"ASSESSMENT OF ETHICAL BUYING BEHAVIOUR ON RETAIL ORGANIZATIONAL PERFORMANCE: A SURVEY OF SUPERMARKETS IN KAKAMEGA TOWN"

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Abstract

The study will investigate the effects of ethical buying behaviour on retail organizations performance with a bias on supermarkets in Kakamega town. Increased competition has pressured retail organizations to initiate innovative ways of maintaining competitive advantage. Leading retail organizations are today focusing on effectively managing their procurement function in a professional way as a component of supply chain management in order to lower cost operation costs and improve on their bottom line. However, some retail organizations have not fully embraced ethical buying behaviour. As a result such organizations have continued to post dismal financial results, stagnation in their growth and erosion in bottom line profitability. The study was carried out with the objectives to determine the effect of ethical buying behaviour procurement automation on supermarkets performance. The study may help managers adopt ethical buying behaviour that will enhance performance and formulate appropriate policies. It will contribute to the academics point out areas for further research by other researchers. It used a descriptive to explain the relationship between ethical buying behaviour on the four mainstream retail supermarkets in Kakamega town, Kenya. Data was collected using structured questionnaires and also from the review of existing literature. The gathered data was analysed using descriptive and inferential statistics. The findings were presented using standard methods such as frequency distribution tables. Statistical package for social sciences (SPSS) computer software will be used to compute, analyse and present the findings. Ethical buyer behaviour affects supermarket performance.

Keywords: Ethical buying behaviour, electronic Marketing, Electronic Procurement, Total Cost of Acquisition, Vendor Managed Inventory.

Introduction

1.1 Overview

This chapter explains the basis of the study. It gives further information on the background to the problem, statement of the problem, the objectives of the study; the research questions, the significance of the study and the scope of the study. 1.2 Background to study

Since time in memorial procurement has been in existence. According to Brumer (2012), it may not be the oldest profession amongst the very much pronounced professions. Egyptians way back in 3000 BC were practicing procurement in acquiring the building materials for the Pyramids and kept records in papyrus rolls.

During the medieval age procurement specialists were employed by courts, war and construction hence some strategic recognition was accorded and further importance gained during the industrial revolution (Brumer, 2012). The attempt to professionalize procurement started way back in 1887 when Marshall M. Kirkman published what is probably the first
book on Procurement: The handling of railway supplies. This dream never lived to blossom but was only marked by a downfall until in the 1980’s when it started emerging again.

In Kenya professional procurement has grown immensely in the last one decade (Ogachi, 2011). Initially procurement was seen as a functional role that was operational in nature and was not thought to be a strategic activity that could add value in any organization. Very little emphasis had been given to this profession in terms of academic and professional qualifications. The profession has since changed and the purchasing role has shifted from that of a buyer to that of a purchasing professional managing strategic long-term, complex agreement between internal stakeholders and suppliers (Faes et al, 2001). Often seen in the past as a pedestrian ill-developed function of government and business organizations, procurement practitioners are increasingly responsible for supervising the basis on which large amounts of expenditure is undertaken (Calendar, 2007). Excellence in procurement profession is key to improving both top-line and bottom-line growth in retail organizations (Kearney, 2004). Procurement professionalism is a key level to value addition and competitive advantage in retail organizations. It is true that Procurement consumes the greater part of organizations budget which is a clear indication that operational costs can be highly minimized at this point in the organization. Despite this fact, managers have been hesitant to give the recognition the profession needs to be accorded in the strategic seat in the board rooms. This lethargy has mostly affected the retail organizations in Kenya and we cannot sit back and watch things go wrong uncorrected in an area where the growth of the economy seems to be anchored.

Atieno & Murunga (2009) explains that retail business continues to hold the driver wheel for the growth of Kenyan economy. According to the economic statistics conducted in 2008/09 the Kenyan Gross Domestic Product (GDP) growth rate was at 11% thumbs up to the retail and distribution industry. If this economic trend will be upheld then the realization of goals as stipulated in the vision 2030 will not be a hard task. The good performance of the retail business in Kenya can be a good explanation as to why the four major global retail chains intend to invest in Kenya. Masinde (2012) explains that Wal-Mart, jet, Game Store, and Edgars have plans to invest in retail business in Kenya by 2014. This will lead to more competitive pressures in the retail Market. In today’s hypercompetitive retail environment no organization is safe and thus the need to engage in value creation (Kearney, 2004).
According to Kearney (2004), every other month a retail supermarket posts disappointing financial results, top-line growth sags, and the bottom-line profitability erodes. In similar circumstances, Sharif’s, a supermarket that had dominated the market for more than 20 years in western Kenya quit the market. In order to address the problems facing such organizations that form the backbone of the Kenyan economy, the business strategies applied to such retail organizations need to be unravelled. Key among such strategies that need to be investigated is the supply strategies and the implementation of procurement best practices in the organizations.

