

**PUBLIC LEADERSHIP AND ETHICAL PROCUREMENT PRACTISES.
EMPIRICAL SURVEY OF COUNTY REFERRAL HOSPITALS IN KENYA**

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Abstract

Purpose: The main purpose of the paper was to determine the influence of public leadership on ethical procurement practices in county referral hospitals in Kenya.

Methodology: The study is grounded on stakeholder's theory. Explanatory cross sectional research design was employed. A census was undertaken in the Level 5 hospitals in Kenya with a target of 172 professionals in procurement department. Primary data was collected from structured questionnaires. Chi test was used to test the association of variables.

Findings: The study findings showed a positive relationship between public leadership and ethical procurement practices.

Implication: The study recommends that public leadership be enacted to enhance ethical procurement practices.

Keywords: Public Leadership, Procurement, Ethical procurement practices

INTRODUCTION

According to Hart & Uhr (2008), while some people revere leadership others ridicule the concept. While some people disparage it, others attempt to explicate it and speculate its aspects. Leadership is a typical discussion in the contemporary circles but deficient in unanimity on its role and impact. Public leadership fundamentally focusses on those individuals who have been given a mandate to occupy public offices. Those who have hierarchical power in organizations have a certain conventional undertakings and relations that set apart their influence on the direction that the organization takes. Those in public leadership are often policy makers and implementers because they hold key public positions. For this study, the operational definition of Public leadership refers to the actions or behavior that leaders take to influence two or more people simultaneously- perhaps in a meeting or while addressing a large group (Scouller,2011).

Literature Review

Public leadership is intrigued with multi stakeholders and conflicting values (Taylor et al, 2011). However Keller man (2001) notes public leadership has predominantly dealt with political leadership. Nevertheless, their visibility in comparison to other leaders, they only represent a section in terms of public leadership. It is argued that most pressing problems often require individuals lead with or without hierarchical or formal positions. This has been much the situation in Kenya when ethical lapses occur and many look to political leadership to resolve the longstanding catastrophe. Transformational leadership is bent on delivering this social change as leaders raise morality and motivation of individuals.

According to Claeson and Dirnbach (2009) public procurement can be a driver of progression socially on matters such as local economic development, fair compensation of labor, environmental responsibility and the like. Companies can be persuaded to deal ethically with both suppliers and workers. Procurement power can be amassed to further human rights and matters of fair trade, elimination of child labor and sustainable development, transparency and fairness are key issues in public procurement agenda. This is however challenging when enforcement bodies lack capacity and there is difficulty to implement laws as exemplified in South East Asia (Jones, 2009). Such letdowns are not only unique to south East Asia but are a common to many developing and emerging markets. World Bank has referred this to 'bad' governance practices as occasioned by corruption, nepotism and self-serving officials (Kjaer, 2004). These ills have been the origin of weak economic performance in public institutions.

Bad governance therefore is the lack of independent notions such as transparency, accountability and participation (C, ulha-Zabc1, 2002) that are instrumental reforms of public leadership. To embrace good governance, governments institute and endorse forcible mechanisms in order to control self-interest and promote compliance. Supporters of the institutional framework argue that laws, rules and regulations standardize actions of employees, promote collaboration and limit employee free discretion hence curbing the practice of non compliance alongside costs associated with such behavior. (Norris, 2003). However, the institutional framework unpredictably flops in recognizing that human behavior is more intricate and that compliance is not necessarily obtained through creating complex laws and regulations primarily, Buchanan and Keohane (2006).

In a study by Ntayi et al (2011) reported that individuals sustain a far-flung system of associates with folks in government be they kin or friend - who can provide ways of negotiating around or ways of getting relieve from to complying with procurement laws so as to achieve their egoistic and utilitarian motives strive. Slemrod (2007) has referred this behavior to as a self-fulfilling prophesy that behavior breeds behavior. When individuals get cooperation for noncompliance from regulatory authorities, this perpetuates chain of further nonconformity. The work place also

serves as a mirror on acceptable behavior where social networks can provide social incentive not to abide to laws and regulations where there is an absence of punitive measures for non-compliant colleagues. This is worsened where even probability of detection and punishment is low, remuneration is poor and rewards for performance is almost nonexistent and in most public institutions, job security act as an incentive to ignore the procurement laws and regulations.

