EFFECT OF ETHICAL SOURCING POLICIES ON ORGANIZATIONAL PERFORMANCE IN THE ENERGY SECTOR:
A CASE OF KENYA POWER COMPANY LIMITED

OCHOLA OKULLO JAMES

A research project submitted to the School of Business at the Department of Management Science in partial fulfilment of the requirement for the award Degree of Master of Science in Procurement and Supply Chain Management of Technical University of Mombasa

2017
DECLARATION
This research project is my original work and has not been presented for an award in any other university.

Ochola O. James
MPSM/1121/2015

This research project has been submitted for examination with my approval as a university supervisor.

Dr. Ibuu Maryanne Peninah
Technical University of Mombasa

Dr. Matata James Kilungu
Technical University of Mombasa
DEDICATION
I dedicated this research project to my wife, Mrs. Eunice James, son Emmanuel Heskey daughters Sheila Ashley and Dianter Mitchell and my parents and siblings whose comfort and my attention to them was totally denied in the course of my research work. Their patience and support humbled me. God bless them!
ACKNOWLEDGEMENTS

Throughout my research work, I was overwhelmed by the level of reward of time and expertise for which I feel to express my heartfelt gratitude. I particularly pour my utmost gratitude to my first and second supervisors, Dr. Ibua Maryanne Penina and Dr. Matata James Kilungu respectively, both of whom have worked tirelessly to constantly provide academic direction to the entire project writing process. Their availability, careful reading and rich insight in matters of organizations and theoretical depth were a plus to me in the entire process. I was greatly encouraged by my supervisors’ critical comments, honest evaluation, suggestions and practical assistance. My correction supervisor, Dr. Abdulkadir Ali whose open door for my frequent knocks humbled me and must not go without acknowledgement.

I would also like to acknowledge the holistic assistance I got from the Technical University of Mombasa (TUM). That I humbly started this great journey as a diploma student at TUM cannot go unmentioned. I cannot forget Mr. Samson Kitheka, for his rich insight in matters procurement and supply chain. He remained my consultant from time to time. Dr. Kadem Aggrey was readily available to assist me with the technical editing of the report and I just have to appreciate his time guidance. The school of graduate studies and particularly Dr. Msanzu Baya Joseph and Dr. Lutsili Victor has been of immense help time and again in the entire report writing process. I must acknowledge the school of Business Studies and its leadership including the secretaries and Liberians for their spirited teamwork in my entire work. Chogo and Rebecca, my colleagues whose support were of immense motivation for the completion of this project are heartily acknowledged.

I also wish to acknowledge the support I received from the staff of KPLC Mombasa- County, notably my General Manager, Mr. Ngugi who constantly encouraged me to study and study relevantly. The Regional Manager - KPLC, Coast, Supply Chain and Logistics Officer- Coast and my colleagues and heads of Departments who assisted me in my research work. God bless you all.
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<thead>
<tr>
<th>Acronym</th>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>ES</td>
<td>Ethical Sourcing</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GM</td>
<td>Global Market</td>
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<td>IPPs</td>
<td>Independent Power Producers</td>
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<td>KeGen</td>
<td>Kenya Electricity Generating Company Limited</td>
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<td>KPCL</td>
<td>Kenya Power Company Limited</td>
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<td>OP</td>
<td>Organization Performance</td>
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<td>TANESCO</td>
<td>Tanzania Electric Supply Company Limited</td>
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<td>UETCL</td>
<td>Uganda Electricity Transmission Company Limited</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNGM</td>
<td>United Nations Global Marketplace</td>
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<td>WEE</td>
<td>World Economic Environment</td>
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# DEFINITION OF TERMS

**Ethics**

Is about making the right decisions for all the right reasons.

**Ethical Sourcing**

Is about what we do, how we do it, where we do it and when we do it. But in order to genuine ethical sourcing practices a long term business sustainability, then real success must not come at the expense of the societies, economies and environments we are part of (Luscombe, 2014).

**Public Procurement**

The purchase through formal contract or not of goods and services by government corporations (CIPS, 2015).

**Ethical Procurement Processes**

Procurement processes that are in line with best procurement practices devoid of bribery, corruption and is responsive human rights (CIPS, 2015).

**Procurement policies**

These are requirements that all procurement processes must be based on value for money (CIPS, 2015).

**Ethical Policies**

These are rules and regulations that support the culture of openness, trust and integrity in an organization.

**Ethical Codes**

Principles’ guide designed to help professionals conduct business honestly and with integrity.

**Corporate Social Responsibility**

A Corporates way of giving back to society through sustainable development.

**Ethical Behavior**

Behaving consisting of good values
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ABSTRACT

That the essence of an efficient public sector procurement system no doubt is to create wealth for a nation and ensure good governance and transparency in rendering public services, is not something to be overlooked in the developing economies. Adhering to ethical policies, ethical codes and corporate social responsibilities by a corporate organization such as Kenya Power Company Limited (KPCL) enhances its financial performance and corporate image. Even though the adoption of procurement policies, rules and regulations are laudable, unfortunately compliance with such policies, rules and regulations has been very elusive in the management of corporate affairs. The study objective was to examine the effect of ethical sourcing policies on organizational performance in the energy sector. The specific objectives of the study were to determine the effect of ethical sourcing policies on performance at Kenya Power and Lighting Company; to evaluate the effect of procurement ethical codes on performance at Kenya Power Lighting Company and to examine the effect of corporate social responsibility on performance at Kenya Power and Lighting Company. The study used conceptual framework to show a diagrammatic relationship between the independent variables and the dependent variables. To strengthen the conceptual framework the study used theories such as the agency theory and legitimacy theory. The questionnaire was self-administered to collect primary data whereas the secondary data was obtained from journals and white paper writings and data was analyzed using descriptive statistics. The sample size was determined through stratified random sampling. The target population of the study was 100, comprising of Kenya Power’s 15 management staff, 50 union staff, 35 suppliers. A population size of 80 was arrived at out of which 72 responses were realized. Scheduled Interviews, focus group discussions and observations were used for data collection. The Agency and Legitimacy theories were found to be relevant in this research work because they constituted the road maps to help guide this research from forming research questions, through formation of interview questions, data and content analysis to the conclusions. The Organization is doing its best to improve the sourcing processes so as to improve on its performance. However some lapses and weaknesses exist and more relevant studies are needful. Generally, the adoption of ethical sourcing in the organization’s supply chain will lead to improvements in her economic performance which in turn, positively impact on her competitiveness. The study found out that ethical policy, ethical codes and corporate social responsibility affect organizational performance. The report recommends that the policy makers and all the key players in this vital sector of our economy are to embrace the application of ethical codes in enhancing organization’s performance. The report also recommends corporate social responsibility as a key factor to be considered during sourcing activities as the public service is concerned. The application of viable, flexible and timely ethical policies is also recommended.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Ethical sourcing (ES) in supply chain is all about what the stakeholders in the supply chain do, how they do it, where they do it and when they do it. But in order to enhance genuine ethical sourcing practices and long term business sustainability, then real success must not come at the expense of the societies, economies and environments we are part of (Luscombe, 2014). Local, regional and world economic environments (WEE) are very unpredictable leaving organizations’ competitiveness in the global market place under intense pressure to avail to consumers’ goods and services that meet high service level requirements. The world’s seamless market today is concerned with cost reduction and an urge to improve organization performance, thus leaving the global market (GM) very competitive (Kalubanga, 2012). Past studies have also put more flesh on the function of ethical sourcing in procurement processes (Jacob, 2012). According to the United Nations (UN) procurement website, the only to make procurement processes remain ethical is through integration of requirements that seek resource efficiency, improve products and services quality and seek to optimize costs by favoring environmental protection, social progress and supporting economic development. (UNGM, 2011). More efficient and value added deliveries of products and services for business’ requirements is what modern business awareness on sustainability globally exert pressures and expectations both on private and public sector organizations (Bryde, 2011). Sustainable and supportive quality and effective procurement processes and systems for organizational performance have remained major quests by all stakeholders in the business spheres (Walker & Brammer, 2011).

Vital to global economic growth are sourcing activities in the service industries, and their contributions of 70% and 40% respectively to the Gross Domestic Product (GDP) to advanced and emerging markets are paramount to organizational performance (Park & Shin, 2012). According to Kim and Scullion, (2013), the phenomenon that attracts significant scholarly attention is service environment and past studies have emphasized on how employees in their organizations perceive, importance of service quality (Bowen & Schneider, 2014). A high level of service, positive customer outcomes and better organizational performance can be achieved through a favourable sourcing ground. (Jia & Reich, 2013). A core principle of ethical sourcing
is that ethical behaviour can create value through intangible forms, such as strategic planning, reputation, employee motivation and ethical firms can better survive crisis (Jacob, 2012).

