INDIVIDUAL ETHICAL ORIENTATION, ETHICAL SENSITIVITY AND PERFORMANCE OF THIRD PARTY LOGISTICS FIRMS IN UGANDA

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ABSTRACT

Firms have increasingly become more aware of the need to instill issues of ethics and sustainable competitiveness in their decision making. Unethical practices of 3pls are posing serious obstacles in the move towards development and prosperity. Individual ethical orientation and ethical sensitivity are some of the drivers that affect performance of third party logistics firms in Uganda. This study attempts to examine the relationship between individual ethical orientation, ethical sensitivity and performance of third party logistics firms in Uganda. Individual ethical orientations and ethical sensitivity are important because they do determine the behavior of transport managers in the firms. The research was based on 3pls in Uganda. Although anectodal evidence shows that morals within transport industry are lowering in Uganda, the influence of individual ethical orientation, ethical sensitivity and performance has not been given some attention in the transport industry. The study adopted a quantitative cross sectional survey research design, data was collected using self-administered questionnaire and sample size of 85 firms were randomly selected from the population of 115 firms from Kampala district. Data was analyzed using Statistical Package for Social Scientists (SPSS). The study revealed that there was a positive and significant relationship between individual ethical orientation, ethical sensitivity and performance of third party logistics firms in Uganda. Nonetheless, considering the two predictors in this study, the results show that ethical sensitivity has a better contribution effect on performance of third party logistics firms in Uganda. In addition ethical sensitivity can be relied upon by performance of third party logistics firms in Uganda. Therefore, third party logistics firms in Uganda and other stakeholders should promote ethical sensitivity among third party logistics firms. This paper is the first of its kind which examines the state of performance within the field of transport operations and identifies areas and sets the agenda for future research in this field.

Keywords: Individual ethical orientation, Ethical sensitivity and performance of 3PLs.

1. BACKGROUND TO THE PAPER

In the 21st century, there is a noticeable paradigm shift in all sectors as organizations seek to transform their logistics capabilities and problem solving approaches. In this regard, there has been a huge change in logistics practices as organizations seek to establish effective, efficient as well as relevant service solutions for their customers (Berglund, Laarhoven, Sharman & Wandel, 1999). In today's business world, a large number of organisations outsource their logistics functions to third-Party Logistics service providers (3PL) in order to focus on their core competencies. Third party Logistics (3PLs) refer to the practice of contracting out part or all of logistics activities formerly performed in-house (Dankbaar, 2007; Bowersox, 1990; Sink & Langley, 1997; Bloom, Mahajan, McKenzie &

Roberts, 2010). Third party logistics firms include Freight forwarders, Courier companies and other companies integrating & offering subcontracted logistics and transportation services. Organisations are increasingly utilizing 3PLs with notable benefits: reduction in operations cost, improvement in flexibility and operationalization of logistics services, reduction in capital investment, and so on (Rahman, 2011; Batista, 2012; Dankbaar, 2007).

In Uganda, third party logistics firms are not an exception. Uganda being a land locked country, its imports and exports are delivered at the coast either in Mombasa or Dar es salaam. This necessitates the use of third party logistics firms to move the goods, services and related information from where they are to where they are needed majorly by use of road transport, (World Bank, 2016). Some Ugandan freight markets are characterized by unethical behavior that includes stealing of fuel, diverting of cargo, under declaration of the value of imported goods, forging of signatures for URA officials and information representation in documents such as information concerning routes, (World Bank, 2016; Wafula, 2011). However, most offences by clearing firms are in form of mis-declaration, under valuation and even outright smuggling (Ladu, 2017; Kasheka, 2011).

Previous research explains unethical behavior using individual ethical orientation and ethical sensitivity in disciplines such as accounting, procurement and education, the examination of the concepts in third party logistics firms and their effect on performance has not been given enough attention in transport context as in the above mentioned areas, (World Bank, 2016; Wafula, 2011; Ladu, 2017; Kasheka, 2011; Namagembe et al., 2012).

