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Determinants of Ethical Procurement Practices in Public Entities: The Case of the Ministry A in Lusaka

Wamunyima Mwananyambe[1] and Chileshe Joseph Mwape[2]
[1]*Graduate School of Business, University of Zambia, Zambia*
[2]*Graduate School of Business, University of Zambia, Zambia*

[1]*Corresponding Author:*

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ABSTRACT

This study examines the determinants of ethical procurement practices within the Ministry A in Lusaka. Utilizing a cross-sectional design, the research identifies key factors such as political interference, non-compliance with regulations, and insufficient ICT equipment. Practical recommendations, including the adoption of e-procurement and enhanced training, are provided to improve procurement practices. The study contributes to the understanding of procurement challenges in the public sector and offers actionable solutions to mitigate these issues.

Keywords: determinants, ethical procurement practices, public entities

I. INTRODUCTION

This study examines the determinants of ethical procurement practices within the Ministry A in Lusaka. Utilizing a cross-sectional design, the research identifies key factors such as political interference, non-compliance with regulations, and insufficient ICT equipment. Practical recommendations, including the adoption of e-procurement and enhanced training, are provided to improve procurement practices. The study contributes to the understanding of procurement challenges in the public sector and offers actionable solutions to mitigate these issues.

II LITERATURE REVIEW

Global and Regional Context

Procurement practices in public entities have been a subject of significant reform globally. Studies indicate that procurement systems in developing countries often face challenges such as corruption, political interference, and inadequate regulatory frameworks (World Bank, 2020; Transparency International, 2019). In

Africa, efforts to improve procurement practices have included the introduction of e-procurement systems and enhanced regulatory oversight (AfDB, 2021).

Ethical Procurement Practices

Ethical procurement involves adhering to principles of integrity, transparency, and accountability. Previous research highlights the importance of robust regulatory frameworks, effective oversight mechanisms, and the role of technology in promoting ethical practices (OECD, 2019). Ethical lapses in procurement can lead to significant financial losses and undermine public trust (UNDP, 2020).

Procurement System Weaknesses and Challenges

The Zambian procurement system despite having a relatively modern legal and regulatory framework faces several challenges resulting from non-enforcement or weak enforcement of the provisions of the Act, including sanctions for breach, resistance to change, limited capacity and simply incompetence in some cases. The Act, for example, requires procuring entities to publish annual procurement plans and contract awards but these requirements are not being adhered to by most, if not all procuring entities. The publications are meant to enhance transparency and accountability and therefore the non-adherence to the provisions is not only a breach of the law but also inhibits transparency and accountability. The Auditor General has, year in year out, been reporting cases of procuring entities not complying with procurement procedures in the procurement of goods, works and services with no sign of this practice coming to an end (Harland, 2017). Hence, the researcher has not found any study done in Zambia regarding determinant of Ethical Procurement Practices in public institutions.

III. THEORETICAL AND CONCEPTUAL FRAMEWORK

3.1 Theoretical framework

Theoretical review explores the relevant theories and explains the relationship between the independent variables and Dependent Variables.

While there are many theories that can be used to discuss the determinants of procurement ethics in an organization, the researcher has adopted in this study is the principle -Agent theory. According to Jensen & Meckling (2016), an agency relationship is a contract under which one or more persons (principals) engages another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the Agent. When executing the tasks within the principal-Agent relationship, the Agent must choose actions that have consequences for both the principal and the agent. Since these outcomes can be either negative or positive for each of the actors, the chosen action of the Agent affects the welfare of both the parties (Zatha, 2015). The principal-agent relationship is often forged because the agent possesses a greater abundance of the needed skills, professional qualifications, experience, abilities, and time to perform the desired activities. Inevitably, however, there are several problems for the principal in governing the relationship with the agent, the first of which involves choosing an appropriate agent (Davis, 2017).

Consistent with the tenets of agency theory, the view adopted here assumes that agents, which are, procurement officials, are rational, self-interested utility maximizes. However, it is not assumed that these agents behave selfishly and do so with guile. In other words, slightly contrary to (Williamsons, 2021) said that transaction cost economics framework, it is assumed that people are opportunistic in the sense that they may shirk in a self-interested manner by trying to minimize effort if it fulfils their needs, and it is not assumed that they will willingly misrepresent or lie about that effort (Ferrer G, 2016).

