

The business bidding process for projects and or works for the thai government



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The business bidding process for projects and or works for the Thai Government Problem Statement Whenever the Thai government needs to purchase or construct something, a process called the business bidding is performed to find the cheapest and most efficient business entity to carry out the project or scheme. The bidding process is supposed to be a fair and transparent to ensure that the government pays the lowest price for goods and services. However this process does not work in practice due to one huge age-old obstacle, corruption.

Indeed, there are huge amounts of corruption and the majority of projects are usually not awarded to the companies that offer the best “ cost-benefit” deals. By awarding the projects unfairly to certain companies, profiting only small groups of people, the government is wasting the people’s tax money and jeopardizing a healthy society. Corruption is rumored to waste as much as thirty percent of the total project cost, which is a large sum of money that is circumvented from the national budget, creating huge deficits and may hamper foreign investment, as well as, decelerating the national growth economically.

Situation Overview Unarguably, Thailand is one of the great places on earth to live, however, there have always been some underlying problem with corruption. Sadly, corruption has rooted deeply into virtually all segments of the society and has existed in various forms for centuries. Money is power and it works for you if you have it but against you if you are lacked of it. The perfect government should govern the country with righteousness and fairness. Unfortunately, this is not the case for Thailand. A great example to

prove this predicament is the business bidding process for government projects and/or works.

Corruption is on its move to degrade many Asian countries' economy and development. Thailand is no exception. The problem is said to exist for more than a century and is widely recognized as one of the major issues disrupting the economic and social progress of Thailand. The problem of corruption has been around for a long time in Thailand and its roots are deep in the culture. In 2010 Thailand was recognized ranked at 78 out of 178 as the least corrupted country. (International, 2010). Although, the country is not among the last, the figure is still far from acceptable. Denmark scored only 9. out of 10 in the best honesty ranking, which ranges from 10 for very clean to 0 for distinctively corrupted. Even in Singapore our neighbor got 9. 3 out of 10. In Phongpaichit et al. , 2000 ' s document reported that household heads rank corruption in the public sector as the third most serious national problem, following the poor economy and cost-of-living, and closely followed by drugs. The police and member of parliaments are viewed as the least honest public institutions. Among a long list of public institutions, these two were rated as the lowest, followed by the Ministry of Interior and the Customs Department. Pasuk Phongpaichit, 2000) Corruption is a parasite of the society. There are many ways to corrupt and various bad examples can be seen from the past to present. Some common corruption examples range from receiving a small bribe by base echelon officials to gaining huge sum of money from abusing power in mega project by politicians. The United Nation's website stated that this problem can potentially undermine the institutions and values of

democracy, ethical values and justice, and jeopardizing sustainable development and the rule of law (UNODC, 2011).

In Thailand, one type of the notorious corruption is found during the “ project bidding process”. Officers from municipalities and towns, to provincial to national or federal governments are among those who perform this infamous act. Whenever the Thai government needs to purchase or construct something, it supposes to think about the costs, benefits and welfare of the nation as a whole. Government contract bidding is, by definition, a process where the government allows private or semi-private companies to bid against each other for the governmental projects, schemes or developments.

The bidding should be reasonable and transparent to ensure that the lowest price is paid for the best quality goods and services. However, this is not the case in practice. There are a lot of “ behind the scene” negotiation and bribery going on. This type of corruption takes the advantage of the loopholes found in national laws, rules and regulations as a tool to gain personal (Vudthithornnatirak, 2010). Such corruption is considered to be a grand scale since it involved politicians, government officials and the private sector in which they all conspire to siphon money off the government budget.

Also, it can be seen as a link to the power exploitation among high-ranking officials. Corruption in bidding process leads to a distortion of fair competition. It is a waste of scarce resources, violation of human right and a negligence of basic needs. It is estimated that systemic corruption adds 20-30 percent to the costs of government procurement, and frequently results

in inferior quality goods and services, as well as, unnecessary purchases. This, in turn, often leads to tragic consequences.

For example, when a project was implemented in one of the government sectors, let say, the city of Bangkok is planning to build a new Mass Rapid Transit train station. It will call out for companies to submit their bids. Nevertheless, instead of clean bidding, many dirty tactics are employed. Some companies that participate in this bidding process might know each other, so they might have agreed upon themselves to bid in such a way that one of the companies will win, then they will share the project. [] Additionally, some companies may bribe the authority in order to win this process.

