

Conditions and benefits of applying decision technological solutions as a tool to curb corruption within the procurement process: The case of Hungary

Csaba Csáki*, Péter Gelléri

Decision Technologies Research Group, Department of Information and Knowledge Management, Faculty of Social and Economic Sciences, Budapest University of Technology and Economics, Hungary

Received 25 May 2005; received in revised form 18 January 2006; accepted 18 January 2006

Abstract

Unethically influencing a decision maker is as old as civilization. Corruption is an especially damaging phenomenon in the field of public procurement. Experiences in curbing procurement corruption in Hungary, a former Eastern-block country which recently joined the EU, strengthens the view that by raising the level of evaluation practices through the use of decision support methodologies that can serve to narrow the possible damaging effects of corruption. This outcome may be achieved if legal regulations provide a supportive frame and organizational culture can be shaped to accommodate new decision practices.

© 2006 Elsevier Ltd. All rights reserved.

Keywords: Corruption in procurement; Bid evaluation methodology; Multi-attribute decision support

1. Introduction

It seems that unethically influencing a decision maker can be traced to ancient civilization. In Greek mythology, the roots of the Trojan war can be found in a ‘beauty contest’ between three goddesses: Hera, Athena, and Aphrodite. Paris was reputedly commanded by Zeus to decide who was judged to be ‘the fairest goddess’. In order to win the contest, Hera promised Paris power, Athena promised him wealth, while Aphrodite promised him the most beautiful woman in the world (Atsma, 2004). According to Horne (1915), Hammurapi’s code, written in the 18th century BC to govern the life of Babylon, contained rules that could be interpreted as designed to prevent corruption: “Deprivation of office in perpetuity fell upon the corrupt judge” (Hooker, 1996). The situation has seemingly not changed much since the time of the Babylonians. 4000 years has passed and the issue of

corruption seems more prevalent than ever before. However, as the efforts of the Babylonian King shows, fighting corruption may be as old as the epidemic itself and there are increasing numbers of tools and successful examples available to show how to effectively fight corruption (Lai, 2002; Søreide, 2002; Keller and Langseth, 2003).

This paper looks at technical ways to curb corruption in public procurement using non-legalistic solutions based on decision technology ideas. After 18 years of supporting decision making in procurement procedures and international bidding processes in Hungary, the Decision Technologies Research Group (DTRG) of the Budapest University of Technology and Economics (BUTE) has amassed experience regarding the potential of decision methodologies and decision support tools. These solutions have been successfully applied in limiting the potential damage of corruption in Hungarian public and private procurement activities. The application practice and benefits of proper decision analysis solutions have also been developed in the complex space created by the law, contemporary corporate transformation, education, and software tools.

*Corresponding author. Tel.: +361 463 4097; fax: +361 463 3240.

E-mail addresses: csaki.csaba@itm.bme.hu (C. Csáki), gelleri@itm.bme.hu (P. Gelléri).

In the second section of the paper, the effects of corruption are reviewed including some of the most important anti-corruption tools. The third section introduces the decision support methodology and software tool developed by the DTRG. Section 4 presents some experiences with applying the approach in the public procurement arena to fight corruption and presents some important preconditions of success. Section 5 provides specific details of previous experiences using Hungary as an example. It includes a short overview of public procurement and anticorruption efforts in Hungary. Section 6 reviews the main recommendations.

2. Corruption and anti-corruption efforts

2.1. *The damaging effects of corruption*

Corruption, which the Oxford English Dictionary (Simpson and Weiner, 1989, p. 974) defines as “perversion or destruction of integrity in the discharge of public duties by bribery or favour; the use or existence of corrupt practices, *esp.* in a state, public corporation etc.” is difficult to define precisely (Søreide 2002; Langseth, 2004) but its damaging effects are hard to neglect. Although its forms, extent and drawbacks vary from country to country, surveys reveal that barely any nation remains untouched (Transparency International, 2004). Public procurement is an especially problematic area. Public procurement practice requires the selection of the “best value” bid, taking into account a number of considerations including quality, life-cycle cost and risk as well as past performance of the vendor on the basis of a Value for Money (VfM) evaluation. In order to ensure that tax-payer resources are spent prudently, procurement processes should be fair and transparent, with contractors able to be held accountable. Public procurement practice ruled by mistrust may magnify the risks and costs of contracting.

Harokopus (2000) has also emphasized the crippling effect mistrust can have on procurement through blocking innovation stating that “A fear of favouritism and corruption in the award of contracts led the Department of Defense (DoD) to construct a wall between itself and industry, prohibiting the free exchange of ideas, needs, and design concepts. ... industry and government personnel did not communicate freely for fear of wrongdoing and reprimand. In the end, the lack of communication resulted in improper specification of weapons, misunderstanding of program requirements...”. Denhardt (2003) has also noted that, in the US, for example, limited communication due to fear of corruption has contributed to failures in achieving desired outcomes in the past. Conversely, in some countries, the notion of “whistle-blowing”—employees who report improper behaviour—creates problems for those reporting corrupt behaviour who are thus effectively silenced.

Communication between industry and government is crucial. However, it must be accompanied by a sense of

trust between the parties. To create an environment of trust the evaluation system of a bid and the way offers are compared needs to be not only transparent and professionally sound, but clear and properly communicated as well.

2.2. *'Traditional' instruments to curb corruption*

Most anticorruption initiatives and strategies rely on legal instruments, ethical codes and other vehicles of a similar nature. The recently published Anticorruption Toolkit of the United Nations Office on Drugs and Crime (Langseth, 2004) devotes one section to public procurement out of some 44 tools aimed at supporting anti-corruption efforts in general. The major recommendations include the establishment, dissemination, discussion, and enforcement of legal and ethical control and disciplinary mechanisms (such as citizens' charter or complaint mechanism) augmented with an independent comprehensive assessment.

Søreide (2002) lists a number of strategies for reducing opportunities for procurement related corruption in the public arena. These include the disruption of potentially corrupt relationships by the simplification of rules, benchmarking of prices, the development of rules for exceptional cases and the establishment of codes of conduct and rules for disqualification of bidders. Furthermore, Søreide (2002) suggests that transparency and control of discretionary power by developing and applying inspection mechanisms, supporting international competition and technological competence (arising from private expertise) will impede procurement and supply chain corruption and encourage better quality from suppliers. Permitting tenders to be lodged and reviewed using the Internet adds to transparency, while reducing the role of agents, middlemen and “fronts” ensures companies and firms accept greater responsibility especially if supported by self certification and anti-bribery commitments.

Training is also considered to be effective at establishing best practice. Although its capacity to prevent corruption is contestable and these efforts may only bear fruit over the long run. For example, the Certificate course in Purchasing and Supply offered by The Chartered Institute of Purchasing and Supply (CIPS—UK) discusses the ethics of purchasing in the early stages of the course (CIPS, 2002). Furthermore, the 2nd Master Training Seminar on Curbing Corruption in Public Procurement, organized by the Asian Development Bank (ADB) and the Organisation for Economic Cooperation and Development (OECD) (ADB, 2004), aimed at identifying tools that can assist in reinforcing “due diligence”. For example, a procurement procedure could be designed to support business integrity and anticorruption programs based on the analysis of public reforms and private initiatives may be implemented. Tools could be introduced to identify and prevent corruption at key steps of the public procurement project cycle, including an “Independent Procurement Review”,

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات