

## **Ethical Work Climate in Ugandan Procuring and Disposing Entities: Implications for Leadership**

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### **Abstract**

**Purpose:** The purpose of this paper is to explore the ethical work climate of Ugandan Procuring and Disposing Entities (PDEs).

**Methodology:** A cross sectional descriptive research design was employed and data were collected from 89 PDEs out of 174 PDEs.

**Findings:** Findings reveal that Uganda's PDE's ethical work climate is multidimensional, composed of caring, rules, efficiency, service and independence climate. These have both policy and managerial implications which we discuss.

**Research limitations:** The study is limited by factors like the study being cross – sectional in nature and considered Central Government Entities and left out the Local Government Entities, which are also public. Future studies should consider being longitudinal in nature as well as extending to the Local Government Entities.

**Practical implications:** Practical implication is that leadership in PDEs is the need to take a leading role in providing work climate that promote independence of procurement officers so as to improve on their ethical attitude.

**Originality:** The paper contributes to literature on ethical work climate in public procurement.

**Key wards:** Ethical work climate, caring, rules, efficiency, service, independence climate Uganda, Procuring and Disposing Entities.

### **1.0 Background**

Ethical work climate has been conceptualized by Victor and Cullen (1988; Schneider, White, & Paul, 1998, p. 151) as collective perception of ethical events, ethical practices and ethical procedures prevailing in a particular organization. It is concerned with collective personality or psychological view of the organization. The concept of ethical work climate has been widely studied and researched in sociology and psychology (Victor & Cullen, 1988; Sarah & Amanda, 2009; and Shafer, 2009), however its application to public procurement remains sparse.

Empirical studies in public procurement from sub-Saharan Africa largely ignore ethical work climate and yet the psychological environment of public procurement officers affect their perceptions (Ntayi et al., 2010; Ntayi, Byabashija, Eyaa, Ngoma, & Muliira, 2010). This is supported by a new stream of research from Ugandan retail outlets of medium to large enterprises which revealed that instrumental ethical climate was a significant predictor of employee behavioural performance (Ntayi, Beijuka, Mawanga, & Muliira, 2009).

Ethical work climate is important because organizations that strive for excellence have high expectations for socially responsible and ethical behaviors (Ntayi et al., 2012). However, Ugandan PDEs are characterized by high incidence of unethical behavior. This tends to increase the PDEs liability, transaction costs (Neese, Ferrell, & Ferrell, 2005) and low performance (Leung, 2008). This study attempts to explore the prevailing PDE ethical work climate and provide leadership implications. The joint interest, efficiency, code of conduct and the governing law (Victor & Cullen, 1988), and ego are some of the common implications for leadership in organizations today (VanSandt, Shepard & Zappe, 2006 and Deshpande, 1996).

## 2.0 Literature Review

Ethical climate is the prevailing perception of typical organizational practice and procedure which has been set to guide mode of conduct of moral value or ethical content (Victor & Cullen, 1988). Starrat (1991) maintains that ethical climate provide ethical environment that constitute a firm foundation for daily decision making by PDE's officer and for the behavior of people involved in the procurement process. Victor & Cullen (1988) conceptual framework compose two dimension of ethical climate. The first dimension is ethical criteria or principle used in decision making; this involves egoism (maximizing self interest), benevolence (maximizing joint interest as many as possible) and principle (adherence to universal standard and belief or moral principle). The second dimension represent locus analysis of moral reasoning from which individual receive to make individual judgment of what is considered appropriate ethically; this includes individual (employee self determined ethical belief), local (organization standard and policies) and cosmopolitan (societal or external bodies to individual and organization). A cross tabulation of these two dimension results into nine potential ethical climates, however studies show that only five ethical climate extracted from Victor & Cullen (1988) frame work have been validated against various measure of organization effectiveness. The ethical climate are independence, caring, law and code, rules and instrumental (Martin & Cullen, 2006, VanSandt, Shepard & Zappe, 2006 and Deshapande, 1996).

