

The Roles of Compliance with Government Procurement Policy: Moderating the Effects Between Explanatory Factors and Sustainable Public Procurement Practice

(Peranan-Peranan Pematuhan terhadap Polisi Perolehan Kerajaan: Kesan Penyederhana di Antara Faktor-Faktor dan Amalan Perolehan Awam Mapan)

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ABSTRACT

Cases of non-compliance, irregularities and frauds in the government procurement still persist although compliance with Government Procurement Policy (GPP) is mandated by regulations. Complying with procurement standards by law does not necessarily succeeding in implementation of procurement best practices. This paper investigates the moderating impacts of compliance with the GPP on the relationship between the explanatory factors and current Sustainable Public Procurement (SPP) practice in Malaysia, in a comprehensive single framework. Survey questionnaires were administered to 104 government organisations and 177 responses were received from procurement officers. Based on the hierarchical multiple regression analysis, the anticipated outcome of this study is the extent to which the procurement compliance does not guarantee the implementation of SPP practice. The results of this study have provided some explanations regarding the extent of compliance with GPP on the relationship between the explanatory factors and SPP practice.

Keywords: Public procurement; compliance; sustainable public procurement

ABSTRAK

Walaupun pematuhan Polisi Perolehan Kerajaan telah dimandatkan dalam peraturan, kes-kes ketidakpatuhan, penyelewengan dan penipuan dalam perolehan kerajaan masih berlaku. Mematuhi piawaian undang-undang perolehan tidak semestinya berjaya dalam pelaksanaan amalan perolehan yang terbaik. Kertas ini mengkaji kesan penyederhana pematuhan terhadap Polisi Perolehan Kerajaan mengenai hubungan di antara faktor-faktor dan amalan Perolehan Awam Mapan (SPP) di Malaysia, dalam satu kerangka kerja yang komprehensif. Soal selidik kajian telah diberikan kepada 104 organisasi kerajaan, dan 177 maklum balas telah diterima daripada pegawai-pegawai perolehan. Berdasarkan analisis regresi hirarki berganda, hasil jangkaan kajian ini ialah tahap pematuhan perolehan tidak menjamin pelaksanaan amalan SPP. Keputusan kajian ini telah memberikan beberapa penjelasan mengenai peranan yang dimainkan oleh tahap pematuhan terhadap Polisi Perolehan Kerajaan mengenai hubungan di antara faktor-faktor dan amalan SPP.

Kata kunci: Perolehan kerajaan; pematuhan; perolehan awam mapan

INTRODUCTION

It is viewed that greater compliance towards procurement policy could lead to better procurement management and improved government organisation's best practices. However, there is no absolute evidence to substantiate this proposition to Sustainable Public Procurement (SPP) practice. The objective of this study is to examine the relationship between the extent of compliance with GPP and SPP practice. Given that this study observes the direct effect of compliance with GPP on the attitude (SPP practice), it is more significant to examine this element as having moderating rather than causative effects (Dabholkar & Bagozzi 2002). Therefore, this study seeks to identify whether the extent of compliance with GPP moderates the relationship between explanatory factors identified and SPP practice. The rest of the paper is organised as

follows: the next section provides an overview of the government procurement in Malaysia, while section 3 describes the hypotheses based on literature review to achieve the research objective. Section 4 discusses the research methodology applied in this study. The paper proceeds with the results and discussion. Final section provides conclusion and discusses the contributions and provides suggestions for future research.

BACKGROUND

The procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value to organisation (Knight, Harland, Telgen, Thai, Callender & McKen 2007). Therefore, the government plays two

different roles by participating in the market as purchaser and at the same time, regulating it through the use of its purchasing power to advance conceptions of social justice (McCrudden 2004).

Presently, Malaysia has done a remarkable job in establishing a comprehensive procurement regime. The GPP is dedicated to facilitate procurement management in the country through an improved government procurement best practices. The government procurement authorities appealed that they were always complying with the policies even though audit findings such as Public Accounts Committee (PAC) Report and Auditor-General (AG) Report have repeatedly revealed problematic procurement practices that cost the Government hundreds of millions ringgit¹.