Giannarakis and Theotokas (2011), argued that ethical sourcing practices serve as effective mechanisms for firms to improve ethical environments and restore investors’ trust during crisis. Ethical sourcing practices include maintaining healthy relationships with primary stakeholders. In the stakeholder theory, Freeman (1984), argues that conflicts and transaction costs can be mitigated by aligning the interest of all related parties. Fairness of wealth distribution across all related parties and eventually long-term survival benefits of the firms is ensured by such belief (Kim & Scullion, 2013). In their study, Neider and Schriesheim (2011) Proliferated in both, public and private sectors are leadership failures which are still awash in developing economies. This leaves moral and ethical indiscretions in the forefront of the business press. The outcome has been very weighty as witnessed in the deterred organization performance the world over, revealing serious leadership deficiencies (Copeland, 2014). This study examined to understand how leadership and conceptualizations of ethics are managed by the energy sector agencies and departments as well as managing organizational practices in ethics management.

1.2 Concept of Ethical Sourcing

The importance of ethical sourcing can be traced from its provision of both direction and tone for mutual interaction between procurement officers and their clients (Kim & Scullion, 2013). Developing an understanding of how ethical sourcing and creation of customers’ an ethical climate will enhance sustainable organizational performance in the framework in which specific objective of this study underscores. Value to buyers and purchasers will also never be compromised. Porter and Kramer (2011), found the disclosure of scandals involving several service firms globally ever occurring events, making ethical issues to become attention focus to the world. The moral dimension of sourcing has aroused academic interest more and ethical sourcing making it to become a common topic in the theory study, Delloite (2012). The reason being, a considerable number of studies (Kaptein 2011; Del Fabro 2012; Hartog & Belschak, 2012), all stating that ethical behaviour which is more influential to followers on their attitude and behaviour is among the essential elements of leaders’ credibility. While the impact of sourcing in the research shows a clear picture of its role in organizational outcomes, research has faced less attention from its influencers (Drach-Zahavy & Somech, 2013).
1.3 The Profile of Kenya Power

Kenya Power Company Limited (KPCL) is charged with the responsibility of transmitting, distributing and retailing of bulk purchased electricity from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO ). It serves in ten regions namely Nairobi, Nairobi North, Nairobi South, Mount Kenya North, Mount Kenya South, Coast, West Kenya, South Nyanza, North Rift, and South Rift. It is comprised of interconnected network of transmission and distribution lines covering around 56,797 kilometres. The company operates around 16 off-grid stations having a total capacity of 16.8 megawatts approximately located in Baragoi, Merti, Lokichoggio, Habaswein, Rhamu, Lodwar, Eldas, Marsabit, Moyale, Mandera, Mfangano, Elwak, Hola, Takaba and Wajir. The principal shareholder of the company is the Government of Kenya with 50.1% equity interest.

1.4 Statement of the Problem

While contemporary findings reveal existence of complex dimensions in ethical issues, important gaps remains in literature pertinent to sales organizations (McClaren, 2013). Offering a high level of accountability, transparency and the value for money, application of a procurement strategy is what defines effective procurement systems (Humphreys, 2012). These systems are critical to development of standardization and transparency; sustainable procurement in governance policy on sustainability commitments to international pressures on the energy sector. Hence, ethical sourcing in procurement development process should have a vested interest in promoting excellent performance in an organization. Challenges in ethical sourcing practices on performance of an organization in the energy sector has never been great as it is today (UNGM, 2011). Examining the developing economies context furthermore, can make a proper theoretical understanding of ethical climates on part of the world that is otherwise neglected Jackson, (2011). Many multinationals consider the developing world as a market expansion majorly on its natural resources and its immense growth opportunities in the energy sector (The Economist, 2011).

According to Jackson (2011), developed economies in the West and East, for instance view the developing world for their globalization policy as an exceptional opportunity and a steady ground. Therefore, from strategic sourcing perspective, well understanding the developing
economies context is very important since effective ethical sourcing practices is to be implement by multinationals so as to encourage positive organizational performance (Thorpe, 2013). The emergence of seamless global sourcing drives the call for ethical sourcing practices in the energy sector in our economies so as to improve on the organizational performance (UN, 2011). The concern of positive ethical sourcing practices has also remained a major issue in these economies since the inception of the public procurement reforms (World Economic Forum, 2012).

Empirical studies (Diaz & Vassolo, 2012; Gebauer & Reynoso, 2013), have been done to establish effects of ethical sourcing on organizational performance. Gebauer & Reynoso (2013), explored the chances of the energy organizations in the emerging economies engaging the society and effectively tapping into the creativity and innovation of organization performance. Hence engaging all the sourcing stakeholders appropriately from the onset of sourcing initiatives remains a major gap in this study. This being the case therefore, empirical studies are required to evaluate the impact of ethical sourcing on organizational performance in the energy sector. The Kenya Power Company Limited is a public utility in the energy sector, responsible for the Transmission and Distribution of Electricity throughout Kenya. The organization has for many years registered huge losses (KPCL’s annual report and account, 2011), low customer connectivity, numerous power breakdown and poor power quality supply. These have led to frequent customer complaints and a call for the disruption of the organization’s monopoly of the power supply. It is therefore against this backdrop that this research evaluated the effect of ethical sourcing on performance at the Kenya Company Limited as viewed by its clients both in the domestic and industrial world.

1.5 Objectives of the Study

1.5.1 General Objective
The main objective of the study is to find out the effects of ethical sourcing policies on performance at Kenya Power Company Limited.

1.5.2 Specific Objectives

1. To determine the effect of ethical sourcing policies on performance at Kenya Power Company Limited.
2. To determine the effect of procurement ethical codes on performance at Kenya Power Company Limited.
3. To determine the effect of corporate social responsibility on performance at Kenya Power Company Limited.

1.6 Hypothesis statement
The following null hypotheses were tested;

\[ H_{01} \quad \text{Ethical policies do not influence organisation performance} \]

\[ H_{02} \quad \text{Ethical codes do not influence organisation performance} \]

\[ H_{03} \quad \text{Corporate social investment do not influence organisation performance} \]

1.7 Significance of the Study
With much attention having been directed towards sourcing, little insights have been raised to establish how ethical these sourcing procedures are and their relevance to organizational performance. This study investigated sourcing initiatives and their impact on performance in The Kenya Power Company Limited. The findings of this research project will be useful to the energy sector organizations in strengthening the acquisition initiatives, implementation and integration of procurement and supply chain processes in organization performance. The findings are also key to government policy makers, scholars and practitioners with regard to designing changes to streamline the sourcing procedures of goods and services in the energy sector as set by the Public Procurement and Disposal Act of 2005 and the Ministry of Energy.

1.8 Scope of the Study
The study was carried out at the Kenya Power Company Limited and determined the effect of ethical sourcing practices on performance at the company. The study participants included the staff of the Kenya Power, especially the senior management, the procurement department and related stakeholders in the sector, including its suppliers. The challenges investigated are those faced by procurement department and the quality assurance and standards officers within the energy sector

1.9 Limitation of the Study:
Sample selection was expected to be a challenge and sampling error was likely to be significant. Language barriers are also one of the challenges that was likely encountered in carrying out the research work as some of the residents are illiterate people. Finance was being also likely to be a limiting factor in carrying out the research exercise which might hinder in picking the sample. To overcome the above challenges, they were to be leveraging the power of a network.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
A affair steeped into fable and legend, which has mostly risen from the receive and mirrors of dot.com generation making it now and again strong according to isolate the place the sourcing volley for the modern-day options ends yet where truth starts is the ethical sourcing practices into the people sector. permanency The desire of governments to be at the helm of all the public procurement advances including ethical sourcing and performance to their citizenries, which is to be used as achievement of a raft public policy objective. Literature stricture on ethical sourcing practices between the energy sector types the groundwork of it chapter. For the cause about trig presentation; such is prepared round subject matters impinged regarding the lookup problem, definition or principles regarding attainment management systems, people employ negative service exorcism delivery, its management then improvements. To confirm compliment, counter or establish any trend that may have emerged, literature review is carried out basing on the foundation this research is built in. In accordance to literature review relevant to research topic, this research was continued.

2.2 Theoretical Framework
In this section, applicable theories or writing beside similar past research are documented including deem in accordance with the goals regarding the proposed study. Longevity The agency theory and the legitimacy theory are the major theories discussed herein. In trying to understand the relationships between agents and principals, the agency theory was found to be most appropriate. The principal in a particular business is represented by the agency and is expected to represent the principal’s best interest without considering his/her self-interest as articulated in this theory. Agency theory explores issues concerning directors controlling the company while shareholders own the company while legitimacy theory posits that the social contract binds businesses in which there is agreement of the firms to perform various social desired actions in exchange for approval of its objectives and other rewards, and this ultimately guarantees its continued existence.
2.2.1 The Agency Theory
In situations where the principal assigns an agent a task for his interests and not agent’s, the agency theory as developed by economists takes place (Health and Norman, 2014). A relationship role is played by procurement managers as well as all civil servants concerned with procurement in the public sector. Thus procurement managers’ take elected representatives’ role of agent and in case of any disagreement between policy makers and the bureaucracy is taken by the procurement managers, shirking is likely to occur. The limitation of the agency concept encourages noncompliance appropriate to situations where procurement managers show apathy closer to most important desired effects yet also overriding the principal’s preferences. Policing over receipt officers anybody function now not conform in accordance with the arrival regulations, resolute concerning ‘gaming the system’ in accordance with their very own benefit is prefigured by using that principle who stipulates arrival law as much an intervention. Taken of isolation, a photograph regarding a attainment authentic be grudgingly following income law at the discipline concerning penal penalties is painted by means of that theory, a role as is solely partially correct.