Or sometime, the bureaucrats even asked for some bribe before awarded a certain company with the project that agreed to pay, or willing to pay the highest amount. Often, private companies have to cut their cost by using lower quality materials, in order to win the bidding and have enough money to compensate for the bribes. Instead of getting contract through competitive bidding, some government agencies may grant a monopoly in which they will screen a number of qualified private entities and decide which entity is the most qualified to run a government enterprise as concession.

The monopolization causes tremendous incentives for private entities to pay bribes to influential officials and politicians, who hold the project responsibility. Those involved in the scheme choose to work systematically as a team with a clear division of their roles and responsibilities to cover the

tracks and hide the wrongdoing with the unlawful intent of illegally gaining money from the government budget. Once the monetary gains have been amassed, they are transferred to many people involved at various stages and then go through a money laundering process for safekeeping.

This problem is comparable to cancer; it keeps on advancing with no or very little ways to stop it once and for all. There are several channels through which corruption hinders economic development. They include reduced domestic investment, foreign direct investment, growing government expenditure, distorted composition of government expenditure away from education, health, and the maintenance of infrastructure. While the authorities and few companies are enjoying their gains through corruption, the innocent Thai people are the victim of this problem.

People suffered from poor quality infrastructure and government services. They do not get what they deserved from the amount of tax they paid. This also increases the financial gaps between social classes. In Thailand, you can see many “unusual wealth” among the small group of people. It is very common to see some governors and officers driving elegance cars and live in enormous house, even though they did not get paid that much. Many officers gain wealth though bribes or having illegitimate acquisition of assets in a consequence of the performance of duties or the exercise of power in office or in the “course of duty”.

Almost everybody is aware of their corruption but no one brave enough to report or question because they are fear of the officers power. Many officers exercised their power in the wrong way. They behave in a way like of group

of mafia the Western. If someone pretends not to follow their way, they will use their power to eliminate or attack that person. It is funny to see that people can live in harmony with poor quality government products and service, yet nobody is brave enough to make his/her voice heard.

Indeed, fear is a very powerful tool that can be powerfully used to shout the innocent mouth. In addition to fear, it seems that corruption is getting stronger due to the social perception problem among Thai people. Thai people, in general, think that corruption in bidding process is the normal process to get the job. Manager Newspaper (2010) supported that people assume every political parties will corrupt, if this government corrupt, but can keep the economic grow. They will accept its. Chiangkul, 2010)

Assumption University (ABAC) Poll supported that even though many Thai have waited for decades for the corruption problems to improve, 64 percent of Thais think corruption is acceptable if the country, and/or themselves, benefit in some ways from the corrupt schemes. Of greater alarm is the fact that 70 percent of populations under the age of twenty endorse this view. (Fernquest, 2011) With corruption having become so endemic and deeply rooted in society, it should come as no surprise that social acceptance of corruption and cheating is spreading to the younger generation.

It is quite shocking to realize that there are many anti-corruptions organizations, especially The National Anti-Corruption Commission (NACC), and various campaigns whose important role is to advance accountability, integrate at all levels of government, push for the freedom of information commission, the national audit commission, the judiciary and the <https://assignbuster.com/the-business-bidding-process-for-projects-and-or-works-for-the-thai-government/>

ombudsmen and raise the awareness among children (Wescott, 2010), yet corruption is still expanding in an alarming rate. In fact, each bidding contract will be monitored to ensure transparency and prevent misconduct in the public service.

But perhaps, unsurprisingly, the effort made so far has not been promising. The anti-corruption agencies are faced with a great deal of “red tape” that prevents them from efficiently investigating cases relating to corruption. Media exposure and news report are seen as a little impact to reduce corruption. A survey of six Thai newspapers, over the past five years, reveals many news reports on corruption. However, only few actions are being taken seriously. Exposure of corruption is helpful only if there is a political will and there are social institutions to deal with it. Thailand is still very much in its infancy in this regard.

Therefore, in the absence of political will and adequate legal institutions, the press can have only a limited or no impact on corruption. The media are only the messengers. As we can see that this majority problem in Thailand are relate to political and administrative which have been able to create possibilities for corruption, particularly with regard to securing monopolies, protecting against foreign competition and giving protection to illegal companies. What factors create corruption in Thai government? Like many developing countries, money is being viewed a factor that drive Thailand development.

Overtime, many people in Thailand have become money-minded. Money has an evil characteristic because since it has a significant impact on the

behavior of Thai people. Tang and his associates developed the “MES”, which assesses people’s general positive attitude towards money; they also investigated the psychological meaning of money (Tang, 2000). The people attitude shows that money is everything in their life. Many think that if they have money they will be able to buy anything they want. However, money is not an only factor. There are many factors that bring about corruption in the Thai government as elaborated below: Education Education is one of essential problems of the nation. The lack of knowledge seems to be one of the major sources of corruption. Therefore, educating people of all ages would lead to the successful and strong, good governance. With less amounts of education, people are not informed as to how the government works or what rights they have under the government. This factor happen because the citizens will not know which candidates to elect that are honest or dishonest or other ways to prevent corruption from taking place in their local governments.

