

**COMPLIANCE TO ACTS, RULES AND REGULATIONS:  
EVIDENCE FROM SUB-SAHARAN AFRICA**

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**ABSTRACT.** The purpose of the study is to develop and test an integrated compliance model using constructs derived from the legitimacy, deterrence, institutional and stewardship theories. A Cross-sectional survey design was used to collect data from a sample of 97 out of the population of 129 Procuring and Disposing Entities which are regulated by the Public Procurement and Disposal of Assets Authority Act (PPDA). Measurement items were derived from a critical review of literature and found to be both valid and reliable with Cronbach Alpha coefficient of 0.7. The findings reveal that legitimacy and stewardship behavior are significant predictors of compliance to the PPDA Act, Rules and Regulations. We therefore recommend that Procuring and Disposing Entities should continue legitimizing the procurement law through involvement of all stakeholders and promote stewardship behaviors among public employees.

**INTRODUCTION**

In the effort to benefit from the Agreements, Acts, rules and regulations associated with public procurement, compliance is being emphasized by procurement regulators worldwide. This is because

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non-compliance has devastating implications on the economy implementing procurement reforms. Ntayi, Ngoboka, Mutebi and Sitenda (2012) and Agaba and Shipman (2008) argue that the Ugandan Procuring and Disposing Entities (PDEs) in Uganda experience low levels of compliance with the “Public Procurement and Disposal of Assets Authority (PPDA) Act and Regulations.” This is corroborated by the “Common Wealth Heads of Government Meeting (CHOGM) Report” (2010), the “Global Integrity Survey Report on Uganda” (2008); the Public Procurement and Disposal of Public Assets Authority (PPDA) “Capacity Building Strategy Report” (2011/2014), “Public Procurement and Disposal Authority Baseline Survey Report” (2010), “Public Procurement and Disposal of Assets Authority Audit Reports” from 2005 up to 2015, the “Public Procurement Performance Measurement System (PPMS) Report” (2013) as well as the 2010 and 2012 legal and compliance reports. These reports confirm the presence of noncompliance by the PDEs in implementing the procurement structures, procurement planning, contract placement and award, solicitation and bidding procedures, evaluation process, contract placement reporting, performance of contracts committee and record keeping.

Some studies have been conducted on regulatory compliance in sub-Saharan Africa. These studies reveal that individual’s social relations, group think, expected utility, perceptions of procedural justice and legitimacy of the public law (Ntayi et al., 2012), media publicity, organizational culture, political interference, moral obligation (Tukamuhabwa, 2012), familiarity with the procurement regulations (Eyaa and Oluka, 2011) are significant predictors of public procurement regulatory compliance. However, these studies have concentrated on the sociological, organizational behaviour, anthropological, political and legal factors largely ignoring the, stewardship behavior, deterrence and whistle blowing behavior thereby creating a knowledge gap which needs to be filled. Therefore, the study uses a multi-theoretical approach to predict compliance. We specifically test the Legitimacy theory, Deterrence theory, Stewardship theory and Institutional theory. Legitimacy is “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). Extensive literature reveals that “the claim that legitimacy is the driving force behind compliance is an assertion, rather than the result

of a theoretical framework or empirical study.” Guzman (2002, p. 1840) has noted that “traditional legal theories of compliance have been unable to provide a constructive theoretical framework for compliance, in part because they cannot explain instances of violation.” Besides, the theory does not explain why government departments violate laws with which they had previously complied” (Guzman, 2002, p. 1835).

Again, the theory assumes that fairness perceptions and obedience of the laws are automatic without explanations. Sutinen and Kuperan (1999) argue that fairness built into the procedures used to develop and implement a policy determines the legitimacy. Thus, procedural injustice undermines the corporate commitment to compliance (Sigler & Murphy, 1988). This suggests the need to integrate the deterrence theory in the compliance model. The deterrence theory avers that behaviors can be manipulated by use of threats. This theory helps in assessing the violence of crimes being committed by offenders depending on the sanctions for various crimes. Some scholars argue that violators of laws can be reduced by increasing the size of penalty (Sutinen & Kuperan, 1999, pp. 185-186). This view is further shared by Zubcic and Sims (2011) who assert that enforcement and increased penalties can lead to greater levels of compliance with the laws. However, offenders continue to exist despite the existence of threats, sanctions and punishments. This weakness could be reduced by the stewardship theory.

Stewards act in the best interests of their principals hence they possess collectivistic interests than individualist interests. However, the theory ignores the fact that individualistic interests can outweigh the collectivistic interests. If public procurement managers played a stewardship role they would comply with the PPDA Act and regulations. However, most Ugandan public officers are largely driven by self-interests (Ntayi et al., 2012). This makes therefore introduces the relevance of the institutional theory. The institutional theory states that institutional environment can strongly influence the development of formal structures in an organization which is a basis for compliance. According to Scott (2004), institutions are built on three major pillars: regulatory, normative and cultural cognitive. The normative pillar includes norms, values while cultural cognitive rests on shared understanding and regulatory emphasizes the use of rules, laws as enforcement mechanism. The theory helps in the

understanding of whistle blowing behavior for example the perception of disclosing can be based on the regulatory framework and this is observed in Ugandan public procurement where the whistle blowers Act, 2010 is aimed at encouraging whistle blowing to achieve improved compliance to the PPDA Act and Regulations.

