



## RESEARCH ARTICLE

### PROCUREMENT ETHICS AND COMPLIANCE CHALLENGES IN RIVERS STATE: EVIDENCE FROM SELECTED MINISTRIES, DEPARTMENTS AND AGENCIES

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#### ABSTRACT

Public procurement is a critical component of public financial management and a major driver of socio-economic development, particularly in developing countries such as Nigeria. Despite the enactment of the Public Procurement Act (PPA, 2007), persistent ethical misconduct and non-compliance continue to undermine the credibility and efficiency of the procurement system. This study assessed the ethical and compliance challenges affecting procurement practices in selected Ministries, Departments and Agencies (MDAs) in Rivers State. The study adopted a mixed-methods case study research design. Primary data were collected through structured questionnaires administered to 129 procurement officers, auditors, and project managers, complemented by semi-structured interviews with 30 procurement stakeholders. Quantitative data were analyzed using descriptive statistics and Chi-square tests at a 0.05 level of significance, while qualitative data were analyzed thematically. The findings revealed that although administrative procedures such as procurement planning and documentation are generally observed, strict ethical compliance with the PPA remains low. Political interference emerged as the most significant ethical challenge (mean = 3.65), followed by conflict of interest (mean = 3.45) and an institutional culture that tolerates unethical practices (mean = 3.30). Oversight and enforcement mechanisms were found to be weak (grand mean = 2.67) due to inconsistent sanctions and political interference in enforcement processes. The Chi-square tests statistically validated these findings, rejecting the null hypotheses at  $p < 0.05$ . The study concludes that procurement ethics failure in Rivers State is driven more by weak enforcement and institutional deficiencies than by the absence of adequate legal frameworks. Recommendations include full implementation of e-procurement systems, depoliticization of procurement processes, strengthened enforcement of sanctions, and continuous ethics training.

**Keywords:** Compliance; E-Procurement; Political Interference; Procurement Ethics; Public Procurement Act.

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## **1.0. INTRODUCTION**

Public procurement accounts for 10 – 20 percent of a country's gross domestic product (GDP) globally (OECD, 2016), and in Nigeria, procurement expenditure constitutes approximately 60–70 percent of national and sub-national budgets (World Bank, 2022), making it a vital function in governance, service delivery and national development. The enactment of the Public Procurement Act (PPA, 2007) marked a significant milestone in Nigeria's efforts to institutionalize transparency, accountability and efficiency in public procurement through the Bureau of Public Procurement (BPP). Nevertheless, evidence from audit reports and empirical studies highlights widespread violations including contract inflation, bid rigging, favouritism, poor record-keeping and abuse of emergency procurement procedures (Eze & Nweke, 2023; World Bank, 2022).

These challenges are compounded by weak institutional enforcement, capacity deficits among procurement officers and undue political interference in procurement decisions (Transparency International, 2021). In oil-producing states such as Rivers State, the scale of public expenditure further intensifies procurement risks. Audit reports and anti-corruption assessments reveal recurring issues including contract splitting, direct contracting without adequate justification, bid manipulation and favouritism toward politically connected contractors (World Bank, 2022; ICPC, 2024). Despite the significance of these problems, empirical studies specifically examining agency-level ethical and compliance challenges within Rivers State remain limited.

This study therefore assessed the ethical and compliance challenges affecting procurement practices in selected MDAs in Rivers State with a view to: (i) identifying prevalent unethical practices; (ii) assessing the level of compliance with the PPA (2007); (iii) examining institutional factors contributing to ethical breaches; and (iv) evaluating the effectiveness of enforcement and oversight mechanisms. The study is grounded in Agency Theory and Institutional Theory, providing a robust theoretical framework for understanding principal–agent dynamics and compliance behaviour in public institutions.