Implementation of procurement profession in most retail organization in Kenya has been lagging behind. This can be associated with the negligence by the retail managers where they employ cheap semi-professionals to handle procurement function instead of employing procurement professionals. This culminates to poor performances in these retail organizations since the semi-professionals employed in the procurement function are only equipped with the insights of the profession but are not aware what strategy to be applied where and when. Procurement as a professional however much it contributes to the strategic intend of organizations has been neglected and very few researchers have given this area the required attention. This study will therefore seek to explore the effects of procurement professionalism in the retail supermarkets in order to address some of these challenges faced by the retail organizations.

1.3 Statement of the Problem

Increased global competition has placed pressure on organizations to initiate innovative ways of maintaining competitive advantage. Leading retail organizations are today focusing on effectively managing their procurement function in a professional way as a component of supply chain management in order to lower costs and improve on their bottom line. However, some retail organizations have not fully embraced procurement professionalism. Retail managers are adamant to give the recognition the profession needs to be accorded in the strategic seat in the board rooms. In addition these retail managers seem to concentrate more on employing cheap semi-professionals to handle the procurement function which in return has led to dismal performance by these retail organizations. According to Kearney (2004), every other month a retail supermarket posts disappointing financial results, top-line growth sags, and the bottom-line profitability erodes. Numerous factors influence the ultimate
performance of retail organization and one among them is the professionalism of the procurement department. However, very few, managers realize the weight that professional procurement has on organizational performance. If procurement is not done professionally, it will be reflected in escalation of costs, poor quality products, and low customers satisfaction among others. According to Kearney (2004), excellence in procurement profession is key to improving both top-line and bottom-line growth in retail organizations.

One way that will ensure a sustainable solution to challenges facing supermarkets in Kenya is ensuring professionalism in procurement practices (Allen, 2013). Even though several supermarkets have tried to exploit this area they have not done it substantively. In a general appraisal, the exploitation of this competitive advantage in the Kenyan supermarkets still lags behind (Allen, 2013).

A survey of the available literature indicates that studies in the effects of professional procurement on performance in retail organizations are scanty. Thus the purpose of the research is to determine the effect of procurement professionalism on the performance in retail organizations focusing on supermarkets in Kakamega town.

1.4 Objectives

The objective of the study was to determine the effect of ethical buying behaviour and procurement automation on the performance of supermarkets in Kakamega town.

1.5 Research Questions

What are the effects of ethical buying behaviour on supermarket performance?
What effect does procurement automation have on supermarket performance?

1.6 Justification of the Study

The study will help managers in supermarkets in Kakamega town and the entire retail environment to understand the effects of ethical buyer behaviour on performance of supermarkets; adopt an appropriate ethical buying strategy and procurement automation that would enhance performance. It will benefit buyers and policy makers in coming up with the appropriate buying methods for their organizations; contribute to the academics knowledge and point out areas for further research by other researchers.
1.6 Scope of the study
The study was carried out in the four mainstream retail supermarkets in Kakamega town Yakomart, Nakumatt Supermarket, Tuskys Supermarket and Mama Watoto Supermarket using descriptive survey method. The study used the key informant approach where the supermarket managers, lead merchandisers, the procurement team, and product line Supervisors in every supermarket will be targeted.

CHAPTER TWO
Literature Review

2.1 Introduction
This chapter comprised literature review that was relevant to the research topic, and included theoretical literature. This enabled the researcher have a much more clear understanding on procurement professionalism, ethical buying behaviour and procurement automation on retail organizational performance and what has been documented in the past on this field of study.

2.2 Conceptual Framework
Fig.1: Conceptual framework showing the relationship between procurement professionalism and organisational performance

2.3 Procurement Professionalism
A procurement professional is responsible for the purchasing activity of a business or organization. The primary role of procurement professional is to purchase goods and services for the best possible combination of quality, service and price. Fundamentally, professionalism in procurement can be explained as the practical and visible use of qualities and competencies covering knowledge, appropriate skills and behaviours. Inside a general sense, professionalism originates from knowing one has done a great job to the better of one’s ability.
According to Gilbert (1998) a professional is a person who is highly educated, enjoys work autonomy, earns a comfortable salary, and engages in creative and intellectually challenging work. Professionalism in procurement can’t be achieved without education and learning both
technical and soft skills however it doesn’t stop there. An authentic curiosity about relevant news and events is advantageous to keep on top of the most recent thinking and techniques. A procurement professional comes with an in-depth understanding of the whole process from sourcing products or services through to completion and exiting of contracts. There are lots of sub-processes that are vital to some successful operation of the business including negotiating and contracting with suppliers, supplier relationship management and also the need for compliance and risk mitigation.

