 https://doi.org/10.56279/orseaj.v13i1.7

Compliance with Quality Standards, Firm Ethical Orientation, and Usage of Locally Made Products in Uganda

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Abstract

This paper aimed to establish the influence of ethical orientation of the firm on the usage of locally made products as well as to test the mediation role of compliance with quality standards between ethical orientation and usage of locally made products in Uganda. The study adopted a cross-sectional survey design with a quantitative deductive approach. The study population consisted of manufacturing firms that are members of the Uganda Manufacturing Association (UMA). A sample of 165 manufacturing firms that had introduced a new product on the market in the last 5 years was selected. Data was collected via a survey questionnaire and analyzed using Smart PLS 4, relying on the variance-based Structural Equation Modelling (Partial Least Square).. Results of the study indicated that ethical orientation, compliance with quality standards, and usage of local products are positively and significantly related. In addition, compliance with quality standards partially mediates between ethical orientation and the usage of local products. These results provide new insights into the role of the ethical orientation of firms and compliance with quality standards towards increased usage of locally made products in Uganda.

Keywords- Ethical orientation, compliance, quality standards, locally made products.

Introduction

Economies that have emphasized local production have realized a high rate of economic growth compared to those that largely depend on imports and foreign manufacturing (Kleer, & Piller, 2019). For increased local production to facilitate economic growth, there is a need to stimulate local consumption and usage of local products. (Niinimäki, & Hassi, 2011; Ülkü, & Hsuan, 2017). Among the leading economies in the world, China, Japan, India, the United States of America, and others, consume more than 50% of what they produce locally because consumers give priority to locally manufactured products which has contributed to a higher level of economic growth in these countries (Hara *et al.,* 2013). However, in developing economies, there is a high level of dependence on foreign products hence affecting their level of economic growth (Naspetti & Bodini, 2008). Amidst such a situation, minimal effort has been put into place to increase the usage of local products (Silvestre & Ţîrcă, 2019), yet, much work has been done to increase production, and industrialization in these countries (Youssef, Boubaker, & Omri, 2018).

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In Uganda, there has been growth in manufacturing output from local manufacturers in the recent past and a Gross Domestic Product (GDP) contribution of 27.9% (Tukundane, Kibuuka & Sunday, 2020), however, the usage rate of these same products is not well documented. Omojola (2019) asserts that 70% of locally-made products in developing economies introduced on the market fail in the first year of their operation, citing many factors, including low levels of support from local consumers. Studies that have attempted to address this challenge have focused more on consumer-related factors with less emphasis on the firm-related factors that may lead to the adoption and sustainable usage of these products (Silvestre, & Ţîrcă, 2019). Most of these studies are based mainly on the arguments of the Technology Acceptance Model (Davis, & Venkatesh,1996) as a predictor of product usage and the Unified Theory of Acceptance and Use of Technology (Venkatesh, Morris, & Davis, 2003) centered on behavioral factors of consumers. However, these approaches may be limited in explaining the usage of locally made products, especially from a growing economy point of view, because they seem to put less emphasis on the firm's role in influencing the usage of locally made products. There is ample evidence in the literature pointing to local manufacturers' failure to comply with local and international quality standards (Rahmat *et al.,* 2016; Mogakwe, Ally & Magobe, 2020) and the unethical practices of these manufacturers (Alutu, & Udhawuve, 2009; Bag, Gupta, & Telukdarie, 2018) contributing to the low levels of local product usage in Uganda. This is evidenced by the import dominance and consumer preference for imported products as documented in the World Integrated Trade Solution Report (2020) where the total value of Ugandan exports is US$ 4,149 million compared to the total value of imports US$ 8,251 million.

This paper is thus focused on the contention that compliance with quality standards and the ethical orientation of firms are core predictors of the usage of local products in low-developing countries. This is because companies that observe regulatory obligations as part of the ongoing commitment to meeting industry standards of quality, use this as a springboard to inspire future innovations and customer satisfaction. Relatedly, ethically oriented companies have higher chances of influencing customer loyalty, organizational survival, and ultimately the usage of their products (Okoh, Edwinah & Olori, 2018). This study is hinged on the Theory of Regulatory Compliance (Fiene, 2019) that addresses compliance issues of quality standards as core antecedents of product use. The study further borrows insights from the Moral Theory (Kant & Gregor, 1785) and its deontological, teleological, axiological, and situational ethics orientations. The study, therefore, investigates the relationship between compliance to quality standards and ethical orientation of firms, compliance to quality standards and usage of locally made products, the ethical orientation of firms and usage of locally made products, and the mediation role of compliance to quality standards in the relationship between ethical orientation and usage of locally made products.