## **2.0. CONCEPTUALIZATION, THEORY AND LITERATURE REVIEW**

### **2.1. Concept and Principles of Public Procurement**

Public procurement is a key component of public sector governance, representing a significant portion of government spending. It refers to the acquisition of goods, services and works by government institutions to meet citizens' needs (Thai, 2001). Effective public procurement is underpinned by ethical behaviour, adherence to core principles and compliance with established standards. The Nigerian PPA (2007) enshrines principles of transparency, competition, accountability, value for money, equity, integrity, efficiency and sustainability as foundational values for public procurement (BPP, 2007; OECD, 2016).



## **2.2. Procurement Ethics and Compliance Challenges**

Ethical standards in procurement involve principles of honesty, integrity, transparency, professionalism and impartiality. According to Ugoani (2015), procurement ethics are essential for minimizing the risk of corruption and enhancing accountability. Ethical breaches are particularly rampant in developing economies due to weak institutions and lack of enforcement mechanisms. Ogbu and Asuquo (2018) noted that unethical practices including bribery, nepotism and bid rigging are prevalent in Nigerian public procurement and undermine public confidence, waste resources and lead to substandard project outcomes.

Compliance with procurement laws and regulations is a major challenge in Nigeria. The Independent Corrupt Practices Commission (ICPC, 2024) revealed that many MDAs fail to fully comply with procurement rules. Adedeji and Raifu (2024) observed that poor enforcement mechanisms, bureaucratic bottlenecks and cultural factors such as favouritism often impede compliance. The EFCC (2025) further notes that over 90% of procurement-related corruption cases in Nigeria are linked to deliberate violations of procurement procedures, including contract splitting, over-invoicing and collusion.

## **2.3. Transparency and E-Procurement Reforms**

Digital reforms such as e-procurement have been introduced to enhance transparency, reduce human interface and minimize opportunities for corruption. According to the BPP (2025), e-procurement initiatives have saved the Nigerian government over ₦1.9 trillion between 2020 and 2024. However, implementation remains uneven across MDAs due to infrastructural deficits, inadequate digital literacy and resistance to change (Adedokun, 2023). E-tendering, which facilitates the bid invitation process electronically, further enhances transparency, increases bidder participation and speeds up procurement processes (Kaleshovska et al., 2015).

## **2.4. Theoretical Framework**

This study is grounded in Agency Theory (Jensen & Meckling, 1976), which explains the relationship between principals (government) and agents (procurement officers) and highlights the potential for ethical breaches when agents prioritize personal interest over public accountability, especially when oversight is weak or incentives are misaligned. Complementing this, Institutional Theory (Scott, 2004) emphasizes the role of regulatory and normative structures in shaping organizational behaviour, suggesting that compliance is driven by the pressure to conform to legal and social expectations. In the context of Nigerian MDAs, institutional weaknesses such as lack of enforcement and poor monitoring contribute to widespread non-compliance and ethical lapses.

## **2.5 Research Gap**

While procurement reforms have made notable progress in Nigeria, previous research has largely focused on macro-level analyses, with limited studies exploring procurement



practices within individual MDAs at the state level. There is a need for in-depth, agency-level case studies that examine how ethical standards are applied, perceived and enforced in daily procurement operations. This study addresses the gap by integrating Agency Theory and Institutional Theory to provide empirical, context-specific insights into procurement compliance in selected MDAs in Rivers State.

### **3.0. MATERIALS AND METHODOLOGY**

#### **3.1. Study Area and Materials**

The study was conducted in Rivers State, located in the South-South geopolitical zone of Nigeria with Port Harcourt as the capital. The State is situated in the Niger Delta region, covering approximately 11,077 square kilometres with a population of approximately 7.3 million people (NPC, 2021). Rivers State is economically driven by oil and gas production, which makes public procurement particularly significant and susceptible to political interference. Materials used include structured questionnaires, interview guides, a computer system with SPSS version 25, Microsoft Excel and internet facilities.

#### **3.2. Research Design and Sampling**

This study employed a mixed-methods case study design incorporating both qualitative and quantitative approaches (Creswell, 2014). A purposive sampling technique was used to select five Ministries, Departments and Agencies (MDAs) in Rivers State with significant procurement responsibilities. A total of 129 respondents were selected based on their professional roles and direct involvement in procurement processes, comprising procurement officers, internal auditors, accountants, project managers and administrative heads.