Both individual ethical orientation and ethical sensitivity in third party logistics firms are required to create value in logistics services. Lowering the costs as much as possible as described in efficiency and fulfilling the customer requirement through the delivery of logistics services as defined by effectiveness would create differentiation that is closely related to trade and transport context (Batista, 2012). Individual ethical orientation and ethical sensitivity may improve ethical decision making among transport managers. This may enable identify ethical issues from unethical issues. Inability to behave ethically may result in delayed delivery of goods and services and related information and non-compliance as well as loss of customers. This inevitably limits the firm's capacity to attract and retain their loyal customers in a competitive market (Batista, 2012).

The research therefore was to investigate individual ethical orientation, ethical sensitivity and performance of 3pls. Individual ethical orientation, ethical sensitivity and performance of 3pls are based on two theories which are Deontology by Emmanuel Kant and Utilitarianism by Jeremy, (Staveren, 2007). Individual Ethical Orientation is based on a non-consequential theory which originated from Emmanuel Kant (1724-1804), where morality is to be found in the pure practical reasoning. Kant holds that an action is judged based on the categorical imperatives, for an action to be moral it must be universally acceptable, respect rational beings and also allow people to participate freely (autonomy) (Forsyth, 1980) and this holds idealism and relativism on the human welfare. These categorical imperatives are basically the 'why' behind the actions. Idealism and relativism always act in a way that demonstrates respect to others and treats them as ends onto themselves rather than means toward an end and this builds consistency by the employees hence quality service.

Deontological ethics is about following universal norms that prescribe what people ought to do, how they should behave, and what is right or wrong. It is a morality of principles, not of consequences. Moreover, deontology resides in reason, not in utility-providing feelings.

Reason is considered to be the source of moral rules, expressed through the human will. In deontological ethics, the moral problem is considered to be a rational problem that involves finding the right moral rule. Idealism and relativism focuses on human welfare and are described as a belief that desirable consequences can be achieved without violating moral guidelines and individual's concern for a universal set of rules or standards, (Kohlberg,1984). For example, the needs of employees should coincide with the needs of the firm such that transport managers and drivers are motivated not to steal fuel and diversion of cargo.

Ethical sensitivity is based on the utilitarianism theory which holds the view that the action that produces the greatest wellbeing for the largest number is the morally right one. It originated from Jeremy Bentham from (1748-1832) and John Stuart Mill from (1806-1873) and has been influential in modern economics in general and it's a consequential theory.

The theory base moral judgment on the outcome of a certain action, it is a theory where an action is morally right if it results in the greatest amount of good for the greatest amount of people affected by the action and it based work with moral awareness and moral identity.

The principle is called *"Greatest happiness principle".* It weighs moral choices according to the greatest good for the greatest number. Utility is measured in terms of pleasure and pain. Moral awareness and moral identity allows firm's employees to have moral preferences and to act in the interest of others, when action toward others generates a net utility gain for the individual (Becker, 1996).

Moral rules are required to promote positive freedom, ensuring that people will benefit from the firms they are working with to make a decent living. And if they cannot, they should be able to rely on top management support of the firm to sustain their human dignity. Morality is a matter of finding the right rule; it is not affected by desire, weakness of will, or laziness. A moral rule is followed as a duty, although it needs to be backed-up by authority. Enforcement of rights and norms in a third party logistics firm may not reduce efficiency, but may instead reduce negative externalities. A firm embedded in a normative organisational setting that advances equal access to resources and equal penalties by the employees is likely to expand its productive base. Wider access to resources will increase economic participation and reduce idle resources hence compliance and effective feedback of third party firms (Chang, 2002).

2. PROBLEM STATEMENT

More than ever, organizations are delegating their less critical operations to third party logistics service providers with the hope of achieving a competitive position in the notion that an organization can maximize its performance by maintaining lean operations (Aldin & Stahre, 2003). However, some organisations have been complaining of inadequate logistics performance of third party logistics firms. Their offer to customers is inadequate for example there are delays in service delivery, non- compliance and limited quality service, (World Bank, 2016). In case of delay, there is no feedback (World Bank, 2016).