Public procurement is corruption prone in both developing and developed countries. The beneficiaries of secret payments are not only procurement staff and officials but also government ministers and political parties. As such governments have not been successful to ensure observance to advanced ideals of conduct by ensuring honest scrutiny to procurement transactions (Smith-Deighton, 2004), interfering is common place. Further institutions to for countering corruption in the form of the Commission to probe allegations of ethical lapses have not been successful either. With dominance of corruption, some ills that come in to play include endangering confidence in governance, adverse outcomes in service delivery, obstructing project implementation and intensified costs of program/project delivery (Jeanette, 2008).

Public procurement official have a relative advantage in how to frame procurement rules as they award contracts providing them ample opportunities for corruption. The corruption may be in form of outright bribe soliciting, illegal enrichment and embezzlement among others. Whichever the form, corruption harms the poor directly as it distorts the allocation of scarce resources (Ackerman, 1998). Fraud in procurement also raises procurement costs, a burden borne by taxpayers unfortunately. Moreover, a fraud induced procurement transaction often results in the supply of inferior goods or services, which results in poor-quality infrastructure that further hinders economic growth. Tanzi (1997) empirically demonstrated from a study conducted that, *ceteris paribus*, high procurement fraud is indeed associated with poor infrastructure.

As such, the official role of preventing corruption in procurement is not only for the procurement irregularity deterrent institutions (like courts, independent, auditors), but also requires role to be played by media, civil society structures and consumer forums among others. However, for any of the stakeholders to play an efficient role in streamlining ethical compliance, procurement process must have a well system thereby reducing the chances of corruption. Pidaparthy 2006).

CONCEPTUAL FRAMEWORK



THE CRITICAL REVIEW

This research is based on stakeholder theory. According to Oakley (2011) the stakeholder theory anchors institutions strategic management and it does outspread the top leadership responsibilities beyond profit maximization. Stakeholder theory is relevant in context of that an organisation operates in a dynamic environment with various interested parties. As such the organizations management ought to comprehend expectations of various stakeholders towards attainment of goals of that institution. Stakeholders are classified as either be external or internal; primary or secondary depending on the stakeholder relationship with the firm. How stakeholders are engaged by the organization can result to further cooperation or competition with the institution agenda.

METHODOLOGY

The study adopted cross sectional and explanatory survey research designs. The researcher used census to draw target population of all the level 5 county referral hospitals in Kenya. The study respondents targeted all the 172 procurement department staff in Kenya. Primary data was obtained by use of questionnaires. The study used closed ended questionnaire which had a 5 level liker t scale: Strongly agree. Agree, Neutral, Disagree, Strongly Disagree. The questionnaire had factors measuring public leadership such as external stakeholder support, engagement of regulatory bodies, top leadership support, structured trainings and ethical champions.

RESULT FINDINGS AND DISCUSSION

Under public leadership, respondents were asked six questions on the extent to which they agree or disagree with how public leadership affects ethical procurement practices. The results are presented in table 1

Table 1 Public leadership and ethical procurement

Variables indicators	S D	D	N S	A	S A	χ²	p> χ²
An employee has been hired to enhance ethical procurement practices	2(1.6%)	8(6.2%)	18(14%)	55(42.6%)	46(35.7%)	125.4	>0.05
External stakeholders	5(3.9%)	10(7.8%)	17(13.2%)	70(54.3%)	27(20.9%)	147.3	<0.05

have been engaged on ethical Regulatory bodies are solicited to enhance ethical procurement	5(3.9%)	8(6.2%)	16(12.4%)	56(43.4%)	44(34.1%)	157.2	<0.05
Employees are regularly trained to handle ethical dilemmas	6(4.7%)	14(10.9%)	12(9.3%)	52(40.3%)	45(34.9%)	178.5	<0.05
Structured trainings to enhance ethical procurement	6(4.7%)	10(7.8%)	9(7.0%)	65(50.4%)	39(30.2%)	203.6	<0.05
The Top leadership is highly supportive of an ethical culture.	3(2.3%)	8(6.2%)	12(9.3%)	58(45.0%)	48(37.2%)	163.3	<0.05

