

PROCUREMENT ETHICS AND ORGANIZATIONAL PERFORMANCE OF SMES IN NIGERIA

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Abstract

Ethical conduct in procurement is essential for maintaining transparency, integrity and fairness in the procurement process. Business ethics and professionalism play a vital role towards the success, sustainability and reputation of an organization. Ethics are moral principles and values that guide individuals and organizations in making decisions and conducting their actions. On the other hand, procurement is a continuous management process or function responsible for anticipation, identification and provision of materials, supplies, equipment, services and projects that are required by an organization for its operations. In both public and private sectors, procurement takes up to 70% of their expenditure. Hence the need for procurement ethics and professionalism. The aim of study was to investigate the effect of procurement ethics on organizational performance of small and medium enterprises in Nigeria. Descriptive survey design was adopted for this study and the population of the study comprised of all the procurement managers, senior procurement and finance personnel of all SMEs in Lagos with infinite figure. Consequently, convenient sampling techniques was used to select a sample size of 42 respondents. Data collected was analyzed with the aid of SPSS, using both descriptive and inferential statistics and presented in tables. Findings revealed that transparency, integrity and accountability resulting from procurement ethics did not have significant effect on organizational performance of SMEs in Nigeria. Base on this, the study recommended that managers of SMEs in Nigeria should review and scale up their ethical procurement process and professionalism. Also policies should be put in place to guide ethical behavior of procurement personnel and measures that promote employees adherence to set ethical code and professional practice.

Key Words: Confidentiality, Ethics, Integrity, Organizational Performance, Procurement.

Introduction

Procurement is a management function or process responsible for the anticipation, identification and provision of materials, equipment, supplies, services and projects required for the operations of an organization. Procurement takes significant percentage of the total expenditure of a business organizations, hence its importance. Ethics refers to the moral principles and values that guide individuals and organizations in making decisions and conducting their actions. Ethical principles and values provide a framework for individuals and organizations to make morally sound decisions and guide

their actions. These principles serve as guidelines for behaviour and are derived from philosophical and moral theories.

Ethical conduct in procurement is essential for maintaining transparency, fairness, and integrity in the purchasing process. Procurement involves acquiring goods, services, or works from external suppliers or contractors. Ethical practices in procurement ensure that decisions are based on objective criteria, avoid conflicts of interest, promote competition, and uphold the principles of fairness and accountability. The process of procurement bears the greatest potential for ethical abuses and violations. Hence, the smooth running of organizations calls for ethical practices in procurement. In most African countries, unethical procurement translates into budget implementation instead of activity implementation. Consequently organizational performance is compromised, for substandard materials are procured. Procurement ethics is necessary considering the fact that procurement comprises of large proportions of a nation's budget but register heavy losses due to unethical practices. In Nigeria, the lack of procurement planning, corruption and conflict of interest and political interference has led to procurement of poor quality products in many organizations. Reported cases of embezzlement of funds through means such as substituting specified goods with inferior goods and selective release of information to favor contractors, result into compromise of quality and subsequently poor organizational performance. According to a study by PwC Global Economic Crime Survey (2014), procurement fraud is the second most frequently reported form of economic crime behind the misappropriation of assets, according to a study showing that 29% of organizations have suffered fraud in procurement.

According to Peprah, Mensah and Akosah, (2016), small and medium enterprises are increasingly becoming important key players towards economic development of nations across the world. There is a growing trend worldwide towards considering SMEs as economic drivers and engines for economic growth and development (D'Imperio, 2012). SMEs contribute immensely towards the gross domestic product (GDP). Firoozmand, Haxel, Jung and Suominen (2015) SMEs play an important role in most developing countries by creating jobs for both the urban and the rural populace (Kongolo, 2010). Regardless of the positive contributions made by SMEs to the economy of Nigeria, the SMEs' business discontinuance rate is notoriously high in Nigeria. This is attributed mainly to factors such as lack of finance, crime, lack of management experience, lack of functional skills, poor attitudes towards customers, ineffective leadership styles and conduct of unethical behavior among others. Consequently this study is conducted to determine the effect of ethical practices on organizational performance of SMEs in Nigeria. The study is of significance in the sense that it intends to generate empirical findings on the relationship between ethical practices and organizational performance of SMEs Nigeria. Furthermore, the findings of the study will help improve the theoretical framework for business ethics. In light of the contribution of the SME sector in Nigeria.