#### **3.3. Data Collection**

Primary data were collected through structured questionnaires administered to 129 respondents and semi-structured interviews conducted with 30 procurement professionals. The questionnaire used a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure perceptions across four thematic areas: ethical compliance, major ethical challenges, impact on project performance, and effectiveness of regulatory bodies. Semi-structured interviews were analyzed using Braun and Clarke's (2006) thematic analysis framework. Secondary data were sourced from BPP reports, ICPC scorecards, EFCC publications and World Bank assessments.

#### **3.4. Data Analysis**

Quantitative data were analyzed using descriptive statistics (means and standard deviations) and Chi-square Goodness of Fit tests at a 0.05 level of significance using SPSS v25. A mean score above 3.0 was interpreted as agreement and below 3.0 as disagreement. Qualitative data from interviews were analyzed thematically, identifying six major themes. Triangulation was employed by comparing findings from questionnaires, interviews and secondary documentary sources to ensure robustness and credibility.



**4.0. PRESENTATION OF RESULTS AND DISCUSSION**

**4.1. Demographic Profile of Respondents**

A total of 129 valid responses were obtained from 150 distributed questionnaires (86 percent response rate). The majority of respondents were male (75 percent), reflecting the traditional gender distribution in the civil service. In terms of age, 59.7 percent were aged 40 and above, indicating a mature workforce with significant institutional knowledge, corroborated by 45 percent of respondents reporting 16 or more years of work experience. The educational profile showed a highly literate workforce: 53 percent held a bachelor's degree, 26 percent a master's degree and 9 percent a PhD. By role, accountants constituted the largest group (35 percent), followed by auditors (27 percent), managers (15 percent) and procurement officers (14 percent).

**4.2 Level of Ethical Compliance (Research Question One)**

Table 1 presents the results on ethical compliance with the PPA (2007). While agencies generally comply with administrative requirements such as submitting procurement plans (mean = 3.20), the overall level of ethical compliance is low. Procurement activities strictly following the PPA Act (2007) recorded a mean of 2.85, internal monitoring systems received a mean of 2.78, and effective communication of procurement guidelines to staff scored the lowest mean of 2.92. This establishes a compliance gap where agencies prioritize procedural paperwork over actual process integrity, consistent with Neo-institutional theory's concept of decoupling (Meyer & Rowan, 1977).

**Table 1: Level of ethical compliance (n = 129)**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Decision</b>
Procurement activities strictly follow the PPA Act (2007)	2.85	1.32	Disagree
Procurement guidelines are effectively communicated to staff	2.92	1.25	Disagree
Internal monitoring systems ensure compliance	2.78	1.28	Disagree
Agency submits procurement plans and reports as required	3.20	1.15	Agree

Source: Researchers' Field Survey (2025).

**4.3. Major Ethical Challenges**

In consideration of research question two, Table 2 presents the major ethical challenges faced by procurement professionals. Political interference emerged as the highest-ranked driver (mean = 3.65), with 77.5 percent of respondents in agreement. This was followed by conflict of interest situations (mean = 3.45) and an institutional culture that tolerates unethical practices (mean = 3.30). Bureaucratic bottlenecks (mean = 3.22), inadequate staff capacity (mean = 3.10) and limited training on procurement ethics (mean = 3.05) all recorded significant scores, suggesting that systemic pressures override individual ethical standards.



**Table 2: Major ethical challenges (n = 129)**

Statement	Mean	Std. Dev.	Decision
Political interference affects decision-making	3.65	1.18	Agree
Procurement officers face conflict of interest situations	3.45	1.22	Agree
Institutional culture tolerates unethical practices	3.30	1.26	Agree
Bureaucratic bottlenecks encourage rule violations	3.22	1.20	Agree
Inadequate staff capacity contributes to non-compliance	3.10	1.25	Agree
Limited training on procurement ethics	3.05	1.29	Agree

Source: Researcher's Field Survey (2025)

#### 4.4 Impact on Project Performance (Research Question Three)

Table 3 presents findings on how unethical practices affect project performance. Nepotism/favouritism (mean = 3.12) and contract splitting/overpricing (mean = 3.05) were identified as prevalent, directly undermining the principle of 'value for money' and leading to inflated project costs and substandard service delivery. Bribery influencing contract awards (mean = 2.98) and bid rigging (mean = 2.76) recorded means below the 3.0 threshold, suggesting respondents were less willing to directly affirm these practices, possibly due to professional risk—consistent with the social desirability bias noted in the qualitative interviews.

**Table 3: Impact on project performance (n = 129)**

Statement	Mean	Std. Dev.	Decision
Nepotism/ favouritism affects supplier selection	3.12	1.30	Agree
Contract splitting and overpricing occur despite regulations	3.05	1.28	Agree
Bribery influences contract award decisions	2.98	1.45	Disagree
Bid rigging (collusion) is common	2.76	1.35	Disagree

Source: Researcher's Field Survey (2025).

#### 4.5 Effectiveness of Regulatory Bodies (Research Question Four)

Table 4 shows that enforcement mechanisms are critically weak, with a grand mean of 2.67 across all five indicators. Enforcement agencies being free from political interference scored the lowest mean (2.40), followed by sanctions being enforced against rule violators (2.45). Whistleblowing mechanisms (2.65), external oversight effectiveness (2.88) and regular procurement audits (2.95) all fell below the agreement threshold, confirming a culture of impunity where violations are met with little to no consequence.

**Table 4: Effectiveness of regulatory bodies (n = 129).**

Statement	Mean	Std. Dev.	Decision
Sanctions are enforced against staff who violate rules	2.45	1.40	Disagree
Enforcement agencies are free from political interference	2.40	1.42	Disagree
Whistleblowing mechanisms exist and are effective	2.65	1.35	Disagree
External oversight bodies (BPP, ICPC, EFCC) effectively monitor activities	2.88	1.33	Disagree
Procurement audits are conducted regularly	2.95	1.31	Disagree

Source: Researcher's Field Survey (2025).



**4.6 Chi-Square Test Results**

The hypotheses were tested using the Chi-Square Goodness of Fit test at a 0.05 level of significance (Table 5). The null hypothesis—that there is no significant occurrence of unethical procurement practices—was rejected. The Chi-square test for political interference yielded a value of  $\chi^2 = 78.100$  (df = 4, p = 0.000) against a critical value of 9.488, indicating a massive divergence from the expected distribution with an overwhelming concentration of responses in the 'Agree' categories. The test for enforcement of sanctions yielded  $\chi^2 = 44.220$  (df = 4, p = 0.000), confirming that the lack of enforcement is statistically significant and that respondents heavily skewed toward 'Disagree' regarding sanction enforcement. These results empirically validate the existence of a culture of impunity.

**Table 5: Chi-square Test Results (n = 129)**

Variable	Chi-Square Value	df	p-value	Decision
Political interference in procurement	78.100	4	0.000	Reject H <sub>0</sub>
Enforcement of sanctions (Alternate H <sub>1</sub> )	44.220	4	0.000	Accept H <sub>1</sub>

Source: Researcher's Field Survey (2025)

**4.7 Qualitative Thematic Findings**

Six themes emerged from the thematic analysis of semi-structured interviews. Theme 1 (Nature of Unethical Practices) revealed that 90 percent of respondents confirmed the prevalence of unethical practices, with favouritism toward preferred contractors (93 percent), pre-determined contract awards (83 percent) and bid manipulation (80 percent) being most frequently cited. Representative quotes included: "Contract splitting is common—a project worth ₦50 million will be divided into smaller contracts of ₦10 million each to avoid bureau approval" (R3, Senior Procurement Specialist).

