



EFFECTS OF ORGANIZATIONAL PURCHASING POLICIES ON THE PERFORMANCE OF A FIRM'S PURCHASING FUNCTION (A Case study of Nampak Kenya Ltd)

RAEL APONDI OYOO

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Oyoo, R. Apondi, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi Kenya

Prof G.S Namusonge. PhD, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi Kenya

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ABSTRACT

Globally, organizations have realized that purchasing function has become of great importance in strategic decision making hence requiring policies for effective implementation. This study therefore aims at evaluating the effects of organizational purchasing policies on the performance of organization's purchasing function.

The study reports the implications brought by decisions made pertaining organizational purchasing policies on the firms purchasing function. This is because purchasing policies adopted by any organization determine the overall performance of the firm as all other departments depend on purchasing to get materials to execute their mandate.

The study concentrates on the following objectives: to determine the extent to which working ethics influence the purchasing function, to find out how disposal of surplus property improves the purchasing function. The researcher has used descriptive research design, because this study focuses on individual variation. A sample of 74 employees was drawn from all the departments of the organization. Stratified random sampling technique was used to select respondents, and systematic sampling was used to draw participants from each strata and data collected with questionnaires which involved evaluation of the effects of organizational purchasing policies on the performance of firm's purchasing function.

Data was collected using both primary and secondary data collection methods. Primary data was collected using structured and unstructured questionnaires containing both open and closed ended questions while secondary data was collected from records, statements, relevant publications and documents from all the departments.

Being an impact assessment study, the researcher collected baseline data in order to establish the pre-operation exposure conditions of the outcome and impact level of indicators. The researcher got the control group by interviewing those who were working in the purchasing department earlier but have now moved to other departments or to management levels while the experimental groups are those who are currently working in the purchasing department.

Key Words: Purchasing Policies, Strategic Decision Making, Implementation

INTRODUCTION

According to Kenneth and Farrington (2006) Purchasing department is responsible for the purchasing function of the organization generally within the guidelines described in the documents. The role of purchasing policy is to procure goods and services that meet the organizations needs, in a timely, efficient and properly controlled manner. Purchasing department fulfils the responsibility by educating the organization about maintaining the organizational procurement system and enforcing the policies to ensure organization adhere to standard practices.

The purchasing department has to conduct training in procurement procedures, provide stockroom and delivery services and help users in obtaining goods and services in an efficient and cost effective way.

According to Kenneth and Farrington (2006) Purchasing entails the acquisition of inputs of goods and services from external suppliers or providers. Purchasing is charged with the responsibility of supplying the organization with steady flow of materials and services to enable the organization meet its needs, it ensures continuity of supplies by maintaining good relationship with the source of supply, it also ensures that delivery schedules are met by JIT systems that is just in time, ensures that materials are of good quality, quantity and dispatched in the right place and at the right time.

In order to serve the customers efficiently the management must be supported properly by the provision of goods, materials, equipment and other related services, these items should be available when required. It's the objective of purchasing and supply to satisfy the goal of availability of goods through the purchasing storage and distribution activities. The specific functional objective include the following; top manage inventory stocks so as to give the best possible services to the user at the lowest cost, to maintain good cooperation relationship with the employees and to operate effectively and efficiently not all employees should be involved in buying. Such a function should be given to a department where the procurement of

the right quality, right quantity, right time and right place of material delivery can be coordinated

The purchasing department should likewise ensure that suppliers deliver within the required time. If items procured are received late, there will be loss in sales, production will stop and customer goodwill will be affected and the procurement entity in an organization may be found liable and that's why the purchasing policies should be adhered to.

Statement of the problem

Purchasing function has become of great importance in strategic decision making. Such strategic decisions require policies for effective implementation. A modern organization must not only develop purchasing policies but also policies that will effectively and efficiently enable it to achieve both purchasing and corporate function. The management should develop purchasing policies which will guide the employees in effecting purchasing activities. There is need therefore to evaluate the impact of these policies on the performance of purchasing function.

Bailey, (1996) If an organization fails to have clear, specific and well communicated values, standards and regulations will not be adhered to, this is why we emphasize specific education and training modules should be developed and offered within the organization not only for the induction of new entrants but also for the managers who require handling ethical questions and tackling moral dilemma which is extremely difficult therefore making training a necessity. Ethical training cannot be achieved when one has stopped embracing the employees during all phases in their career. A policy of mobility, at regular times during the employee's career can play an important role in promoting ethics and integrity.

