

Bribery and Public Procurement Performance at Mbarara City, Uganda.

*Nkamuhayo Denis¹, Kakuba Dennis¹, Muhereza Aggrey²

¹Bishop Stuart University, Faculty of Business Economics and Governance

²Procurement Practitioners in Uganda

ABSTRACT

The study investigated the effects of bribery on public procurement performance in Uganda with a focus on Mbarara City. Specifically, the study examined how monetary bribery and non-monetary bribery influence public procurement performance at Mbarara City. A cross sectional design adopting a quantitative approach was applied. Quantitative data was analyzed using inferential statistics (Spearman correlation, coefficient of determination and regression). Qualitative data on the other hand was

*Nkamuhayo Denis (✉)

ORCID: 0009-0001-2851-0788

E-mail: dnkamuhayo@beg.bsu.ac.ug | nkamuhayo@gmail.com

Kakuba Dennis

ORCID: 0009-0002-0896-1626

Email: dkakuba@beg.bsu.ac.ug

Muhereza Aggrey

Email: muhereza@gmail.com

Nyakuhirwa Bridget

Email: nyakuhirwa@gmail.com

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analyzed using content and thematic analysis. The findings revealed a strong negative influence of bribery on public procurement performance whereby more bribery contributed to poor public procurement performance and less bribery contributed to better public procurement performance. The study recommended that municipal councils should develop mechanisms for strengthening and operationalizing available measures to combat bribery to improve public procurement performance. Such mechanisms may include encouraging whistle blowers, selection of professional and competent members on evaluation committees and reducing on the bureaucracy.

Keywords: *Bribery, Public Procurement Performance*

INTRODUCTION

Background

The procurement processes at Mbarara City are subject to the terms of the PPDA Act (2003) (Mbarara City, 2022). The PPDA provisions aim to ensure non-discrimination of all potential suppliers of services and goods to the Municipal Council, transparency, fairness, and competitiveness, thereby avoiding corruption in the procurement process. All purchases are made by the Municipal council itself, which has led to a considerable demand for a better procurement performance (Mbarara City, 2022). Accounting officers in Mbarara City are in charge of procuring services and goods (Bainomugisha, Rukyamuzi & Tahinduka, 2022). The other group of actors are the Evaluation Committee (Ad-hoc), Contracts Committee, the Negotiation Committees (Ad-hoc), the Procurement and Disposal Units (PDUs) and the User Departments. They all carry out their independent job tasks to ensure that everything needed, as expected, is purchased according to the PPDA Act to guarantee money spent on purchases yields value (Aine, 2019).

Despite a regulatory mechanism in place, Mbarara City, like other public institutions in Uganda, has been criticized about its procurement performance for some time. For example, in the 2017/18 fiscal year, Mbarara City failed to generate the expected revenue of Ug Shs 9 billion due to delays in the procurement process (Aine,

2019). Only Ug Shs 2.3 billion was received as local revenue which was attributed to under-declaration in tenders. In fiscal year 2020/2021, Bainomugisha *et al.* (2022) stated that there are concerns about the slow procurement contributing to delays in public procurement performance. An important example is the planned and budgeted refurbishment of the Nyamiriro gravity-flow system, which was not being implemented due to the sluggish procurement process. The third district development plan (2016-2020) identified the long procurement process as an obstacle to the implementation of municipality activities (Mbarara City, 2022). An investigation was initiated by the Public Procurement and Disposal of Public Assets Authority (PPDA) on the fraudulent allocation of the tender for the Mbarara taxi park and any further action in this procurement procedure had to be suspended until the end of the investigation (Kabasongora, 2022). This was the third time the tendering process for Mbarara Taxi Park had been challenged.

The argument in this study was that the poor performance of public procurement at Mbarara City might be due to various forms of bribery that have been reported. Bribery is highly prevalent at Mbarara City and it is majorly in the area of procurement because it involves a lot of money. For example, in 2019, a local newspaper reported that three council officials were involved irregularities in the Mbarara taxi park tender award were reported. During the fiscal year 2017/18, connivance among some of the top municipal leaders in procurement activities was reported (Office of the Auditor General, 2018). In the same fiscal year, it was reported that the user departments usurped the Accounting Officer's powers and entered into contracts with an irregular amount of one billion Ugandan shillings without the approval of the Board of Directors (Aine, 2019). Although the negative effects of corruption speak of "volumes of words", empirical research into bribery and its influences on public procurement performance at Mbarara City was limited. This study was conducted partly to deal with this knowledge vacuum.

