

**AN ANALYSIS OF EFFECT OF UNETHICAL PRACTICES ON SUPPLY CHAIN
PERFORMANCE AMONG COUNTY GOVERNMENTS IN KENYA, A CASE OF
COUNTY GOVERNMENT OF KISUMU**

BY

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DECLARATION

Students Declaration

This research report is my original work and has not been presented for examination in any other university.

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DEDICATION

I dedicate this project to my lovely family and friends who believed in me, supported me and helped me to reach this stage. Really I thank God for all of them for their advises, supported and may God bless them abundantly.

ABSTRACT

All government agencies have fallen victim to procurement irregularities at some point. The Auditor General's report for Kisumu County for the fiscal years 2018-2019 and 2019-2020 details improper contract awards, payments for products and services that were never given, and irregular expenditure. In contrast, the purpose of this study was to conduct an analysis of the effect of unethical practices on supply chain performance among county governments in Kenya a case of Kisumu County Government. Specifically, the study looked at the effects of uncompetitive procurement processes, irregular expenditure and inadequate contract management on supply chain performance within the county government of Kisumu. The study was guided by null hypothesis as follows; uncompetitive procurement process has no significant effect on supply chain performance, irregular expenditure has no significant effect on supply chain performance and inadequate contract management has no significant effect on supply chain performance. The study was anchored on the fraud triangle theory, the differential association theory and the theory of ethics. The research relied on correlational research design. The target population for the study was 70, because of the small number, all of them were selected using census survey to participate in the final study. From a pool of seventy respondents to a census survey, 70 were chosen at random. Primary data collected using structured questionnaire was used in data analysis. Seven county administrators from Siaya took part in the pilot study. The data collection tool was checked with the manager and subject matter experts. Validity of the instrument was confirmed through expert's review. Cronbach alpha was used to ascertain reliability establishing a coefficient of 0.96 for all the variable confirming reliability at a suggested threshold of 0.7. Using multiple regression, it was established that uncompetitive procurement practices have a positive significant effect on the Supply chain Performance of County Government of Kisumu. This implies that uncompetitive practices have enhance the performance of the County Government of Kisumu County. The study also established that irregular expenditure have a minimal positive insignificant effect on the Supply Chain Performance of County Government of Kisumu. This implies that irregular expenditure impact positive on the Supply Chain Performance of County Government of Kisumu although minimally. Anti-competitive procurement practices have a detrimental effect on supply chain efficiency, as will be shown below. The study recommends objective engagement of uncompetitive processes circumstantially, strict adherence to the procurement plan and therefore avoiding irregular expenditure, proper contract management of procurement contracts to enhance supply chain performance of the County Government.

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ABBREVIATIONS AND ACRONYMS

| | |
|--------------|--|
| CSR: | Corporate Social Responsibility |
| EACC: | Ethic and Anti-Corruption Commission |
| GSCM: | Global Supply Chain Management |
| KRA: | Kenya Revenue Authority |
| PPRA: | Public Procurement Regulatory Authority |
| SC: | Supply Chain |
| SCM: | Supply Chain Management |
| SCMA: | Supply Chain Management Association |
| SEM: | Supplier Ethics |
| SPSS: | Statistical Package for Social Statistics |
| OECD: | Organization for Economic Co-operation & Development |
| GDP: | Gross Domestic Product |
| ICA: | Inadequate Contract Administration |
| IE: | Irregular Expenditure |
| UPP: | Uncompetitive Procurement Processes |

OPERATIONAL DEFINITION OF TERMS

- Ethics:** Ethical behavior often takes the form of adhering to established standards of conduct. It consists of general guidelines for conducting oneself morally.
- Ethical Codes and Policies:** Organizational values are the guiding principles, ethics, standards of conduct, codes of practice, and philosophies with which a company operates in regards to its responsibilities to its employees, shareholders, customers, the environment, and other external social factors.
- Procedural Justice:** Fairness refers to how satisfied both parties are with the outcomes of any formal procedures used in a transaction.
- Sourcing:** The entire business process required to procure goods, services and works.
- Sourcing Ethics:** The phrase "ethical sourcing" refers to a kind of business practice in which the company at the top of the supply chain is accountable for the actions of all the companies further down the chain.
- Supplier Diversity:** The aim of supplier diversity is to increase the number of minority-owned businesses that supply goods and services to the private and public sectors, either directly or as part of a broader focus on smaller organizations.
- Supplier Selection:** Finding a supplier that can deliver what you need at a price, quality level, turnaround time, and geographical proximity is essential.
- Supplier Selection Ethics:** How much thought is given to ethical, social, and environmental concerns in the purchase process.

Unethical Behavior: Improper or unethical behavior in the course of public or commercial affairs or the discharge of official responsibilities.

Supply Chain Performance The term "supply chain responsiveness" refers to the whole supply chain's attempts to meet the needs of consumers. This includes, but is not limited to, making products available, delivering them on time, and keeping enough quantities of inventory and available resources.

Unethical Practice An action that falls outside of what is considered morally right or proper for a person, a profession, or an industry.

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CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study, statement of the problem, research objectives, research hypothesis, scope of the study, justification of the study and the conceptual framework guiding the study. It also describes the context of the study which is County Governments in Kenya.

1.1 Background to the Study

There is a worldwide push to implement procurement reforms because doing so is considered as an effective method for governments to reduce the cost of public procurement. Most countries' governments now consider public procurement to be a pressing problem, prompting vigorous discussion, policy shifts, and even legislative overhauls (World Bank, 2010). The procurement processes of the vast majority of government organizations are profoundly flawed. Academics (Lewa & Lewa, 2010) have found that public procurement is the primary source of income for corrupt politicians, business owners, public officials, and other stakeholders. Public funds are squandered, according to Kulundu (2014), because of ineffective procurement structures, laws, and procedures, as well as annually inadequate service delivery.

According to Mahmood (2010), public procurement is becoming more popular in developing nations. Most African governments have implemented legislation and outlined comprehensive annual procurement plans in an effort to take a more strategic and long-term view of their operations. For instance, Uganda's poor procurement processes were costing taxpayers a lot of money, thus the country was pressured from inside and beyond to implement changes. All PDEs are required to conduct all procurement and disposal activities in accordance with the guidelines specified by the Public Procurement and Disposal Act of 2003 (PPDA). According

to studies (Kakwezi & Nyeko, 2013), the Public Assets Authority still records violations of the Public Procurement and Disposal Act in its monthly compliance reports. Historically, the South African government gave preference to large, established companies when making acquisitions. It was challenging for startups to participate in government contracts. However, in South Africa, public procurement is not only legitimate but also generally acknowledged as a means to prevent discriminatory practices (Bolton, 2006). The public procurement regulations of certain African nations have been improved, yet pervasive corruption, inefficiency, and secrecy persist. No matter how things turn out, there will be a significant financial investment (Odhiambo & Kamau, 2003).

There has been significant progress in Kenya toward a more open, equitable, and anti-corruption public procurement system. In Article 227 of the Constitution of Kenya, the steps necessary to acquire public goods and services are spelled forth. The law in Kenya specifies the parameters for spending tax money. The Public Procurement and Asset Disposal Act provides a comprehensive legal framework for government purchasing. Advertising, technical requirements and tender document content, evaluation and award criteria, tender filing, receipt, and opening are all governed by the PPADA, as are the regulations and timetables for these processes. To "ensure that competitors are treated fairly," "enhance transparency and accountability in procurement processes," "increase public confidence in procurement processes," "maximize economy and efficiency," "maximize competition," and "facilitate the growth of local industry and the local economy" are all goals of the Public Procurement Accountability and Disclosure Act (PPADA) (Matthew, 2009). Both the Public Procurement Regulatory Authority and its predecessor, the Public Procurement Oversight Authority, were established under the Act. The Authority is tasked with enforcing the Act and public procurement policy, assisting with their implementation and operation, monitoring the public procurement system and making recommendations for change, and initiating changes to the

Act and public procurement policy. The Review Board exists to ensure that the integrity of the government purchasing process is maintained and improved. It also provides substantial legal support for people participating in procurement in the case of problems. The procurement procedure in Kenya consists of various steps. Steps in the procurement process include defining needs, finding potential suppliers, assessing their quality, finalizing a deal, keeping the contract until it's paid in full, and finally, letting it expire. Even though there are regulations in place to monitor the Kenyan government's procurement of goods and services, corruption is rampant.

1.1.1 Unethical practices

More and more people see public procurement as a key strategic area for combating waste and corruption in public expenditures. Morris (2005) found that in order to stay competitive, many companies resort to dishonest tactics. In a hierarchical market with possible rewards for the company, unethical behavior is widespread (Luo, 2007). According to the available evidence, unethical behavior stems from intrinsically flawed goals. Unethical business practices may be exacerbated by problems with company culture and legal compliance, according to research by Badenhorst (1994). Just as common as plain lying is unethical conduct like as deceptive communication, discriminatory competition, contract violations, and unjust treatment of stakeholders (Freeman, 1984; Fassler, 2005). Repeated dishonesty on the part of a service provider might cause a consumer to lose faith in that business. While unethical behavior may increase profits in the short term, it damages relationships in the long run (Hill et al., 2009). A company's long-term success depends on its adherence to ethical business standards. The establishment and upkeep of lasting relationships between sellers and purchasers may depend on it (Román, 2003).

Procurement fraud can be defined as gaining undue advantage, not committed to an expectation or contributing to a loss to resources in the process of procurement process by procurement personnel, contractors or persons carrying out the procurement (Prahinski & Benton, 2014). Procurement fraud involves hiking of prices of goods and services over the market or contractual prices, collusion to fix pricing or rig bids, processing of payment for work which were never completed or products that were not delivered and establishing a dummy supplier account in the organization's systems all meant to gain unduly from the organization through fraudulent contract among others (Karjalainen, 2014). Causes of fraud include greed, gaps in the internal controls, poor checks and balances, lack of employee fraud education, lack of clear report authority and undefined consequences and punishment for fraud committed. Also benefits that come with proceeds from fraudulent acts in procurement are included (Unwala, 2012). The scope of procurement fraud is not limited to certain categories or organizations but it is a widespread issue where procurement fraud involves both public and private companies (Edler & Georghiou, 2016). Direct effects of fraud include erosion of profitability in organizations with devastating effects on firm solvency and sustainability, stalled projects or substandard works that do not meet the agreed standards and financial loss suffered by organization's customers and investors through payments for goods or services without proper verification (Wanyama, 2013).

On the other hand, ethics is considered as moral philosophy, it refers to what is good for individuals and society. Unethical procurement practices are when the buying staff carry their business practices in utmost unethical manner (Edler & Georghiou, 2016). They fail in adhering to ethical practices which then contribute to immoral and unethical practices that include bribery, favoritism, illegal sourcing among others. Causes of unethical behavior include insider trading, conflict of interest, promise of kickback and gifts, desire to get rich quick and the collusion, especially with suppliers to bid a particular amount among others (Hoyk and Hersey,

2014). One is considered as ethical when they conduct themselves as per the set-out guidelines for appropriate conduct or practice, more or so the standards of a profession (Neupane & Yong, 2012). Unethical behavior may contribute to fraud and other improper behavior; and reduce the confidence in the administration of any organization (Ogol & Moronge, 2017).

Fraud and unethical practices are some of the factors that have contributed to increase the overall cost for procurement across the world. While in many cases unethical behavior has been associated with procurement fraud in public organization, the same is being experienced in the private sector where the personnel are involved in fraudulent procurement practices and supplier collusion (Lindskog, Brege & Brehmer, 2014).

Badenhorst (2014) points out that the contributing factor to unethical behavior may not particularly that one does not have moral standards, but due to accountability measures that are put in place and may vary from one organization to another in both organizations. It is perceived that there will be more corruption in public procurement compared to private organization despite the extensive regulations in public procurement (Mahmood, 2015). In another study by Richie and Lewis (2013), stated that a corrupt person will often be unethical notwithstanding where they are located, whether public or private organizations. However, Majaliwa (2013) feels that with the strictness that is observed in public sector procurement processes, often less corruption will exist, more than in private sector. Given that fraud is more likely to happen depending on individual's character, it is therefore important to establish the extent to which it will happen in both regulated and unregulated procurement conditions.

Internal control, management support and organization policies on procurement are some of the other reasons that may influence fraud and unethical practices in both public and private sectors procurement. Schotanus and Telgen (2012) acknowledges that research has shown that it increased cases of fraud and unethical practices in procurement in private sector could be as a

result of managers activities, the ethical environment in the enterprise coupled with lack of company policy over the issue which all contribute to the factors towards unethical behavior.

Efforts to better public procurement, has seen the government continuously improve on the legal framework all geared towards deterring fraud and promoting ethical practices in public procurement. Causes of fraudulent practices run deep and therefore solutions to unethical procurement practice and fraud needs to address the root causes of corruption in either public or private sector that include weak social ethics that promote greed, culture of stealing , gratification of public theft and the lack of transparency that all contribute to fraudulent practices (Agbesi,2015).

Eyaa and Oluka (2014) also advised that deal with the causes of fraud in public procurement, there is need for improved ways of detecting fraud in any organization's procurement process whether public or private. There is also need to address challenges where persons in high positions use their positions to influence procurement process to favor their cronies or companies that they are associated with. In public procurement which is more regulated, there is need to deter fraud in the procurement process and the identification of other solutions other than legislation that the government should do to increase transparency and eradicate unethical practices in public procurement (Mkalimoto, 2015).

According to Mathenge (2012), the Kenyan procurement sector is vital since it facilitates the purchase and selling of products and services by various government agencies. According to Ogachi (2011), the great majority of procurement-related procedures are standardized due to procurement laws and regulations. Public Procurement and Disposal Act (PPDA) of 2005 and Procurement laws of 2006 were enacted, as stated by PPOA (2007), to provide new regulations for Kenyan public procurement companies. The public procurement system in Kenya has come a long way from the uncontrolled 1960s to the Treasury Circulars period of the 1970s, 1980s,

and 1990s. By adhering to these rules, government buyers may be certain that their deals are above board (PPOA, 2007). Article 227 (1) of the Constitution of Kenya states that all contracts for products and services entered into by government agencies or institutions must be "fair, equitable, transparent, competitive, and cost-effective" (National Council of Law Reporting, 2010).

There may be a need for protection for local firms since they cannot compete on equal terms for contracts with multinational organizations. Several nations have used overt and covert discriminatory methods to soften the shock of opening their internal markets. However, efforts to include social goals into these public organizations' procurement practices will hinder their operational capability (Musila, 2004). The problem persists. Should government agencies utilize socially responsible frameworks for purchasing goods and services, or reveal their procurement markets with caution? Public institutions in developing countries like Kenya need to adopt a pragmatic approach when designing a procurement plan that selectively exposes local economies to the global market (Musila, 2004).