Law and Code climate this is associated with the principle criteria at the cosmopolitan level. In this climate employee are directed by laws, regulations and professional code (Rosenblatt & Peled, 2002). In PDE's the public procurement process is governed by the PPDA Act, 2003 and professional code of conduct. Section 45 of the PPDA Act, 2003 requires PDE's to follow procedures stipulated in various section before awarding contracts. Also section 55 of the same Act emphasizes the application of rules, guideline and regulation set out by relevant bodies and according to section 93(1) of the PPDA Act, 2003 public officers as well as expert engaged to deliver specific service are entitled to sign the code of ethical conduct as specified in the fifth schedule of the PPDA Act, 2003 pp 56.

Rule climate this is associated with the principal ethical criteria and organizations rules and procedures determined by the organization such as code of conduct (Rosenblatt & Peled, 2002). Folger & Konovsky (1981) argue that procedures that are used to determine outcome decision in order to be perceived fairly, rule and procedures set by organization should be consistent, bias free and take into account the concerns of all parties and be morally acceptable (PPDA Act, 2003). Based on this logic which means that PDE's uses to determine outcome is contrary to the rules and procedures established this prompt individual attitude of unethical practice such as bribery.

Caring climate is associated with egoism ethical criteria at the cosmopolitan level and benevolence at all levels. In this climate employee mainly have genuine or sincere attitude towards others' welfare within and outside the organization that might be affected by their ethical decision (Rosenblatt & Peled, 2002). In this climate employees belief that the organization ethical policies and practice includes concern for organizational members as well as the society at large. In the work environment where employees focus on the unit or individual as referent and are amplified by their interactions of common experience such as exposure to similar organizational ethical policies and systems may be sufficient for creating similar perception of the climate based on the type of locus analysis (Robertson & Colquitt, 2005).

Conversely Robertson & Colquitt (2005) continue to argue that it is difficult in team because members' attitude about ethical practice cannot be easily transmitted between one another. In this regard it is easy for employee to practice ethical practice at individual level than at society level. The pursuit of self focused attitude protects individual's outcomes and provides evidence of their status and standing within the organization. Rupp, Ganapathi, Aguilera & Willium (2006) argue that the cosmopolitan interest employee uphold moral and ethical standard when the social concern that is embedded in an organizations action, the outcomes that result from such action and how individuals both within and outside the organization are treated interpersonally as a result of these action.

The belief at individual level influence ethical attitude of self interest, emotional, and behavior response as well as societal interest when there is organizational climate concerns for social responsibility (Rup et al, 2006). Thus people have an attitude that the organization does not treat everyone equally are likely to withhold discretionary behaviors and limit their contributions to the organizations to those behaviors that are formally prescribed.

Independent climate this is associated with principle criteria at the individual level. In this climate employees are guided by personal convictions and personal morality (Rosenblatt & Peled, 2002). As person act according to their own personal attitude (behavior control), the theory of planned behavior by Azjen (1991) states that behavior intentions are the most immediate precursor of behavior and intention are predicted by behavior control, expected utility and perceived norms. Cropanzano, Rupp, Mohler & Schminke (2001) assert that attitude towards behaviour is based in large part in norms and value as people comes from different culture. In consonance with Cropanzano et al (2001) it means that attitudes of people depends to the degree of exposure to consensually validated opinions regarding the appropriate way to organizational ethical climate.

Lastly is the instrumental climate which involves egoism criteria at the individual and local levels. In this climate personal interest and organizational interest are important (Rosenblatt & Peled, 2002) even at the expenses of others (Martin & Cullen, 2006). Bakhshi, Kumar, & Rani, (2009) contend that employee develop an attitude towards organization interest when they perceive that they are treated fairly. In so doing employee maintain communal relationship which promote greater affective commitment and trust to the organizations. From the above review we hypothesize that the ethical work climate of Ugandan PDEs is multidimensional composed of:

- a) Maximizing of self- interest.
- b) Maximizing joint interest (benevolence).
- c) Adherence to universal standard and belief or moral principle.
- d) Employee self-determined ethical belief.
- e) Organization standard and policies.
- f) Societal or external bodies to individual and organization.