More to the point, it is merely assumed that the principal and agent do not share the same levels of information, and as such, the agent can opportunistically take advantage of the situation, sometimes to the

detriment of the principal. This theory will help the study to understand the weakness that comes with this asymmetric information between management of Ministry A and the procurement department which in turn leads to unethical. It is understood that management and the user (players in the Procurement process) or faculty/department know more about the procurement guideline, the information that is usually not matched with the procurement officials. In this case, the procurement acts as the agent and are expected to act in the best interest of the organization and its management (Njagi, 2017). Therefore, the main participants and approvers are expected or required to adhere to the laid down procurement procedure which is supposed to be mandatory (Chartered Institute of Procurement and Supply Chain Magazine, 2014).

There are also explicit theories that link procurement breaches to the performance of any organization. Be it private or public. This study will, however, draw attention to the works of (Zatha, 2015), who extensively studied the Ethical conduct of members of staff that takes part in the procurement Process because they have effects on Profitability and implications on product quality and or delivery of service. He argued that in the discourse of good governance and public administration practice, ethics could be regarded as the collection of values, obligations, moral principles, attitudes, and norms that serve as a conduct and behavioural rules which must be observed by public representatives and officials to ensure that their actions are constantly focused on the promotion, achievement, maintenance, and enhancement of the general welfare of the society at large (Zatha, 2015).

Raga and Albrecht (2017) emphatically state that there is both a need and call for the people within professions to conform their behavior to certain ethical standards and codes of conduct. The importance of articulating ethics and the values that define and underpin both the public and private service cannot be underscored (Lechasseur et al., 2018).

Further, this is in relation to what is outlined in the Procurement policy and guidelines manual, 2019 that the personnel responsible for the procurement of goods and services on behalf of the Institute must be part of the Institute's organizational structure and the persons carrying out such roles must be qualified and regulated by relevant bodies (Davis, 2017). They cannot be consultants, interns, or trainees. The staff involved must ensure that the goods and services are for university use, financial regulations have been complied with, purchases have been properly researched and the best value for money obtained by reference to contracts available consortia, other approved channels and adequate budgetary provision which exists to meet the commitment (Ferrer, 2016). In addition, goods and services must be of the right quantity and quality, at the best possible price and delivered on time. Consideration must also be given to the quality of after sales service as this is often as important as the price, quality, and all forms an integral part of a good contract. Failure to obeying the lay down procedure leads to breaches in procurement process which do not spare the private sector because the finances used for all their procurements and Operations is generated from the profit the institution makes, a reason why this study was born (Ferrer, 2016). Drawing on the lessons learnt from reviewing the empirical studies, the conceptual framework below was developed.

3.2 Conceptual Framework

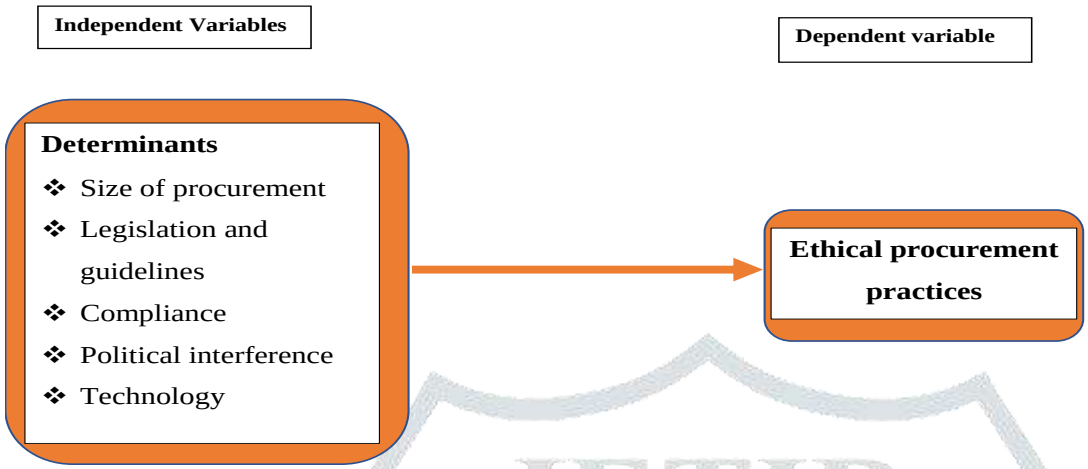

Figure 1: Conceptual framework

IV. METHODOLOGY

Research Design

This study employs a cross-sectional design to gather data from employees involved in the procurement process at Ministry A. The combination of random and purposive sampling techniques ensures a diverse and representative sample.