Therefore, compliance towards an already established procurement policy is deemed necessary and crucial for public organisational success in procurement management. Nevertheless, it is worth noting that how well the procurement management has been implemented is not only evaluated in terms compliance or adherence with government policies and procedures, but also the actual outcome or impact on the ground. This paper attempts to bring a comparative position and to analyse the extent of procurement compliance and its annotations to the practice of SPP in Malaysia.

LITERATURE REVIEW

The main sources of policies, methods, laws and regulations related to the Malaysian government procurement are contained in the GPP. It provides guidelines on principles, best practices and direction for implementation in the government procurement management. All government organisations must comply with the procurement laws and regulations (Adham & Siwar 2012a; 2012b). It has been widely acknowledged the GPP that has been put in place is comprehensive and covers a wide spectrum of public procurements best practices.

EXPLANATORY FACTORS

Several researchers such as Gelderman, Ghijsen and Brugman (2006); Wan Abdullah, Deris, Mohd Saad, Mohamad and Tarmidi (2010); Rossi (2010); Eyaa and Oluka (2011); Zubcic and Sims (2011); Onyinkwa (2013); Stuijts, Waterman and Schreijen (2013); and Abu Hassim, Stephen and Bambang (2010) to name a few, have explored the causative factors that could impede the government procurement compliance with the rules and regulations. There are several factors that have been found to influence the procurement compliance. This study initiated five key dimensions: (1) perceived inefficiency of the policies, (2) familiarity with the rules, (3) enforcement, (4) professionalism; and (5) *shariah* ethics, as factors that influence the compliance with GPP.

COMPLIANCE WITH GPP

With massive financial outflows that are involved in the government procurement, it is not surprising that many governmental organisations in Malaysia are moving towards strengthening the compliance with GPP. A study is being currently undertaken to examine the practice in government procurement and appraise the practice in terms of its compliance with GPP.

The term compliance describes the ability to act according to certain accepted standards, such as an order, set of rules or request. Oxford Advanced Learner's Dictionary (2014) illustrates compliance as 'the practice of obeying rules or requests made by people in authority.' It is important to note that researchers have different views in term of measuring and quantifying compliance. In this study, a methodology for assessment of procurement systems to comply with various procurement rules namely Key Compliance Indicators (KCI's) developed by World Bank, Organisation for Economic Committee Development/Development Assistance Committee (OECD-DAC/ World Bank 2005) was used to examine the level of compliance with GPP. Four main compliance areas were adopted to determine the compliance levels, namely; management systems, information and communication, procurement process and contract management. The compliance scores were rated on a scale of 0 to 5 to measure certain indicators which were used as sub-criteria. The review showed that this method was deliberately employed by other studies such as Osei-Tutu, Mensah and Ameyew (2011) and Kotoka (2012).

SUSTAINABLE PUBLIC PROCUREMENT PRACTICE

Terms of adherence and compliance with procurement policies, regulations and procedures are meaningless if the actual outcome or impact on the ground demonstrate otherwise. For example, how public procurement processes could often take a long time, costs more than planned or do not work as intended. Have the procurements been meticulously planned before its implemented? Have the contract been carefully prepared so that the government interests are well protected and that it is not one sided against the government? Has there been effective supervision on the job that is carried out? The delivery of desired outcomes is a critical element for effective policy implementation.

A few literatures have considered some explanatory factors to influence the level of compliance in order to improve aspect of sustainability practice (e.g. Walker & Philips 2006; Walker & Brammer 2009; Tukamuhabwa 2012; and Mbabazi, Bernadette & Maurice 2014). It also suggests that there is an important link between the explanatory factors and compliance with the regulations and that a 'fit' between those factors and compliance with GPP leads to a better procurement practice.

Consistent with the grand transformation plan to become more efficient and sustainable particularly in government procurement, Malaysia has come up

with tremendous initiatives that are outlined in the 10th Malaysia Plan (10MP; 2011-2015), New Economic Model (NEM), Government Transformation Programme (GTP) and Economic Transformation Programme (ETP). According to Economic Planning Unit Malaysia (EPU) and National Economic Advisory Council Malaysia (NEAC), the Government has recognised public procurement as one of the critical disciplines to achieve social and environmental objectives. The above statement suggested that, the procurement best practices are not only measured from the economic perspective, but also requires other substantial aspects such as social and environmental. In other words, the concept tries to increase economic level and at the same time, does not ignore the quality of life and human justice. It means that future generations should have an equal opportunity with the current generations to exploit social and natural resources. Similarly, Kotoka (2012) visualised sustainable procurement as the pursuit of sustainable development objective² through the purchasing and supply process, and involves balancing environmental, social and economic objectives. The common attribute among three elements is sustainability whereby according to Schaltegger, Burritt and Petersen (2003), sustainability is the goal of the process of sustainable development. Sustainable practice is actually based on the balancing concept between environmental and social protection, and economic growth. This is further supported by Markley and Davis (2007) who argued that businesses performance should not just be measured by traditional financial measures, but also by their social, ethical and environmental goals.