Notes: SD=Strongly Disagree, D=Disagree, Neutral, A=Agree, SA=Strongly Agree

The first question was whether an employee has been hired to enhance ethical procurement practices in the county/ the hospital. The results showed that 42.6 % of the respondents agreed while 38.8% strongly agreed with the statement that an employee has been hired to enhance ethical procurement practices in the county/ the hospital. Very few (6.2%) disagreed while 1.6% strongly disagreed. Only 14% remained neutral. The χ^2 test for the item shows that the variable item is not significant at $p < 0.05$. The second question sought to investigate respondents' opinion on whether External stakeholders have been engaged on matters of ethical procurement in the county/ the hospital. Majority of respondents (54.3%) agreed while 20.9% strongly agreed with this statement. Results showed that 7.8% of the respondents disagreed while 3.9% strongly disagreed. Only 13.2% were not sure. The χ^2 test for the item shows that the variable item is significant at $p < 0.05$.

The third question sought to know the county / the hospital solicits support from regulatory bodies to enhance ethical procurement. The results showed that 43.4% of the respondents agreed while 34.1% strongly agreed with the statement that the county / the hospital solicits support from regulatory bodies to enhance ethical procurement. Very few (6.3%) disagreed while 3.9% strongly disagreed. Only 12.4% remained neutral. The χ^2 test for the item shows that the variable item is significant at $p < 0.05$. The fourth question asked whether Procurement employees are regularly trained on how to handle ethical dilemmas in procurement. Majority of respondents (40.3%) agreed while 34.1% strongly agreed with this statement. Results showed that 10.9% of the respondents disagreed while 4.7% strongly disagreed. Only 9.3% were not sure. The χ^2 test for the item shows that the variable item is significant at $p < 0.05$.

When asked whether there has been structured trainings to enhance ethical procurement in their institutions, the results showed that 50.4% of the respondents agreed while 30.2% strongly agreed with the statement that the county / the hospital has organized structured trainings to enhance ethical procurement in their institutions. Very Few (7.8%) disagreed while 4.7% strongly disagreed. Only 7% remained neutral. The χ^2 test for the item shows that the variable item is significant at $p < 0.05$. The last question sought to examine whether The Top leadership is highly supportive in the implementation of an ethical culture in the County referral hospital/ County government. Majority of respondents (45%) agreed while 37.2% strongly agreed with this statement. Results showed that 6.2% of the respondents disagreed while 2.3% strongly disagreed. Only 9.3% were not sure. The χ^2 test for the item shows that the variable item is significant at $p < 0.05$.

CONCLUSIONS

Results indicated that most of the county referral hospitals have hired an employee to enhance ethical procurement practices. Results also revealed that most of the county referral hospitals have engaged external stakeholders on matters of ethical procurement practices. Further, results showed that the county referral hospital solicits support from regulatory bodies to enhance ethical procurement. To add to these views, results indicated that county referral hospitals conduct regularly trainings on how to handle ethical parameters, results showed that dilemmas. The trainings they have conducted are structured in nature. Finally respondents' results displayed that the top leadership is highly supportive in the implementation of an ethical culture in the County referral hospital. Results show that public leadership has a positive influence on ethical procurement practices. This implies that when organisations correctly align their public level of leadership, then organizations can successfully inculcate ethical procurement practices.

IMPLICATIONS OF STUDY

The first implication of this study is augmented closely with public leadership that enhances ethical procurement practices through trainings, involvement of regulatory bodies and involvement of diverse stakeholders. When public leadership is enhanced through structured learning and development there is a consistent approach to ethical dilemmas that may face procurement employees.

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