The inadequacy may be attributed to unethical practices of third party logistics firm especially their employees. For example stealing of fuel, evasion of duties and taxes, diverting of cargo, making informal payments to customs officers and filling documents that misrepresent the character routes and value of the cargo which leads to; non-compliance, lack of feedback and limited quality services (Ntayi & Eyaa, 2010b). Ms Sarah Kasheka, the acting commissioner customs - URA (29th May 2011) said that there are cases of

deliberate incorrect declarations, processing of wrong declarations either knowingly or unknowingly, connivance of staff with agents and importers to evade taxes through misdeclarations of values, classification and quantity under declarations.

In an interview with Daily Monitor at the meeting, she said; “URA has lost some jobs because 3rd party firms are greedy’’. They bribe URA young staff so that they can have their goods cleared without paying taxes,” she explained. This makes the cost of transporting cargo three times higher, (Kasheka, 2011). In addition, the URA commissioner customs Dicksons Kateshumbwa, said cases regarding unprofessional conduct, mistakes and unethical behaviours by clearing and forwarding fraternity have been rampant, (Daily Monitor Monday 4 December 2017). Adoption of assurance, tangibility, reliability, sympathy and responsiveness will lead to increased service quality, compliance and proper feedback hence performance.

Performance is done by knowing the customer expectation, what the customer is requiring and should reach at customer place timely, (Bouwens & Abernethy, 2000). In a firm with good service quality, compliance and feedback, employees are responsive to customer requirements and are encouraged to be innovative. Feedback is vital to ensure that the transport managers have the timely information necessary to cope with growing changes in the processes and product design to fulfill the customer requirements and manages these tasks effectively (Bouwens et al., 2000).

Therefore, performance of third party logistics firms remains a pressing issue in most organizations in Uganda. Little is known about the contribution of individual ethical orientation and ethical sensitivity to performance of 3pls. Although enectodal evidence shows that some of third party logistics firms encounter unethical behavior from their employees in Uganda, the influence of individual ethical orientation and ethical sensitivity on logistics performance has been given less attention.

2.1 Aim of the paper

This research was to establish the relationship between individual ethical orientation, ethical sensitivity and performance of third party logistics firms in Uganda.

3. THE SCOPE OF THE PAPER

3.1 Subject Scope of the Paper

The subject scope for this research includes performance, individual ethical orientation and ethical sensitivity in third party logistics firms that utilize road transport.

3.2 Geographical Scope of the Paper

The research was carried out on third party logistics firms around Kampala because its where the most active and registered ones are located.

3.3 Time Scope

The study was conducted in a period of one year (October 2018 - August 2019). This time was enough for the entire research process.

3.4 Significance of the Paper

The research will be relevant to different stakeholders that include the academicians, government and third party logistics firms to come up with polices that promote logistics performance. For academicians will have to identify the research gaps for further study. Among the policies are; training transport managers, promoting moral awareness, enforcing codes of conduct, codes of ethics and rules and regulations of the firms. This research will help firms realize how they have been performing and be able to come up with measures of how to address the challenges and this will add to the existing literature.

4. METHODOLOGY

The research adopted a quantitative cross sectional survey research design to establish the effect of individual ethical orientation, ethical sensitivity on performance of third party logistics firms in Kampala district as per the Uganda Clearing Industry & Forwarding Association (UCIFA) report of (2018). Cross-sectional survey research design is used because it's good for descriptive analysis and relatively quick to conduct. Most cross-sectional, descriptive studies, whether based on data on the entire population or on a representative sample, aim to provide estimates of prevalence in the entire population under study and are characterized by the collection of relevant data at a given point in time. The sample size of 85 firms was selected from the population of 115 firms. The sample size was arrived at using Krejcie and Morgan's (1970) sample size determination table. The unit of analysis was third party logistics firms and unit of inquiry were transport managers. Managers are taken to be proxies for firms. Decisions made by transport managers of the firms affect the entire firms not individuals.

Primary data source was used. Primary data was obtained through self-administered questionnaires to transport managers who were purposively selected. This source is often used because it is free from bias and respondents have adequate time to give well thought out answers.

Data was collected using self-administered questionnaire which was filled by the respondents. A questionnaire is preferred for this research because it is generally and relatively quick to collect information using a questionnaire and also potential information was collected from a large portion of a group (Kothari, 2004).

Data from the field were processed and analyzed using Statistical Package for Social Scientists (SPSS version 21). The data were cleaned by checking for missing values and outliers. Given the nature of the research objectives and questions, pearson correlation was conducted to test the associations, while hierarchical regression was performed to test the effect of each variable in explaining performance of third party logistics firms.

Measurement scales for the variables in the study were obtained from previous studies and revised to meet the Ugandan context in which the study was being undertaken. Individual ethical orientation was measured using (Forsyth, 1980; Buller, Kohls & Anderson, 1991; Ntayi et al., 2010b) and the reliability coefficient was 0.724. Ethical sensitivity was measured using (Narvaez, 2001) and had a reliability coefficient of 0.78.

Responses were anchored on a 5-point Likert scale ranging from "1 = Strongly Disagree (SD) to 5 = Strongly Agree (SA)". The adopted scale has been used by researchers over time and has been proven to be valid.

Individual ethical orientation was measured using dimensions such as idealism and relativism, adapted from the works of (Forsyth, 1980; Buller et al., 1991; Ntayi et al., 2010b). Ethical sensitivity, was measured using measures developed by Narvaez (2001) as moral awareness and moral identity and performance of third party logistics firms was measured using dimensions such as timely delivery, quality service, feedback and compliance based on the works of (Chow, Heaver & Henriksson, 1994; Jones, 2003).

A Cronbach Alpha test was carried out as a measure of the scale reliability to determine its consistency (Cronbach, 1951). According to Nunnally (1978), Cronbach Alpha test of 0.60 and content validity index of 0.70 were considered good.

The collected data was analyzed using the Statistical Package for Social Scientists (SPSS). Correlation analysis was used to determine the nature of the relationship between the variables and regression analysis to determine the variance in the dependent variable explained by independent variables.

Table 1: Showing validity and reliability results

Variables	CVI'S	Cronbach's Alpha	No. of items
Individual ethical orientation	0.724	.728	15
Ethical sensitivity	0.78	.799	28
Third party logistics performance	0.82	.918	28

All the CVIs and Cronbach Alpha were above 0.7 which shows the thresholds above as per the recommendations of Nunnally (1978) hence validity and reliability of the instrument.

5. RESULTS AND PAPER FINDINGS

5.1 Results

5.1.1 Individual Ethical Orientation and Performance of Third Party Firms

Objective (1) was to establish the relationship between individual ethical orientation and performance of third party logistics firms. The results show that there is an insignificant relationship between individual ethical orientation and performance of third party logistics firms ($r=.130$, $p<.01$). This means that performance of third party logistics firms has an insignificant relationship with all dimensions of individual ethical orientation and also all the components of performance of third party logistics firms.

5.1.2 Ethical Sensitivity and Performance of Third Party Firms

Objective (2) was to establish the relationship between ethical sensitivity and performance of third party logistics firms. The results show that there is a strong positive significant relationship between ethical sensitivity and performance of third party logistics firms ($r=.543$, $p<.01$). This means that any positive change in ethical sensitivity is associated with a positive change in performance of third party logistics firms.

5.1.3 Individual Ethical Orientation, Ethical Sensitivity and Performance of Third Party Logistics Firms

Objective (3) was to establish the relationship between individual ethical orientation, ethical sensitivity and performance of third party firms.

Predictive power of individual ethical orientation and ethical sensitivity were conducted to establish the contribution of each independent variable in explaining performance of third party logistics firms. Results show that there is insignificant relationship between individual ethical orientation and performance of third party logistics firms. Transport managers respond to ethical issues depending on what their orientations are (Valentine & Roland, 2008).

The results from the multiple regressions confirmed a weak positive and insignificant effect between individual ethical orientation and performance of third party logistics firms. The addition of ethical sensitivity in the model also indicated a strong positive and significant relationship between ethical sensitivity and performance of third party logistics firms. Individual ethical orientation and ethical sensitivity plays the role as mediators of the connection between logistics firm's ethics and business performance roles. The opportunistic tendencies in the contracting process can ultimately lead to low service delivery, non- compliance and limited quality services since the third party logistics firms feels they are not getting what they ultimately deserve and thus end up performing below their required capacity. Individual ethical orientation affects the ethical sensitivity of transport managers. The variables entered in the regression model explain an overall of 30.5% (AdjR2 = .305) of the variance in Performance of third party logistics firms, implying that the remaining 69.5% is explained by factors not considered in this study like strategic alliance and information technology systems, (Li, 2014). Strategic alliance, involves the practices and procedures through which firms obtain operational and strategic performances both internally and externally through collaboration among internal functions and with other firms (Mellat-Parast & Spillan, 2016).

Individual businesses no longer compete, it's the logistics chain that competes because it is very difficult for a single firm to get all the resources required to tackle rapidly changing business environments. For firms to perform, they must adopt to strategic alliance with their logistics chain members to take advantage of economies of scale, (Muhwezi, 2010). Information technology systems include; computer hardware, software, networks and data processing architecture. These information systems are used for communication. It's not possible to be customer focused without first becoming information intensive. Information is widely believed to be a source of competitive advantage which later leads to a firm's performance (Muhwezi, 2010). Nonetheless, considering the two predictors, ethical sensitivity strongly affects performance of third party logistics firms. The above results were also supported by (Namagembe et al., 2012; Forsyth, 1980; Narvaez, 2001) who found out that Individual ethical orientation and ethical sensitivity are some of the factors that affect the performance of third party logistics firms.

5.2 Paper Findings

The findings revealed an insignificant relationship between individual ethical orientation and performance of third party logistics firms which means that an individual's ethical orientation has a minor influence on the performance of third party logistics firms. Researchers say that individuals differ not only in personality, but also in individual orientations specifically related to how they think about ethical issues and ethical decision making. Such orientations frame how individuals respond to ethical issues, apart from factors inherent to the situation, (Maignan, Ferrell & Hult, 1999) or biases in thinking, (Testa & Iraldo, 2010) that may color decision-making processes.

While ethical sensitivity and performance of third party logistics firms show a strong positive significant relationship between ethical sensitivity and performance of third party

logistics firms (r=.543, p<.01). This means that there is a significant relationship and that it may lead to a positive change in performance of third party logistics firms especially transport managers. Tirri and Nokelainen (2011), believe that ethics nurtures service quality, resulting in a positive relationship between productivity, quality and ethics. This finding was echoed by Hsiao, Kemp, Van der Vorst and Omat, (2011), who report that the production of service quality is ethical in itself, while limited service quality can negatively impact a firm's market share, its profits and all of its stakeholders hence poor performance. These findings are supported by several studies (Putnam, 2003; Maignan et al., 1999), who argued that ethical sensitivity positively influences performance. Several studies by Putnam (2003) and Aquino & Reed (2002) found out that there is relationship between ethical sensitivity and performance (Stainer & Stainer, 1995).

Regression results of the combined effect of individual ethical orientation, ethical sensitivity and performance of third party firms revealed that ethical sensitivity is a significant predictor of performance of third party logistics firms. Individual ethical orientation affects ethical sensitivity of transport managers. Transport managers respond to ethical issues depending on what their orientations are (Valentine et al., 2008). Individual ethical orientation goes hand in hand with ethical sensitivity.

5.3 Correlation

Table 2: The relationship among individual ethical orientation, ethical sensitivity and performance of third party firms

Variables	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Ethical Idealism(1)	1							
Ethical Relatives(2)	.321**	1						
Individual ethical orientation(3)	.751**	.866**	1					
Ethical sensitivity(4)	.255*	.244*	.305**	1				
Service quality(5)	.282*	.019	.161	.586**	1			
Compliance(6)	.105	.123	.141	.515**	.693*	1		
Feedback(7)	.007	.031	.025	.259*	.533**	.348**	1	
Third Party Logistics Performance(8)	.154	.069	.130	.543**	.892	.892**	.772**	1

**correlation is significant at 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).

Pearson's Correlation analysis was conducted to measure the strength of linear associations between the study variables of individual ethical orientation, ethical sensitivity and performance of third party logistics firms, and is denoted by r. The Pearson correlation coefficient, *r*, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association; that is, as the value of one variable increases, so does the value of the other variable. A value less than 0 indicates a negative association; that is, as the value of one variable increases, the value of the other variable decreases.

The study variables were measured on a continuous scale, and thus Pearson correlation was found to the most appropriate to test the relationships between the variables. Using the Pearson (r) correlation coefficient, the researcher was able to establish the nature and

the direction of the relationships that exist among the study variables which were; individual ethical orientation (idealism & relativism), ethical sensitivity (awareness & moral identity) and performance of third party firms (service quality, compliance & feedback).

The results in the table below show the extent to which the predictors i.e. individual ethical orientation and ethical sensitivity can explain the dependent variable which was performance of third party firms.

Table 3: Hierarchical regression analysis with the performance of third-party firms as the dependent variable

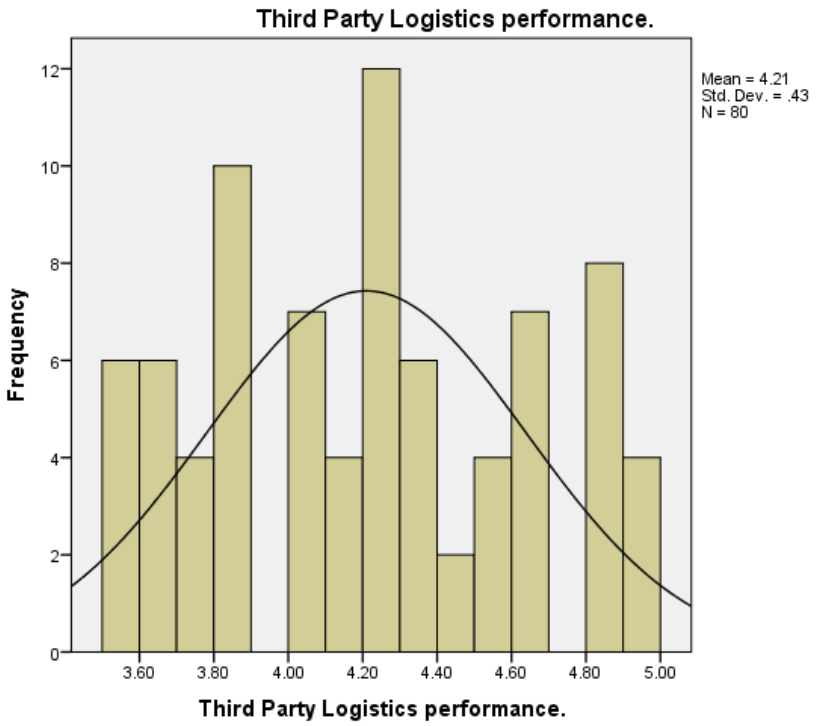
	Model 1 statistics		**Model 2**		**Collinearity**	
Variables	β	SE	β	SE	Tolerance	VIF
Constant	3.07	.393	1.035	.553	Na	Na
Individual Ethical orientation	.288	.103	.131	.094	0.907	1.102
Ethical sensitivity			.513***	.136	0.907	1.102
R	.288		.568		Na	Na
R^2	.083		.322		Na	Na
AdjR^2	.071		.305		Na	Na
R^2Change	.083		.239		Na	Na
F-Change	7.041		27.188		Na	Na
Sig	.18		.000		Na	Na

Note. *** Standardized beta is significant at the .000 level; β=Standardized coefficient
a. Dependent Variable: Performance of third party logistics firms

The Table above indicate that Individual ethical orientation accounts for 8.3% of the variance explained by the model 1 (R2Δ=.083; fΔ= 7.041; p<.05) which confirms an insignificant relationship between Individual ethical orientation and Performance of third party logistics firms (β= .711; p<05) and ethical sensitivity in Model 2, reveals an extra 23.9% of variability in Performance of third party logistics firms (R2Δ=.239; fΔ=27.188, p<.05) which indicate a strong positive and significant relationship between Ethical sensitivity and Performance of third party logistics firms (β= .513; p<05).