From the system regarding lookup questions, via formula about interview questions, facts or content material analyses in imitation of the conclusions this theories constituted the roadmaps as guided it research. This difficulty on principals study in regard to the marketers so is a long term kin and so at that place is much less necessity because effect primarily based contracts was developed by Eisenhardt (2013). He further noted that more so in private sector where there are fewer regulations and where tendering may not be required than in the public sector. According to Jones, (2012), higher effectiveness can be achieved when there is long term relationship due to the stability of the relationship which may minimize goal conflicts. The principal/professional relationship that includes consultants reduces conflicts and enhances effectiveness (Sharma, 2014) the principal-professional relationship, where professionals can include consultants.

2.2.2 Legitimacy Theory
The theory that is used in this study as a basis for analyzing this research is legitimacy theory which is concerned with the efforts that organizations apply to make their actions appear legitimate and trustworthy to their stakeholders’ in line with performance. Foundation about respectable theory is the conventional arrangement into the enterprise and the
class (Deegan, Rankin & Tobin, 2002; Choo, 2009). Gaining appropriate in accordance with be present so legitimate, is described by using the shared beliefs yet agreement about the present convivial values yet norms about its surroundings stability (Suchman, 1995).

Legitimacy as a resource can be considered. According to Ashforth & Gibbs (1990) and Milne, (2002), members of the organization’s operating environment can offer legitimacy as a resource although the threats that can lead into the loss of legitimacy can emanate from the operating environment and therefore the environment itself can be considered a threat. Since the public is not a homogeneous group, it is difficult for organizations to meet the values of the greater public despite the fact that its actions are considered legitimate and the greater public does not attract its disapprova. This remains the truth even if an organization did not meet individual’s values (Suchman, 1995). Different approaches are required for different levels of importance to the organizational performance such as powerful stakeholder groups like the financial stakeholders and the less powerful like the environmentalists since the relevant public is not but various stakeholder groups (O’Dwyer, 2001).

Two perspectives that can be used to study legitimacy are the strategic or the institutional perspective whose difference lies in their approaches where managers are looking “out” while the society is looking “in”. Performing legitimating efforts by managers making strategic decisions is referred to as strategic or managerial legitimacy. Managerial legitimacy is seen as operational resource which can be used by organizations to meet their goals while outside pressure like culture, ceremonies and rituals which control the managers’ behaviour are institutional legitimacy (Milne, 2002).

According to Islam & Deegan (2008), legitimacy can be threatened by incidents that can occur or earlier events can reappear. Approaches to management are legitimacy that is gaining, maintaining, and repairing legitimacy. Legitimacy has to be earned or gained. Starting a new line of activity for an organization is usually termed as “liability of newness” which is the beginning process of gaining legitimacy where this means that the effort of gaining legitimacy by managers either for new activity or themselves as practitioners (Ashforth & Gibbs 1990; Suchman, 1995). (Ashforth & Gibbs 1990; O'Donovan, 2002). Suchman, (1995), present a proactive management effort as the gaining or building legitimacy whereas Ashforth and Gibbs (1990) and Comyns (2013), argue that its less expensive and more flexible presenting symbolic guarantees of legitimacy by managers than taking extensive action. Suchman (1995), notes that managers can take three strategies such as conforming, selecting or manipulating the environment in order to
gain legitimacy. Maintaining the legitimacy once it is gained is the second challenge (Suchman, 1995). It is said that gaining or repairing legitimacy is much more difficult than maintaining it and can be taken for granted as once legitimacy is gained the legitimizing efforts may become a routine (Ashforth & Gibbs 1990; Suchman, 1995). Gaining or repairing legitimacy is the main focus of organizations rather than maintaining legitimacy (Cho, 2009). Suchman (1995), the organization is constantly becoming vulnerable in its environmental changes thus legitimacy should not be taken as a completed task as recommended by Suchman, (1995). Organizations should focus on flexibility and ability to adapt and respond to alternating conditions. Furthermore, attention that can sometimes be even hostile especially from opposing parties is usually attracted towards legitimating projects (Suchman, 1995). O'Donovan, (2002) reminds that: “the less “legitimacy” an existing organisation begins with, the less it may need to maintain” (O'Donovan, 2002). A reactive rather than proactive method that is similar to gaining legitimacy is repairing legitimacy (Suchman, 1995). Unforeseen crisis in this case can result into loss of legitimacy (Suchman, 1995; O'Donovan, 2002). After a crisis, three specific strategies for maintaining legitimacy that can be used include offering normalizing accounts, restructuring, and avoiding panic as offered by Suchman (1995), although many similar maintaining legitimacy strategies can be used.

2.3 Conceptual Framework

A summary matter description accompanied by means of a picturesque and visible portrayal about fundamental variables over the learning is defined with the aid of Mugenda (2008), namely conceptual frame as Young (2009), defines the equal as like a diagrammatical representation as suggests the kinship independent variable then unbiased variables. Shown in figure 2.1 below is a conceptual framework showing the relationship between independent and dependent variable. Organization Performance (OP) is the dependent variable whereas independent are the ethical policies, ethical codes and social responsibility as depicted in this study (Fig.2.1 below)
This section outlines the variables and relates such variables to the organizational performance. Organizational performance is key to its growth and in this study was pegged on key variables like ethical policies, ethical codes and corporate social responsibility.

2.3.1 Ethical Policies
There has been an increase in awareness for the need of ethics in business as revealed in recent literature reviews (McClaren, 2013). Gaps in literature pertinent to marketing, organizations revealed in areas such as the explosion of linkages between seller ethics and leadership, the qualities together with their influences on crucial roles of organization’s performance revealed by studies showing complexity dimensions of ethical issues. According to Blocker et al. (2012), through encounters and interactions with customers, customer values can be known and be created by business leaders. Customer value creation is not a prerogative of sales people alone but is influenced by a myriad of factors such as organizational, environmental, and situational
and the role of leadership in inducing change and creating positive outcomes remains a strong management focus (Speakman & Ryals, 2012).

According to DeConinck (2011), less role stress, greater job satisfaction and greater organizational commitment as well as low turnover are the advantages that can be gained through a stronger ethical climate. In addition, positive performance has been found to be associated with a positive relation. Accordingly, documented is a positive relationship with performance (Briggs, Jaramillo & Weeks, 2012). Higher levels of customer satisfaction are directly correlated to ethical climate as revealed by further studies (Moon & Choi, 2014). According to Ojikutu, Obalola & Omoteso (2013), ethical climate can also moderate effects of corporate ethical policies and individual variables effects like moral judgment.

Ethical climate can moderate employee/managers relationship (Fein, T., Enrich, C., Aharon, T., Tziner, H., Liat, L., & Ortal, P. 2013), as well as leadership behaviour (Shin, 2012) and the diversity perception influences on turnover (Stewart, 2011), amongst other factors. The overarching is that greater individual characteristics on important terminal outcomes is realised when there is alignment between individual characteristics and ethical climate. The outcomes are such as performance and job satisfaction.

In transactional sourcing surroundings the force regarding temporary overall performance in accordance with acquired credit amongst peers yet superiors ought to result within aligning into the motivation because of consciousness yet approximate performance then assignment pride as much adversarial in conformity with relational yet artistic durability (Castleberry & Tanner, 2014). Ethical climate moderates the lure in imitation of employ of unethical ceremonial among discipline in conformity with acquire certain consciousness then tempers each relationships so properly namely impetus because of pay. Individuals’ focus over managers are afforded with the aid of the habit about the local weather and salespeople might also stand more apt in imitation of outweigh because of then recognize the contributions regarding others in companies along passionate ethical climates (Wang & Hsieh, 2012). Hence, other means to gaining recognition exists in strong ethical climates besides performance.

Due in accordance with insurance policies designed in imitation of make community region corporations more market-like through capacity regarding elevated monitoring or supervision, comprehensive data club or comparison methods for masses officers bear
been generated. Operational activities while at the identical period dealing with about the “paperwork/electronic form-filling burden” or clothing information in conformity with the average balance businesses is guessed in conformity with be the standing about look managers stability (Pollitt & Bouckaert, 2011). Elaboration of measures of both organizational capacity (Bryan, 2011) and performance (Andrews, Boyne & Walker, 2011) and investigations to the link between them have been made by many scholars and contributions made towards the same but a universal agreement to conceptualize and measure the two notions is still lacking thereby constituting a fertile ground for methodological contributions. An organization can develop a measure to enable it evaluate its capacity to be performed across local government jurisdictions using operational assessments prepared by the managers.