The broad objective of this study is to examine the effect of procurement ethics on organizational performance of Small and Medium Enterprises (SMEs) in Nigeria. The specific objectives are to:

1. examine the effect of integrity resulting from procurement ethics on organizational performance of SMEs in Nigeria.
2. evaluate the effect of confidentiality resulting from procurement ethics on organizational performance of SMEs in Nigeria.

This study is guided by the following hypotheses:

- H₀₁: Integrity resulting from procurement ethics has no significant effect on organizational performance of SMEs in Nigeria.
- H₀₂: Confidentiality resulting from procurement ethics has no significant positive effect on organizational performance of SMEs in Nigeria.

Literature Review

Procurement ethics and professionalism play a critical role in ensuring integrity, transparency, and accountability in the procurement process. Ethical practices guide procurement professionals in making fair and unbiased decisions while upholding the highest standards of conduct (CIPS, 2021). Ethics in procurement refers to the moral principles and values that govern the behaviour and decision-making of procurement professionals and it involves acting with honesty, fairness, and integrity while considering the best interests of the organization and stakeholders (Grane& Matten, 2019). Ethical procurement practices promote trust, prevent corruption, and contribute to sustainable and responsible procurement. Professionalism in procurement entails the application of specialized knowledge, skills, and expertise to effectively carry out procurement activities. It encompasses competence, adherence to professional standards, and ethical behaviour. Professional procurement practitioners demonstrate a commitment to continuous learning, ethical conduct, and delivering value to their organizations (IFPSM, 2014).

According to Arruda (2010) SMEs compromise ethical principles whenever they perceive an economic gain. A study conducted by Vivier (2013) showed that a number of SME owners agreed that they act unethical to be profitable. In some cases, SMEs often tries to avoid involving themselves in corporate social responsibility activities, citing that it's only applicable to profitable large businesses (Schlierer et al., 2012). Ethical challenges faced by new SMEs include not meeting commitment to suppliers, perception of dishonesty and lack of business experience, skills and competencies. A study by Viviers and Venter (2008) report that SMEs are involved in fraudulent activities. The authors of this study believe that unethical conduct exhibited by SMEs is among the top reasons why their loan applications are turned down by banks. Fatoki (2012) asserts that SMEs in South Africa exhibit high levels of unethical behavior which seriously compromise their sustainability.

Ethical Practices and Performance of SMEs

According to Manaf and Latif (2014), performance is the ability of an organization to fulfil the demands of the investors by assessing the company's achievements. In this study performance is measured in terms of market share growth, sales, profitability, return on assets, employment growth, customer satisfaction and employee satisfaction. Donker, Poff and Zahir (2008) found that ethics positively influence workers to take responsibility of their work which results in improved firm performance. Hilman and Gorondutse (2013) found perceived ethics to be positively associated with SMEs' performances. Kamyabi, Barzegar&Kohestani (2013) found a positive relationship between CSR and financial performance. Dutta and Banerjee (2011) also find that adhering to ethical standards can improve the performance of small businesses beyond national borders. Therefore, it can be hypothesized that there is a significant relationship between ethical practices and performance of SMEs.

