AN EVALUATION OF THE IMPACT OF BUSINESS ETHICS ON ORGANIZATIONAL PROFITABILITY: A CASE STUDY OF UCHUMI CHAIN OF SUPERMARKETS LIMITED

OBAGA CHEBET ANNE

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP OF THE MANAGEMENT UNIVERSITY OF AFRICA

OCTOBER, 2016
DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other University or Institution.

Signature: ------------------------------- Date-----------------------------

ANNE CHEBET OBAGA
BML/9/00252/3/2014

Declaration by Supervisor:

This research project has been submitted for examination with my approval as the appointed University Supervisor.

Signature: ------------------------------- Date: -----------------------------

DR. LEONARD WAMBUA
DEDICATION

I dedicate this research project to my colleagues, family members and my classmates who stood by me during the whole period of studies at The Management University of Africa. Their support both morally and spiritually is invaluable and I will always remain grateful.
ACKNOWLEDGEMENT

First and foremost, I thank the Almighty God for having given me the wisdom and good health without which, it would not have been possible to complete my studies, hence this research project. The process of writing this project has been both interesting and rewarding. I do also acknowledge the Lecturers of Management University of Africa (MUA) for their contribution through the entire coursework and most importantly, my supervisor Dr. Leonard Wambua, who professionally guided me through the research proposal and up to the final submission of my research project. I also acknowledge the moral support of my family members, namely: my spouse, Mr. Samuel A. Obaga, sons, Allan and Edgar who were a source of encouragement even when the going got tough. Last but not least, I would also appreciate the prayers of my daughter, Brenda and his spouse, Nelson for their prayers kept me going strong each time I got home late hours weary and worn-out as a result of the Nairobi traffic jams after classes. To you all, I say a Big Thank You! I shall forever remain grateful for your support in whichever way. May God richly reward you!
ABSTRACT

Ethics as an issue is investigated in this study and in particular how ethics can be analysed in different organizations. The main purpose of this study was to evaluate the impact of the business ethics on organizational profitability with particular emphasis on Uchumi Chains of Supermarket Limited. The objectives of the study was to examine the effects of the Code of Ethics on the profitability to determine the extent to which marketing strategies impact on profitability to establish the impact of procurement systems on profitability as well as to find out what extent leadership style impact on organizational profitability and in particular, the Uchumi Chain of Supermarkets Limited. The researcher adopted descriptive survey research design. The target population of respondents was divided into strata and stratified random sampling was used to sample the population from each stratum. It is anticipated that the recommendations of this study will make a significant contribution to the body of knowledge on the understanding of how effectiveness Code of Conduct and Ethics is in guarding against mismanagement of public institutions and resources and the needed remedies for enhancing the effectiveness of the code in the administration of discipline in the financial process. The study is expected to stimulate and encourage further research and inquiry on ways in which the Code of Conduct and Ethics can be implemented in order to enhance financial discipline and prudent use of organizational resources and the overall management of a business enterprise. The study will also benefit students and researchers as reference material and information on the impact of good business practices on organizational performance and profitability. The study recommends that for organizations to undergo internal ethics audits on a regular basis as this will add great value to the organization. Also there is need to communicate and model behavioral standards from the highest levels of an organization down to the entry level positions. This ensures that there is no gap between ethical standards and the actual behaviour of employees. The study also recommends that strategy to improve the ethical behaviour of an organization is to constantly educate the employees on ethical values as this equips them based on the services rendered to the community; this contributes and help with the knowledge of what kind of behaviour is expected of them. This can be done through seminars, conferences or periodic training. The importance of the soundness of organizational performance cannot be overemphasized as a pillar for economic development of a country and stimulate economic opportunities to be realized. The employees ethical conducts is thus the crucial part for the success of the organization to achieve its goals and objectives. This study revealed that organizations Uchumi Retail Chain of Supermarkets included do have a great challenge concerning ethical issues.
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OPERATIONAL DEFINITION OF TERMS

Commitment: Commitment as defined in this study means when an employee pledges his loyalty to an organization. It is an application, dedication or pledge to an engagement or obligation that restricts freedom of action (Ashforth, 2013).

Community: Means a group of people who live in an area where an organization operates. They are a group of people having similar characteristics such as religion, race, profession and/or other particular characteristics in common (Barnett & Cherly, 2000).

Social Responsibility: Is a demonstration of certain responsible behavior on the part of public and the private (government and business) sectors toward society and the environment (Burke & Cooper, 2000).

Performance: Performance is the manner in which an organization functions, operates, or behaves in the society (Frolic & Drolet, 2012).

Profitability: Profitability is the ability of a company to earn a profit – it is a relative measure of success for a business (Chibanda, Ortmann, & Lyne, 2009).

Stakeholder: A stakeholder as a person or group with a direct interest, involvement, or investment in a business organization e.g. the employees, stockholders, and customers of a business organization (Baer, 2008).

Organizational Culture: Encompasses values and behaviors that contribute to the unique social and psychological environment of an organization (McDonald & Nijhof, 2011).

Corporate culture: The beliefs and behaviors that determine how a company's employees and management interact and handle outside
Business Ethics: Also referred to as corporate ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment (Boris, 2008).

Corporate Governance: Is about promoting corporate fairness, transparency and accountability. It is thus a set of rules, controls, policies and regulations put in place to dictate and manage corporate behavior (Burke & Cooper, 2000).

Code of Ethics: Is a guide of principles designed to help professionals conduct business honestly and with integrity (Ferrell, LeClair, & Ferrell, 2008).
# ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBD</td>
<td>Central Business District</td>
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<td>CMA</td>
<td>Capital Markets Authority</td>
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<td>CEOs</td>
<td>Chief Executive Officers</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EACC</td>
<td>Ethics and Anti-Corruption Commission</td>
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<td>EIRIS</td>
<td>Ethical Investment Research Services</td>
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<td>GEP</td>
<td>Generic Ethical Performance</td>
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<td>IBE</td>
<td>Institute of Business Ethics</td>
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<td>ICDC</td>
<td>Industrial and Commercial Development Corporation</td>
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<tr>
<td>KNTC</td>
<td>Kenya National Trading Corporation</td>
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<td>KWAL</td>
<td>Kenya Wine Agencies</td>
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<td>NSE</td>
<td>Nairobi Securities Exchange</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>SRM</td>
<td>Specialized Receiver Manager</td>
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<tr>
<td>KPMG</td>
<td>Klynveld, Peat, Marwick, and Goerdeler</td>
</tr>
<tr>
<td>SCB</td>
<td>Society for Conservation Biology</td>
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<td>UK</td>
<td>United Kingdom</td>
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CHAPTER ONE

1.0 Introduction

This Chapter included an introduction to the topic under study which aimed at providing the necessary information to facilitate easy understanding of what the study attempts to address. To achieve this, the Chapter was divided into the following sub-topics: Background of the Study, Statement of the Problem, Objectives of the Study, Research Questions, and Significance of the Study, the envisaged limitation of the study as well as the Scope of the Study.

1.1 Background of the Study

Corporate governance has become a major issue for businesses in an increasingly global economy. To remain competitive in a global economy, attract capital, ensure sustainability and combat corruption, companies need to put in place good governance institutions and as noted by Trevino (2010) the governance of the corporation is now as important to the world economy as the governance of countries. Corporate governance is the system of rules, practices and processes by which a company is directed and controlled (Baer, 2008). Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure (Richardo, 2010).

At the very basic level, corporate governance is the body of “rules of the game” by which companies are managed internally and supervised by boards of directors in order to protect the interests of the shareholders and other stakeholders who have a vested interest a company. In family owned enterprises and small and medium sized enterprises (SMEs) these principles still apply and should be adopted to enhance efficiency, minimize conflict and ensure the transition of ownership from parent to heir (Baer, 2008).
The Organization for Economic Cooperation and Development (OECD), originally published in April, 2008 and revised in 2004 has developed and endorsed a set of principles on corporate governance which are used as a benchmark by the governments of Member States, the private sector and various international organizations including the World Bank and the International Monetary Fund.

According to Trevino (2010), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, strategy, type of employees, management style and national culture; culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. The sphere of ethics is as old as society itself, and has throughout history been connected to the socialization between individuals. Dependent on different variables such as time and context, the sphere constantly develops and changes (Svensson & Wood, 2009). Changes are not always easy to predict and to act ethically is not always an easy task. There is a consensus among scientists that there are advantages of being perceived as ethical, although what is seen as ethical may not have to be ethical in reality. The complete knowledge and awareness should help to improve the ability to examine the behavior of organization which assists to manage and lead. It is thus necessary for the management to identify the norms and values of the organization and of each of the employees. It should be noted that culture of the organization should be developed in a way to improve the employees’ performance and continuously develop the quality awareness (Baer, 2008).

Richardo, (2010) too argued that achieving organizational goals and objectives is known as organizational performance and suggested that organization’s success shows high return on equity which become possible due to establishment of good employee performance management system. Performance is the degree of achievement of the mission at work place that builds up an employee’s job (Cascio, 2006). Different researchers have different thoughts about performance and mostly the term is used to express the range of measurements of transactional efficiency, input as well as output efficiency (Baer, 2008). Ethics, in general covers all the standards by which human beings judge whether our actions or behaviors are right or wrong. Ethics immerse in every corner of the world, playing the role where laws and
regulations cannot work. Business ethics have caught public's great concern in recent years. Enterprises are evaluated not only by their commercial profits but also by their performance of social responsibilities. When combining with business, business ethics, guiding decision-makings and policies, is concerned with good and bad or right and wrong behaviors and practices within business context (Carroll & Buchholtz, 2008).

Business ethics are often associated with Corporate Social Responsibility (CSR), which is "the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities" (Caves, 2013). The main fields of corporate responsibility include "the social, economic and moral responsibilities" of the company and "the management of the corporate responsibility activities of businesses" as well as some people insist that the ultimate goal for a commercial activity is making profits. However, it should also be remembered that making money can never be the only thing of the business. If the earth is in danger, what the meaning is of making money (Caves, 2013).

Retailing is a dynamic sector in the UK economy. Supermarkets play a significant role in retailing sector. In recent years, supermarkets have developed very fast in UK. Tesco, Asda, Sainsbury, and Morrison in the UK with the top ten in 2003 accounting for 82% of all sales of food. To some extent, supermarkets have played the dominant function in the food supply chain. Their business has close relations with people's everyday lives. Besides the food and household retail business, supermarkets have extended their business to wide ranges including clothing, books, home appliances, telecommunication products, etc. nowadays, half the space of a supermarket may be used for non-food products (Caves, 2013).

It cannot be denied that the development of supermarkets brings a lot of convenience to consumers, however, with its business expansion, the ethical issues of the supermarket industry have been vigorously criticized, for example, the supermarkets have been accused of harming the environment which includes overconsumption of energy and water, waste, packaging issues, inappropriate usage of chemicals, genetically modified products, etc. The agency of Friends of the Earth blamed supermarkets for increasing the traffic jam and pollution in the country due to their centralized food distribution centres (Shaw, 2006).
1.1.1 Profile of Uchumi Supermarket Limited

Uchumi Supermarkets, often referred to simply as Uchumi, is a Kenyan supermarket chain. The word uchumi means "economy" in Swahili. Uchumi is the oldest supermarket chain in Kenya having started operations in 1976. Uchumi Supermarkets Ltd (Uchumi Supermarkets Limited) is a Kenya-based company engaged in the retail supermarkets operation. Uchumi distributes bakery, wines, meat, fish, vegetables, as well as kitchen appliances and decoration, among others. On 17th December 1976, Uchumi shareholders, Industrial Commercial & Development Corporation (ICDC), Kenya Wine Agencies Limited (KWAL) and Kenya National Trading Corporation (KNCT. All of these Government owned parastatals entered into a management contract with Standa SPA of Italy, a leading supermarket group with a presence in Europe and a vast retail experience was given the task to manage and train Kenyan personnel who would eventually take over the running of the organization and early in the 2010's Uchumi spearheaded the hypermarket concept in Kenya (http://www.uchumicorporate.co.ke).

However, in early 2010s Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems and as a result, on 31st May 2006, the Board of Directors resolved that the Company ceases operations and on 2nd June 2006, the Debenture Holders placed the Company under receivership. Simultaneously, the Capital Markets Authority (CMA) suspended the Company’s listing on the Nairobi Securities Exchange (NSE) and following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July, 2006 under Specialized Receiver Manager (SRM) as interim management who worked tirelessly to redeem the company from a negative bottom line in 2006 which saw the company report profits in the last three financial years 2007 - 2009.

The lending banks in turn lifted the company’s receivership in 2010 and the company was successfully re-listed in the Nairobi Securities Exchange on 31st May, 2011, exactly five years after it was suspended. The company owned its gratitude to the government, lending banks, its
suppliers, customers and shareholders for their support and commitment to saving one of Kenya’s oldest strongest brands (www.Uchumicorporate.co.ke).

As of September 2014, Uchumi was reported as one of a number of Kenyan supermarket chains that serve the region, although with competition coming in from new entrants, such as market-leader Nakumatt, Tuskys, Ukwala, and Naivas as well as several others which have sprung up within the residential areas. In June 2014, the company's assets were about US$78.8 million (KES: 6.885 billion), with shareholder equity of approximately US$38.4 million (KES: 3.357 billion) (http://www.uchumicorporate.co.ke, September 2016).

On a not so good report however, Uchumi Supermarkets has since exited the Uganda and Kenya markets in a drastic reorganization to stop financial bleeding with the retailer's new Chief Executive, Mr. Julius Kipng'etich, who took over from Mr. Jonathan Ciano indicating that the company's board had decided to close down regional units in order to speed up the process of stabilizing its Kenyan operations. He further indicated that the outlets in Uganda and Kenya were made up only 4.75 per cent of Uchumi’s operations yet they account for over 25 per cent of Uchumi’s operating costs and the two subsidiaries have not made any profits over the last five years, which meant that they have been draining the parent operations and therefore all stores in both markets had been closed and assets liquidated (Nation Newspaper, 15th October, 2015).

1.2 Statement of the Problem

Employees’ ethical conduct in organizations is not a new concept issue and it often makes most of the newspaper headlines over and over again. Steinberg (2014) argued that ethics in the world of organisations’ business involve “ordinary decency” which encompasses such areas as integrity, honesty and fairness. Behaving in an ethical manner is seen as part of the social responsibility of individuals in any organization so as to ensure its stability and survival. According to Geetu (2003), organizations can no longer ignore ethics and indeed for some, ethics has become part of their integral corporate core values.

However, most organizations need help in order to integrate ethical practices and competencies although initially this requires an increased and shared understanding of ethics
in organizations with numerous researches suggesting that organizational ethics is a major influence in ensuring the attainment of organizational objectives.

Ethical codes are adopted by organizations to assist members of such organizations in understanding the difference between 'right' and 'wrong' and in applying that understanding to their decisions. An ethical code generally implies documents at three levels: codes of business ethics, codes of conduct for employees and codes of professional practice, thus ethics for many large organizations on the market and the importance of having a way to deal with ethics is acknowledged to become more and more important (Svensson & Wood, 2009).

The retail business has had a very stiff competition in recent past with firms ensuring survival of their businesses by being innovative, unique and proactive in their operations for effective execution and implementation of their business strategies. This geared towards being relevant and reliable to customers’ needs and services, survival strategies focus on the customers, employees and business systems as well as operations in order to be competitive in the market. The essence of a broad differentiation strategy is to be unique in ways that are valuable to a wide range of customers. This therefore calls for robust understanding and thorough studies to verify more on the influence the operating business environment has on the organizational profitability (Thompson & Gamble, 2007).

While a few studies have been done on responses to competition, no research has dealt with challenges and strategies with reference to business ethics on organizational profitability of supermarket chains. This study therefore sought to evaluate the impact of business ethics on organizational profitability with reference to Uchumi Chain of Supermarkets as a case study.

1.3 Objectives of the Study

The purpose of the study was to evaluate business ethics and its impact on organizational performance and profitability with particular emphasizes on the Uchumi Chain of Supermarkets Limited.
1.3.1 Specific Objectives

i) To examine the effects of the Code of Ethics on the profitability of the Uchumi Chain of Supermarkets Limited.

ii) To examine the awareness of employees ethical conducts on the profitability of the Uchumi Chain of Supermarkets Limited.

iii) To examine employees adherence towards ethical conducts as a parameter of profitability of the Uchumi Chain of Supermarkets Limited.

iv) To examine dissemination of skills and knowledge on ethical conducts affects the profitability of the Uchumi Chain of Supermarkets Limited.

1.4 Research Questions

i) Does code of conduct and ethics affect organizational profitability of the Uchumi Chain of Supermarket Limited?

ii) To what extent does awareness of employee’s ethical conducts affects profitability of the Uchumi Chain of Supermarkets Limited?

iii) How is employees' adherence towards ethical conducts as a parameter of profitability of the Uchumi Chain of Supermarkets Limited?

iv) Does dissemination of skills and knowledge on ethical conducts affects the profitability of the Uchumi Chain of Supermarkets Limited?

1.5 Significance of the Study

The study is instrumental to both the private and the public sectors in generating knowledge on the nature and impact of business ethics in instilling sound financial management in their organizations. This will also provide a feedback mechanism on the effectiveness of the Code of Conduct in safeguarding public interest in business enterprises and the problems faced in enhancing discipline in financial management systems in both private and public sector.

It is anticipated that the recommendations of this study will make a significant contribution to the body of knowledge on the understanding of how effectiveness Code of Conduct and Ethics is in guarding against mismanagement of public institutions and resources and the needed remedies for enhancing the effectiveness of the code in the administration of discipline in the financial process.
The study will also stimulate and encourage further research and inquiry on ways in which the code of conduct and ethics can be implemented in order to enhance financial discipline so that public funds and resources can be used efficiently and effectively. The study will also benefit students and researchers as reference material and information on the nature and impact of good business practices on organizational performance and profitability.

It is also envisaged that this will benefit the management of Uchumi Chain of Supermarkets in the formulation and implementation of policies aimed at enhancing the general efficiency in their operation geared towards the success of Uchumi Chain of Supermarkets. Shareholders will also benefit since they will be assured a good return on their hard earned investment.

1.6 Scope of the Study

The study was carried out at the Uchumi Retail Chain of Supermarkets Limited in Nairobi Head office. It mainly focused on its customers, suppliers whose complaints were voiced out. The study was carried out between July and September, 2016.

1.7 Chapter Summary

This chapter explored the background basis upon which this study was carried out based on the topic of the study: An evaluation of the impact of business ethics on organizational Profitability with particular focus on Uchumi retail Chain of Supermarkets. It was in this chapter also where the statement of problem, objectives of the study, significance of the study as well as the scope of the study as well as the research questions which formed the fundamental variables that guided the study were established. This chapter therefore was the basis and a guide upon which literature was reviewed, research carried out and analysis made.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter attempts to bring out other researches which are directly or generally related to the research topic. It describes the conceptual framework, theoretical literature review, empirical review, research gap and conceptual and theoretical framework of the study.

2.1 Theoretical Literature Review

2.1.1 The Employee Risk Triangle Theory

This model identifies three forces which act on an employee’s propensity to engage in unethical conducts. The three forces are Need, Opportunity, and Attitude. According to Researchers at DePaul University in Chicago, “Employee Risk Triangle Theory has a great contribution in providing a common-sense theory of employee crime and deviance, (Baer, 2008).

Following the increase of unethical conducts in most public organizations by employees and more specifically at Uchumi Chain of Supermarkets Limited as described in the annual Technical Report (2014), this theory has greatly contribution to this study and provides a framework towards a better understanding on employees’ ethical conducts in organizations. However, this theory has focused heavily on the attitudinal components and do not provide information as to whether there are other forces apart from these attitudinal forces that may affects employees’ ethical conducts in the organization.

2.1.2 The Social Disorder Theory

Recent experimental research conducted by researchers from the University of Groningen in the Netherlands supported the concept that “signs of disorder” in a neighbourhood can, in a causal fashion, lead to other broken social norms and resultant delinquent behaviors Barnett and Cherly (2010). This theory relate to this study due to the fact that it assesses the social forces that may affect the ethical conducts of employees as they interact with one another in the course of providing their services. However, the theory does not provide the resultant of the affected ethical conducts and how they relate to the performance of an organization. This
study will critically make an assessment as to how the external and internal social phenomenon can affect ethical conducts of employees and how they affect organizational performance in public organizations whereby Uchumi Chain of Supermarkets Limited is the case study.

2.1.3 The Stress Facilitation Theory
This theory traces on the influence of social stress as a catalyst for employees to engage in unethical conducts in organizations according to Ross (2011) the Stress Facilitation Theory posits that when more dishonest employees experience heightened job stress, their feelings of distress facilitate a multiplicative theft response. Employees who endorse dishonest attitudes toward theft are reliably more likely to steal at work than job candidates and employees who endorse intolerant and punitive attitudes toward theft Travers and Cooper (2006). Moreover, distressed workers are more likely to engage in on-the-job counter-productivity than less stressed employees. Therefore, organizations that screened their workforces with pre-employment ethics and integrity tests should be more immune from the impact of the stress caused by a tough economy compared to organizations that did not screen their employees for integrity and ethics attitudes. This theory has the relating goals but this phenomenon will be tested in public organizations whereby Uchumi Chain of Supermarkets Limited is the case study.

2.2 Empirical Literature Review
Many organizations in Kenya operate under ethical behavior whether formally or informally, many of these aspire to comply with externally enforced for ethics but actually endeavour to make ethics as a part of business as usual. More often than not the aim of ethical behavior is to integrate ethics in all aspects of organizational life and decisions by institutionalize ethics. Reputation is lost in seconds, while great efforts, consistency and time are required to build it up again. The message comes across quite clearly, ethical values play significance role for organization. They can account for true competitive advantages, and their absence can threaten organizational growth and impair its survival whether an organization is facing criminal charges or it is just its customers or employees that question its behavior conducts.
Organizations should set ethics programmes which are a set of activities, policies and procedures intended to support employees to understand and comply with the ethical standards and policies set by the organization. Programmes comprise various elements designed to prevent misconduct, defined as “behavior that violates the law and organizational ethics standards”, Ethics Resource Center, (2008). Companies with strong ethics programmes report improvements in ethical conduct, and programs have a positive effect on employee behavior, ethical attitudes and corporate culture. It is likely that each element has certain impact on employees' attitudes and conduct, but the manner and extent of this impact may vary (Ferrel, LeClair & Ferrell, 2008).

Proenca (2004) suggested the following elements: A code of ethics, an ethics officer and ethics training programme, an ethics audit system and dedicated ethics telephone hotlines, thus Ethics programme begins with development of a code of ethical conduct to guide employees on what is viewed as ethical behavior. Schwartz (2004) found out that ethics codes influence behavior. The second element is ethics training to help employees understand the ethical goals and values of the organization increase their ability to deal with ethical issues, and encourage ethical behaviour Proenca (2004). The third element is implementation of mechanisms to provide ethics information frequently through appointment of an ethics officer to advice employees, investigate allegations of ethical problems develop and coordinate ethics and compliance policies and oversee the ethical conduct of employees in an organization Petry and Tietz, (2012). The fourth element is provision of an anonymous reporting system to allow employees to provide information on ethical violations in an organization and reduce employee fear of retaliation for reporting workplace misconducts with the fifth element disciplining of violators and is linked with the last element, evaluation of an employee's ethical performance (Schwartz, 2004).

A reward and punishment system is a key factor in promoting ethical behavior Baucus and Beck-Dudley (2005), and many organizations include ethics in their performance appraisals Petry and Tietz, (2012). One way of improving employee compliance with ethical standards is by generating sense of threat, while evaluation of ethical behavior is used as a tool to sensitize employees to behave ethically. Every organization has strategic objectives with business plans to meet the targets and deadlines which are a normal part of performance setting for managers at all levels.
But when reward systems are disproportionately dependent on the achievement of goals set, the temptation to ‘cut corners’ can be difficult to resist. Problems arise when management sets targets for cost cutting, output expansion and sales that are not discussed with those responsible for achieving them. This focus on the short term can severely undermine ethical behavior. The pressure on listed companies to report results on a quarterly basis tends to irritate the problem.

2.2.1 Constructs of Code of Conduct and Ethics

The values of integrity, transparency and accountability in public administrations have enjoyed resurgence within the past three decades or, hence sound public administration involves public trust. Citizens expect public servants to serve the public interest with fairness and to manage public resources properly on a daily basis. Fair and reliable public services and predictable decision-making inspire public trust and create a level playing field for businesses, thus contributing to well-functioning markets and economic growth (Frolic & Drolet, 2012).

Breheny, (2012) portrays the span of issues faced by retailers in a framework of sequential steps, starting with the search for locations, followed by the consideration of factors on a successively more detailed level, to issues to do with the evaluation and impact of the decisions made in each step. In a world of an almost infinite number of environmental and internal factors making a difference for store performance, it is important for retail managers to understand both the relative importance of various factors, and the causal order by which they operate in a context of store performance. The better knowledge managers possess about the interplay between environmental and internal antecedents of various aspects of supermarkets performance and about the interplay between these antecedents, the better and the more efficient the collection and assessment of relevant information and the more effective the transformation of it into more effective and efficient conduct, and by extension, the better the performance. The performance of Supermarket Chain and their managers is of general interest to society. As food is essential to life, issues relating to the conduct and performance of the grocery industry are more or less of everyone’s concern (Barnett & Cherly, 2000).
Grocery retailing is, indeed, an important sector of the overall economy of western societies and Kenya is no exception. At present consumers spend about 17% of their overall consumption on groceries and everyday commodities (Trevino, 2010). The volume of the sector makes its performance vital for the performance of the economy as a whole. As the volume and performance of the sector is an aggregate of the functioning of stores in numerous local markets harboring different conditions of demand and supply, knowledge about the precursor of performance differences on the store level are crucial for the understanding of the sector as a whole. The general interest of the sector is seldom reflected by the media attention directed to the conduct and performance of stores. From time to time, there is an intense public debate about supra-normal level of profits on the supermarket level, and about deficiencies in competition in the Kenyan retail industry.

The competition of yesteryear, which primarily was between conventional supermarkets and between supermarkets and small grocery stores, has gradually shifted into a competition between a greater variety of store formats (both domestic and foreign). Chiefs among these are discount stores and hypermarkets, which now jointly occupy a substantial part of the Kenyan retail market for groceries. This development into higher risk levels and changing competitive environment further underscores the importance of understanding the antecedents of store performance (SCB, 2006).

As for any other retail store, the operation of a supermarket does not take place in isolation from its local environment. On the contrary, supermarkets are by nature highly interactive with their local environment. Thus, the antecedents of a supermarket’s performance are likely to be found among factors that refer to conditions of its local market, as well as among factors that refer to the supermarket itself. Factors within and between these two broad categories are in the present study expected to be interrelated, forming a complexity of relationships between environmental factors, store factors, and store performance.

In essence, supermarket business is about bringing an offer in terms of products and services that induces exchanges with consumers and provides revenues through their payments. The economic results will depend on what extent the revenue gained from these payments, i.e. if the sales volume exceeds the costs for bringing about the offer, thus, the store performance
can then be expressed as the bringing about of an offer that consumers are willing to pay for (Ghosh, 2012).

At this stage already, however, it is appropriate to bring two main definitional issues into the open. It is important to note that the “market” concept in the present study refers to a geographic area where sellers belonging to a certain industry compete and interrelate with buyers and that “competition” between stores is assumed to be formed by the “structure” of the market which refers to the organizational properties of supply (Baer, 2008).

2.2.2 Critical Literature Review

In the research done by McManus and White, (2011) which dealt with the challenges faced by corporations in incorporating ethics into their strategic management processes, the research was based on a survey of issues and the literature published in Europe, North America and Asia the finding indicated a definite gap between the implementation of strategy and the moral and ethical obligations of corporations. Given the decline in business ethics and recent corporate scandals it is proposed that ethics be brought back to the forefront of strategic management and integrated into the strategic management process.

The recommendation of the study was that, the strategic decisions of any large scale economic enterprise in a competitive global environment result in both benefits and harms. It is the responsibility of senior managers to distribute benefits and allocate those harms among stakeholders of their company (Ashforth, 2013). Some firms do this arbitrarily when or if done in a more thoughtful manner; the ethical principle offer the only form of analysis that is capable and from academic perspective, evidence that suggest commitment to the future of a firm will ensure efforts that are both cooperative and innovative.

Looking to the future, one can see that there is still a lot to do in this area. In the study done in Singapore by Chye (2004) titled “Organizational Ethics and Employee satisfaction” which examined the relationship between organizational ethics and organizational outcomes based on justice theory and re-cognitive and dissonance theory. The sample data were delivered from questionnaire survey of 237 managers in Singapore and the results obtained from decision trees indicate that organizational leaders can use organizational ethics as a means to
generate favourable organizational outcomes. Further, the results indicate there is significant and positive links between ethical behavior and career success within the organization and job satisfaction.

The findings also revealed that there is association between ethics and organizational commitment. Implication of the findings is that management support for ethical behavior and the association between ethical behavior and career success can be influenced by top managers in the organizations. Thus by consciously working on these variables, top management can enhance job satisfaction and organizational commitment among employees and in the work place. The current findings suggest that organizational ethics can help enhance job satisfaction and organizational commitment and thus profitability (Dansereau & Markham, 2009).

The above implication of the findings is that organizational ethics could be associated with organizational performance. This study has also the relating goals but this phenomenon was tested in public organizations whereby Uchumi Supermarket was the case study. In the paper done in Nigeria by Kehinde (2010) titled, “Effects of Ethical Behaviors on Organization Operations”. The researcher described how many modern organizations are today faced with numerous challenges such as illegal and unethical business practices in a number of business transactions. He explained how Code of ethics may affect the conducts of employees when they are properly set and adhered. The paper used a quantitative method with two hypotheses stated in the null form. Findings revealed that ethical behavior has effects on the operations of an organization and that good ethical behavior has a positive correlation with organizational outcomes. Suitable policy recommendations were offered which decision makers in business organizations and government functionaries will find highly useful. This paper reflects the theme of this study on the facts that it explores the ethical conducts of employees and their consequences on the performance of an organization. However, this research basically had a focus on Nigeria environment and particularly in Lagos.
Alternatively, a study was done in Korea by Yang and Grunig (2005) which titled “Decomposing organizational reputation: The effects of organization–public relationship outcomes on cognitive representations of organizations and evaluations of organizational performance”. The purpose of this study was to decompose common reputation measurement systems into behavioral organization–public relationship outcomes, cognitive representations of an organization in the minds of publics and evaluations of organizational performance. In the proposed model, tendency for active communication behavior and familiarity are suggested as correlated precursors of organization–public relationship outcomes (e.g. trust, satisfaction, commitment and control mutuality) and organization–public relationship outcomes are hypothesized to have a direct effect on evaluations of organizational performance as well as an indirect effect via the mediation of cognitive representations of the organization.

The authors investigated different types of five Korean-based organizations (two domestic corporations in different industries, a multinational corporation, a sports association and a non-profit organization), the recommendations were analysed, seen validate the model across different types of organizations. The findings of this study suggest that relationship outcomes lead to favourable representations of an organization and positive evaluations of performance of the organization (Chibanda, Ortmann, & Lyne, 2009).

In a study by Schwartz (2007), it was argued that individuals in an organization have their own motives which can be changed through the executive function by matching the goals of the organization and that of an individual and if this is done and corporation is achieved, then the system is considered effective. Also individuals accept orders from authority without questioning if the following conditions were met: understanding of order, consistency with purpose of organization, compatibility with personal interest and mental and physical ability to comply. Bernard also suggested three major executive functions to provide a system of communication to promote the securing of essential personal efforts and to formulate and define the organization’s purpose and objectives (Bernard, 2008). The decisions of managers have great impact in the society and hence they have to make decisions that shape the economy, the society as well as the lives of individuals within it for a long time to come, Drucker (1954).
In a study done in London by Rita (2008), that was based on detailed observation and data collection in 1993 on the introduction of quality management and the development of employee involvement programmes, the study revealed that 85 per cent felt that quality was a high priority for their firm. The participating population was therefore in organizations which already had introduced quality programmes. There was therefore a useful differentiation between mature quality programmes, those which were in a transitional phase of development and those which were just beginning to develop total quality management (TQM). It was therefore the focus of this study to reflect on organizations in Kenya particularly Uchumi Retail Supermarket Chain and to come up with findings.

Further, in a research done in Australia by Michael (2005) titled Management development, “developing ethical corporate culture in three organizations” the investigation was to look at three organizations (a naval shore establishment, a police academy, and a small, family-owned engineering firm) to see to what extent they had developed a culture that was both ethically and socially responsive. The investigation was carried out by speaking to key players, observing their organizations and by detailed analysis of the documents which related to this study. The findings revealed that the Navy has a set of values which overlap with the more general values of the Department of Defence (Court, 2005).

The Western Australian Police Service had an approach to developing an ethical corporate culture which included the establishment of a dedicated unit and running discussion groups and seminars. The family-owned and operated engineering business relies more heavily on an indirect approach based on following traditional family values. Three conditions were essential for developing an ethical corporate culture and these were: CEOs were ultimately responsible for the ethicality of their organizations: formal training programs were necessary to impart the required knowledge; and formal mechanisms were essential to facilitate the reporting of any behavior of organizational members that was deemed to be wrong, unethical or illegal.
2.2.3 Best Practices for Adoption in the Management of Supermarket with Chain Stores

According to Hong Kong’s Independent Commission Against Corruption (ICAC, 2007) supermarkets play an important role in serving the local community as they are places where the majority of the public shop for goods, food and grocery. Therefore, in this competitive business, it’s important for supermarket operators to maintain an edge, sustain business developments and foster consumers’ trust and this can only be achieved through upholding an ethical business culture and adopting good practices in their operations. As supermarket operations are diverse and broad in scope, it is important to focus on areas where abuse and corrupt practices could arise and each individual operator could make adaptations to the recommended practices and procedures to suit their own operational needs, including:

Corporate commitment to ethical practices – the Code of Conduct should include a statement that the company admits that integrity, accountability and fair competition are the business conduct, adopts “zero tolerance” against corruption, fraud and malpractices, demands the highest standards of business ethics from all staff and expects suppliers and business associates to conform to these standards, regards highly its moral and legal responsibilities in ensuring the health and safety of customers as a retailer of food products as well as seek to provide an efficient and courteous customer service (Frolic et al. 2012).

Rules governing acceptance of advantages and acceptance of entertainment – staff in particular those responsible for procurement of good items and goods for sale at the chain stores may be offered samples of food or goods or commission by suppliers. Such offers may be bribes in disguise and acceptance may affect one’s objectivity in conducting business, so supermarket operators should brave a policy prohibiting employees from accepting advantages which include any gift, loan, commission, employment, contract, services, etc from persons with whom they have official dealings. In addition, entertainment is an acceptable social activity but extravagant and frequent entertainment offered to the staff by suppliers or business associates may be a calculated act to sway them in order to build up a store of goodwill for future demands of favouritisms in the selection of suppliers. Supermarket operators should issue guidelines, advising staff in particularly those dealing in procurement and their supervisors to avoid accepting meals or entertainment that are excessively lavish or frequent.
Conflict of Interest – this is a situation which arise when the private interest of staff competes or conflicts with the interest of the company. The staff should be advised to avoid any actual or perceived conflict of interest and to report to their supervisors when such a situation arises, such as a staff member involved in the procurement process has financial interest in a company which is being considered by the supermarket operator in the selection of a supplier of a supplier under consideration in a procurement process is a close friend or relative of the staff member responsible for the procurement. This is a case of insider dealing (Trevino, 2010).

Handling of Confidential Information – staff may have access to confidential information such as commercially sensitive information relating to the supermarkets business, so to protect the interest of the operator and to prevent abuse, the classification of information should be made know to all staff. Areas such as information system scurrility, internet and email usage policy should be spelt out to all staff on their use.

Investment Restrictions – there should be clear guidelines governing investment by staff, for example, staff should be prohibited from dealing directly or indirectly in the company’s shares or other shares of any listed company at any time when in possession of information obtained as a result of his employment by or his connection with the company or its Group when such information is not generally available to the shareholders of the company or the public.

Effective Enforcement – to effectively enforce the Code of Conduct or Code of Ethics, the company should ensure that it has the full support of the management, incorporated in the company’s staff handbook, communicated to suppliers, clients and business associates to ensure that they are also aware of the company policy and the ethical standards expected of the staff, promoted through continuous capacity building workshop to foster good practices as well as ensure that it is updated as necessary (Trevino, 2010).
2.3 Research Gap

There are numerous recent researchers who suggest that there exist a relationship between organization performance with a history of employees’ violation of the law and continued illegal behavior. This study therefore intends to establish whether the same relationship exist in Kenya and how these two variables affects each other, specifically in public organization where Uchumi Retail Chain Supermarket Limited which has been chosen as the case study fall under.

2.4 Conceptual Framework

A conceptual framework is a pictorial representation where descriptive categories are systematically placed in a broad structure of explicit propositions, statements of relations between two or more empirical properties to be accepted or rejected (Stone & Archibald, 1993). It comprises of independent and dependent variables. An independent variable or the exploratory variable is the presumed cause of changes in the dependent variable. The dependent variable on the other hand is the one the researcher wishes to explain, it is thus called the criterion or predictor variable (Kothari, 2004).

Figure: 2.1 Conceptual Framework

![Conceptual Framework Diagram]

- The Employee Risk Triangle Theory
- The Social Disorder Theory
- The Stress Facilitation Theory
- Code of Conduct and Ethics
- Employees Ethical Conducts
- Employees Adherence
- Skills and knowledge on ethical conducts
- Organizational Performance and Profitability
2.5 Operationalization of Variables

In inputs the organization has expectations from each individual employee based on the set performance indicators and targets, and predicts the conducts that will advance its operations. The employee ethical conducts means adhered to integrity of the human conduct and this will facilitate organization to realize positive performance.

Under this scenario there is the direct link between ethical behavior and the performance of organization. If the employee is unethical it means does not follow standards of conduct of a particular group of people in society. Managers need to shape attitude of individuals in order to be ethical so as to realize the expected performance in actions corporate leaderships are impacted upon by the general environment of the organization in which they operate. Each culture is a product of its unique values, beliefs and rules of behaviors and has a particular leadership culture and a set of beliefs systems. These beliefs system are shared ways of interpreting an organization’s environment, its past and its future prospects.

In output the interaction of societal expectations and the way that a corporate leadership interprets and reacts to these pressures produces outcomes. These outcomes manifest themselves in a number of ways. If the individual and organization goals match and corporation is achieved the system is considered effective. Also individuals accept orders from authority without questioning if the following conditions were met: understanding of order, consistency with purpose of organization, compatibility with personal interest and mental and physical ability to comply.
2.6 Chapter Summary

This chapter discusses what other researchers have written on the subject under study as it pulls together, integrates and summarizes what is known as regards the area. It helps to determine what has already been done related to the research problem and suggest other procedures and approaches which would help improve the research study as well as determine new approaches and stimulates new ideas.

The conceptual framework therefore demonstrates that Code of Conduct and Ethics is quite instrumental in ensuring good financial performance management in an effort to effectively deliver the services. In the same way accountability, transparency and conflict of interest make the operation of controls in financial management possible and in so doing; financial management is smoothly carried out. However, there are other factors that seem to influence the effectiveness of accountability, transparency and conflict of interest.
CHAPTER THREE
RESEARCH DESIGN METHODOLOGY

3.0 Introduction
This chapter outlines the research methodology which offers an explanation into what type of research this study is all about. It also defines the population of the study and the specific sampling techniques to be used, methods of data collection and data analysis. This chapter is organized along the following subsection: research design, target population, sample size and sampling procedures, research instruments, data collection procedures and data design, data analysis and research ethics

3.1 Research Design
In this study, descriptive research design approach adopted. According to Sekaran (2009) descriptive studies are structured with clearly stated investigative questions. According to Nachmias and Nachmias, (2007), descriptive survey is used to obtain information concerning the current status of the phenomena to describe what exists with respect to variables in a situation, by asking individuals about their perceptions, attitudes, behavior or values. Descriptive research design is chosen in this study because the study aims at evaluation of the impact of business ethics on organizational profitability. The purpose of the study is to determine a certain aspect intensively and comprehensively so that one can get the background aspect and the current status. The study was viewed as an example of a class of events or group of individuals or institution.

3.2 Target Population
Borg and Gall (2008) described target population as a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target populations of this study were 160 respondents in top level management, middle level management and non-management staff of Uchumi Supermarket Ltd. Mugenda and Mugenda (2003) explained that the target population should have observable characteristics to which the study intents to generalize the result of the study. This definition assumes that the population is not homogeneous. As tabulated in Table 3.1 below.
Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Management</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>50</td>
<td>31</td>
</tr>
<tr>
<td>Non-Management Staff</td>
<td>95</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.3 Sample and Sampling Design

A sample is defined as subject of a population that has been selected to reflect or represent characteristics of a population (Kothari, 2004). Stratified proportion sampling was employed to obtain a suitable unit representative of analysis. This is because of the heterogeneity of the population and respondents all had equal opportunity of participation. (Kothari, 2004) argues that a stratified proportional sample increases a sample’s statistical efficiency and provides adequate data for analyzing the various populations. This method is cost effective, fast track data collection, and access to the unit of analysis and elements of the study.

The researcher used stratified random sampling technique to select the respondents. According to Mugenda and Mugenda, (2003), in stratified random sampling, subjects are selected in such a way that the existing sub-groups in the population are more or less reproduced in the sample. Kothari, (2004) observed that sample drawn randomly is unbiased in a way that no number of populations has any chance of being selected more than the other. From each stratum, certain 50 percentage respondents will be selected and be used to gather the required information. The sample size is tabulated as follows:
Table 3.2: Table Showing Research Study Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Management</td>
<td>15</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>50</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>Non-Management Staff</td>
<td>95</td>
<td>48</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>80</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study used both primary and secondary data. The most common tools of collecting data within the study approaches are through questionnaire methods, observation and interviews. Primary data was collected with a semi-structured questionnaire that will be self-administered by the researcher to the respondents.

Secondary data was collected from other already existing sources as well as previous researches. This was through reading relevant literature available in the library, various documents, publications and reports including, journals, and magazines.

3.5 Data Collections Instruments

The researcher used questionnaires as the main tool to collect data, the questionnaire were both structured (close-ended) and open-ended (unstructured) questions. Structured or close-ended questions are the questions with a list of all possible alternatives from which respondents select the answer that best describes their situation. They are easier to analyze since they are in an immediate form, and are economical to use in terms of time and finance. Unstructured or open-ended questions are questions which give the respondent complete freedom of response. The questionnaires were self-administered by the researcher by hand delivering them to the organization under study and were collected after a few days. The advantage in doing was that the researcher personally introduced the study topic to the respondents and clarified any doubts or questions that will arose.
3.6 Pilot Study

A pilot test involving 10 respondents was carried out to evaluate the completeness, precision, accuracy and clarity of the questions to the respondents. This ensured the reliability of data collection instruments used. A letter of introduction was attached to the questionnaires explaining the purpose of the study. The questionnaires were administered to the respondents. It is aimed at improving the quality and efficiency of the research process. At the same time it reveals deficiencies in the design of a proposed experiment or procedure which require finances, time and resources experiment or procedure which require correction before time, money and other resources are committed to the effort.

3.6.1 Validity

According to Mugenda and Mugenda (2003) validity is the accuracy and meaningfulness of inferences, based on the research results. One of the main reasons for conducting the pilot study is to ascertain the validity of the questionnaire. The study used both face and content validity to ascertain the validity of the questionnaires. Content validity draws an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample-population representativeness. Sekaran (2009) stated that the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

3.6.2 Reliability

Reliability is the ability of a research instrument to consistently measure the characteristics of interest over time. According to Orodho (2005) a reliability test of research instruments is one that consistently produces the expected results. Kothari (2004) points out that instrument reliability refer to the level of internal consistency or the stability of the measuring devices. They say that because of economy in time and labour, the procedure for extracting an estimate of reliability should be obtained from the administration of a single test.
3.7 Data Analysis and Presentations
Descriptive statistics such as mean, standard deviation and frequency distribution was used to analyze the data. Inferential statistics was used in drawing conclusions. Data in part A of the questionnaire were analyzed using frequency distributions and percentages to determine the profile of respondents. Data in part B will be analyzed using mean scores and standard deviations to main issues under the study.

The data was analyzed by use of descriptive statistics and specifically, means, averages and percentages were employed by the researcher. The data analysis tools were simple tabulations and presentations of the report using spreadsheets. The data will be presented using tables, charts and graphs. Data was analyzed using both qualitative and quantitative methods. Data was first coded and organized into concepts from which generalization will be made of entire population. Data was then be tabulated and frequencies calculated on each variable under study and interpretations made from the field findings. Percentages were then calculated and interpretation made.

3.8 Ethical Considerations
The researchers undertake various steps to ensure that the study adheres to research ethical standards. Research introduction letter was obtained from the participating institutions, Management University of Africa and Uchumi Supermarket Ltd

3.8.1 Informed Consent
Borrowing from Orodho (2005) the researcher ensured that through the principle of informed consent, complex as it is, and the respondents avoided of hang-ups that come with lack of clear expectations of the research. As Oliver points out, some respondents may be impressed by the status of the researcher, or even by the word research has used and may agree to participate without having a good idea of what the research is all about.

3.8.2 Voluntary Participation:

The researcher sought consent from the management of the Uchumi Supermarket Limited before administering the questionnaires. Participants were asked to verbally consent to
participate in the research, for which they were free to participate or not to. The researcher explained to them that the information that they gave was used only for the study.

### 3.8.3 Privacy

The potential respondents were not to be identified by name. Confidentiality of respondents was treated as a matter of priority. Further, the researcher used two methods in engaging these respondents before agreeing to answer the questions of this study.

### 3.8.4 Confidentiality

The researcher explained to the respondents that the data being gathered in this study would be treated in confidence and that the findings were meant for a project at the Management University of Africa. The researcher explained to the respondents that the data will be coded and no one, whatsoever, related the data to the respondents for both external and internal audiences of the project.

### 3.8.5 Anonymity

The researcher accorded the respondents their due respect while at the same time ensuring that they answer the questions to the expectations of the study, interjecting questions, intelligibly. The researcher picked respondents without any discrimination. This helped the researcher to receive truly anonymized respondents even to the researcher himself. This was achieved through self-administered questionnaires with an anonymous method of return.

### 3.9 Chapter Summary

The researcher adapted descriptive design; questionnaires were administered by the researcher personally to collect the data from a convenient sample of respondents. Research methodology offered an explanation as to the type of research this study was. This chapter has introduced and discussed the choice of grounded theory methodology as a suitable research methodology for this study. This chapter described the research methodology, including the target population, sample size, data collection instruments as well as strategies used to ensure the ethical standards, reliability and validity of the study was maintained.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This chapter presents the research findings of the study and discussion of the findings. It presents the analysis of the data. The purpose of this chapter is to present responses obtained from participants in the research project, the data analysis and findings aims to provide an understanding of an evaluation of the impact of business ethics on organizational profitability in Kenya with reference to Uchumi Supermarket Ltd.

4.1 Presentations of Research Findings

4.1.1 Response Rate

From the research, a total of 80 questionnaires were administered to the respondents. The questionnaire that were received as follows, 71 questionnaires were successfully filled, returned and taken as a sample. This gave a response rate of 89%. This response rate was favorable according to Mugenda and Mugenda (2003) who stated that 50% response rate is adequate, 60% good and above 70% rated very well.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful</td>
<td>71</td>
<td>89</td>
</tr>
<tr>
<td>Unsuccessful</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>100</td>
</tr>
</tbody>
</table>
### 4.1.1 Demographic Information of the Respondents

#### Table 4.2 Table Showing Socio-Demographic Characteristics of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td>Male</td>
<td>38</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>33</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>71</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age Bracket</strong></td>
<td>18-23 Years</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>24-29 Years</td>
<td>13</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>30-35 Years</td>
<td>22</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>36-41 Years</td>
<td>18</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>42 years and above</td>
<td>11</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>71</td>
<td>100</td>
</tr>
<tr>
<td><strong>Education Level</strong></td>
<td>Primary</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Secondary</td>
<td>8</td>
<td>11%</td>
</tr>
<tr>
<td></td>
<td>College/University Diploma</td>
<td>19</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s Degree</td>
<td>21</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>Master’s Degree</td>
<td>13</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>PhD</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>71</td>
<td>100</td>
</tr>
<tr>
<td><strong>Respondents Position</strong></td>
<td>Top Management</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Middle-Level Management</td>
<td>20</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Any other</td>
<td>33</td>
<td>61</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>71</td>
<td>100</td>
</tr>
</tbody>
</table>
The socio-demographic characteristic of respondents of Uchumi Supermarket Ltd is dominated by males 54% against females who are 46%. The views concerning an evaluation of the impact of business ethics on organizational profitability in Kenya with reference to Uchumi Supermarket Ltd were represented by all gender, and no single opinion can be attributed to a particular gender. Majority of the respondents Uchumi Supermarket Ltd is dominated by age group 30 - 35 years who constitute 31%, 25% are aged between 36-40 years, 15% are aged 42 and above, 18% are aged between 24-29 years and 10% are 18-23 years. The respondents who had college level education at 27%, respondents who had secondary education were 11% while 30% had bachelor’s degree, while Master’s Degree constituted 18%, primary and PhD had 10% and 4% respectively. The study took it necessary to examine the education levels of respondents. This was aimed at establishing how ones level of education could influence the understanding of the study variables.

4.1.2 Main Issues under the Study

Table 4.3: Ethical Conduct Awareness

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>Agree</td>
<td>36</td>
<td>51</td>
</tr>
<tr>
<td>Neither agreed nor disagreed.</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Strong Disagree</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

| Total                           | 71        | 100        |

From the table 4.3 51% of the respondents agreed that organization treat ethical conduct as a serious matter, 17% of the respondents strong agreed and 15% agreed that they are aware on ethical behavior while 15% neither agreed nor disagreed and 10% disagreed while 7% strongly disagreed.
### Table 4.4: Ethical behavior of employee can help to improve organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>17</td>
<td>24</td>
</tr>
<tr>
<td>Agree</td>
<td>36</td>
<td>51</td>
</tr>
<tr>
<td>Neither agreed nor disagreed.</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Strong Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

As shown in table 4.4 respondents were asked their opinion if Ethical behavior of employee can help to improve organization performance of Uchumi Supermarket Ltd 24% strongly agreed, 51% agreed, and 15% indicated Neither agreed nor disagreed while 10% disagreed. This shows that Ethical behavior of employee at Uchumi Supermarket Ltd affects performance.

### Table 4.5: If efforts are made to change employee’s ethical conducts

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great Extent</td>
<td>35</td>
<td>49%</td>
</tr>
<tr>
<td>Great Extent</td>
<td>30</td>
<td>42%</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>Little Extent</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Very Little Extent</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Respondents were asked if efforts are made to change employee’s ethical conducts at Uchumi Supermarket Ltd affects performance 49% indicated very great extent, 42% indicated great extent while 4% indicated moderate extent and 3% little extent while 1% indicated very little extent as shown in table 4.5.

**Awareness of Employees Ethical Conducts to Organization Performance and Other Variables**

The research question tried to examine the level of awareness on employee ethical conduct to organization performance and the results reveals that, there was a significant strong positive relationship between the awareness of employees ethical conducts to organization performance and gender as the correlation coefficient (r) was = 0.606 and positive relation with age as the correlation coefficient (r) was = 0.383. Extending the relationship to other variable apart from ethical conduct awareness and age, the results show that there was a slightly positive relationship between the awareness of employees ethical conducts to organization performance and ethical conduct description, since r = 0.305. On the other hand there was no correlation between the awareness of employees ethical conducts to organization performance and effect of employee’s ethical conducts since the correlation coefficient (r ) was = 0.000.

**Adequacy of Ethics Management in Enhancing Organization Performance and Other Variables**

Table 4:4 reveals that there was a positive relationship between the adequacy of ethics management in enhancing organization performance and changes on employee’s ethical conduct as the correlation coefficient (r) was = 0.308 and slight positive relation with awareness on ethical conduct as the correlation coefficient (r) was = 0.305, the relationship was, however, significant negative with age as the correlation coefficient (r) was = -0.543.

**Necessity of ethical conducts in achieving organization performance and other variables**

Table 4.1 reveals that there was a significant positive relationship between the necessity of ethical conducts in achieving organization objectives and changes of employees’ ethical conducts as the correlation coefficient (r ) was = 0.690 and also the correlation was significant
positive with gender as the correlation coefficient \((r)\) was \(= 0.541\), however the relationship was, positive with age which was \(= 374\).

**Examining Whether Changes in Employee's Ethical Behavior Will Enhance Organizational Performance**

Table 4:4 below shows that 18\% respondents strongly agreed and 66\% respondents agreed if efforts are made to change employee’s ethical conducts it will affect the performance of organization. Only 16\% respondents were not able to describe it at all. This implies that a total number of respondents suggested that, changes of ethical conducts in organization will affect organization performance. Apart from the situation revealed respondents suggested the strategies to be taken in order to change employees’ ethical conducts.

**Table 4.6 Necessity of Ethical Conducts in Achieving Organization Performance**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great Extent</td>
<td>35</td>
<td>49%</td>
</tr>
<tr>
<td>Great Extent</td>
<td>30</td>
<td>42%</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>Little Extent</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Very Little Extent</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Necessity of Ethical Conducts in Achieving Organization Performance**

Respondents were asked if efforts are made to change employees’ ethical conducts at Uchumi Supermarket Limited affects performance and 49\% indicated very great extent, 42\% indicated great extent while 4\% indicated moderate extent and 3\% little extent while 1\% indicated very little extent as shown in table 4.6 While others have different views on this, such a view could
also be attributed to lack of knowledge and skills that challenge their perception of the necessity of ethical conducts in achieving organization objectives.

4.3 Discussion

This study intended to ascertain whether employees’ ethical conducts had impact to organizational profitability. The study found out that there was a significant positive weak relationship between employees’ ethical conducts and organizational profitability as well as profitability and a positive weak relationship in other variables. In contrast, when the relationship was narrowed down to the streams that make up the studied group, the relationship was realized to be greater in unethical behavior stream than ethical behavior. Research revealed that there was a weak positive relationship between employees’ ethical conducts and organization performance and that this weak relationship cannot be ignored in ethical conducts for it is significant at 0.01 levels and insignificant in other variables such as organization policies, regulatory agencies and other stakeholders.

The same result was obtained in the study done in Singapore by Chye (2004) the results indicated there was significant and positive links between ethical behavior and career success within the organization and job satisfaction also the findings reveal that there is association between ethics and organizational commitment. It is evident from the study that employees’ ethical conducts plays a role but not a major and dominant role in organization success, and if management would improve ethical conduct of individuals among other things, organization would be successful in its performance.

The same results obtained in the research which was done in Australia by Michael, (2005) that three conditions were essential for developing an ethical corporate culture, these are CEOs were ultimately responsible for the ethicality of their organizations; formal training programmes were necessary to impart the required knowledge; and formal mechanisms were essential to facilitate the reporting of any behavior of organizational members that was deemed to be wrong, unethical or illegal. Nevertheless, the positive relationship observed from the study means that the increase of one variable leads to an increase in the other.
In a way, it is like saying that unethical conduct is tantamount to poor organization performance because of the realized connection between these variables, although the connection is not strong because the non-ethical factors seem to relate or to correlate much with organization performance than ethical conducts.

4.4 Limitations of Study

4.4.1 Confidentiality

This was one of the crucial limitations as the respondents were apprehensive in giving the information for suspicion that the collected information would leak to unauthorized persons. However, this matter was solved after the researcher showed the letter of introduction that gave the assurance that the information collected was for academic purposes only and that it would be treated with the confidentiality it deserved.

4.4.2 Lack of Cooperation

The researcher encountered poor cooperation from respondents initially but after explaining to them the purpose of the study and showing them the letter of introduction, they accepted to volunteer information. However, resistance from respondents primarily was due to unexplained suspicions as to the intentions of the study even though they were assured of their anonymity and that the findings were purely for academic purposes. The accuracy of the results therefore depended on the honesty of the respondents and it is the hope of the Researcher that honest responses were given regarding this study.
4.5 Chapter Summary

This chapter is the summary of the findings that the researcher found out from the field. It presents the findings in a narrative form that the researcher found out and the extent to which the variables identified and evaluated impacted on the business ethics on organizational performance and profitability. This research attempted to report the results of an exploratory study and data analysis and findings aimed at providing an Results further indicated that the organizations used these market strategy entries to a large extent. Regression results indicated that all the market entry strategies had an influence on performance of the firm. The study provides the significant findings to support the organizations effort in planning and development of budget allocation as well as development of strategies to address these challenges.
CHAPTER FIVE
SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction
This chapter consists of a summary of the findings of the research, conclusions relating to the research objectives, suggestions or recommendations on the study which was to evaluate the impact of business ethics on organizational profitability in Kenya with reference to Uchumi Retail Supermarket Chain Limited. Data relating to the objectives of study was collected and analyzed and the findings are presented in Chapter Four.

5.1 Summary of Findings
From the research, a total of 80 questionnaires were administered to the respondents. The questionnaires that were received as follows, 71 questionnaires were successfully filled, returned and taken as a sample. This gave a response rate of 89%. The socio-demographic characteristic of respondents of Uchumi Supermarket Ltd is dominated by males 54% against females who are 46%. Majority of the respondents Uchumi Supermarket Limited is dominated by age group 30-35 years who constitute 31%, 25% are aged between 36-40 years, 15% are aged 42 and above, 18% are aged between 24-29 years and 10% are 18-23 years. The respondents who had college level education at 27%, respondents who had secondary education were 11%, respondents who had bachelor’s degree, while Master’s Degree constituted 18%, primary and PhD had 10% and 4% respectively. The study took it necessary to examine the education levels of respondents. This was aimed at establishing how ones level of education could influence the understanding of the study variables.

Results indicated the information obtained from the data gathered reveal that only 16 percent strongly agreed that they were aware on the relationship between employee’s ethical conducts to organization performance, and 68 percent agreed on that. Also the other hand 16 percent were not able to describe it at all. On the other hand during interview some respondents (18 percent) shown that they were not aware on ethical conduct. This reveals that some employees misbehaved because they lack awareness on ethical conduct, the organization should sensitize the awareness of ethical conducts in order to enhance organization performance.
This is in agreement with ethics deals with the character and conduct and morals of human beings. It deals with good or bad, right or wrong behavior; it evaluates conduct against some absolute criteria and puts negative or positive values on it (Hanekom, 1994). Guy (2010) agrees with Henekom because he too views ethics as the study of moral judgements of right and wrong conduct. Furthermore, he views ethics as different from law because it involves no formal sanctions and it is different from etiquette because it goes beyond mere social convention and it is different from religion because it makes no theological assumptions. It is different from aesthetics because it is aimed at conduct and character rather than objects. It is different from prudence because it goes beyond self-interests of others. Ethics is both a process of inquiry and code of conduct. As a code of conduct, it is like an inner eye that enables people to see the rightness or wrongness of their actions (Guy, 2010).

From the data it shows that 18 percent strong agreed that changes in employee’s attitude will fever organization performance, 66 percent agreed if efforts are made to change employees ethical conducts it will affect the performance of organization. Only 16 percent were not able to describe it at all. This implies that a total number of respondents suggested that, changes of ethical conducts in organization will affect organization performance. Apart from the situation revealed respondents suggested the strategies to be taken in order to change employees’ ethical conducts.

The results show that employee’s ethical conducts is in line with the organization’s performance. Strategic goals are important for future performance. The findings shows that there were 16 percent who strongly agreed that organization give positive support in enhancing the skills and knowledge on ethical conduct to its employees, while 52 percent agreed on that. On the other side 16 percent were neither agreed nor disagreed while another 16 percent disagreed, this suggests that, such knowledge and skills have not been widely enhanced in the organization. This Study intended to ascertain whether employees ethical conducts has impacts to organization performance. It has been found that there was a significant positive weak relationship between employees ethical conducts has impacts to organization performance and a positive weak relationship in other variables.
In contrast, when the relationship was narrowed down to the streams that make up the studied group the relationship was realized to be greater in unethical behavior stream than ethical behavior. Research revealed that there was a weak positive relationship between employee’s ethical conduct and organization performance and that this weak relationship cannot be ignored in ethical conducts for it is significant at 0.01 levels and insignificant in other variables such as organization policies, regulatory agencies and other stakeholders. The same result was obtained in the study done in Singapore by Chye (2004) the results indicated there was significant and positive links between ethical behavior and career success within the organization and job satisfaction also the findings reveal that there is association between ethics and organizational commitment.

It is therefore evident from the study that employees’ ethical conduct plays a role but not a major and dominant role in organization success, and if management would improve ethical conduct of individuals among other things, organization would be successful in its performance. The same results obtained in the research which was done in Australia by Michael, (2005) that three conditions were essential for developing an ethical corporate culture, these are CEOs were ultimately responsible for the ethicality of their organizations; formal training programs were necessary to impart the required knowledge; and formal mechanisms were essential to facilitate the reporting of any behavior of organizational members that was deemed to be wrong, unethical or illegal. Nevertheless, the positive relationship observed from the study means that the increase of one variable leads to an increase in the other. In a way, it is like saying that unethical conduct is tantamount to poor organization performance because of the realized connection between these variables, although the connection is not strong because the non-ethical factors seem to relate or to correlate much with organization performance than ethical conducts.

From the participants’ researcher found that some (32 percent) were not able to describe organization ethical policy, this shows that the management has not well implement ethics policy skills among individuals. It is necessary to enhance and review ethical skills and knowledge for better organization performance. On the basis of the results and discussion, it is recommended that public organization should adopt ethical conducts so that cultivated among the employees from the initial stages of their work.
According to these findings, one could be made to believe that poor performance in public organization was a consequence of poor ethics management in such entities or it could be true that poor performance in organization was because of adherence to informal codes such as norms which were characterized mainly by isolation and solidarity, Chye (2004). Thus, unethical conduct was only one of the factors that were used in explaining the poor performance in public organizations and it should therefore be understood that poor performance is interplay of several other factors and not as how the public sees it although a large number puts the blame on ethical conduct only.

Basing on the current study, we can only assume that organizational performance can largely be explained based on factors other than unethical factors, such as governing corporate policy, economic factor and other control agencies. This implies that if organizations would put serious efforts to improve ethical conducts of employees, better performance and therefore would be realized.

5.2 Recommendations

Following the study conclusions, improving the ethical climate of an organization enhances and preserves its reputation, inspires loyalty and advertises that it has ethics message right. Thus the Board of Directors and management of Uchumi Supermarket Chain the strategies to promote ethical behaviour to include the following:

Evaluating Ethical Behaviour - it is important for organizations to undergo internal ethics audits on a regular basis as this will add great value to the organization. Also there is need to communicate and model behavioral standards from the highest levels of an organization down to the entry level positions. This ensures that there is no gap between ethical standards and the actual behaviour of employees. By regularly evaluating these standards and the behaviour of the organization’s leadership, compliance to ethical behavioral norms of an organization can effectively be promoted.
Train and Educating Employees - one strategy to improve the ethical behaviour of an organization is to constantly educate the employees on ethical values as this equips them with the knowledge of what kind of behaviour is expected of them. This can be done through seminars, conferences or periodic training.

Protecting Employees - one problem that might arise in the promotion of ethical guideline is the fear employees may have regarding their role in reporting unethical or questionable behaviour by another employee or even a superior. Employee must be assured that they will be safe from retaliation from other employees or supervisors who might be turned in for engaging in questionable activities. The best way to make this assurance is to offer employees a confidential channel through which they can report bad behaviour. A company ethics hotline is one way to increase employee willingness to speak out. Another might to be suggestion box kept in a secured location where other employees are not likely to see one of their fellow employees turning them in. Employees must be confidently assured that reporting bad behaviour is expected and safe.

Top managers on their part should see themselves as role models, be oriented and also realize that ethical behaviour can be managed and the only way is to avoid ethical dilemmas. Organizations should endeavour on their part to reward employees’ actions that are in line with ethical demand made on staff by members. On the other hand, employees that do not meet such demands should be sanctioned or punished.

Management should create ethical guidelines to help employees identify what their organization recognizes and value as acceptable business practices. This would include: A code of ethics could be an effective internal control on behaviour which is more desirable than external controls such as government regulations. A written code that would help employees in determining whether their decisions and/or actions are ethical. The process of formulating the code of ethics facilitates discussion among employees on what is right and wrong and ultimately creates better decisions.
From this study, it is recommended that an in-depth study be carried out to understand further the circumstances surrounding the excellent performances of privately owned supermarkets against the public and/or government owned ones which presence an interesting scenario as well as the role of information technology in enhancing organizational productivity.

5.3 Conclusion

The importance of the soundness of organizational performance cannot be overemphasized as a pillar for economic development of a country and based on the services rendered to the community; this contribute and help stimulate economic opportunities to be realized. The employees ethical conducts is thus the crucial part for the success of the organization to achieve its goals and objectives. This study revealed that organizations Uchumi Retail Chain of Supermarkets included do have a great challenge concerning ethical issues.

The assessment therefore, concludes that organization performance is the interplay of several variables and that employees’ ethical conduct plays a role in performance but not the major role. Employees thus may agree to co-operate and participate in ethical conduct improvement programmes while at the same time get involved in these disciplines, thus giving more of themselves in terms of intellectual and effective contribution. However, this requires a higher level of personal involvement.

Therefore, the study of employees’ ethical conducts contributes to the effort which in one way or another makes organization successful. The strong relationship between employees’ ethical conducts and organization performance are critical to achieving and maintaining competitive advantages as consequence earnings.
REFERENCES


APPENDIX I: LETTER OF INTRODUCTION

Anne C. Obaga
The Management University of Africa (MUA)
P. O. Box 29677-00100
NAIROBI


TO WHOM IT MAY CONCERN

RE: REQUEST TO UNDERTAKE RESEARCH IN YOUR ORGANIZATION

My names are Anne C. Obaga, a final year student at The Management University of Africa undertaking a degree course in Management and Leadership under the supervision of Dr. Leonard Wambu.

As part of my coursework assessment, I am required to undertake a research project on a management problem and I have identified your esteemed organization for this research study. I am conducting a study on “AN EVALUATION OF THE IMPACT OF BUSINESS ETHICS ON ORGANIZATIONAL PRODUCTIVITY”: A CASE STUDY OF UCHUMI RETAIL CHAIN OF SUPERMARKETS LIMITED.

For the purpose of facilitating the research work, I wish to collect data through the administration of questionnaires and personal interviews. In this regard, I would be grateful for your assistance in filling the attached questionnaire as well as according an opportunity for a face-to-face interview with yourself at a time of your convenience.

I wish to confirm that the information obtained is purely for the purpose of my academic work and therefore it shall be treated with the confidentiality it deserves. A copy of the final report shall be avail to you on request.

Thank you in advance for your understanding and cooperation and I look forward to your assistance.

Yours faithfully,

Anne C. Obaga
BML/9/00252/3/2014
APPENDIX II : QUESTIONNAIRE

I humbly request you to assist by providing the following information regarding the topic AN EVALUATION OF THE IMPACT OF BUSINESS ETHICS ON ORGANIZATIONAL PROFITABILITY: A CASE STUDY OF UCHUMI RETAIL CHAIN OF SUPERMARKETS LIMITED. Any information collected shall only be used for academic purposes and as such shall be treated with utmost confidentiality. The questionnaire will only require less than ten minutes of your time as such kindly spare time to fill in.

INSTRUCTIONS

Tick the appropriate response. (Tick one)

1. Gender
   Male ( )
   Female ( )

2. What is your age group a) 18-23 Years ( ) b) 24-29 Years ( ) (c) 30-35 Years d) 36-41 Years ( ) e) 42 years and above ( )

3. What is your highest level of education? (Tick one)
   Primary ( ) Secondary ( ) College ( ) Graduate ( )
   Post graduate ( ) Doctorate ( )

4. Your current position level in the organization
   Top Management ( )
   Middle-Level Management ( )
   Any others ( )

5. Please indicate your department?...............................................................................................................

SECTION B: ISSUES OF THE STUDY

Please read each statement or question carefully and circle one number which best describes how your organization regulates ethical questions.
6. Do you think organization has enhanced awareness on organization ethical conducts?

<table>
<thead>
<tr>
<th>Strong Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strong Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

7. Do you think ethical behavior of employee can help to improve organization performance?

<table>
<thead>
<tr>
<th>Strong Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strong Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

8. If efforts are made to change employee’s ethical conducts at your organization it will improve the performance of your organization

<table>
<thead>
<tr>
<th>Strong Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strong Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

9. What is your opinion on the impact of employee’s ethical conduct to organizational performance?

.............................................................................................................. …… ……
.............................................................................................................. …… ……
.............................................................................................................. …… ……
.............................................................................................................. …… ……

10. What is your opinion on whether changes in employee's ethical Behavior will enhance Organizational Performance?

.............................................................................................................. …… ……
.............................................................................................................. …… ……
.............................................................................................................. …… ……
.............................................................................................................. …… ……

11. Necessity of ethical conducts to organizational performance

<table>
<thead>
<tr>
<th>Strong Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strong Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Thanks for your time and for being part of this study