To accomplish this, the internal control system's tasks of monitoring, reporting, and supervising are crucial. Cities can only prosper if its elected and appointed officials continue learning and perfecting their craft. Further, within SCM Units, Audit Committees, and Municipal Public Accounts Committees (MPAC), both elected and appointed officials need the requisite knowledge to do their jobs effectively. South Africa's 2003 Municipal Finance Management Act requires all municipalities to establish an efficient internal audit agency in accordance with Section 165. Implementing the internal audit strategy, providing guidance to the Accounting Officer, and reporting findings to the Audit Committee are all tasks assigned to this division. 2012, p. 4 Association of South African Municipal Officials Internal controls, audits, risks, performance management, and legal compliance will all be given a lot of

attention.

Lest We Forget: The Faces of Impunity in Kenya, published by the Kenya National Human Rights Commission (KNHRC) in 2011, detailed a variety of unethical practices in the Kenyan public sector and claimed that they also impacted public procurement. The Kenya Ports Authority's imports of maize and tugboats, as well as the CID Department's acquisition of a forensics laboratory, have all drawn attention as prime examples of fraudulent state procurement in Kenya. Each of these unethical actions wastes public funds (Aliza, Stephen, & Bambang, 2010). Pidaparathi (2006) argues that, despite politicians' interest, no action has been taken to either prevent unethical procurement practices or, more importantly, assess the extent to which they harm the procurement process. We are looking at how much unethical behavior affects the supply chain of the County Government, and in particular the Kisumu County Government.

Businesses require complete visibility into the state of their supply chains if they want to get an edge over the competition. Croom, Johnson, and Presutti (2003) describe supply chain performance as a quantitative and qualitative evaluation of supply chain management. Evaluations of effectiveness and efficiency are crucial for establishing operational excellence and delivering exceptional customer service. Supply chain procedures transform raw materials into a finished product and deliver it to the consumer. At any time when there is still value in the product, it may be recycled back into the system (Tummala et al., 2006). Silos of expertise may be eliminated and replaced with interdepartmental groups working toward shared objectives by monitoring KPIs. If employees can get to the heart of an issue and make calculated decisions, productivity might increase. This is also true for supply managers, who are better able to identify the underlying issues in the supply chain and implement solutions (Das & Narasimhan, 2000). In addition, supply managers may have a better understanding of

how everything in the company is interrelated. Individual engagement in the supply chain and the organization as a whole may be emphasized, and supply managers and employees may get a deeper awareness of and commitment to strategic goals with the use of feedback systems. A paradigm change is required for organizations to enhance their supply networks, which is neither simple nor doable without the cooperation of senior management. However, given the current economic context, it may help businesses stand out from the crowd (Parsons, 2011).

1.1.2 Supply Chain Performance

Effective supply chain performance contribute to the strategic evaluation of purchase decisions, primarily in terms of the development and pursuit of competitive strategies, “make – versus- buy” decisions, and the choice between market and relational forms of exchange. These decisions are crucial to the development of a particular form of buyer- seller relationship within procurement (Parsons, 2011).Acquisition of human- specific assets, when acquisition of knowledge on processes and other forms of procurement knowledge is desired, firms may integrate backward into supply, or form strategic alliances.

Implementing best practices in supply chain management is a no-brainer. The first and most essential stage in implementing supply chain management (SCM) operations is to have a long-term perspective and concentrate fully on all channels involved in the transformation of raw materials into final goods. It is crucial to have the backing of upper management at this time. Tummala et al. (2006) state that businesses must restructure their methods on all fronts. Supply chain efficiency increases not only result in a deeper understanding of the system, but also the widespread acceptance of consistent standards. Despite the obstacles, learning how to build a reliable supply chain might one day be a marketable talent. For Barrett, the year 2001. A company's core expertise is the area in which it excels. Concentrating on what the firm does well might improve its prospects of long-term success. "Core competencies" in management

refer to the study and development of certain organizational skills with the goal of expanding market share and revenue (Morgan, 2006). However, expertise in a certain field is a distinct competency. According to research (Das & Narasimhan, 2000), the supply chain is where many industries will find their future competitive edge. Supply chain analysis is useful for eliminating waste and increasing efficiency in logistics and supplier networks. The aerospace and automotive industries saw the first successful supply chain efforts, which in turn aided the development of the lean manufacturing concept. Thanks to developments in information technology (Morgan, 2006), players in the supply chain may now send and receive data in real time.

Making changes to the supply chain to reduce costs may help a company compete effectively on pricing. Supply chain performance may be measured quantitatively with measures like order-to-delivery lead time and qualitatively with criteria like customer satisfaction and product quality. We employed only quantitative metrics in our evaluation. Improving the efficiency of the supply chain requires a pliable strategy that can adapt to a broad variety of customer requirements. While many industries use comparable KPIs, their ultimate performance objectives are likely very different (Atkinson, 2003).

When the county administrations of Kenya were established, the trend of increased procurement mostly remained. The current decentralized structure of governance in Kenya is feasible thanks to the approval of Chapter 11 (Cap 11) of the Kenyan Constitution on August 27, 2010 (Obanda, 2010). The Kenyan government's spending accounts for 10% of the country's GDP (Juma, 2010), making it a vital economic transaction. The Constitution of Kenya (2010) states that county governments are now responsible for their own budgets. In light of the need for centralized purchasing services, all 47 counties have established procurement departments. Nairobi County is home to more Kenyans than any other county,

although being significantly smaller in size, because of its central location. The huge population in Nairobi County necessitates significant investment and intricate purchasing and supply chain activities. Using efficient procurement methods has the potential to significantly boost the supply chain efficiency of a complicated business. According to research from 2011 (Fairgrieve & Lichère), the two main pillars of Supply chain effectiveness are efficiency and usefulness. The efficacy and efficiency of the present system are now major topics of contention in the realm of procurement.

Procurement efficiency is defined as the ability to minimize the waste of resources (time, money, and energy) by Lember, Kattel, and Kalvet (2014). On the other hand, a procurement process is considered successful if it helps the government meet its commercial, regulatory, and social objectives. Effective methods, according to Fairgrieve and Lichère (2011), can directly lead to the intended impact or provide the impression of seriousness about operational performance, which may be just as valuable. Particularly concerning to Nairobi County administration stakeholders is the matter of executing a procurement strategy that guarantees the quality of ongoing operations. The public procurement system in Kenya has evolved from anarchy to strict legality throughout the course of recent years (Public Procurement Oversight Authority, 2016). The Supplies Manual, first published in 1977 (Obanda, 2010), details the government of Kenya's procurement process. After some time had passed, Treasury Department circulars became more frequent. The then-Director of Government Supply Services was responsible for ensuring that all of the recommendations in the handbook were carried out. The manual created several tender committees to increase supply chain efficiency and ensure a thorough review of all proposals. According to the Public Procurement Oversight Authority (2016), the Supplies Manual first published in 1978 was revised in 1999. The investigation uncovered a number of issues that need to be addressed. This included insufficient dispute resolution processes, inconsistent award procedures throughout the public sector as a

whole, and no coverage for public works. As a result of the problems highlighted above, legislation was introduced to establish guidelines for the public sector procurement system. The Public Procurement and Disposal Regulations of 2006 were effective on January 1, 2007, according to the Public Procurement Oversight Authority (2016). The Public Procurement and Disposal Act of 2005 mandated the creation of the Public Procurement Advisory Board, the Public Procurement Oversight Authority, and the Public Procurement Complaints, Review, and Appeals Board (later renamed the Public Procurement Administrative Review Board, or PPARB). The Public Procurement and Disposal Act of 2005 (PPOA, 2016) established the Public Procurement Advisory Board and the Public Procurement Advisory and Review Board to oversee the procurement system, report on its overall effectiveness, and ensure compliance with the law's procurement procedures. When making acquisitions, sales, or disposals of goods, services, or property, a County Government Entity must comply with Article 227 of the Constitution and the Public Procurement and Disposal Act (Fatuma & Wanyoike, 2015), as stated in Article 121 of the Public Finance Management Act (2012). Section 227 lays forth the rules and regulations that must be followed when the county government makes a purchase. Procurement techniques such as limited tendering, restricted bidding, and single sourcing are among those listed by the World Bank in 2014. Nairobi County uses a wide variety of procurement strategies. The strategy depends on the gravity of the issue, the worth of the proposal, and the constraints set by the constitution.

Assessing the efficiency of different procurement tactics is crucial for advising Nairobi County on how to optimize value for money. In 2010, the County Government system was established by the Kenyan Constitution in accordance with the values of democracy, fiscal responsibility, gender equality, accountability, and public engagement. Politicians and government services are made more accessible via devolution efforts. The substantial procurement requirements of the County Government in setting up county administrations have made devolution difficult.

As a result, County Government is functioning less efficiently. Several reports have examined the legislation's consequences since its passage in 2005. To effectively manage public procurement, there must be clear and well-established laws and processes in place (KIPPRA, 2006; World Bank, 2012). For improved supply chain performance, a government's procurement system should aid in the attainment of its socioeconomic, regulatory, and commercial objectives (Orioki, 2013). The Public Procurement and Disposal Act of 2005 was revised in 2009 (Mwangi, 2009) to make it possible for government agencies to acquire and sell surplus or obsolete equipment and technology. On October 26, 2005, this law went into force in Kenya. On January 1, 2007, the PPDR of 2006 (Kirugu, 2010) went into force after being enacted as a result of further legislation. Public Procurement Oversight Authority and Public Procurement Administrative Review Board are only two of the many regulatory entities established by the Act.

1.1.3 County Governments in Kenya; Kisumu County Government

The Constitution of Kenya from 2010 establishes the County Governments as devolved levels of administration. The Republic of Kenya is divided into 47 counties, as specified in the First Schedule of the Constitution. Article 202 of the Canadian Constitution requires a fair division of tax income between the federal government and the provinces. According to Article 221 of the Kenyan Constitution, the Public Procurement and Asset Disposal Act (PPADA) of 2015 regulates all public purchases and sales. On April 5, 2013, Legal Notice No. 60, including the Public Procurement and Disposal (County Governments) Regulations, 2013, was published in the Gazette. The Public Procurement and Disposal Act of 2005 was drafted with county governments in mind to aid in local economic development and employment creation.

Devolution laws recently passed in Kenya allowed for the creation of 47 county administrations, one of which being the Kisumu County Government. In response, the County Government developed a system of delegated authority, the central tenet of which is the control

of the county's supply chain. Kisumu, a significant city in western Kenya, serves as the county seat. Kisumu has the best county government in Kenya because of its exceptional Executive, City Board, and County Assembly. This study set out to address the dearth of research on Kisumu County and other devolved units in Kenya by conducting its investigations in accordance with established ethical guidelines. This was necessitated by Late payments, unlawful outsourcing, and unethical procurement are just some of the problems that have been brought up despite the existence of legislation to monitor supply chain performance measures in Kenyan counties more so with the county government of Kisumu based on the latest Auditor General report for the financial year 2019-2020. Kisumu county was chosen because of the unethical practices making it to experience supply chain performance issues.

1.2 Statement of the Problem

Fraudulent and unethical procurement practices continue to be experienced in many public and private organizations respectively. As much as there are differences in both private and public procurement, Karjalainen (2014) advised that all procurement transactions needs to conduct with impeccable standards to maintain the highest degree of trust. The poor supply chain performance is a common problem in many county governments with an immeasurable cost spiraling to over USD10 million (Kshs, 85billion) annually. Understanding these impacts is crucial in the adoption of efficient and effective procurement methods.

Despite the extensive law provisions that guide the procedures of supply chain performance among counties in Kenya, there has been a myriad of issues arising based on the delayed payments, illegal outsourcing, and unethical procurement practices and more than 50% of the unethical cases alleged in the county governments are related to procurement dealings of the county. In Kenya, the central government and county government spends about Kshs. 234 billion per year on procurement. However, on annual bases, the government losses close to

Kshs. 71 billion about 17 per cent of the national budget due poor procurement methods used such as inflated procurement quotations. According to the Auditor General's report for the financial year 2019-2020 for Kisumu County released in December, 2021, the report noted on the county sourcing for material and suppliers with lack of electronic procurement, lack of procurement plan as required, irregular procurement of a bus and high roof ambulances, irregular costings, irregular payments for works not done plus works insufficiently document and cannot also be confirmed of their completeness.

Several studies have been conducted on supply chain management and ethics, but limited studies have looked at the effect of unethical practices on supply chain performance in government agencies especially with reference to the County Government of Kisumu. For example; Gravier and Powley (2013) while evaluating the public versus private sector procurement ethics and strategy in the USA State Department, established that the occurrences of fraud are often experienced when picking the right supply and execution stages that includes the control and monitoring related issues of internal control. Another study by Fourie (2015) assessed ethical and legislative framework in procurement in the South African, the study observed that due to complicated nature of public procurement, integrity, ethical standards, best value for money and the type of fraudulent practice negatively affects the ability of governments in attaining their developmental goals. The study only covered the public procurement and did not compare with the private sector procurement. Study by Ndudzo (2014) on the Probity in Procurement in the Private Sector in Zimbabwe indicated that procurement personnel are always help accountable for fraudulent practices and not adhering to the policies and procedures of the procurement system. Although the study findings relate to procurement in Kenya, the study was conducted in a different setting and therefore cannot used as the basis for generalization in Kenya. This study therefore sought to fill this research gap by conducting an analysis on the effect of unethical practices on supply chain performance among county

governments in Kenya a case of County Government of Kisumu specifically on uncompetitive procurement practices, irregular expenditures and inadequate contract management within the county government.

1.3 Study Objectives

The general objective of this study was to determine the effect of unethical practices on supply chain performance among County Governments in Kenya, a case of Kisumu County Government.

The study was guided by the following specific objectives:

- i. To determine the effect of uncompetitive procurement processes on supply chain performance of the County Governments in Kenya, a case of Kisumu County Government.
- ii. To investigate the effect of irregular expenditure on supply chain performance of the County Governments in Kenya, a case of Kisumu County Government.
- iii. To establish the effect of inadequate contract management on supply chain performance of the County Governments in Kenya, a case of Kisumu County Government.

1.4 Research Hypothesis

The study was guided by the following hypothesis:

H₀₁: Uncompetitive procurement processes have no significant effect on supply chain performance in the County Governments in Kenya, a case of Kisumu County Government.

H₀₂: Irregular expenditure has no significant effect on supply chain performance in the County Governments in Kenya, a case of Kisumu County Government.

H₀₃: Inadequate contract management has no significant effect on supply chain performance

in the County Governments in Kenya, a case of Kisumu County Government.

