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**Effect of Ethics and Integrity on Good Public Procurement  
System**

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**Abstract**

*This study aimed at exposing the effect of ethics and integrity on good public procurement system in Nigeria. Data for the study were collected through a structured questionnaire administered on eighty-two (82) officers of the Bureau for Public Procurement in Abuja, Nigeria. The data generated were analysed with the Pearson Product Moment Coefficient of Correlation. Our findings revealed that ethics, accountability, and transparency of public procurement system in Nigeria. In view of the above, the paper recommended that fairness and impartiality should be enshrined in public procurement in Nigeria; there should be proper re-orientation of*

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*public procurement officers on the need for consistency and transparency in procurement procedure; and regulatory authorities should ensure that legislative obligations and policies on public procurement are fully enforced.*

**Key words:** Ethics, integrity, good public procurement, accountability, transparency.

### **Introduction**

The ultimate objective of public procurement is to provide public goods and services for the maximization of social welfare, such as good roads, portable water electricity, and healthcare; to improve the standard of living of the people. Paradoxically, while public procurement has accounted for a rising proportion of Gross Domestic Product (GDP) in Nigeria as a result of late completion of contracts and costs over runs, the standard of living of the people has not been adequately improved. Worried about this scenario, Igbamero (2011), Kari, Mona and Jan (2010), Akunyili (2008), and OECD (2007), revealed that corruption of public officers is the root cause of the problem. Igbamero (2011) stated that corruption may occur in any step of the procurement procedure ( pre-bidding, bidding and post-bidding), and it can arise through violations of ordinary procurement rules or through misuse of legal authorization of discretionary decisions from the rules.

In view of the devastating effect of corruption on public service delivery, governments, public analysts and researchers have taken the bull by the horn searching for means of its elimination. A review of extant literature indicated that ethics and integrity are the key conditions for promoting good public procurement system. According to Nwaiwu and Dan-Jumbo (2013), ethics are important when considering value for money and value for money is the core principle underpinning public procurement. De George (1999) maintains that ethical behaviour enhances the procuring entities reputation in the market place and imparts a sense of trust which promotes positive alliances among business partners. Being ethical on the part of the consultants or contractors increases their chances of completing the assignment successfully and therefore the possibility of winning more tenders in the future. Therefore, the nurturing of an ethical environment and the development of ethical safeguards can be critical incentives for improving public procurement (Akunyili, 2008). Integrity which is achieved through accountability and transparency is ideally a part of the framework for good public procurement system. Record keeping throughout the process is essential to allow inspection of the rationale behind all decisions, and a document archive is an important tool together with standardized template and forms. By standardizing both achievement and reporting, integrity is enhanced, because access to information is made less complicated. These mechanisms allow the openness of the process and therefore improve the procurement process.

In spite of the publicity that ethics and integrity have received as important pillars of any good public procurement, there is still lack of adequate literature in Nigeria on the subject-matter. There are also a limited number of empirical studies that examine ethics and integrity as panacea in public procurement decision in Nigeria. A few available studies in the subject-matter had so far concentrated on large privately-owned companies particularly in the advanced countries (Okafor, 2005, De George, 1999). The present study is purposely deigned to fill these existing gaps by providing an empirical evidence of the extent to which ethics and integrity promote good public procurement system in Nigeria.

### **Literature Review**

Public procurement is the process by which government parastatals, departments, ministries and agencies purchase goods and services from the private sector under specific rules and policies. According to Kari, Mona and Jan (2010), public procurement refers to all acquisitions of goods and services by public institutions, and concerns contracts between the government and the private in many different areas such as health services, the military and construction. Good public procurement system will transform funds into hospitals, schools, roads and electricity supply.

Public procurement is the main area where the public and the private sector co-operate financially. As a major interface between the public and private sectors, public procurement provides multiple opportunities for both public and private actors to divert public fund for private gain, and it has been identified as the government activity most vulnerable to corruption (World Bank, 2010), corruption and inefficient procurement decreases the benefits public resources otherwise would have delivered to citizens, and also lower the level of trust and confidence in governments. Public procurement tends to involve relatively few but high-value transactions. Since procurement accounts for such a large part of public resource sit is important that the procurement process occurs in an accountable, transparent and well-managed manner to provide value for money.