Theoretical and Literature Review

The Theory of Regulatory Compliance (Fiene, 2019) advances the need for businesses to work within the laws and regulations relevant to their operations both locally and internationally. However, the theory calls upon implementers to recognize that regulatory requirements can vary by industry and business type, necessitating alignment with company policies and procedures. Additionally, Fiene (2022) indicates that regulatory compliance has a linear relationship with the quality of the products produced by the firm. The study also borrows insights from the

Moral Theory (Kant & Gregor, 1785) to explain the contribution of the ethical orientation of firms towards the usage of locally made products. This moral philosophical approach involves questioning morality and the perception of good and evil, right and wrong, justice, virtue, and vice (Molefe & Magam, 2021). The contribution of Kantianism is advanced through the deontological perspective that determines the goodness or badness of the action by examining the action itself (Vignini, & Rusconi, 2023).). This paper also considered the teleological, axiological, and situational perspectives of business ethics, given their closeness to the deontological perspective. Empirically, Teleological ethics determine the goodness or badness of an action by examining its consequences and outcome (Juvrud & Gredebäck, 2020). The axiological perspective is often called the philosophy of value with the focus on the goodness or the worth of something which primarily deals with the identification of ethical virtues. Therefore, to apply Kant's Moral Theory to the usage of locally made products, individuals are encouraged to reflect on the universality of their actions, their duty to support local communities, and the principles underlying their choices.

Ethical Orientation of the Firm and Compliance with Quality Standards

Globally, businesses are embracing transparency, accountability, and customer rights awareness, placing greater ethical business practice demands on small medium enterprises (SMEs). Over time, SMEs have appreciated the ethical business principles required to address global competitive challenges but with less implementation (Turyakira, 2018). Global competition and technological advancements have dramatically contributed to the increased customer awareness of the ethical gaps (Ahmad & Seet, 2009). This study measures the ethical orientation of the firm through deontological, teleological, situational ethics, and axiological perspectives as advanced by Johnson (2020). Deontologically, the more the firm examines the good and bad in their actions, the more they may comply with regulations and industry standards (Vadastreanu, Maier, & Maier, 2015). Relatedly, Moosmayer, Niemand and Siems (2016) advance the view that teleological ethical perspectives focus on the ethical consequences that actions elicit. This implies that businesses exist to make a profit and that the only facet of moral obligation they should ascertain is making a profit while observing the regulatory boundaries (Sternberg, 2018). However, in some realities, business owners make business decisions based on self-interest instead of ethical considerations (Johnson, 2020). Because of this, utilitarianism emerges and contends that business actions should be judged by their ability to maximize the good and create the greatest good for the greatest number of people (Sternberg, 2018). Furthermore, this service above self generates trust among subordinates and supervisors (Janani, Wiles, & Mishra, 2022), resulting in voluntary compliance (Migeon & Bobbert, 2022).

Relatedly, literature indicates that employees' trust in their leaders, who are perceived as acting with integrity, fairness, and benevolence, increases their likelihood of complying with their decisions and laws (Murphy, 2017). Similarly, the axiological ethical perspective has also been advanced to drive compliance with business standards (Kalenskaya *et al.,* 2017). This perspective proposes that value-oriented business organizations emphasize compliance with stakeholder needs in producing and marketing goods and services.. Equally, situational ethics has a closer influence on compliance with quality standards through its underlying principles of relativism and personalism. These principles emphasize the need for a relative mindset in business transactions (Fletcher, 1975). This literature review enables us to form a hypothesis that; ***Ethical orientation of a firm positively influences compliance with quality standards.***

Compliance with quality Standards and Usage of Locally made Products

Firms that comply with quality standards can consistently produce high-value products (Mamajonov & Kuldashev, 2021). Compliance with standards calls for assembling intensive quality-control measures that could enable local products to reach higher levels of quality and recognition in the marketplace (Aragòn-Correa, Marcus, & Vogel, 2020); such higher levels of recognition easily influence usage. Similarly, Miller, Eden, & Li (2020) established a relationship between compliance with corporate social responsibility guidelines and firm performance. In contrast, Aragòn-Correa, *et. al*, (2020) support the view that firms that comply with industry standards provide customers with better products and genuinely benefit from the exchange. Lu, Xu and Wang (2020) argue that the implementation of smart manufacturing relies on proper monitoring of quality standards and generates confidence among manufacturers. This level of confidence necessitates the use of appropriate marketing approaches to influence product usage (Cornelis, Baker, & Ahsan, 2022).

In developing countries, compliance with quality standards is a competitive advantage, (Hosseini, Soltani, & Mehdizadeh, 2018). Products from such firms are seen to be better than others on the market in terms of performance. This drives customers to seek such companies instead of their competitors and actively expands their customer base through recommendations to friends and family (Hosseini et al., 2018). Compliance also involves following legal procedures, processes, and standards gazetted by different responsible bodies in different business zones (Narula, 2019). Firms that prioritise the set standards can anticipate production challenges and deal with them before they escalate (Iksanov *et al.,* 2021). Logically, such systems translate into increased usage of products and services and the firm's overall profitability. This study also hypothesizes that; ***Compliance with quality standards influences usage of locally made products***.

Ethical Orientation and usage of local products

The need for ethical orientation among firms is growing in importance because of its role in influencing customer choices as well as increasing the role of social movements in the market (Kuokkanen & Sun, 2020). Ethical orientation is among the factors pushing customers to criticize the marketing process, retreat from it, and actively participate in market transformation (Kirchschlaeger, 2019). Research points to the fact that consumers are willing to pay more for ethically produced goods and less for unethically produced ones (Kuokkanen & Sun, 2020), and the punishment imposed by consumers for unethical practices is greater than the reward for ethical practices (Kuokkanen, & Sun, 2020) This assertion agrees with Metin and Goumlkhan, (2011) who found out that ethical orientation increases employee commitment.

In some situations, consumers tend to discount the value of unethically produced goods (Chen, & Baddam, 2015) which is driven by the need to punish a company for unethical practices (Chen, & Baddam, 2015). However, on the contrary, García-Sánchez *et al.,* (2021) argue that the increasing levels of ethical production, especially in developing countries, are not well rewarded. Kuokkanen and Sun (2020) claim that making small investments in ethical production has enabled firms to expand their customer base and usage of their products. This review further confirms that ethical compliance within an organization is done for the benefit of the company and the employees (Sendawula *et al.,* 2021). A well-crafted ethical compliance

policy enhances day-to-day decisions that advance the company's business goals (Sendawula *et al.,* 2021). It is also argued that effective implementation of the required ethical standards can reduce the chances of a workplace lawsuit and help to create a positive business environment that attracts and retains its customers (Williamson *et al.,* 2018). In addition, Ozdemir *et al.* (2020) argue that ethically oriented firms attract consumers to participate in co-creation activities that enhance value in the firm, and ethical orientation is seen as a value driver. This reflects a participatory culture in which consumers seek the opportunity to contribute to their virtual worlds. This literature review enables us to hypothesize that: ***Ethical orientation of the firm influences usage of locally made products.***

Firm Ethical Orientation, Compliance with Quality Standards, and Usage of Locally Made Products.

Several studies indicate that ethical-oriented firms are dutiful to the community and stakeholders (James & Schmitz, 2011). This dutifulness primarily comes from compliance with community needs and demands. In addition, Reynolds and Sariola (2018) argue that business organisations benefit from their communities if they meet the community essential services and that the low levels of usage of local products in different sectors result from the high level of unethical conduct of business owners This submission shows that compliance provides a conduit through which ethical-oriented firms may influence the usage of their products. In related studies, the usage of local products is influenced by consumer trust (Suleman & Zuniarti, 2019), brand visibility (Aslan & Özbeyaz, 2022), and perceived quality, among others (Suleman & Zuniarti, 2019); such attributes are grounded in the ethically oriented firms that comply to customers' needs and industry-based regulations.

Similarly, Khan and Sukhotu (2020) reason that firms without a compliance function invite reputational damage. Yet, consumers prefer buying goods from firms that have an existing reputation. Therefore, it is of no surprise that leaders consistently rank reputational risk as their number one worry (Khan & Sukhotu, 2020). Relatedly, Aragòn-Correa *et al.* (2020) indicate that an organisation's compliance function helps translate the reason behind the ethical orientation of the firm and sufficiently describes those values and ethics to customers. Furthermore, Mamajonov and Kuldashev (2021) show that through compliance with standards, ethical considerations of the firm drive change and innovation and support the creation of value in organisational processes. This tallies well with (Johns, & Davey,2019), who believe that articulation and modification of values over time can profoundly influence consumer buying behaviour. Fischer *et al.,* (2018), advance the view that compliance with standards translates ethical values into day-to-day activities that support the reduction of unforced errors. Therefore, a healthy compliance function in an organisation provides a channel through which a firm's ethical values are transformed to improve service delivery and customer satisfaction and eventually ease the usage of local products. This review enables us to hypothesise that; ***Compliance with quality standards mediates between a firm's ethical orientation and the usage of locally made products.***

Methodology

Research Design, Population and Sample Size

The study adopted a cross-sectional survey design with a quantitative deductive reasoning approach. This approach was more relevant in responding to established research hypotheses at a particular time. The study population comprised 1400 manufacturing firms that are members of Uganda Manufacturers Association (UMA) as of June 2021 (Uganda Manufacturers Association, 2021) The report further indicates that 850 members had introduced a new product and attempted to market it in the last 5 years. These firms were preferred because their responses could reflect the current market trends, consumer preferences, and technological advancements. Following the guidelines of Krejcie and Morgan (1970), a sample of 165 manufacturing firms was a perfect representative of the population. However, for validation purposes, each firm identified one customer respondent who had worked with the firm for not less than five years, which gave a total sample of 330 respondents. The two responses were aggregated into one questionnaire and attracted a response rate of 254 respondents translating into a 77% response rate which was sufficient according to (Baruch, 1999).

Data Collection Instrument and Measurement of Variables.

The main variables in this study included ethical orientation, compliance with quality standards, and usage of locally made products in Uganda. Ethical orientation was measured by axiological orientation, deontological orientation, teleological ethical orientation, and situational ethics (Benlahcene *et al.,* 2018). Thirty-five (35) questionnaire items were included in the study however, only eleven (11) items survived in the model fit. Compliance with quality standards was used as a mediator, and it was univariable, with eleven (11) questionnaire items retained. Usage of locally made products was also univariable, and thirteen (13) questionnaire items were used in the study as adopted and modified from the works of (Walugembe et al., 2017). However, only five (5) items were retained, as indicated in table 3. Data was collected via a survey questionnaire. A drop-off and pick-up survey method and an electronic survey method were used. Responses were anchored on a 4-point Likert scale ranging from very low (1) to very high (4). This scale was chosen to reduce on the ambiguity, uncertainty, and the midpoint. Fewer options make it easier for participants to express their level of agreement or disagreement.