Statement of the problem

Mbarara City is expected to observe the available policy procedures and guidelines in her public procurement to improve its performance of the procurement function. Such endeavors are intended to guard against the excesses of all players that can degenerate into corruption tendencies at the expense of service delivery. However, despite the existing regulatory and institutional framework, there have been frequent complaints about public procurement performance in Mbarara City. Some of the complaints include delays in the procurement process contributing to poor procurement performance (Aine, 2019; Mbarara City, 2022). There is evidence to suggest that the unsatisfactory procurement performance of Mbarara City might be due to corruption. It is reported that many public officials, both administrators and politicians, still solicit for bribes in procurement contract awards (Aine, 2019; Office of the Auditor General, 2018). The stated bribery is associated with negative consequences such as misuse of the Municipal Council's resources intended for supporting service delivery, lack of value obtained from the public funds and loss of the public trust in the Municipal Council. All these tarnish Municipal Council's image among the local community members. With such occurrences, one wonders the extent to which bribery affects the public procurement performance at Mbarara City. It was on such basis that this study explored the influence of bribery on the public procurement performance in Mbarara City.

Purpose of the Study

This was to examine the influence of bribery on the public procurement performance in Mbarara City, Uganda.

Significance of the Study

The outcome from this study should be beneficial to Mbarara City, policy makers and the body of knowledge in the following ways:

To Mbarara City and other local governments in Uganda, the study findings present empirical information and therefore knowledge relating corruption tendencies to procurement performance. After exposing the potential public procurement challenges, it is expected that the municipality may take advantage of the findings to plug the holes through which corruption thrives and survives in the public procurement processes.

Relatedly, the study findings should be useful in providing collaborated and updated information to policy makers and others whose actions may inform further policy reviews relating to eradicating corruption in public procurement processes especially in the context of local governments. Specifically, the results might be utilized in formulating policies for public procurement that might be put into practice to improve public procurement management and thereby improve its procurement performance in institutions of the government.

The study may also propose other areas for academics that may require additional research from academics seeking to deepen their knowledge of corruption and public procurement performance. By doing so, the study findings are likely to expand on existing literature and knowledge relating to corruption and public procurement performance.

LITERATURE REVIEW

Previous scholarly works on corruption have mainly had a tendency to center attention on bribery (Ameyaw & Mensah, 2020; Ameh & Odusami, 2017). Bribery compromises quality of procurement performance (Goldstock, 2017). For example, conspiring/conniving the construction project inspectors through inducements leads to disregard of the concept of surveillance/supervision. Such inducements to inspectors of construction project negatively affect procurement performance (Chiocha, 2019; Sangweni & Balia, 2019). Wraith and Simpkins (2017) stressed that bribery is essentially devastating (disastrous, ruinous, damaging) to public interest. In words of Boeckmann (2020), bribery has a corroding (damaging, weakening, or harmful) effect on

the procurement business climate in general. This hinders investments in addition to distorting prices and weakening the justice systems. Thus, the suggestion is that all efforts available are required to combat this monster.

People working in organizations engaged in business persuade government officials in making decisions that benefit them more than the general body of citizens (Ameyaw & Mensah, 2020). Such influences may be monetary in form of people working in organizations paying for the education of the children of government officers and/or directly providing money to government officials in order for the former to win public tenders, or non-monetary, such as political campaign contributions and trips abroad (Osei-Tutu, Badu & Owusu-Manu, 2019). The argument is also that greediness and the pursuit of wealth encourages those holding positions of power to become exploitive by engaging in bribery. The enthusiasm to win contracts at any cost inspires contractors, consultants and suppliers to engage in corrupt activities with procurement officials that negatively affect procurement performance (Osei-Tutu *et al.*, 2019).

The direct outcome of bribery on procurement performance is realized through the price-demand mechanism for services. The cost of services provided by the public may vary among users due to bribery. Limited transparency and poor accountability systems can allow service servant officials to set prices that are different yet the public service offered is same. Basheka and Tumutegyereize (2017) explored the costs paid by Ugandan private organizations and found that organizations that gained more profits paid more bribes. Hunt and Laszlo (2022) focused on the mechanisms of bribery among Peruvian citizens. They found that officials from the public sector were more likely to be “involved” in the bribery process and that bribery cases were positively linked to users’ incomes.