Objectives of the study

The general objective of the study is to evaluate the effects of organizational purchasing policies on the performance of a firm's purchasing function. Specific Objectives were to determine the extent to which working ethics influence purchasing function

and to find out how disposal of surplus property improves the purchasing function.

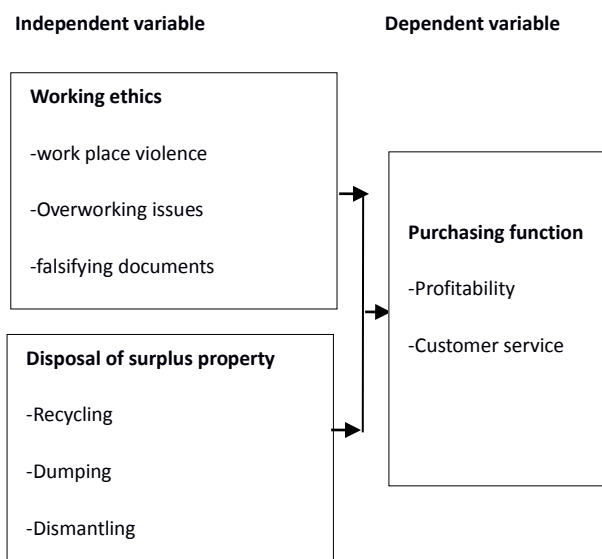
Research Questions

- i. How does working ethics influence purchasing function?
- ii. How does disposal of surplus property improve the performance of purchasing function?

Scope of the study

The study was based on the evaluation of the effects of organizational purchasing policies on the performance of a firm's purchasing function. For the researcher's convenience in carrying out the study, she settled for Nampak Kenya Limited which is a company located in Thika as her case study. The researcher gathered information from the employees of Nampak (k) ltd across all departments as they are well equipped with the required information regardless of the department they work in. This is because all departments depend on the purchasing function for the materials they need for daily use. The researcher also settled for Nampak (k) ltd as it is a manufacturing firm typical of many others located in Thika with its purchasing function being centralized.

Conceptual framework



Working ethics

Working ethics are the behaviors in the organization and may be ethical or unethical. Ethical behavior is defined in a document that outlines the organizational principles, standards and guidelines that govern the professionals in their behaviors. It can also be defined as the expected norms in a given society or the moral principles which govern people's beliefs, actions and decisions. The word ethical is derived from ethics.

Kenneth et al (2006) states that purchasing staff may act unethically in the presence of ethical codes that outlines the principles and guidelines of the expected behavior therefore ethics may not be adhered due to; Ignorance that is the staff knows what is right but basically do not perform, lack of training and education on ethics to the staff, lack of role models such as top management who engage in unethical practices.

According to Jessop and Morrison (1994) Leadership is the most crucial element of implementing and maintaining ethical conduct in the workplace. The role of a manager is to be a moral person who does the right thing therefore the manager must set good example because he will be looked upon by his juniors, he also needs to establish forms of communication which will lead to better standards that are required for ethical behaviors, ensuring new entrants are made aware of ethical standards and guidelines in shaping the policy to adequately address the challenges that arise in the field.

Bailey (1996) If an organization fails to have clear, specific and well communicated values, standards and regulations will not be adhered to, this is why we emphasize specific education and training modules should be developed and offered within the organization not only for the induction of new entrants but also for the managers who require handling ethical questions and tackling moral dilemma is extremely difficult therefore making training a necessity. Ethical training cannot be achieved when one has stopped embracing the employees during all phases in their career. A policy of mobility at regular times during the employee's

career can play an important role in promoting ethics and integrity.

Kenneth and Farrington (2006) stated benefits of ethical codes; It provides guidance to managers and employees in a given activity therefore acting as a control measure, It signals expectation of proper conduct to both the buyer and the supplier through the principles and guidelines, It sets boundary as to what constitutes ethical behavior as determined by the organization and professional behavior, They facilitate creation of long term relationship between seller and buyer and it inculcates into the employees and management the companies value, culture and style.

The purchasing profession is governed by various guidelines to code of ethics including those published by the national association of purchasing management some of these aspects include: Declaration of interest; any personal interest which may affect or be seen by others to affect a member impartially in any matter should be declared, confidentiality and accuracy of information; the information must be respected and should never be used for personal gain. Information given in the course of duty should be honest and clear, Business gifts; business gifts other than items of small intrinsic value such as business diaries, calendars should not be accepted, Hospitality; the recipient of hospitality should not allow himself to be influenced or be perceived by others in making a business decision as a consequence of accepting hospitality therefore the frequency of hospitality should be managed openly and with care.

