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Critical governance concerns of Thailand e-government procurement

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Abstract

This study aims at identifying the critical governance issues of e-government procurement auction. A survey approach was conducted with Thai government officers who are involved in e-government procurement. Data is collected from at least two respondents from purchasing personnel. At least one of the respondents is in a managerial position. The results show that there are five concerns that have major roles in e-government procurement governance: strict procurement process, public officer, political official, vendor, and policy and regulation requirements. E-government procurement adoption indicates the moderate level of good governance in terms of procurement effectiveness, lower collusion among vendor, transparency, and law enforcement.

Keywords

E-government procurement, good governance, Thailand

1. Introduction

In the digital era, government uses the internet to deliver services and to communicate with their citizens and organizations. The Thai government has implemented E-government procurement (E-GP) to make the procurement process more efficient and to enhance procurement governance by reduced corruption. Good governance refers to the process and structure that insure good management of resources (ADB, 2004). Good governance in the public sector management is focused on virtue, peace, and maximum benefits to the country, people, and society consistently and fairly. These include transparent principles, citizen participation, responsibility, rule-of-law, effectiveness, efficiency, equity, and accountability. Although there are many studies with regard to e-procurement (Croom and Brandon-Jones, 2007; de Boer et al. 2002; Evenett and Hoekman, 2005; Hui et al. 2011), much of the prior works has only focused on system implementation and effectiveness. This research explores the antecedents of good governance in electronic auction (e-auction) of government procurement and assesses the good governance level of e-government procurement adoption.

2. Literature review

Procurement is a complicated process and uses a large number of resources and time. Electronic procurement is an information system for business to business purchase (Holmes, 2011). Electronic procurement through the web channel can reduce costs, change purchasing routines, reduce procurement time, and build relationships with suppliers (Davila et al. 2003; de Boer et al. 2002; Tassabehji, 2010). In the context of e-government, E-government procurement (E-GP) employs online information technology to purchase goods/service for public agencies from business. E-GP can add service values and cost savings to the

government (Casaki and Gelleri, 2005). E-GP can improve transparency and governance changing business practice and encouraging new suppliers/vendors to join the procurement (Harris and Rajora, 2006). E-GP is an effective system which enhancing good governance in procurement limiting political interference (Heywood, 2002).

Procurement process is a major problem for good governance of procurement. The selection of procurement method and defining the product specification are major practices that can improve procurement (Hui et al. 2011). Top management was a significant motivator to the use of e-procurement (Kennedy and Deeter-Schmelz, 2001). Government managers who are decision-makers set the priorities for procurement (Hardy and Williams, 2008). Political factor has major influence on corruption (ADB, 2004; Belwal and Al-Zoubi, 2008; Pillay, 2004). To prevent abuse and fraud, public policy can emphasize regulations prevention, and best practices (Rotchanakitumnuai, 2010).

Good governance in procurement consists of integrity, transparency, accountability, and fairness. The good governance requires a fair process of transactions and services with accountable administration (Bedi et al. 2001; Saxena, 2006). Hasan (2004) emphasized that e-Governance increase efficiency, effectiveness and organizational performance. It provides solution to corruption, bureaucratic inefficiency and ineffectiveness, nepotism, cronyism, lack of accountability and transparency. Good governance in this research specifies transparency in e-government procurement through using the e-auction approach. This approach provides effectiveness, accountability, and thorough fairness. Transparent procurement can ensure a public organization to get the best choice of product/service with reasonable price (Evenett and Hoekman, 2005; Hui *et al.*, 2011).

3. Methodology

A survey questionnaire was conducted with e-procurement officers of government agencies. Respondents were selected using purposive sampling from a variety of government organizations. Personal interview was used to gather data of the questionnaire items from at least two respondents responsible for purchasing in the e-procurement department. At least one of the respondents was in a manager position. A total of 169 respondents from 67 government agencies completed the questionnaire. About sixty-seventy percent of respondents are operational officers (see Table I).

4. Data analysis

5.

Table II provides the measurement items of the five components of good governance in e-government procurement. The figures are the responses on a five-point Likert scale (where 1 = strongly unimportant and 5 = strongly important). Table II shows that in good e-procurement, government officers should receive no benefit from e-procurement is ranked highest (mean= 4.83). Public managers recognizing the benefits of E-GP is positively related to governance (mean = 4.81). Cooperation among vendors (4.73) and no benefit offered (4.71) are critical to good governance. Clear and fair specifications of product/service support a positive procurement process. Minimizing politician involvement is another issue that can enhance good governance or limited involvement in the e-procurement committee. Documentation related to E-GP (4.16) supports good governance of E-GP. Online intermediary selection is the lowest related score in e-government procurement governance. The results also showed that operational and manager e-procurement personnel expressed no significant difference in the level of good governance items of e-government procurement (at $p < .05$).

