

Analyzing Ethic and Procurement Performance of Humanitarian Organizations in Myanmar

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Abstract

Ethics has become a major concern for every organization. Humanitarian organizations apply different procurement ethics standards and procedures to avoid unethical issues and improve procurement performance. This study analyzes the impact of procurement ethics on performance among the humanitarian organizations in Myanmar. The quantitative research method was used, and 30 procurement officers participated. The findings indicate that procurement ethics have a positive significant impact on procurement performance. Thus, procurement officers and humanitarian organizations must implement ethical standards to promote performance.

Keywords: Procurement Ethics; Performance; Humanitarian Organizations; Myanmar.

Introduction

In Myanmar, a country struggling with high perceptions of corruption and developmental challenges, maintaining ethics, transparency, and accountability in procurement encounters significant obstacles. Ahmad *et al.* (2019) highlight the challenges inherent in upholding these principles in developing countries marred by corruption. The dire situation escalated dramatically on February 1, 2021, when a military takeover plunged Myanmar into an unparalleled crisis, compounded by the ongoing impacts of the COVID-19 pandemic. This convergence of factors has pushed the country towards a perilous spiral of conflict and poverty. Consequently, approximately 17.6 million people, a substantial portion of the population, are projected to require urgent humanitarian assistance in 2023. However, delivering aid in this context is hindered by both physical and administrative barriers faced by humanitarian organizations (UNOCHA Myanmar, 2023).

Preserving the integrity, fairness, and transparency of procurement is paramount. Achieving this requires a balanced approach that prevents the misuse of power and considers cultural nuances (Nidam *et al.*, 2021). By adhering to ethical procurement practices, public resources are utilized accountably, efficiently, and effectively, serving to safeguard public interests and build trust. This process contributes to fostering good governance and confidence in the public procurement system (Christopher & Atkinson, 2020). Analyzing the ethical considerations and procurement efficacy of humanitarian organizations presents a multifaceted challenge (Mohammad *et al.*, 2021). Ethical procurement entails fostering fairness, transparency, and integrity throughout the process, with an emphasis on accessibility and comprehensibility of information and decisions to all stakeholders (Christopher & Atkinson, 2020). In Myanmar, however, scientific exploration of ethics and procurement performance remains limited. This study undertakes an

investigation into the impact of information sharing and supplier trust on procurement performance among humanitarian organizations in Myanmar.

Literature Review

"Ethics" encompasses a descriptive theory of interactional life grounded in conceptual and empirical realms (Eilert, 1997). In essence, ethics entails the examination of suitable behavior, differentiating between right and wrong, and providing guidance for individuals to make morally sound decisions (David, 2013). This principle of fairness, honesty, and ethical conduct is deeply ingrained in human nature and holds a pivotal role in scientific pursuits (Manish *et al.*, 2020). The relationship between ethics and policies is intimately intertwined, as ethical considerations often shape policies aimed at safeguarding well-being (Joan, 1999). Ethics extends its influence across many domains, where moral actions are indispensable for communal harmony (Eilert, 1997). Ethics holds paramount significance within the realm of procurement in the public sector. Recognizing the imperative to balance efficiency and cost-effectiveness, public organizations acknowledge the necessity to combat corruption and prevent the squandering of public resources (Christopher & Atkinson, 2020). However, the impact of unethical procurement practices on the South African public sector, a developing nation, has been profound. These practices have eroded public confidence, triggering concerns encompassing value for money, ethical standards, competition, transparency, and accountability (Gezani *et al.*, 2017).

A study in Nigeria reinforces the criticality of ethics and integrity, underscoring fairness, transparency, and consistency as pivotal constituents of effective public procurement (Akaninyene & Mark, 2015). Ethical principles must be adhered to alongside legal and professional standards, with any deviation potentially culminating in reputational damage and a weakening of the procurement process (Kelly, 2009). Central to an ethical procurement culture is its intrinsic value in promoting accountability (Francis, 2015). Ethics in procurement is not merely a theoretical concept but a pragmatic necessity in the public sector. The consequences of neglecting ethical considerations can be far-reaching, impacting public trust, accountability, and the efficient utilization of resources. Conversely, a commitment to ethical procurement practices yields a transparent, fair, and accountable environment, bolstering public confidence and the responsible execution of procurement activities.

The journey toward improved transparency in procurement endeavors necessitates organization collaboration and strategic planning (Alain, 2017). The efficacy of procurement processes within humanitarian organizations is profoundly intertwined with ethical considerations. The ethical foundation emerges as a fundamental pillar in fortifying the very fabric of humanitarian procurement (Mohammad *et al.*, 2021). The procurement integrity and transparency elements wield significant influence over the accountability embedded within procurement performance. Establishing and cultivating a procurement performance culture necessitates formulating appropriate, accountable procedures, structures, and systems (Bethline *et al.*, 2019). The implications drawn from these findings resonate with a resounding message: ethics in procurement are not mere addendums but pivotal determinants of success. The imperative for organizations to prioritize ethical practices within their procurement operations gains heightened significance in light of these insights. Embracing ethical principles empowers organizations to enhance their procurement performance and engender trust, credibility, and sustainability in their interactions with stakeholders. This realization underscores the ethical underpinning as a strategic asset for bolstering procurement performance within humanitarian contexts.