Despite the efforts by the Public Procurement and Disposal of Public Assets Authority (PPDA) of emphasizing compliance to the PPDA Act, Rules and Regulations by the Procuring and Disposing Entities (PDEs), the level of compliance to the PPDA Act, Rules and Regulations is still low as indicated by the PPDA audit reports from 2005 up to 2014. This may be attributed to the legitimacy of the Act and Regulations as well as the PPDA, weak stewardship and whistle blowing behaviors among the public procurement managers as well as weak deterrence mechanisms to the violators of the PPDA Act, Rules and Regulations.

#### LITERATURE REVIEW AND HYPOTHESES

Theories and models were reviewed to develop literature on legitimacy, stewardship behavior, whistleblowing behavior, deterrence and compliance.

##### **Legitimacy Theory**

Legitimacy theory postulates the extent to which organizational structures have gained acceptance from society at large and it is by collective choice of the society. The theory has a gap in that it just assumes that there is obedience of laws without explanations. Legitimacy theory relies on the notion that there is a 'social contract' between a company and the society in which it operates (Deegan, 2000; Deegan, Rankin and Voght, 2002). The social contract is defined as the "multitude of implicit and explicit expectations that society has about how an organization should conduct its operations" (Deegan, 2007). Several prior scholars define legitimacy. Scott (1995) puts it that legitimacy is a condition reflecting cultural alignment, normative support and consonance with relevant rules or laws. Suchman (1995) describes legitimacy as "the generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"

Suchman (1995) highlights three types of legitimacy: pragmatic, moral, and cognitive. Pragmatic legitimacy emerges from the interests of the organization's surroundings. In an organization's relations with its surrounding environment, stakeholder support originates in the perception that the organization is being receptive and helps them further their own interests; not necessarily because the organization achieves its goals like in terms of profits. Moral legitimacy reflects a positive normative evaluation of the organization and its activities (Aldrich & Fiol, 1994). Unlike pragmatic legitimacy, moral legitimacy does not involve evaluating whether a specific action benefits the evaluator, but whether it is "what should be done." An organization shows moral legitimacy when it treats employees and clients in the expected fashion within its given social system.

Cognitive legitimacy concerns itself with actions that simplify or help understand decision-making and therefore contribute to solve problems. Cognitive legitimacy derives from internalizing a belief system designed by professionals and scientists where knowledge is specified and codified. This system can later be taken for granted as a framework for daily routine and more specialized activities (Scott, 1994). Therefore, an organization exhibits desirability and acceptance by developing methods, concepts, and ideas that are commonly accepted and considered useful and desirable by professionals and experts in its surrounding environment (Scott, 1995; Zimmerman & Zeitz, 2002). This type of legitimacy is knowledge-based rather than interest or judgment-based (Aldrich & Fiol, 1994).

Legitimacy promotes compliance because organizations with good policies can be accepted in societies. Ntayi et al. (2012, p. 905) posit that perception of procedural justice significantly affect public procurement regulatory compliance. This assertion is supported by Sutinen and Kuperan (1999, pp. 185-186) who reveal that violators can be reduced by an increase in the legitimacy of the regulatory authority. Levi and Sacks (2007), Levi (1997) and Tyler (1990) made an observation that if government is legitimate, there will be public cooperation for voluntary acts such as voting, volunteering to fight in wars, participating in community problem solving, complying with health regulations and decisions of other legal authorities like police and courts.

Finally, Levi, Tyler, and Sacks (2008) carried out a study based upon 1653 New Yorkers in 2002 and interviewed them about their views about the New York Police Department (NYPD) as well as their law related behavior and they were asked issues such as “whether it is an obligation to obey the law”, “whether the law is fair”. The findings support the argument that legitimacy promotes compliance in that people comply because they feel they have an obligation to comply and concluded that a climate of legitimacy encourages a climate of compliance. Therefore, with the low legitimacy of an organization, the decisions in form of policies, rules and regulations can be undermined. For example, according to Ntayi et al. (2010), Uganda has got many good laws but with low level regulatory compliance because there is low respect of the laws by the general society or community that is expected to push for their enforcement.

Legitimacy can be acquired and maintained through various strategies. Sutinen and Kuperan (1999) puts it that legitimacy can be achieved by making fair laws and this is through treating people fairly, neutrally by ensuring that subjects have a voice in policy making. Murphy and Tyler (2008) add that transparency and consistency of the laws enables the achievement of legitimacy. In addition, legitimacy can be achieved through effective communication by the authorities to the subjects (Alm, Kirchler & Muehlbacher, 2012, p. 139). Maintaining good relationships between authorities and subjects also promotes legitimacy (Feld & Frey, 2007). Finally, according to Vanasco (1998) practices such as effective communication, training, monitoring, auditing can promote legitimacy of an organization.

H1: Legitimacy positively relates to compliance.

### **Deterrence Theory**

Deterrence theory postulates that threats can be used to manipulate behavior; i.e. crime can be deterred by threat of punishment. However, offenders continue to exist even though there is existence of threats. There are two types of deterrence that is general deterrence and specific deterrence. With general deterrence, the deterrence extends beyond the individual criminal act to include individuals may consider committing acts in the future (Anderson, Harris and Miller, 1983). Therefore, general deterrence consists of public punishments for certain acts. Specific deterrence is deterrence

designed by the nature of the proscribed sanctions to deter only the individual offender from committing that crime in the future. Therefore, different criminals are given different punishments. For example, drunkard drivers can be punished by being taken to jail, taking his or her driving permit among others.

