



# The Moderating Role of Ethical Leadership between the Factors Influencing Procurement Performance: A Case of Home Textile Industry of Pakistan.

Toqeer Zafar\*1, Muhammad Ahsan Chughtai², Farooq Ihsan³, Qurratulain Ahsan⁴

1\* MS Scholar, Department of Management Sciences, Bahria University Lahore Campus,
Punjab, Pakistan & Manager Procurement, Kamal Textile Mills

2Lecturer, Lahore Business School, The University of Lahore, Punjab, Pakistan.

3Branch Manager, National Bank of Pakistan, Punjab, Pakistan.

4Assistant Professor, Lahore Business School, The University of Lahore, Punjab, Pakistan.

Corresponding author: togeer.zafar87@gmail.com

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Procurement performance has been under reflection for the past few decades due to its ever-swap measurements with time. Resource-based view explained the communication and relationship of Procurement Planning, Staff Competency, Procurement Procedures, Resource allocation along with the moderator of Ethical Leadership on Procurement Performance. In this study, these variables were examined for the Home Textile Industry of Pakistan. The population is unknown in this study as a researcher does not know about the right numbers of procurement staff in the home textile industry that's why the convenience sampling technique which is a sub-type of non-probability sampling seems the most appropriate for this study, HR department and personal relation with some staff members of home textile organizations are selected to regulate the questionnaire within this industry for employees fall in the bracket of Procurement Staff. Due to an unknown population, data collected from a sample size of 384 is given in the table (Krejcie & Morgan, 1970; Saunders et al., 2007). The total expected sample size is 384, but to be on the safe side while data collection, composed data from at least 400. The total number of respondents is 400. The data gathered was further analyzed through SPSS and Smart PLS. The results indicate that Procurement Planning, Staff Competency, Procurement Procedures, Resource allocation along with moderator of Ethical Leadership have positive impact on Procurement Performance. Practical and theoretical implications have also been discussed.

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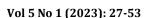
# Introduction

In Pakistan, the Procurement department within the private sector faces too many challenges in the development of expertise, skills and purchasing professional retention. (Wirahadikusumah et al., 2021) says that the factors that influence procurement performance are always different in both developed and developing countries. There are number of home textiles in private sector in Pakistan and they are continuously doing their efforts towards setting up the procurement process operations within their organization to get better performance and profitability.

Undoubtedly, procurement performance is one of the core element of progressive companies since it take apart to competitive sourcing and acknowledgment of best quality product and services from the market (Hamza et al., 2016). However, lack of efficiency in procurement leads the organizations towards loses instead of profitability and ethical leadership and work related to their behaviors contributes to decrease of profitability of private sectors (Somba, 2017).

Ethical Leaders are the ideal for the employees as they can easily shape the employee's behavior because the employees are stick to leader's behavioral patterns as they notices, replicate and match with their working methods to ensure the conformity with the standards of their performance (David et al., 2021). To Explore the Ethical norms in any Organization, Leaders play an ethical and important role to maintain these norms. (Frambach et al., 2016). Organizations have deep impact of Leadership in their interior culture. Leadership is observed one of the essential features while determine the behavior of customers in any organization (Hsiao et al., 2015). Leadership also one of the major tools in every organization to tackle with Staff and their behaviors, Core responsibility of leaders to maintain communication and relation between their staff so that they do their work with progressive approach towards Organization (Cheung & To, 2021).

There will hardly be not any exaggeration in it if we say that the procurement is not a latest notion in this business world written red clay tablet recently founded in Syria. A claimed by them "50 containers of perfumed soft oil for 600 small weights in grain" was the ancient purchase order provided in the region of 2400/2800 BC (Coe 1989; Thai 2001). Further procurement contract between China and Greek in 800 BC for Silk business recorded in the history. Despite of all these agreements there were no any experienced purchasing attested body on that time that is responsible for all procurement activities, only counted commission agents were available to manage all matters regarding these purchases either for government or civil units (Huston et al., 2001). To stimulate potent management of supply chain, Stow of chronicles taken by an organization is called procurement practices. (Sollish & Semanik, 2012). The triumph of private sector based on procurement. Usage of exact action is the way to aggressive sourcing and gets quality material. The core intent of procurement is related with standards, financial and technical risks chopping, fabricate honesty in the organization and safeguarding of competitions. (Walter et al., 2015). Expansion of business needs procurement strategies. To achieve the goals of procurement, it is important to have knowledge regarding internal and external forces. Opposed components such as professionalism, staffing levels and





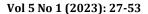
budget resources, organizational structure (centralized or decentralized), procurement regulations, rules, guidelines, and internal control policies and connection between them have impact on Organization Performance (Kim et al., 2013). Inferior quality of work material, decrease in profitability acknowledge when there is no steps taken to improve the procurement performance in any private sector organization. According to Juma (2010), due to traditional procurement methods, Incompetent staff, lack of relation among procurement activities, lack of quality insurance private organizations face poor procurement performance.

Combination of honesty, trustworthiness and loyalty in protection of any one direction and obligations is Integrity, and also hesitation to disobey rules and regulations without concern to any temptations, cost and liking of others (Schlenker, 2008). To enhance the benefits in any shape with intention to cheat someone rather than being honest (Riyanti, 2015). Above mentioned characteristics and thoughts towards Procurement managers are directly connection with two pillars of ethical leadership in which moral person and moral managers are identified with characters, personal traits, motivation their behavior, attitudes, honesty and moral responsibility for the prosperity of performance of any organization. (Trevino et al., 2000a; Treviño et al., 2003; Brown et al., 2005).

Textile industry refers to mature industries for the development of any country. Home textile industry is growing rapidly in Pakistan and contributes in economic expansion while having exports of 60% of the whole country. http://www.textile.gov.pk/ 2022. Home textile industry contributes major role in Pakistan economic situation. Pakistan is 8th highest exporter in Asia and this sector contributes 8.5% to the GDP of Pakistan. Ghani, A., September 25, 2006.around 21 Bn Dollar earning in 2021 from textile industry in Pakistan (19-Feb-2022 — Minister of State) Pakistan ranked 4th in the production of cotton in the world. The home textile industry is the main pillar of Pakistan's exports; since 4 decades it has been the major aspect of generating jobs and foreign currency for the country. In Asia, there are different sectors of textile industry including weaving, spinning, dyeing and finishing facilities. Potency of supply chain management which have connection to procurement is related to home textile sector as it minimizes the cost and time required for material arrival to provide top quality product to the end customer. (Ghani, September 25, 2006)

In home textile industry of Pakistan, it has been observed that the qualification and skill set of procurement managers working are not such that they can run the procurement process effectively. In Pakistan, procurement performance still known as accessory rather than necessary to business dealings. Furthermore, procurement manager's morals, ethics and honesty can cut the price complexity among the competitive suppliers and get advantages for organization. Therefore, the subject study has been designed to understand the issues related to procurement performance in the home textile industry of Pakistan.

There are a lot of different studies which have mainly attention towards procurement performance in other industrial business of the world, but there is no working and familiar study that has been specifically supervise such factors those have impact or influence on procurement performance of any organization with the intention of ethical leadership of





procurement managers in the home textile industry of Pakistan. (Hamza et al., 2017). Previously we have many studies in which Employees contribution and Procurement policies influence in performance majorly, while in this study other factors like Planning and resource allocation with arbitration of Ethical Leadership also discussed within Home Textile Industry of Pakistan (Hussein, 2019). Following research objectives addressed by this research.

- To determine the influence of procurement planning towards procurement performance in the home textile industry of Pakistan.
- To explore the impact of procurement procedures towards procurement performance in the home textile industry of Pakistan.
- To examine the effect of staff competency towards procurement performance in the home textile industry of Pakistan.
- To determine the impact of Resource allocation towards procurement performance in the home textile industry of Pakistan.
- To study the impact of ethical leadership towards procurement performance in the home textile industry of Pakistan.

# **Literature Review**

# **Ethical Leadership**

Ethical Leadership has great influence on Procurement department of any firm, Former study is restricted to staff, lead time required and other characteristics of procurement and their products but no one explain Ethical behavior of managers, their personality, relation and effects with employees and organization performance within home textile industry of Pakistan (Javed et al., 2021). Incompetent staff and their training, focus on Planning, Implication of policies and locate resources within Procurement department of home textile industry of Pakistan to get maximum point of performance is aspect of this study (Hamza et al., 2017).

#### **Procurement**

A procedure of knowledge to attain commodities and assistance which covers purchasing, buying and other activities by which one can attain to identify latent vendors. (Mangan et al., 2008). According to (Giunipero et al., 2006; Hines, 2006; Porter, 1998; Triantafillou 2007, Van, 2000). Campaigns related to purchasing of goods, services, acknowledgment of business needs, from the authentic sources, with best of their quality and according to required quantity, with the negotiation of suppliers regarding fair prices and to get these goods and services on proper required time for the beneficiary and profitability of organization is procurement. Below mentioned are the utmost Factors which have deep influence on the Performance of procurement department in any organization.

# **Procurement Planning**

Performance of any organization is dependent upon the proper planning process and methods. (Gambo & Musonda, 2021). Organizations get desired goods and services from



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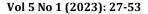
surface suppliers by obtaining sourcing techniques are called procurement planning (Burt et al., 2004). According to (Nuwagaba & Molokwane, 2021) Supplier selection, time cycle to manage contracts and identification of good and services are the major aspects of planning to measuring performance of any Organization. According to need of concern departments of company a plan is maintained and some documents and their acquire details have been collected from vendor is procurement plan. To attain the positive and progressive purchasing working procurement planning is the core factor for any organization. (Basheka, 2008). Likewise, (James, 2004) stated that the planning and its factors perform under the consonance climate. In addition to that, the main purpose of procurement planning is to identify that what to actually need to be procure, at what time this procurement must ne occur, from which supplier it is need to procure and how many funds in hand have source it, what kind of procedures attempted to purchase, what can be happened to end user if there is any delay in sourcing of any goods and services, efficiency in buying activities.

One of the basic practices of efficient buying behaviour is to allocate the exact and authentic suppliers for purchasing contracts (Peter, 2012).it is the procedure of procurement of anything for the company that first manager needs to have knowledge regarding what kind of thing or goods or services he need to procure, secondly the methods required for the purchasing of that item should be well minded in details and at the end delivery to be required is decided. As per explained by (Quentin, 2003), some of the major reason of procurement planning are as follows: it guides managers what to source, at what time they need to source, from which vendor or source they need to purchase, it helps purchase manager to plan according to the requirement and expectations of the organization like to get or procure goods and services on short notice period or not one of the core opportunity for all other departments related or communicate with procurement to manage their orders and discussed with each other's.

H1: Planning in procurement department has a positive impact on the procurement performance.

# **Staff Competency**

Competency of an employee is the basic feature to predict the behavior of one's personality towards various jobs (Kaur & Kaur, 2021). Core competencies serve as a base for employees to improve and excel in a particular domain (Krishnaveni, 2021) Competency in Procurement Process is the plea of expertise and awareness regarding vital goods and services to deliver them timely with effective behavior for doing all work done (Armstrong & Baron, 1995). Cognition and expertise required to push others to react in different scenario is competency (Aketch & Karanja, 2013). Lack of related knowledge in procurement may conclude inconvenience causes within the rules and regulation of any organization. (Russell, 2004). As per stated by (Banda, 2009) there are lot of companies who don't have competent staff within their procurement departments and this deficiency cause for the continuous investment on the training and grooming of their employees. (Sultana, 2012). Multiskilling is also groom and expands the expertise of employees so they must acquire education and training. One of the essential requirements for the team procurement performance is to educate





employees with the importance of improving their skills and expertise. (Leenders & Fearon, 2002)

The extant of step wise design of purpose related to performance parameters and process directions have relation with individual or group performance towards the company achievements and also get belief of higher management which need proper acknowledgement (Baily et al., 2005). There are many companies who have not sufficient competent or skilled staff with the exact knowledge of procurement, these companies should have such programmers to developed competencies within their staff behavior and working to get beneficial (Banda, 2009) According to (Berger & Humphrey, 2007), procurement activities handled by professional and skilled managers is the main aspect of the profitability of any organization. Furthermore, (Sultana, 2012) explained that Employees have efficiency to contribute in the accomplishment of the goals and aims of the company.

H<sub>2</sub>: Staff Competency has a positive impact on the procurement performance

# **Procurement Procedure**

To manage effective procurement of any organization, procurement processes has the potential to save time and money and increase the compliance (Nduhura & Tshomb, 2021). (Moncska et al., 2010) explained that policies lead the staff of organization towards the performance of working, control their attitude or reveals how the purchase activities use to reach goals. Companies should develop authentic buying features that evolve all policies of the procurement working such as vendor allocation, deal negotiation, placement of contact and their payment schedule (Jennifer, 2014). It is fact that for the regulation and prosperity of the procurement department, procurement procedures play vital role. Baily et al. (2005) explained that purchasing policies liable to be mark indigent reporting and anchor on unit price instead of futuristic relations one of the failure in attaining goals of any organization is the lack of procurement procedures. To meet their targets, organizations take step to maintain their policies which allow them to developed their rules and regulation according to plan (Burt et al., 2004)

Procurement functions has deep influence on the business performance and in modern organizational structure, there is no any space of traditional outdated procedures. (Moncska et al., 2010). At the end, based on Eriksson and Westerberg (2011), Authenticity among interior relations, existing culture and past evaluation on resources are the component which control buying behavior.

Organizations would crash to attain their required objectives if there are no any procurement procedures. Intense customer dissatisfaction, employee turnover and lower performance are the causes due to not having interest in procurement procedures, processes and plans by any organization (Artley & Stroh, 2001; Amaratunga & Baldry, 2002; CIPS Australia, 2005).

Batenburg (2006) brief that organization who are good enough in practicing buying parameters, surrender profits such as cut off in their cost, gain maximum profits, chain of better supplies, upgraded their quality norms and last but not least competitive advantages. An organization cannot be measuring his efficiency to doing activities of purchasing right or wrong

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until they acknowledge procurement performance. Procurement procedures provide information for analysis and decision making for any firm. Also provides information to higher management regarding potentials and also provide motivation to purchase departments (CIPS Australia, 2005)

H<sub>3</sub>: Procedures strategies in sourcing department have a practical effect on the performance of any sector

#### **Resource Allocation**

The procedure to evaluate the best possible method to attain at hand advantages or capital in the completion of desired goal is called resource allocation. For the achievements of their goals, every company seek to allocate their resources by cut off their cost and increase profits utilizing strategic planning techniques, operational guideline and implement rules and regulations (Shantanu et al., 2012). The first step of resource allocation is the planning procedures where a company composes its long time vision and goals. Due to the unawareness regarding importance of resource allocation on performance, many organizations take steps opposed to the fundamental theory of procurement (Danis & Kilonzo, 2014). Assets can be categories in two main heads: materialistic and non-materialistic. Materialistic assets are those can be touchable and measured like manufacturing machinery, assembly plants, and legal relay structure. Non-tangible are those assets which have specifically relation with company background and have collected by past period. (Michael & Hoskisson, 2007).

H<sub>4</sub>: Procurement performance of any organization is affected by resource allocation

# **Ethical Leadership**

The presentation of controlled behavior through individual acts and personal relationship, and encouragement of this behavior in team mates with face-to-face communication, augmentation and governance is called Ethical Leadership (Brown et al., 2005, p. 120). Organizational Culture has been shaped and deeply influenced by the top leaders of that organization. (Schneider et al., 2017), Ethical leadership is an extraordinary set up that encircle penetration like honesty, rationality and leadership (Eisenbeiss et al., 2015). Honesty is the feature of ethics that shut in the assumption of equilibrium between an organization benefit and its legal procedures. Ethical Leadership plays an essential role in strong bonding between organization and their stake holders, furthermore it also have deep impact to developed a healthy environment within organization where the employees get natural atmosphere and quality of life. (Eisenbeiss et al., 2015),

Delivered behavioral messages, having effective motivation, credible role modelling, caring and being fair are some of the elements of excellent supervision (Brown et al., 2005). Ethical leadership has two measurement, honest person and honest manager (Brown et al., 2005). The sincere person area is related to integrity, trustworthiness and morality towards organization (Brown and Trevin~o, 2006). Cognitive approach has remarkable influence on belief. (Avey et al., 2011), noble and sameness recognition (Yidong et al., 2017), mixture of firm's loyalty and rational approach (Neubert et al., 2009), has useful influence on employee's behavior (Gao and

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He, 2017), job matureness and work stimulation (Toor & Ofori, 2009). Integrity is one of the essential fluids of ethical leadership for the development and expansion of Performance of any organization. According to (Prottas's, 2008) research using quintile and multi component analysis, satisfaction at work and daily routine matters have beneficial connection with perceived ethical behavioral leadership.

H<sub>5</sub>: Ethical Supervision has useful influence on the performance of any organization procurement department.

# Moderating role of Ethical Leadership between Procurement planning and procurement performance

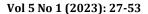
Drafting is one of the essential aspects of procurement and without ethical norms this area is not completed. Comprehensive ideas of designing, management and supervision, crew, maintaining and relation with purchase working and schemes are the main areas in the company. Planning to obtain something includes all the exercises important to buy the output and services required from outsource. Ethics is not only about behavior but covers thinking, dialect, purposes, processes and sense that refers the choices people make in their routine that affect their own welfare and that of others (Wassermann, 2000). It is not only regarding our reactions, thoughts or doing. Other reasons that influence, the plan of our action whether is ethically sound or not in our buying behavior and decision making.

Ethical behavior is generated internally like organizational culture. As per (Bowen, 2004), these proportions had an impact on moral planning and step taking through characteristics like, the stage of best reporting, the match up of the upper management to the dominant coalition and how the morality of person to person were transfer in upper-level meetings. According to (Rahman et al., 2007), Ethical leadership is essential to improve the professionalism. Leaders show good ethics to overcome the planning disputes of procurement departments within the organizations and as they are the role model for other employees, they have positive influence on Planning. Workers of any firm normally observe the values and practices of organization (Gupta & Sulaiman, 1999; Zabid & Alsagof, 1993). The attitude of the upper level in charge and the immediate team leader is a bench mark for others to maintain their behavior ethical strong in the planning department of an organization. Ethical Leadership have main role in grooming the ethics of procurement planning as leaders show to their staff how to give best in term of integrity and other ethics for the betterment of their organization.

H<sub>6</sub>: Ethical Leadership has a positive impact on the procurement planning of any organization

# Moderating role of ethical leadership between staff competency and procurement performance

In procurement department Staff competency is one of the major parts for doing task with authentic and good behavior along with ethics to delivered good services efficiently on time. (Armstrong & Baron, 1995). Deficiency in self-expertise and non-availability of ethical norms within staff can harm the rules and working of any organization (Russell, 2004). For Explaining Staff reservations, ethical leadership is one of the potential basic variables. Brown et al., (2005, p. 120) define ethical leadership as "the demonstration of normatively appropriate conduct





through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two way communication, reinforcement, and decision making". Many Studies intimate that ethical leadership though a developing idea has a lot of power in determining how organizations can achieve maximum productivity (Brown & Treviño, 2006; Brown et al., 2005). Brown et al. (2005) consider ethical leaders as those who are sincere, reliable, fair and tender, those that do their work fairly.

Consistent with Brown et al. (2005), we see employees of any organization have fair and moral behavior as main characteristics of ethical leadership in regards of virtue and decent areas. Employees are those particular of the organization that are assumed to play either a natural motivational part in encouragement of workers' personal growth, or an extrinsic inspiring role as a main feature for attaining work objects (Bakker, 2011). Ethical Leadership can play an affected role in fostering one's growth, skills and progress and also encourage employees to fulfill their objectives. (Bakker et al., 2003; Karatepe & Olugbade, 2009). To achieve the goals, every company needs their staff to be ethically sound (Coetzer & Rothmann, 2007; Hakanen, et al., 2005; Xanthopoulou, 2009).

H<sub>7</sub>: Ethical Leadership has a positive impact on the staff competency of any organization

# Moderating Role of Ethical Leadership between Procurement Procedures and Procurement Performance

Treviño et al. (2006) defines organizational procedures as subset of their civilization, moral, standards, "a subset of organizational environment, conclude a multi-face teamwork among different 'formal' and 'informal' systems of ethical control." Informal characteristics included attitude, values, perceptions, norms, and values inside the firm. Organizational moral values can be joined by healthy exact formation such as rules and regulations, firm's procedures and their methods. By these set of laws, organizations can differentiate between right and wrong ways of ethics.

Leaders and their team mates can only be achieving high quality norms of their organization by forcefully obey rules and regulation. For example, Ethical leaders can influence the behavior of other team mates and coworkers or subordinates only when they choose reward and punishment respectively for their own self in terms of ethical or unethical conduct of norms and laws. Organization hired ethical employees for the attainment of their objectives.

H<sub>8</sub>: Ethical Leadership has a positive impact on the Procurement Procedures of any organization

# Moderating Role of Ethical Leadership Between Resource Allocation and Procurement Performance

Ethical Leadership has important impact on Allocation of resources, every organization need to cut off their prices, and get beneficial with the use of their external and internal resources. Integrity, honesty, morality, self-esteem are the important factors for the leader or



managers of any organization while using resources to get things done. (Eisenbeiss et al., 2015).

H<sub>9</sub>: Ethical Leadership has a positive impact on the Resource Allocation of any organization

# **Hypothesized Research Model**

The research model for the current study is given as Figure 1. This model represents that Procurement Planning, Staff Competency, Procurement Procedures and Resource Allocation are independent variable while Procurement Performance is dependent variables. In this model, Ethical Leadership acts as a moderator.

**Ethical Leadership H6 Procurement H1**  $H^{\prime\prime}$ planning H/8 H/9 Staff **H2** Competency **Procurement Performance H3 Procurement Procedures** H4 Resource Allocation

Figure No 1: Hypothesized Research Model

# **Research Methodology**

A research method refers to research choices available for researchers. In business-related academic research, there are two types of data available for scholars: qualitative and quantitative. These two data types can change the collection method and analysis procedure of the study. The quantitative data includes numbers used in this study for data collection (in the form of questionnaires) and data analyses (in form of statistics and graphs) (Saunders et al., 2007). In this study quantitative data method was used.

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# **Population and Sampling**

The population of a research study is the comprehensive group on which the study is conducted and the results would be applied after an examination. Procurement staff will be pertinent to the process, function and decision making of the procurement function in the Home Textile industry of Pakistan. These will be the entire group and target group of the study. This study performed a cross-sectional survey of the population of all home textile organizations in Pakistan.

The amount of independent taking part in the study through responding on survey which is selected from the general population is called sample. As this study has an unknown population that is why planned to collect data from a sample size of 384 given in the table (Krejcie & Morgan, 1970; Saunders et al., 2007). The total expected sample size is 384, but to be on the safe side while data collection, composed data from at least 400. The total number of respondents is 400. The approach used in this study is a deductive quantitative approach by using questionnaires and collecting quantitative data.

# **Sampling Techniques**

The sampling technique used in this research study is convenience sampling which is a sub-type of non-probability sampling. As quoted by Sekaran and Bougie (2016), the respondents are generally selected due to their presence at the right place at the right time. HR personnel of different Home textile organizations and personal relations with some staff of home textile organizations are selected to regulate the questionnaire within this industry for employees related to the bracket of Procurement Staff. The convenience sampling technique used in the study explains because of an unknown population and it is unable to do it simply randomly as a researcher doesn't know the right number or area of every procurement staff of the home textile industry working in Pakistan. Convenience sampling seems the most appropriate for this study.

# **Data Collection**

Data collection is very critical for each study as it directly belongs to the reliability and validity of the results. The questionnaire defined by Sekaran and Bougie (2016), is a stow of written questions to which respondents are used to mentioning their answers. The data was collected through online means. A questionnaire is developed and made on Google Forms and issued. These questions have a very easy understanding so that respondents can answer comfortably

#### **Measures**

The scale of measurement is defined as the uttering and classification of a variable. According to Sekaran and Bougie (2016), the measurement of scale has unique effects that explain the desirability for the use of statistical analysis. In this current study, the scale used is the Likert 5-point scale. It varies from strongly disagree = 1 to strongly agree = 5. It uses a close-ended type of question. It is used to measure how an individual reacts to a specific situation. A series of questions are used for respondents to classify their responses according



to their preference (Rating Scale, 2020) such as (Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, Strongly Agree = 5). The items measuring the four factors of procurement performance has been adopted from the scale developed by (Hamza et al., 2016) and the items for ethical leadership has been adopted from (Brown et al., 2005)

# **Data Analysis and Results**

# Reliability

Cronbach's alpha is used to verify the variable's internal consistency and reliability. Reliability analysis is used to define whether the items appropriately construct and interpret one idea in a unique way possible. It shows the inter-item flexibility. It checks how a group of variables measure the observed construct. According to the previous studies, if the value of Cronbach's alpha is higher than 70 percent, it indicates that model measurement is overall reliable. If the value of Alpha is between 70 and 90 percent, the model is deemed truly reliable whereas Alpha's value below 60 percent is indicated opposite and the data is considered unreliable further investigation is required to check and validate this data. Results of Cronbach's alpha showed that procurement planning has 94.5%, Procurement Staff has 95.4%, Procurement Procedures has 93.7%, Resource Allocation has 90.2% Ethical Leadership has 96.8% and Procurement Performance has 94.8% and all these above results show that data is acceptable and reliable for further statistical analysis

Table No1: Reliability & Validity Analysis

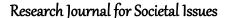
	Cronbach Alpha	No. of Items	Composite	Average
			Reliability	Variance
				Extracted
				(AVE)
Procurement Planning	0.945	8	0.765	0.541
Procurement Staff	0.954	10	0.835	0.582
Procurement Procedures	0.937	8	0.895	0.542
Resource Allocation	0.902	5	0.949	0.743
Procurement Performance	0.948	11	0.926	0.523
Ethical Leadership	0.968	9	0.725	0.562

# **Validity**

After running the Validity analysis in SPSS we get results that explain no value has been lower than .7 so they are conversion on their variables. We also tested the Square root of each latent variable of the model must be high than the criterion of correlations and must be high value of every column and row represents the diagonals.

Table No 2. Validity Analysis

ITEM	Factor Loading	ITEM	Factor Loading
ProcPlanning1	0.814	EthicalLeadership1	0.870
ProcPlanning2	0.734	EthicalLeadership2	0.856
ProcPlanning3	0.815	EthicalLeadership3	0.818





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ProcPlanning4	0.750	EthicalLeadership4	0.877
ProcPlanning5	0.765	EthicalLeadership5	0.860
ProcPlanning6	0.736	EthicalLeadership6	0.878
ProcPlanning7	0.821	EthicalLeadership7	0.855
ProcPlanning8	0.758	EthicalLeadership8	0.860
StaffCompetency1	0.879	EthicalLeadership9	0.860
StaffCompetency2	0.827	ProcPerformance1	0.792
StaffCompetency3	0.846	ProcPerformance2	0.798
StaffCompetency4	0.772	ProcPerformance3	0.836
StaffCompetency5	0.854	ProcPerformance4	0.804
StaffCompetency6	0.816	ProcPerformance5	0.850
StaffCompetency7	0.849	ProcPerformance6	0.849
StaffCompetency8	0.842	ProcPerformance7	0.839
StaffCompetency9	0.838	ProcPerformance8	0.819
StaffCompetency10	0.775	ProcPerformance9	0.866
ProcProcedures1	0.848	ProcPerformance10	0.862
ProcProcedures2	0.702	ProcPerformance11	0.868
ProcProcedures3	0.777	ResAllocation1	0.748
ProcProcedures4	0.721	ResAllocation2	0.805
ProcProcedures5	0.859	ResAllocation3	0.910
ProcProcedures6	0.719	ResAllocation4	0.907
ProcProcedures7	0.832	ResAllocation5	0.848
ProcProcedures8	0.737		

Table No 3. Validity Analysis

	EL	PP	PProc	PPerf	RA	SC
EL	0.403					
PP	-0.479	0.664				
PProc	-0.544	0.465	0.735			
Pprf	0.411	-0.353	-0.333	0.723		
RA	0.311	-0.264	-0.213	0.381	0.862	2
SC	-0.531	0.761	0.649	-0.379	-0.218	0.694

#### **Structural Model Evaluation**

For the testing of hypothesis, a multiple regression method was used in this study. Results were obtained through SPSS linear regression with Enter method. With the following results, we can see the direct and indirect effects between the variables. R value tells us the correlation between DV (Procurement performance) and IV (Procurement Planning, Staff Competency, Procurement Procedures and Resource Allocation) whereas R square tells us percentage change in DV that can be accounted by IVs. The Sig value in ANOVA table tells us how significant the relation of R square is between IV and DV is.

**Table No 4: Regression Model Summary** 



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R	R Square	F	Sig	
.3023	.2914	13.3414	0.000	

In the model summary table, we have R value, that is .3023, which tells us about the quality of prediction between predictors, that are, Procurement Planning, Staff Competency, Procurement Procedures, resource Allocation on the prediction, that is Procurement Performance on the predictor. It is between 0-1 and higher the value of R means, higher the quality of prediction. The other value that we see in this model summary is R Square. It tells the impact or the coefficient of determination, which tries to explain and/or shows the proportion of variance in the dependent variable explained by the independent variables. R² values of 0.2914, it is considered moderate in nature, which is acceptable.

As per the above table no 5, the Beta and significance value was considered to accept or reject the hypotheses. Researcher chose Procurement Performance as dependent variable in SPSS and remaining four variables as Independent variables along with moderator of Ethical Leadership. After running the multiple regression analysis, the results are evident as all the values of beta are positive. The value of Beta for Procurement Planning is 0.3648, even though it is positive in nature but it is way below the threshold level and also the significance for this specific relation of Procurement Planning on Procurement Performance.

Table No 5: Path Analysis

10000110000						
Path Analysis						
	Beta	Std. Error	T	P	_	
Constant	4.7136	0.3633	12.9738	0.00		
EL	0.0464	0.1785	2.602	0.00		
PPLAN	0.3648	0.1876	1.965	0.05		
PPROCED	0.4631	0.1647	2.812	0.04		
RA	0.3704	0.1078	3.432	0.00		
SC	0.4361	0.1750	2.492	0.01		
EL*PPLAN	0.0510	0.549	9.286	0.00		
EL*PPROCED	0.0814	0.053	1.965	0.05		
EL*RA	0.0248	0.595	4.163	0.00		
EL*SC	0.657	0.534	2.130	0.03		

This tells us that the change in Procurement Planning will effect change in the Procurement Performance, which is a considerable change and the significance is also within range so this hypothesis is supported. For the hypothesis of Staff Competency, Procurement Procedures, Resource Allocation, the beta value is higher and the significance is also strong. So the hypothesis is supported and accepted by the researcher.

**Table No 6: Hypotheses Summary** 

H#	Hypotheses Statement	Result
H1	Procurement Planning has a positive impact on the procurement performance	Supported
H2	Staff Competency has a positive impact on the procurement performance	Supported



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Н3	Procurement Procedures has a positive impact on the procurement performance	Supported
H4	Resource Allocation has a positive impact on the procurement performance	Supported
H5	Ethical Leadership has a positive impact on the procurement performance	Supported
<b>H6</b>	Ethical Leadership has a positive impact on the procurement planning	Supported
H7 H8	Ethical Leadership has a positive impact on the Staff Competency  Ethical Leadership has a positive impact on the Procurement Procedures	Supported Supported
Н9	Ethical Leadership has a positive impact on the Resource Allocation	Supported

# **Discussion Limitations and Conclusion**

#### Discussion

After the deep analysis of test results, it is safe to assume 90 percent of our hypotheses were marked supported. The study examines how the Procurement Planning, Staff Competency, Procurement Procedures and Resource Allocation along with moderating role of Ethical Leadership affect the Procurement performance of any home textile organization in Pakistan.

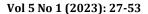
H1: Procurement Planning has a positive influence on the Procurement Performance of Home textile organization

In this study, hypothesis 1, that is Procurement Planning has a positive impact on Procurement Performance of home textile organization is supported because the significance of this relationship is accepted the threshold and the beta value also hold true for the researcher to explain a positive and significant impact, it shows that the Procurement Planning in home textile organization of Pakistan is favorable for Procurement Performance, so the hypothesis 1 is Supported and Accepted. In the literature there are many studies that showed both the results. The Main purpose of the procurement planning is to manage and locate the exact need and requirement of the Procurement department of any organization and with this plan, procurement can be done timely and according to the desired of end customer. Procurement planning has been playing a vital role in the procurement performance of the home textile organizations of Pakistan.

One of the basic practices of efficient procurement is to allocate the exact and authentic suppliers for purchasing contracts (Peter, 2012).it is the procedure of procurement of anything for the company that first manager needs to have knowledge regarding what kind of thing or goods or services he need to procure, secondly the methods required for the purchasing of that item should be well minded in details and at the end delivery to be required is decided. (Iqbal, 2018)

H2: Staff Competency has a positive impact on the procurement performance

The hypothesis 2, that is Staff Competency has a positive impact on Procurement Performance holds true and was supported considering the results of this study. It shows that





Staff Competency has deep influence on the Procurement Performance of any Home Textile organization of Pakistan. So, Hypothesis 2 is accepted and considered significant. As For the prosperity and expansion of any organization they must need Skillful and experience staff so that the overall performance of that organization can be prospers.

Hamza et al. (2016) explained that Skillful Staff with courage to explore their experience and thoughts always have deep influence on the performer of any organization.

# H3: Procurement Procedures has a positive impact on the procurement performance

The hypothesis 3, that is, Procurement Procedures has a positive impact on Procurement Performance also holds true under the consideration of the B Coefficient and significance of this relationship in previous chapter. It shows that for the procurement against required goods and services, Procurement department must follow the rules and regulation of their organization and all norms of market or industry related to Procedures of procurement for the efficient performance of their organizations.

Procurement is vault to perform their activities with logical and productive vision and accepted all the internal and external changes of organization constitutions to get better performance (Lardenoije et al., 2005).

For any organization, their targets and aims are important and for these essentials every organization is entitled to maintain their policies and plans same in the case of home textile organizations as well (Burt et al., 2004). Procurement functions has deep influence on the business performance for the home textile organizations and in modern organizational structure, there is no any space of traditional outdated procedures. (Moncska et al., 2010).

# H4: Resource Allocation has a positive impact on the procurement performance

The hypothesis 4, that is, Resource Allocation has a positive effect on Procurement performance is also accepted. Having a significant impact and with B Coefficient of 0.3704, hold true and it shows that Resource Allocation in the home textile industry in Pakistan has a tendency to impact on Procurement performance of Organizations.

One of the core responsibilities of procurement managers for the performance of their organization is to get their requisite products and services from the very trustworthy and authentic supplier of market with minimum price and best quality. Also best resources of buyer can give timely deliveries which is most important for organizations for the production process. Buyers in the market always have an eye on developing strong and long term relations with their regular suppliers (Noordewier, 1990; Anderson, 1992; Ganesan, 1994; Ulaga, 2006). Same as explain by (Paulraj et al., 2006). Sharing of information among supplier and buyers helps the organizations to achieve its production, it also helps to decrease cost and process time further enhances completion of their orders timely. (Li, & Takeishi, 2006)

H5: Ethical Leadership has a positive impact on the procurement performance



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The hypothesis 5, that is, Ethical Leadership has a positive effect on Procurement performance is also accepted. Having a significant impact and with B Coefficient of 0.0464, hold true and it shows that Ethical Leadership in the home textile industry in Pakistan has a tendency to impact on Procurement performance of Organizations.

Ethical leadership has measurement like honest person and honest manager (Brown et al., 2005), and these qualities been effected on the performance of any organization .Ethical leadership has remarkable influence on belief. (Avey et al., 2011), moral awareness, moral identity (Yidong et al., 2017), organizational commitment and psychological ownership (Neubert et al., 2009). It positively affects organizational citizenship behavior (Gao and He, 2017), job satisfaction and work motivation (Toor & Ofori, 2009). Integrity is one of the essential fluids of ethical leadership for the development and expansion of Performance of any organization. According to (Prottas's, 2008) research using quintile and multi component analysis, satisfaction at work and daily routine matters have beneficial connection with perceived ethical behavioral leadership.

H6: Ethical Leadership has a positive impact on the Procurement Planning

The hypothesis 6, that is, Ethical Leadership has a positive effect on Procurement planning is also accepted. Having a significant impact and with B Coefficient of 0.0510, hold true and it shows that Ethical Leadership in the home textile industry in Pakistan has a tendency to impact on Procurement planning of Organizations.

H7: Ethical Leadership has a positive impact on the Staff Competency

The hypothesis 7, that is, Ethical Leadership has a positive effect on Staff Competency is also accepted. Having a significant impact and with B Coefficient of 0.0657, hold true and it shows that Ethical Leadership in the home textile industry in Pakistan has a tendency to impact on Procurement Staff Competency of Organizations.

H8: Ethical Leadership has a positive impact on the Procurement Procedures

The hypothesis 8, that is, Ethical Leadership has a positive effect on Procurement procedures is also accepted. Having a significant impact and with B Coefficient of 0.0814, hold true and it shows that Ethical Leadership in the home textile industry in Pakistan has a tendency to impact on Procurement procedures of Organizations.

H9: Ethical Leadership has a positive impact on the Resource Allocation

The hypothesis 9, that is, Ethical Leadership has a positive effect on Resource Allocation is also accepted. Having a significant impact and with B Coefficient of 0.0248, hold

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true and it shows that Ethical Leadership in the home textile industry in Pakistan has a tendency to impact on Resource Allocation of Organizations.

# **Implications**

# **Theoretical Implications**

This study puts forward some important theoretical and managerial implications. Theoretical assumptions of Social Exchange Theory support the current research study; which says that one person's behavior can influence the change in behavior of the other person. This behavioral exchange can be both ways, either positive or negative where parties involved in such relationship have a focus on increasing the benefits and decreasing the costs (Homans, 1958). So, it shows that behaviors and actions of despotic leader leaves a negative impact on self-efficacy and job autonomy as per Social Exchange Theory, which in turn decreases the chances of project success.

# **Managerial Implications**

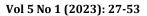
Current research opened a new domain where despotic style of leadership is studied with different variables. This study recommends that despotic behavior of the leader should be discouraged to increase the chances of the project success because despotic leadership has negative relation with project success. It is suggested that managers should promote positive style of leadership which instigates positive attitude in the software houses. This study provides guidelines for top managers to discourage leader's despotic behavior and enhance employees' self-efficacy and facilitate job autonomy by developing appropriate type of project culture.

# Limitations of the research

Contrary of the practical and theoretical contribution of this study on Procurement performance and the significance of hypotheses, this research also has a few limitations that give future directions to upcoming researchers. The research notices four independent variables (Planning, Staff Competency, Procedures and Resource Allocation) which as per study contribute to procurement performance of Home textile Industry of Pakistan. Further research is recommended to investigate the other factors that affect procurement performance. The study follows the influence of four independent variables and a Moderator on procurement performance in home textile industry of Pakistan. Further research is recommended to ascertain whether these findings would be the same or different in other countries like India, Bangladesh and China.