In Malaysia, the Government is committed towards considering environmental conservation in their procurement management through the introduction of Government Green Procurement (GGP). GGP is consistent with the Plan of Implementation of the World Summit on Sustainable Development (WSSD) (Adham & Siwar 2012a). This initiative is to encourage sustainable procurement by promoting government procurement policies for the development and diffusion of environmentally-sound goods and services (United Nation 2002).

According to Ismail (2010), the National Green Technology Policies was also launched by the Government in 2009, in which it was grounded by four pillars, namely: energy, environment, economy and social. One of the goals was to increase public awareness and commitment for the adoption of Green Technology, and subsequently become the preferred choice in procurement of products and services. Nevertheless, many public sector organisations have been minimally informed on requirement for successful implementation of GGP in their organisations. They are also not well-advised on the required adjustments such as process changes and strategies alignment to implement this initiative. Thus, this ignorance has led to many obstacles and created major barriers for GGP to be successfully implemented.

To the author's knowledge, the concept of sustainable procurement has yet to be implemented in the Malaysian

public sector (Adham & Siwar 2012b). However, the environmentally-sound initiatives and strategies such as Entry Point Projects (EPPs) under ETP (Performance Management and Management Unit 2010a, 2010b), Green Technology Financing Scheme (GTFS), Malaysia Green Procurement Program (MGPP), Malaysia Green Labeling Program (MGLP) and Malaysia Green Directory (MGD) (Adham, Siwar, Ibrahim & Atan 2011) have encouragingly given the country a new hope and roadmap in promoting SPP.

At this point of time, government green purchasing is still a new concept in Malaysia (International Green Purchasing Network 2010; Goh & Suhaiza 2010). Nevertheless, there are a few government-linked companies (GLCs) that have taken such proactive steps in implementing the GGP (Adham et al. 2011). A pilot study by McMurray et al. (2009) reported financial issues, lack of knowledge and top management commitment were the most significant barriers.

Several initial measures have been taken under GTP and NEM in line with the objectives to reduce corruption, and increase integrity and transparency in the government procurement. The government pledge on economical-sound practices such as the implementation of OBB or Outcome-Based Budgeting, and e-Bidding are claimed to contribute to greater cost saving, faster procurement processing, and faster payment (Adham & Siwar 2012b). Initiatives such as the enforcement of Whistleblower Protection Act 2010, development of online database of convicted corruption offenders, establishment of additional corruption courts, issuance of guidelines on the job rotation of personnel, creation of MyProcurement and implementation of Integrity Pacts (PEMANDU 2011) are expected to improve government procurement from the economic perspective.

The main national agenda is to strengthen the economy without overlooking the social gap that exists among mixed societies in Malaysia. Therefore, other important issues from social perspective such as preferential margin and quota to local products and services, and *Bumiputera* should be tackled wisely (Adham & Siwar 2012a). In practice, most organisations and procurement practitioners only focus on compliance aspects, and there seems to be a general presumption that the procurement performance is entirely based on compliance reasoning. Yet, the implementation and reliability concerning SPP practice with current procurement policies in the context of Malaysian public sector are still questionable.

Important issues have been raised about the possible impact of procurement compliance on the establishment of SPP practice. A few studies found that compliance with procurement policies mediates the relationships between various factors and certain elements of SPP practice (Mimba, Van Helden & Tillema 2007; Mbabazi et al. 2014). However, the significance of the impact and relationship of these particular factors is not inconclusive. On the other hand, looking at the public procurement literature, it seems that studies that attempt to determine

the role of compliance with the policies in moderating the relationship between explanatory factors and SPP practice, until now, have been very limited. Based on the literature, it is evidenced that the potential benefits from compliance with procurement regulations had been largely unexplored and remains a matter of debate, particularly in fast-developing countries such as Malaysia.

HYPOTHESES

It is worth noting that how well the procurement management has been implemented is not only evaluated in terms of compliance or adherence with government policies and procedures, but also the actual outcome or impact on the ground. Therefore, it is vital to integrate the explanatory factors, the extent of compliance with GPP and the significance of SPP practice, in one conceptual research model. SPP practice considers the consequences of three elements: the environmental, social and economic. There are sustainable criteria under each element that should be integrated into the procurement management.

There is a gap in the identification of the effect of factors on compliance with GPP and SPP practice. Another gap identified is the role of moderating the extent of procurement compliance on the relationship between explanatory factors and SPP practice. Therefore, it is hypothesised that:

- H₁ Extent of compliance with GPP moderates the relationship between perceived inefficiency of the policies and overall SPP practice.
- H₂ Extent of compliance with GPP moderates the relationship between familiarity with the Policies and overall SPP practice.
- H₃ Extent of compliance with GPP moderates the relationship between enforcement and overall SPP practice.
- H₄ Extent of compliance with GPP moderates the relationship between professionalism and overall SPP practice.
- H₅ Extent of compliance with GPP moderates the relationship between *shariah* ethics and overall SPP practice.

Based on the above discussion, the research framework adapted from Gelderman et al. (2006); Eyaa and Oluka (2011); Tukamuhabwa (2012); Onyinkwa (2013); and Mbabazi et al. (2014) can be summarised in Figure 1.

METHODOLOGY

The quantitative research method is applied in this study. The unit of analysis of this study is the government procurement officials whose ranking of grade 41 and above, and their senior officers (the purchasers) or department heads in the hierarchy from 104 government

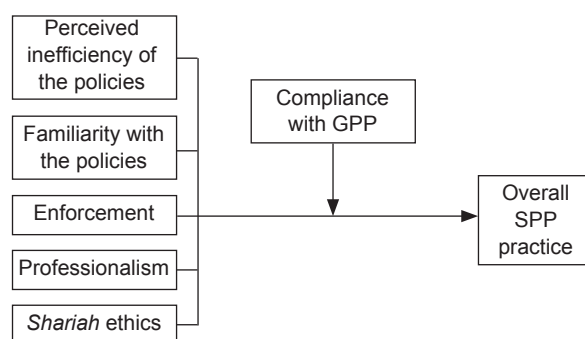


FIGURE 1. The moderating effect model

organisations located in Putrajaya and Klang Valley, Malaysia. The main reason for using these categories of respondents is that their activities directly or indirectly has a bearing on government procurement within Malaysian public sector which is the scope for the study. A purposive sampling method is used in the sample selection process. The population size for this study is approximately 280 which were recognised based on five procurement officers from each ministries and two procurement officers from each departments [(5 officers x 24 ministries = 120) and (2 officers x 80 departments = 160)]. The questionnaire was administered to 224 potential respondents (randomly selected 80 percent from the total number of population) as the quantity is considered representative enough for this study. This method is supported by Payne and McMorris (1967), Krejcie and Morgan (1970) and Sekaran (2003). The final sample is as illustrates in Table 1.

TABLE 1. Distribution of sampled respondents

Organisation	Number	%
Ministries	96	42.86
Key departments	128	57.14
Total	224	100.00

A structured questionnaire survey instrument was adapted based on previous empirical researches such as Gelderman et al. (2006), OECD-DAC/ World Bank (2005), Ali and Al-Owaihian (2008), and Walker and Brammer (2009). Some of questions were modified to reflect the research objectives. The questions to measuring the extent of compliance with GPP would require the respondent to rate his/ her response rated on a five-point Likert scale with 0 to 5; "0" indicates whilst "5" indicates very satisfactory. Meanwhile, questions to describe the practice of SPP would require the respondents to rate his/ her response for the factors influencing compliance on a five-point Likert agree/ disagree scale with middle option from 1 to 5 with the statement: "1" indicates Strongly Disagree, whilst "5" indicates Strongly Agree.

Hierarchical multiple regressions are used to test the association between the independent variables employed

in the study and dependent variable (compliance with GPP). The moderation model is shown in the regression equations below:

$$\begin{aligned} \text{SPPALL} = & \alpha + \beta_1 \text{PERCINEFF} + \beta_2 \text{FAMILIAR} + \\ & \beta_3 \text{ENFORC} + \beta_4 \text{PRO} + \beta_5 \text{SHAETH} \\ & + \beta_6 \text{COMP} + \beta_7 \text{PERCINEF} \times \text{COMP} + \\ & \beta_8 \text{FAMILIAR} \times \text{COMP} + \beta_9 \text{ENFORC} \times \text{COMP} \\ & + \beta_{10} \text{PRO} \times \text{COMP} + \beta_{11} \text{SHAETH} \times \text{COMP} \\ & + \varepsilon \end{aligned} \quad (1)$$

Where,

SPPALL	= represents the presence of overall SPP practice
COMP	= Compliance with the GPP
PERCINEF	= Perceived inefficiency of the rules
FAMILIAR	= Familiarity with the policies
ENFORC	= Enforcement
PRO	= Professionalism
SHAETH	= <i>Shariah</i> ethics

Interaction terms

PERCINEF × COMP	= Perceived inefficiency x Compliance with GPP
FAMILIAR × COMP	= Familiarity x Compliance with GPP
ENFORC × COMP	= Enforcement x Compliance with GPP
PRO × COMP	= Professionalism x Compliance with GPP
SHAETH × COMP	= <i>Shariah</i> ethics x Compliance with GPP

α = the constant

ε = the error term

RESULTS

In order to test the moderating effects of compliance with GPP on the relationships between the explanatory factors (PERCINEF, FAMILIAR, ENFORC, PRO and SHAETH) and overall SPP practice, the hierarchical regression analysis was employed. The moderating effect happens when the level of the third variable (in this case the level of compliance with GPP) influences or affects the degree of the relationship between two variables (in this case the explanatory factors and SPP practice).

The hypotheses proposed that the more extensive compliance with GPP, it is expected that greater effect of explanatory factors (PERCINEF, FAMILIAR, ENFORC, PRO and SHAETH) on SPP practice ($H_1 - H_5$) would be. This proposal means that by complying with the policies, the explanatory power of factors on overall SPP practice will be enhanced.

Before conducting the test of moderating analysis, the sample is first divided into low and high level of compliance groupings based on total number of sample and divided by two (177 divided by 2 = 88 and 89, respectively). The separated values of the aforementioned

level of compliance with GPP were used as the cut-off criterion to select compliance with GPP that characterized as high level of compliance and low level of compliance with the policies. More specifically, the compliance was classified as high level of compliance if the score was above the median and low level of compliance if the score was below the median. This process is consistent with work by Cohen (1967). The next step was developed the interaction terms (predictor x moderator), that is multiplying the values of each of the factors separately (i.e. independent variable) by the value of moderator variable, which is Compliance with GPP in this study.

To test for moderating effects, a three step hierarchical regression process was carried out following the guidelines suggested by Sharma, Durant and Gur-Arie (1981). In the first regression the dependent variable of the SPP practice is regressed on the independent (PERCINEF, FAMILIAR, ENFORC, PRO and SHAETH), followed by a second regression of the SPP practice with both the independent variables and the moderator variable (i.e. compliance with GPP). Finally, the interaction terms of the independent variable and moderator variable were entered.

Table 2 illustrates the result of moderated regression analysis of the compliance with GPP as a moderator on the relationship between each of the factors (PERCINEF, FAMILIAR, ENFORC, PRO and SHAETH) and the overall SPP practice. The R^2 change and F change are insignificant in step 1 ($R^2 = 0.222$, F change = 0.288, $p > 0.05$) indicating no significant relationship between explanatory factors (i.e. predictors) and overall SPP practice (i.e. criterion). Further, in step 2, the R^2 change is slightly enhanced but still insignificant (R^2 change = 0.230, F change = 1.503, $p > 0.05$), which demonstrates that the moderator (compliance with GPP) is positively related to either the predictor or the criterion variable. Finally, when the interaction terms were entered in step 3, the F change was found to be significant (R^2 change = 0.307, F change = 3.819, $p < 0.01$). Thus, the results indicate that the R^2 of the model increases slightly from 0.230 to 0.327 with the interaction term.

Table 2 indicates that only two interaction terms; (i.e. PRO × COMP and SHAETH × COMP) were significant at $p < 0.05$. However, the remaining three interaction terms, specifically PERCINEF × COMP, FAMILIAR × COMP and ENFORC × COMP are not significant. This means the hypotheses H_4 and H_5 have been supported, meanwhile hypotheses H_1 , H_2 and H_3 have not supported.

In order to interpret the moderating effects, it is necessary to display those significant terms graphically. The significant interactions graphs are depicted in Figure 2 and 3.

Surprisingly, the result suggests that procurement practitioners who have high level of professionalism but with low level of compliance with GPP will not enhance the overall SPP practice in their organisations. In other words, the extensive compliance with GPP is likely to enhance the impact of professionalism on overall SPP practice, particularly, when organisations have a high professionalism to apply the SPP practice.

TABLE 2. Results of moderated multiple regression analysis: Overall SPP practice

DV	Selected variables and Moderator	Beta Coefficients (Model 1)	Beta Coefficients (Model 2)	Beta Coefficients (Model 3)
SPPALL	<i>Explanatory Factors</i>			
	PERCINEF	-0.229 (-0.117)	-0.380 (-0.197)	1.151 (0.890)
	FAMILIAR	-0.258 (-0.369)	-0.231 (-0.102)	0.673 (0.375)
	ENFORC	0.228 (0.083)	0.250 (0.320)	-1.034 (-0.820)
	PRO	-0.223 (-0.034)	0.261 (0.430)	2.295* (2.211)
	SHAETH	0.244 (0.304)	0.259 (0.492)	-1.938 (-1.903)
	<i>Moderating Variable</i>			
	COMP		-0.338 (-1.176)	-0.665 (-0.362)
	<i>Interaction Terms</i>			
	PERCINEF \times COMP			-1.358 (-0.891)
	FAMILIAR \times COMP			-0.881 (-0.358)
	ENFORC \times COMP			1.358 (0.870)
	PRO \times COMP			-3.296* (-2.211)
	SHAETH \times COMP			3.317* (2.014)
	R ²	0.222	0.230	0.327
	Adjusted R ²	-0.247	-0.245	0.268
	R ² Change	0.222	0.228	0.317
	F-Stats	0.288	0.507	2.024
	Sig F-Stats	0.777	0.723	0.035*
	F Change	0.288	1.603	3.819
Sig. F Change	0.777	0.241	0.004	

Notes: ** p < 0.01, * p < 0.05

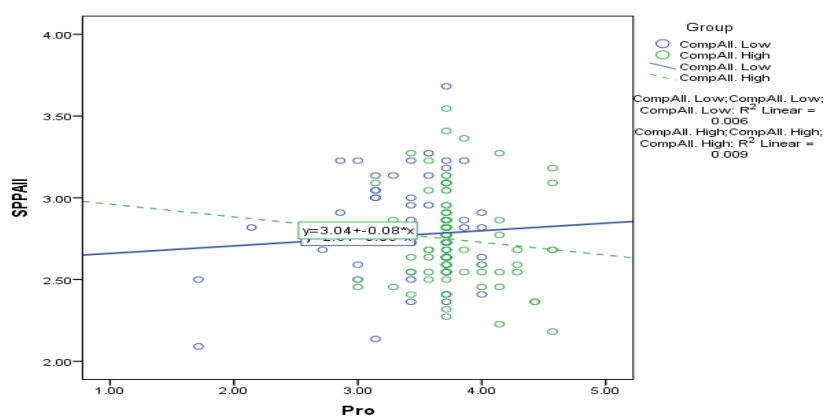


FIGURE 2. Moderating effect of Compliance with GPP on the relationship between Professionalism and Overall SPP Practice

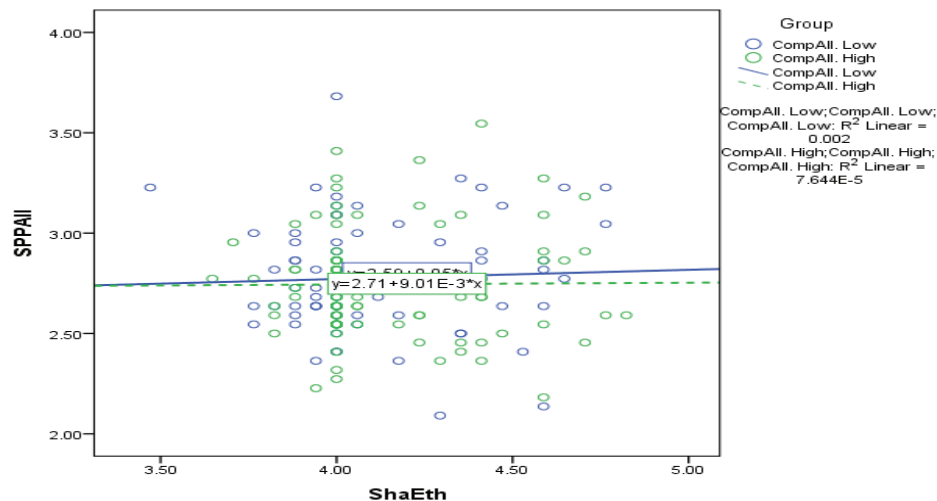


FIGURE 3. Moderating effect of compliance with GPP on the relationship between Shariah Ethics and Overall SPP Practice

As shown in Figure 2, the graphical lines output imply that high level of compliance group exhibits higher level of overall SPP practice even if their perception of professionalism is low. The low level of compliance group tends to demonstrate higher levels of overall SPP practice if they perceive that professionalism is of a high standard. Thus, H_4 is supported with negative relationship.

The result suggests that the organisations which fulfilling the high level of *shariah* ethics and complied more in GPP will enhance the overall SPP practice in their organisations. In other words, the extensive compliance with GPP is likely to enhance the impact of *shariah* ethics on overall practice of SPP, particularly when organisations have high *shariah* ethics to practicing overall SPP practice.

Figure 3 depicts the positive relationship of both graphical lines showing that level of compliance with GPP strengthened the linkages between *shariah* ethics and overall SPP practice for both high and low level of compliance groups. However, the graphical lines indicate that the perceived level of *shariah* ethics leads to a higher level of SPPALL for high level of compliance than for the low level of compliance group. Thus H_5 is supported.

DISCUSSION

The compliance of GPP in this study relate to the level of compliance in the areas were assessed by on certain indicators which were used as sub-criteria for assessing the four main compliance areas adopted, namely; management systems, information and communication, procurement process and contract management.

Recently, study has argued that the relationship between compliance to the procurement law appears to be weak impact and insignificant on time delivery, cost and quality (Mbabazi et al. 2014). They suggested that procurement compliance does not automatically lead to

cost effectiveness, timeliness and quality. The current study examines whether extent of compliance with GPP plays a moderating effect on the relationship of each explanatory factors studied on overall SPP practice and its elements; environmental, social and economic. The findings of this study reveal that extent compliance with GPP does moderate the relationship between some of the explanatory factors and several elements of SPP practice. The detail discussion on these findings are as follows:

MODERATION EFFECT OF COMPLIANCE WITH GPP ON OVERALL SPP PRACTICE.

The results shown in Table 2 indicate that even with or without interaction between the factors (PERCINEF, FAMILIAR and ENFORC) and the level of compliance with Government Procurement Policy, the overall SPP practice would not change much. The possible reason is no specific policy, regulation and legal framework with regards overall SPP practice in Malaysia at this point of time (Adham & Siwar 2012a). However, the compliance with GPP is more likely to act as moderator to relationship between professionalism and *shariah* ethics and overall SPP practice. The details are as follows:

Professionalism Figure 4 summarizes the result which shows that interaction between professionalism and compliance with GPP (PROxCOMP) has a negative significant effect on overall SPP practice. This interaction influences the effect of professionalism on overall SPP practice by increasing the explanatory power of the model. Surprisingly, the coefficient is opposite from expected. A negative coefficient of interaction effect of professionalism and extent compliance with GPP suggests that the more government organisations integrate and professionally comply with the GPP, the less effect on overall SPP practice, while the less the government organisations consider compliance with GPP in their professional aspect, the greater the effect on overall SPP practice.

Without the interaction effect, compliance with GPP has no significant effect on overall SPP practice. Overall SPP practice, statistically, is similar between organisations that are committed to professionalism by employing professional way of work style and those who are not committed to professionalism way of work style (refer to model 1 and 2 in Table 2). By entering the interaction between compliance with GPP and professionalism, organisations who commit differently appear to have different levels of overall SPP practice (refer to model 3 in Table 2).