Professionalism in procurement and ethics both connect with proper conduct. Ethics covers the conduct and moral principles acknowledged as appropriate within the profession. Most first class procurement teams work inside a code of ethics which provides coverage for issues such as disclosure, fairness, objectivity and transparency. Our recommendation is that leading procurement professionals exhibit an awareness of these concepts and recognize them. It comes with an overwhelming agreement amongst procurement professionals that having the ability to effectively negotiate with suppliers and deliver quality procurement solutions takes a wider range of skills than a number of other professions. Professional procurement isn’t just about functional knowledge, a chance to develop strong relationship management techniques and to be able to communicate clearly on paper and verbally will also be critical. Procurement has built itself with an important strategic role to experience in leading organizations. Professionals will regularly scan and know their industry, their markets, their supplier base and work to derive more quality. Procurement professionals will comprehend the policies and processes, have the ability to communicate effectively and then make good decisions according to facts.

*Allen (2013) argues that firms have to realise the importance of heavily investing in procurement professionalism. So far firms that have embraced this idea have made it through several setbacks that they were previously facing. Such firm record better performance since procurement professionalism guarantees customer satisfaction. However, Gebauer & Segey (2001) gives a caution that professional procurement is not a solution to all challenges facing firms.*

2.3.1 Ethical Buying Behaviour

The performance of an organization has a direct relationship with the buying behaviours of its consumers. *Allen (2013)* explains that the way in any business, the consumer is the king.
Therefore, the transparency in how they consume a given product of any firm is subject to how much they get satisfied with the goods and services offered. Note that the buying process that consumers undergo is complex and it is subject to both internal and external factors. Therefore, the decisions consumers make is not only influenced by their household disposable income but a number of other external factors (Kabaka, 2012).

In Kenya or particularly in Kakamega town, ethical buying behaviours of supermarket goods and services consumers is subject to factors such as individual needs, basic needs, price of the product, and price of other complement or substitute goods Allen (2013). To attain full satisfaction, the consumers undergo a five stage process, inter alia, recognizing individual needs, searching for material information, evaluating the available options, making a purchase decision, and lastly posting the purchase (Atieno & Murunga, 2009).

According to Collins (2009), ethical procurement practices lead to enhanced quality products and increases customer trust. Through ethical acquisition practices the customer loyalty increases hence making these ethical procurement practices a source of competitive advantage to the organization. Managers in organizations should establish a culture of ethical leadership failure to which demoralizes the workforce, breeds public destruct and leads to organizational decay (Collins, 2009).

Organizations that uphold procurement ethics achieve high notch performance through high quality employees, customers, suppliers and investors that the organization employs and are retained for a longer period. Managers should note that building an organization of high integrity is not a one off thing but it takes time owing to the moral decay by most people. Many organizations are ethically challenged (Collins, 2009) due to the compromised human nature and improper ethics management control systems. This has in turn led to poor financial performance and poor customer service delivery levels. The practice of procurement professionalism underscores the need to be properly inculcated in organizations that ought to survive to the 22nd century.

**2.3.2 Procurement Automation (E-Procurement)**

Currently, there are several ways of conducting procurement. To attain this level of professional procurement, buyers and sellers have gone through several stages (Masinde, 2012). This has been necessitated by the dynamic nature of information and communication technology. Presently, common trends observed in purchasing include electronic
procurement, electronic market, vendor managed procurement, online transaction and many others.

According to Weele (2005), E-procurement can be defined in a narrow and in a broad sense. In a broad sense it is a collection of web technology-based purchasing solution aimed at simplifying commercial transactions with and between organizations. In a narrow sense it entails information technology solutions for ordering, logistics, and handling systems, as well as payment systems.

E-procurement calls for heavy investments and therefore companies to carefully invest in the right software. This entails choosing the right vendors for the provision of the appropriate software after a thorough cost benefit analysis. Maureen and Eric (2000) however, pointed out that the e-commerce market is changing so fast that whatever decision you make today, no matter how much due diligence is applied, will be the wrong one tomorrow.

According to Neef (2001), “E-procurement means a giant leap forward in the long sought-after development of the extended enterprise, where the supply chain becomes a continuous, uninterrupted process extending from buyer through selling partners.” Neef regarded e-procurement as one of the major enablers for supply chain management. Breite and Vanharanta (2001) went a step further and stated that “information technology changed the supply chain management concept more radically than any other technology.” Atieno & Murunga (2009) explain that several organizations have embraced the use of this procurement procedure and thus they have realised a better performance and high level satisfaction to customers. However, this procurement procedure is expensive and thus small scale firms might not have the capital needed to invest in these procedures (Masinde, 2012).