Principles of Procurement Ethics

The key principles of procurement ethics according to CIPSM (2021) include the following:

- i. **Integrity and Honesty:** Integrity and honesty are fundamental principles of procurement ethics. Procurement professionals should act with integrity, avoiding any form of deception, dishonesty, or misrepresentation. They should be truthful in their interactions with suppliers, colleagues, and stakeholders, and ensure transparency in decision-making processes.
- ii. **Fairness and Impartiality:** Fairness and impartiality are essential principles in procurement ethics. Procurement professionals should treat all suppliers equally, provide them with fair opportunities to compete, and base their decisions on objective criteria. Avoiding favouritism, conflicts of interest, and discriminatory practices is crucial to uphold fairness in procurement processes.
- iii. **Transparency and Accountability:** Transparency and accountability are key principles of procurement ethics. Procurement professionals should conduct procurement activities in a transparent manner, ensuring that the process and decisions are easily understandable and traceable. They should be accountable for their actions and decisions, providing justifications and documentation when required.
- iv. **Confidentiality and Data Protection:** Confidentiality and data protection are critical principles in procurement ethics. Procurement professionals should handle confidential information, such as supplier bids and pricing details, with utmost care and ensure its protection from unauthorized disclosure. Compliance with data protection regulations and organizational policies is necessary to maintain confidentiality.
- v. **Conflict of Interest Management:** Effective management of conflicts of interest is a vital principle of procurement ethics. Procurement professionals should identify, disclose, and appropriately manage any personal, financial, or other conflicts of interest that may compromise their objectivity or impartiality. Transparency and adherence to conflict of interest policies help maintain ethical integrity in procurement.

- vi. **Compliance with Laws and Regulations:** Compliance with laws, regulations, and organizational policies is a core principle of procurement ethics. Procurement professionals should be knowledgeable about relevant procurement laws, anti-corruption regulations, and codes of conduct. They should ensure that their actions align with legal requirements and ethical standards.
- vii. **Ethical Supplier Relationships:** Building ethical supplier relationships is an important principle of procurement ethics. Procurement professionals should treat suppliers fairly, establish clear and respectful communication channels, and maintain professional conduct throughout the procurement process. Ethical supplier relationships foster trust, collaboration, and long-term partnerships.
- viii. **Continuous Professional Development:** Continuous professional development is a principle of procurement ethics. Procurement professionals should enhance their knowledge, skills, and competencies through training, education, and staying updated with industry practices. Continuous learning enables professionals to make informed decisions and effectively navigate ethical challenges in procurement.
- ix. **Conflict Resolution:** Procurement professionals should adhere to principles of conflict resolution in ethical procurement. They should employ fair and objective processes to resolve disputes or disagreements that may arise during procurement activities. Encouraging open dialogue, mediation, and seeking mutually beneficial solutions helps maintain trust and promotes ethical behaviour.
- x. **Social Responsibility:** Social responsibility is a key principle of procurement ethics. Procurement professionals should consider the social, environmental, and ethical impacts of their procurement decisions. This includes promoting sustainable procurement practices, supporting local suppliers and communities, and considering social and environmental factors in supplier selection.
- xi. **Proactive Risk Management:** Procurement professionals should proactively manage risks associated with procurement activities. This includes identifying and assessing potential risks, implementing risk mitigation strategies, and ensuring compliance with risk management policies and procedures. Effective risk management helps prevent unethical practices, such as fraud, corruption, or conflicts of interest.
- xii. **Ethical Leadership:** Ethical leadership is crucial in promoting procurement ethics. Leaders should set a positive example by demonstrating ethical behaviour, promoting a culture of integrity and accountability, and providing guidance and support to procurement professionals. Ethical leadership creates a strong foundation for ethical procurement practices throughout the organization.
- xiii. **Ethical Use of Technology:** As technology plays an increasingly important role in procurement, ethical use of technology is vital. Procurement professionals should ensure the ethical collection, storage, and use of data, respecting privacy and confidentiality. They should also consider the ethical implications of emerging technologies, such as artificial intelligence and block chain, and their impact on procurement processes.