# **Recommendations and future directions**

Firstly, Organization must have awareness among their staff through training that how to achieve superior knowledge about procurement process in home textile industry. Secondly, In home textile industry, procurement department is advised to do market survey regularly so that the knowledge and awareness regarding market scenarios and change norms can be well attained and help in the prosperity of organization. Thirdly, it is recommended that relevant staffs to procurement be involved in the process of plan preparation. It is advised that





preparation of annual procurement plans be participatory, frequently reviewed so as to improve on the company's performance. Fourthly, For any organization competent and trained staff is important in order to boost the profit of organization, by training and boost up staff skills and competencies, organization can make a bench mark for the others to do so. The companies would get benefit and maximum Performance if they have competent, trained and skillful staff. Lastly, to attain the maximum Procurement performance, it is recommended that sufficient resource be located and their changing behavior can be well monitored.

# **Conclusion**

The study revealed that Procurement Planning, Staff competence, Procurement Procedures and Resource Allocation along with moderation of Ethical Leadership were the most related factors affecting procurement performance. Staff competence factor is calculated in terms of training, inspiration, procurement negotiation techniques, invention, reciprocal and analytical skills and distribution of staff based on their expertise. Resource allocation factor is measured in terms of suitable of resources, workable of budget measurement to fit exchange in the economic culture, tender award and tender float based on resource availability and confirmation. Procurement procedure factor is measured in term of rules and regulation follow by the procurement staff or managers to get their required goods and services. Procurement planning factor is measured in terms of identification of procurement needs and proper planning and arrangements how, how much, when and from where these goods and services can be procured.

Ethical Leadership take part as moderating variable in this study and this factor was measured in terms of how much a procurement manager can be good and efficient in his integrity and loyalty matters with his organization. Ethical qualities within procurement managers can be helpful in all above mention factors (Procurement planning, Staff Competency, Procurement Procedures, Resource Allocation)

The Study reveals that the unit increase in Procurement Planning, Staff Competency, Procurement Procedures, Resource Allocation and Ethical Leadership would lead to increase in the score of Procurement Performance In this study, Pearson Correlation Coefficient calculated and evaluate. A positive relationship was observed between procurement planning and procurement performance, Staff Competency and Procurement Performance, Procurement Procedures and Procurement Performance, Resource allocation and procurement performance, Ethical Leadership and Procurement Performance. Pearson Correlation Coefficient also analysis on the influence of Ethical Leadership on Planning, Staff, Procedures and resources and tested that there is positive relation between them.

The study calculated a multiple regression analysis to explain the relationship between independent variables and the dependent variable. Since the Adjusted R square was 0.914, which was authentically enough to confirmation that the data used in analyzing the relationship between the independent factors and procurement performance was closely related. The study conducted a multiple regression analysis so as to determine the influence of the independent variables on procurement performance.



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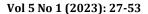
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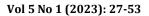
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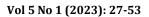
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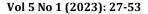
# **Appendix A: Questionnaire Items**

# **Procurement planning**

- 1. Procurement plan identify materials as per the company needs
- 2. Procurement plan helps to decide when to buy
- 3. Procurement planning helps in resource allocation
- 4. Procurement planning helps to determine a total value of the anticipated cost of the requirement
- 5. Poor procurement planning leads to big budget deficits
- 6. Procurement planning results into compliance to set procedures
- 7. Procurement planning involves concerned functional units
- 8. Procurement is carried out according to set plan
- 9. Procurement planning helps to estimate the time required to complete the procurement process

# **Staff Competency**

- 1. Staff training improves procurement performance
- 2. Staff should understand procurement procedure
- 3. Motivation of staff necessary for better procurement performance
- 4. Skill and experience staff is valuable for organization
- 5. Loss of key competencies of staff affects procurement performance
- 6. Existence of procurement negotiation skills improve performance
- 7. Staff creativity improves procurement performance
- 8. Organization deploy staff based on their skills





- 9. Existence of Analytical skill in staff improve performance
- 10. The ability to leverage interpersonal skills helps performance

# **Procurement procedures**

- 1. Procurement procedure monitors procurement process
- 2. Procurement procedure have caused delays in decision making
- 3. Procurement procedure have caused delays in service delivery
- 4. It is important that all are aware of the set procurement procedures
- 5. Without procurement procedures it would be difficult to come up with efficient procurement
- 6. Procurement procedure helps in solving legal problem
- 7. Procedure in place influence the procurement performance
- 8. Procurement procedure enhances transparency of Organization

#### **Resource allocation**

- 1. Allocation of resource is adequate for procurement performance
- 2. Budget reviews are important to cater changes in the economic environment
- 3. Tender float based on resource availability and confirmation
- 4. Tender award based on resource availability and confirmation
- 5. Competent staff for allocation of resources helps to improve procurement performance

# **Ethical Leadership**

- 1. Listens to what employees have to say.
- 2. Disciplines employees who violate ethical standards.
- 3. Conducts his/her personal life in an ethical manner.
- 4. Have the best interests of employees in mind.
- 5. Makes fair and balanced decisions.
- 6. Can be trusted
- 7. Discusses business ethics or values with employees
- 8. Sets an example of how to do things the right way in terms of ethics
- 9. When making decisions, asks "what is the right thing to do?"

#### **Procurement Performance**

- 1. We assess procurement's contribution to university performance
- 2. We assess effectiveness of the procurement activities e.g. Negotiations, processing of orders etc.
- 3. We assess quality of purchases
- 4. We assess response time to user demand
- 5. We assess supplier lead times
- 6. We assess compliance to university's procurement guidelines
- 7. We assess contribution of procurement to corporate competitiveness



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- 8. We assess supplier relations
- 9. Customer satisfaction
- 10. We assess procurement reduces administration cost
- 11. Supplier performance
- 12. We assess contribution of procurement department towards the university's social