Enhancing and organization can be achieved through the use of ethical practices. The characteristics of a learning organization described here can be incorporated with codes of conduct and ethics training that increase commitment to ethical practice. Encouragement of employees can be achieved through creating a work environment that is strong on social processes and workplace norms as well as behaving ethically (Valentine, Godkin, Fleischman, & Kidwell, 2011). Organizational policies and objectives, engaging in organizational planning and providing the organization’s strategic vision is formulated by high level managers who are strategic leaders and this accords them the importance of being ethical leaders (Jordan, Brown, Trevino & Finkelstein, 2013). Making morally-correct choices themselves and also recognizing and reporting instances of unethical behaviour by lower level employees can only happen when they realize that their managers do not tolerate unethical behaviour. Understanding ethical issues is not the same as behaving ethically; the behavioural process of acting and learning sometimes requires arguing with others in addressing conflicts and problems. Employees refrain from reporting wrongdoing despite their awareness of ethical issues because an atmosphere of accepting disagreement will help to avoid a situation (Kaptein, 2011).

2.3.2 Ethical Codes
Codes of ethics study have been conducted in private sector in developed countries across the world in the past 30 years (Callaghan and Wood, 2014). Conducting code studies also are the largest multinational companies operating across a range of jurisdictions in the world (Callaghan, Wood, Payan, Singh, & Svensson, 2012). After two decades of isolation as noted by Bisschoff and Fullerton (2011), Africa re-emerged onto the world stage in the early 1990s on matters, ethics. The challenges that Africa faced at this time were daunting, and all aspects of society
such as political, social and economic would be impacted. Africans understood that before meeting these challenges, they needed to develop their economy and ensure that business was conducted in a better way than had occurred in the past, and then they would have to seek out world’s best practice, especially in the area of corporate governance and business ethics. Bisschoff and Fullerton (2011), further argued there is need for new guidelines in Africa for ethical practice in business enterprises.

According to Delloite (2012), companies are considered significant to public interest to act responsibly thus being recognized and acknowledged during the deliberations in 2007 conducted on the Companies Bill by the Portfolio Committee on Trade and Industry in South Africa. There is need for such companies to account for their decisions and the results thereof from among others from the public interest perspective. Sound organizational management and ethical leadership are two key requirements for an organization to be perceived as successful by its stakeholders. Del Fabro (2012), concurs by stating that: The real problem together with the topic over business morality is the have an impact on concerning the understanding over the agency and no longer just the value about being caught yet reprimanded. In today’s ball a story yet a singular customer’s affect execute stand disseminated round the world among a count number concerning seconds then appeal to an audience.

Company activities should always be informed by company’s strategic plans. Employees are the resource that companies use to implement strategies. As company codes of ethics are meant to help ensure that company activities are conducted in a manner that is ethical, Callaghan (2012), points out the importance of organizational leaders in providing strategic leadership and ensuring that company plans and activities are guided by ethical codes. Training provides a good opportunity for employees to learn about their company code, and it is imperative to be conducted in organizations (Sandberg, 2012). In a study on the effects of code of ethics, Withers and Ebrahimpour (2013), found that the presence of corporate codes of conduct alone did not have a significant effect on employee commitment to codes, while mandatory training had such an effect. Training and education in this area is of great importance.

Modarres and Rafiee (2011) alludes that Professional accountants usually appreciate their sake then encourage higher ranges on moral judgment constructions that are acquainted including articles about ethics. Therefore, important aspects pertaining to in conformity
with current codes truly help community accountants obtain and hold honest attitudes and object independently then making selections is virtue further attention.

2.3.3 Corporate Social Responsibility (CSR)
According to Porter and Kramer (2011), the corporate social responsibility perverse effects are; the more the businesses embrace corporate social responsibility the more they are blamed for failures of the society since social responsibility programs increase the companies’ visibility and, instead of raising their image standards, they are perceived to be growing at the expense of the broader community. Therefore, instead of the organization being perceived as doing well and increasing its business viability, the community construes organizations’ actions as doing too little which ultimately reduces the organization’s business viability. This may lead to designing and creation of negative reactions as opposed to the positive reactions expected done by corporate social responsibility programs (CSR’s).

According to research examining corporate social responsibility, multinational corporations have reported various environmental measurements like energy, carbon footprint, waste production indices and water consumption. Large corporations the world over have focused mostly on environmental practices. (Withiam, 2013). The boundaries between general and corporate values have started dissolving as confirmed by recent changes in consumerism and CSR is majorly seen as the “responsibility of all human beings” (Mulej, 2011).

The term social responsibility may not explicitly be used by small corporations since they may not even be conscious of it (European Commission, 2011; Knopff & Mayer-Scholl, 2013). While they are still running their businesses as well as fully being responsible for them so as to be successful, they are fully committed and caring on economic use of energy and all other resources. They have a close relationship with local business partners, employees and local community thus enabling them in a more socially responsible approach to lead in business.

There are cross cultural variance in social responsibility corporate activities, communication and consumers’ willingness to support responsible business. Competitive positioning of social responsibility energy claims is usually reflected by differences in environmentally labelled energy penetration and retailing organization. (Habisch, 2011). Stakeholders’ trust and scepticism, and cynicism have potentially been triggered by the content, particularly of social responsibility communication about social activities which has been identified as an important mediator for consumer acceptance of environmental claims (Koos, 2011). According to Kanter
(2011), today’s companies should focus on six facets that are a common purpose, a long-term view, emotional engagement, community building, innovation and self-organization. The essence is to combine financial and social logic to build enduring institutions. Nevertheless, buzzwords and phrases such as “walk the talk” can be a daunting task for Africa corporate leaders to exercise a real corporate social responsibility agenda aligned with corporate strategy. Many believe that financial performance is a top priority in any business scenario.

**2.3.4 Organization Performance**

The global economy is changing at an unprecedented rate: science, technology, knowledge and innovation are at the hearth of these transformations, not only because technology is itself a key driver of globalization but also because national and regional systems will increasingly derive their competitive edge from the speed with which they are able to innovate (Lerro & Schiuma, 2011). Achievement of development and economic prosperity is currently viewed by different territorial systems around the world to be only possible through application of knowledge, innovation and networking capacity thereby leading to the adjustment of their endogenous development strategies by visioning the ultimate goal of knowledge based development (Lerro, 2014).

According to Blocker and Christopher (2012), core ethical values like respect, justice, fairness, responsibility and care are demonstrated firms and these value prepositions are communicated so as to generate customer trust. There is a relationship between ethical consumption and energy as identified by Maxwell & Miller (2011). Efficiency and conservation of energy being forms of ethical consumption, this will enable those in fuel poverty reduce consumption hence reducing energy bills (Walker & Day, 2012), which may be different ethical motivation to the consumer who conserves energy for the environment (Hall, 2011).

A longstanding part of ethical consumption discourses are consumer energy campaigns (Lewis & Potter, 2011). Energy invisibility as a product as well as the reduced choice afforded by the consumers in comparison to clothing or food makes these campaigns difficult. However, in the UK, a recent energy justice campaign; the Big Switch campaign which is to help simplify energy bills and creating a bulky energy buying scheme is one of the best consumer energy campaign. Similar campaigning efforts around energy have been highlighted by a number of authors and this shows that production and energy consumption are inexorably entwined. (Walker, 2012). There is clearly not a complete disconnect between energy, justice and ethical consumption. The
Co-operative Bank’s recent Ethical Consumerism Report (2011), suggests that the energy efficient appliances and increased spending on green energy signifies that energy-related ethical consumption is growing in some sectors. Solving problems may depend on resources or knowledge external to the firm (Perks & Moxey, 2011), and when consumers engage as co-creators of value, service innovations must fit with the relevant community. Service innovations greatly benefit from consumer involvement because they demand for customer involvement at different stages of the business-specific innovation process unlike Product innovations.

Academic discussions of service creation and innovation tend to investigate well-established economies, which appears insufficient for several reasons. The growing rate of the emerging economies is higher than developed economies (UN, 2011; World Economic Forum, 2012), and by 2050, their combined population is anticipated to reach 7.9 billion, or 86 percent of the world’s population. Some 1.2-2.4 billion of residents live below the poverty line which translates to more than half the world’s gross domestic product ((The Economist, 2011; World Bank, 2012), which is likely to increase to 60 percent of world GDP by 2030. Furthermore, these economies account for more than half of all global consumption of commodities, world imports and exports of foreign direct investment; generate 46 percent of retail sales, 52 percent of all purchases of motor vehicles, and 82 percent of mobile phone subscriptions; and host nearly one-quarter of the Fortune Global 500 firms (The Economist, 2011). Thus emerging economies are no longer just low-tech manufacturers or cheap labour providers; they are sources of disruptive innovations in many fields. Service innovation in a social, communal context also has a different role in emerging economies, because the ultimate goal includes benefits to society, rather than just economic goals. Innovations focused on societal needs likely do not exactly parallel innovations in developed. There are several ways in which ethics, justice and energy may meet like energy extraction or energy efficiency labelling as long as energy is centralised to everyday consumption practices that are beyond the scope of this paper.

