

PROCUREMENT ETHICS

Supplying Air-Supplying absolutely nothing

Some Institutions in Kenya, Genuine suppliers are never paid, while those who supply absolutely nothing end up being paid.

Ethics play a major role in procurement. Being ethical means being in accordance with the rules or standards for right conduct or practice, especially the standards of a profession. For instance: procurement is involved in supplier selection, evaluation, negotiation, contracts sign off and awarding business to suppliers. When interacting with suppliers, procurement should treat them in fair and unbiased manner.

Procurement professionals must conduct their business practices in the most ethical manner. Failing to abide to ethical practices can lead to immoral and illegal practices such as bribery, favoritism, illegal sourcing etc. The immediate reaction to the idea of unsatisfactory procurement ethics is that it will be damaging for public relations, if those ethics become public knowledge. Leaders have to make sure that actions are taken to follow proper ethics as this can only contribute to the success of any business.

Importance of Procurement ethics

- Procurement represents their organization and is responsible for awarding business to suppliers. Any unethical behavior will have a negative impact on the brand image of the organization
- Procurement professionals experience enormous pressure from internal and external forces to act in unethical ways as they usually have control over large sums of money.
- Ethical behavior in conducting business helps in establishing a long term relationship and goodwill with suppliers
- An ethical person is respected in the business community. Once a buyer earns a reputation within an industry, it is difficult to change it. A professional reputation is something a buyer carries throughout his entire career.

Standards for Procurement

Institute for Supply Management (ISM) standards.

- Perceived Impropriety. Prevent the intent and appearance of unethical or compromising conduct in relationships, actions, and communications.
- Conflicts of Interest. Ensure that any personal, business, or other activity does not conflict with the lawful interests of your employer.
- Issues of Influence. Avoid behaviors or actions that may negatively influence, or appear to influence, supply management decisions.
- Responsibilities to Your Employer. Uphold fiduciary and other responsibilities using reasonable care and granted authority to deliver value to your employer.

- Supplier and Customer Relationships. Promote positive supplier and customer relationships.
- Sustainability and Social Responsibility. Champion social responsibility and sustainability practices in supply management.
- Confidential and Proprietary information. Protect confidential and proprietary information.
- Reciprocity. Avoid improper reciprocal agreements.
- Applicable Laws, Regulations, and Trade Agreements. Know and obey the letter and spirit of laws, regulations, and trade agreements applicable to supply management.
- Professional Competence. Develop skills, expand knowledge, and conduct business that demonstrates competence and promotes the supply management profession.
- Employer Policies: Supply management professionals should encourage and recommend the development and implementation of policies that eliminate or reduce inappropriate influences on the supply process.
- Gifts, Gratuities, and Entertainment: The giving or receiving of gifts, gratuities, or entertainment has the potential to influence buying decisions. These may be offered to a supply professional, to others involved with a buying decision, or to a family member.
- Specifications and Standards: Supply management professionals must ensure that specifications and standards are objectively developed and communicated.

Upholding Procurement ethics

An ethics policy

An ethics dispute should never be the result of a difference of opinion between the procurement department and a company employee. Every organization should have a written policy making clear what top management considers ethical and what it considers unethical.

Ethics Training

Ethics training is one of the most essential components to ensure that employees are aware of the importance of ethical practices. E.g Our Class lesson

A process with checks and balances

Every major procurement should require management review to confirm that all guidelines were followed and that no ethical violations have occurred or will occur.

Auditing

Audits should be performed to verify that all procurement activities were conducted ethically and in accordance with procedures. Audits also serve as a deterrent to future unethical behavior.