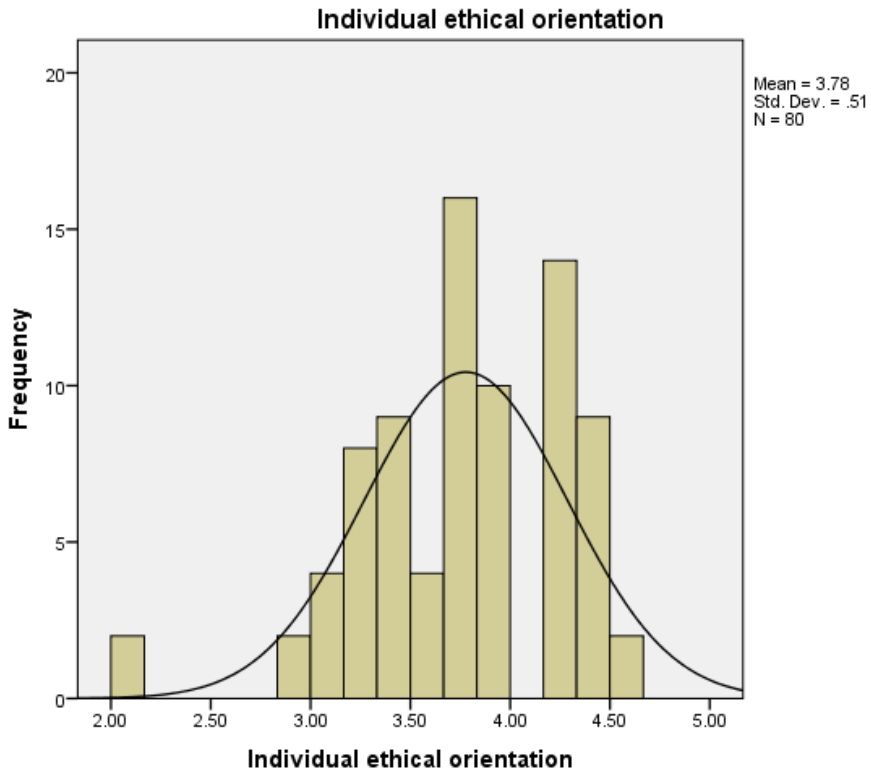
5.4 Confidence Intervals of the Regression Analysis

The results herein showed confidence intervals ranging from 21-154, tolerance values ranging from 0.907 and VIF of 1.10. A bell shaped histogram confirms a normal data distribution and this was confirmed in the Figures 1, 2 and 3 below.