This often leads municipalities to be continually governed by one or more corrupt local officials who use patronage or nepotistic practices to stay in office or keep influence in the government for long periods of time. People are also tend to believe propaganda or anything the authority said. *

Conduct and Ethic The major problem that has to be resolving first is a conduct and ethical issue. The politicians do not seem to have the political will to let the wheels rollwith a high gear on the need of citizen to get rid of the corruption blooming in their society. Warsta, 2004) They get into politics to develop the country or only have more personal interests in sight. The officers seem not to perceive that money from people should pay back to

citizen. Even though, the Transparency Organization cooperates with the National Institute of Development Administration (NIDA) strive to make the conscious effort to teach the children in primary school, not to do corruption within the project “ Toa Pai Mai Kong” (Toa Pai Mai Kong, 2008) This project is not very successful so far because the goal and plan are not clear enough.

Greed and the desire for wealth motivate them to take advantage of their powerful positions. It has both side of demand-side and Supply side (Tutu, 2010) The public servant need money, so they will require bribe from contractors to let they win the bidding. Supply side on the other hand, is driven by rent-seeking entrepreneurs seeking to exploit political influence to their benefit. Business organizations and their officials influence public officials to make decisions that are more favorable to them than to the general body of the citizenry. Low Remuneration and Poverty Furthermore, the poverty, especially when the local economic is in the recession. It is the main problem of the society that leads to corruption. It is logical that if people are not able to earn money to satisfy their needs, they will tend to earn money in corrupted ways. This is one of the major incentives for people to become corrupt. With less money available, local officials are more likely to get lower wages, which is seen as another factor that leads to corruption.

Officials who get lower wages which is not enough to provide for their necessities, they will many times become corrupt or take bribe and try something like embezzling money that may entrusted to them in the local treasury. Higher salaries would, at least, raise the minimum level before someone would be willing to leap into this evil way. On the other hand, some researchers argue that the more money a local government has to spend, <https://assignbuster.com/the-business-bidding-process-for-projects-and-or-works-for-the-thai-government/>

the more tendency it will have to do so inefficiently, which can lead to suspicions of corruption. * Culture and Values

Besides, culture is one of the factors cause corruption. Denis Osborne's (1997) paper documents clearly the possible differences in attitude towards corruption and bribery in different countries and times. (Osborne, 1997). Tanzi (1995) argued that firms in some countries are culturally less inclined to have arms-length economic relationships, which in turn may lead to more ingrained corruption. The culture of Thai people can cause corruption unawareness. Thai people preserve that when we give some present to those one who buy their products are the good traditional.

In fact, this is the wrong perspective, the climate of corruption can be so pervasive that no explicit demands are needed: "everybody know" that decisions must be paid for. Pasuk, and Sungsidh (1999) supported that in traditional Thai value system merit is derived from power and in this way forms a basis for patron client relationship in the political society. There is also a tradition of presenting gifts to high officials. In this context you see that some things used to be legitimate under the traditional patronage system but are clearly to be considered problematic in modern legal system.

Thai people accept paying fees to officials as "sin nam jai", the 'gifts of good will' and do not see that as a form of corruption. With corruption having become so endemic and deeply rooted in society, it should come as no surprise that social acceptance of corruption and cheating is spreading to the younger generation every single day. It would be a mistake to consider

corruption solely as a morality issue, which otherwise could be resolved through strict induction in moral science for children.

The most dangerous issue happens when most of the public looks up to those who have collected a lot of wealth, whether it is obtained by corrupt practices or not. People do not question those who have earned a tremendous amount of financial assets during a period which is clearly too short. Also the younger generation will be affected by corrupt conduct. If they grow up amongst these practices, they will develop cynicism and discouragement, and there will be nearly no incentive to take a different uncorrupted course. (Transparency, 2010) Furthermore, Thai attitude also wrong.

Most of the public looks up to those who have collected a lot of wealth, whether it is obtained by corrupt practices or not. People do not question those who have earned a tremendous amount of financial assets during a period which is clearly too short. It would be dangerous for young generation, if they grow up amongst these practices, they will develop cynicism and discouragement, and there will be nearly no incentive to take a different uncorrupted course. (Zwart, 2003) * Media Media is one of the problems; free media is one of the pillars of democracy.