Non-response bias test

Non-response bias occurs when information is obtained unsuccessfully from the sample (Podsakoff *et al.,* 2012), where those who respond are quite different from those who were the intended respondents (Graue, 2015). Two methods were used – procedural and statistical. Procedural remedies were applied to overcome non-response bias with the main aim of creating confidence among respondents and showing them the value attached to their responses. Formal letters were written to every participating manufacturing firm and distributed alongside the survey instrument. Furthermore, since data was collected over two mailing waves, we compared early and late responses during the first and second mailing following Armstrong and Overton's (1977) recommendations by running the Mann-Whitney U-test on the study variables. The results in Table 1 reveal no statistical difference between the two groups ($P > 0.05$) regarding the study construct, indicating that non-response bias was an unlikely concern.

Table 1: Non-response bias test

	Ethical Orientation	Compliance to quality Standards	Usage of locally made products
Mann-Whitney U	51.500	59.000	98.500
Wilcoxon W	61.500	69.000	1583.500
Z	-1.735	-1.504	-.292
Asymp. Sig. (2-tailed)	.083	.133	.771
Exact Sig. [2*(1-tailed Sig.)]	.083[b]	.141[b]	.779[b]

Heteroscedasticity Test

The researchers conducted a statistical test to assess whether heteroscedasticity bias affects our results and conclusions. This was accomplished by entering all regressor variables in the ordinary linear regression model to determine whether all independent variables can consistently predict the usage of locally made products (Antonakis, & Dietz, 2011).) by saving both unstandardized values of the predicted and the residual value. In addition, the study examined whether heteroscedasticity affects the findings by considering the significance of the ANOVA results and the regressor variables in the linear model. The preliminary results of the ANOVA test and standardized beta coefficients for all independent variables were non-significant ($p > 0.05$), implying the non-existence of heteroscedasticity as indicated in table 2; hence our all-independent variables predict the dependent variable consistently (Daryanto, 2020).

Table 2: Heteroscedasticity Test

Model		Unstandardised coefficients		Standardised coefficients			F	Sig.
		B	Std. error	Beta	T	Sig.		
1	(Constant)	.258	.225		1.146	.255	.849	.639[b]
	Ethical Orientation	-.044	.048	-.106	-.927	.356		
	Compliance with quality Standards	.025	.079	.055	.467	.559		

a. Dependent Variable: Usage of locally made products

Data Analysis and PLS-SEM Model Assessment

SmartPLS 4.8.3 was used, relying on the variance-based Structural Equation Modelling (Partial Least Square) to examine the hypothesized relationships (Benitez *et al.,* 2020). Following Cepeda-Carrion, *et al,* (2018)., PLS was used as a prediction-oriented approach that assessed the exogenous variables' predictive validity. Therefore, using PLS-SEM enabled the meeting of the study objectives, which included; the examination of the predictive behaviour of ethical orientation and compliance to quality standards and further the understanding regarding increased usage of local products in low developing countries. While previous studies have tested these hypothesized relationships, this study aims to understand how ethical orientation and compliance with quality standards predict the usage of local products among manufacturing firms in a developing context. This points to the appropriateness of using the PLS method for statistical analysis (Dubey et al., 2018 & Hair et al., 2018). Suggestions offered by Hair et al. (2014), and Peng and Lai (2012) were followed to estimate the theoretical model, involving a

two-stage process: firstly, examining the validity and the reliability of the theoretical model and, secondly, analysing the structural model.

Measurement Validation

Before validating the study variable measures, sampling adequacy and suitability of the study sample were tested. This was done using the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity. Results for Kaiser-Meyer-Olkin measure of sampling adequacy for all the variables were above the required threshold of 0.7, while Bartlett's Test of Sphericity results for all the variables were significant at P<0.001 level (Ramdani, 2018). This guaranteed the researchers to construct composite measurement models for the study variables following the confirmatory composite analysis to confirm measurement quality (Hair et al., 2020). In this study, ethical orientation was categorised as a second high-order reflective construct, while compliance to quality standards and usage of local products were categorised as a reflective lower-order construct. We used a repeated indicators approach to design and assess the measurement models for ethical orientation as recommended by (Van Riel et al., 2017), which involved loading all measurement items for each of the study variable dimensions to their global variable (Sarstedt *et al*., 2019; Henseler *et al.,* 2015).