As public procurement officials are increasingly working closely with private sector actors to develop and deliver the solutions that promote value for money, they need adequate guidance. OECD (2007), posited that enhancing professionalism in public procurement requires not only management procedures but also a clear set of values and ethical standards clarifying how to achieve this objectives.

### **Ethics and Public Procurement**

Ethics refers to acceptable standards of behaviour or moral principles that guide a profession, an organization or the society at large according to Mullins (2002) ethics is concerned with the study of morality, practices and activities that are

considered to be importantly right and wrong, together with the rules that govern those activities and the value to which those activities relate.

Previous empirical works such as Nwagboso (2007), Ilaboya and Uwubamwen (2005); Obiora (2004), Baumhart (1993) and Goodpaster (1991) found that a positive link exists between ethics and procurement whether in the public or private sector. Nwagboso (2007), revealed that high ethical standards are especially important in the public sector because they are key to credibility and lead to increase support for government agencies and political leads. Creating a culture of ethics in the public can best be accomplished with the adoption of a value-based code of ethics. Once established, the code must apply to everyone including elected and appointed officials of government particularly the procurement officials. Ilaboya and Uwubamwen (2005), observed that ethical standards do not only contribute to sustaining high level of performance but also have a long-term effect in helping to shape societal well being. Obiora (2004) indicated that the application of the highest ethical standards helps to ensure the best achievable procurement outcome. Baumhart (1993) reported that any procurement activity that is not ethically carried out is bound to be enclaved with corruption, which is social disease that hinders economic growth and development. Goodpaster (1991), affirmed that ethics contributes to sound procurement processes that accord equal opportunities for all participants. The benefits of high ethical standards are not hinged on empiricism. They can easily be discerned by viewing institutions where ethical standards do not exist. In such institutions, there is insensitivity to the goals of the organization which can culminate in crisis of confidence.

Given these discussions, it is therefore hypothesized that –

H<sub>01</sub> Ethics has no significant relationship with good public procurement in Nigeria.

### **Accountability and Public Procurement**

Accountability is concerned with proper documentations of procurement activities. This is essential to allow proper inspection of the rationale behind all decisions because access to information by all stakeholders in the procurement process is made less complicated OECD(2007) reported that accountability is ideally a part of the framework for achieving effective decisions in public procurement. This mechanism allows the openness of the process and brings defaulters to book. Okafor and Modebe (2005) indicated that accurate written records of the different stages of the procurement procedure are essential to maintain accountability, provide an audit trail of procurement decisions for controls, serves as the official records in cases of administrative or judicial challenge and provide an opportunity for citizens to monitor the use of public fund. Moody-Start (1997) in his study on “how business bribes

damage developing countries is to provide an information system that can keep all parties of the procurement process accountable for their actions and help track further irregularities in the process.

These various studies as discussed in this section clearly show that accountability promotes good public procurement system. These considerations lead us to the following hypothesis;

H<sub>02</sub>: Accountability does not significantly lead to good public procurement system in Nigeria.

### **Transparency and Public Procurement**

Transparency is the ability of stakeholders to know and understand the actual means and processes by which contracts are defined, awarded and managed. It promotes fair and equal treatment of bidders. According to OECD (2007), transparency has been recognized as a key condition for promoting integrity and preventing corruption in public procurement. However, it must be balanced with good governance imperatives, such as ensuring efficient management of public resources – administrative efficiency or providing guarantees for fair competition. Obioru (2004) affirmed that in order to ensure overall value for money in public procurement, the challenge for decision makers is to define an appropriate degree of transparency to reduce risks to integrity in public procurement while pursuing other aims of public procurement. A key challenge across countries of the world has been to define an adequate level of transparency to ensure fair and equal treatment of providers and integrity in public procurement. Akpakpan and Odukoya (2000) revealed that a key element to support fundamental principles of public procurement system, especially competition and integrity, is transparency in public procurement. Since transparency is an integral part of good governance in procurement, it is therefore necessary to build professionalism among procurement officials. In view of the above discussions, we hypothesized that

H<sub>03</sub>: Transparency does not significantly promote good public procurement system in Nigeria.

### **Methodology**

For the purpose of this study, eighty-two (82) staff of the Bureau of Public procurement, Abuja, formed the population of the study. A questionnaire designed in five-point liker-scale ranging from 5 the highest is to the least 1, was administered on the respondents in order to collect the necessary data for the study. The data generated were analysed using Pearson Product Moment Coefficient of Correlation.

