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The importance of business ethics in public procurement practices in Sierra Leone: CEVA Logistic Company

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Abstract

The study is part of a preliminary study for the awareness of ethical conduct in the procurement process, specifically in a logistics company in Sierra Leone. Ethics is an essential norm in business settings where most of the people misconduct the behavior inadvertently. The objective of this paper is to get an understanding of a logistic case company, where ethics is applied in the daily procurement processes—an in-depth analysis to address the openness of the employees by

following the company's ethical guidelines. The study prompts companies to emphasize the importance of the implementation of ethics and also create awareness by having official ethical-guidelines for the company. The company has achieved numerous benefits, including a cost reduction and maintaining a company-supplier relationship through the implementation of ethics in procurement.

Keywords: Ethics, Procurement Processes, Ethical Conduct, CEVA

Introduction

As globalization continues to engulf the world, several companies and organizations have noted the importance of revealing ethical behaviors for business practices. It is increasingly becoming challenging to disregard the unethical conduct of employees in the organization due to scandals that have arisen previously due to ethical issues in business practices. Therefore, these scandals have shocked and impacted business practices globally, the Enron Scandal being an example. Apart from that, Enron Corp, one of America's largest logistics company, depreciates after the scandal turmoil. A new law structured to avert such misfortune from occurring again is the Sarbanes-Oxley Act (Segal, 2019) ^[21]. Thus, it is inevitable that the ethical behavior of employees and managers is vital in ensuring the success of an organization.

Recently, companies are aware of the significance of implementing ethical behaviors in procurement practices. However, several companies are still unaware of the prominence of ethics and its benefits in procurement practices and processes. Therefore, in ensuring that companies can implement ethical practices in procurement processes in Sierra Leone, the employees and managers should always work by the company rules and regulations. Law-abiding employees will boost the organizations because of their moral and ethical standing of honesty and integrity, thereby attaining the company productivity. Working in-line with ethical practices, a company can increase its competitive advantage (Schulze *et al.*, 2014) ^[20], thereby boosting the truth confidence among its clients, suppliers, and shareholders.

Nevertheless, critical questions most people ask is, why do the employees and managers represent ethical practices? Is this attributed to individual awareness, or because of the organization culture influences them? If they do behave ethically, is it promoting the organizations? Unfortunately, only a few research about the implementation of ethical conduct in procurement in Sierra Leone as most organizations refused to divulge information about ethical and procurement practices as they consider such information as sensitive issue issues. Therefore, the study focuses on the proper behaviors in the CEVA logistics company and its procurement practices and processes in Sierra Leone.

Research Objectives

The principal objective of this study determines the motivation a company implements ethical behavior in procurement practices in Sierra Leone. Implementing ethical conduct in procurement practices and processes may result from many reasons. For example, a company implements ethical conduct for procurement practices since they want to get involved in any financial scandals that will ruin their company's image.

An organization may also implement ethics in procurement because the leaders have nurtured the importance of portraying ethical behaviors into its culture. As a result, the employees in the organization are aware of the fact that they should not behave unethically during the procurement process, such as accepting gifts or bribery from the suppliers or business partners. Also, the rules or regulations or awareness campaigns made by the government anti-corruption commission (ACC) or non-government organization may be the reason a company implements ethics in procurement practices in Sierra Leone. If a company or an individual commits a white-collar crime, they will be disciplined for the offense. Therefore, the awareness campaign is vital for the importance of promoting ethical behaviors in the procurement process.

Also, the paper will determine the methodology used by a company to implement ethical behaviors in procurement practices and processes in Sierra Leone, whether following the company's rules and regulations through the company act of Sierra Leone or creates a new set of rules and regulations in accordance to the company's act of Sierra Leone. Either way, the organization follows the laws and regulations or any procedures regarding ethical behaviors in procurement practices to avoid themselves getting caught for bribery scandals. Ignoring rules, and regulations, which is a medium defining how individual employees should act, society cannot survive (Brecher, 2014) [3]. Individual employees or groups can be victims of oppression by any organization if the law does not exist. For example, without regulation, an organization will exploit their employees with their rights for wages even though they have worked hard for it.