There are some factors to consider before accepting gifts or hospitality. They include; The motive of a donor that is whether a token of appreciation or a bribe, Value of gift or hospitality that is should not exceed what is permissible for example a huge amount of money, The manner in which the offer is made i.e whether openly or secretly, The impression on gift or hospitality will make the superiors, colleagues or subordinates baring in mind the human propensity to think the worst. Unethical behavior: refers to unexpected norms in a given society.

Kenneth and Farrington (2006) outlined some unethical behaviors in the organization as follows:

Excessive supplier hospitality to selected staff; for example giving promotions to selected suppliers, better pay package to a few suppliers, pricing schedules being completed in pencils is unethical since the prices can easily be changed, loss of supporting documents like invoices, packaging notes. This is used to show that certain transactions took place between the buyer and the supplier, representation of genuine invoices that have not been stamped or cancelled at the time the initial cheque was signed. Fraud as one of the example of unethical behaviors is defined as dishonesty, or causing loss to another person. Some of the ways to prevent it include: be alert to give away signs, to loss of supporting documents, excessive supplier hospitality to selected staff, pricing schedules being completed in pencils, take appropriate electronic security measures example, use of passwords, encryption to protect data from irrelevant issues, recognize the importance of both internal and external audit which helps in detecting frauds through investigations of records, introduce a code of conduct/ code of regulations that governs the behavior of all the purchasing staff.

It is therefore important that signs of poor employee morale be watched for very carefully among all employees. Such symptoms can include frequent absences, increases in the number of errors, decreased productivity, decreased quality of work, frequent tardiness, apathy sulking and moping, backstabbing and increases in accidents or injuries. Remember that poor employee morale is not the cause of these problems, but instead a reaction to another part of the workplace that is not functioning at its best. Therefore if the problem is to be solved, the reason for the poor employee morale must be identified.

Possible cause include: A negative event within the workplace, such as firing, downsizing, or other dramatic and unwanted change, the promotion of unpopular employee or a promotion when there were other candidates for the position who were overlooked, arguments or other forms of tension among staff members or between staff and management.

Farmer D (2005) states other possible causes of poor employee morale include: Unstable financial

health of the company, Overwork or a consistently heavy workload, Feeling unappreciated or underappreciated for the work done, Conditions of the workplace, Rigid supervision that is too involved in the work being done and unsupportive, weak supervision that does not offer enough input or guidance.

Once the cause of poor employee morale has been identified, it is time to take steps to improve it as soon as possible. If the cause cannot be identified alone, it may be necessary to hire a consultant who can root out the problem. However, it is important to remember that there is a very easy way to find out the source of some of the poor employee morale issues, which is simply to ask some of the employees. Address the issue seriously, but without tension, allowing the employee to feel comfortable to express him or herself. By finding this information directly from the person experiencing the poor employee morale, it will ensure that the precise problem is being addressed. Furthermore, it will help to show employees that the management truly does care about the issues that are bothering them, and their input for resolving the situation.

a) Work place violence

Alex M (1994) states that though commonly considered to be acts of physical assault, workplace violence is actually a problem of much greater range. Workplace violence consists of any behavior in which a person is threatened, intimidated, abused, or assaulted at or relating to his or her employment. It may include such acts as: Threats, verbal or written- which includes any expression where there is intent to harm the recipient.

Harassment- acts which embarrass, demean, humiliate, annoy, abuse, or alarm the recipient, where these acts are known to be unwelcome and undesired. These acts may include gestures, words, intimidation, bullying, and any other inappropriate behaviors.

Verbal abuse- swearing, cursing, or insulting. Threatening behavior- this includes pounding furniture or walls, shaking fists, throwing objects, or destroying property.

Though there is sometimes a difference between behaviors that are unethical and activities that are

actually illegal, it is up to the business itself to decide how it deals with unethical behavior-legal or not.

Many employees find that discovering unethical behavior among co-workers actually tests their own values and ethical behaviors. After all, unethical behavior that is not illegal frequently falls in a grey area between right and wrong that make it difficult to decide what to do when it is encountered. Furthermore, different people have different views regarding what is ethical and what is unethical. For example, some people feel that it is alright to tell a little "white lie", or to make one long distance call on the company's nickel, as long as they can justify it in their mind.