2.3.3 Performance in Supermarkets

The performance of the supermarkets can be broadly classified into customer service delivery levels and the operational costs of the firm. These two aspects if well monitored can ensure responsiveness and efficiency as discussed below:
2.3.3.1 Customer Service Delivery Levels

A competitive advantage accrues to those firms that can quickly respond to changing market conditions (Mecker, 1999). Procurement professionalism through implementation of the best procurement practices help organization to identify their core competencies. Professional associations give to institutions a very powerful resource i.e. expertise. This expertise is not only a resource but also an obligation to contribute within an organization particular capacities (Willke, 2012) in order to increase customer service delivery.

For a new product to achieve significant and rapid market penetration, it must match such customer requirements as new features, superior quality, and attractive pricing (Schilling & Hill, 1998). This can be achieved though establishing strong supplier relationship where the supplier and customers are involved early enough in the product design. According to Mentzer (2011), tapping into the supplier knowledge base a firm expands its information resources, and suppliers can contribute ideas for product improvement or increased development efficiency.

Many businesses have placed a priority upon real-time information regarding the status of orders and production from other members of the supply chain (Demers, 2001). This has been made possible through the use of e-procurement methods. Since the Internet allows near instantaneous transfer of information between various links in the supply chain, it is ideally suited to help firms keep pace with their environments while improving their customer service delivery.

2.3.3.2 Operational Cost

The ultimate goal of every organization is to minimize operational cost while maximizing profits. Approximately 60-70% of operational costs in retail supermarkets is incurred from procurement practices that covers a range of operations that involve sourcing, inventory management, inbound logistics and outbound logistics.

According to Collins (2009), organizations that manage ethical procurement appropriately lead to superior financial performance accrued from avoiding the cost of unethical procurement practices. It should be noted that all the monies given as bribes to corrupt
procurement practitioners by unethical suppliers are siphoned from the buying organization as part of the quoted price of the goods to be acquired.

The merging of information and communication technologies has led to growth in supply chain partnerships hence organizations can share information in real time (Basu & Wright, 2012). This enables collaborated organizations to lower inventories thus reducing the transaction cost and as a result customers can enjoy lower prices and better values (Basu & Wright 2012).

2.3.4 Retail Organizations in Kenya.

The retail business in Kenya is predominantly occupied by retail supermarkets. Supermarkets in Kenya have grown from a tiny niche at the start of the 1990s to 20% of the urban food retail sector in 2003 (Neven & Reardon, 2005). The spread of these retail supermarkets to the intermediate cities and smaller towns no longer poses supermarkets to be the niche players who only targeted the high income earners but they currently cut across to people with diverse incomes (Neven & Reardon, 2003). Competition due to the massive spread of supermarkets outlets all over the country has tremendously increased. Retailers therefore have to strategically place themselves in the market to remain competitive.

Currently, Kenya is experiencing a faster modern retail sector growth rate as the economy maintains its upward trend. This is happening despite the ups and downs that the Kenyan economy is facing (Kamau, 2008). In Kakamega town, this growth in supermarkets has greatly been observed with the number of supermarkets increasing from two supermarkets in 2004 to the current six supermarkets. In order to remain competitive supermarkets should embrace professionalism in their procurement practices. In bid to pull more customers trough providing satisfying goods and services, all established supermarkets have resorted to procurement best practices (Neef, 2001). Commonly used procurement practices are team-based approach, electronic procurement (e-procurement) and building supplier relationship.

Atieno & Murunga (2009) explains that retail business continues to hold the driver wheel for the growth of Kenyan economy. According to the economic statistics conducted in 2008/09 the Kenyan Gross Domestic Product (GDP) growth rate was at 11% thumbs up to the retail and distribution industry. If this economic trend will be upheld then the realization of goals as stipulated in the vision 2030 will not be a hard task. The good performance of the retail business in Kenya can be a good explanation as to why the four major global retail chains intend to invest in Kenya. Masinde (2012) explains that Wal-Mart, jet, Game Store, and Edgars have plans to invest in retail business in Kenya by 2014. This will lead to more
competitive pressures in the retail Market. In today’s hypercompetitive retail environment no organization is safe and thus the need to engage in value creation (Kearney, 2004).

According to Kearney (2004), every other month a retail supermarket posts disappointing financial results, top-line growth sags, and the bottom-line profitability erodes. In similar circumstances, Sharif’s, a supermarket that had dominated the market for more than 20 years in western Kenya quit the market. In order to address the problems facing such organizations that form the back bone of the Kenyan economy, the business strategies applied to such retail organizations need to be unravelled. Key among such strategies that need to be investigated is the supply strategies and the implementation of procurement best practices in the organizations.