Theoretical Review

Stakeholder Theory

The theoretical background of ethical practices and performance of SMEs augurs well with the stakeholder theory. The stakeholder theory by Freeman (1984) is a theory rooted in the organizational management philosophy on how different organizations should deal with ethical issues in a business context. Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. The theory emphasizes that managers should be guided by a set of values, which in turn assist them in managing relationships with their different stakeholders. Stakeholders include shareholders, employees, suppliers (goods and funds) customers, and the communities in which the firm operates. The stakeholder theory clearly underlines the importance of running a business ethically (Freeman, Wicks & Parmar, 2004). However, a few studies schemes, Key (1999) challenge the validity of the stakeholder theory arguing that it lacks a solid theoretical validation. Nevertheless, this theory forms an important aspect of this study as it provides a framework to formulate ethical principles for small businesses. In addition, Key, Bewley and Vault (2004) argue that the stakeholder theory still stands as an important theory to explain CSR in organizations.

Empirical Review

Obey and Olawale (2017) conducted a study on the Impact of Ethical Practices on the Performance of Small and Medium Enterprises in South Africa. The purpose of the study was to investigate the impact of ethical practices on the performance of SMEs in South Africa. Survey method was used for data collection. Questionnaires was the instrument used for data collection. 74 SME owner/managers participated in the survey. Data analysis included descriptive statistics, factor analysis, T tests and regression analysis. The Cronbach's alpha was used as a measure of reliability. Their findings revealed that SMEs display unethical behavior and a weak performance. It was discovered that SMEs does not have policies in place to guide their ethical behavior. The T test results showed significant differences between gender and education levels with ethical practices of SMEs. The regression results showed that there is a positive relationship between ethical practices and performance of SMEs.

Piffet *al.* (2012) carried out seven studies using experimental and naturalistic studies in the United States of America (USA) where the researchers sought to examine the factors that affect ethical standards in the public sector. The studies revealed that upper-class persons behaved more unethically than lower-class persons. Their study findings indicated that the unethical attitudes of the upper class bred unethical behaviour in the public sector procurement.

Also, Ndolo and Njagi (2014) in their study on the role of ethics in procurement process effectiveness in the water sector in Kenya observed that the more ethical the procurement practices are, the better the effectiveness of the procurement process and performance of the organization. The researchers suggested that transparency, equal treatment in bidding and awarding tenders; accountability and liable purchasing and supply have a positive

effect on procurement processes in any firm and could thus lead to increased organizational performance and delivery.

Materials and Methods

Due to the nature of this study, descriptive survey was adopted for the study. The population of the study comprised of the procurement managers, senior procurement and finance personnel of all the Small and Medium Enterprises (SMEs) in Lags metropolis of Nigeria with infinite population. Consequently, convenient sampling techniques was used to select a sample of forty two (42) respondents and a structured questionnaire containing five point Likert scale questions was the instrument used for data collection for this study.

Results and Discussion

Table 1: Coefficient of inter-construct correlation and square roots of AVE

Variables	1	2	3	4	5
1	0.88				
2	-.48	0.78			
3	-.21	-.18	0.84		
4	.11	-.29	-.31	0.82	
5	0.13	0.09	-.08	0.10	0.72

NOTE: The bolded values on the diagonal are the square roots of AVE for each construct

Result and hypotheses testing

Descriptive Statistics for Integrity Resulting from Procurement Ethics

The first objective sought to assess the influence of integrity resulting from procurement ethics on organizational performance of SMEs in Nigeria. The descriptive statistics results are presented in this section. The study used selected factors to find out whether the respondents agreed that integrity resulting from procurement ethics influenced organizational performance of SMEs in Nigeria, and the results are provided therein in Table 1.