2.4 Empirical Review

Due to the increase of unethical behaviours over the years in energy industry, the importance of ethical work climate (EWC) awareness has increased emerged. All companies and employees needs to create EWC (DeConinck, 2011). However, employees of energy enterprises for all companies who have the desire to institute a framework for best practices in their industries must find this more crucial. The most valuable and sustaining assets is the reputation of the power
supply system. Creating value for the energy sector stakeholders, attraction of new and existing investment, helping capture more market share, reducing employee turnover, enhancing customer’s satisfaction and loyalty is realised only through a positive reputation. According to (DeConinck, 2011), organizational commitment of employees and turnover intention reduction can be enhanced by the presence of EWC. Scholars emphasize that lower turnover and high level job performance are the benefits of firms with high organizational commitment in comparison to low commitment organization (Alizadeh, Darvishi, Nazari, & Emami, 2012). Over the past two decades, unethical behaviours have increasing has gained scholars’ attention. (DeConinck, 2011). The key issues and research gaps yet to be addressed majorly on ethical issue have been carried out in the Western context and some in East and African context (Kim & Brymer 2011; Wang & Wong, 2011). A further investigation is required to conclude generally on prior research findings. In addition, previous studies (Kim & Brymer, 2011; Wang & Wong, 2011) were carried out to determine ethical issues among customer-contact and employees in energy industry.

Commitment is an important aspect in an organizational performance (Alizadeh et al., 2012; Chen & Indartono, 2011; Cho & Park, 2011). Trust is a vital aspect in social exchange theory for deciding the attitude toward an organization or individual (Moorman et al., 1998). Organizational commitment is influenced by organizational trust as confirmed by various studies (Alizade et al., 2012; Chen & Indartono, 2011). Scholars (Wang & Wong, 2011). Positive effect on employees’ continuance commitment and effectiveness is directly influenced by organizational trust. Cho and Park (2011), treated trust and commitment as social capitals, and also realised that basing on the characteristic of trust; organizational commitment appears differently in the organization. Organizational commitment, increased organizational efficiency and job satisfaction are increased by higher organizational trust (Alizadeh Darvishi, Nazari & Emami, 2012). In a dynamic perspective the degree of employees’ trust is positively related to how the organization is committed (Chen & Indartono, 2011).

Capacity building and training in both technical and ethical competencies helps to achieve this responsibly and sustainably. Strongly agreeing with this, Abomeh (2012), emphasized the need for adequate staff training and monitoring in the industry. Related to this, Stevens (2011), found that finding a balance between satisfying shareholders’ requirements for returns on their investments and serving employees’ and clients’ needs was identified as a major concern for some managers. At times, shareholders’ unreasonable demands result in high levels of stress for the managers. This can pressurize them into unethical action.
Kenya’s energy policy has for decades been guided by the controlling objective of crucially energy security which entails sufficiency that meets its improved growth in industrialization; giving the growing population power. However, the deficit between availability and demand of energy reached 6.7% of total production and up to now, millions of people do not have access to electricity in the country. In 2012–2013, Kenyan energy policy has been depending on thermal power and domestic coal production (Ministry of Energy, 2013) and substantial hydropower to meet demand.

Jaehnig and Onyebadi (2011), pointed out that while most studies on ethics focus on individual actors, it is important for organizations to also look into organizational performance. This entails the need to examine company operations so as to be able to evaluate company practices and consequently to be able to account to stakeholders. Sandberg, (2012) observed that ethical sourcing in recent years have become a fairly prominent phenomenon. He further pointed out that such practices help verify a corporation’s compliance with internal and/or external ethical standards in the same way as financial auditors verify compliance with accounting and financial reporting standards.

2.5 Critique of Existing Literature
Most of the consulted research focused mainly on firm economic performance and its relationship to ethical sourcing (Golicic & Smith, 2013) and, as much as some exceptions are there and are noticed (Hajmohammad, 2012); focus is mainly on specific subsets of supply chain management and their relationships between (SCM) practices i.e. environmental collaboration or internal environmental investments and environmental performances. This research seeks to complement these discoveries by focusing on performance sustainability on both environmental and social and ethical issues in supply chain management. In addition, the practices on supply management (SM) impact is addressed like supplier selection, supply base reduction, development and integration as well as the global sourcing (GS) on relation between SCM and the performance of social and environmental in a company in an ethical dimension.

In their study of a learning approach to the ethical organization, George, Kathleen, and Claudia, (2014) highlighted significant parallels including communication, leadership, culture, problem-solving orientation, and systems thinking which emerge as common aspects of learning organizations and the ethical organizations, which are crucial in motivating ethical behaviour and creating learning organizations. This noble heavily dwells on internal environment of an
organization without touching on the external stakeholders on organization. This study does not show how a learning organization can improve on the overall organization performance but instead talks of enhancing employee behaviour (Valentine, Godkin, Fleischman, & Kidwell, 2011).

According to Katherine Bradshaw (2013), scenarios make employees practice ethical frameworks and apply company standards to workplace situations. The study is also making no mention of the external stakeholders and organizational performance. Organization performance is a holistic issue in any stakeholders’ forum and pegging it on a particular dimension as argued by Paula Rodrigues Ana Pinto Borges (2015), deals it a great blow. The scholars here are leaving every performance analysis to the consumers only. This is seen in their argument that the perception of consumers about the practices of CSR influences the affective responses of consumers who identify with the company (Pérez Salmones & Bosque (2013).

Ohaga (2012), in his study of the effects of performance contracting in Kenya Power, failed to tackle ethics issues and only leaves an assumption that key performance of the power supply utility can only be realized through performance contracting. This is where the Kenya power Lighting Company needs much involvement in the facilitation and progression of the sourcing restructuring.

2.6 Research Gap

Minority share conducted on ethical sourcing in emerging economies and how it relates to performance as most studies concentrated in the developed economies (Kim & Brymer, 2011; Wang & Wong, 2011). However, it is important to conduct further research so as to test the generalizability prior to research findings. Jaehnig and Onyebadi (2011), pointed out that while most studies on ethics focus on individual actors, it is important for organizations to also look into organizational performance which has been rarely tackled (Speakman & Ryals, 2012). Charles and Roberta, (2014), are arguing performance according to organizational citizenship behaviour (OCB). Studies points out that performance is certain related to OCB (Goh & Zhen-Jie 2014; Flaherty 2011; Parris & Peachey, 2013) and that OCB is certain related to sales performance (Marshall et al, 2012). Still this is not tackling ethics in sourcing.

Sales researchers lately have focussed more on reward and control systems since for good rewards, the must be good performers outcomes. (Guo & Ng, 2012). Based on the situation interaction literature, the relationship between ethical climate and role variables, such as role
stress, ambiguity, and conflict is studied (Babin, Boles, & Robin, 2000). Less role stress and greater organizational commitment and lower turnover is a result of stronger ethical attachment (DeConinck, 2011). Accordingly, there is also documentation of a positive relationship with performance (Briggs, Jaramillo & Weeks, 2012). Also, customer satisfaction levels have been shown in a number of studies to directly correlate with ethical atmosphere (Moon & Choi 2014). From the back ground, these studies show that ethical sourcing is still needful for organizations to improve on their performance.

This research is important to enable understanding of how ethical sourcing’s role in organizational performance can be encouraged to focus on customer value creation (Blocker et al, 2012; Schmitz, You-Cheong & Lilien, 2014). This entails the need to examine organization operations so as to be able to evaluate company practices and consequently to be able to account to stakeholders. In addition, previous studies (Kim & Brymer, 2011; Wang & Wong, 2011) have been carried out to determine customer relations with employees ethically in energy industry. Therefore, is a literature gap on determinant successful implementation of the ethics part of sourcing in the public utility.

2.7 Summary

The literature reviewed the effects of ethical sourcing policies on organizational performance in the energy sector. These include; ethical policies, ethical codes and conduct and corporate social responsibilities. Further the chapter examine theories such as agency theory and legitimacy theories as well as the conceptual framework that showed the relationship between the independent variables and the dependent variable.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
In this chapter, target population, sample size, research design, study location and sampling technique was well explained as well as giving a description of the instruments used for collection of data and its analysis.

3.2 Research Design
Research design used in this study is the descriptive research design (Sekaran, 2015). The goal of this research design was to describe relevant phenomenal aspects of interest from individuals, industry, organization or any other discipline. The design was as well suitable for ascertainment and description of variable characteristics and allowed use of interviews, questionnaires and descriptive statistics like frequencies and percentages. Descriptive design enabled me to get adequate desired data necessary for generalization.

3.3 Target Population
The study targeted a population of 100 employees of Kenya Power Company Limited in Mombasa County both in the management and unionised staff and suppliers.