### **3.0 Methodology**

#### **3.1 Research design, Sample and Data collection procedure**

A cross sectional, descriptive and correlation survey research design were applied since this was an exploratory study. Data were collected from PDE's, an area that has been examined in previous National integrity surveys (NIS) and IGG surveys. Public procurement, especially at the central government levels, is believed to be one of the principle areas where the ethical attitudes has been affected this is evidenced by the unethical practices that are blossomed (NIS, 2002; NIS, 2006) cited by (Ntayi, Eyaa, & Ngoma., 2010). Different personnel perform procuremnet functions like Principle procurement officers, senior procurement officers, procurement officers, assistant procurement officers and the Contracts committee members of the various PDEs. Data was collected using a self-administered questionnaire. This was intended to gather the respondents' opinions relating to ethical work climate. A sample of 126 PDEs out of 174 PDEs was randomly selected to ensure representativeness. 89 fully filled questionnaires were received from PDEs representing a reponse rate of 51.15%.

#### **3.2 Measurement and scores**

Ethical work climate scales were adapted from Victor and Cullen (1988). These include the following dimensions: caring, principle, rules/law and codes, independence, instrumental, professionalism and efficiency. These metrics have been used in other studies (e.g Orly & Zehava, 2010; Shafer, 2009; Okpara & Wynn, 2008; Martin & Cullen, 2006).

Responses to all items scales were anchored on a five (5) point Likert scale ranging from “5” = strongly agree to “1” = strongly disagree. The composite variable of ethical work climate yielded a Cronbach Alpha ( $\alpha$ ) coefficient of 0.876.

## 4.0 Results

### 4.1 Sample Characteristics

Majority of the respondents (93.2%) had acquired training in procurement management, compared to 6.8% who had not acquired any training in procurement management. The study revealed that 66.8% of the respondents were males leaving 33.2% females. 47.2% of the male procurement staff had worked in these PDE's for less than 4 years, followed by (39.4%) who had worked between (4-6 years) while those who had worked for more than 9 years were (7.9%). Among the female, 60.3% had worked for less than 4 years, 6.3% had worked for more than 9 years while none of the female had worked between 4-6 years.

### 4.2 The factor structure of ethical work climate

Factor analysis was used to examine the factor structure of the ethical work climate components. Factor loadings of 0.50 and above were considered significant for this study. Five components were obtained accounting for 60.69% of the variance in ethical work climate. The contribution of each of the five components were: Benevolence (Maximizing Joint interest) (29.256%), Laws and Code climate (9.263%), Efficiency (8.493%), Service (7.217%) and Maximizing Self-interest (Egoism) Climate (6.461%). The detailed results of factor analysis are presented in table 1 below.

**Table 1; Shows the factor structure of ethical work climate.**

Factor Analysis: Ethical Work Climate Components	Benevolence (Joint interest)	Laws and Code climate	Efficiency	Service	Self-interest (Egoism)
In this company, our major concern is always what is best for the other person	.572				
In this company, people look out for each other's good.	.623				
What is best for each individual is a primary concern in this organization.	.721				
Our major consideration is what is best for everyone in this company	.631				
People are very concerned about what is generally best for employees in the company	.587				
Successful people in this company go by the book		.527			
Successful people in this company strictly obey the company policies		.611			
In this company, each person is expected, above all, to work efficiently			.587		
The most efficient way is always the right way in this company			.502		
People in this company are actively concerned about the customer's, and the public's interest.				.512	
The effect of decisions on the customer and the public are a primary concern in this company.					.539
In this company, people are expected to follow their own personal and moral beliefs					.518
In this company, people are guided by their own personal ethics					.516
<b>Eigen value</b>	<b>5.266</b>	<b>1.667</b>	<b>1.529</b>	<b>1.299</b>	<b>1.163</b>
<b>Variance %</b>	<b>29.256</b>	<b>9.263</b>	<b>8.493</b>	<b>7.217</b>	<b>6.461</b>
<b>Cumulative %</b>	<b>29.256</b>	<b>38.519</b>	<b>47.012</b>	<b>54.229</b>	<b>60.690</b>

Analysis of the results in the table above indicates that: 5 items loaded on Benevolence (Joint interest) climate. This implies that in most PDEs, what is best for each individual is a primary concern (.721), it was clear that consideration for everyone in PDE's (.631) and prioritizing out for each other good (.623) are critical.