2.4 Summary

It has been observed that proper implementation of Procurement professionalism; ethical buying and procurement automation contribute positively to the performance of organizations.

The retail business in Kenya with a bias in the supermarkets which make a greater percentage of retail organizations was explored. It has been observed that due to the lucrative of the business there are so many investors who have ventured into this business. However, a number of supermarkets strongly come into the markets but very few hardly make to survive for a number of years. It is thought that the application of management best practices more so the utilization of procurement professionalism is a solution to such dismal performances.

Performance in retail supermarkets has been reviewed in terms of customer service delivery levels and operation cost. This is because the ultimate goal of employing procurement best practices is geared towards reducing operation costs while maximizing profits. Customer service delivery is also key to performance of these retail supermarkets because customer is king. Due to the changing needs of the society many customers are becoming choosy and more selective to the manner in which to quench their needs. The supermarkets therefore need to understand the trends in the changing needs of the customers in order to improve their performance.
CHAPTER THREE
Research Methodology

3.2 Research Design

A research design is an arrangement of conditions for collection, measurement and analysis of data in a manner that aims to combine relevance to the research purpose with economy and procedure (Kothari, 2010). This study used a descriptive survey design as it will seek to explain the relationship between the study variables. As (Kombo & Tromp, 2006) further assert the approach is appropriate for describing the state of affairs as they exist. Descriptive survey design was the most appropriate because the study was concerned with finding out what relationship exists between the independent and dependent variables. The researcher gathered data that described events, organized, tabulated and described categories of information gathered.

3.3 Target Population

The study targeted 67 heads of product lines from all the retail supermarkets in Kakamega town who were directly involved in the procurement decision for different products. These supermarkets were Nakumatt supermarket, Tuskys Supermarket, Mama Watoto supermarket, and Yakomart. The target population was ideal for this study because it was derived from supermarkets that have branches operating in different towns in Kenya. It therefore formed an imperative part of the population that helped the researcher ascertain the effects of procurement professionalism in the retail supermarkets performance. The population distribution was as follows:

Table 3.1: Population Distribution

3.3 Sampling Frame

In order to get a representative sample for the study, the researcher used the employees list that was available from the human resources sections of the supermarkets. From the attendance lists the researcher got information about the key informants in different product lines.
3.4 Sample and Sampling technique

The sample will consist of 34 heads of product lines selected from 67 heads of Product lines from the six supermarkets in Kakamega town. This sample represents 50% of the target population. According to Mugenda & Mugenda 2003, a third (1/3) of the total target population gives room for the sampled population to be representative enough and therefore the target sample of 50% which is more than 1/3 is representative. The sample will be distributed as follows:

Table 3.2: Sample distribution

The researcher used purposive sampling to come up with the sample population defined above. This is because the nature of information needed for this research can only be obtained from the key informants in different product lines in the supermarkets. These key informants include the product line supervisors and the executive managers who are directly involved in the procurement decisions.

3.5 Research Instruments

The study will depend on the primary data collected through interviews and questionnaires and secondary data from literature review. Specifically, the researcher relied more on interview and questionnaires since one could be in position to ascertain the accuracy of information given by the respondents or those observed.

3.5.1 Questionnaires

The researcher used questionnaires to reach the sample population who were too busy to attend interviews or they held posts that could not be accessed by the researcher. The researcher prepared sets of questions that covered all areas to be researched. These questions will be dispatched to the offices or the workplace of the respondents in time. The respondents will be urged to give responses that were sincere and true to their best knowledge. The researcher collected filled questionnaires.
3.5.2 Interviews

This involved person to person verbal communication with purpose of eliciting or getting opinions that cannot directly be observed or are difficult to put down in writing (Oso & Onen, 2009). Interviews are very advantageous in collecting primary data because of many reasons. For instance they are very handy in collecting information about personal opinions, perceptions, and feelings. Secondly, the interviewer is given a chance to ask for clarification from the respondent implying that interviewers can judge clarity of data (Belk, 2006). Thirdly, the interviewer can read non-verbal communication from the respondent. In addition to this, interviews allow more questions to be asked thus the interviewer is in position to understand the topic more (Sapsford & Jupp, 2006).

3.5.3 Validity and Reliability of Research Instruments

In order to ensure reliability of the research instruments the researcher will carry out a pilot study using the questionnaires. The purpose of the pilot study is to ensure that there will be no ambiguity in the questions posed to the respondents. The pilot study further gives the researcher an opportunity to iron out the problems faced during data collection. This is because the respondents used in piloting are similar to the respondents to be used in data collection.