1.5 Scope of the Study

The study analyzed how unethical business practices affected the Kisumu County Government's supply chain. The supply chain performance of the County Government of Kisumu was analyzed to determine the impact of unethical procurement methods, poor contract management, and wasteful expenditure. There were a total of 70 attendees from the County Government, including 18 Chief Officers, 20 Accountants, and 32 Procurement Officers, all of whom would learn something new from this presentation. The investigation lasted for eight months, from January to April of 2023.

1.6 Justification of the Study

Ethical buying procedures are crucial to the success of a company's supply chain operations. This study has great significance since it has uncovered several issues and answers for each of them, allowing any organization to operate at a lower cost. This is because unethical actions significantly affect how successful a firm is in the procurement market. County administrators, legislators, regulators, and researchers all considered the study to be very relevant to their respective fields.

The results of this research may help management better understand the root reasons of anti-competitive procurement practices, excessive expenditure, and careless contract management. It will be simpler for businesses to make strategic sourcing and procurement performance decisions.

A comprehensive approach to reduce corrupt county governments' procurement practices in Kenya might benefit from the ideas presented in this article. The findings might be incorporated into policy at the federal, state, and municipal levels to enhance service provision.

There is a significant lack of evidence on the effects of unethical supply chain activity, therefore the findings may contribute significantly to our understanding of the topic. Therefore, academics and scholars may use the study's findings as a benchmark for judging the quality of future research and scholarly publications.

1.7 Conceptual framework

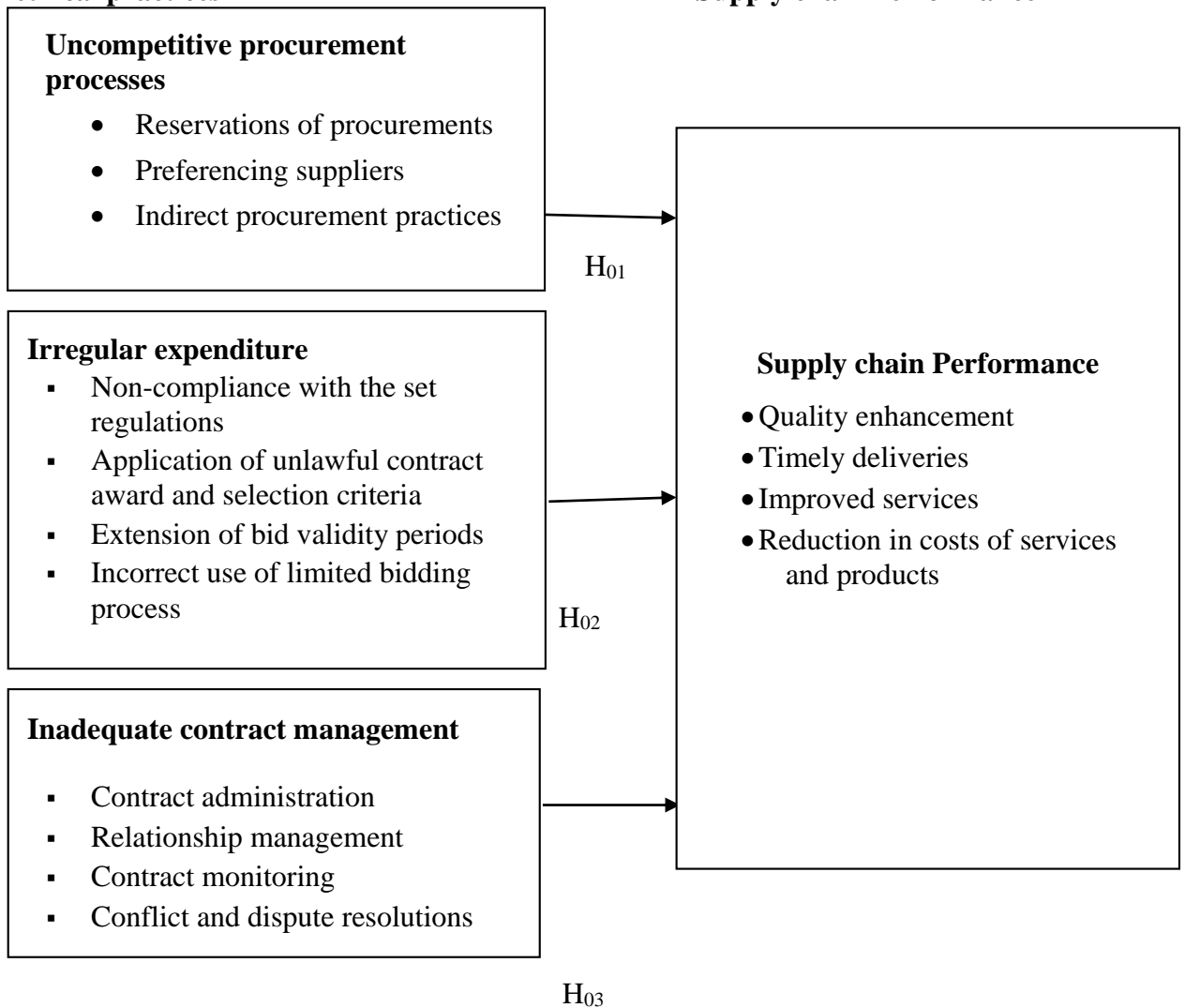
Researcher's conceptual framework for describing the relationship between unethical behavior and the supply chain performance of the County Government of Kisumu is shown in Figure 1. In this scheme, the independent variables are uncompetitive procurement processes, irregular expenditure and inadequate contract management, while the dependent variable is supply chain performance. The scheme illustrates that the independent variables do influence the dependent variable. It also shows that the independent variables may singly or collectively influence the dependent variable.

Independent variable

Dependent variable

Unethical practices

Supply chain Performance



Source: Adopted from Gazo, 2017

Figure 1: Conceptual Framework of the relationship between unethical practices on supply chain performance.

CHAPTER TWO

LITERATURE REVIEW

This section contains the theoretical literature review, the empirical review and the summary of the empirical literature. It also indicates the study gaps from previous studies and highlights the contribution that this study will contribute to the pool of knowledge.

2.1 Theoretical Review

Theories are developed to help us make more accurate predictions about the world and to put our current corpus of knowledge to the test. According to Creswell (2009), a study's hypothesis is either affirmed or rejected based on the design of the study's theoretical framework. The purpose of emphasizing theoretical perspective is to identify the theories that drive the study and, in turn, to emphasize the significance of the research since it will almost likely lead to the presentation of new information and the relevance of those concepts.

2.1.1 Theory of Differential Association

Edwin Sutherland's "Theory of Differential Association," developed in the 1930s, was one of the first theories. Sutherland, according to Wells (2005), is commonly regarded as the "Father of White-Collar Crime" for his seminal contributions to the area. In 1939, he coined the term "white-collar crime" to characterize corporate executives who lied to shareholders and the public. Sutherland's (1949) Theory of Differential Association may be used to educate students about crime, just like any other subject. He reasoned that illegal activity is impossible in solitude since it requires interaction with other people. In their critique of Sutherland's theory, Gaylord and Gallaher (1988) argue that the author pays insufficient attention to the role that economic, biological, and psychological elements play in criminal behavior. If there are conflicting values, then people are more likely to be exposed to definitions that promote illegal behavior, as suggested by Sutherland (1949). He argues that criminals learn not just how to

commit a crime but also the criminal's worldview, including their motivations, rationales, and thought processes, as they go through school. Since dishonest organizations 'infect' some honest employees, he realized that excellent examples may change the thinking of dishonest people (Sutherland, 1949; Wells, 2005). White-collar crime has been on the rise in recent decades, and the Theory of Differential Associations is often cited as an explanation for this trend.

There are, however, many who disagree with it. Akers (1996) challenged Sutherland's Differential Association hypothesis, assuming wrongly that Sutherland was saying that just associating with criminals would raise one's inclination to partake in illegal conduct. But Sutherland thought otherwise. Critics of Donald R. Cressey and those who support Sutherland's Differential Association theory (Sutherland and Cressey, 1978) (Akers, 1996) accuse them of misrepresenting the concepts of the author. Irrational behaviors that can't be taught are also a point of criticism for the concept. Some academics (Matsueda, 1988; Akers, 1996) argue that Sutherland's thesis cannot be scientifically demonstrated since it is difficult or impossible to examine Sutherland's notion of "definitions" that are favorable and unfavorable to illegal action. Since not every person in a position of trust, like a vehicle mechanic, works in the white collar industry, Sutherland did not specify what kinds of offenses were under this category.

Sutherland's theory has been dubbed a "cultural deviance" hypothesis (Matsuda, 1988) due to its faulty assumptions about human nature and the influence of culture in producing deviant behavior. According to Akers (1996), this criticism is only one more instance of how Sutherland's idea has been misused. According to Laub (2006), Sutherland's theory "was flawed because he embraced a sociological model of crime and, in doing so, adopted a form of sociological positivism." It is his contention that Sutherland ignored key crime statistics that contradicted his theoretical premises. Sutherland (1974, p. 82) enumerated some of the

criticisms leveled against his differential association theory, such as the fact that it assumes everyone is exposed to criminal and anti-criminal behavior equally, the fact that it disregards free will, the role of the victim, the lack of a precise definition of words like "systematic" and "excess," and the fact that it disregards biological factors. Even though it has been questioned, Differential Association Theory has made important contributions to the disciplines of criminal justice and social science (Akers, 2004; Burgess and Akers, 1966; Bandura, 1997; Glaser, 1956). Several modern criminologists and sociologists have expanded upon and extended Sutherland's concept in order to better explain criminal behavior.

Since it may explain where fraud originates and if dishonest procurement officials might infect some honest ones via the educational system, the hypothesis is relevant to the research. It also helps in understanding how one's preferred method of communicating influences their behavior.

2.1.2 Fraud Triangle theory

According to Donald Cressey (1973), the most widely held belief was that the evidence was fabricated. Cressey investigated 200 alleged Midwest trust-fund skivers. By Cressey's account, "trusted persons become trust violators when they conceptualize themselves as having a financial problem that is not shareable; are aware that this problem can be secretly resolved by violating the position of financial trust; and are able to apply verbalizations to their own conduct in that situation that enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as trusted persons." 1973 We make use of the Cressey last name. The media often refer to this concept as the "Fraud Triangle Theory." When someone is considering cheating, all three sides of the fraud triangle—opportunity, pressure, and justification—are present.

A concerned worker with "non-shareable" financial issues is the most important element. Dishonesty is driven, according to Cressey (1973), by the perception of insurmountable obstacles. There were six secrets he revealed that may derail an inquiry into probable fraud. According to Cressey (1973), the term "non-shareable" is subjective and changes with time. As a result, what one person finds unavailable may be readily available to another. However, he concluded that pursuits of social advancement or preservation were associated with individual, rather than group, interests. Problems that cannot be handled publicly include social isolation, professional failures, aspirations for social advancement, and disagreements between employers and workers (Cressey, 1973).

The opportunity component of the fraud triangle is the second component. According to Wells (2005), it is impossible to pinpoint dishonesty in the workplace to a one cause. The worker must also assess the likelihood that the violation will not be reported. Cressey (1973) found that many trusted individuals initially fail to recognize the opportunities presented by their positions of trust, despite the fact that they do not commit fraud by using entrusted funds to solve non-shareable financial problems. They associate the unlawful solution with the personal situation because they know, or at least think, that it may be handled by putting their credibility at danger. It's quite improbable that someone who is trusted would be unaware of a purposeful attempt to undermine their position. Wells (2004) argues that the susceptibility of a fiduciary position to abuse may be gauged by the degree to which one can trust the individual holding the role. Causes might include carelessness on the part of management, a lack of internal controls, and lax disciplinary procedures (Cressey, 1973; Wells, 2004).

The third consideration is rationalization. The justifications offered are not an afterthought, but rather the real reason(s) for the dishonest actions. As a result, sometimes reason is tossed out the window when a crime is done (Wells, 2005). Dishonest people, according to Cressey

(1973), don't come up with whole new reasons for breaking trust; instead, they modify an existing reasoning they picked up via interaction with a community that utilizes it. The con artist recruits individuals who have first-hand knowledge of trust abuse and authoritative positions to provide testimonies. This is consistent with Sutherland's Differential Association theory, which states that associating with criminals increases one's propensity to engage in criminal behavior. Sutherland proposed this concept first, back in 1949. Borrowing money from loved ones is how many successful Americans got their feet off the ground. Everyone steals when they're in a bind. I am not stealing since I only plan to utilize the money briefly. To paraphrase, "I have been trying to live an honest life, but I have had nothing but trouble, so 'to hell with it.'"

To be trustworthy in a relationship is an ideal that is at odds with these societal conventions. These verdicts allow offenders to come to terms with their own moral ambiguities over criminal behavior. Although these considerations may provide light on why an otherwise trustworthy individual might disobey the rules, they are insufficient to absolve them of responsibility. Employees who borrow from the loan fund on a consistent basis are seen more as creditors than as thieves. The betrayer of trust will not admit fault until he stops making excuses. A few of key references are Cressey (1973) and Wells (2005).

The Fraud Triangle developed by Cresset has been used to classify con artists for decades. According to Cressey (1973), the fraud triangle theory doesn't do much to help ex-offenders reintegrate into society or to spot trust violations like fraud. Wells (2005) concurs, writing that the "fraud theory triangle" has not been successful in lowering fraud rates. It's easy to see how adaptable this concept may be.

It seems that the model has a problem in that it takes into account factors that may be present in many situations in which fraud does not occur. The fraud triangle cannot be called a

predictive model (Day, 2010) due to its descriptive character and its higher performance in retrospective research. The model's components could blend together during use, making identification difficult. CEO dishonesty reportedly seldom faces a clear non-shareable issue (Albrecht, Albrecht, & Albrecht, 2004). While the fraud triangle may be helpful for making predictions, it will always leave certain results unexplained since some situations just do not conform to the paradigm. Another limitation is that this research has only looked at potential or future fraud. According to Holton (2009), there is a dearth of discussion in the literature on the elements of rationalization, cognitive competence to carry out the lie, and intention to perpetrate fraud. The lack of research may be connected to a fundamental problem in the development of the rationalization concept (Souise & Wright, 2008), as no practical technique exists for determining the source of the violation. This is due to the fact that many individuals provide explanations for their dishonest behavior after the fact, making it difficult to ascertain their state of mind at the time. Researchers should focus on creating opportunities and, on occasion, identifying fraud incentives, rather than investigating the root causes of fraud.

It elucidates the underlying causes of fraud and allows for the precise localization of fraud at any stage of the purchasing process. In addition, it offers a reasonable justification for the actions of procurement officers by acknowledging the impact of external pressure on their conduct and their motive to commit fraud. According to Nyambariga (2016), delivery, inspection, and purchase order processes are highly susceptible to fraud. There are opportunities in businesses without anti-fraud safeguards for those who possess the three skills that make up the fraud triangle.