The originality of deterrence theory is based on the ideas of different philosophers like Thomas Hobbes, Cesare Beccaria (1738–1794), and Jeremy Bentham (1748–1832) (Internet Encyclopedia of Philosophy, n.d.). Basing on Hobbes, in order for deterrence to be effective; punishment for crime must be greater than the benefit that comes from committing the crime hence to prevent crime effectively, criminal law must emphasize penalties to encourage citizens to obey the law. Secondly, Beccaria puts it that punishments are unjust when their severity exceeds what is necessary to achieve deterrence, that excessive severity will not reduce crime, in other words, it will only increase crime instead. Indeed, he emphasized that laws should be published so that people may know what they represent in terms of their intentions and purposes. Additionally, he emphasizes that the regulatory bodies should pass laws which include the crime and specific punishments for each crime and would be valuable if punishments are proportionate to the crimes being committed. Conclusively, Beccaria argued that the seriousness of crimes should be based on the extent of harm done to society. On the other hand, according to Bentham, the purpose of the law is to bring happiness by increasing pleasure while reducing pain among the people in the society. He argues that penalties are evil but punishments should be used for greater evil.

The authors explain deterrence using three components including severity, certain and celerity. They believe that the more severe a punishment, it is thought, the more likely that a rationally calculating individual will desist from criminal acts hence criminal law must emphasize penalties to discourage violators from committing the crimes. However, punishment that is too severe is unjust but punishment that is not severe enough will not deter criminals from committing crimes. Certainty of punishment means making sure that punishment takes place whenever a criminal act is committed. Beccaria believe that if individuals know that their undesirable acts will be punished, they will refrain from offending in the future.



Deterrence concept is relevant in promoting compliance with the laws. For example, according to the empirical study by Thorn, Gunningham, and Kagan (2005), where they interviewed 233 environmental officials in the US with the intention of knowing whether deterrence mechanisms influence compliance with the environmental Regulations. Indeed, it was found out that deterrence mechanisms influence subjects positively to comply with the environmental regulations. This is in consistent with Ho and Wong (2008, p. 373) who posit that when there are high levels of perception of penalties, fewer individuals will be driven to behave unethically. Additionally, Gunningham and Kagan (2005) aver that threat of legal sanctions is essential to complying with the regulations. These assertions are further supported by Zubcic and Sims (2011) who put it that enforcement and increased penalties can lead to greater levels of compliance with the laws. However, severe punishments may not directly contribute to compliance because the criminals can spend resources to reduce on the probability of being detected hence continuing with the violations (Jensen, O'Maoiléidigh, Thomas, Einarsson, & Haugland, 2012). In fact, Jensen et al. (2012) suggest that for compliance to occur, punishments should be imposed to the violators after consuming the criminal value. Additionally, according to Braithwait and Wenzel (2008), measures such as sentence to community service, feelings of shame and loss of reputation make deterrence effective other than the financial sanctions. In addition, Gneezy and Rustichini (2000) made an observation on deterrence that;

“When the management at day care centers in Israel repeatedly observed that the parents were picking their children late..., the management introduced a fine that depended on how late the parents were, However, the effect was the very opposite of increased punctuality. Now the parents picked their children up later still, but without any feelings of guilt or any promises to be on time in the future. Rather, the parents were in fact pleased to pay the price for extended childcare”.

Furthermore, deterrence is costly (Tyler, 2009). This is because authorities have to create and maintain a credible threat of punishments for wrong doing. The PEW Center on the States (2008) highlighted some requirements for deterrence such as; there is need for the massive deployment of law enforcement efforts to produce a

credible threat of punishment, there is also enormous cost of creating and maintain a system of incarceration to make punishment credible.

H2: Deterrence positively relates to compliance

### **Stewardship Theory**

Stewardship theory states that stewards act in the best interests of their principals. Therefore, the stewardship theory is based on the concept of ensuring that the behaviors of the managers are aligned with the interests of the principals. Stewardship theory is mainly concerned with identifying the situations in which the interests of the principal and the steward are aligned (Donaldson & Davis, 1991 & 1993). The theory holds that there is no conflict of interest between managers and owners hence the interests of the principal and the steward is aligned. Therefore, the theory argues that people are intrinsically motivated to work for others or for organizations to accomplish tasks and responsibilities with which they have been entrusted which give them a higher level of satisfaction.

The concept of stewardship is traditionally grounded in a principal-agent dichotomy (Hernandez, 2007). A steward of the organization is one who demonstrates a commitment to the best interests of the organization, as opposed to an agent, whose interests may conflict with the organization and its principals (Hill & Jones, 1992). Therefore, in Ugandan public procurement, procurement managers in the Procuring and Disposing Entities (PDEs) play the stewardship role for the government.

The 'model of man' in Stewardship theory is someone whose behavior is ordered such that pro-organizational behaviors have higher utility than individualistic behaviors (Davis, Schoorman, & Donaldson, 1997). Stewardship is defined as the attitudes and behaviors that place the long-term best interests of a group ahead of personal goals that serve an individual's self-interests. It exists to the extent that leaders take personal responsibility for organizational actions and wield organizational power in the service of broader stakeholder welfare (Hernandez, 2007). Therefore, a steward is a person who essentially wants to do a good job, to be a good steward of the corporate assets (Donaldson & Davis, 1991). A steward is an integrator of shared interests with a responsibility to help the organization and its members to self-actualize (Caldwell and Karri,

2005, p.251). Therefore stewards should make decisions for the welfare of all those concerned and willingness to sacrifice their own interests for the good of the group (Smith, 2004). There are several factors that influence someone to become a steward which include the situational factors and the psychological factors. According to Donaldson and Davis (1991), the situational factors are; working in an involvement-oriented management system as opposed to control-oriented management system, a collective culture as opposed to individualistic one, low-power distance or when corporate governance structures give authority and discretion to the person. The psychological factors include; having higher-order motivation, better disposition to identify with the objectives of the firm, value commitment orientation, greater use of personal as basis to influence others (Davis, Schoorman, & Donaldson, 1997).

According to Hernandez (2007), Stewardship cannot be created through formal rules but can be facilitated through organizational structures. The author developed a model of predictors of stewardship behaviors and three predictors are highlighted that is relational support, contextual support, and motivational support and moral courage as a mediating factor. Relational support comprises of considering the rights and needs of employees, fairness toward employees, concern for employees as well as respecting of the employees. Contextual support comprises of communicating the broader organizational mission, facilitating coordination, and creating a sense of coherence among the employees in an organization. Motivational support composes of fostering self-determination and efficacy as well as providing the resources necessary to accomplish tasks. The moral courage composes of promoting authenticity, moral awareness, moral action as well as appropriate risk taking. These encourage followers (employees) to act morally hence stewards.

Indeed, it is observed that when steward's and principal's goals are aligned, there is no conflict of self-interest hence compliance to the laws (Al Mamun et al., 2013). Bajo, Bigelli, Hillier and Patracci (2009) added that in an environment where managers are fully held accountable by their actions there would be increase of compliance with disclosure regulation. However, the stewardship theory assumes no learning of individuals as a result of interactions, and does not consider the fact that the individualistic interests can weigh over the collectivistic interests because stewards may have higher utility on

individual interests than the collectivistic interests. According to Filstad and Gottschalk (2012, p. 186), criminal behavior is more as a result of access and being entrusted with a powerful position that gives access to money. This assertion is further supported by Ntayi et al. (2012) who argue that Ugandan public officers are largely driven by self-interests and this explains for the low compliance to the PPDA Act, Rules and Regulations by the PDEs.

H3: Stewardship Behavior positively relates to compliance

### **Institutional Theory**

According to institutional theory, institutional environment can strongly influence the development of formal structures in an organization which is a basis for compliance. Scot (2001) describes institutions as social structures that have attained a high degree of resilience. These institutions embody the more durable social structures, made up of multifaceted elements such as material resources, symbols, structures, rules, norms, routines and social activities.

Scott (2004) discloses three pillars of institutions as regulatory, normative and cultural cognitive. The regulative pillar is characterized by laws, rules, regulations, and operating procedures. The regulatory institutions constrain and regularize behavior (Vann, 2011). Individuals and organizations complying with respective rules, laws out of expedience and self-interest, as well as a fear of punishment and a hope for reward (DiMaggio and Powell, 1983). Scott (1995) indicates that, in order to survive, organizations must conform to the rules and belief systems prevailing in the environment. With normative perspective, institutions rest on values and norms which prescribe and evaluate how an individual or an organization should act. Values are conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behavior can be compared and assessed. Norms specify how things should be done. Therefore, normative systems define general goals guided by a code of conduct along with moral and social obligation. Such normative components introduce “prescriptive, evaluative, and obligatory dimensions into social life” (Scott, 1995). The cultural-cognitive pillar is characterized by the construction of individual and group identities and sense-making of participants working within a given environment. The cultural -

cognitive pillar rests on shared understanding (common beliefs, symbols, shared understanding). These are strongly influenced by anthropological and psychological perspectives such as myths, rituals, how symbols are perceived and understood (Vann, 2011). Kostova (1999) points out that “cognitive programs such as schemas, frames, inferential sets, and representations affect the way people notice, categorize, and interpret stimuli from the environment”

Even though institutional theory resists innovation as the beliefs and actions are determined by the institutional environment (Seo and Creed, 2002), the theory is pivotal in influencing whistleblowing behavior in an organization which leads to compliance with the laws. For example, the perception of disclosing can be based on the regulatory framework that is legislations. Again, the normative perspective and cultural-cognitive pillar influence the individual's intentions and attitudes towards blowing the whistle (Dorasamy, 2013 and Park et al., 2009). This can contribute to compliance with the laws by individuals and organizations. Whistle blowing can be defined as the disclosure by organizational members (former and current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to affect action (Miceli and Near, 1984, p.3). It is the act, for an employee (or former employee) of disclosing what he believes to be unethical or illegal behavior to higher management (Internal-whistle blowing) or to an external authority or public (External-Whistle blowing) (Mathieu, 2008).

Graham (1986) came up with a model that provide an understanding of factors that influence individual's reporting decisions i.e. perceived seriousness of the act, personal responsibility for reporting and perceived cost of reporting. Seriousness of the act is in form of monetary impact, threat of cause of harm, negative outcomes and frequency of occurrence and this assertion is further supported by Miceli and Near (1984) who posit that whistle blowing is likely to occur if an employee observes organizational wrongdoings as serious. Personal responsibility is about the psychological state of feeling personally responsible for responding to an issue of principle and it is related to job assignment, extent of issue exposure and personal sense of social responsibility which is an outcome of cognitive moral development (Graham, 1986, p.39). Cost of reporting

is related to sanctions imposed to the whistle blower. In addition, sanctions such as threats to person or property, law suits, job termination and imprisonment can reduce the likely hood of reporting the unethical behavior (Arnold and Ponemon, 1991). Ponemon (1994) posits that; “The nature and extent of retaliations or sanctions imposed by management or co-workers against the whistle-blower is perhaps the most significant to the perspective whistle- blower’s decision in the communication of organizational wrong doing”.

Indeed, whistle blowing is considered a key tool for promoting individual responsibility and organizational accountability because whistle blowing and peer reporting are vital for detecting management fraud and employee theft (Zhuang, 2002). In addition, improved climate for reporting wrong doing will operate to attenuate the likelihood of wrong doings occurring hence a potential perpetrator of a fraudulent act is less likely to proceed if prospects of being reported are increased (Hooks et al., 1994). Terry et al. (1991) add that with the existence of reporting, the harms from the wrong doing could be reduced in that wrongful behavior is stopped and the expense of public oversight and investigations would be reduced. There are requirements of encouraging whistle bowing. According to Miceli and Near (1992), the establishment of a report recipient office, effective direction of observers to the office and provision of an effective appeals procedure were associated with more reporting. In addition, public back up is required to protect the whistleblowers by use of public reporting channels (Schultz, Johnson, Morris and Dyrnes, 1993). This is because according to the observation made by Johnson (2003) in United States is that the lack of protection offered to governmental employees and others in terms of whistle blowing, does not provide much comfort to report hence the existence of reporting policies encourages whistle blowing (Keenan, 1990).

H4: While blowing behavior positively relates to compliance

## METHODOLOGY

### Research Design, Population and Sample Size

The study used a cross sectional survey design to collect data from a sample of 97 PDEs selected from a population of 129 PDEs (PPDA, 2013). The population of PDEs is composed of 24 Ministries, 12 Commissions, 6 Boards, 15 Referral Hospitals, 10 Training

Institutions, 28 Statutory Bodies, 22 State Enterprises, 8 Government agencies and 4 Councils (PPDA, 2013). Because of time and cost implications, the population of PDEs excludes the foreign missions and PDEs outside Kampala. The use of the survey research design is consistent with Chandra (2004) who claims that surveys are relatively inexpensive as it enables collection of information from many respondents in a short period of time. The Unit of Analysis was a Procuring and Disposing Entity yielding a response rate of 89.7 percent.

### **Sampling Design and Procedure**

We adopted a simple random strategy to ensure sample representativeness. Due to lack of homogeneity within the PDEs, a stratified sampling strategy was used to classify the population after which simple random sampling was applied to select the PDEs. We used category of PDEs as a stratification variable. PDEs were divided into nine different categories (e.g. Ministries, Commissions, Statutory bodies, Referral hospitals, Training institutions, Councils, Boards, State Enterprises and Government Agencies) to have full representation for all the PDEs. Simple random sampling was used to pick the final PDEs and the respondents to include in the study. For several categories of PDEs, unique identifiers of the PDEs were written on scrap of papers which were put in a jar, shook and several PDEs were selected blindly. In order to get two targeted respondents from each PDE, we approached the Accounting Officers who are the heads of the PDEs to get the lists of procurement managers to consider being our respondents. There was similarity on this because the User department heads, Evaluation committee members, Procurement officers, Members of contracts committees, and Accounting officers were given as procurement managers from each PDE. This was done as we were interested in obtaining data from only practitioners of public procurement. Thereafter, unique identifiers for the different procurement managers were written on scrap of papers and for every PDE, the papers would be put in a jar, shook and two papers would be selected blindly. This gave the respondents equal chances of being chosen hence different respondents were got from each category of the PDEs.

### **Measurement of Variables, Validity and Reliability**

Legitimacy was operationalized using measures developed by Ntayi et al. (2012) using dimensions of; degree of trust, feel of confidence and obedience to the PPDA, PPDA Act and Regulations. Responses were anchored on a five point Likert scale ranging from 5=strongly agree to 1=strongly disagree. The Cronbach alpha coefficient ( $\alpha$ ) for the legitimacy construct was .84 while the CVI was .75. Stewardship behaviour was measured using items of Hernandez (2007) operationalized as; personal responsibility, interests and responses were anchored on a five point Likert scale ranging from 5=strongly agree to 1=strongly disagree. The Cronbach alpha coefficient ( $\alpha$ ) for the stewardship construct was .78 while the CVI was .82. Whistle blowing behaviour was measured using items adopted from Dorasamy, (2013) and Park et al., (2009) operationalized as; perception on legislation and governance of whistle blowing as well as attitudes toward whistle blowing. The responses were anchored on a five point Likert scale ranging from 5=strongly agree to 1=strongly disagree. The Cronbach alpha coefficient ( $\alpha$ ) for the whistleblowing behaviour construct was .90 while that of the CVI was .80. Deterrence was examined using items of Thornton, Gunningham, and Kagan (2005) operationalized as; knowledge of regulatory enforcement actions, perception of risk detection, and perception of punishment and responses were anchored on a five point Likert scale from 5=strongly agree to 1=strongly disagree. The Cronbach alpha coefficient ( $\alpha$ ) for the deterrence construct was .70 while the CVI was .92.

Compliance to PPDA Act, Rules & Regulations was examined using items developed by Ntayi et al. (2012). Sample items included; the contracts committee is in place and performing its roles; procurement and disposal unit (PDU) is staffed to perform its roles; PDU is facilitated to perform its functions; PDU is performing its roles; standard public procurement forms are filled in; the standard bidding documents are used in this PDE; in this PDE there is a procurement office and facilities; procurement and disposal files for all contracts awarded are available and safely kept; in this PDE, public procurement reference numbers are used in the right format recommended by the PPDA; public procurement reference numbers which are used in this PDE, are in the right format recommended by the PPDA; in this PDE, departmental procurement plans are in



existence; in this PDE, the master procurement plan is in existence; in this PDE, micro-procurements records are being kept; in this PDE, monthly procurement reports are made; in this PDEs, monthly procurement reports are submitted to the public procurement and disposal of public assets authority; in this PDE, delegation of any procurement activity and/or function is in writing; in this PDEs, a copy of the act, regulations and guidelines is available; in this PDE a list of pre-qualified providers' is available; a list of pre-qualified service providers is reviewed after three years; in this PDE, procurement methods are approved by contracts committee; in this PDE, procurement thresholds are adhered to; the PDE has notice board and it is being utilized; independence of roles and responsibilities of all persons involved in the procurement process is being upheld; this PDE has a procurement ethical code of conduct as stipulated in the PPDA regulations and guidelines for both the staff and providers, this PDE procurement ethical code of conduct stipulated in the PPDA regulations and guidelines for both the staff and providers is adhered to. Responses were anchored on a five point Likert scale ranging from 5=strongly agree to 1=strongly disagree. The Cronbach alpha coefficient ( $\alpha$ ) for the Compliance to PPDA Act, Rules & Regulations construct was .88 while the CVI was .89.

