

# **Leader-Member Exchange, Moral Identity and Procurement Ethical Behavior**

in Selected

Public Procurement and Disposal Entities in Uganda

by

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Aug 2012

**APPROVAL**

This is to certify that the dissertation has been submitted in partial fulfillment of the requirements for the award of the degree of Master of Science in Procurement and Supply Chain Management with my approval as the supervisor.

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**DECLARATION OF AUTHENTICITY**

I, Nabakooza Evah, declare that this dissertation entitled “Leader-Member Exchange, moral identity and Procurement Ethical Behavior in selected Public Procurement and Disposal entities in Uganda.” contains no material that has been submitted previously in whole or in part, for the award of any academic degree or diploma. Except where otherwise indicated, this dissertation is my own work.

Signature:.....

Evah Nabakooza

Date:.....

## **DEDICATION**

To my grand mother Mrs Alice Kidza, my mother Mrs Elizabeth Juuko (RIP), and my children; Matthew, Liz, Michelle and Mannuel.

## **ACKNOWLEDGEMENT**

I would like to express my appreciation to God, and then all those personalities whose assistance has had great impact on this study.

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## **ABSTRACT**

The study focused on the relationship between Leader-Member Exchange (LMX), Moral identity and Procurement Ethical Behavior in Public Procurement and Disposal entities (PDEs) in Uganda. This was prompted by the manifestation of degeneration in the ethical behaviour of procurement practitioners in public Procurement and disposal entities in Uganda. The objectives of the study were to examine: the relationship between LMX and procurement ethical behavior, the relationship between moral identity and procurement ethical behavior, the relationship between LMX and moral identity, and the mediating influence of moral identity on the relationship between LMX and ethical behavior.

A cross sectional correlational survey research design was employed, and primary data was collected from 149 respondents from 79 PDEs. Findings from the survey revealed that both LMX and moral identity are significant predictors of procurement ethical behaviour of practitioners in PDEs in Uganda. It was also observed that moral identity partially mediates the relationship between LMX and procurement ethical behaviour.

Results from the study indicate that it is important to work on both LMX and Moral identity in PDEs. If means such as training and exposing procurement practitioners to moral indicators and exemplars, and offering rewards are put in place, the ethical behavior of the practitioners may improve.

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## ACCRONYMS

CHOGM	Common Wealth Heads of Government Meeting
LMX	Leader-Member Exchange
LMX-MDM	Leader-Member Exchange –MultiDimensional Measure
PAC	Public Accounts Committee
PPDA	Public Procurement and Disposal of Public Assets
PDE	Procurement and Disposal Entities
PDU	Procurement and Disposal Unit
SPSS	Statistical Package for Social Scientists
VDL	Vertical Dyad Linkage



# **CHAPTER ONE:**

## **INTRODUCTORY CHAPTER**

### **1.0 Background to the study**

Supervisors relate differently with their subordinates in an organizational setup. This is what the leader Member Exchange (LMX) theory attempts to describe. According to the theory, the quality member exchange is divided into the in-group (High quality exchange relationship), and the out group (low quality exchange relationship) (Graen and Cashman, 1975). The high quality exchange relationship is characterized by high levels of trust, liking and respect, and they involve expectations of mutual exchange. The leaders provide outcomes to subordinates, such as interesting tasks, additional responsibilities and larger rewards. The subordinates are expected to be committed and loyal to the leader in exchange. In the low quality exchange relationship, subordinates are expected to perform the formal requirements of their jobs, and extra benefits are not provided by the leader (Graen and Cashman, 1975; Krishnan, 1986; Ansari et al., 2007; Dansereau et al., 1975).

In the Ugandan Public Procurement and Disposal Entities (PDEs), professional supervisor subordinate relationship is guided by the Public Procurement and Disposal of Public Assets (PPDA) Act 2003. The accounting officers are the supervisors. Among their subordinates are the Public Procurement and Disposal unit (PDU), the contracts committee, the evaluation committee and the user department. The Act lays down the roles and responsibilities of both the supervisors and their subordinates, but remains silent on the quality of relationship the leaders and the members involved in the procurement activities of the PDEs should have. However, like in any organization, the in-group and out-group relationships exist and have potential to affect the behavior of the officials involved in public procurement.