Data Collection

Data was collected using structured questionnaires and interviews. The sample size consisted of 150 respondents, including procurement officers, managers, and other relevant stakeholders. Statistical analysis was performed using SPSS to identify key determinants of ethical procurement practices.

Reliability and Validity

Data validity is the extent to which the measuring instrument such as the question is consistent and could produce same results in different context (Malhotra, 2017). While reliability of data is the extent to which the findings can be generalized to target population within the acceptable marginal error of 7% at 93% confidence level (Copper & Schindler, 2018). The questionnaires were checked for consistency, complete entries, and ensure that the allocated proportion was assigned to each department. The questionnaire also pretested before data collection to ensure that the questionnaire was reliable. This was conducted at Ministry A with five respondents. The results were also triangulated with the qualitative findings. The triangulation strengthened the data validity and reliability.

Ethical Considerations

All ethical considerations were put into account to effectively conduct the study. Before proceeding with the study permission and clearance were sought from the University of Zambia before data was collected. A letter of clearance from the University of Zambia was used to seek permission to collect data from the Ministry A. The respondents were given the full information of the study before consent was requested to take part in the study, and their anonymity and autonomy was upheld. They were encouraged to fill in the questionnaire in a private place to avoid any social harm that could occur for taking part in the study. Also, for the purpose of upholding their confidentiality and that of the study.

V. ANALYSIS OF RESULTS

The results are presented below. The first analysis involves Qualitative data, and the second part involves Hypothesis testing using quantitative data.

5.1 Determinants of ethical procurement practices

1. Size of procurement

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A	There is low capacity of Procurement personnelto handle huge and complex procurements	25	45	30	10	30
B	Specifications are too difficult to be interpreted	60	30	5	25	10
C	There are usually cost overruns	45	50	10	5	30
D	Funding has usually been a challenge for your organization	30	70	5	15	20
E	Lack of enough preparation, assessment and planning	40	55	5	10	15

2. Legislation and guidelines

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A	The fear for negative publicity has led to a growing emphasis on the legal aspects of the tendering process	15	20	10	45	50
B	Local laws such as taxes affect projects	20	10	20	45	45
C	Lack of understanding of the legal and regulatory framework	50	15	10	15	20
D	Procurement acts in a reactive way and is often not involved until the specifications have been defined	65	45	5	15	10

3. Compliance

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A	Low compliance to procurement regulations and procedures	40	45	0	30	25
B	Spill-over effects into other areas of the supply chain	55	25	10	25	25
C	Lack of compliance has led to an increase in appeals cases where the procurement process is delayed in the financial year.	35	30	20	20	35

4. Political interference

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A	Political connections play a big role in winning tenders	50	45	5	17	18
B	Poor or shoddy work is defended	45	40	10	25	20
C	Costs done due to political interference are exaggerated	70	35	10	15	10
D	Capacity of contractors to undertake projects is low	35	45	10	25	25

5. Technology

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A	Manual systems of records is used and is highly prone to fraud	60	45	10	15	10
B	Processes made slower because of lack of technology	50	50	0	15	25
C	Manual system highly prone to manipulation of data	35	30	0	35	40
D	Costs are usually high due to high usage of stationery such as paper.	60	30	5	30	15
E	Lack of modern technology contributes to long approval processes	70	30	5	20	15

On the objective of determining ethical procurement practices, from the study findings in the tables presented above, it was established that size of procurement, legislation and guidelines, compliance and Political Interference are the main determinants of ethical Procurement practices at the Ministry of Transport and Logistics.