Two items loaded on Laws and Code climate, Efficiency, service and Maximizing Self-interest (Egoism) climate. Items that loaded on Laws and Code climate include; people in public institution strictly obey the company policies (.611) and people going by the book (.527). While Efficiency ethical work climate is composed of people being expected above all, to work efficiently (.587) and the most efficient way in public institution is always the right way of performing duties (.502).

Service ethical work climate, was noted to be composed of the effect of decisions on the customer and the public are a primary concern in this company (.539) and people in this company are actively concerned about the customer's, and the public's interest (.512). While independence ethical work climate was noted to have component like people in public institution being expected to follow their own personal and moral beliefs (.518) and people is guided by their own personal ethics (.516). This implies that leaders of these PDEs should make decision having in mind the interest of customers and the public. Effective leaders keep their egos under control to neutralize the negative impact on team dynamics.

## **5.0 Discussions of Findings**

Our hypotheses were partially supported. Results indicated that ethical work climate is a multidimensional construct composed of Benevolence (Joint interest), Laws and Code climate, Efficiency, Service and maximizing Self-interest (Egoism). Contrarily to our study, Cullen & Victor,(1988); Cullen, Victor, & Bronson, (1993) studies verified seven distinct ethical work climate types. Victor and Cullens dimensions of instrumental, caring and independence were not replicated. These findings are partially supported by Rosenblatt & Peled, (2002) who assert that in these PDEs employees have genuine or sincere interest in others. There is ample support for the existence of the Laws and Code climate factor as a separate ethical climate type in this study because Uganda's public procurement is governed by laws and procurement officers are supposed to follow the rule, procedure laid down in the laws that govern it.

Efficiency climate was described by two statements from the Egoistic/ Cosmopolitan cell, each of which deals with efficient work and doing work in the right way. This factor appeared as a separate ethical climate type in only two of the previous studies Cullen and Victor (1987); Cullen, Victor & Bronson (1993) participated. Victor and Cullen noted that the egoistic/Cosmopolitan items have been unstable, and postulate that "this instability may be due to the particular meaning the CE items have within each context (e.g. efficiency being more embedded in the rule of the plant than in the other contexts)" (Victor & Cullen, 1988: 111). This seems reasonable because respondents viewed efficiency as a matter separate and distinct from work climates. "Efficiency" is as widely touted as a vital component of competitiveness that it may be viewed in many organizations as simply a sound business practice.

The service climate has been identified as a separate ethical climate type Wimbush, Shepard, & Markham, (1997a), although it has been referred to variously as "service," "social responsibility," and "social caring." Maximizing self-interest was the fifth component. All the loadings deal with personal morals and beliefs, with the only difference being whether there is room for them in the organization. The implication for leadership in these PDEs is to provide an environment where personal morals and beliefs are followed by these procurement officers while performing their duties. The leaders in organizations should help others members to survive and prosper over the long term and in seeking their own personal and professional fulfillment.

## **6.0 Conclusion, Policy and Managerial Implications**

From the above discussion we conclude that first the more PDEs get to know and improve their ethical work climate, the more the accounting officers will be able to manage and lead PDEs. Second, independence as a component of ethical work climate is a significant predictor of ethical attitudes of procurement officers. This study reveals the need for PDEs to nurture a positive ethical work climate, encourage independence of the procurement officer to improve on the ethical attitudes of these officers in order to promote ethical procurement behavior. The implication for leadership in PDEs is the need to take a leading role in providing work climate that promote independence of procurement officers so as to improve on their ethical attitude.

## 7.0 Limitations and Directions for future research.

Our study is subject to several shortcomings that limit interpretation of results.

First, this study handled very sensitive constructs of ethical work climate. This had attendant weaknesses related to the emotions that were attached to some issues which had gone bad, probably limiting the honesty of responses. Another limitation relates to data collection at a single point in time which does not allow for changes in behavior over time. We therefore recommend a longitudinal study of ethical work climate and ethical attitude. We recommend future scholars to extend the study to the Local Government, private sector and also conduct longitudinal studies.

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