When employees discover other employees doing something that they know is wrong by the company's standards, their own sense of what is right and what is wrong instantly comes into question. The employee needs to consider how s/he feels about that particular activity, as well as informing about that activity, or turning a blind eye.

Even by deciding to do something about it, the employee who has discovered the unethical behavior is presented with a number of difficult choices. Should the employee speak to the individual directly, or should he head directly to a company supervisor?

To make the decision a bit easier, many companies have adopted several techniques that allow for the management of unethical activities. The first step is to create a company policy, in writing, that is read and signed by each employee. This erases most feelings of ambiguity when it comes to deciding what to do after witnessing an unethical behavior.

The second is to give a clear outline of what is expected of the person who has discovered the unethical behavior. It should include the person who should be contacted, and how to go about doing it. With clear instructions, there will be less hesitation in reporting unethical activities, and then they can be dealt with quickly and relatively easily, before they develop into overwhelming issues.

Furthermore, the repercussions of unethical behaviors should be clearly stated. This way, both

the person doing the activity, and the witness to the activity will be well aware of the way that things will be dealt with, and there won't be any risk of someone not reporting unethical behavior because they're afraid that the culprit will be unfairly treated.

b) Overworking Issues

Arnold (1991) states that approximately half of all employed people feel that they are facing overworking issues, to the point where they are not as healthy as they could be. Health effects related to overworking issues include headaches, fatigue, extreme tiredness, continuous irritability, and even panic attacks.

People who believe that they are suffering from overworking issues are not simply whining about their jobs. In fact, the majority of people who feel that they are overworked, also claim that they do enjoy the challenges presented at their jobs, and many also claim to feel more fulfilled when they are busy than when they are more idle.

However, even when a person enjoys his or her work, and feels fulfilled by being busy, the fact is that overworking issues must be taken very seriously due to their risk of causing work-related illnesses, a growing resentment about the long hours being worked, and sensations of losing control over their life. These overworking issues will only continue, and possibly grow, as the workload expected to be managed by employees continues to rise.

However, finding the solution to overworking issues isn't as obvious as it may sound. It requires an entire reworking of many of the attitudes within workplace communities, with a new acceptance of a dynamic and changing work environment. Though larger staffs may be considered to be a part of the solution to overworking issues, there is more to it than that. Beating overworking issues is a well-balanced combination of: Equipping your teams with the right number of staff, empowering team members by removing red tape where possible.

Concentrating on the efficacy of managers and team members to best manage time and use the right processes for getting things done. Improve communication among team members to make

sure that work needs to be done only once with fewer changes and revisions.

This process can take a lot of time to implement, especially in these times of cutbacks and an actual appreciation by society for the ability to overwork. In fact, of the most important overworking issues is the fact that such a compulsive style of working is actually leading to addictions that are cutting into other areas of workers lives, and health. This addiction is becoming harmful on several levels of overworked employees' lives, and it is becoming extremely costly.

The reason for this is that employees who suffer from overworking issues so deeply that they are addicted are not necessarily more productive workers. They do work long hours, seeking the "high" that the addiction requires from overworking, however, exhaustion that it causes, and the damage to the employees' sense of self worth has only a negative impact on that person's abilities to achieve. Unfortunately, instead of helping such people, we more frequently applaud their dedication to the success of the business.

Overworking issues begins with recognition that it is indeed a problem in today's society. A gradual transition must then be implemented to allow employees the therapy they need to understand that they are still considered valuable and productive, even if they don't overwork.

c) Falsifying documents

Martin C (2005) states that these days, it sometimes feels as though everywhere we look, there is another example of unethical behavior such as falsifying documents. Unfortunately, unethical and even, on occasion, illegal activity is becoming increasingly common in today's workplace. Perhaps even worse is the fact that we are all victims when even one person is falsifying documents or performing some other unethical activity, because in the end, it does indeed hit us all in the wallet.

Falsifying documents, for example means that the records of a business are being altered. Whether those records are the timecard recording a persons hours at work, financial documents, or records of sale, anything that defrauds the business or its

customers is ultimately harmful to everyone involved. It means that you will need to make up for the work that the unethical employees fail to accomplish, and if the falsifying documents leads to a decrease in profits, as is often the case, then pay cuts or layoffs may result.