To ensure content validity and appropriateness of questions in line with the research objectives, the supervisors will be used to validate the instruments. This will lead to some of the questions being struck off and modifications done appropriately on some questions. The researcher will ensure validity further by administering the instruments personally.

3.6 Data Collection Procedure

This study relied on interviews and the questionnaire as instruments of data collection. The researcher ensured that the interviewee was informed in time and the topic of discussion explained properly in the invitation letter. This will ensured that the respondent prepared adequately to avoid cases of failure to respond to some questions.
3.7 Data processing

The researcher started by cleaning, coding and typing the collected data into the computer (Mugenda & Mugenda, 2003). In verification, the questionnaires were checked to establish whether an acceptable sample was reached with respect to the number of the issued questionnaires. The data was keyed into the Statistical Package for Social Scientists (SPSS 17) for analysis after cleaning.

3.8 Data Analysis

The generated data will be analyzed using descriptive and inferential statistics. A regression analysis was performed as T-test to test on Pearson correlation for statistical significance difference on ethical buying behaviour, procurement automation and performance. The Statistical Package for Social Sciences (SPSS) computer software will be used to compute, analyze and present the findings.

CHAPTER FOUR

Results and discussion

4.1 Sample characteristics

This section discusses the social and demographic characteristics of the surveyed sample population; these include age, gender of the respondents, level of education and type of business.

4.2.1 Age of respondents

The respondents who participated in the study were asked to state their ages. Out of 124 respondents who participated in the study 58.9% fell below 30 years, 22.6% between 31-40 years, etc. This can be illustrated by Table 4.1 as follows

Table 4.1 Age of respondents

Majority of the respondents were between 18-30 years 58.3% which is a group that is easily affected by peers. This is further illustrated by the figure below which shows that majority of
the respondents are young people who are well informed over current issues including procurement.

4.2.2 Gender of the respondents

The study also sought to know the gender of the participants in the study. Out of 60 respondents who participated in the study, 60% were men and 40% women. This can be illustrated by Table 4.2 below

Table 4.2 Distribution of respondent

The Table 4.2 shows that men are more available than women as most procurement is done by men.

4.2.3 Level of education

The respondents were asked to state their level of education, out of 60 respondents who participated, 8.2% had not completed secondary education, completed secondary education 41.6% , 45% % had not completed college education, while 5% had completed college education, thus most of the respondents had adequate education.

Table 4.3 Level of education

Generally most of the respondents 91.8% had secondary education and above and therefore expected to have some knowledge on the effect of procurement professionalism.

4.2.4 Working Experience

The respondents were asked to state how long they have been working, out of 60 respondents who participated, 45% had been working for less than five years, 33.3% between 6-10 years, and 18% between 11-20 years etc. Thus most of the respondents had adequate working experience

Table 4.4 Working Experience

4.2 Descriptive analysis
Descriptive analysis was carried out in accordance to the objectives of the study. The objectives were to determine the effect of ethical buying behaviour on supermarkets performance; and to find out the effect of procurement automation on supermarket performance. For effect of ethical buying behaviour on supermarkets performance; quality of goods and services, cost of acquisition and inventory costs, customer service, operations costs, competition, profitability of the supermarket were the underlying factors. For effect of procurement automation on supermarket performance; heavy investment needed, reduction in delivery time, reduction in operational costs, improvement in service delivery, confidentiality of supplier information were the factors. Since SPSS cannot carry out factor analysis for few variables i.e. less than ten then all the variables were retained. These are the factors that the researcher used to carry out descriptive analysis.

### 4.3 The effect of ethical buying behaviour on supermarkets performance

To find out how buyer-seller relationship affect supermarkets performance; to evaluate the effect of professional association on supermarket performance and to find out the effect of procurement automation on supermarket performance.

This section discusses the effect of ethical buying behaviour on supermarkets performance; these include quality of goods and services, cost of acquisition and inventory costs, customer service, operations costs, competition and profitability of the supermarket.

#### 4.2.1 Buying behaviour of your supermarket has an effect on its performance.

One of the objectives of the study was to determine the factors influencing taxpayers’ voluntary compliance, thus the reasons given by the respondents for paying taxes were as shown below.

<table>
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<tr>
<th>Table 4.5    Effect of buying behaviour on supermarket performance</th>
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<td>From the above table, out of 60 respondents who participated, 2% strongly disagreed, 31% in anticipation of public service, 3% disagreed, 7% were undecided, 25 agreed and 63% strongly agreed. This indicates that most respondents know the importance of buying behaviour on supermarket performance 88%. On the other hand, some of them (7%)</td>
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were undecided, and the remaining; 3% of the respondents disagreed and 2% of the respondents strongly disagreed. These responses indicate that they are do not have information on the effect of buying behaviour.