Theme 2 (Compliance Level) found that 77 percent of respondents characterized compliance as 'partial'—with documented adherence but practical deviation. Contract award decisions showed the highest frequency of implementation gaps (90 percent), followed by the bid evaluation process (87 percent). Theme 3 (Institutional Challenges) found that 97 percent of respondents identified weak internal controls as the dominant challenge, while 87 percent cited political interference and 90 percent identified inadequate accountability mechanisms. Theme 4 (Capacity Constraints) found that 87 percent reported absence of continuous professional development, with 57 percent having attended only one or no training sessions in three years.

Theme 5 (Oversight Effectiveness) found internal audit rated as ineffective by 80 percent of respondents. Twenty-seven respondents (90 percent) reported that sanctions are inconsistently enforced. Theme 6 (Reform Strategies) found that e-procurement implementation received the strongest reform support (93 percent), followed by continuous mandatory training (87 percent) and stricter enforcement of sanctions (83 percent), while



whistleblower protection (77 percent) and enhanced transparency (80%) were also highly supported.

#### **4.8 Triangulation of Findings**

Secondary data from BPP (2023), ICPC (2024), EFCC (2025) and World Bank (2022) corroborated primary findings. The ICPC (2024) Ethics and Integrity Compliance Scorecard confirms that contract splitting is the most common method used to bypass due process thresholds. The EFCC (2025) report validated that over 90% of prosecuted procurement cases involved collusion between public officials and contractors. The World Bank (2022) assessment notes that enforcement capacity of state governments remains low compared to federal agencies due to budgetary constraints and political interference. This convergence across quantitative, qualitative and secondary sources establishes strong triangulation, confirming that political pressure overrides the law and weak enforcement allows unethical practices to thrive.

### **5. CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Conclusions**

This study assessed procurement ethics and compliance challenges in selected MDAs in Rivers State using a mixed-methods approach. The findings reveal that the major impediment to effective public procurement in Rivers State is not the absence of an adequate legal framework, but the weak enforcement of existing laws. Although the PPA (2007) is in place, its implementation is largely ceremonial, with many MDAs engaging in procedural 'box-ticking' while bypassing the ethical spirit of the law.

Procurement officers operate within a classic principal–agent dilemma where professional obligations to the state are subordinated to the interests of political principals, resulting in procurement outcomes shaped more by political influence than by technical competence, transparency, or value for money. The Chi-square results ( $\chi^2 = 78.100$  for political interference;  $\chi^2 = 44.220$  for enforcement of sanctions, both  $p = 0.000$ ) statistically confirm these systemic failures.

#### **5.2 Recommendations**

Based on the findings, the following recommendations are made:

- (i) Depoliticization of procurement decisions—the Rivers State Government should strengthen legal and institutional safeguards guaranteeing the independence of Tenders Boards, and political office holders should be legally restrained from influencing contract awards.
- (ii) Full implementation of e-procurement—the State should transition to comprehensive e-procurement platforms including e-bidding and electronic evaluation to reduce human discretion and corruption opportunities.



(iii) Strengthening enforcement and sanctions—the BPP and anti-corruption agencies should enforce clear and consistent sanctions for procurement violations, including prosecution, suspension and de-listing.

(iv) Regular ethics training—MDAs should institutionalize mandatory periodic training on procurement ethics and the PPA (2007), emphasizing conflict-of-interest management.

(v) Whistleblower protection—secure and anonymous reporting channels should be established within MDAs, with whistleblower protection laws effectively enforced.

### **5.3 Contribution to Knowledge**

This study contributes context-specific empirical evidence on procurement ethics in Rivers State, filling a geographical gap in literature focused largely on the federal level. It empirically validates the relevance of Agency Theory in Nigerian public procurement by demonstrating how weak oversight incentivizes unethical behaviour. Methodologically, the mixed-method approach offers a comprehensive understanding of procurement ethics by combining statistical evidence with qualitative insights into systemic drivers of misconduct.

### **Conflict of Interest**

The authors declare that no conflict of interest exist in this manuscript.

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