2.1.3 Theory of Ethics

The study will also consider the theory of ethics; the theory first developed by Socrates and was advanced by Scanlon that stated that the consequences of individuals' actions are the

ultimate grounds for any decision concerning the righteousness of such actions. Therefore, from a consequentialist view, a moral or immoral action is one that can generate a good result, or consequence. Lafollette (2016) pointed out that the attraction of this ethical perspective could not be real in the fact which it presents itself as way to overlook the influence of behavior and establish what is better for the many. The theory is based on the principle that decisions included in unethical actions can be performed with focus on the consideration of the consequences (Deloitte, 2012).

Agreeably, ethics is an important factor for all procurement practitioners irrespective of sector whether regulated or unregulated. Ethics is necessary at all phases in procurement process; from vetting of suppliers and awarding of tender, delivery, expedition stage of the purchase order and inspection. The theory highlights the need for severe consequences when it comes to punishing unethical conducts that may happen at any stage in the procurement process. The more the consequences are severe the more unethical practices may be deterred by both the authorities of the public organizations and the management of private organizations

2.1.4 Uncompetitive Procurement Processes

Public spending has a significant impact on GDP and has an immediate economic impact. Estimates based on national accounts data put public procurement (excluding state utility procurement) in OECD countries at 12% of GDP. The differences across states may be attributed to a number of factors, including size, economic health, and the significance of significant expenditure programs like infrastructure construction. According to 2008 National Accounts statistics, governmental procurement activities eat up more than 15% of GDP in the Netherlands, the Czech Republic, and Iceland. While this was the case, procurement expenditure in Switzerland, Mexico, and Chile amounted to less than 7% of GDP. Evenett and Hoekman (2005) found that in emerging nations, government expenditure averaged 5.1% of

GDP. According to the World Bank (2012), it is responsible for almost 10% of Kenya's GDP.

Government favoritism of domestic industry suppliers over those of foreign firms is discrimination. Governments that are concerned with the financial well-being of local businesses but not those of foreign companies are more likely to grant contracts to domestic businesses rather than their overseas counterparts (Vagstad, 1995). The necessity to get the most out of few funds is sometimes cited as a justification against protectionism in government procurement. The taxpayers should demand explanations for wasteful government expenditure because of the harm it does to the economy. According to Cox and Furlong (1995), when governments spend more to meet more complicated and competing national requirements, they must raise taxes and incur greater debt. According to Maza and Cambor (1999), informal and legal 'buy national' strategies have resulted in governments historically favoring the awarding of significant contracts to national enterprises on the basis of price and quality, but also on the grounds of nationality. The government's procurement process has become inefficient and unproductive as a result, preventing it from getting a decent return on its investment.

Protectionist measures, according to Cox and Furlong (1995), reduce the efficiency of the supply side of the market. National protectionism aids industries that struggle to compete with low-priced imports from other regions of the world. Open procurement is a goal that Maza and Cambor (1999) keep coming back to. They argue that the ongoing preference for local suppliers is creating non-tariff barriers to international trade and that reducing these barriers would lead to a more efficient allocation of resources via more competition, higher quality procurement, and reduced government expenditures. The upshot of these efforts will be fewer trade disputes and stronger relationships between countries in the business world. Government expenditure is impacted by discriminatory procurement not just because of rising interest rates on borrowed money, but also because of the widespread anxiety it causes among contributors.

Any waste of resources would have terrible implications in a world plagued by poverty, sickness, the environment, and inadequate access to education. Because of their better technological infrastructure and more efficient production procedures, multinational corporations can produce high-quality items at lower prices than local enterprises when Kenya's procurement markets are opened to them. It would be necessary for many businesses to shut, leading to a decrease in employment and living conditions (Odhiambo & Kamau, 2003).

Because of their inability to compete with multinational corporations for government contracts, local businesses may need special safeguards. To ease the blow of opening their markets, several nations have resorted to various overt and covert discriminatory practices. The efficiency of these public institutions will be harmed, however, if these nations try to include social goals into their procurement policy framework (Musila, 2004). The problems arise at this point. Should government agencies, despite the dangers, open up their procurement marketplaces or prioritize integrating social programs? When deciding how, when, and in which sectors to open up their local economies to the global market, public institutions, especially in developing nations like Kenya, need to take a pragmatic approach (Musila, 2004).

2.1.5 Irregular Expenditure

Maintaining and enhancing accountability requires the implementation of a control system. According to Rahayu et al. (2020), Audit Committees and Municipal Public Accounts Committees (MPAC) allow for early detection of SCM irregularities and legal breaches. They monitor the methods used in supply chain management, check for any potential threats, and record any monetary shifts. Worker and Pamungkas of 2019 An internal audit that identifies possible SCM risk sources and offers recommendations for mitigating such risks might be useful in this situation. Organizations may save money and seem better to the public thanks to

internal audits that evaluate the efficacy of governance procedures and risk management frameworks (White et al., 2020). Internal auditing is "a supportive 'critical friend' of risk management" (White et al., 2020) since it ensures accountability, cost-effectiveness, and the maintenance of regularity, legality, and decorum, as well as compliance with corporate governance principles. Supported by a robust SCM architecture, an Integrated Development Plan (IDP) allows for effective internal management (Hepworth, 2018). Audit committees should think about audit, risk, reporting, and corporate governance problems, as stated by Crawford et al. (2008). The King IV Report on Corporate Governance in South Africa (Institute of Directors South Africa, 2016) emphasizes the need of ethical leadership. Ethical leadership is characterized by qualities such as candor, knowledge, duty, accountability, objectivity, and transparency.

For this reason, it is crucial that SCM government officials always make morally sound judgments and show good judgment throughout the bidding process. This calls for more transparency and honesty across the whole purchasing process (Sallaudin et al., 2015). Experts must adhere to transparent and readily accessible SCM rules, policies, procedures, and processes throughout the bidding process to guarantee fair competition. Lack of transparency in supply chain management practices has the potential to cause widespread disruptions. These security issues are often attributed to corruption, insufficient personnel, inadequate training, and an absence of responsibility. That's why so many businesses fall short in their efforts to satisfy their customers (Masete & Mafini, 2018).

2.1.6 Inadequate Contract Management

Procurement contracts are written agreements between a procurement organization and a supplier or contractor that are enforceable under law (PPOA, 2009). Procurement document development, review, and approval; contract execution management; review, approval, and management of contract changes; and contract termination are all aspects of contract

administration. Administration of contracts includes dealing with agreements made with outside parties such as customers, employees, and business associates. To administer a contract is to negotiate its terms and conditions, monitor its compliance, and record and coordinate any changes that must be made to the contract before, during, or after its execution or implementation. To improve operational performance, financial performance, and risk reduction via the efficient and methodical management of contract creation, execution, and analysis. Glasgow was founded the same year, 2007.

Maximizing financial and operational performance while minimizing risks is the goal of the contract life cycle, which include managing the development, analysis, and implementation of contracts. In order to set the stage for efficient and profitable contract management after award, pre-award activities must be thorough and detailed. The goals of the contract and the supplier's technical and operational capabilities should take precedence. Nevertheless, when the contract has been granted, a thorough review of its performance is essential (CIPS, 2007). Pryke's (2006) seminal work consisted of framing efforts as interdependent webs of relationships that needed to be orchestrated for success. The importance of stakeholder relationship management within a project has been established by many studies in the construction sector. Brensen (1988) and Packendorff (1995) studied project management as temporary multiparty organizations in the 1980s in the United Kingdom and Europe.

Brensen and Marshall (2000) dug more into the nature of corporate partnerships in the building sector. Finding a way to formalize collaboration within the framework of the deal remained critical. Lazar (2000) and Cicmil & Marshall (2005) are only two of many writers who have looked at how contracts might be used to manage relationships and settle conflicts between parties, but to yet, no concrete contractual devices have been established in this area. More than \$16 billion in goods and services were purchased via contracts issued by United Nations

agencies in 2013. This was done so that the agencies could fulfill their mandates and advance their objectives. The amount of time and money spent here is indicative of the degree of danger that exists when businesses team up with freelancers. 2014 (Bartsiontas). The U.S. Department of Defense (DoD) and U.S. Navy are placing a greater emphasis on contract management. The Defense Department, the federal government's top buyer, is increasing its purchases. In fiscal year 2014, the US Navy was granted contracts worth \$84 billion for significant military systems, equipment, and services, as reported by the Federal Procurement Data System-Next Generation (2014). Managing millions of contract actions for the acquisition of necessities like commercial-grade items, professional and administrative services, extremely complex information technology systems, and major defense weapon systems falls under the purview of the Department of Defense's procurement workforce professionals, as reported by the Federal Procurement Data System-Next Generation (2014).

Improving service delivery for all South Africans is the fundamental goal of legislative and regulatory reform within government institutions in South Africa. Profitability, efficiency, and quality of service are all boosted by well-managed contracts. Newer regulatory systems include harsh consequences for managers found to have wilfully or negligently ignored their responsibilities. While attempts to implement the law were relatively light at first, experts predict a dramatic increase in the years to come. Managers need to put an increased emphasis on making compliance a central tenet of their strategic goals as their teams' capabilities and resources grow. The Kenyan government, like the governments of most other countries, is the only buyer of goods, services, and human labor in Kenya. Procurement receives around 30% of Kenya's yearly government budget. As a result, government contracts play a crucial role in Kenya's economic growth. The public sector has an obligation to make the most of limited resources.

Due to cancelled contracts, abandoned projects, unsatisfactory service or product delivery, and prolonged contract durations, the Kenyan government has wasted hundreds of millions of dollars in public funding during the previous eight years (Transparency International, 2009). According to reliable sources (Mari, 2013), the Kenyan government allocates between 10% and 30% of its GDP to procurement. according to (Gordon, 2009) The government loses over \$5 billion annually due to poorly managed contracts. This situation necessitated intervention from the World Bank and the International Monetary Fund, which reduced economic growth by 2.1% (Transparency International, 2009) when they imposed strict constraints on the government's capacity to borrow money.

2.1.7 Supply Chain Performance

The monitoring activities in the last stage of the SCM cycle, performance management, are carried out in conjunction with the other phases. Williamson (1999) recommends taking stock to see whether goals were met and strategies implemented. An effective SCM Performance Management System incorporates not just departmental policies and procedures but also legal mandates. The vast majority of supply chain managers overextend themselves by attempting to do too much at once, without properly considering the pros and cons of each potential outcome. Unintended consequences of reducing supply costs include decreased product quality, longer lead times, and a possible migration of the supplier base (Maskin, 2004). Product recalls are an indication that employees who are evaluated and paid based on a number of criteria may be less motivated to perform effectively and more likely to make poor judgments. Companies may prevent this issue by coordinating their goals across departments and checking that their operational KPIs are in line with the enterprise's strategic KPIs.

The effectiveness of a logistics or supply chain operation may be evaluated in a variety of ways. Finding the proper signal might be challenging, and it could be unwise to depend on just

one indication. For instance, if cutting costs is your only supply chain objective, you may not see any improvement (Arrowsmith, 1998). Frazelle (2001) uses four types of indicators to assess quality, time, money, and productivity in order to present a more comprehensive view. All of the different kinds of signs need to be looked at at the same time if the inquiry is to be finished. The learning curve and overall usability of quality measures tend to be the best of any kind. Good logistics are reflected in precise orders, well-stocked shelves, and wise decisions. Without hesitation, they provide you constructive criticism. Time indicators are clocks that display the amount of time that has elapsed since the work began. They illustrate how reducing the amount of time it takes to do particular tasks may lead to a more streamlined supply chain. Money-wise: These measurements may help management determine where to make cuts in the supply chain in order to save money. Organizational output may be used to infer the efficiency of resource allocation. It may be more cost-effective and productive to send out fully stocked vehicles rather than half-empty ones.

It has been hypothesized that it becomes more challenging to locate a product if more than a few signals point to it. For instance, inventory limitations may need to be readjusted if stock-outs occur at lower levels since distribution trucks are only sent out when full. A thorough analysis is required to ensure that these measures are complementary rather than competing, and to identify the compromises that must be made to strategically improve supply chain performance. The competitive strategy of state-owned companies has been on improving supply chain performance in order to increase efficiency and profitability. Strategic, tactical, and operational planning and management are all aided by these metrics and measures, making them vital to an organization's success.

2.2 Empirical Literature Review

Under the empirical literature review, the researcher present sub-section of the published work in the area of research interest as per the objectives of the study.

2.2.1 Uncompetitive Procurement Process on Supply Chain Performance

According to research (Bolton, 2006), Technological developments, program evaluation findings, public and political push for improved services, and heightened scrutiny of public sector contracts all fit into this category. Before 1994, public contracts were written with big, well-established firms in mind. It might be challenging for new contractors to take part in government procurement processes. Public procurement has undergone significant transformation since it was recognized and accepted by the constitution as a method to correct discriminatory laws and practices (Bolton, 2006). In order to spread the ideals of good governance and to reach societal and economic goals, the National Treasury typically adopts a preference system and works to improve public procurement. According to Maskin (2004), conducting procurement in a consistent manner is crucial. Supply chain management (SCM) was initially used as a policy instrument in the public sector as a consequence of governance, interpretation, and implementation issues with the Preferential Procurement Policy Framework Act (PPPFA), Act No. 5 of 2000 (National Treasury, 2005).

The paper "Supply Chain Management: A Guide for Accounting Officers/Authorities" was produced in 2003 to help organizations with the transition to an SCM management structure and the duties that come with it. The government was making an effort to use procurement to carry out a grander plan (McCrudden, 2004). In both the private and governmental sectors, instances of procurement fraud are quite uncommon. Sometimes vendors and employees commit fraud, and vendors have been known to form cartels (to limit competition or increase

prices) in the past. Some instances of this kind of fraud include suppliers raising prices in cahoots with employees and/or rivals, bribery, and false or inflated invoices.

A job in public procurement presents current and future difficulties regardless of whether one works in a developed or developing nation. Government purchasers everywhere have their own unique set of obstacles. Many nations, however, also face worldwide issues that are shared by others. No two nations have identical political systems, economies, societies, or cultures. This chapter will present six challenges, describe external pressures that public procurement experts face, and wrap up with a summary of subsequent chapters categorized according to comparable concerns. Inefficient procurement methods were determined to be a significant contributor to the waste of public money via fraud, favoritism, and extravagance by the Contract Monitoring Kenya Network (2012). A CMKN paper titled "Reforming Public Contracting: Giving Kenyans Value for Money" (Loeb, 2009) reveals widespread unethical practices in public procurement. Maggi (2005) argues that a system of security-related procurement, commercial debt purchasing, and political system funding is at the heart of Kenya's grand corruption.

(Maggi, 2005) Investing in weaponry is morally repugnant. Alchian (1972) argues that customers are encouraged to accept gifts even when they are unnecessary due to the existence of double standards in the workplace. The activities they take in this field are often unethical (Williamson, 1999). It's inevitable that certain consumers would engage in unethical behavior due to the dishonest environment fostered by suppliers in their pursuit of business (Williamson, 2004). Thus, the context of purchase creates opportunities for immoral behavior (Williamson, 1999). Coase (2007) believes that Kenya has to rethink its existing procurement administration in light of ethical norms since it lacks an ethical viewpoint.

Lamber (2008) argues that the most significant obstacle to eradicating corruption is the pervasive culture of secrecy around public procurement and related government duties.

Because of the potential for harm to suppliers, other departments, and buying itself, corruption and conflicts of interest in public procurement are a serious issue (Fama, 2003). The suffering of the poor is made worse by unethical procurement practices because of the squandering of public funds (Salbu, 2000). According to The Alchian (1972), immoral practices slowed Africa's development by causing a loss of vital resources. Poor people's long-term prosperity suffers as a result (Maskin, 2004). In both the public and commercial sectors, unethical procurement practices deprive citizens and companies of the advantages of their hard-earned cash and natural resources (Williamson, 1999). Cases involving the importation of tugboats and cranes by the Kenya Ports Authority, the purchase of universal satellite space, the importation of maize, and the construction of a forensic laboratory for the Criminal Investigations Department (CID), among others, have all been cited as examples of questionable public procurement practices in Kenya. Since such immoral activity drains public resources, more work is needed to combat it (Joskow, 1991). According to Lamber (2008), neither developed nor developing country authorities have made much progress in finding a solution to the issue of unethical procurement practices.

Lack of acquaintance with the procurement regulations has been cited as a reason for noncompliance with the law by many authors, including De Boer and Telgen (1998) and Gelderman et al. (2006). According to De Boer and Telgen (1998), when the public procurement legislation in the Netherlands was first put into effect, numerous towns had problems complying with the criteria because they were unfamiliar with them. This perspective is supported by findings from a study done by Gelderman et al. (2006) on meeting EU procurement criteria. Since the procurement industry in Uganda is still in its infancy and the regulations just went into effect in 2003, it's possible that there is still inadequate awareness of the legislation. On the other hand, people who are familiar with the norms may have such a good hold on them that they know where the loopholes are and how to use them. The

unpredictability of public procurement processes may increase the likelihood of questionable actions like opaque bidding and biased supplier selection, both of which can have a negative impact on compliance rates. Some hypotheses suggest that compliance might be damaged if all internal stakeholders are unfamiliar with the purchasing system.

2.2.2 Irregular Expenditure on Supply Chain Performance

South Africans have never before faced such governance and procurement difficulties as a result of citizens' demands for more government openness, open data, and accountability. To achieve this goal, the public sector must become more efficient in managing taxpayer funds. Reforming the way the government buys goods and services is one option for addressing the issues (World Bank, 2012:6). Poor supply chain management laws governance may have led to the wasteful spending that followed. For the fiscal years 2013/14 (with 301 incidents valued at R32, 876 million), 2014/2015 (287 cases valued at R24,672 million), and 2015/16 (308 instances valued at R31,596 million), internal control weaknesses and irregular procurement practices were detected (Auditor General South Africa, 2014, 2015, 2016). The failure to publicize the contract, the use of unsuitable criteria for awarding and choosing contractors, and the failure to properly or discriminatorily characterize the subject-matter of the contract and negotiate terms are all cited by Bor, Chepkwonmy, and Bonuke (2015:97) as instances of noncompliance.

The government relies on internal control as a management function and method of oversight (Dragos 2015:125). The National Treasury found that validity periods were extended, the restricted bidding method was used illegally, and threshold prices for quotes and competitive bidding were exceeded. Subpar bid management controls and processes; unsuitable nomination of bid committee members; insufficient explanation of departures from SCM norms.

The results of an audit are enhanced by the use of internal controls like audits, which encourage

fiscal responsibility. These safeguards ensure that no money is misused or wasted and that all SCM rules are adhered to. Municipal Public Accounts Committee (MPAC) interview data shows that a lack of an effective internal audit control system contributes to the difficulty of preventing fraud, unproductive and wasteful spending, corruption, and irregular expenditures. Internal audit's inability to quickly identify SCM malpractices and irregularities is mostly attributable to sloppy compliance with internal audit norms and regulations. Municipal financial performance, reporting, and audit results will continue to suffer until SCM vulnerabilities and risks are mitigated. On page 67 of the Buffalo City Municipality's 2017/2018 Yearbook (BCMM), we see an example of secondary data that raises the possibility that R747m was misused during the aforementioned fiscal year. The lack of proper internal auditing processes is to blame, according to the study. It has been established that local public employees broke the law by failing to account for the irregular spending (Buffalo City Metropolitan Municipality [BCMM], 2017/2018, p. 48) in accordance with their mandate under Section 125(2)(d)(i) of the municipal Finance Management Act [MFMA].

In municipal government, internal audit control may be an evolving process (Sibanda, 2017, p. 314). Separation of duties and supervision, efficient monitoring, audits (both internal and external), and accurate financial reporting are all features made possible by SCM's internal controls. They help promote accountability in municipal finance and may be used to expose fraud or malfeasance (Masete & Mafini, 2018, p. 15). Cities should take the initiative and establish reliable internal controls.

Internal control system instruments for monitoring, reporting, and supervision are necessary for this purpose. Municipal officials, both elected and appointed, should have their knowledge and abilities regularly refined and augmented. Elected and appointed public officials are vital resources for SCM Units, Audit Committees, and Municipal Public Accounts Committees

(MPACs). This is crucial information, since Section 165 of the Municipal Finance Management Act (South Africa [Republic], 2003) requires all municipalities to have an active Internal Audit Unit. An Internal Audit Unit's responsibilities include executing the plan, advising the Accounting Officer, and reporting to the Audit Committee. The South African Local Government Association (2012) states that this policy addresses "issues relating to internal audit, internal controls, risk and risk management, performance management, and compliance with applicable pieces of legislation." Tumwebaze et al. (2018) found that accountability increases when the internal auditing department does its work properly.

Audit Committees and Municipal Public Accounts Committees (MPACs) keep a close eye on the SCM process to ensure its integrity. Internal control systems that are well-managed protect municipal funds from misuse and supply chain security threats. Ethical awareness, compliance with SCM regulations, and excellent corporate governance are inextricably intertwined with effective monitoring, prudent reporting, effective internal control, and strong corporate governance (Tumwebaze et al., 2018). According to other research (Tumwebaze et al., 2018; Bananuka et al., 2018; Rahayu et al., 2020), an efficient oversight committee and a strong internal audit function are also strong indicators of accountability.

2.2.3 Inadequate Contract Management on Supply Chain Performance

Highways are essential to global economic development because they connect people to goods, services, and markets (Mea, Mauko Pranjic, Vezonik, Osmokrovi, and Lenart, 2020; Wang, Wu, Wu, Zhang, Guo, and Cai, 2020). The road building industry benefits the economy in several ways, both immediately and indirectly (Chen, Chen, & Xu, 2019). Therefore, the construction of roads is now one of the world's fastest-growing sectors (Wenz, Weddige, Jakob, & Steckel, 2020). Welde and Dahl (2020) estimate that worldwide investment on roads will reach \$3.57 trillion by that year. With the present magnitude of road projects, evaluating

productivity in the road construction industry is more important than ever. The success of road construction projects has traditionally been measured by their timeliness (Harris, Roussel, Dearman & Thomas, 2018; Englund & Graham, 2019), quality of work (Mushori, 2020), cost (Welde & Dahl, 2021) and customer satisfaction (Sabri, Ismail, Ali & Abdziz, 2020; Seklecova, Komarcheva & Shemchuk, 2020). Companies often hire road contractors to handle certain aspects of road construction projects (Rivera, Baguec, & Yeom, 2020). Contractors are crucial to the success of any building project since they are responsible for turning blueprints into physical structures. Customer happiness, the contractor's reputation, and the contractor's market competitiveness are all positively correlated with performance (Sabri et al., 2020).

Across Africa, several road construction projects are under progress (Han & Webber, 2020). Even if some of these efforts have failed (Kulemeka, Kululanga, & Morton, 2015), others have been rather fruitful (Kavishe & Chileshe, 2018; Osei-Kyei & Chan, 2019), thus it's clear that the odds are in favor of success. The quality of the road's end user is negatively impacted by issues such as unexpected delays in development, expensive pricing, and money theft (Owusu, Chan, & Shan, 2019).

Kenya's national and county governments are both hard at work on many road building initiatives (Matu, Kyalo, Mbugua, & Mulwa, 2020). Excessive costs, delays, failed procurement, and a lack of private investment are only some of the problems that have plagued Kenya's road contractors in the past (Gituro and Mwawasi, 2017; Hassan, 2017), as noted by Densford, Rosemary, and Ngugi (2018). Now that stakeholders care about the quality of roads, they want to know what they can do to improve road contractors' overall performance. Management of contracts is recommended in Kenya so that both parties may fulfill their end of the bargain in a manner that meets the contract's stated goals and saves money (Gituro & Mwawasi, 2017). A road contract management strategy's performance may be gauged by how

well it ensures the safe and timely delivery of services (Chepkemoi, 2020). Kenyan construction companies are putting more focus on contract management as a means of adjusting to the country's increasingly unpredictable and dangerous economic environment (Oyolla, 2019).

Van Weele (2014) and Kivilä, Martinsuo, and Vuorinen (2017) identify four main techniques to contract management: contract administration; contractual relationship management; contract monitoring/evaluation; and dispute resolution management. Managing contracts is necessary since every agreement has obligations on both sides (Soecipto & Verhoest, 2018). In addition, the advent of novel technology, joint ventures, multinational collaborations, and the simultaneous participation of a number of agencies make road projects enormous endeavors that need contractual relationship management (Nguyen & Garvin, 2019). To ensure that construction is being done in line with all road building rules, it is crucial to keep a tight eye on the job after it has began (Parikh, Joshi, & Patel, 2019). Tensions develop and appropriate conflict resolution management solutions must be made accessible when local people's dwellings are discovered to be within a road project's defined "road reserve" and must be destroyed (Wang, Chen, Zhang, & Wang, 2018). For this reason, it is important for public administration structures to have personnel with experience in contract drafting and management. To achieve their desired results, devices should be at the center of all contractual decisions and activities rather than settlement control (Aulich, 2020).

Government organizations have taken a keener interest in contract management since the 're-inventing government' program was established in the late 1980s (Khan, Khan, & Khan, 2017). The NPM included this drive since it outlined novel methods of governing, a shift toward decentralization, and the growth of a market for contract administration (Sammons, 2017). There are two categories of measurable outcomes for artistic undertakings, the first of which

includes time, money, safety, and the natural environment. The second group of indicators included factors like impressive performance, utility, and the happiness of different project members, although they were more subjective in nature. Experts disagreed with Chan and Chan (2020), claiming their analysis ignored the strategic level of missions in favor of the operational and tactical ones. Concurrently, the criteria of environmental effect, customer satisfaction, high and common value, and timeliness were developed by Ahadzie et al. (2019) for large-scale residential building projects.

In order to ensure that the person to whom an agreement was provided (the contractor) is honoring the terms of that agreement, contract management is used (Lindholst, Helby Petersen, & Houlberg, 2018). The settlement's ultimate form may also be affected by complications around the contract's execution, payments, faults, specifications, and other issues (Aulich, 2020). This strategy has the potential to improve efficiency and reduce risk in the management of contracts, implementation, evaluation, and analysis (Kivilä et al., 2017).

According to the research by Seklecova et al. (2020), markers of successful contract management include on-time delivery, high-quality work, fast turnaround times, a discounted price, satisfied customers, adaptability, efficiency, and supplier relationships.

In 2018, Sultana, Rahman, and Chowdhury conducted an in-depth analysis of agreements for PBM of roads. The research uncovered issues related to effectively managing contractual circumstances and lowering maintenance costs. The original goal of the research shifted to one of doing a thorough state-of-the-art evaluation of the most recent literature on the subject. The research reviewed the literature on PBMC and included many instances of both developed and developing nations whose street community structures have been sustained thanks to their preference for PBMC as the preferred mode of contracting. According to the study's findings, developing countries have the most need to address PBMC's challenging concerns, such as

cutting maintenance costs, raising productivity, and reducing the likelihood of corruption.

Public sector procurement and asset disposal have been beset by corruption and bureaucratic red tape, according to De Mariz, Mnard, and Beill (2021). The government has lost a lot of money as a consequence. The general public procurement system underwent reforms to streamline the buying and selling of government supplies. But as De Mariz et al. (2021) note, a variety of roadblocks have slowed the rollout of these adjustments, diluting their original goal. According to De Mariz et al. (2021), corrupt practices in public procurement constitute a major hindrance to progress. Corruption, as claimed by De Mariz et al. (2021), has spread across government agencies, making improvements to the public procurement system more challenging.

Radovi, Mirkov, elija, and Peko (2021) honed in on the topic of road maintenance contracting in Serbia. In this study, we analyzed the core functions of OPBC and OPBC output in the context of road maintenance and construction. We validated the system data pertaining to such highway contracts. Compared to traditional approach based contracts, the results showed that OPBC helped street firms save 10% to 40%. Zambia's agricultural output was studied by Iimi and Gericke (2017), and in 2019-2020, Serbia will use the OPBC for normal street care as a pilot project under the World Bank-financed shipping restoration project. This study investigated whether or not traffic regulation compliance in the agricultural manufacturing industry might be ensured via the use of contracts based on production output and overall performance on streets. The results proved the contracts had a considerable impact on crop output. The effects seen are linked to genuine street protection actions, and they occur regardless of contractual arrangements. Roads that were a part of agreements saw far more street upgrades than roads that were not, demonstrating the catalytic effect of the contracts. As it turned out, this was a crucial improvement to the procedures for contract control utilized

during street reconstruction. Finally, it has been discovered that avenue development works stimulate farmers to participate in the market, however their influence seems weak. None of these analyses, however, have looked at how settlement control strategies affect county government highway contractors. Therefore, it is critical to examine how exercises in contract management might improve the productivity of county road contractors. In addition, it is crucial to isolate the complex issues at play in the implementation of agreement control in Nandi County.

For UK construction projects, Akintoye (2020) examined success indicators, however they did not relate task total performance to percentages. In addition, Schoenmaker & De Bruijn (2020) only considered complexity in terms of percentages and how it might be improved; they made no attempt to link percentages to contractor performance or business success.