4.2.2 The quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour.

The respondents were asked to state if the quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour, out of 60 respondents who participated, 3% strongly disagree and disagree, 8% undecided, 34% agree and 53% strongly agree. Thus most of the respondents appreciated how quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour.

Table 4.6: Effect of buying behaviour on quality of goods and services

Figure: 2 Effect of buying behaviour on quality of goods and services

4.2.3 Ethical Buyer Behaviour and Competitive Advantage

Respondents were asked to state supermarkets could enhance their competitive advantage through ethical procurement behaviour, 65% strongly agreed, 2% agreed, 2% were undecided, 28% disagreed while 3% strongly disagreed.

Figure 3: Buyer behaviour and Competitive advantage

4.2.4 Unethical buying behaviours cost of acquisition and inventory costs

Figure 4: Unethical buying behaviours cost of acquisition and inventory costs

The respondents indicated 75% strongly agreed that unethical behaviour increases cost of acquisition and inventory; 22% disagreed, 2% agreed, 1% was undecided while non strongly disagreed.

4.2.5 Ethical Buying behaviour minimizes operational costs

Figure 5: Ethical Buying behaviour minimizes operational costs
The respondents indicated 67% strongly agreed that ethical buying behaviour minimizes operational costs; 23% disagreed, 2% agreed, 2% was undecided while non strongly disagreed.

### 4.2.6 Ethical buying behaviour and customer service

Figure 6: Ethical buying behaviour and customer service

The respondents indicated 67% strongly agreed that ethics enhance customer; 23% disagreed, 5% agreed, 2% was undecided while 3% strongly disagreed.

### 4.2.7 Unethical buying behaviour lower profitability

The respondents indicated 60% strongly agreed that unethical buying behaviour lower profitability; 4% disagreed, 3% agreed, 5% was undecided while 2% strongly disagreed.

Figure 7: Unethical buyer behaviour lower profitability

(Source: Author 2013)

The respondents indicated 60% strongly agreed that unethical buying behaviour lower profitability; 4% disagreed, 3% agreed, 28% was undecided while 5% strongly disagreed.

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**CHAPTER FIVE**

Summary of findings, Conclusions and Recommendations

#### 5.1. Introduction

This section presents a summary of the key study findings which are logically arranged in line with the research objectives of the study. It also presents conclusions and recommendations.

#### 5.2 Summary of findings

The study indicated that the majority of the respondents felt that ethical buying behaviour mutual buyer-seller relationship, professional association and procurement automation improve supermarket performance.
Factors influencing performance were quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour, ethical buying behaviours which reduced cost of acquisition and inventory costs, ethical consideration in buying enhances customer service, competitive advantages through ethical procurement practices, ethical acquisition practices which increase the profitability of the supermarket, procurement automation which reduces costs, leads to reduced delivery time schedules and increase the levels of customer service and confidentiality.

5.3 Conclusions

Ethical buying behaviour and procurement automation ensure professional procurement which improves organizational performance. Conversely, unethical buying behaviour, and manual procurement adversely affect professional procurement which leads to poor organizational performance.

5.4 Recommendations

One of the areas to stress on while dealing with the issue of organizational performance is the development of ethical buying behaviour. The most effective tool inculcates ethical inclinations among the procurement officers. This ensures that there are quality products. Unethical buying behaviours lead to high cost of acquisition and inventory costs and should be discouraged at all cost. Unethical acquisition of goods may initially look cheap but become costly in the long run. Ethical buying to be emphasised.

Procurement automation increases costs are the general belief. Comparing the cost of automating and lack of it, it may be important to do the automation, however costly.

5.5 Areas for further study

Areas of further research include the cost of unethical procurement on organizational performance; assessment of the effects of procurement automation on customer satisfaction; automated procurement and its effect of quality of delivered services in supermarkets in Kakamega is yet to be studied.
TABLES AND FIGURES

Fig.1: Conceptual framework showing the relationship between procurement professionalism and organisational performance

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Buying Behaviour</td>
<td>Organization Performance</td>
</tr>
<tr>
<td>Procurement Automation</td>
<td>Customer Service</td>
</tr>
<tr>
<td></td>
<td>Operation cost</td>
</tr>
</tbody>
</table>

(Source: Author 2013)

Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>SUPERMARKET</th>
<th>YAKOMAR</th>
<th>NAKUMA</th>
<th>TUSKY</th>
<th>MAMA WATOTO</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODUCTLINE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ELECTRONICS</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>CLOTHING</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>CROCKERIES</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>FOODSTUFF</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>BEVERAGES</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>HARDWARE</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>BUILDING MATERIAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COSMETICS &amp; BEAUTY</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>PRODUCTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PASTRERIES</td>
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<td>1</td>
<td>2</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>FURNITURE</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>OTHERS</td>
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<td>1</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>14</td>
<td>19</td>
<td>25</td>
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<td>67</td>
</tr>
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</table>