METHODOLOGY

This study used a cross sectional design that relied on both quantitative and qualitative approaches. The cross sectional design was favored as it has been reported to be appropriate for getting information from a large number of selected participants where each

is given not more than one opportunity to express his/her opinion about a study phenomenon (Wang & Cheng, 2020). The quantitative approach was favored for getting information that could be quantify or expressed numerically enabling the application various forms of statistical computations to understand bribery in the context of procurement performance.

Convenience sampling was used to select respondents (Etikan, 2016). Convenience sampling was applied while selecting service providers given their busy and scattered schedules that made them not easy to get. This sampling technique was favored to be suitable because it helped select any service provider who was found while conducting the study. Also, Simple random in this study describes a sampling technique that strived to avoid bias in selection of respondents in sample population (Taherdoost, 2016). Simple random sampling was applied while selecting councilors to interview and it gave an equal chance of each of the councilors to be selected given that their number was big and not all of them were selected. The technique managed to minimize selection bias through providing an equal and independent chance to all members from that population category of being selected into the sample population. In particular, each member of that category was assigned a number and after which one number at a go was selected at random.

Analysis involved inferential statistics that included Spearman correlation coefficient and coefficient of determination used to show the extent of influence of bribery on public procurement performance at Mbarara City. Spearman correlation was used to test for significant relationships between the variables because the scale used in the questionnaire was an ordinal scale. However, the Spearman correlation was then squared to compute the coefficient of determination given that the objective of this study emphasized the term “influence” and not the term “relationship”. The regression was computed because it was thought important to determine how each of the dimensions of bribery (that is monetary bribery and non-monetary bribery) affected public procurement performance in Mbarara City.

Results and Discussion

The Spearman Rank Order Correlation Coefficient (ρ) was used to determine the strength of the relationship between bribery and the public procurement performance. The coefficient of determination was used to determine the influence of bribery on the public procurement performance. The significance of the coefficient (p) was used to test the hypothesis by comparing the coefficient to the critical significance level at .05. Table 1 presents the results for the first hypothesis.

Table 1: Influence of monetary bribery on public procurement performance in Mbarara City

Bribery Independent Variables	Public Procurement Performance-Dependent Variable
Monetary Bribery	$\rho = -.749$ $\rho^2 = .561$ $p = .000$ $n = 50$

Source: Primary data

The results show a strong correlation ($\rho = -.749$) between bribery and public procurement performance. Given that the correlation does not imply causal-effect as mentioned in the first objective, the coefficient of determination ($\rho^2 = .561$) was calculated and converted into a percentage to determine the change in public procurement performance caused by bribery. As a result, 56.1% change in public procurement performance was caused by bribery. These results were tested for significance (p), which showed that the significance value ($p = .000$) was less than the desired critical significance of .05, which indicated that the influence was significant. In this regard, the hypothesis was confirmed that bribery had a strong influence on public procurement performance at the Mbarara City. The interpretation of these results is that the strong influence means that changes in bribery resulted in big changes in public procurement performance.

Another inferential analysis was performed applying regression to assess the influence of bribery dimensions (monetary and non-monetary bribery) on public procurement performance. Results are presented in Table 2 along with analysis and interpretation.

Table 2: Influence of dimensions of bribery on public procurement performance

<i>Regression Statistics</i>						
R	.811					
R Square	.658					
Adjusted R Square	.643					
Standard Error	6.261					
Observations	50					
<i>ANOVA</i>						
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Sig F</i>	
Regression	2	3544.5	1772.3	45.2	.000	
Residual	47	1842.3	39.2			
Total	49	5386.8				
	<i>Coefficients</i>	<i>Standard Error</i>	<i>Beta</i>	<i>t Stat</i>	<i>P-value</i>	
Intercept	70.06	4.35		16.11	.000	
Monetary bribery	-1.56	.41		-4.4	-3.75	.000
Non-monetary bribery	-1.41	.37		-4.5	-3.85	.000

Source: Primary data

The results in Table 2 show a very strong linear relationship (R = multiples of 0.811) between bribery dimensions (monetary and non-monetary bribery) and public procurement performance. The adjusted R Square shows that the bribery dimensions (monetary and non-monetary bribery) resulted in a 64.3% change in public procurement performance. The ANOVA test shows that the significance (Sig F = .000) of the Fishers ratio (F = 44.2) was less than the threshold value of .05. The findings imply that the bribery dimensions (monetary and non-monetary bribery) influenced public procurement performance in Mbarara City.