Despite examining the degree of buyer-dealer integration and contextual variables in Germany, Sultana, Rahman, and Chowdhury (2020) emphasized the difficulties of adopting p.c. in underdeveloped countries, whereas Glas and Kleemann (2017) neglected to emphasize the advantages. In addition, Anastasopoulos et al. (2018) analyzed a 10% reduction in costs associated with highway maintenance operations, albeit they did not clarify whether the reduction was from the buyer's or the contractor's point of view. The government of Kenya (2020) states that poor financial management and a lack to deliver basic services to road users are to blame for the disappointing outcomes of the road contracts. Furthermore, performance evaluation techniques do not provide a workable answer to this problem. There are many different ways in which the poor performance of road contractors shows itself: missed deadlines, cost overruns, and unreliability. Furthermore, this problem has been fueled by a number of other factors. The reputations of many Kenyan road contractors are less than stellar. Many previous road projects were completed with poor results due to a variety of contractor

excuses such as client obstacles, a lack of materials, road closures, design and drawing amendments, additional works, waiting for a decision, delays in handing over or receiving drawings, and so on (UNRWA, 2006). Additional performance factors include project managers, participant coordination, monitoring, feedback, and leadership skills.

2.3 Summary of Literature Gap

Based on reviewed literature for the first objective, It's inevitable that certain consumers would engage in unethical behavior due to the dishonest environment fostered by suppliers in their pursuit of business (Williamson, 2004). Lamber (2008) argues that the most significant obstacle to eradicating corruption is the pervasive culture of secrecy around public procurement and related government duties. According to The Alchian (1972), immoral practices slowed Africa's development by causing a loss of vital resources.

Based on the second objective, Reforming the way the government buys goods and services is one option for addressing the issues (World Bank, 2012:6). Poor supply chain management laws governance may have led to the wasteful spending that followed. For the fiscal years 2013/14 (with 301 incidents valued at R32, 876 million), 2014/2015 (287 cases valued at R24,672 million), and 2015/16 (308 instances valued at R31,596 million) (Auditor General South Africa, 2014, 2015, 2016). The failure to publicize the contract, the use of unsuitable criteria for awarding and choosing contractors, and the failure to properly or discriminatorily characterize the subject-matter of the contract and negotiate terms are all cited by Bor, Chepkwonmy, and Bonuke (2015:97) as instances of noncompliance.

The third objective has been the focus of a number of studies, including one by Radovi, Mirkovi, elija, and Peko (2021) on performance- and output-based road maintenance contracting in Serbia, another by Iimi and Gericke (2017) on performance- and output-based avenue contracts and agricultural production in Zambia, and yet another by Radovi, Mirkovi,

elija, and Peko (2021) on performance- and output-based road maintenance contracting in Serbia. Excessive costs, delays, failed procurement, and a lack of private investment are only some of the problems that have plagued Kenya's road contractors in the past (Gituro and Mwawasi, 2017; Hassan, 2017), as noted by Densford, Rosemary, and Ngugi (2018).

However, the reviewed studies, they all agree that unethical practices have effect on supply chain performance but have failed to show particularly the aspects of unethical practices such as: uncompetitive procurement processes, irregular expenditure and inadequate contract management among the devolved units. There is need therefore, to conduct a study to analyze unethical practices and its effect on supply chain performance among county governments in Kenya, a case of the county government of Kisumu hence an existing knowledge gap in this area.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describe the research design, study population, sample size, data collection and its analysis.

3.1 Research Design

Methodologies in research range from overarching theoretical frameworks to specific techniques for gathering and analyzing data (Cooper & Schindler, 2008). The analytical method used in this research was correlation. Using this strategy, the researcher was able to precisely determine the statistical relationship between two apparently related variables. As a result, this approach was used to inquire into how unethical business practices have impacted the efficiency of the supply chain in Kisumu County.

3.2 Study Area

Studies were conducted in the County Government of Kisumu. The County Government of Kisumu spans 2,085.9Km², is home to 968,909 people, and has a population density of 4.3 people per family, all according to the 2009 national census performed by the Kenya National Bureau of Statistics (GoK, 2009). Kisumu County is located in south eastern Kenya and is bordered by the counties of Vihiga to the north, Nandi to the north east, Kericho to the east, Nyamira to the south, Homa Bay to the south west, and Siaya to the west (a map of these counties may be seen in Appendix V).

3.3 Target Population

The target population represents a sum of elements out of the whole group of which the researcher is interested in the study (Mugenda and Mugenda, 2003). The target population for the study comprised of 70 that chief officers, accountants, and procurement officers from the

County Government of Kisumu because of their roles as the county officers directly responsible for supply chain activities as provided in table 3.1.

A census survey was adopted by the study so as to cover all the 70 respondents. The census approach ensured obtaining of substantial and credible information from a small population thus the most appropriate for the study (Mugenda and Mugenda, 2003).

Table 3. 1: Population of the study

| | Participants | No.of participants | Calculation | Percentage |
|---|----------------------|---------------------------|----------------------|-------------------|
| 1 | Chief Officers | 18 | $18/70 \times 100\%$ | 25.7% |
| 2 | Accountants | 20 | $20/70 \times 100\%$ | 28.6% |
| 3 | Procurement Officers | 32 | $32/70 \times 100\%$ | 45.7% |
| | Total | 70 | | 100% |

(Resource Centre 2023).

3.4 Data Collection Methods

3.4.1 Data Types and Sources

The study collected primary data which were collected from the key personnel directly involved in the procurement activities of the County Government of Kisumu comprising of the Chief Officers, Accountants and Procurement officers.

3.4.2 Data Collection Procedure

The study's objectives and goals were achieved with the use of primary data. It was only after receiving permission from the Ministry of Higher Education (Department of Research) and a letter of introduction from Maseno University that primary data was collected using the designated instruments. The researcher assured the participants that their responses would be kept confidential. The researcher distributed the questionnaire to the sample population. The researcher then gave the subject enough opportunity to fill out the questions.

3.4.3 Data Collection Instruments

The study used purely primary data in collecting information which was collected using questionnaires. Questionnaires were adopted as they are time saving and enable collection of a wide range of data. The questionnaires were administered to the chief officers, procurement officers and accountants working in the county government of Kisumu. A drop and pick later strategy of a period of one week was used to administer the questionnaires as this would give the respondents an ample time to fill them. The questionnaires were based on a five-point Likert scale and sub divided into sections in line with the study's objectives. Section A of the questionnaire was on general information of the respondents; Section B sought to obtain information on uncompetitive procurement process; Section C sought to obtain information on irregular expenditure; Section D sought to obtain information on inadequate contract management while section E of the questionnaire sought to obtain information concerning the supply chain performance.

3.4.4 Pilot study

Pilot studies are exploratory studies undertaken with a small representative sample of the whole population, as defined by Zikmund et al. (2013). In order to ensure the reliability of the questionnaire and find any shortcomings, a pilot test is conducted. Bryman (2012) believes that pilot studies are particularly crucial for self-completion surveys since there is no interviewer present to explain any confusion. It is also possible to identify inappropriate questions and advice and make adjustments. If you want your final sample to be as representative as possible, Bryman and Bell (2011) say you shouldn't include prospective participants in your pilot research. Instead, a small sample size of respondents that is representative of the intended audience should be used. Researchers conducted a pilot study before conducting the complete study to smooth out data collection issues and resolve concerns. No more than 10 percent of the entire sample size should be used in the pilot test (Neumann, 2006). Therefore since the

target population for the study represents the entire respondents who are required to make the final report, the County Government of Siaya was chosen for piloting with 7 respondents who are 10% of the entire population of the study. This was informed by Siaya County Government being near in proximity to the investigated county and shares many of the same service providers and respondents, it was chosen to serve as a comparison. After considerable adjustments based on the pilot study's results, the questionnaire was extensively disseminated for the main study.

3.5.5 Instruments Validity Test

Research validity refers to how well a study's conclusions reflect the variety within the population it was designed to analyze (Cooper & Schindler, 2014). The instruments' trustworthiness was established by examining their content validity. Content validity was checked by having a professional go through the research instrument to make sure the language was clear and the claims made sense. Supervisor and an expert in supply chain department from Siaya County Government were consulted for their expertise. According to Amin (2005), one should only accept items with a Content Validity Index (CVI) of 0.78 or above ($CVI = \text{Number of Judges pronouncing item valid} / \text{Total Number of items}$). The researcher also sought commentary from the supervisor, a subject matter expert, in accordance with the standards set out by (Cooper & Schindler, 2008). The items were considered to be relevant to the studied variables since all CVIs were greater than 0.7.

3.4.5 Instruments Reliability Test

Finding out whether a research instrument is consistent in its administration and scoring, as well as if the data it provides are stable, are the primary goals of reliability analysis (Creswell, 2014). Cronbach's alpha is the most often used coefficient for assessing test score reliability and establishing internal consistency in the context of structured questionnaires, as stated by Warrens (2014). According to Saunders et al. (2016), internal consistency may be determined

by comparing how respondents answer one question to how they answer other questions in the same survey. In a study (Warrens, 2014) A value of 0 for alpha implies total lack of dependability, whereas a value of 1 suggests perfect consistency. The reliability of a survey or other evaluation instrument in a research is often determined by using a cutoff of Cronbach's alpha of 0.7. A Cronbach's alpha value below 0.7 is not indicative of a trustworthy research instrument, whereas values of 0.7 and above show that the instrument is dependable (Tavakol & Dennick, 2011). Cronbach's Alpha was used to determine the survey's reliability in this research.

A pilot study was conducted to assess the reliability and validity of the questionnaire among chief executives, accountants, and purchasing officers to ensure that the variables being studied were accurate. Cronbach's alpha was used to examine the reliability of the survey responses. The internal dependability or consistency of items in a multi-item scale was indicated using Cronbach's Alpha. According to the literature (Kumar, 2011), Cronbach's alpha is a good proxy for a survey's dependability. When there is no measurement error in a specific item or scale, its reliability may be confirmed by examining response variance. Any integer between 0 and 1 may be used for alpha, with higher values denoting more certainty. Cronbach's alpha was calculated by taking the mean correlations between items that supported our predicted ideas. A higher Cronbach's Alpha is indicative of greater trustworthiness (Serekan, 2019). We advise aiming for a number of 0.7 or higher. Cronbach's alpha is considered to be the benchmark of dependability and validity in the scientific community. The amount of consistency reflected how effectively the criteria for evaluating the ideas meshed with one another. The level of consensus was calculated using Cronbach's alpha. All four objectives of the study were met. The reliability of the test increases with an increase in the correlation coefficient. Here are the findings.

Table 3. 2: Reliability Results

Source: Research Data, 2023

| Variable | Respondents | α=Alpha | Comment |
|------------------------------------|--------------------|----------------------------------|----------------|
| Supply chain performance | 16 | 0.893 | Reliable |
| Uncompetitive procurement process | 16 | 0.987 | Reliable |
| Irregular expenditure | 16 | 0.974 | Reliable |
| Inadequate Contract administration | 16 | 0.976 | Reliable |

3.5 Data Analysis Method

The data collected was analyzed quantitatively. Quantitative data was analyzed using descriptive statistical method; the statistical tools such as mean, mode and standard deviation were used. Inferential statistic such as Pearson correlation coefficients and multiple regression models were used. Multiple regression analysis was employed to test the hypotheses. Multiple regression analysis was applied to analyze the relationship between a single dependent variable and three independent variables. The results were fitted in the regression model below for prediction.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots\dots\dots 3.1$$

Where; Y = Supply Chain performance measurement

X₁ = Uncompetitive procurement processes

X₂ = Irregular expenditure

X₃ = Inadequate contract management

In the model, β_0 = the constant term while the coefficient $\beta_1, \beta_2, \beta_3$ were used to measure the sensitivity of the dependent variable (Y) to unit changes in the predictor variables while ϵ represents the error term which captures the unexplained variations in the model.

3.6 Ethical Considerations

Before commencing data collecting, the researcher received clearance from the university's ethical committee and a license from the National Commission of Science, Technology, and Innovation (NACOSTI). According to Kerridge, et al. (2009), the core of ethics is determining what kinds of behavior are right and wrong. Due to the potentially sensitive nature of the information being sought, the researcher has an ethical obligation to treat the replies and data obtained from them with the utmost care and discretion. Since some respondents may have been reluctant to give some information, the researcher assured them that their responses would be kept anonymous and explained the research's intended use of the data. Everyone who may have been a part of the research was informed of its purpose and offered the chance to freely participate and provide data. The participants' right to decide for themselves whether or not to take part in the study was respected.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This study was carried out to determine the effect of unethical practices on supply chain performance among the county governments in Kenya a case of the County Government of Kisumu. This chapter presents analysis and findings of the study as set out in the research objectives and methodology. The results are given according to the objectives of the study.

4.1. Response rate

From a target population of 70 respondents, 67 questionnaires were received, the majority of which were received after subsequent visits. This accounted for 95.7% of the target respondents.

4.2. Background Information of respondents

4.2.1 Gender of respondents

The gender question was included so that researchers could learn how many respondents identified with each sex. There were 67 total respondents to the poll. From a total of 67, we can see in table 4.1 that 43 (64.2%) are men and 24 (35.6%) are women. The data suggests that men made up a somewhat larger proportion of respondents, suggesting that they are more likely to be interested in questions about dishonest business practices.

Table 4.1: Gender of participants

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|------------------|----------------|----------------------|---------------------------|
| Valid | Male | 43 | 64.2 | 64.2 | 64.2 |
| | Female | 24 | 35.8 | 35.8 | 100.0 |
| | Total | 67 | 100.0 | 100.0 | |

Source: Research data, 2023

4.2.2 Years of service by the respondents

Table 4.2: Years of service

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid 1-3 years | 9 | 13.4 | 13.4 | 13.4 |
| 4-6 years | 11 | 16.4 | 16.4 | 29.8 |
| 7-9 years | 18 | 26.9 | 26.9 | 56.7 |
| Above 9 years | 29 | 43.3 | 43.3 | 100.0 |
| Total | 67 | 100.0 | 100.0 | |

Source: Survey data, 2023

There was also a question on how long people have been with the firm to account for the average age of the present employees. As may be seen in the accompanying diagram, the results were inconsistent. In Kisumu County, just 43% of participants had been with their current employer for more than nine years, while 13% had been with the company for only one to three years.

Similar percentages (26.9%) of workers had been in their present jobs for 7-9 years, and (16.4%) for 4-6 years. It is clear from table 4.2 that the county government is a great place to work, since many employees have been there for many years and responses came from both new and seasoned staff members.

4.2.3 Level of education of respondents

Table 4.3 shows that majority of the respondents qualified with bachelor's degree education constituting 61.2 per cent. Master's degree holders formed 26.9 per cent of the total population while 11.9 percent of the respondents were tertiary holders. This depicts that the respondents had basic education to understand the questionnaire items.