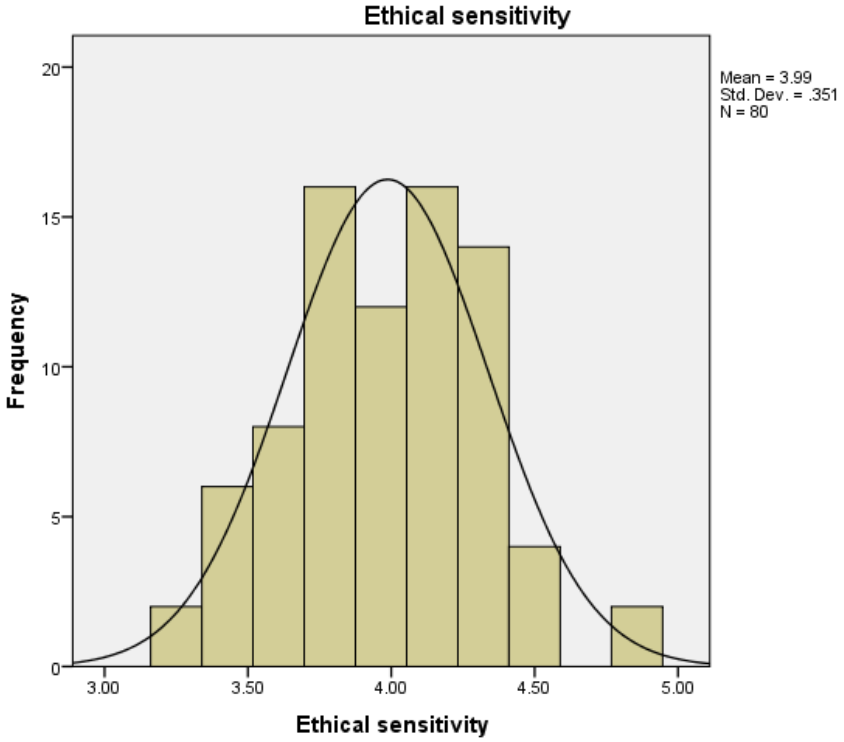
Source: Primary data

Figure 1



Source: Primary data

Figure 2



Source: Primary data

Figure 3

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

It can be concluded that, there is an insignificant relationship between individual ethical orientation and performance of third party logistics firms which means that an individual's ethical orientation has no influence on the performance of third party logistics firms. Nonetheless, considering the two predictors in this study, the results show that ethical sensitivity has a better contribution effect on performance of third party logistics firms in Uganda. Transport managers have to firstly perceive that the situation has ethical implications and then identify the roles and effects of the situation on all affected parties. This helps improve the ethical decision making process of third party logistics transport managers which leads to timely delivery, compliance, provision of quality services and effective feedback to customers hence performance of third party logistics firms. Individuals differ not only in personality, but also in individual orientations specifically related to how they think about ethical issues and ethical decision making. Such orientations frame how individuals respond to ethical issues, apart from factors inherent to the situation (Maignan et al., 1999) or biases in thinking (Testa et al., 2010) that may color decision-making processes.

Regardless of these findings ethical sensitivity can be relied up on by performance of third party logistics firms in Uganda and not individual ethical orientation because the regression model results revealed that, it's the significant predictor.

In the nut shell, the findings further confirm a positive and significant relationship between individual ethical orientation and ethical sensitivity and performance of third party logistics firms. Nonetheless, considering the two predictors in this study, the results show that ethical sensitivity has a better contribution effect on performance of third party logistics

firms. Regardless of these findings ethical sensitivity can be relied upon by performance of third party logistics firms in Uganda and not individual ethical orientation because the regression model results revealed that, it's the significant predictor.

6.2 Recommendations

According to the research findings, individual ethical orientation has an influence with ethical sensitivity in regard to performance. Therefore, logistics firms are hereby advised to make it a policy and set measures to deal with the individuals who have opportunistic tendencies in order to promote individual ethical orientation. This means the top officials of these logistics firms should actually have it at heart to encounter all such opportunistic tendencies if their firms are to deliver what they are meant to.

The third party logistics firms in Uganda and other stakeholders should promote ethical sensitivity among third party logistics firms as this is crucial in achieving higher performance. This can be achieved through improving moral awareness and moral identity through training on the unethical and ethical behaviours of the employees within the firms.

The logistics firms should put much emphasis on the compliance and relevance of ethical code of conduct and rules and regulations to the employees of the firm. Regression results revealed that ethical sensitivity is a significant predictor of performance of third party logistics firms. Individual ethical orientation affects the ethical sensitivity of transport managers. Therefore transport managers should respond to ethical issues depending on what there orientations are. This helps improve the ethical decision making process of third party logistics transport managers which leads to timely delivery, compliance, provision of quality services and effective feedback to customers, hence performance of third party logistics firms.

There should be some effort channeled towards ensuring that the third party firms are well known and registered with UCIFA before they are assigned to do work for the Clients. This will help minimise the opportunistic tendencies especially if the clients ensure that they exactly know who the directors and the affiliated persons of the firms are.

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