Table 3.1 Population

<table>
<thead>
<tr>
<th>Levels</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Staff</td>
<td>15</td>
</tr>
<tr>
<td>Union Staff</td>
<td>50</td>
</tr>
<tr>
<td>Suppliers</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Sampling Technique and Sample Size
To determine the sample size stratified random sampling technique was adopted. Stratified random sampling is the selection of sample randomly from the target population of the study. It thus ensures that subgroup which may have been omitted by other sampling methods, included in the sample. This technique in this case was based on various levels of groups of the sourcing key players at the power supply utility. A simple random sample technique was used to form complete stratified samples which had already been drawn from each stratum. Each stratum was
contributed to the sample’s number proportional to its size in the population so as to make proportion allocation (Ashton, 2012). According to Kothari and Gang (2014), by selecting individual observations, was intended to bring out the understanding and knowledge on the population in study mainly on statistical purposes of inferences forms that part of statistical practice known as sampling.

### Table 3.2 Sample Size

<table>
<thead>
<tr>
<th>Level</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management Staff</td>
<td>15</td>
</tr>
<tr>
<td>Union Staff</td>
<td>40</td>
</tr>
<tr>
<td>Suppliers</td>
<td>25</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>80</strong></td>
</tr>
</tbody>
</table>

To calculate the sample size, Krejcie and Morgan formula (1960) was used.

\[ S = X^2 NP (1 - P) \div d^2 (N - 1) + X^2 - P (1 - P) \]

- \( S \) = required sample size.
- \( X^2 \) = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).
- \( N \) = the population size.
- \( P \) = the population proportion (assumed to be .50 since this would provide the maximum sample size).
- \( d \) = the degree of accuracy expressed as a proportion (.05).

Selection process of a few individuals or objects from a population or collection containing elements representative of the characteristics is known as sampling (Bryman & Bell, 2015). According to Orodho and Kombo (2013), a set of formation used to identify a sample population for statistical treatment is referred to as sampling frame. In order to conduct a more in-depth analysis, a sample frame usually includes a numerical identifier for each individual as well as identifying information about characteristics of the individuals (Sekaran, 2015).

### 3.5 Data Collection

Structured questionnaires were used for data collection from respondents. A high reliability questionnaire receives similar answers if done repeatedly even by other different researchers.
(Bryman & Bell, 2015). Also, questionnaires could easily and conveniently be administered and therefore the study samples were convenient for the task. The use of Compared to the use of interview, questionnaires were cost effective and less time consuming and easy to analyze data collected through well-structured questionnaires.

3.6 Pilot Testing, Reliability and Validity

According to Cooper and Schindler (2013), so as to identify the limitations in design and instrumentation and providing a proxy data for probability sample selection, pilot testing was carried out. Pilot testing enables an individual to understand and know the potential problems and be able to detect the remedy for the problem. By conducting a Pilot testing it helps in getting to know the right questions, right data required, and realise the best data collection methods. To enable testing for reliability and validity of the questionnaire, a pilot study was done on eight respondents and 1% of the questionnaire constituted of a pilot test.

The reliability of scale testing is very important since it enables an individual results consistency if measurements are done repeatedly. This was done by determining the association in-between scores obtained from different scale administrations. If the association is high then the scale gives consistent results, hence, reliable. Cronbach’s alpha was used to determine the internal reliability of the questionnaire that was used in this study. Values range between 0 and 1.0; while 1.0 indicates perfect reliability, the value 0.70 is deemed to be the lower level of acceptability (Hair, Black, Barry, Anderson & Tatham, 2006).

Validity being the degree to which results obtained for the analysis of data actually representing phenomena, indicates the accuracy of data collected in the study representing the variables of the study, Mugenda & Mugenda, (2009). I used KMO-Bartlett’s test. Its value varies from 0 to 1 but, satisfactorily more than 0.6 is the value required for the scale to be reliable Bryman and Bell, (2015). The recommended value of 0.7 is the cut off of reliability.

3.7 Data Analysis and Presentation

Kothari and Gang (2014), argue that collected data was processed, analysed and presented according to the stipulated outlines during research plan development time. Data analysis entails transformation of raw data into meaningful information which can be used during making decision. This involves editing, error correction, rectification of any omitted data and consolidating all information collected. The data was collected, analysed quantitatively and qualitatively. Descriptive and inferential statistics was done using SPSS version 23 and
specifically multiple regression model was applied. The collected set of data was indicated using mean standard deviation, percentage and coefficient of variation and presented in form of tables. According to Fraenkel & Wallen (2014), determining statistical relationship between one or multiple variables is called regression. Multiple regression analysis was used by the researcher to determine the effect and influence of independent variables on the dependent variables. Regression analysis model was computed to determine the statistical relationship between the independent variable and the dependent variables hence multiple regression model that was used in the study was:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \]

Where:

\( Y \) = Organizational Performance (Dependent Variable)

\( \beta_0 \) = Intercept or constant

\( X_1 \) = Ethical Policies (Independent Variable)

\( X_2 \) = Ethical Codes (Independent Variable)

\( X_3 \) = Corporate Social Responsibility (Independent Variable)
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Introduction
In this chapter, there is presentation of the findings on research study, followed by discussions of the results as stipulated in the research objectives and methodology.

4.1.1 Response Rate
Data was collected by administration of questionnaires and conducting personal interviews with the respondents in management cadres, union and the suppliers of the Kenya Power Company Mombasa. It is worth noting that out of the 80 population which questionnaires were given, 72 responded to all the questions raised, 5 responded to only a few questions and 3 did not respond to all the questions. This gives a valid respond rate of 90% and a non-response error of 10%.

The study targeted a sample of 80 respondents. Prior to the actual study, a pilot study was done to determine viability of the questionnaire to be used. Thus was found to be reliable and adequate. The researcher distributed 80 questionnaires of which 72 of them were properly filled and returned. This accounts for 90% response rate which was characterized as being very good. Personal visits to respondent to issue them with questionnaires and giving the respondents ample time to respond to the instrument and collecting the filled questionnaires is what made this commendable response rate a reality. This response rate conforms to Bryman & Bell (2015), who stipulated that for analysis and reporting, 50% response rate is adequate; 60% response rate is good and 80% response rate and over is excellent hence it was good representative of the study.

The non-response was 12% which was attributed to the fact that some respondents were away from their various stations of work on an official duty though some denied their response for unclear reasons (Table 4.1).
Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>72</td>
<td>90</td>
</tr>
<tr>
<td>Non-response</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>

The target population for this study were; top management staff being 35 while the response was 33 people and non-response were only two people, Union staff were 25 people while the response was 22 people and only 3 people never responded and suppliers were 20 people while the response was 18 people while only 2 people never responded.

4.2 Demographic Information

Four demographic items in the questionnaire; Gender, Age, Job title, Work experience and Educational level were used by the researcher. The respondent’s responses were as below.

4.2.1 Gender of the Respondents

Table 4.2 shows that male respondents formed the majority at 65.3 per cent while female at 34.7 per cent. The margin (30.6%) implies that more male responded to the questions than females.

Table 4.2 Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>25</td>
<td>34.7</td>
</tr>
<tr>
<td>Male</td>
<td>47</td>
<td>65.3</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.2 Age of the Respondents

Table 4.3 shows that 31-40 years making 51.4% were the majority of the respondents followed by age bracket of 21-30 years with 33.3% and lastly 41-50 years with 15.3%. This implies that many employees of Kenya Power and its suppliers were in the age bracket of 21-30 years and the percentage decreases as they grow to the age of 50 years.
Table 4.3 Age of the Respondent

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-30</td>
<td>24</td>
<td>33.3</td>
</tr>
<tr>
<td>31-40</td>
<td>37</td>
<td>51.4</td>
</tr>
<tr>
<td>41-50</td>
<td>11</td>
<td>15.3</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.3 Respondent’s Work Experience

Table 4.4 shows the working experience of respondents in terms of the period they have worked for the organization. 34.7 per cent have worked or performed the services at KPC for 10 years and below, 47.2 per cent have worked or performed the services for between 11 -20 years while 18.1 per cent have worked or performed the services for between 21-30 years.

Table 4.4 Respondent’s Work Experience

<table>
<thead>
<tr>
<th>Work experience</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10</td>
<td>25</td>
<td>34.7</td>
</tr>
<tr>
<td>11-20</td>
<td>34</td>
<td>47.2</td>
</tr>
<tr>
<td>21-30</td>
<td>13</td>
<td>18.1</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.4 Respondent’s Educational Qualifications

Table 4.5 below shows the level of education which was 40.3 per cent were diploma holders, 44.4 per cent were undergraduates and 15.3 per cent of the respondents were post graduates. This implies that the organization seems to be responding to the market demand for its knowledgeable staff and suppliers. This has been enhanced by the strategic increases and locations of institutions of higher learning and the unique programmes that they offer (holiday and evening programmes).
4.3. Response on the effects of ethical sourcing on organization performance in the Energy sector, a case of Kenya Power Company limited

The respondents were asked to answer questions on ethical sourcing and its effects on organizational performance in the energy sector. Three variables were used (ethical sourcing, ethical codes and corporate social responsibility) on the organizational performance. The response from the respondents was as follows;

4.3.1 Response on whether Ethical Policies affects organizational performance
Table 4.6 shows that 8.3 per cent of respondents strongly disagree, 41.7 percent disagree, 11.1 percent are uncertain, 33.3 percent agree and 5.6 percent strongly agree that ethical sourcing affects organizational performance (Table4.6).