The coefficients findings show that both monetary bribery and

non-monetary bribery singularly had a significant influence on public procurement performance because the significant p-values (p-value = .000 and p-value = .000) were less than the threshold value of .05. However, non-monetary bribery most influence on public procurement performance because the t-value (t-value = -3.85) was higher compared to that of monetary bribery (t-value = -3.75).

These results are consistent with Shleifer and Vishny (2019), who explain that, generally treated as a problem disconnected from the system as a whole, bribery in public procurement performance is usually perceived as a situation where only the person providing the services is the one responsible for coercing others to pay extra money. Government officials are seen as little demons at the end of a network of public services that demand extra payments. However, further analysis through interview showed that monetary bribery and non-monetary bribery was the result of an organized network of corruption involving employees and service providers.

‘...there is always connivance between the city employees and service providers to steal funds from the Government through contracts’ These results agree with what was collected through the questionnaires.

Findings of this study revealed that bribery was most prone at evaluation phase of the public procuring process. Procurement staff passed on information to some bidders who offered bribes or promised a bidder that he/she will be helped to gain a competitive edge over other bidders. The results of this study substantiate the September 2017 PPDA working document of the amended PPDA Act (2003). The document defined the assessment phase as insufficient in the legislation and as such, it was subject to abuse. According to Oluka and Ssenogi (2018), the evaluation stage is the most vulnerable phase because political leaders typically exert a lot of pressure on members of the team conducting the evaluation to select certain preferred bidders for contract awards. This is unreasonable since the criterion for evaluating the bids to be followed is always clearly stated in the bidding documents as required by law. It is argued in this study that there is a weakness in the Municipality. Because of these weaknesses, politicians have

power over bid evaluators who in most cases are the civil servants. Having authority over government officials supposed to evaluate bids causes conflict but political leaders will dominate and therefore decide whether to hire specific service providers. During interviews one of the respondents said *there a lot of gamba nogu! (Talk to the power above) in the procurement process and this sometimes compromises and makes it not fair as it should be...*”.

This study established that monetary bribery and non-monetary bribery raised the cost per unit and because of this the quality of materials and final product is negatively affected including the efficiency of the public procurement performance. Shleifer and Vishny (2013) support this finding with claims that bribery affects the price public services and number of public services delivered and, as bribery is more widespread, it translates into increased prices for procured public services and reduced the public services delivery. The results of this study coincide with Kaufman *et al.* (2018) who argued that the direct impact of bribery on the public procurement performance is felt through a pricing mechanism for the demand for services.

In addition, it was found out in this study that monetary bribery and non-monetary bribery was the cause of substandard work and this eroded value for money and life span of the project or construction. This finding agrees with Bohórquez and Devrim (2019) who opined that the cost of bribery is related to the quality and public services coverage. Paying bribes can translate into failing to access to better public services.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study indicated that monetary bribery and non-monetary bribery played a devastating role at Mbarara City and especially disadvantaged the poorer sections of society that failed to access quality and timely public services. What happens to public procurement performance at Mbarara City is likely to be similar to municipalities and government institutions in Uganda. Bribery is a

phenomenon that represents a burden for entire society. The study therefore concludes that monetary bribery and non-monetary bribery had a strong negative influence on public procurement performance in Mbarara City.

Recommendations

From the results of the case study, among the recommendations, a general one that cuts across the two types of bribery that this study investigated is punitive punishment against those caught engaging in corruption. Therefore, this can be achieved through prosecution and other administrative punishment like demotion or dismissal. Other recommendations include the following:

Municipal Council should strengthen the available measures to reduce bribery in order to improve public procurement performance. These measures should include encouraging whistle blowers to report officers and bidders who engage in bribery in the process of procurement to mandated institutions such as Inspectorate of Government so that such cases are investigated and culprits put to book. Accounting officers should ensure selection of professional and competent members on evaluation committees. PPDA should revisit the procurement process to reduce on the bureaucracy which makes the procurement process prone to bribery.

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