It is sometimes very hard to accept that this is going on in one's very own workplace. That such dubious behavior as falsifying documents could be possible among the people around us every day; with whom we chat, and whom we would like to be able to trust but it should not be ignored. Ignoring actions such as falsifying documents will only lead to their continuation, and likely their worsening.

Certainly, it is very simple to fall into the "everybody does it" trap, and to convince oneself that it isn't too much of a big deal, but those are only ways to fool oneself into not taking any action—a seemingly easier route. It isn't easier though. For one thing, it costs the company, all of its employees, and its customer's money. For another, just because somebody else does not follow ethical behaviors, it doesn't mean that you should allow them to drag you down with them. You should always honor yourself and the honest people around you by sticking to your high moral standard. It is a level of courage that is required of all of us in the workplace.

It is courageous because it is not always easy to not only say that you will not join in, but to take action when you know that what someone else is doing is clearly wrong. Among those wrongful activities is falsifying documents. Use your courage and speak the truth, to keep yourself on the right road, and to achieve higher successes within your career. By taking unprincipled shortcuts or by turning a blind eye to others who do, you will not only ever truly be a successful person—struggling to live with yourself— but you won't reach your full potential, because you are allowing other dishonest people to hold you back.

Policies on disposal of surplus property

Jessop and Morrison (1994) states that materials held in stock is unlikely to be used, then the only sensible course of action is to dispose them, naturally the best possible return for unwanted material, either from scale or by finding an

alternative use, will be sought. It should be remembered that giving material away might result in some intangible benefits such as increased good will.

They further stated that no matter how well a company may manage materials or disposal it lacks in every organization which tries to keep such materials at a minimum, but try as it may never be wholly successful. Materials for disposal fall into the following categories:

Surplus; refers to stock which is in excess over reasonable requirements of an organization. It arises due to errors in amount bought. Obsolete material differs from excess stock, the later could be consumed at some future date, and the former is unlikely ever to be used inside the organization. Therefore obsolete refers to items that have been overtaken by time and has no use. Once material has been declared obsolete it is wise to dispose it off for the best that can be obtained although material may be obsolete to one user, this does not mean it is obsolete for others.

Obsolete also refers to what is left of an asset at the end of its useful life and may still have salvage value. It also refers to materials or equipment which is no longer serviceable and has been discarded i.e items like worn out machinery and old tools.

Jessop and Morrison (1994) stated that the cause of existence of materials for disposal include: Overbuying to take advantage of favorable terms of discount without regard to stock holding costs, Overstocking to avoid production breakdowns or due to estimating of higher demand, Stockpiling in anticipation of price increase or material shortage, Change in design which may render stocks of materials and components obsolete, Breakages and deterioration due to poor handling or inefficient stock reservation.

Christopher (2005) stated some ways of reducing the materials for disposals and they include: Ensuring that the stock levels are low, Ensuring that the stock controllers and buyers are fully informed of changing market policies, design e.t.c, Monitoring changing patterns of consumption in order to detect obsolescence at an earlier stage.,

ensure that old materials are issued or used first before others are introduced and relate material acquisition for production very closely to actual needs through the use of planning techniques such as material requirement planning (MRP).

Leenders and Fearon (2001) discussed the responsibility for material disposal therefore the question of who bears the responsibility for the management of material disposal in an organization is rather difficult to answer. In large corporations where substantial amount of scraps, obsolete, surplus and waste materials are generated a separated department may be justified.

The manager for such department may report to the general manager or production manager however most companies depend on purchasing department to handle disposal sales. Some legitimate reasons for assigning disposal of materials to the purchasing or material management function include; Knowledge of the problem and price trends. Contacts with sales price is a good source of information as to possible users for, and transfer of the material within the organization. Unless a specific department is established within the firm to handle this function purchasing is probably the only logical of choice.

Leenders and Fearon (2001) stated a procedure for disposal which is outlined below. When scrap is sold careful attention should be given to the selection of the buyer and the procedure for handling the sales in connection with selling and delivery materials a system should be set up which will be consistently followed and will afford the company protection against all possible loss through dishonest employee and irregular practices on the part of purchase.

The first step is to identify items that are to be disposed. All sales should be approved by a department head and cash sales should be handled through the cashier and never by the individual whose duty is to negotiate the sales.

All the delivery of the by-products sold should be effected through the issue of an order form and sufficient number of copies should be made to provide a complete record for all departments

involved in a transaction, the shipping department should determine the weight and value and this figure should go to the billing department.

Any department responsible for the performance of this function should maintain a list of reputable dealers in the particular line material/equipment to dispose off and should periodically review this list. At frequent interval the proper plant official should be instructed to clean up the stock and report on weights and quantities of the different items of the classes of equipments ready for disposal. A common procedure is to send out invitations to four or five dealers to call and inspect the lot in the factories and quote their prices.

Other procedures would involve placing a notice on the daily newspaper so as to invite as many willing buyers as possible, frequently acceptable and dependable purchases with which satisfactory connection had already established are relied on as desirable purchases and no bias are called from others.

If a firm generates large amount of scrap materials consistently the bidders may be asked to bid on the purchase of this scrap materials over a time period of six months to one year. However it is advisable to re-bid or re-negotiate such contracts at least after six months to encourage competition. Often the agreement will have an escalator clause in it, tying the price to changes in the overall market.

Collection, transportation and disposal of waste material as well as offering the best solutions for reducing, reusing and recycling waste is all available through disposal management the methodology used by disposal management achieves waste reduction primarily through reduction at the source followed by recycling and the reuse of certain material.

Financial and environmental benefits can both be attained by reducing and recycling efficiently. Other benefits include: Improved bottom line through improving process efficiency, Reduced burden on the environment, Compliance with all current legislation and environmental law therefore it is our responsibility to promote waste reduction in our community to impact the amount of waste

generated while protecting health and environment.

a) Recycling

Disposal management's waste reduction and recycling alternatives makes a difference helping both the customer and consumer.

There are many options for anyone looking to implement a resource recovery program into their business practices. Disposal management has majority recycling facilities available to provide the proper services required to attain the highest level of efficiency. Disposal management has the tools, knowledge and expertise in attaining your recycling needs. We have major recyclers in every market providing the proper source separation for waste.

Disposal management collects and recycles ferrous and non-ferrous metals. We receive scrap metal from our customers for recycling. Roll-offs is mobilized to your site for scrap accumulation and removal. We have open-tops and cubic yard self dumping hoppers that perform in most demanding applications for metal separation on conveyor lines.

Disposal management has alliances with metal processing facilities that process metal to produce finish steel and other metal products. Disposal management has the ability to recover ferrous and non-ferrous metals therefore brings science to the treatment of waste. Waste audits are an integral part of the disposal plan for all customers. The waste audit consists of a simple process where a disposal management representative working in conjunction with the customers identifies all waste streams being output as well as how the waste are being managed.

A comprehensive and efficient plan will then be presented to the customer to introduce the alternative options for potential reduction in waste as well as recycling options and disposal methods. The customer can then make a decision as to how to proceed in having their waste streams disposed off and managed. The proposal is then fully implemented by the disposal management staff to the satisfaction of the customer.

Small and big businesses alike can benefit from the waste audit. Recognizing where waste are being

produced and being informed on how to reduce, reuse and recycle is not only responsible but can also prove to be the more cost-effective way of doing business.

Lysons et al (2006) outlined some of the disposal channel options: Recycle; these are the ones that have already been used and they can be used again, Dumping; this involves selling to another country at a reduced price.

Advertise/offer bids; this is whereby offers are made and the most successful bidder is awarded the contract, Sell to employees; sell to internal customers within the organization, Negotiate for a return to the supplier; this is selling to the same supplier who sold to you at a negotiated price, Dismantle; this is breaking down of the products into small quantities so as to make use of the spares, Sell to merchants/dealers; this involves selling to dealers who buy or sell goods in large quantities especially those who import or export goods. This will enable one to get rid of the excess goods, Give to a deserving cause/donate; for example to children homes or charitable organization.

Critical review

David (2005) emphasized that the interaction of purchasing with other departments in the organization helps to succeed, build and improve interaction, coordination and operation. He also stated that an organization operates like a system whereby the departments of production, design, marketing, sales, finance etc are considered as subsistence for the organization to succeed when they liaise with the purchasing department. Therefore the above departments relate closely with purchasing and supply as a buying centre.

Research gaps

Most studies that have been carried out with an aim of evaluating the effects of organizational policies on the performance of firm's purchasing function, the contribution of these studies have not yet been established to an important result as per the expectations of the organizations and customers being served.

This research study specifically aims at identifying the critical areas that evaluate the impact of organization policies on performance of purchasing function. It will help organizations to gain competitive edge over their competitors by improving customer service; staff should also be empowered to ensure they participate in the implementation of good policies. The suppliers should also not be left out in consideration of organization policies as they are a part of the supply chain.