Table 1: Effect of Integrity Resulting from Procurement Ethics on Organizational Performance

Statement	SD	D	U	A	SA
The tender documents' evaluation process and its effectiveness is gauged separately and prices are considered only after completion of the evaluation	0.0%	10.3 %	10.3 %	43.5 %	35.9 %
The organization's ethical procurement process includes an understanding of suppliers' operations	0.0%	7.7%	10.3 %	53.8 %	28.2 %
Employees of the organization subscribe to stated code of conduct in terms of execution of duties	0.0%	0.0%	5.1%	23.1 %	71.8 %

Employees of the procurement department follow an ethical code which dictates their behavior and actions while conducting business	0.0%	0.0%	2.6%	23.0%	74.4%
If an employee has personal interest in the tendering process, the firm stipulates that such member declares the same for exclusion from the process	0.0%	0.0%	5.1%	23.1%	71.8%
In order to ensure integrity of the organization, monitoring, supervision and sanctions are practiced in order to decrease engagement in corrupt activities	0.0%	2.6%	5.1%	48.7%	43.6%

The findings in Table 1 show that 43.5% of the respondents agreed that the tender documents' evaluation process and its effectiveness is gauged separately and prices are considered only after completion of the evaluation in Lagos, 35.9% strongly agreed, 10.3% were undecided, while 10.3% disagreed. This implied that tender documents' evaluation process and its effectiveness are separately gauged and not together with pricing. The findings indicate that 53.8% of respondents agreed that the ethical procurement process of the organization includes an understanding of the operations of the suppliers, 28.2% strongly agreed, 10.3% were undecided, while 7.7% disagreed.

The findings in Table 1 show that 23.1% of the respondents agreed that if an employee has personal interest in the tendering process, the firm stipulates that such member declares the same for exclusion from the process, 71.8% strongly agreed, while 5.1% were undecided. This implied that where an employee has a personal interest in the tendering process, the company stipulates that such an employee declares the same for exclusion from the process. This is to promote equity and fairness to the process. The findings indicate that 48.7% of respondents agreed that in order to ensure integrity of the organization, monitoring, supervision and sanctions are practiced in order to decrease engagement in corrupt activities, 43.6% strongly agreed, 5.1% were undecided, while 2.6% disagreed. This implied that monitoring, supervision and sanctions are practiced to ensure the integrity of the organization in order to reduce engagement in corrupt activities. The findings are in line with a study by Lewa (2007) who found that honesty and integrity were integral in procurement for safeguarding the procurement function and being conscious about any action that may lead to corruption or fraud.

Descriptive Statistics for Confidentiality Resulting from Procurement Ethics

The second objective sought to assess the influence of confidentiality resulting from procurement ethics on organizational performance of SMEs in Nigeria. The descriptive statistics results are presented in this section. The study used selected factors to find out whether the respondents agreed that confidentiality resulting from procurement ethics influenced organizational performance of SMEs in Nigeria, and the results are provided therein in Table 2.

Table 2: Effect of Confidentiality Resulting from Procurement Ethics on Organizational Performance

Statement	SD	D	U	A	SA
The organization protects commercially sensitive information provided by a supplier during the tendering process	0.0%	2.6%	5.1%	30.8%	61.5%
Procedures adopted in the organization ensure security and confidentiality of documents submitted which helps procurement personnel in handling sensitive information	0.0%	0.0%	2.6%	30.8%	66.6%
The firm manages the extent to which potential suppliers are required to submit commercially sensitive information in their submissions	0.0%	5.1%	2.6%	43.6%	48.7%
Any employee who breaches the provisions of confidentiality is guilty of gross misconduct and the firm disqualifies any breaching of confidentiality	2.6%	2.6%	2.6%	25.6%	66.6%
By maintaining confidentiality of the procurement process, the organization ensures success of the entire procurement	0.0%	2.6%	0.0%	35.9%	61.5%
A quality check of the organization's procurement process plays a crucial role in confirming the suitability of the goods in question	0.0%	0.0%	0.0%	46.2%	53.8%