5.2 The effects of the determinants of ethical procurement practices at the Ministry of Transport and Logistics in Lusaka

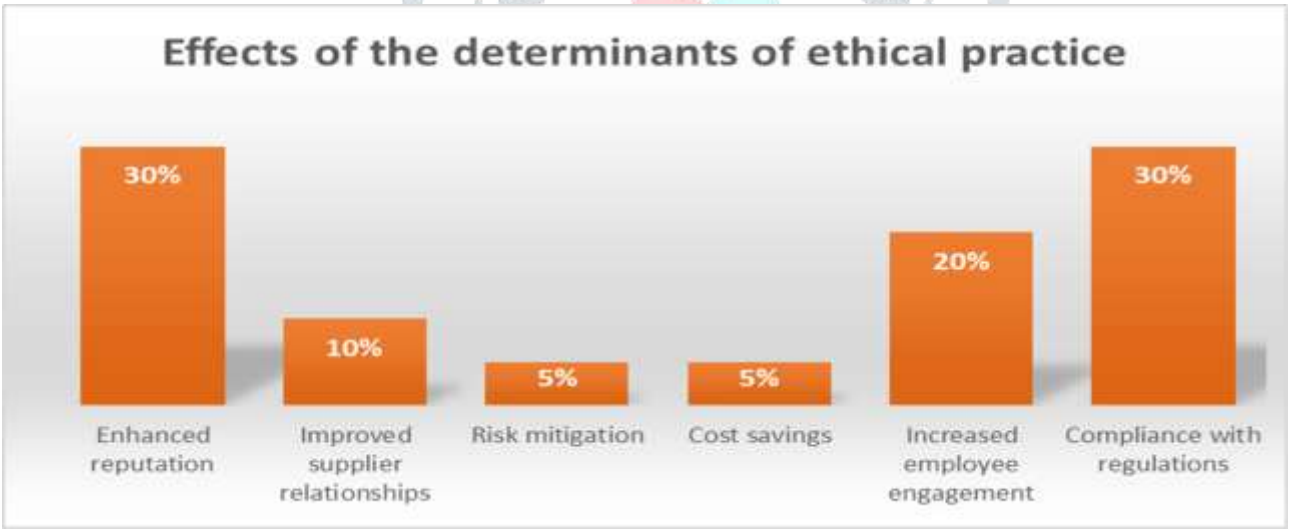

Figure 2: Effects of determinants

With the objective of determining the effects of the determinants of ethical procurement practices, the responses are presented in figure 2 above. The study revealed that the effects of the determinants of ethical procurement practices include enhancing reputation, improving supplier relationships, risk mitigation, cost savings, increasing employee engagement and improving compliance with regulations.

5.3 The effective way of utilizing the determinants of ethical procurement practices at the Ministry of Transport and Logistics in Lusaka