Performance within humanitarian procurement and supply chain operations encapsulated by the triple-bottom-line framework encompassing people, planet, and profit, extends beyond mere economic considerations. The environmental and social dimensions merge with the economic aspect, fostering a holistic evaluation (Jianghua *et al.*, 2019). This comprehensive perspective recognizes that performance measurement should not solely revolve around financial gains but also consider the broader impact on society and the environment. In the intricate landscape of humanitarian operations, the evaluation of procurement performance holds immense significance. Navigating procurement performance within humanitarian organizations demands a delicate equilibrium between swiftness, efficiency, quality, and accountability (Mohammad *et al.*, 2021). The transparency of procurement activities directly affects the overall integrity of the process, establishing a bedrock for adherence to stipulated norms (Christian *et al.*, 2021). Transparency within procurement activities within relief supply chains hinges significantly on communication and coordination. The fusion of ethics and procurement performance thus reinforces the foundation of transparency and credibility upon which humanitarian entities depend (Makali *et al.*, 2018).



Figure 1: Conceptual Framework

Methodology

Quantitative research is carried out to test the relationship between procurement ethics (fairness, integrity, and transparency) and procurement performance. The procurement officers are the study's targeted population, and 30 officers actively participated in data collection. Primary data are collected using a questionnaire developed by using previous literature. Before collecting data, the researcher sent an informed consent letter mentioning the study's objective and data usage. Statistical software (SPSS version 27) was applied for descriptive and inferential tests. The correlation between procurement ethics and performance is tested by Spearman rank correlation.

Findings and Discussion

Frequency table (1) shows the personal factors of respondents. The majority of respondents (70%) are female procurement officers, and 63.3% aged between 25 to 36 years. 76.7% of participants have bachelor degree.

Table 1: Personal Factors

Personal Factors		N	%
Gender	Male	9	30.0%
	Female	21	70.0%

Age	25 to 36 years	19	63.3%
	37 to 47 years	9	30.0%
	47 to 55 years	2	6.7%
Education level	Bachelor	23	76.7%
	Master	7	23.3%

According to descriptive results, the procurement units of humanitarian organizations apply ethical standards. They have limited nominal value to which gifts should not be exceeded (mean = 4.06), followed by application of ethics statement committing to behave with integrity (mean = 3.93). Moreover, the organizations have ethical violation standards for bid rigging prohibition (mean = 3.83) and procurement disclose economic and other shared interest (mean = 3.73). The descriptive reports present that the procurement organizations apply effective ethical standards to communicate with stakeholders. For procurement performance, the organizations can improve the efficiency and time taken when they perform procurement processes (mean = 3.86), followed by reduce administrative cost, cost across the whole procurement process and errors of transactions across (mean = 3.80 in each). The procurement officers claim that their organizations have improved in procurement accountability, and standard procedures.

Table 2: Descriptive Statistics

Items		Mean	Std. Deviation
Procurement Ethic	Ethics statement committing to behave with integrity	3.93	.87
	Ethical violation of bid rigging is prohibited	3.83	.75
	Ethical violation of bid collusion is prohibited	3.50	.94
	Zero tolerance for giving gifts of any kind.	3.23	.89
	Zero tolerance for accepting gifts of any kind.	3.70	.84
	Limited nominal value to which gifts should not be exceeded.	4.06	.69
	Procurement disclose economic or other shared interest	3.73	.69
Procurement Performance	Procurement reduce cost across the whole procurement process.	3.80	.66
	Procurement improve efficiency and time taken.	3.86	.73
	Procurement is able to reduce administrative costs	3.80	.66
	Standard procurement process has improved.	3.63	.85
	Reduction in errors of transactions across.	3.80	.76
	Improvement in procurement accountability.	3.73	.78

Spearman correlation is used to analyze the correlation between procurement ethics, and performance due to small sample size. According to table (3), the procurement ethics have significant positive effect on procurement performance (Spearman’s rho = 0.517, p-value = 0.003). When the procurement units, and procurement officers apply ethical standards including fairness, integrity and transparency to communicate and perform procurement processes, they can improve procurement performance such as accountability, effectiveness and efficiency.

Table 3: Spearman Correlation

Correlations			Procurement Ethic	Procurement Performance
Spearman's rho	Procurement Ethic	Correlation Coefficient	1.000	.517**
		Sig. (2-tailed)	.	.003
		N	30	30
	Procurement Performance	Correlation Coefficient	.517**	1.000
		Sig. (2-tailed)	.003	.
		N	30	30

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

The findings of current study indicate the positive significant correlation between procurement ethics, and procurement performance. The results are in-line with the outcomes of Bethline *et al.* (2019) and Mohammad *et al.* (2021). The authors mentioned the critical role of procurement ethics including integrity and transparency to improve procurement units’ accountability and organizations’ ethical standards. When the humanitarian organizations are lack of applying procurement ethics, they can face negative consequences in procurement performance which can damage the procurement units’ equilibrium between buyers and suppliers. Manish *et al.* (2020) and Nidam *et al.* (2021) also pointed out the important principle of ethical concerns such as fairness, and honesty to adhere ethical procurement practices.

Conclusion and Recommendations

This study focuses on the relationship between procurement ethics and performance. A total of 30 procurement officers actively participated in the research. This study conducted research only in Yangon, Myanmar. Thus, the other procurement officers working around the country and different procurement units are limited. Moreover, this study uses only a quantitative research method with small sample size. Other research methods are limitations. Further study should implement other research methods conducted at different humanitarian organizations with procurement units and collect data from large samples to evaluate the impact of procurement ethics on procurement performance. This study recommends that procurement officers and humanitarian organizations apply effective and standardized procurement ethics to improve performance.

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