The measurement models for the lower-order constructs were assessed regarding items loading and their significance, item reliability, composite reliability, average variance extracted (AVE), and discriminant validity. According to Hair et al. (2020), item loading significance is attained when the item loading is > 0.708. Item reliability is achieved by squaring the item loading, composite reliability value should be above 0.70 but below 0.95. AVE scores > 0.50 are considered sufficient while the heterotrait-monotrait ratio of correlations (HTMT) scores less than 0.85 indicate that independent variables are different from each other in predicting the dependent variables (Henseler et al., 2014). Similarly, the reliability and validity of the PPartial-Least Square-Structural Equation Modelling (PLS-SEM) for higher-order reflective constructs were also assessed. We used composite reliability (ρC) and Cronbach's alpha (a) > 0.7 to assess internal consistency. Both convergent and divergent validity were also assessed using AVE > 0.5 and HTMT< 0.85. The results in Table 3 show that the measures of ethical orientation, compliance to quality standards as well and usage of local products for lower-order constructs yield satisfactory levels of convergent validity in terms of item loading. The average variance extracted, and internal consistency reliability were above the recommended threshold of 0.7, and convergent validity in terms of AVE was above 0.5 as recommended by Hair et al., (2020).

Table 3: Reliability and Validity Statistics Lower Order Constructs.

	Item Codes	**SIL**	**α**	**rho_A**	**Cρc**	**AVE**
Compliance with quality standards						
We have a quality assurance department	**CQS1**	**0.770**	**0.946**	**0.953**	**0.953**	**0.629**
We are regularly audited to meet quality standards	**CQS10**					
We understand the UNBS Quality Marks	**CQS11**	**0.807**				
UNBS enforcement procedures have enabled us to comply	**CQS12**					
Staff in the quality assurance department are experienced	**CQS2**	**0.808**				
	CQS3					
	CQS4	**0.770**				

Our quality assurance staff have the required qualifications We understand the set quality standards for our sector We follow the set quality standards for our sector We have testing laboratories for our products to ensure compliancy We comply with regulations on consumer protection We comply with laws of consumer protection.	**CQS5** **CQS6** **CQS8** **CQS9**	**59** **0.8** **20** **0.8** **03** **0.8** **39** **0.8** **45** **0.7** **63** **0.8** **37** **0.8** **20**				
Ethical Orientation			**0.917**	**0.920**	**0.930**	**0.549**
Axiological Values						
We normally caution our behaviour when manufacturing products We are always reasonable in our product development decisions We practice self-control in our business transactions	**EO1** **EO2** **EO3**	**0.844** **0.828** **0.832**	**0.782**	**0.783**	**0.873**	**0.697**
Deontological Values						
We are aware of the rights of our customers We are aware of the rights of the suppliers Our customers are dealt with equally in our firm	**EO11** **EO12** **EO13**	**0.898** **0.875** **0.830**	**0.836**	**0.838**	**0.902**	**0.754**
Teleological ethical orientation						
We intend to have our customer happy after using our products We focus on the quality of the products we make	**EO20** **EO22**	**0.916** **0.918**	**0.811**	**0.811**	**0.914**	**0.841**
Situational Ethics						
We respond differently to customer needs and wants Our employees are ethically literate We consider ethical attitudes when hiring new employees	**EO28** **EO29** **EO30**	**0.804** **0.853** **0.870**	**0.797**	**0.806**	**0.881**	**0.711**
Usage of Local products			**0.8**	**0.86**	**0.9**	**0.6**

		0.808	**61**	**3**	**00**	**43**
Locally made products are more accessible	**ULP12**	**0.819**				
I tell others to use locally made products	**ULP13**	**0.800**				
Using Local Products is cheaper for me	**ULP2**	**0.800**				
I feel comfortable when using locally made products	**ULP3**	**0.822**				
My household is already running on locally made products	**ULP8**	**0.757**				

Standardized item loading (SIL), indicator reliability (IR), Cronbach's Alpha (α), Composite Reliability (ρc), Average Variance Extracted (AVE): Source: PLS-A analysis

Discriminant Validity

Discriminant validity is the extent to which the observed factor truly differs from others (Hair *et al.,* 2014), evaluated by the heterotrait-monotrait (HTMT) ratio (Henseler *et al.,* 2015). The results in Table 4a show the HTMT ratios for the reflective lower-order constructs (LOC) for ethical orientation while Table 4b shows that high-order constructs (HOC) in the structural model are below the conservative threshold value of 0.85, indicating that all high-order constructs (ethical orientations) and lower-order constructs (compliance to quality standards and usage of local products) discriminate well. This implies that the empirical data supports the evaluation of the structural model and testing of the hypothesized relationships among the latent constructs, as recommended by Franke and Sarstedt (2019) and Henseler et al. (2015).

Table 4a: Discriminant Validity Assessment Using HTMT Criterion for LOC

	Axiological Values	Deontological Values	Situational Ethics	Teleological ethical orientation
Axiological Values				
Deontological Values	0.833			
Situational Ethics	0.696	0.813		
Teleological ethical orientation	0.842	0.834	0.769	

Source: Analysis of PLS-A

Table 4b: Discriminant Validity Assessment using HTMT Criterion for HOC

	Compliance to quality standards	Ethical Orientation	Usage of local products
Compliance to quality standards	0.605		
Ethical Orientation			
Usage of local products	0.361	0.455	

Finally, the PLS-SEM measurement models were assessed for nomological and predictive validity (Hair et al., 2020). Nomological validity is determined by verifying the correlational results pattern of the study construct relationship in line with theoretical underpinnings, while

predictive validity is achieved when a construct score does not predict scores on other study construct measures (Hair et al., 2020). The nomological and predictive validity of our study variable were also confirmed since the measure of each specific study variable did not load on others as recommended by Hair et al., (2020).