Table 4.3 Level of education

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Valid Masters level | 18 | 26.9 | 26.9 | 26.9 |
| Undergraduate level | 41 | 61.2 | 61.2 | 88.1 |
| Tertiary level | 8 | 11.9 | 11.9 | 100.0 |
| Total | 67 | 100.0 | 100.0 | |

Source: Research data, 2023

4.3 Descriptive Analysis of the Results

This section presents data analyzed from each of the specific objectives of the study in terms of mean and standard deviation to give a generalized opinion of the respondents.

4.3.1 To establish the effect of uncompetitive procurement processes on supply chain performance on the County Government of Kisumu.

Anti-competitive procurement practices were shown to have a detrimental effect on supply chain performance, and respondents were asked to indicate their level of agreement. With a mean score of 1.4776 and a standard deviation between 0.70406 and 1.00316, this poll shows that respondents feel an inefficient procurement process has a negative influence on supply chain performance. The issue of non-competitive procurement practices was researched, and three assertions were determined to be pertinent to the study. There was a 5-point scale utilized, with 1 representing a strong agreement and 5 a strong disagreement. Most respondents (mean=1.6866; [SD] =0.83863) agreed that indirect procurement procedures, supplier preferences, and procurement reservations all had a considerable influence on the efficiency and effectiveness of competitive procurement. Reservations of procurements, vendor preference, and indirect procurement procedures, according to respondents inside the company, have a detrimental effect on the supply chain performance of the County Government of Kisumu.

The results back up Maskin's (2004) assertions that a uniform technique should be used to execute procurement. Due to flaws in the administration, interpretation, and implementation of the Preferential Procurement Policy Framework Act (PPFA) Act No 5 of 2000, the government turned to supply chain management (SCM) as a policy tool (National Treasury, 2005:8). This is consistent with the results of the study conducted by Maza and Cambor (1999), which demonstrate the persistence of initiatives to broaden participation in procurement markets. They argue that in order to make better use of limited resources, non-

tariff barriers to international trade should be eliminated, such as the government's continuous preference for local suppliers. The government may save money and increase efficiency by increasing competition and ensuring high-quality purchases.

Table 4.4: Extent of the effect of uncompetitive procurement processes on supply chain performance on the County Government of Kisumu

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------------------|----------|----------------|----------------|-------------|-----------------------|
| Reservation of procurements | 67 | 1.00 | 4.00 | 1.6866 | .83863 |
| Preferencing of suppliers | 67 | 1.00 | 5.00 | 1.6866 | 1.00316 |
| Indirect procurement practices | 67 | 1.00 | 4.00 | 1.4776 | .70406 |
| Valid N | 67 | | | 1.6169 | .84876 |

Source: Research data, 2023

4.3.2 To establish the effect of irregular expenditure on supply chain performance on the County Government of Kisumu.

In this survey, we asked people how much they agreed with statements on the impact of irregular spending on supply chain efficiency. Results reveal that respondents believe that irregular spending has a detrimental impact on supply chain performance, with means ranging from 1.5522 to 1.7164 and standard deviations from 0.65790 to 1.10117. We found and ranked about four claims of out-of-the-ordinary spending. From 1 (completely agree) to 5 (completely disagree), that was the rating system used. Non-compliance to set procedures (mean=1.7015; [SD] =1.10117), application of unlawful contract awards and selection criterion (mean=1.5522; [SD] =0.65790), extension of bid validity periods (mean=1.6269; [SD] =0.91843), and incorrect use of the bidding process (mean=1.7164; [SD] =1.01214) were all strongly agreed upon by respondents. According to respondents working inside the organization, the supply chain performance of the County Government of Kisumu is negatively impacted by a lack of adherence to established protocols, the use of illegal contract awards and selection criteria, the extension of bid validity periods, and the erroneous use of the bidding process.

The study's findings corroborate the World Bank's 2012 conclusion that the lack of compliance may be traced back to problems with supply chain management regulations and improper spending practices. For the fiscal years 2013/14 (with 301 cases valued at R32, 876 million), 2014/2015 (287 cases valued at R24,672 million), and 2015/16 (308 cases valued at R31,596 million), there were internal control inadequacies and irregular procurement processes (Auditor General South Africa, 2014, 2015, 2016).

Table 4.5: Extent of the effect of irregular expenditure on supply chain performance on the County Government of Kisumu

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|----------|----------------|----------------|-------------|-----------------------|
| Noncompliance with the set procedures | 67 | 1.00 | 5.00 | 1.7015 | 1.10117 |
| Application of unlawful contract awards and selection criterion | 67 | 1.00 | 3.00 | 1.5522 | .65790 |
| Extension of bid validity periods | 67 | 1.00 | 5.00 | 1.6269 | .91843 |
| Incorrect use of bidding process | 67 | 1.00 | 5.00 | 1.7164 | 1.01214 |
| Valid N | 67 | | | 1.6493 | .9224 |

Source: Research data, 2023

4.3.3 To establish the effect of inadequate contract management on supply chain performance on the County Government of Kisumu.

Participants were polled on how much they agreed or disagreed that poor contract management affected supply chain performance. The findings demonstrate that respondents believe that irregular spending has a negative effect on supply chain performance, with means ranging from 1.3284 to 1.6716 and standard deviations from 0.53337 to 1.03205. Insufficient contract management was observed in about four accusations. The participants used a 5-point scale, with 1 indicating complete agreement and 5 indicating complete dissent. Poor contract administration (mean=1.5821; [SD] =1.03205), relationship management (mean=1.3284; [SD] =0.53337), contract monitoring (mean=1.5672; [SD] =0.87428), and conflict and dispute

resolution (mean=1.6716; [SD] =0.94369) were all found to have a negative impact on the efficiency and effectiveness of organizational spending. Internal respondents claimed that the County Government of Kisumu's supply chain performance was negatively impacted by inadequate contract administration, relationship management, contract monitoring, and conflict and dispute settlements.

The findings of the research highlight the significance of contract management due to the fact that each agreement has its own unique performance standards for each party (Soecipto & Verhoest, 2018). Several variables, such as delivery on time, labor quality, labor speed, fee discount, end-user pride, flexibility, efficiency, and supplier dating, were shown to be indicative of effective contract management in an organization (Seklecova et al., 2020).

Table 4.6: Extent of the effect of inadequate contract management on supply chain performance on the County Government of Kisumu

| | N | Minimum | Maximum | Mean | Std. Deviation |
|-----------------------------------|----------|----------------|----------------|-------------|-----------------------|
| Contract administration | 67 | 1.00 | 5.00 | 1.5821 | 1.03205 |
| Relationship management | 67 | 1.00 | 3.00 | 1.3284 | .53337 |
| Contract monitoring | 67 | 1.00 | 5.00 | 1.5672 | .87428 |
| Conflicts and dispute resolutions | 67 | 1.00 | 5.00 | 1.6716 | .94369 |
| Valid N | 67 | | | 1.5373 | .84585 |

Source: Research data, 2023

4.4 Regression Analysis

A multiple regression analysis was conducted to establish the effect of unethical practices on supply chain performance of County Governments in Kenya, the results, interpretations and discussions are presented below.

The model summary table 4.1 presents the coefficient of determination and standard error estimate results.

Table 4. 7: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .993 ^a | .987 | .986 | .33309 |

a. Predictors: (Constant), ICA, IE, UPP

Source: Research data, 2023

The value of R indicates how closely actual values of the dependent variable match those forecasted for it. According to their research, Wong and Hiew (2005) found that the majority of R values fall between the range of -1 to +1, with the sign of R reflecting the strength and direction of the link. Additionally, a greater absolute value of R indicates a stronger connection. An R value of .993^a indicates a strong positive relationship between the actual and predicted values.

We computed an R squared of 0.987. Thus, it was established that the independent variable explained 98% of the variation seen in the dependent variable. A high R² indicates that a large proportion of the variability in the dependent variable can be explained by the independent variables in the used regression model. It ranges from 0 to 1 where 1 signifies a perfect fit and essentially, a high R² suggests that the model's prediction closely matches the actual data points implying a strong relationship. This indicates that the model successfully accounts for 99.3 percent of the observable variance in Y. R², which quantifies the strength of the correlation between the variables, was extremely close to 1, suggesting a strong and robust connection between the variables. A value of 2 for the Durbin-Watson statistic indicates no autocorrelation, a value of 1 indicates positive autocorrelation, and a value of 2 indicates negative serial correlation. Therefore, results demonstrate a connection between unethical actions and supply chain efficiency.

Table 4. 8: ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|----------|-------------------|
| 1 | Regression | 531.529 | 3 | 177.176 | 1596.930 | .000 ^b |
| | Residual | 6.990 | 63 | .111 | | |
| | Total | 538.519 | 66 | | | |

a. Dependent Variable: Supply chain Performance

b. Predictors: (Constant), ICA, IE, UPP

Source: Research data, 2023

Table 4.2 is the ANOVA table containing the F statistics and the overall level of significance of the effect . The F-statistic of 1596.93 in table 4.2 is above 2 and significant at 95% confidence level (P=0.000<0.05), this implies that unethical practices collectively have a significant effect on supply chain performance on the county government of Kisumu at 95% confidence level.

Table 4. 9: Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | t | |
| 1 | (Constant) | -.323 | .089 | | -3.644 | .001 |
| | UPP | 0.278 | .100 | .197 | 2.786 | .007 |
| | IE | 0.027 | .061 | .027 | .449 | .655 |
| | ICA | -0.860 | .058 | .777 | 14.801 | .000 |

a. Dependent Variable: Supply chain Performance

Source: Research data, 2023

The model henceforth, took the following form;

$$Y = -0.323 + 0.278X_1 + 0.027X_2 + 0.860X_3$$

Where; Y = Supply Chain performance measurement

X_1 = Uncompetitive procurement processes

X_2 = Irregular expenditure

X_3 = Inadequate contract management

The model outputs are summarized in Table 4.1. An adjusted R value of.986 represented the positive trend in the findings. How well observed and predicted values of the dependent

variable line up is represented by R. As the sign of R reflects the intensity and direction of the connection, Wong and Hiew (2005) discovered that most R values are between -1 and +1. The absolute value of R is another indicator of the strength of the relationship. A correlation coefficient of 0.993a shows an extremely high level of agreement between observed and projected values.

We arrived at an R² value of 0.987. Thus, it was determined that the explanatory power of the independent variable over the dependent variable was 98%. This means that the model accounts for 99.3 percent of the measured variation in Y. The coefficient of determination (R²) was very near to 1, indicating a high degree of correlation between the variables. A Durbin-Watson statistic value of 2 implies negative serial correlation, whereas a value of 1 shows positive autocorrelation. The findings show a correlation between unethical behavior and weak supply chains.

4.4.1: Effect of uncompetitive procurement process on supply chain performance

Table 4.3 results for the effect of uncompetitive practices on supply chain performance indicate that uncompetitive procurement processes have a positive (0.278) significant effect ($p=0.007 < 0.05$) on supply chain performance. The results denote that a unit change in unethical practices would lead to a significant change in supply chain performance. The results imply that the absence of competition in the procurement process has a positive influence on the supply chain performance of the Kisumu County government. The hypothesis that uncompetitive procurement processes have no significant effect on Supply Chain Performance of County Government of Kisumu is therefore rejected. In accordance with these results, a 1999 research by Maza and Cambor suggested that governments have a historical inclination to give major contracts to local enterprises based on price and quality but also on the firms' nationality as a consequence of informal and legal 'buy national' policies. Wasteful expenditure and abuse

have grown commonplace, and the government's procurement process has become inefficient as a result. Protectionism, according to Cox and Furlong (1995), not only leads to inefficiencies on the demand side of the procurement process, but also increases waste on the supply side. National protectionism helps small enterprises that can't compete internationally because of their high production costs.

4.4.2: Effect of irregular expenditure on supply chain performance

The results indicate that irregular expenditure has a positive (0.027) insignificant effect ($P=0.655 > 0.05$) on supply chain performance of County Government of Kisumu. This denotes that a unit change of irregular expenditure would lead to a positive insignificant change in the Supply Chain performance of Kisumu County. The hypothesis that irregular expenditure has no significant effect on Supply Chain Performance of County Government was therefore accepted. While a study asserts that poorly monitored internal control systems fail to detect or mitigate SCM risks or protect municipal finances from theft, the reality is quite the opposite. Effective monitoring, prudent reporting, effective internal control, and strong corporate governance all work hand in hand with ethical awareness, compliance with SCM requirements, and good corporate governance (Tumwebaze et al., 2018). Other studies have shown that a robust internal audit function and an effective oversight committee are also significant predictors of accountability (Tumwebaze et al., 2018; Bananuka et al., 2018; Rahayu et al., 2020).

4.4.3: Effect of inadequate contract management on supply chain performance

The results indicate that inadequate contract management has a negative (-0.860) significant effect ($P=0.000 < 0.05$) on performance of County Government of Kisumu. This denotes that a unit change in inadequate contract management would lead to a significant negative change of (-0.860) on Supply Chain Performance of County Government of Kisumu. This imply that inadequate contract management would impact negatively on the performance of County

Government of Kisumu County Government. The county government of Kisumu would do well to pay greater attention to the city's poor contract management if it wanted to improve supply performance. As a result, it was determined that improper expenditure does have an impact on the efficiency of the supply chain at the Kisumu County government. Inefficient budgeting and bad service to drivers are shown to be the root causes of poor performance in road contracting, supporting accusations made by the Kenyan government (2020). Furthermore, there are many different ways in which the poor performance of road contractors shows itself: missed deadlines, cost overruns, and unreliability. Findings are consistent with the idea that contract administration include handling issues connected to contracts, such as their execution, payments, faults, specifications, and anything else that might affect the settlement's actual implementation. This strategy has the potential to improve efficiency and reduce risk in the management of contracts, implementation, evaluation, and analysis (Kivilä et al., 2017).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This study was carried out to determine the effect of unethical practices on supply chain performance among the county governments in Kenya a case of the County Government of Kisumu. This chapter presents the summary of findings, the conclusions, recommendations and the suggestions on areas that need to be researched as far as this study is concerned.

5.1 Summary of Findings

The study set out to analyze the impact unethical practices had on the productivity of the supply chain among the county governments in Kenya a case of Kisumu County Government. The study found that both ethical and unethical actions had an impact on the supply chain performance of the County Government of Kisumu. The study set out to do a few things with regards to County Government of Kisumu supply chain performance: (1) establish the effect of uncompetitive procurement processes; (2) determine the effect of irregular expenditure; and (3) assess the effect of inadequate contract management. The major objective was to analyze how the unethical practices in Kisumu County Government's affected the effectiveness of the county's supply chain. The findings of the study indicated that the public organization had the highest prevalence rate in unethical practices. The findings imply the existence of pressure by management and suppliers to award certain suppliers in this phase supporting the theory of fraud triangle by Donald Cressey. Further, the findings of this phase concur with Gravier and Powley (2013) findings that established that unethical practices mostly happen at the time of supplier selection at the stage of procurement.