(Source: Author 2013)
### Table 3.2: Sample distribution

<table>
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<tr>
<th>PRODUCT LINE</th>
<th>POPULATION</th>
<th>SAMPLE %</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRONICS</td>
<td>8</td>
<td>50%</td>
<td>4</td>
</tr>
<tr>
<td>CLOTHING</td>
<td>5</td>
<td>50%</td>
<td>2.5</td>
</tr>
<tr>
<td>CROCKERIES</td>
<td>6</td>
<td>50%</td>
<td>3</td>
</tr>
<tr>
<td>FOODSTUFF</td>
<td>17</td>
<td>50%</td>
<td>8.5</td>
</tr>
<tr>
<td>BEVERAGES</td>
<td>5</td>
<td>50%</td>
<td>2.5</td>
</tr>
<tr>
<td>HARDWARE &amp; BUILDING</td>
<td>&amp; 9</td>
<td>50%</td>
<td>4.5</td>
</tr>
<tr>
<td>MATERIAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COSMETICS &amp; BEAUTY</td>
<td>&amp; 9</td>
<td>50%</td>
<td>4.5</td>
</tr>
<tr>
<td>PRODUCTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PASTERIES</td>
<td>4</td>
<td>50%</td>
<td>2</td>
</tr>
<tr>
<td>OTHERS</td>
<td>7</td>
<td>50%</td>
<td>3.5</td>
</tr>
<tr>
<td>TOTAL</td>
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<td>50%</td>
<td>34</td>
</tr>
</tbody>
</table>

(Source: Author 2013)

### Table 4.1 Age of respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>TOTAL</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>35</td>
<td>58.3</td>
</tr>
<tr>
<td>31-40</td>
<td>14</td>
<td>23.3</td>
</tr>
<tr>
<td>41-55</td>
<td>10</td>
<td>16.6</td>
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<tr>
<td>56+</td>
<td>1</td>
<td>18.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
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</table>

(Source: Author 2013)
### Table 4.2 Distribution of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>TOTAL</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Author 2013)

### Table 4.3 Level of education

<table>
<thead>
<tr>
<th>EDUCATION LEVEL</th>
<th>Total</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY INCOMPLETE</td>
<td>1</td>
<td>1.6</td>
</tr>
<tr>
<td>PRIMARY COMPLETE</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>SECONDARY INCOMPLETE</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>SECONDARY COMPLETE</td>
<td>25</td>
<td>41.6</td>
</tr>
<tr>
<td>COLLEGE INCOMPLETE</td>
<td>27</td>
<td>45</td>
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<tr>
<td>COLLEGE COMPLETE</td>
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<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

(Source: Author 2013)
### Table 4.4 Working Experience

<table>
<thead>
<tr>
<th>Working Experience</th>
<th>Total</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>5&lt;</td>
<td>27</td>
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<td>6-10</td>
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<td>33.3</td>
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<tr>
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<td>11</td>
<td>18.3</td>
</tr>
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<td>21&gt;</td>
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<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Source: Author 2013)

### Table 4.5 Effect of buying behaviour on supermarket performance

<table>
<thead>
<tr>
<th>Buying behaviour of your supermarket has an effect on its performance.</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Undecided</td>
<td>4</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Agree</td>
<td>15</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>38</td>
<td>63</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Author 2013)
Table 4.6: Effect of buying behaviour on quality of goods and services

<table>
<thead>
<tr>
<th>The quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour..</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Undecided</td>
<td>5</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>Agree</td>
<td>20</td>
<td>34%</td>
<td>48%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>31</td>
<td>52%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Author 2013)

The quality of goods and services offered by the supermarket are consistent because of the enhanced buying behaviour

![Pie chart showing buying behaviour frequency and percent](image1)

Figure 2: Effect of buying behaviour on quality of goods and services

(Source: Author 2013)
Supermarkets can enhance their competitive advantages through ethical procurement practices

Figure 3: Buyer behaviour and Competitive advantage
(Source: Author 2013)

Unethical BB increases costs

Figure 4: Unethical buying behaviours cost of acquisition and inventory costs
(Source: Author 2013)
Figure 5: Ethical buying behaviour minimizes operational costs
(Source: Author 2013)

Figure 6: Ethical buying behaviour and customer service
(Source: Author 2013)
Figure 7: Unethical buyer behaviour lower profitability
(Source: Author 2013)

References