The findings in Table 2 show that 61.5% of the respondents strongly agreed that the organization protects commercially sensitive information provided by a supplier during the tendering process, 30.8% agreed, 5.1% were undecided, while 2.6% disagreed. This implied that majority of SMEs employees indicated that their organization protected commercially sensitive information. The findings show that 66.6% of the respondents strongly agreed that procedures adopted in the organization ensure security and confidentiality of documents submitted which helps procurement personnel in handling sensitive information, 30.8% agreed, while 2.6% were undecided. This implied that according to majority of SMEs employees, the organization was keen on ensuring the security and confidentiality of documents submitted. The study findings are in agreement with those in a study by Sacconi (2010) who found out that the preferred supplier sought to protect commercially sensitive information contained in the contract; or protect commercially sensitive information during and after the performance of the contract.

The study findings show that 66.7% of the respondents strongly agreed that by maintaining confidentiality of the procurement process, the organization ensures success of the entire procurement, 35.9% agreed, while 5.1% disagreed. The implication was that for SMEs, success of the entire procurement was a function of confidentiality maintained during the procurement process. It was also established that 53.8% of the respondents strongly agreed that a quality check of the organization's procurement process plays a crucial role in confirming the suitability of the goods in question, while 46.2% agreed.

This implied that all the respondents agreed that, quality check of SMEs procurement process played a pivotal role in the confirmation of the suitability of the goods in question. The findings are in line with study by Sollish and Semanik (2012) who posit that procurement ethics, which are a set of moral principles or values, are vital in guiding the behavior of procurement managers, officials and personnel in their day to day procedures which are used in carrying out activities in an organization.

Descriptive Statistics for Organizational Performance

The descriptive statistics for the Organizational Performance were as presented in Table 3.

Table 3: Descriptive Statistics for Organizational Performance

N		Minimu m	Maximu m	Mean	Std. Deviation
39	Through observance of the ethical code of conduct by procurement personnel, our organization enjoys better supplier relationship	2.00	5.00	4.4615	.64262
39	Adherence to the organization's ethical code of conduct has enabled for proper service delivery and therefore increasing the customer base	4.00	5.00	4.4615	.50504
39	Improvement in the management of suppliers is evident thus resulting in decreased operating costs	3.00	5.00	4.5128	.60139
39	There is increased level of competitiveness following our organization's ethical orientation	3.00	5.00	4.4615	.55470
39	Effective management of procurement processes improves the quality of goods supplied	3.00	5.00	4.5128	.60139
39	Our organization's ethical orientation has improved the critical analysis of business activities that affect the procurement processes	3.00	5.00	4.5128	.60139
39	Valid N (listwise)				

From the findings in Table 3, all the statements recorded a mean score above 3.0, which is the neutral mean score. This implied that majority of the respondents agreed as follows. Through observance of the ethical code of conduct by procurement personnel, SMEs enjoyed better supplier relationship. Adherence to SMEs ethical code of conduct had enabled for proper service delivery and therefore increasing the customer base. Improvement in the management of suppliers was evident thus resulting in decreased operating costs. There was increased level of competitiveness following the

organization's ethical orientation. Effective management of procurement processes improved the quality of goods supplied; and that SMES ethical orientation had improved the critical analysis of business activities that affected the procurement processes.

Correlation Between Integrity and Organizational Performance

The results for Pearson correlations between integrity and organizational performance were as provided in Table 4. The golden rule is that the association is statistically significant when $p < 0.05$ and vice versa.

Table 4: Association between Integrity and Organizational Performance

Integrity			Organizational Performance
Integrity	Pearson Correlation	1	.683**
Sig. (2-tailed)			.000
N		39	39
Organizational Performance	Pearson Correlation	.683**	1
Sig. (2-tailed)	.000		
N		39	39

The findings in Table 4 show that there was a positive Pearson correlation between integrity and organizational performance at ($r = 0.683$, $p = 0.000$). This means that there was a positive association between integrity and organizational performance at SMEs. Furthermore, it means that a rise in the level of integrity attracts a rise in organizational performance at SMEs. Given that the p value was less than the test significant level at 0.05, the association was statistically significant. These findings are in tandem with a study by Lewa (2007) who established a link between integrity and organizational performance. Lewa argued that honesty and integrity were, and still are integral in procurement for safeguarding the procurement function and being conscious about any action that may lead to corruption or fraud.