Common Method Bias

To overcome common methods bias, both procedural and post-statistical methods were employed (Hult *et al.*, 2018; Robins *et al*., 2002). Among the procedural remedies, an effective instrument design and development process was ensured (where a robust pre-test including interviews, consultation, and pilot testing were done with senior operations and marketing managers and academicians), as Podsakoff *et al.* (2012) recommend. Under statistical methods, both Harman's (1967) single factor test and full collinearity test (Kock, 2015) were conducted. Harman's (1967) single-factor test was done first, all the study variables were loaded into exploratory factor analysis (rotated component factor analysis). The principal component matrix results showed that twenty (20) factors emerged, accounting for 83.55% of the covariance among the measure, which is significantly above the 50% threshold value (Greene & Organ, 1973), meaning that the common method variance is not an issue in this study. The study also applied a full collinearity test on all study variables to assess both vertical and lateral collinearity among and between predictor variables with the hypothesised measurement model's criterion variable, as Kock (2015) recommended. The results in Table 5 reveal that there was no common method variance since the inner VIF values for all models are below 3.3, as recommended by (Kock, 2015). Therefore, given the results, the potential common method variance is considered non-substantial.

Table 5: Common method bias

Study construct	1	2	3
Ethical Orientation		1.101	1.245
Compliance with Quality Standards	1.193		1.245
Usage of Local Products	1.193	1.101	

Note: CQS – Compliance to quality standards, EO – Ethical Orientation, ULP- **Usage of local products**

Source: PLS-SEM analysis

Zero Order Correlations among Study Variables

A correlation analysis was run to obtain the relationships among the study variables. The set research objectives and questions guided the analysis. The results in Table 6 indicate the correlation coefficients between the study variables. The analysis found a positive and significant moderate linear relationship in testing the influence of compliance with quality standards on ethical orientation and usage of locally made products.

Table 6: Relationship between the Study Variables

	Mean	S. D	1	2	3
Compliance with quality standards (1)	5.10	.33	1.000		
Ethical Orientation (2)	5.27	.19	0.574**	1.000	
Usage of local products (3)	5.29	.30	0.336**	0.406**	1.000
**. Correlation is significant at the 0.01 level (2-tailed). Using Pearson Correlation					

Source: Primary Data

Hypothesis Results

To assess the results of the research hypotheses, bootstrapping procedure was applied to estimate standard errors and the significance of the parameter estimates. The significance is achieved with 5,000 sub-samples with no significant option at a 95% bias-corrected confidence interval. The value of the PLS path coefficient and the p values for the model and the results are statistically significant at ($p \leq 0.05$). Results in Table 7 show that ethical orientation, compliance with quality standards, and usage of local products are positively and significantly related hence supporting H1, H2, and H3, respectively. Also, the results in Table 7 show that compliance with quality standards partially mediates between ethical orientation and usage of local products supporting H4. In addition, Hair *et al.,* (2016) recommend reporting R2, Q2, and F2. R2 value explains the explanatory power of the endogenous constructs. R2 value between 0 and 1 shows the predictive relevance. Results shows R2 value of 0.180 for the usage of local products and 0.330 for compliance with quality standards which supports the predictive relevance and considered moderately strong. The effect size (F2) of each predictor was reported basing on Cohen''s effect size recommendations. Therefore, . F2 values of 0.345, 0.196, and 0.123 are considered large, medium, and small, respectively (Rice & Harris, 2005).

Besides, the blindfolding test with an omission distance of seven was conducted to assess the model's capability to predict (Q2) (Peng & Lai, 2012). From the blindfolding test, Q2 values for the usage of local products (0.404); and compliance to quality standards (0.107) are larger than zero (Table 7), implying that the model has predictive relevance. Finally, we checked the model's out-of-sample predictive power regarding the usage of local products by running Shmueli et al.'s (2019) PLS prediction procedure (ten folds, ten repetitions). The results gained from a PLS predict analysis further support the model's predictive power about the usage of local products as the PLS-SEM analysis produces smaller predictive errors (in terms of MAE and RMSE) compared to the naïve linear benchmark model (Sarstedt et al., 2019).

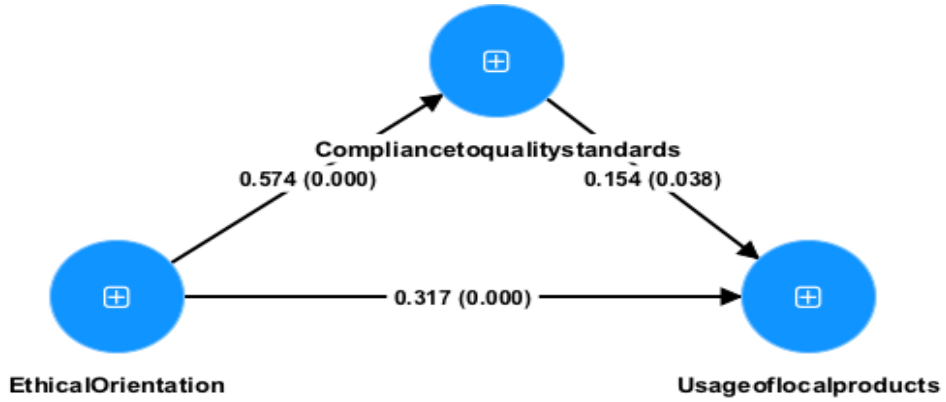
Table 7: showing results of direct, indirect and total effect