The final objective is to evaluate the impact of implementing ethics in procurement practices towards the organization. Many benefits are gained if an organization decides to portray ethical behavior in procurement practices. Among them is to improve the company's image. The stakeholders would always trust the company because they believe that there will be no problem if they decide to do business transactions with the company. Therefore, the company will be preferred by the stakeholders because of their excellent image.

Furthermore, by having the right company image, a company can increase its profits because the stakeholders trust the company. The employee's turnover rate can also be reduced because of the employees working in a conducive setting. Satisfied and happy employees will ethically behave well to promote the image of the company. Therefore, they are less likely to leave work (I/O AT WORK, 2015).

The Case Company

CEVA Logistics is an eminent parentage that includes one of the founding fathers of the modern freight and logistics industry that came into existence in 1946 in Australia by Ken Thomas Nationwide Transport (TNT). Over the next five decades, the TNT industrialized a desirable global reputation in logistics operations.

The CEVA logistics company in April 2019 was acquired by the CMA CGM, a leading worldwide shipping group, to form a strategic partnership offering end-to-end logistics solutions globally.

Today, CEVA is a full-service transportation and logistics company with freight management and contract logistics operations spanning 1,000 locations in 160 countries. Many of the world's best-known brands count on CEVA to serve their markets in the automotive, consumer & retail, energy,

healthcare, industrial & aerospace, and technology sectors.

Ethical Guidelines in the Company

The CEVA company has ethical conduct serving as a guideline for procurement practices and processes. It is stated that employees engaged in the procurement process must behave accordingly to the purchasing procedures besides portraying the following principles: Employees must exhibit loyalty and respect for the company's rules and regulations. Moreover, the employee must be transparent and maintain confidentiality during the procurement process. Also, the employee must have integrity and avoid the appearance of impropriety during any business transaction. Lastly, the employee should uphold neutrality and fairness in exercising due diligence. By following these principles during the procurement practices and processes, the company can avoid committing any white-collar crimes.

Literature Review

Ethics and Business Ethics

There are no clear definitions of ethics, and the definitions vary for each research (Sparks & Pan, 2010) [22]. Ethics deals with what is virtuous or evil. Ethics is also the principles of conduct that govern an individual or a group of people (Definition of Ethics, n.d.). Ethics is a study of what should be done and what should not be done by an individual (Coscarella, 2005) [4], also (Velasquez, 2012) [24] states ethics as a rightness or wrongness behavior setting moral standards for individual or group. Indeed, all professional fields, including financial institutions, legal, engineering, and healthcare, based their ethics (Fountain, 2011) [8].

According to Trevino and Weaver (2003), business ethics is a new concept which only appears in the early 21st century (Schulze *et al.*, 2014) [20]. However, unlike industrial fields have their definitions and the way of implementing business ethics. To implement ethical issues in an organization and find a solution to solve them, it is crucial to study business ethics (Dean, 1997) [5].

Business ethics is the process involving the good and bad behaviors according to moral standards implemented in company management (Velasquez, 2012) [24]. Also (Andrews 2014) [2] noted how ethics are implemented into a corporation varies between large organizations and small business entities. Top managers and employees in a company must exhibit good behaviors in their organizational blueprint for accomplishing tasks (Alzola, 2015) [1]. It is evident not only senior management are required to behave ethically, but as well the employees themselves, regardless of how big or small the organization is.

Supply Chain Management and Procurement

Procurement is a component of the supply chain management practice, and supply chain management is critical for business success. Procurement involves the entire procedures used to procure goods and services (Procurement Basics, 2015) [18], and activities that can occur before and after two parties reached an argument (Kidd, 2005) [11]. Purchasing and buying are a fraction of the procurement process, while procurement involves contracts to establish and uphold a relationship between a company and the suppliers (Kidd, 2005) [11].