Correlation between Confidentiality and Organizational Performance

Shown in Table 5, are the results for Pearson correlation between confidentiality and organizational performance. The golden rule is that the association is statistically significant when $p < 0.05$ and vice versa.

Table 5: Association between Confidentiality and Organizational Performance

Confidentiality			Organizational Performance
Confidentiality	Pearson Correlation	1	.856**
Sig. (2-tailed)			.000
N		39	39
Organizational Performance	Pearson Correlation	.856**	1
Sig. (2-tailed)	.000		
N		39	39

In Table 5, the findings show a positive Pearson correlation between confidentiality and organizational performance as ($r = 0.856$, $p = 0.000$). This means that there was a positive association between confidentiality and organizational performance at SMEs. This means that in SMEs, confidentiality and organizational performance have been positively associated. An increase in confidentiality attracts an increase in organizational performance.

Results on the effect of integrity resulting from procurement ethics on organizational performance of SMEs showed that majority of the respondents agreed that tender documents' evaluation process and its effectiveness is gauged separately and prices are considered only after completion of the evaluation. Further, the ethical procurement process of the organization includes an understanding of the operations of the suppliers. Additionally, SMEs employees subscribe to the stated code of conduct regarding the performance of duties. Procurement department employees follow an ethical code that dictates their behavior and actions while doing business. Employees with a personal interest in the tendering process were required to declare the same for exclusion from the process. Furthermore, it was found that monitoring, supervision and sanctions are practiced to ensure the organization's integrity in order to decrease engagement in corrupt activities.

On the influence of confidentiality resulting from procurement ethics on organizational performance of SMEs, the findings show that majority of the employees indicated that SMEs protects commercially sensitive information that a supplier provides during the procurement process. Procedures adopted in the organization ensure that documents submitted are secure and confidential, which help procurement personnel handle sensitive information. In addition, SMEs manages to what extent potential suppliers are required in their submissions to provide commercially sensitive information. According to majority of the employees, any employee who violates the confidentiality provisions is guilty of gross misconduct and the company disqualifies any breach of confidentiality. The study also found that maintenance of confidentiality of the procurement process, translated into the success of the entire procurement. Additionally, the study revealed that a quality check of the organization's procurement process plays a crucial role in confirming the suitability of the goods in question.

Conclusion and Recommendations

Based on findings the study concludes as follows, integrity resulting from procurement ethics did not have a significant influence on organizational performance of SMEs. The study concludes that the requirement by SMEs to have employees subscribe to the stated code of conduct regarding the performance of duties, and follow an ethical code that dictates their behavior and actions while doing business translated into effectiveness of the procurement function, and subsequently organizational performance.

Also, confidentiality resulting from procurement ethics had a great and significant influence on organizational performance of SMEs. The study also concludes that SMEs efforts of protecting commercially sensitive information that a supplier provides during the procurement process, and managing what extent potential suppliers are required in

their submissions to provide commercially sensitive information had resulted into getting quality suppliers and thus contributed to the effectiveness of the procurement function and thus translated to better organizational performance.

Consequent upon the findings of this study, the following recommendations are proffered;

- i. The management of SMEs should consider putting in place measures that promote employees' adherence to set ethical code that dictates their behavior and actions while doing business. Such measures will include disciplinary action to those who contravene the ethical code.
- ii. The management of SMEs should consider ensuring that appropriate measures are put in place to ensure maximum protection of commercially sensitive information that a supplier provides during the procurement process. Such information should only be available to authorized and well trained staff in the procurement department.

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