Direct Effect	**B**	**T Stat**	**P Values**	CIBaC	**VIF**	**f2**
CQS-> ULP	0.154	2.074	**0.038**	0.005 - 0.298	1.000	0.123**
EO-> CQS	0.574	12.353	**0.000**	0.476 - 0.660	1.627	0.345**
EO -> ULP	0.317	4.082	**0.000**	0.158 - 0.464	1.000	0.196**
Indirect Effect	**B**	**T Stat**	**P Values**	CIBaC		
EO -> CQS-> ULP	0.089	2.032	**0.042**	0.005 - 0.179		
Total Effect	**B**	**T Stat**	**P Values**	CIBaC		
CQS-> ULP	0.157	2.074	**0.000**	0.005 - 0.298		
EO-> CQS	0.574	12.353	**0.000**	0.476 - 0.660		
EO -> ULP	0.406	6.639	**0.000**	0.1282 - 0.517		
Prediction Quality Criteria	R^2	AdjR^2	**Q^2**	**RMSE**	**MAE**	**Q^2_predict**
CQS	0.330	0.337	0.404	0.824	0.655	0.325
ULP	0.180	0.174	0.107	0.923	0.734	0.157

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

Note: CQS – Compliance to quality standards, EO – Ethical Orientation, ULP- Usage of local products. Source: Analysis of PLS-SEM

Figure 1: Partial Least Square Structural Equation Model (PLS-SEM) for Usage of local products



In the partial Least Square Structural Equation Model (Figure 1) above, the influence of ethical orientation and usage of local products was positive and significant while the indirect path of ethical orientation to usage of local products through compliance with quality standards was also positive and significant. These results confirm the presence of a partial mediation in this study. .

Discussion of Results

This study looked at compliance as a unidimensional variable with a major focus on its relationship with ethical orientation and its influence on the usage of locally made products. In this paper, results are discussed as per the set objectives with the main aim of illustrating the value and importance of ethical orientation and compliance to quality standards towards increased usage of locally made products in the following ways;

Ethical Orientation and Usage of Locally Made Products

Promoting the use of local products in sub-Saharan Africa is vital for economic growth. Valuable solutions can be found in ethical business practices. This study's findings suggest that ethical orientation drives local product usage by fostering customer responsiveness, as ethical businesses prioritize customer satisfaction. This focus on customer contentment boosts product and service utilization in both local and international markets. Ethical companies exhibit respect for customers, value their input, and treat employees equally. Likewise, they extend this respect to vendors, intermediaries, and distributors, which positively impacts product usage within the community. These results agree with Williamson *et al.* (2018), who assert that companies that focus on producing their products following ethically recommended procedures easily strengthen their relationship with prospective buyers. This makes ethically produced goods categorised as goods produced under conditions of progressive stakeholder relations, advanced environmental practices, and respect for human rights (Kirchschlaeger, 2019). Furthermore, these results conform to the Axiological ethical perspective, which argues that value-oriented business organizations emphasize understanding stakeholders' needs in producing and marketing goods and services (Kalenskaya *et al.,* 2017) and hence influence the usage of these goods. In addition, Song and Kim (2018) found that the virtuous traits of self-efficacy predict socially responsible purchase and disposal behavior.

Compliance with Quality Standards and Usage of locally made products

The results of this study confirm that firms that comply with quality standards can easily influence the usage of their products and services. Compliance with quality standards may manifest through product quality control and adherence to standards. Regarding product quality compliance, Chauke and Tabit (2022) argue that it gives consumers peace of mind that products are safe for use. In Sub-Saharan Africa, a number of efforts have been made to improve the levels of compliance with quality standards among local manufacturers. In Uganda, the Uganda Bureau of Standards oversees product certification and international compliance standards for over 2000 locally made product categories, significantly promoting their usage (Mfitumukiza, Nambasa, & Walakira, 2019).). Similarly, Ochieng, et al., (2013) supports these results and indicates that strengthening the compliance arm of the Uganda Bureau of Standards may be an important strategy for increased usage of local products.

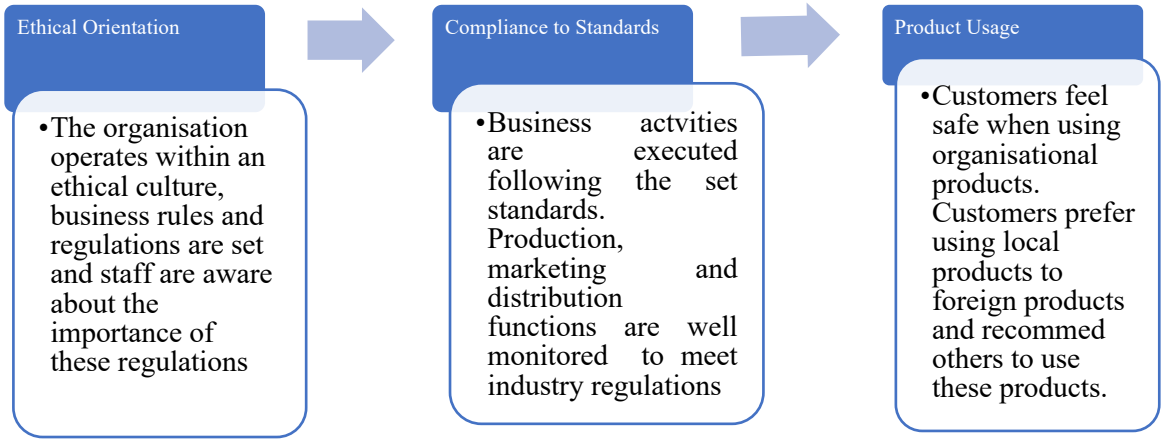
Ethical Orientation and Compliance with Quality Standards

This study delved deeper into the connection between a firm's ethical orientation and its adherence to quality standards. This implies that fostering an environment where employees are encouraged to act ethically is closely linked to their ability to follow established regulations. Ethical orientation, therefore, acts as a proactive driver of compliance. These findings also indicate that organizations aiming to boost compliance with quality standards cultivate an ethical culture. Such a culture necessitates the establishment of value systems to facilitate decision-making and bolster compliance. These findings are in agreement with Vadastreanu and Maier (2015), who assert that a high level of deontological beliefs among managers' eases compliance with industry regulations. Furthermore, Migeon and Bobbert (2022) found that trust encourages voluntary compliance, and individuals with a higher propensity to trust are more likely to report higher compliance and cooperative behaviour. These results are also supported by the Theory of Regulatory Compliance (Fiene, 2019), which emphasises creating a conducive environment for employees to comply with industry regulations.

The Mediation Role of Compliance with Quality Standards.

The study findings affirm that adherence to quality standards serves as a channel through which a firm's ethical orientation impacts the utilization of locally made products. Compliance allows the firm to manufacture quality products and services in line with industry regulations, and to market and distribute these goods in accordance with those standards. By complying, firms produce products that meet consumption standards, making it easy for customers to use them. Compliance also involves delivering products and services that align with consumer needs and satisfy industry demands. In support of these results, Reynolds and Sariola (2018) argue that firms can only benefit their customers if they are fairly treated and considered in all their business dealings. These firms respond to consumers' needs and wants and adhere to the set industrial regulations. This mediation role is illustrated in Figure two (2).

Figure 2: The Process Flow Path



In Figure 2, the study demonstrates that manufacturing firms that create a conducive ethical environment with clear operational rules and regulations, create an enabling ethical culture for employees to comply with industry standards with less or minimal monitoring and control. Such business organisations, produce goods that meet customer needs, making customers feel safe while using these goods. As a results, local manufacturing firms that adhere to this process can easily influence usage of their products among the local and international communities.

Conclusions

This study affirmed a significant and positive relationship between ethical orientation, Compliance with quality standards, and the utilization of locally made products. Additionally, it found that compliance with quality standards plays a partial mediating role in the relationship between ethical orientation and the usage of locally made products. Thus, it can be concluded that companies that establish an ethical code of conduct and empower employees to adhere to these guidelines create a conducive environment for employees to meet industry standards. This not only attracts customers but also fosters a positive brand image among potential customers, making it easier for their goods and services to be used. Consequently, customers are more likely to choose locally-made products over foreign alternatives.

Managerial Implications

The study underscores the importance of fostering strong ethical cultures within local manufacturing organizations. This highlights the necessity for enhancing ethical practices in local industries. In the context of sub-Saharan Africa, establishing ethical committees in all manufacturing firms becomes crucial for promoting ethical conduct in these organizations. Furthermore, the study emphasizes that adhering to quality standards is essential for enhancing. the quality of local products, making them more competitive and appealing to local consumers. This underscores the need to reinforce regulations and entities related to compliance. Providing support to these organizations could expedite the certification of products whose standards are not yet formalized. Governments might also consider offering standardization and certification assistance to entrepreneurs through training programs. When coupled with continuous surveillance and monitoring, these efforts could elevate compliance levels and, consequently, boost the utilization of local products.

Theoretical Implications

This study upheld the tenets of the Regulatory Compliance Theory (Fiene, 2019) by shedding more light on the intricate interplay between regulatory compliance and the ethical stance of firms. Furthermore, the study highlights how adherence to quality standards can serve as a catalyst for fostering ethical business practices, potentially leading to more responsible and sustainable utilization of locally made products. Therefore, the theory provides a foundation for understanding how regulatory frameworks can be harnessed to promote ethical business behavior which could ultimately influence usage of locally made products. In addition, the application of Moral theory (Kant & Gregor, 1785), the study provides a robust foundation for understanding how firms can navigate the ethical dimensions of compliance. It underscores the importance of adhering to quality standards not merely out of self-interest but as a moral duty, which can profoundly influence a firm's ethical orientation. This implies that firms may be more inclined to prioritize the well-being of the local community, endorsing the use of locally made products as an ethical obligation rather than a mere business strategy.

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