Independent media has a role of making sure decisions are really made in a sufficient democratic way. Some media such as Channel nine is belong to government. It will only offer one-way communication, people might not know the currently fact. Its position should be secured by law and should not be subject to political or otherwise opportunistic leadership. Some media

dare not to reveal the truth because they scare of government power. What Make This Problem Unsolvable? Although, the majority of people in Thailand are aware the corruption in bidding process as the national agenda, not many things are being done.

Many organization were created in order to fighting corruption both governmental and non-governmental but unfortunately no one know or aware that these organization already existed. These organization are failed due to the most important thing, the political will, is missing among the Thai leaders. That is why some of the improvements included in the constitution, are still not implemented in the legislation. The corruption in Thai society seems not easy to solve due to the distinct factors that I will illustrate below:

- * The Thai Law is weak

While Thailand's legal framework for combating corruption has been in place since the late 1990s, enforcement of anti-corruption laws has generally remained weak. For example, if a company is caught cheating in the bidding process, it may in principle be barred from participating in future competitive bidding. However, sometimes companies that have been barred circumvent this by setting up 'nominee companies' which on paper seem to be owned by persons that have no record of cheating in the procurement process, while in fact they are owned by the barred company.

According to Global Integrity 2007, Thailand has no laws yet on conflict of interests for public procurement officials. (Report G. I. , 2007) Warsta, 2004 supported that the past seven years show that the most important thing, the political will, is missing among the Thai leaders. That is why some of the

improvements included in the constitution, which is by the way already seven years old, are still not implemented in the legislation. * Thai social very sensitive and difficult to change As we know that Thai people accept the corruption as the right thing to do.

Sometime they pay to governors in order to satisfy themselves. For example, Parents who worry about their inability to pay sufficient "tea money" to get their children into Thailand's so-called elite schools should think themselves fortunate. (Cookson, 2011) Their first lesson would be that it is fine to bribe authorities to get whatever you want, and that money and connections are all that matter. * Lack of Management Thailand has been using bidding process for long time, but they never set up the rule or plan to develop in the right way.

As we know that the corruption can happen every time in bidding process. Nevertheless, the middle price are usually set higher twice from market price as well as the project specification are often lock in order to mutual benefit to the company who pay bribe to governors. This factor is extremely difficult to solve because no one can measure the market price at that time. Even the specifications are specific or not as well. -The several of corruption method Due to the process of corruption is adapting well.

It has the unique feature, various ways. It is also complex and difficult to understand. (Pruktas, 2005) Always, reaching corruption is difficult but people know automatically when the officer need bribe. For example, one company gave the quotation to the Dean of faculty. The Dean will speak the price loudly in order to let other people know the price. The company's staff

will know naturally that they have to give 10-20% to the Dean after they get the project. Actually, companies know this way in advance and already increase the price.

Therefore, company gains the same profit, Dean also obtains benefit but the nation revenue will lose. -Lack of consistent anti-corruption policy within government Even where governments may not be corrupt, the lack of a consistent anti-corruption policy within a government will erode attempts by any part of that government to curb corruption. For example, a department responsible for international development may endeavor to encourage companies to adopt ethical policies, to have laws against bribery strengthened, and to press for prosecution of those companies who have committed bribery or fraud.

However, the department for trade, in the same government, whose interests may be primarily concerned with business profitability, may be more concerned to protect business interests, to make laws regarding corruption more lenient, to reduce requirements for disclosure and accountability, and to block prosecution for corruption. On the one hand, the government is seeking to tackle corruption. On the other hand, it is undermining such efforts. Corruption will not be reduced unless this is made an unquestioned priority by all government departments.

What is the economic impact of this problem? Especially in developing countries corruption has detrimental effects, particularly in relation to economic development and poverty reduction. James Wolfensohn said at the Annual Meeting of the World Bank in 1996 that “ corruption diverts resources

from the poor to the rich, increases the costs of running businesses, distorts public expenditures, and deters foreign investors”. According to the World Economic Forum Global Competitiveness Report 2009-2010 (Report T.

G. , 2010), companies consider corruption to constitute a substantial barrier to doing business in Thailand, along with government and policy instability and inefficient government bureaucracy. The problem of corruption is its corroding effects on economic growth. While huge amounts of money will be lost during the implementation of projects due corruption itself, more will be lost while trying to fight against it and stop it. Of course this is a necessity if trying to look for a better future.