### **Common Method Biases, Data Collection and Missing Values**

We controlled for common method biases. Common method biases (Campbell & Fiske, 1959) are a problem in survey research because they are one of the main sources of measurement error (Bagozzi & Yi, 1990; Conway, 1998; Kline, Sulsky, & Rever-Moriyama, 2000; Lindell & Brandt, 2000; Parker, 1999; Scullen, 1999; Williams & Anderson, 1994). Measurement error threatens the validity of the conclusions about the relationships between measures and is widely recognized to have both a random and a systematic component (Podsakoff, MacKenzie, and Jeong-Yeon Lee and Podsakoff, 2003, p.879). One way of dealing with self-report bias was to create a temporal separation by introducing a time lag between the measurement of the predictor and criterion variables. We developing two questionnaires; one with item scales that measure the criterion variable and another with items measuring the predictor variables. The two questionnaires were administered to the same respondents at different times providing an interval of one month thereby reducing

the consistency motif (Heider, 1958; Osgood & Tannenbaum, 1955; McGuire, 1966).

Data were collected, edited, entered in SPSS software and checked for errors and completeness prior to the analysis. A Missing Value analysis was done results revealed that 1.3% of the data were missing completely at random. All missing values were filled using serial means. Diagnostic tests were carried and results revealed that the data conformed to the assumptions of parametric data. We therefore went ahead and tested for the hypotheses.

## RESULTS

On average, most of the respondents were male (Mean = 1.482, SD=.501). This finding is consistent with the Republic of Uganda (2011) which reveals that 33 percent of women are employed in the Public Service, despite the affirmative action taken by the Government of Uganda. This affirmative action is contained in the Gender equality section provided for in the national Constitution, the Local Government Act (LGA) and other laws, affirmative action policy in education and in political representation, women's quotas in Parliament and Local Councils. The age category for the respondents ranged between 35-47 years (Mean = 2.178, SD=.785), corresponding to the Generation X - age category. This generation has been described as talented, adventurous, innovative and resilient. It is associated with high levels of skepticism - "what's in it for me" attitudes and this has implications on compliance as these individuals are very creative and independent hence struggle with limits and rules (Watson, 2015). The findings also indicate that most of the respondents were married (Mean=1.848, SD=.587). This implies that securing employment comforts individuals to get married. However, this could be a result of countless responsibilities assumed in their families. On average, most of the respondents had a degree (Mean=3.183, SD=.855), meaning that the procurement managers in Ugandan public procurement have a certain degree of professionalism and the capacity to handle procurement activities.

On average, the respondents had training in procurement or purchasing management (Mean=1.381, SD=.487). On average, the respondents had worked for their organizations between 4-6 years (Mean=2.208, SD=.723), a situation showing that most of employees of different PDEs have considerable wealth of experience executing

public procurement. On average, most of the PDEs studied were in the category of statutory bodies (Mean=4.18, SD=2.68). This is consistent with PPDA (2013) which reveals that statutory bodies dominate Central Government PDEs. On average, PDEs have 16-20 suppliers on their lists of providers (Mean=3.98, SD=.86). On average the surveyed PDEs had existed for over ten years (Mean=2.93, SD=.25). Most of the PDEs have over 100 employees (Mean=2.61, SD=.56). The PDEs on average use domestic bidding (restricted) (Mean=3.11, SD=1.88). This shows that PDEs commonly use the direct invitation of bidders on different procurements and this may have implications on compliance to the PPDA Act, Rules and Regulations.

Table 1 shows the Means (M), standard deviations (SD) and zero order correlations. Table 1 reveals that the PPDA is a legitimate institution that regulates public procurement in Uganda (M=3.71, SD=.69). Respondents agreed that PDEs comply with the PPDA Act, Rules and Regulations (M=4.03, SD=.51). Consistent with H1, the results show a significant positive relationship between legitimacy and compliance ( $r=0.616$ ,  $p\leq.01$ ). This means that when PDEs obey and trust the PPDA Act, Rules and Regulations and believe that they are fair, then compliance to the PPDA Act and Regulations in Ugandan public procurement will improve. The results showed a significant positive relationship between legitimacy and stewardship ( $r=.399$ ,  $p\leq.01$ ). This means that the more, the public procurement managers in PDEs obey and trust the PPDA Act and Regulations, the

**TABLE 1**  
**Means, Standard Deviations and Zero Order Correlations**

	Mean	SD	1	2	3	4	5
Legitimacy (1)	3.71	.69	1.000				
Stewardship Behavior (2)	3.93	.48	.399**	1.000			
Deterrence (3)	4.07	.51	.315**	.276**	1.000		
Whistle Blowing Behavior (4)	3.05	.54	.313**	.268*	.360**	1.000	
Compliance to PPDA Act, Rules & Regulations (5)	4.03	.51	.616**	.476**	.287**	.297**	1.000

Notes: \*Correlation is significant at the 0.05 level (2-tailed); \*\* Correlation is significant at the 0.01 level (2-tailed).

more likely they will execute procurement activities responsibly and for the good of the public.