Based on the first objective, it was speculated that uncompetitive procurement process wouldn't have of an effect on supply chain performance. There have been a number of reports on the problem of non-competitive procurement processes, but no studies have looked at how this

phenomenon impacts the efficiency of the supply chain for the County Government of Kisumu. According to the study's findings, results for the effect of uncompetitive practices on supply chain performance indicate that uncompetitive procurement processes have a significant effect ($p=0.007 < 0.05$) on supply chain performance.. Since the absence of competition in the procurement process does have an effect on supply chain performance, we reject the null hypothesis.

The second objective was to examine the impact of irregular expenditure on the supply chain performance of the County Government of Kisumu. Unanticipated costs were predicted to have little effect on supply chain performance. Several studies have looked at irregular expenditure, but none have looked at how it relates to the effectiveness of the supply chain management in the County Government of Kisumu. The results indicate that irregular expenditure has a positive (0.027) insignificant effect ($P=0.655 > 0.05$) on supply chain performance of County Government of Kisumu. Therefore, we accept the no-correlation-between-irregular-spending-and-supply-chain-performance null hypothesis.

The third objective was to get insight into how inadequate contract management may impact the supply chain performance of the County Government of Kisumu. There have been a number of studies that all come to different findings on the causes of poor contract management. It was predicted that poor contract management would not significantly impact supply chain efficiency. Findings indicate that The results indicate that inadequate contract management has a significant effect ($P=0.000 < 0.05$) on performance of County Government of Kisumu.. Therefore, we must reject the null hypothesis that there is no correlation between supply chain performance and ineffective contract management.

5.2 Conclusions

The first objective was to determine whether an uncompetitive procurement process overseen by County Government of Kisumu's chief officers, accountants and procurement officers had a major effect on supply chain performance. It was determined that in order to enhance supply chain performance, the County Government of Kisumu must take into consideration a number of key uncompetitive process characteristics. Some examples of this include the use of indirect procurement methods and the practice of preferencing some suppliers over others. The results of the study indicates that as the percentage of non-competitive procurement processes made by the County Government of Kisumu rises, so does the deterioration in supply chain performance.

The second objective was to examine the supply chain of the County Government of Kisumu for signs of deterioration due to improper funding. Infractions of preset regulations, such as the erroneous use of a limited bidding method, the extension of offer validity periods, or the use of unlawful contract award and selection criteria, do not significantly impair supply chain efficiency. Therefore, it can be concluded that a rise in irregular expenditure has a somewhat unfavorable effect on the supply chain performance of the County Government of Kisumu.

The third objective was to evaluate the impact that improperly handled contracts have had on the effectiveness of the County Government of Kisumu's supply chain. Inadequate contract administration, relationship management, contract monitoring, and conflict and dispute resolutions have been found to have a major influence on supply chain performance. Therefore, it is evident that the increasing frequency of bad contract management is seriously impeding the supply chain performance of the County Government of Kisumu.

5.3 Recommendations

Based on the first objective, research shows that non-competitive procurement practices significantly affect supply chain performance, hence the Kisumu county government should prioritize them.

The study's findings based on the second objective suggest that the Kisumu County government does not need to be concerned about irregular expenditure as it insignificantly affects supply chain performance.

According to the findings as per objective three, the County Government of Kisumu needs to be concerned about inadequate contract management since it does affect their supply chain performance

5.4 Limitations of the Study

This research focused only on Kisumu County, Kenya. Other county governments in the United States were not discussed. The lack of other options made this a necessity. The researcher had an enormous uphill struggle while attempting to get people to take part in the study. Due to their high workload, County Government was difficult to contact. The great majority of respondents agreed to take part on the condition that their comments would be used only for study.

In order to ensure that respondents delivered truthful responses at the agreed-upon time despite my limited resources, I used the drop-and-pick method of data collection.

5.5 Suggestions for future research

The field of unethical activity cannot be addressed by a single research due to the complexity of the idea and the interconnected nature of the government units involved in its production and delivery. Hence there is need for more studies on the most appropriate method of detecting unethical practices in the procurement in both the national and county governments. There is also need to establish the reasons why unethical behavior is very prevalent in the public organizations although the procurement in public organization is regulated.

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APPENDICES

Appendix I: Letter of Introduction for Data Collection

Kevin Osaka Oduka
C/O Department of Management Science
School of Business and Economics
Maseno University

Date: _____

TO WHOM IT MAY CONCERN

Dear Sir/Madam

ACADEMIC RESEARCH

I am a student at Maseno University pursuing Masters of Science in Supply Chain Management. As part of the requirements, I am carrying out this research entitled, “Effect of unethical practices on supply chain performance in the County Government of Kisumu”. Please assist to answer the questions provided in a questionnaire. Your Identity is not required and the information you provide will be treated in strict confidence.

Thanks in advance.

Yours Sincerely

Kevin Osaka Oduka

Appendix II: Research Questionnaire

The purpose of this study is to assess the Effect of unethical practices on supply chain performance in the County Government of Kisumu. I kindly request you to fill the questionnaire below to the best of your knowledge. The information provided will be treated with utmost confidentiality and will only be used for the intended purpose: please do not indicate your name.

Section A: Part A: General Information

Please tick (√) the appropriate answers.

1. Kindly indicate your gender:
 Male () Female ()
2. For how long have you been working in this organization?
 1 – 3 years () 4 – 6 years ()
 7 – 9 years () Above 9 years ()
3. What position do you hold in your department?
 Chief Officer () Accountant ()
 Procurement officer () Support staff ()
4. Kindly indicate the highest level of education?
 Masters level () Undergraduate () Tertiary level()

Section B: Uncompetitive Procurement Processes on Supply Chain Performance

The questions are designed to use the Linkert scale and please indicate your responses to the following statements regarding uncompetitive procurement processes technique in your department. Tick your choice in the appropriate answer box. The Linkert scale is as below:

1 = Strongly Agree 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

| Parameter for measure | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Uncompetitive Procurement Processes leads to reservation of procurement | | | | | |
| Uncompetitive Procurement Processes leads to preferencing of suppliers | | | | | |
| Uncompetitive Procurement Processes leads to indirect practices in the procurement | | | | | |

Section C: Irregular Expenditure on Supply Chain Performance

The questions are designed to use the Linkert scale and please indicate your responses to the following statements regarding irregular expenditure technique in your department. Tick your choice in the appropriate answer box. The Linkert scale is as below:

1 = Strongly Agree 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

| Parameter for measure | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|----------------|-------|---------|----------|-------------------|
| Irregular expenditure leads to non-compliance with the set out regulations. | | | | | |
| Irregular expenditure leads to application of unlawful contract award and selection criteria | | | | | |
| Irregular expenditure leads to extension of bid validity periods | | | | | |
| Irregular expenditure leads to Incorrect use of limited bidding process | | | | | |

Section D: Inadequate Contract Management on supply chain performance

The questions are designed to use the Linkert scale and please indicate your responses to the following statements regarding inadequate contract management technique in your department. Tick your choice in the appropriate answer box. The Linkert scale is as below:

1 = Strongly Agree 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

| Parameter for measure | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|----------------|-------|---------|----------|-------------------|
| Lack of proper contract administration leads to inadequate contract management. | | | | | |
| Lack of better relationship management leads to inadequate contract execution | | | | | |
| Lack of proper contract monitoring leads to inadequate contract performance. | | | | | |
| Lack of proper dispute resolution leads to inadequate contract management. | | | | | |

Section E: Supply chain Performance

The questions are designed to use the Linkert scale and please indicate your responses to the following statements regarding supply chain performance technique in your department. Tick your choice in the appropriate answer box. The Linkert scale is as below:

1 = Strongly Agree 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

| Parameter for measure | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--|-----------------------|--------------|----------------|-----------------|--------------------------|
| There is effectiveness and efficiency on supply chain performance due to reduction of costs of services and products | | | | | |
| There is effectiveness and efficiency on supply chain performance due to timely deliveries | | | | | |
| There is effectiveness and efficiency on supply chain performance due to quality enhancement hence customer satisfaction | | | | | |
| There is effectiveness and efficiency on supply chain performance due to improved services | | | | | |

THANK YOU FOR YOUR PARICIPATION!!!

Appendix III: The Research Budget

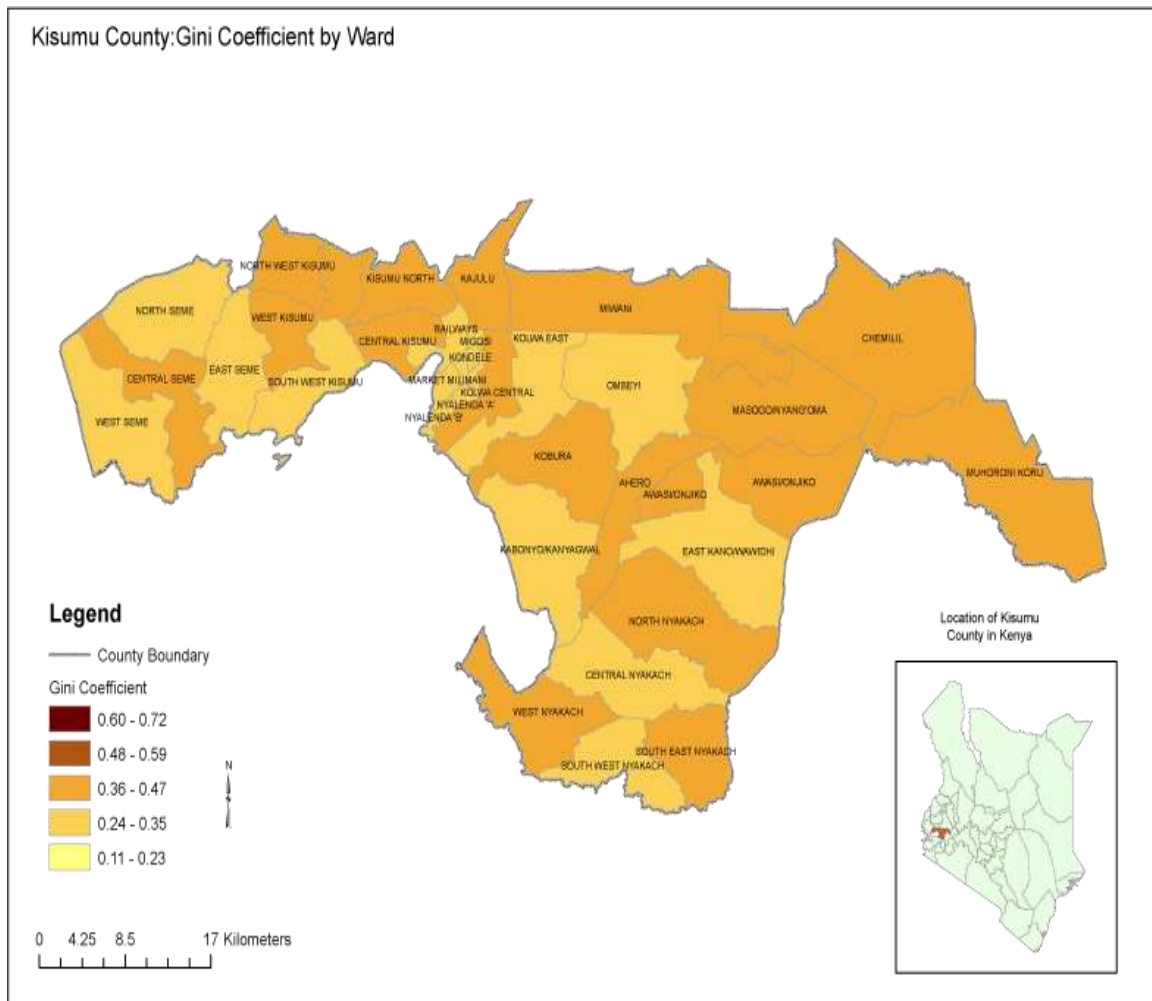
| ACTIVITY | ITEMS | UNIT COST IN KSH | SUB TOTAL (KSH) |
|---------------------------------|-----------------------------|------------------|-------------------|
| Literature Review | Library search | 20days@ 500.00 | 10,000.00 |
| | Travelling expenses | 20 days@1500.00 | 30,000.00 |
| | Internet search | 900pages@5.00 | 4,500.00 |
| | Meals & subsistence | 20days@ 1000.00 | 20,000.00 |
| Proposal writing | Typing first copy | 58 pages@10.00 | 560.00 |
| | Printing first copy | 58pages@5.00 | 290.00 |
| | Photocopy of first copy | 116copies@3.00 | 348.00 |
| | Binding | 3 copies@70.00 | 210.00 |
| | Typing corrected copy x20 | 1160 pages@10.00 | 11,600.00 |
| | Photocopying | 1160copies@3.00 | 3480.00 |
| | Binding | 20copies @ 70.00 | 1400.00 |
| | Travelling expenses | 20times@1500.00 | 30,000.00 |
| Sub Total | | | 112,388 |
| Piloting And Data collection | Printing questionnaire | 5 pages@20.00 | 100.00 |
| | Photocopying | 500pages@3.00 | 1,500.00 |
| | Travelling expenses | 2 weeks @ 5,000 | 10,000.00 |
| | Meals & subsistence | 2 weeks @ 5,000 | 10,000.00 |
| | Data analysis | Consolidated | 5,000.00 |
| Sub Total | | | 26,600.00 |
| Project writing | Typesetting & printing | 120pages@10.00 | 1,200.00 |
| | Printing the corrected copy | 110pages@10.00 | 1,100.00 |
| | Photocopying | 770pages@3.00 | 2,310.00 |
| | Spiral binding | 3 copies@ 100.00 | 300.00 |
| | Hard cover binding | 3 copies @ 3000 | 9,000.00 |
| | Travelling expenses | 5 times @ 1500 | 7,500 |
| Sub Total | | | 21,410.00 |
| Total | | | 160398.00 |
| 10% Contingency | | | 16,039.80 |
| Grand Total | | | 176,437.80 |

Source: author

Appendix IV: Work Schedule

| PLANNED ACTIVITY | MONTH / YEAR 2023 | | | | | |
|--------------------------------------|--------------------------|------------|--------------|-------------|-------------|------------|
| | ONE | TWO | THREE | FOUR | FIVE | SIX |
| Problem Identification | | | | | | |
| Review of Literature | | | | | | |
| Proposal Writing | | | | | | |
| Proposal Presentation | | | | | | |
| Data Collection and Entry | | | | | | |
| Data Analysis | | | | | | |
| Draft Project Presentation | | | | | | |
| Final Project Presentation | | | | | | |
| Submission of Project to Examination | | | | | | |

Appendix V: Map of Kisumu County



Source: Kisumu County Records Office 2023