0.0%)	261	2.00	5.00	4.0000	.57513
The same standards of evaluation are applied to all suppliers	53 (20.3%)	167 (64.0%)	41 (15.7%)	0 (0.0%)	0 (0.0%)	261	3.00	5.00	4.0460	.59951
School's code of conduct does not allow procurement staff or members to influence the procurement procedures in any way	151 (57.9%)	77 (29.5%)	33 (12.6%)	0 (0.0%)	0 (0.0%)	261	3.00	5.00	4.4521	.70888
Competitive bid processes are carried out professionally and free of any misleading information	87 (33.3%)	146 (55.9%)	28 (10.7%)	0 (0.0%)	0 (0.0%)	261	3.00	5.00	4.2261	.62531
All staff adhere strictly to all the codes of conduct in the school	88 (33.7%)	145 (55.6%)	14 (5.4%)	14 (15.4%)	0 (0.0%)	261	2.00	5.00	4.1762	.75928



Table 1 indicated that school had sufficient code of conduct guiding its procurement management which were well understood by procurement staff (mean of 4.0000). Most respondents varied from disagree to strongly agree (minimum of 2 and maximum of 5). However, code of conduct guide on procurement management had low variation (Standard deviation of .57513).

Same standard was found to be adequately applied to all suppliers (mean of 4.0460). The response ranged from neutral to strongly agree (minimum of 3.00 and maximum of 5.00). Variation of same standards of evaluation on suppliers was low (standard deviation of 0.59951).

School's codes sufficiently do not allow procurement staff or members to influence the procurement procedures (mean of 4.4521). Variation in not allowing procurement staff or member to influence procurement procedure was low (standard deviation of 0.70888). The respondents were between neutral to strongly agree since the minimum was 3.00 and maximum of 5.00.

Competitive bid processes were greatly carried out professionally and free of any misleading information (mean of 4.2261). The respondents were ranged from neutral to strongly agree (minimum of 3 and maximum of 5). Its variation in carrying

competitive bid process was low (standard deviation of 0.62531).

It was further revealed that school staffs somewhat adhered strictly to all the codes of conduct in the school (mean of 4.1762). The responded results ranged from disagree to strongly agree (minimum of 2 and maximum of 5). The adherence to codes of conducts variation was low (standard deviation of 0.75928).

The result concurs with Makali (2018) who found that codes of conduct assisted to boost procurement process. However, the study as on procurement and humanitarian organization in Kenya. Similarly, Omanji and Moronge (2018) also found that integrity, fairness was among ethical codes to be adopt. The study concentrated on procurement practices and performance. Therefore, code of conduct assists in ensuring professionalism, fairness and adherence to procurement process.

Inferential Statistics

ANOVA analysis was used to test code of conduct were investigated on procurement management. The hypotheses were tested using 5% significant level. This was indicated in table 2.

Table 2: ANOVA for Relationship Between Code of Conduct and Procurement Management

			Sum of Squares	df	Mean Square	F	Sig.
Procurement Management * Code of Conduct	Between Groups	(Combined)	31.220	10	3.122	29.273	.000
	Within Groups		26.663	250	.107		
	Total		57.884	260			

ANOVA results revealed that there existed significant relationship between code of conduct and procurement management ($F_{(3,257)} = 200.485$, $P < 0.05$). This finding concur with Heungski and John, (2013) who found that there existed significant relationship between ethical program on public service organization. However, the current study did not focus on moderating effect of ethical culture misconduct in public service organization.

H_{01} : There is no significant relationship between Codes of conduct and procurement management in selected public secondary schools in Kericho County.

The null hypothesis was reject and alternative accepted. Therefore, the results their codes of conduct had positive significant effect on procurement management ($P=0.000 < 0.05$).

5. CONCLUSIONS AND RECOMMENDATION

Summary

Results concerning to code of conduct showed that schools had sufficient code of conduct that assisted in guiding procurement management that were understood by procurement staff. Same standard was adequately applied to all suppliers to remove favouritism and corruptions. According to the school's codes procurement staffs were greatly prohibited to influence procurement procedures. Professionalism and free of misleading information were greatly adhered to during the competitive bidding process. Staffs were adhered strictly to the code of conduct in the school to great extent. The study therefore, found that code of conduct had positive significant influence on procurement management.



Conclusions

The study concluded that code of conduct had significant effect on the procurement management. This was contributed by sufficient code of conducted that assisted in guiding procurement management. The school also used same standard reducing corruption and favouritism among suppliers. School's codes reduced also procurement staff interference. Code of conduct assisted in ensuring professionalism and free of misleading information during procurement management. Therefore, the school management ensured that all procurement staff followed the code of conduct.

Recommendations

The study recommended training that would improve procurement member since majority of the member were teachers who have not attended any training or seminars. The schools should continuously review of procurement staff from bridge of code of conduct to reduce fraud and corruption. The management should ensure that there is no corruption and favouritism between suppliers and procurement staff since it affect procurement process. Therefore, all member vetted as procurement staff should act professionally in procurement management.

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