Table I: Respondents profile

Detail	No.	%
Education		
Below Bachelor	15	10.3
Bachelor	103	71.0
Master	27	18.6
Annual budget of e-procurement (Thai Baht)*		
less than 10,000,000	46	31.7
10,000,001- 50,000,000	51	35.2
50,000,001 – 100,000,000	17	11.7
100,000,001 – 500,000,000	17	11.7
500,000,001 – 1,000,000,000	7	4.8
more than1,000,000,000	7	4.8
Working Level		
Operational level	113	67.0
Management level	56	33.0
Average duration of e-Auction adoption 4.7 years		

*30 Thai Baht= 1 US \$

Table II provides the measurement items of good governance results in e-government procurement adoption with a five-point Likert scale (where 1 = strongly disagree and 5 = strongly agree). In response to the items asking the extent to which e-government procurement adoption improves good governance practices, the respondents rated “Changing organizational culture with transparent procurement” at 3.74, and “Getting quality product/service with reasonable price” at 3.73 (Table III). In addition, the results showed two governance items “Reduction of collusion among vendors” (mean = 3.33) and “Ability to audit and punish the lawbreaker” (mean = 3.44) with somewhat less strength of agreement. The findings indicated no significant difference between operational and managerial groups on good governance improvement in e-government procurement adoption (at $p < .05$). Both groups evaluated good governance items similarly.

Table II: Good governance elements in electronic government procurement

Items	Mean score			Sig.
	Operational level	Management level	Overall Mean	
1. Strict procurement process				
Defined product/service specifications	4.69	4.83	4.72	.122
Disclose procurement results to public	4.45	4.70	4.59	.056
Set up E-procurement committee with no benefit involve	4.34	4.54	4.44	.174
Appropriate procurement method selected	4.41	4.19	4.34	.122
Priority of products /services procured	4.05	4.04	4.05	.930
Selection of an online intermediary to advise e-auction	3.71	3.72	3.71	.925
2. Public managers / Staff				
Public staff do not cooperate with vendors to receive benefit	4.79	4.81	4.83	.765
Realize benefits to government from procurement	4.79	4.81	4.81	.767
Public managers has no personal benefit from e-government procurement	4.68	4.78	4.73	.447
Transparent policy with checking product/service specifications in case of very few vendors join the e-auction	4.44	4.57	4.52	.321
The public agency enforces laws	4.36	4.33	4.33	.860
3. Vendor				
No collusion of the vendors	4.74	4.70	4.73	.782
No benefits between vendors and public managers / staff	4.70	4.72	4.71	.837
No benefit offers to public managers / staff	4.62	4.70	4.66	.516
4. Political officials				
No intervention from political officials	4.67	4.65	4.66	.860
No political nominees involve in E-GP	4.64	4.65	4.63	.942
No political involvement in setting procurement priorities	4.59	4.61	4.61	.877
5. Policy and regulation requirements				
Requirements limit E-GP problems	4.16	4.15	4.16	.984
Disclosure of corruption / malpractice procurement	4.21	4.13	4.16	.610
Transparent of E-GP practices	4.05	3.80	3.95	.095

Table III: E-government procurement adoption result

Items	Mean score			Sig.
	Operational level	Management level	Overall Mean	
Getting quality product/service with reasonable price	3.73	3.48	3.48	.181
Changing organizational culture with transparent procurement	3.74	3.57	3.69	.400
Reduction of collusion among vendors	3.33	3.15	3.27	.382
Ability to audit and punish the lawbreaker	3.44	3.31	3.40	.509

6. Conclusion and implications

The results show that the strict e-government procurement process elements consist of the determination of procurement product/service feature specification which includes priorities of purchase products/ receive services, and the specification of procurement. The result showed that the three human factors play the important role on e-government. Public managers should consider the maximum benefits to the agencies from government

procurement. Cooperation with vendor or service provider in government procurement may cause corruption. Public agencies should have transparent policy and detailed specifications of the products/services. This may enhance the opportunity for vendors to have the equality chances in the auction. The government must enforce the law and punish the lawbreakers seriously. Vendors should not receive benefits or support collusion among bidders. Sharing benefits with the officers or the executives of government agencies must be eliminated. Finally, politicians must avoid getting involved in setting the priority needs for procurement and interference the procurement process or receive any gains from government projects, especially having delegations participating in the procurement auctions. The lack of awareness of key factors in good governance practice in e-government procurement represents a great risk to government by itself. Strong good governance procurement practices needs to be supported from the Thai government. It requires a dedicated policy of strong rule enforcement and penalty to achieve potential benefits from a successful implementation of e-government procurement. It is critical to highlight the procurement governance practices from this study to limit corruption because it affects the government's ability to manage the government budget more effectively, which will decrease the economic growth and social development of the country. Finally, an amendment of more stringent law enforcement for corruption and fraud from government procurement has to be conducted and implemented more effectively.

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