RESEARCH AND METHODOLOGY

Research Design

The researcher clearly identified a target population from which specific samples were identified following clearly outlined procedures. As the study involves impact assessment the researcher collected baseline data and the control group was selected from the target population that is those employees who were working in the purchasing department prior to implementation of purchasing policies and are currently working in other departments or have moved to management level. The experimental group consists of those employees who are currently working in the purchasing department. The researcher applied descriptive research design on the basis of its ability to generate data for investigation and to obtain pertinent and precise information. The research was conducted by use of survey research design and data was collected by use of questionnaires containing both structured and unstructured questions. The structured questions were accompanied by a list of possible alternative answers for respondents to choose from. On the other hand the unstructured questions gave the respondents freedom to respond in their own words giving clear and in-depth explanations.

Target population

The target population consists of 120 employees of Nampak Kenya Limited from all the departments. Nampak is a manufacturing firm and was selected because it does a lot of purchasing activities and uses a centralized purchasing system. The choice of Thika area is mainly due to convenience to the researcher in terms of accessibility, time schedule and financial resources.

Sample size and sampling technique

A sample is a small representation of the whole population. A sample allows the use of lower cost, faster speed and convenience in collecting data. To get 74 respondents, stratified random sampling technique was used to group the population into strata based on department that is easy to study and systematic sampling was used to draw participants from each strata. This enhanced elimination of bias since every element in the population had equal and independent chances of selection from the population.

Data Collection methods

The researcher used both primary and secondary data. Primary data was collected using questionnaires. The questionnaires were made of both structured and un-structured questions to enhance flexibility and quality of data. The questionnaires prepared contained questions which are precise and to the point and the answers expected were brief and factual. This method helped the researcher to collect accountable information which would otherwise not be possible if interview or observation was used due to personnel suspicion attitude. Secondary data was collected from records, statements, relevant publications and other available documents across the departments.

Data analysis and presentation

The data was analyzed by coding, organizing and presented by using frequency tables, figures and even graphs to aid in bringing out important features. The analysis was both quantitative and qualitative. Qualitative analysis provided in-depth information so as to come up with useful conclusions and recommendations. Quantitative analysis enabled the use of statistics for better understanding of the data collected.

FINDINGS AND DISCUSSIONS

Response rate

The finding showed that 64% of production department employees responded well to the questionnaires, 55% of supplies department employees responded, in Human resource department 52% responded well while in accounts

and sales department 50% of employees responded well.

In total 58% of the respondents participated.

Gender Information

Gender

From the findings it was notable that majority of employees who responded at Nampak Kenya Limited are male 76% and of their female counterparts only 24% responded.

Position held

The findings indicated that very few of top level management were among those who responded relatively few are also the middle management level respondents and therefore employees from other positions formed the wider majority of those who responded.

Age distribution

The findings showed that employees between the ages of 31-40 formed the majority of those who responded, followed by employees between ages 40 and above while those between ages 21-30 and 18-20 were relatively few with 21% and 7% responding respectively.

Level of experience

The findings showed that respondents who have worked below five years have 7% working experience, those who have worked for between 5-10 years have 16% working experience, while those who have worked for 10 to 15 years have 21% working experience. The respondents who have worked for above 15 years are the most experienced with 56% working experience.

Knowledge of existing rules

The finding showed that majority of the respondents, 77% have knowledge of the existing rules/ policies and guidelines of the organization while 23% have no knowledge of the existing rules and policies.

Qualitative data analysis

This section of data analysis gives the judgmental opinion of respondents. Information was gathered through unstructured questionnaires. Respondents were then grouped, classified and gave the below information. Through the questionnaires the research revealed some of the effects brought about by implementation of purchasing policies in the organization.

The respondents pointed out the following effects brought about by implementation of purchasing policies on the performance of the purchasing function: 61% of the respondents agree that professionalism in carrying out purchasing procedures for instance the tendering process is advertised online and on the organization notice board but before the implementation of purchasing policies, tenders were awarded to relatives and friends of procurement officers which gave a loop hole for corruption and conflict of interest but due to training of procurement officers on ethics such habits are no longer happening because the organization now has an ethical code of conduct.

38% of respondents agreed that communication has improved between top level management and junior staff after implementation of purchasing policies whereby meetings have become a forum where every employee has a chance to air their opinion and if necessary the opinions are implemented this has brought a lot of improvements on the performance of purchasing department because most of the junior staff are fresh college graduates and are techno savvy hence are an important resource to the organization if fully utilized on the contrary, before implementation of the policies only ideas from top management were implemented.