<table>
<thead>
<tr>
<th>Ethical Policy</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>8.3</td>
</tr>
<tr>
<td>Disagree</td>
<td>30</td>
<td>41.7</td>
</tr>
<tr>
<td>Uncertain</td>
<td>8</td>
<td>11.1</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>33.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>4</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.2 Response on whether Ethical Codes affects organizational performance
Table 4.7 shows that 5.6 percent of the respondents strongly disagree, 36.1 percent disagree, 25.0 percent are uncertain, 22.2 percent agree and 11.1 percent strongly agree that ethical codes affect organizational performance. The findings can be seen on Table 4.7.
Table 4.7 Ethical Codes

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>5.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>26</td>
<td>36.1</td>
</tr>
<tr>
<td>Uncertain</td>
<td>18</td>
<td>25.0</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
<td>22.2</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>8</td>
<td>11.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.3 Response on whether CSR affects organizational performance

Table 4.8 shows that only 1.4 percent of the respondents strongly disagree, 19.4 percent disagree, 34.7 percent are uncertain, 40.3 percent agree and 4.2 percent strongly agree that Corporate Social Responsibility affects organizational performance. The findings can be seen on Table 4.8.

Table 4.8 Corporate Social Responsibility

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>1.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>19.4</td>
</tr>
<tr>
<td>Uncertain</td>
<td>25</td>
<td>34.7</td>
</tr>
<tr>
<td>Agree</td>
<td>29</td>
<td>40.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>3</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.4 Response on whether Ethical Policies, Ethical Codes and CSR affect organizational performance

Table 4.9 shows that when all the three dependent variables are analysed together, only 5.6 percent of the respondents strongly disagree, 20.8 percent disagree, 20.8 percent are uncertain, 37.3 percent agree and 15.3 percent strongly agree that ethical policies, ethical codes and Corporate Social Responsibility affects organizational performance. The findings are shown on the Table 4.9.
Table 4.9 Organizational Performance

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>4</td>
<td>5.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>15</td>
<td>20.8</td>
</tr>
<tr>
<td>Uncertain</td>
<td>15</td>
<td>20.8</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>37.5</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>11</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.4 Correlations Analysis

To determine the nature of relationship as well as to measure the relationship strength between independent variables and dependent variables, correlation analysis was done. Table 4.10 gives the results of Pearson Correlation analysis.

Correlation between dependent variable (Performance) and all independent variables showed a positive correlation with ethical policies exhibiting 0.503, followed by CSR at 0.497 and lastly ethical codes showing 0.413 (Correlation is significant at the 0.01 level 2-tailed). In the correlation scale of \(-1 \leq \rho \leq 1\) between the dependent variable (performance) and the independent factors, there was a strong correlation in ethical policies as the determiner of the organization performance.
Table 4.10 the summary of the correlation analysis between the variables

<table>
<thead>
<tr>
<th>VARIABLES TEST STATISTICS</th>
<th>ETHICAL POLICY</th>
<th>ETHICAL CODES</th>
<th>CSI</th>
<th>ORGANIZATION PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ETHICAL POLICY</td>
<td>ETHICAL CODES</td>
<td>CO</td>
<td>ORGANIZATION PERFORMANCE</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETHICAL POLICY</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ETHICAL CODES</td>
<td>Sum of Squares and Cross-products</td>
<td>92.611</td>
<td>61.722</td>
<td>44.639</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>1.304</td>
<td>0.869</td>
<td>0.629</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>72</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>0.676**</td>
<td>0.631**</td>
<td>0.503**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>CSR</td>
<td>Sum of Squares and Cross-products</td>
<td>44.639</td>
<td>46.611</td>
<td>46.611</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>0.869</td>
<td>0.629</td>
<td>0.656</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>72</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>0.582**</td>
<td>0.571</td>
<td>0.531</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>0.760</td>
<td>0.495</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>0.497**</td>
<td>1</td>
</tr>
</tbody>
</table>

4.5 Regression Analysis

So as to suit the model between set of dependent variables and independent variable, multiple regression model was used. The correlation analysis proves that a strong correlation exists among the independent variables. This is bound to affect the regression result. Therefore, stepwise regression is adopted to solve this is problem of multi collinearity. Stepwise determines
the best combination of independent variables that gives the maximum possible value of the F statistics.

Prior to conduction of multiple regressions analysis, the study’s statistical assumptions were held in mind. The sample size of 80 respondents was adequate since there were three independent variables included in the analysis (Freeman, R. 2014). The assumption of singularity was also met as the independent variables (Ethical Policies, Ethical Procedures and CSR) were not a combination of other independent variables, thus each dependent variable was a representation of its own.

**Table 4.11 Model Summary**

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.55</td>
<td>0.308</td>
<td>0.278</td>
<td>0.308</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>0.971</td>
<td>10.096</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>68</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.000</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), CSR, ETHICAL CODES AND ETHICAL POLICY*

The table shows the coefficient of correlation(R) and the coefficient of determination ($R^2$). The adjusted $R$ square value of 0.278 implied that the 37.3% of the variations in the retention level were influenced by the three variables leaving 62.7% to be influenced by other factors.

**Table 4.12 Variance Analysis (ANOVA)**

<table>
<thead>
<tr>
<th>SOURCE OF VARIATION</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.109</td>
<td>1</td>
<td>22.109</td>
<td>22.393</td>
<td>0.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>69.112</td>
<td>70</td>
<td>0.987</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91.221</td>
<td>71</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: ORGANIZATION PERFORMANCE*

The result shows that the outcome of analysis of variance (ANOVA) indicates that, the F static was 22.393 with a significant change of 0.000%. This implied that the impact of retention level is statistical significant.
Table 4.13 Linear Regression

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.162</td>
<td>0.451</td>
<td>2.575</td>
<td>0.012</td>
<td>0.262</td>
</tr>
<tr>
<td>ETHICAL_POLICY</td>
<td>0.288</td>
<td>0.139</td>
<td>0.288</td>
<td>2.07</td>
<td>0.048</td>
</tr>
<tr>
<td>ETHICAL_CODES</td>
<td>0.054</td>
<td>0.144</td>
<td>0.053</td>
<td>0.375</td>
<td>0.708</td>
</tr>
<tr>
<td>CSI</td>
<td>0.372</td>
<td>0.177</td>
<td>0.284</td>
<td>2.104</td>
<td>0.039</td>
</tr>
</tbody>
</table>

Dependent Variable: ORGANIZATION PERFORMANCE

From Table 4.13 above, I used multiple linear regression and step wise model to determine the significance level of the variables. It can be seen that out of the three factors affecting performance, two of them (ethical policy and corporate social investment) are statistically significant at 5% level of significance. Using the coefficients in Table 4.3.3, the regression model can be expressed by equation 4.1:

\[ Y = 1.162 + 0.288X_1 + 0.372X_3 \] ................................................................. (4.1)

Where \( x_1 \) is ethical policy, \( x_3 \) is corporate social investment and \( Y \) is the organisation performance.

4.6 Discussion of Results

The discussion of the results in form of hypothesis testing is presented in this section. In this research the following hypothesis were tested

4.6.1 Hypothesis 1

\( H_0 \): Ethical policies do not influence organization performance

\( H_1 \): Ethical policies influence organization performance

The p value of the coefficient of the ethical policies is less than 0.05 as shown on Table 4.13. This implies, the null hypothesis is rejected and therefore conclusion is that ethical policies influence organization performance.

Past studies (Moon & Choi, 2014), also documented higher levels of customer satisfaction being directly correlated to ethical policies, hence impacting on organization performance, the
outcomes here being greater production levels and job satisfaction. Clear compliance with ethical policies of an organization has also in the past lead to gaining recognition besides performance. It has also been found out that employees’ encouragement can only be achieved by enacting clear working environment with updated ethical policies (Valentine, Godkin, Fleischman & Kidwel, 2011). That ethical policies influence organization performance was also reported by Kaptein (2011), who stated that employees making morally-correct choices will be influenced by their managers’ take in policy matters.

4.6.2 Hypothesis 2  
$H_0$: Ethical codes do not influence organization performance  
$H_1$: Ethical codes influence organization performance

The p value of the coefficient of the ethical code is more than 0.05 as shown on Table 4.13 which implies, the null hypothesis is not rejected. Therefore, conclusions being ethical policies don’t influence organization performance.

Ethical codes have in the past been considered as business morals to be adhered to by anyone engaged in a work related environment (Del Fabro, 2012), thus making it less appealing to an organization performance. From the past studies (Callaghan, 2012), discussed ethical codes as just aids to a clear working processes. This devalues the ethical codes impact on an overall organization performance. The fact that past scholars found out that ethical code is better gained through training which is imperative to be conducted in an organization (Sandberg, 2012), it may not be viewed as an element of considerate impact on organization performance.