Based on the nature of the research problem, this study has three variables – ethics, integrity, and good public procurement system. While ethics and integrity are

the independent variables, good public procurement system is the dependent variable. The key constructs to be used in operationalizing integrity in this study are accountability and transparency. The strength of these variables shall be measured from responses provided by the population elements in the research instrument. The model specification designed for this study is represented thus:

$$GPPS = f [\alpha_0 \text{Log} + \beta_1 \log ET + \beta_2 \log ACC + \beta_3 \text{Log} TRA]$$

Where

- GPPS = Good Public Procurement System
- ET = Ethics
- ACC = Accountability
- TRA = Transparency
- $\alpha_0$  = Regression constant
- $\beta_1 - \beta_3$  = Regression Coefficient
- Log = Logarithm Transformation of Data

### Data Analysis and Results

In testing the first hypothesis, which states that ethics has no significant relationship with good public procurement system in Nigeria, data generated on the strength of ethics were related with data generated on the strength of good public procurements. The result obtained is presented in table 1 below:

**Table 1: Relationship between EI and GPPS**

Variables	Statistics	EI	GPPS
	Pearson Correlation	1	0.913
ET	Sig. (2-tailed)		0.001
	N	82	82
GPPS	Pearson Correlation	0.813	1
	Sig.(2-tailed)	0.001	
	N	82	82

Source: SPSS Version 17 Windows output

The result in table 1 showed a correlation coefficient of 0.813, which indicates a very strong relationship. The P-value of 0.001 is less than 0.05 level of significance for a 2-tailed test. This suggests that there is a significant relationship between ethics and good public procurement system in Nigeria.

In testing second hypothesis, which states that accountability does not significantly lead to good public procurement system in Nigeria, data generated on the strength of accountability were related with data generated on the strength of good public procurement system. The result obtained is presented in Table 2 below.

**Table 2: relationship between ACC and GPPS**

Variables	Statistics	EI	GPPS
	Pearson Correlation	1	0.926
ACC	Sig. (2-tailed)		0.001
	N	82	82
GPPS	Pearson Correlation	0.926	1
	Sig.(2-tailed)	0.000	
	N	82	82

Source: SPSS Version 17 Windows Output

The result in Table 2 showed a correlation coefficient of 0.926, which indicates a very strong association. The P-value of 0.000 is less than 0.05 level of significance for a 2-tailed test. This suggests that accountability significantly leads to good public procurement system in Nigeria.

In testing the third hypothesis, which states that transparency does not significantly promote good public procurement system in Nigeria, data generated on the strength of transparency were related with data generated on the strength of good public procurement system.

The result obtained is presented in Table 3 below:

**Table 3: Relationship between TRA and GPPS**

Variables	Statistics	EI	GPPS
	Pearson Correlation	1	0.894
TRA	Sig. (2-tailed)		0.000
	N	82	82
GPPS	Pearson Correlation	0.894	1
	Sig.(2-tailed)	0.000	
	N	82	82

Source: SPSS Version 17 Windows Output

The result in Table 3 showed a correlation coefficient of 0.894, which indicates a very strong correlation for a 2-tailed test. This suggests that transparency significantly promotes good public procurement system in Nigeria.

### Conclusion and Recommendations

The objectives of good public procurement system are value for money, efficiency, and satisfaction of customers. Satisfying customers entails the involvement of technical officers in the solicitation and award processes such as the procurement planning committee, on-time delivery of conforming goods/services through proper contract administration and ability to hold a contractor accountable for performance through required warranties/guarantees for suitability of goods and materials and adequacy of skills in service provision.

On the other hand, attaining best value for money involves the promotion of competition, and making contract costs in line with government estimates, within budget, and on-schedule while achieving efficiency requires procurement planning and implementation through a rationalized and consistent set of procurement procedures, single point of entry for contractors to learn about procurement opportunities, requiring only necessary information from them, uniform proposal submission requirements and standard of contracts across Ministries, Department and Agencies.

Based on the findings generated from this study, we hereby suggest the following recommendations:

- i) Fairness and impartiality should be enshrined in public procurement system in Nigeria.
- ii) There should be proper re-orientation of public procurement officers on the need for consistency and transparency in procurement procedure.
- iii) Regulatory authorities should ensure that legislative obligations and policies on public procurement are fully enforced.

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