The respondents agreed that the PDEs are stewards in that they execute public procurement for the good of the public for example they like the work they do and are highly interested in participating in the procurement process ( $M=3.93$ ,  $SD=.48$ ). Additionally, the respondents agreed that their PDEs comply with the PPDA Act, Rules and Regulations ( $M=4.03$ ,  $SD=.51$ ). Consistent with H3, stewardship behaviour has a significant positive relationship with compliance ( $r=.476$ ,  $p\leq 0.01$ ). This implies that compliance to the PPDA Act and Regulations is likely to improve with the existence of stewardship behavior. The respondents indicated that they are not very familiar with the stipulations of the whistle blowers Act. It was also revealed that employees don't feel confident to report the unethical practices inside PDEs ( $M=3.05$ ,  $SD=.54$ ).

The findings show a significant positive relationship between whistle blowing behavior and compliance ( $r=.297$ ,  $p\leq 0.01$ ), thereby supporting H4. This implies that whistle blowing is a predictor of compliance meaning that when there is an improvement in whistle blowing behavior, compliance to the PPDA Act and Regulations will be achieved. The results reveal a significant positive relationship between whistle blowing behavior and deterrence ( $r=.360$ ,  $p\leq 0.01$ ). This means that with the increased disclosure of unethical activities of procurement managers, the detection chances increases there by getting many violators to be held responsible. There is a significant and positive correlation between deterrence and compliance ( $r=.287$ ,  $p\leq 0.01$ ), supporting H2. This means that compliance to the PPDA Act and Regulations can improve with the presence of deterrence mechanisms.

We run five models in order to examine the predictive strength of all the independent variables on compliance to the PPDA Act, Rules and Regulations. The control variables in model 1 were; Organization Age, Category of the PDE and Number of suppliers (Ntayi et al., 2012). In model 2, we entered constructs derived from a critical review of the Legitimacy theory. Consistent with H1, Legitimacy was found to be a significant predictor of compliance accounting for 35.8% of the variance ( $\Delta R\text{-square}=0.358$ ,  $p\leq 0.01$ ). In model 3, consistent with H3, stewardship behavior was a significant predictor of compliance ( $\Delta R\text{-square}=0.057$ ,  $p\leq 0.01$ ). In model 4, deterrence

factors were entered and the results indicate that it wasn't a significant predictor of compliance. This finding is surprising and contrary to H2. In model 5, we added whistle blowing behavior and contrary to H4, whistleblowing behaviour was not a significant predictor of compliance ( $\Delta R$  square=0.001,  $p>0.05$ ) contradicting H4. The overall model was significant at 1% (Table 2).

**TABLE 2**  
**Regression Model**

Predictor variables	Model 1	Model 2	Model 3	Model 4	Model 5	VIF
Constant	2.90**	2.56**	1.43*	1.31	0.25	-
Organization Age	0.17	0.03	0.01	0.01	0.02	1.13
Category of the PDE	-0.12	0.14	0.12	0.12	0.11	1.01
Number of suppliers	0.01	0.01	0.03	0.04	0.04	1.13
Legitimacy		0.63**	0.50**	0.49**	0.48**	1.11
Stewardship Behavior			0.27**	0.26**	0.26**	1.30
Deterrence				0.07	0.06	1.26
Whistle blowing Behavior					0.03	1.32
R	0.201	0.631	0.675	0.677	0.678	Na
R-Squared	0.040	0.398	0.455	0.459	0.459	Na
R-Square (adjusted)	0.004	0.368	0.420	0.417	0.410	Na
$\Delta R$ -square	0.040	0.358	0.057	0.004	0.001	Na
F	1.12	13.06	13.03	10.88	9.22	Na
$\Delta F$	1.12	46.94	8.17	0.51	0.08	Na

Notes: \* $P\leq 0.05$ , \*\* $P\leq 0.01$ ,  $n=87$ , Dependent Variable: Compliance to the PPDA Act, Rules and Regulations, Durbin Watson= 2.22.

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

Consistent with H1, Legitimacy is a significant predictor of compliance. This finding is in agreement with Ntayi et al. (2012) who found a significant relationship between legitimacy and compliance. As noted by Kuperan and Sutinen (1998), this finding adds to the limited body of empirical evidence on the effect that legitimacy has on compliance behavior. Additionally, Tyler (1990a, 1990b) argues that compliance with a law or regulation is influenced by the extent to which individuals' accord legitimacy to the enforcement agencies. Legitimacy is a normative assessment by individuals of the appropriateness or right of enforcement agencies to restrict their behavior. Our finding reveals that compliance is higher when

procurement officers in Ugandan PDEs accord a high level of legitimacy to the enforcement agencies. Unfortunately, compliance with the PPDA Act is still low. The study further supports Tyler (1990) who posited that legitimacy makes people to apply the law and decisions of legal authorities. A serious lack of legitimacy would negatively affect the compliance of people with the procurement law. Therefore, what makes public procurement officers obey the procurement law is not only a matter of self-interest but also a normative matter “linked to perceptions of legitimacy”. Additionally, Levi, Sacks and Tyler (2008) argue that legitimacy promotes compliance since people comply because they feel they have an obligation to comply. However, Vanasco (1998) states that, legitimacy can be possible if the regulatory body trains the subjects about the law as well as the auditing of the activities of the subjects by the regulatory body. This notwithstanding, compliance theory affirms that the willingness to comply stemming from moral obligation and social influence is based on the perceived legitimacy of the authorities charged with implementing the regulations (Kuperan and Sutinen, 1998, p. 329).