4.6.3 Hypothesis 3  
$H_0$: Corporate Social Investment do not influence organization performance  
$H_1$: Corporate Social Investment influence organization performance

Table 4.13 shows that p value of the coefficient of the ethical policies is less than 0.05. This implies, the null hypothesis is rejected thus, conclusion being that corporate social investment influence organization performance.

According to the findings by Porter and Kramer (2011), the influence of corporate social investment on organization performance is growing tremendously. The duo noted that the community expectations from local organizations are very high, pushing the organizations to
invent ways of either complying or mitigating them. Organizations have decided to dissolve operation boundaries between them and the communities in which they operate to enable their sustainable operations (Mulej, 2011). Organizations with close relationship with local business partners, employees and local community have realized much in businesses.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section highlights results discussion, findings summaries, conclusion and recommendation according to the study objectives as well as research hypothesis.

5.2 Summary of the findings
The study sought to find out the effects of ethical sourcing on organization performance in the energy sector, a case of Kenya Power Company limited. It involved 15 people from the top management staff, 40 people from the union staff and 25 people from the supplier, making a sample size of 80 people. The specific objectives were; to determine the effect of ethical sourcing policies on performance at Kenya Power Company, to determine the effect of procurement ethical codes on performance at Kenya Power Company and to determine the effects of corporate social responsibility on performance at Kenya Power Company Limited.

In determining the effect of ethical sourcing policies on performance at Kenya Power Company Limited. The findings revealed that ethical policies affect performance positively. The Kenya power company should therefore have sound procurement ethical policies in the sourcing activities. Sound ethical policies will enhance the control of behaviours of the top management, Union staff and both suppliers in regard to the guidelines from the government ethical policies, Company ethical policies and procurement department ethical policies on how sourcing activities must be done at the Kenya power company.

In determining the effect of procurement ethical codes on performance at Kenya Power Company Limited. The findings revealed that ethical codes do affect performance positively. Among the respondents, 58.3% agreed that ethical codes affect performance. There is a stronger relationship between ethical codes and ethical sourcing since latter (ethical codes) must be emphasised among the evaluation committee so as to ensure legal tendering process, equal treatment of stakeholders and how the top management, union staff and the or the evaluation committee can handle gifts, if in any case offered by the supplies.
In determining the effect of corporate social responsibility on performance at Kenya Power Company Limited. The findings revealed that Corporate Social Responsibility (CSR) affects the performance of the Kenya power company negatively as it was noted in the correlation analysis that there was a negative relationship between CSR and Performance. Among the respondents, a larger percentage (40.3%) agreed that CSR affects performance negatively. These findings can be attributed to the fact that CSR perceived to be a commitment by the Kenya power company for the accountability of their activities. The CSR entails on how Kenya Power Company is responsible to damages that the customers may incur, priority to the local community on purchase of the locally available products and ensuring green sourcing issue which affects its performance negatively.

5.3 Conclusion
From the above findings it was concluded that Ethical Policies, Ethical Codes and CSR affect organizational performance. There is an existence of a strong correlation between the independent variables to performance. A significant percentage (37.5%) of the respondents agreed that policies, codes and CSR have a strong relationship with ethical sourcing which will ensure transparency, ethical standards and efficiency in the sourcing processes. The study brings the attention and acknowledges the importance of ethical policies and the strong influence it has to the ethical sourcing. However, to improve on the ethical codes as many respondents were uncertain on its impact on the ethical sourcing a lot needs to be done.

5.4 Recommendation
According to the study findings, ethical codes which guides on the tendering process, equal treatment of stakeholders and how the top management, union staff and/or the evaluation committee can handle gifts, if in any case offered by the supplies.

5.5 Areas for Further Research
Further research should be undertaken on the effects of compliance on quality of goods and services sourced by the Kenya Power Company as this was not covered in this study.
REFERENCES


APPENDIX I: LETTER SEEKING AN AUTHORITY

The Director of Post Graduate Studies,

Through, Dean of Studies,

Through, COD,
School of Business, Department of Management Science
Technical University of Mombasa.

To the Regional Manager,
Kenya Power Company Limited - Coast
P.O. BOX 90104-80100,
Mombasa.

Dear Sir/Madam

**REF: REQUEST FOR AUTHORITY TO CARRY OUT ACADEMIC RESEARCH**

The bearer of this document (OCHOLA OKULLO. JAMES REG. NO MPSM/1121/15) is a student of Technical University of Mombasa, department of Management Science currently pursuing Masters of Science in procurement and supply chain management. As part of the requirements for the award of this his degree, he is expected to carry out a research and present a report to the university. His research topic is **The Effects of Ethical Sourcing on Organization Performance in Kenya Power Company Limited**.

The information provided shall be analysed to determine the ethical sourcing factors affecting organization performance in the energy sector. All information provided will be treated strictly as confidential and purely for academic purpose.

Yours faithfully,

DIRECTOR.
OCHOLA OKULLO JAMES
P.O Box 90104 - 80100,
Mombasa.

Dear Respondent,

**RE: RESEARCH SURVEY QUESTIONNAIRE**

Mr. Ochola is a student of Technical University of Mombasa, department of Management Science currently pursuing Masters of Science in procurement and supply chain management. As part of the requirements for the award of this degree, I am expected to carry out a research and present a report to the university. My research interests are the effects of ethical sourcing on organization performance.

Kindly am requesting for your support to enable me achieve this endeavour by allowing all the procurement staff members participate in answering the questionnaires. All information provided will be treated strictly as confidential and purely for academic purpose.

Thank you.

Yours faithfully,
Ochola James
Reg. No. MPSM/1121/2015
APPENDIX III: QUESTIONNAIRE

The purpose of this questionnaire is to assist the researcher in gathering the information for the concept being carried out as a partial fulfilment of the award of his Master of Science Degree in Procurement and Supply Chain Management at the Technical University of Mombasa. The researcher would wish to seek for your assistance to help him in achieving his goal by filling the questionnaires as honestly as possible.

The researcher would like to guarantee you that the information gathered through the questionnaire will be purely used for academic purposes by the Technical University of Mombasa and no unauthorized person will have access to the information.

Name of the respondents (optional)……………………………………………………………………

Address ......................................................................................................................................

Part A: General Questions

Instructions. Please mark with tick where applicable appropriate.

1. What is your gender? Female (1) ☐ Male (2) ☐

2. What is your age bracket? 21 – 30yrs (1) ☐ 31-40yrs (2) ☐ 41 -50yrs (3) ☐

3. What do you do/services you offer to KPLC, Mombasa branch?
   Management staff (1) ☐ Union staff (2) ☐ Supplier (3) ☐

4. How long have you been working/offering services to KPL Mombasa branch?
   1-10years (1) ☐ 11-20 years (2) ☐ 21-30 years (3) ☐

5. What is your educational level?
   Diploma (1) ☐ Undergraduate (2) ☐ Post graduate (3) ☐ PHD (4) ☐
Part B: Ethical Factors affecting Performance in Kenya Power And Lighting Company (KPLC)

Kindly indicate the extent to which you consider the following factors affecting performance in Kenya Power and Lighting Company (KPLC).

You are kindly requested to choose the answer that best describes the situation in your institution. 1 = SD=Strongly Disagree, 2=D=Disagree 3=U=Uncertain 4=A=Agree 5=SA=Strongly Agree.

<table>
<thead>
<tr>
<th>KPLC Ethical Policies</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both top management staff, union staff and suppliers usually follow government policies in the sourcing related activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both top management staff, union staff and suppliers usually follow KPLC policies in the sourcing related activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both top management staff, union staff and suppliers usually follow the procurement department policies in the sourcing related activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethical Codes</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The KPLC procurement staff usually follow the ethical codes of conduct in the tendering process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The KPLC procurement staff do treat all the stakeholders e.g. bidders and/ suppliers equally</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both top management and union staff do not accept personal gifts offered as a reward by the suppliers in the sourcing related activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Both top management staff, union staff and suppliers are usually responsible to any loss/damages caused to the consumers which may be as a result of the sourcing related activities.

The procurement staff usually gives priority to the local community to supply the locally available goods to KPLC, Mombasa branch.

The procurement staff usually source goods and/or service which are environmentally friendly e.g. to the aquatic life.

**Part C: Organizational Performance**

This section aims on finding out whether the mentioned dependent variable has any effect on Kenya power and lighting company organizational performance. Please indicate to what extent you agree or disagree with the statements using the following scale: 1=SD=Strongly Disagree, 2=D=Disagree 3=U=Uncertain 4=A=Agree 5=SA=Strongly Agree.

<table>
<thead>
<tr>
<th>KPLC Organizational Performance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical policies have increased transparency in the sourcing related activities at the KPLC, Mombasa branch</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethical codes of conduct have increased ethical standards in the sourcing related activities at the KPLC, Mombasa branch</td>
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<tr>
<td>Corporate social responsibility have increased accountability in the sourcing related activities at the KPLC, Mombasa branch</td>
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