However, some people consider procurement as a simple process that is not essential. They even assume that everyone can do the procurement process, and experts are not required during the process. Some managers have not realized the

importance of supply chain management (Msimangira, 2003)^[14] yet. Employees and managers are expected to know effective procurement practices and processes because procurement experts are needed in every procurement practices. They should establish various efficient purchasing plans. The different methods are applied to other suppliers subject to the relationship between the company and suppliers, including the various types of goods and services procured. The hindrance faced or might be met by the company in obtaining goods and services (Wagner, Padhi, & Bode, 2013)^[25].

Ethical Issues in Procurement

Unethical misconducts usually occur among procurement officers, as they have the trust to use the company's financial resources (Miniussi, Siegler, Csillag, 2012)^[13]. To ensure that the employees know the right procurement strategy, they must be educated on the ethical procurement process (Lillywhite, 2004)^[12]. Managers also play an essential role in setting the standards of ethics implemented in the company (Ndolo & Njagi, 2015). However, Özlen, Tulić, & Čengić (2013) argue that some workers might overestimate their knowledge of ethics and human right issues. Since they might not realize that ethical problems are happening in their company even though they know ethics.

In mitigating the ethical issues in procurement practices and processes, the transparency of the process must be enhanced. Therefore, the company should establish specific policies that would improve the clarity of the procurement practices and strategies in preventing any possible corrupt actions (Hui, Othman, Omar, Rahman, & Haron, 2011). An organization can be translucent by releasing critical information concerning the procurement strategies and its progress, including improving the annual and sustainability reports (Lillywhite, 2004)^[12].

The companies should ensure that they established policies to enforced ethical procurement practices successfully. Therefore, a company only tends to implement ethical behaviors when it provides advantages to the company, such as cost reduction (Roberts, 2003)^[19]. Schulze *et al.* (2014)^[20] stated that portraying ethical behavior in the procurement process can have an impact on the business' competitiveness because procurement and logistics activities are a significant influence on the organization's success. (Ndolo & Njagi, 2015) supports the statement by arguing that one of the main elements of business success is implementing ethics in Supply Chain Management. It is because behaving ethically in the procurement process can help to improve the organizations' performance. Furthermore, customers are self-assured to buy from a company with excellent ethical standards.

However, Lillywhite, in 2004, stated that the most effective method to develop ethical procurement practices and processes is by cooperating with stakeholders such as government organizations, non-government organizations

(NGOs), and others. For instance, through the rules and regulations enforced by the governments and awareness campaigns done by the civil society organizations, NGOs, and employees. Companies will understand the need to behave ethically, not only during the procurement process but also at the workplace.

Methodology

The writer interviewed some employees of the CEVA company as part of a preliminary study for procurement ethics. Qualitative research is used to understand the reason behind a problem, especially on a case study basis. Meanwhile, qualitative research investigates the reasons behind the trend in thoughts and opinions. Therefore, a researcher can investigate the issue thoroughly (DeFranzo, 2011)^[7]. Furthermore, a secondary research approach was used to get more information regarding the topic, including Journals, conferences, textbooks, newspapers, and the internet was used to support the research.

Results

The tables below indicate the findings obtained during the interview process.

Demographic background

The CEVA Logistics company interviewed five employees because they worked for the company for more than five years in the procurement and account department.

Table 1: Ethical Awareness in Business Practices and Procurement Process

Scope	Description
Awareness	
Familiarity with terms ethics and procurement	The respondents are familiar with the terms ethics and procurement because they are involved with the procurement activities always.
Familiarity with a company's ethical guidelines and procurement practices	The respondents said that they are familiar with the ethical guidelines of the company and the procurement practices and processes. For instance, they are not allowed to accept any gifts from the supplier.
Awareness of the importance of ethics in the company and procurement process	The respondents think it is essential to behave well because it is easier to follow the rules than to break them ethically. Besides that, they said that the procurement process smooth.

Awareness

Table 1 shows the result of the awareness of the CEVA Logistic Company. The company already have their ethical guidelines. However, the understanding of using the guidelines further enhanced. The policies are also aligned with the company's mission to act accordingly with government standards.