Contrary to H2, the study finds deterrence mechanism a significant predictor of compliance with the PPDA Act, Rules and Regulations. This finding is inconsistent with Thorn, Gunningham, and Kagan (2005) who found deterrence mechanisms to influence compliance to the environmental regulations. The study found that indeed, deterrence mechanisms influenced subjects positively to comply with the regulations. Ho and Wong, (2008), Sutinen and Kuperan (1999) assert that violators to the laws can be reduced by increasing in the size of penalty. The contradiction may be attributed to the weak deterrence mechanisms such as weak fines to the violators of the PPDA Act and Regulations, low chances of punishing the violators as well as low chances of detecting the violators of the PPDA Act, Rules and Regulations in Ugandan public procurement. According to the PEW Center on the States (2008), deterrence is costly in that there is need for massive deployment of law enforcement efforts to produce a credible threat of punishment and the enormous cost of creating and maintaining a system of incarceration to make punishment credible.

Consistent with H3, this study finds stewardship behavior a significant predictor of compliance. This means that, the more

procurement officers see themselves as stewards or custodians of public interest the more they will voluntarily comply with rules and regulations. In this perspective public procurement officers become stewards of public interest, model and order their behaviour such that organizational and collectivist behaviors have higher utility than individualistic self-serving interests. The finding supports Bajo et al. (2009) who assert that in an environment where managers are fully held accountable for their actions there would be increased compliance with disclosure Regulation. The public procurement manager essentially wants to do a good job, to be a good steward of the PDE assets. As noted by Etzioni, (1975) Identification with the procurement profession promotes a sense of belonging even when a manager calculate that a course of action is unrewarding personally they may nevertheless carry it out from a sense of duty, that is, normatively induced compliance. This study contributes to literature in two ways. First, because stewardship theory is relatively new its theoretical and empirical contributions have not been adequately established.

Consistent with H4, the study finds whistle blowing behavior a significant predictor of compliance with the PPDA Act, Rules and Regulations. This finding supports Dorasamy (2013) who revealed that whistle blowing can serve as an important deterrent for potential unethical conduct if reporting mechanisms are in place, thereby enforcing compliance. Bondman and Maulby (1996) assert that whistle blowing is a key tool for promoting individual responsibility and organizational accountability. This means that Procuring and Disposing Entities need to develop an integral robust whistleblowing regime in form of a whistleblowing policy and code of conduct, which spells out the what, how and when an identifiable wrong doing is detected. In addition to having a whistleblowing policy and hotline PDEs can create a culture in which employees are genuinely encouraged to make disclosures through PDE top-level commitment and senior accountability. The Accounting Officers and boards should clearly support and sponsor whistleblowing regime. The Accounting Officers, board members or PDU must be seen to respect the whistleblowing policy. A senior member of management must have overall responsibility for embedding the culture of internal disclosure throughout the PDE – particularly within management. This person should also announce the policy to all employees, manage and review

it, and feedback on it to the board. What's more, he or she must have enough resources to be able to do this well.

### **CONCLUSION AND RECOMMENDATIONS**

From this study, we can conclude that legitimacy and stewardship behavior are significant predictors of compliance to the PPDA Act, Rules and Regulations. Whistle blowing behavior and deterrence mechanisms were not significant predictors of compliance. In order to promote compliance to the PPDA Act, Rules and Regulations, Professional Legitimacy and stewardship behaviour should be cultivated. The PPDA should conduct workshops, seminars to sensitize procurement managers on Regulations and the Act in different PDE. There is need to institute self-monitoring internal control systems to provide early warning signals to the violators, as well as improving on the auditing system. This is likely to enhance stewardship behavior among the procurement managers.

### **Implications, Limitations and Areas for Further Study**

The legitimacy theory assumes that there is obedience of laws without explanations. However, legitimacy can be achieved through the fairness and justice built in the policies of an organization or a regulatory body. The stewardship theory asserts that individualistic interests can weigh over the collective interests. However, organizations and regulatory bodies need to use involvement-oriented management system as opposed to control-oriented management system, a collective culture as opposed to individualistic one, value commitment orientation and greater use of personal power as a basis to influence others. The deterrence theory is undermined given the fact that offenders continue to exist even though there is existence of threats and this could explain why deterrence did not emerge as a significant predictor of compliance to the PPDA Act, Rules and Regulations. However, for deterrence to become relevant, there is need of increasing the chances of detecting the violators, the chances of punishing the violators as well as the size of penalties to the violators. Whistle blowing behavior did not emerge as a significant predictor of compliance to the PPDA Act, Rules and Regulations.



### Limitations of the Study and Areas for Further Research

A self-administered questionnaire with close ended questions was used to collect data. This limited the amount of data to be collected from the respondents. The study was limited to Central Government PDEs in Kampala leaving out other Central Government PDEs outside Kampala and foreign missions hence the results would have changed if whole Central Government PDEs were studied. The results of this study cannot be generalized to the private sector. This is because PDEs in the private sector have different procurement practices, policies, and systems as compared to public procurement.

The future studies should extend the studies to include Local Government Entities (LGE) as they are part of public procurement and other PDEs which are outside the geographical scope of this study. Future studies should also use the longitudinal research design to increase on the level of accuracy of predicting compliance in Ugandan Public procurement because this study adopted cross sectional research design. There is a need to study the relationship between legitimacy, whistle blowing behavior and compliance to procurement laws in Ugandan public procurement as this study did not consider it. The future studies should also focus on the relationship between stewardship, deterrence and compliance to procurement laws in Ugandan public procurement as this study did not consider it also.

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