This result clearly suggests that level of compliance with the GPP would not boost the overall SPP practice if the procurement legislations and regulations do not exploit the compliance policy appropriately. For example, if the government organisations do fulfilled with GPP in their procurement activities, but the policy itself do not benefit from this circumstance properly to promote sustainability through their practice, the SPP practice will still not improve.

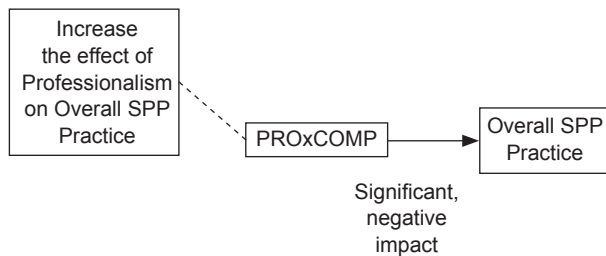


FIGURE 4. Summary of the effect of interaction between Professionalism and Compliance with GPP on Overall SPP Practice

Shariah Ethics Furthermore, Figure 5 summarizes the result which shows that interaction between *shariah* ethics and compliance with GPP (SHAETHxCOMP) has positive significant effect to overall SPP practice. This finding support the argument by Mohd Nor and Hashim (2015) that the concept on sustainable practices are undeniable and have positive connection to Islamic teaching. However, this interaction changes the effect of *shariah* ethics on overall SPP practice where it becomes non-significant (refer to model 3 in Table 2). This change indicates that the interaction between *shariah* ethics and compliance with GPP reduces the effect of *shariah* ethics on overall SPP practice. The positive coefficient suggests that the more the organisations integrate and comply with GPP according to *shariah* ethics, the more its effect on overall SPP practice, while the less the organisations consider the compliance with GPP in their *shariah* ethics aspect, the less greater its effect on overall SPP practice. This result suggests that level of compliance with the GPP would boost the overall SPP practice if the procurement practitioners demonstrate Islamic Work Ethics (IWE) of which based on four primary concept; effort, competition, transparency and morally responsible conduct. This support findings

by Ali and Al-Owaihian (2008) that conducting minimum or no restrictions and in a spirited environment will, essentially, result in higher performance and widespread prosperity. When there is no awareness and commitment among the people within the organisation therefore the SPP practice could not be accomplished.

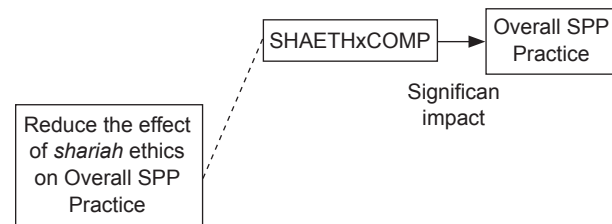


FIGURE 5. Summary of the effect of interaction between Shariah Ethics and Compliance with GPP on Overall SPP Practice

CONCLUSION

The compliance with GPP is found has a moderator effect on the relationship of professionalism and *shariah* ethics on overall SPP practice. Surprisingly, the interaction between professionalism and level of compliance with the GPP has a negative significant effect on overall SPP practice. However, the interaction between *shariah* ethics and level of compliance with the GPP has positively significant effect to the overall SPP practice. In moderating the consequences of mainstream economic and with an attempt to overcome the “ethical deficiency,” sustainable practice as concepts and policies are brought to the surface as dynamic tools to uphold social justice (Mohd Nor & Hashim 2015). To enhance SPP practice, the government organisations should be motivated to go beyond-compliance with GPP with their own sustainability strategy and operation instead of being possibly forced to accept due to government legislation. Relevant measures should be instituted to sharpen the translation of the compliance of procurement policies into practice of SPP. In summary, as Malaysia is still in its infancy regarding SPP practice, the challenges for government organisations to implement such practices are becoming more interest among organisations and important to identify factors that really influence SPP practice.

ENDNOTES

- 1 PAC is a select committee of the House of Representatives appointed under standing orders to examine the Government’s accounts and the AG’s reports laid before Parliament.
- 2 World Commission on Environment and Development (WCED) (1987). *World Commission on Environment and Development*. Oxford: Oxford University Press.

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