Table 2: Ethical Application for Procurement Practices and Processes

Scope	Description
Application	
Ethical implementation for procurement practices and processes	Respondents indicated that the company does not have a department that monitors ethics, but the manager is the one who observes the Sierra Leone Chapter.
	For every procurement process, the suppliers would require a business contract stating the ethical guidelines for that transaction.
Ethical guidelines for procurement practices and processes	The respondents think that the guidelines are essential in curbing the unethical behaviors in the procurement practices and processes since the company emphasizes the importance of behaving ethically.
	The respondent said workers would send a warning letter if they behave ethically while the suppliers sent a reminder if they deliver inadequate facilities.
Ethical challenges for procurement practices and processes	The respondents further indicate that they do not face any challenges because the company only manages the Sierra Leone Chapter, with few employees thinking that following the rules is more appropriate than ignoring them.
Unethical issues are occurring in procurement practices and processes with solutions.	According to the respondents, no unethical issues are happening in the company. If any problems are happening, the problems will be discussed and solved in the weekly meeting. No unethical issues are happening between the company and its suppliers because they have worked with them for an extended period. It is so, as they have nurtured a good relationship with the suppliers over time.
Impact of implementing ethics in the procurement practices and processes towards the company	The respondents also indicated that the procurement practices and processes are done smoothly, thereby maintaining a perfect relationship between the company and its suppliers. It will help the company to generate profit because suppliers sell them goods at a lower price. It is because of the excellent relationship maintained between the company and suppliers

Table 2 shows the ethical application for procurement practices and processes. It discusses the implementation, challenges, and issues of implementing ethical behavior in the CEVA Logistic Company, Sierra Leone Chapter.

Discussion

The interview results indicate that the company decided to implement ethics in the procurement practices and processes because they want to avoid any unethical behavior of the employees. The respondents indicated that they are familiar with the terms *ethics* and *procurement*. They also said that they are familiar with the ethical guidelines of the company and its procurement practices. The company should implement ethics in the procurement practices by ensuring employees followed the ethical guidelines and procedures in procuring goods and services. The guidelines indicate that all employees involved in the procurement process must maintain transparency, confidentiality, integrity, and impartiality. However, findings suggest that only the ethical guidelines for procurement practices and procedures were found. No ethical guidelines of the company were located. The research only discusses CEVA Sierra Leone. Since it is

easy to manage a company with minimal employees, the ethical guidelines are being informed verbally by the manager. The respondents are indeed acquainted with the company's ethical guidelines. Furthermore, the employees are aware that it is essential to behave ethically at the workplace because it can make the procurement process go smoothly. They believed that following the rules are more comfortable than going against it. Therefore, there are no unethical behaviors as a company depends on the awareness of its employees to behave ethically. It might probably be the reason why some companies do not make official ethical guidelines. Even though there are few employees in the company and they are aware of the importance of behaving ethically, the company needs to write their official ethical guidelines as there is a likelihood that it could occur in the future.

Furthermore, there are numerous benefits gained if a company implements ethical standards in procurement practices and processes. These benefits enhance smooth procurement processes that would reduce cost as suppliers will offer goods and services at a lesser price and preserve a good relationship between a company and its suppliers. The relationship between a company and its suppliers is maintained based on mutual trust and understandings.

Conclusion and Implications

The study established that the company implements ethics in the procurement practices and processes because they want to avoid unethical behaviors of the employees that would tarnish the company image and prestige. Also, the employees implement ethical conduct in the procurement practices by adhering to the ethical procurement guidelines of a company besides having the awareness that it is essential to behave ethically. However, the company needs to establish a correct ethical code of conduct even though it has few employees. The behaviors of the employees in the company could affect the procurement practices and processes since the company does not have a separate procurement department.

Also, there are numerous impacts achieved if a company implement ethics for procurement practices and processes. For instance, smooth procurement practices and procedures are performed if a company-supplier relationship is maintained, which would substantially reduce cost. Therefore, attaining high profits. The study recommends that the company must emphasize the implementation of ethical behaviors by having the official ethical guidelines of the company. The company must continuously remind its employees of the importance of behaving ethically, even though they are aware of its significance. Finally, the company must always remain cautious and maintain professionalism even though they trust their suppliers.

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