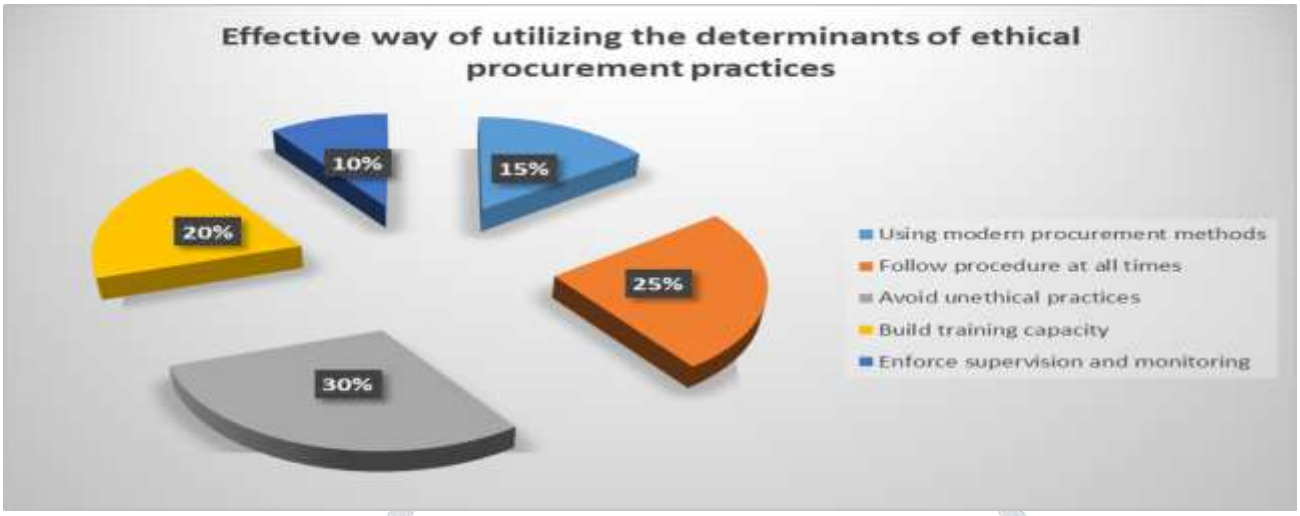

Figure 3: Effective way of utilizing the determinants of ethical procurement practices

5.4 Correlation Analysis

Correlation Matrix						
Variables	EPP	SP	L&G	C	PI	T
EPP	1					
SP	0.3451**	1				
L&G	0.4011**	0.1354	1			
C	0.2517*	0.3159*	0.0252	1		
PI	0.1131**	0.0147	0.1483	0.0496*	1	
T	0.1524***	0.1238	0.1065	0.1034	0.1558*	1

*. Correlation is significant at 0.01 levels (2-tailed)
**. Correlation is significant at 0.05 levels (2-tailed)
***. Correlation is significant at 0.10 levels (2-tailed)

EPP: Ethical procurement practices
SP: Size of procurement
L&G: Legislation and guidelines
C: Compliance
PI: Political interference
T: Technology

In synthesis, the table above uncovers significant correlations among variables. The findings show that ethical procurement practices (size of procurement, legislation and guidelines, compliance, political interference and technology had a significant and positive relationship with ethical procurement practices.

VI. DISCUSSION AND Findings

Key Determinants

1. **Political Interference**: Political influence in procurement decisions was identified as a significant barrier to ethical practices. Respondents reported instances where political considerations overrode established procedures.
2. **Compliance with Regulations**: Lack of adherence to procurement regulations and guidelines emerged as a major issue. Many respondents indicated that procedures were often bypassed, leading to unethical practices.
3. **ICT Equipment**: Inadequate ICT infrastructure hindered the implementation of transparent procurement processes. The lack of modern technology tools contributed to inefficiencies and opportunities for unethical behavior.

VII Discussion

Political Interference

The impact of political interference on procurement practices cannot be overstated. Political influence can lead to favoritism and corruption, undermining the integrity of the procurement process. This finding is consistent with previous studies that highlight the detrimental effects of political interference on public sector operations (Krause, 2018).

Compliance with Regulations

Ensuring compliance with procurement regulations is fundamental to maintaining ethical standards. The study reveals a gap in the enforcement of these regulations, suggesting the need for stronger oversight mechanisms. This aligns with global best practices that emphasize the importance of regulatory compliance in procurement (OECD, 2019).

ICT Infrastructure

The role of ICT in facilitating transparent procurement practices is well-documented. The lack of adequate ICT equipment in the Ministry underscores the need for investment in technology to support ethical procurement. E-procurement systems have been shown to reduce corruption and improve efficiency (World Bank, 2020).

VIII Recommendations

1. **Adopt E-Procurement**: Implementing e-procurement systems can enhance transparency and reduce opportunities for unethical behavior. The Ministry should invest in modern ICT infrastructure to support this transition.
2. **Enhance Training and Capacity Building**: Regular training programs for procurement staff on ethical practices and compliance with regulations are essential. This will ensure that all employees are aware of and adhere to established procedures.

3. **Strengthen Oversight Mechanisms**: Establishing independent oversight bodies to monitor procurement processes can help detect and prevent unethical practices. Regular audits and assessments should be conducted to ensure compliance with regulations.

IX Conclusion

This study provides valuable insights into the determinants of ethical procurement practices in the Ministry Ain Lusaka. Political interference, non-compliance with regulations, and inadequate ICT infrastructure were identified as key challenges. By adopting e-procurement, enhancing training, and strengthening oversight mechanisms, the Ministry can improve its procurement practices and uphold ethical standards. Further research is recommended to explore these determinants in different contexts and sectors to build a comprehensive understanding of ethical procurement practices.

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