71% of the respondents agree that overstocking due to large scale buying to take advantage of quantity discounts was a notable feature before implementation of purchasing policies but this has largely reduced with implementation of purchasing policies this is because policies like JIT are now in place where stock is ordered at the right time, from the right place in the right amount and at the right price this ensures that the organization only keeps necessary stock. This has improved the performance of purchasing function in that much

of the idle capital which was tied up in stock is saved and thereby reducing the overall cost incurred by the organization. However even with JIT in place surplus property still occurs but they are disposed by recycling, returning to the supplier, and selling to other organizations.

SUMMARY OF FINDINGS

The study found out that purchasing function was the driving force behind effective and result oriented purchasing and supply activities. 38% of respondents agreed that the aspect of policy implementation has greatly improved the performance of the purchasing function and stimulated the company's growth. It was also found out that the support systems such as supplier rating performance systems contributed to increased efficiency in the procurement function however there are a number of factors influencing producer buyer relationship as far as unethical practices are concerned, the study also revealed that employees might engage in deceitful activities regardless of policies and training due to human nature.

The study has revealed that an organization losses credibility due to laxity of employees and lack of management planning. However, good ethical programmes promote a strong public image. Attention to ethics is also public relation; the facts that an organization regularly gives attention to its ethics can portray a positive image to the public. People view such organizations as involving people more than just seeking to make profits. Aligning behaviors with values is critical to effective marketing and public relations programs.

They also get this because training periodically from professionals and the company does organize team building activities which helps peak performance. This is to motivate the employees as they are free to speak hence curbing any unethical practices; communication of any emerging issues is mostly done through regular staff meetings.

Key findings

How to dispose organization surplus property

Recycling: these include the materials/ items that have already been used and they can be used again.

Dumping: this involves selling to another country at reduced prices than in your home country. Respondents had the view that through this option it will help in reducing pollution,

Dismantle: this is breaking down of the products into small quantities so as to make use of the spare, Advertise/ invite/ offer bids: this is whereby offers are made and the most successful bidder is awarded the contract. Negotiate for a return to a supplier at a price : this is selling to the same supplier who sold to you at a negotiated price, sell to employees: sell to internal customers within the organization.

How does working ethics influence purchasing function at Nampak ltd

Training purchasing staff on various issues that constitute fraudulent behaviors. Most of the respondents agreed that training was to be one of the achievements in the organization. By having code of conduct or a code of regulation that governs the behaviors of all purchasing staff. Implementation of openness and communication which will facilitate honesty, transparency and shaping in decision making as well as the avoidance of unnecessary secrecy, defensive and exclusion. Introduction of disciplinary action in cases of fraudulent behavior and they include dismissal, demotions and loss of privileges.

Conclusions

From the study, the findings summarized in the preceding chapter, the researcher concludes that the efficiency of purchasing function depends on the adoption of sourcing policies. With adoption of proper sourcing policies for an organization, buyer-supplier relationship is enhanced. This is because they exchange information, co-operate in preparations of specifications and prompt delivery of materials to meet requirements.

Ethics management should be completely consistent with an organization image and should be an organizational duty in every company and a moral compass for every company and employee. Most ethical problems are not by management mischief but by poor decisions made by managers who are under stress however, the key to avoid

making such decisions is to apply rules/policies and guidelines.

5.4 Recommendations

According to the research undertaken, the study recommends that management should periodically review its training programs in line with the organizations' mission and vision statements and also to update policies and procedures to produce behaviors preferred from the code of conduct including for example personnel job descriptions, appraisal forms and other relevant control instruments to ensure conformance to the code of conduct. In doing so it will avoid creating ethical dilemma such as conflict of interest or infringing on employees individual rights.

Attention to ethics is critical in an organization especially during the time of fundamental change

because during such a time there is often to clear moral compass to guide leaders through complex conflict about what is right and wrong therefore continuing attention to ethical guidelines/policies and rules in the work place sensitizes leaders and staff to manage their work.

The study also recommends that the stock controller and purchasing officer should be fully informed of changing market trends, design and this will decrease the surplus properties and effective disposing channels should be adopted.

Areas for further research

Several scholars have tried to address ethical issues in purchasing but despite these scholars pointing out the ethical issues the reason why professional purchasing staff keep involving in unethical practices has not been addressed.

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