Thais have made efforts to clean up their own nest by introducing new laws and trying to move on to good governance at the same time. One must understand the huge egg and chicken problem in the fight against corruption: the ones reigning over the society are often up to their ears in the soup and have little if any interest in chancing anything while enjoying huge economical benefits. Public procurement is an area in which risks of corruption are particularly pronounced.

Financial losses is not exemption which associated with corruption practices deals with financial terms that would be disadvantageous to the country. For instance, raising prices of procured goods too high as compared with the current market level, and setting prepayment as a public contract clause instead of delay of payment are typical examples of corrupt practices that lead to financial losses. (Osei-Tutu ; Owusu-Manu, 2010) An estimate made by the then

National Counter Corruption Commission (now renamed National Anti-Corruption Commission) calculated that up to 30% of the government procurement budget vanishes due to corrupt practices. (Foundation, 2010) If corruption reduces domestic investment and reduces foreign investment, one would think that it would also reduce the economic growth rate. Thai chamber of commerce research revealed that last year 80 % of company had to pay bribe in order to get the project from government. Moreover, they found that the amount of payment approximately 25 %, calculate at twenty billion baht per year. Commerce, 2011) (Saowanee ; Thirongroj, 2011) also supported that 71 % of companies know the way to pay bribe even though the governor did not call for bribe. Moreover, the middle price which are set over real price around 10-30 % can affect the government cost around thirty billion Baht. (Phuchaum ; Areepong, 2011) Corruption in contracting occurs in every country even those at the high end of the honesty index. In Germany bribes were apparently paid to win contracts worth DM 2.5 billion to build Terminal 2 at Frankfurt Airport. So the price is increase about 20 to 30 percent. (Report R. B. 1998) Successive reviews have revealed substantial inefficiencies and concluded that value for money was not being achieved in the procurement of government and donor-funded projects because of corruption For example, the American Society of Civil Engineers claim that corruption accounts for an estimated \$340 billion of worldwide construction costs each year. (Lengwiler ; Wolfstetter, 2006) They also elaborated that a global survey on corruption suggests that the volume of bribes exchanging hands through public sector procurement is estimated between \$390-400 billion per year. Recommendation Auctions are an efficient mechanism to procure. This is why they have been used for centuries, and <https://assignbuster.com/the-business-bidding-process-for-projects-and-works-for-the-thai-government/>

are used ever more frequently. But they are not immune to manipulations through collusion and corruption. Corruption in government bidding process is one of many shameful examples of corruptions. The question again arises how to control this increasing corruption in our country? There are several ways for a corruption free system. Here are some recommendations:

Education With the help of education, we can significantly reduce corruption. Those who are uneducated do not know the process and procedure of the nation's justice system.

The authorities may try to make a fool out of many uneducated people through bribery, threats and propaganda. This is due to the unawareness of law, public rights and fear. Many uneducated people tend to believe whatever the government says. They also tend to care about business. Education might enable them to understand the whole picture of the society they are living in. It is perhaps the time that we start making them understand their rights, know that the world is not just for them but also for everybody and think for themselves. Well-educated on this issue new generation will be a new hope on the way of reducing corruption.

They will be ready to resist corruption in the future. The academics and professionals have to believe that it is possible to change things for the better and keep on working for the common good. (Pillay S. , 2004) supported that integrity training and ethics education should receive priority. Moreover, ethics in the workplace should be reinforced urgently as a new cultural trait of the public service. Not only educated worker, the children should aware of corruption since they were young. The anti-corruption

subject should cover in their primary course in order to let them know the bad result if they will live in society with corruption.

Change the Way People Think The Thai people should not think that corruption is acceptable if there is some progress, because it is not. There are many things the government is trying to hide from the general public, who seldom or will never know these secrets. Of course, the government might have successfully constructed an international airport. However, they did not inform their citizens about how much they have spent. Amid people excitement and happiness for this new facility, hundreds of millions Baht are being transferred into the government personal's pocket.

This money can be used in improving healthcare and education nationwide. What give the government right to corrupt and take away such funds from the people? This is not tolerable and people should not accept it. Not only government to resolve the corruption problem, the citizen should more consider than the government because this is the Thai citizen money. They should create the Non-Government Organizations (NGOs) with financial means can be a great assets to help raise awareness of people and supporting the development of Thailand.

Seliem (2009) supported this idea that Policy makers are also highly recommended to building and strengthening the culture of teamwork.

Baykaraeva contribute that in order to reduce corruption, society's consciousness should be changed in the way to accept corruption as a bad and slowing down process of the development of country. Society should be able to realize the importance of anti-corruption policy. (Baykaraeva, 2010)

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Additionally, people also should think about the progress of the country, not just me, myself and I. Corruption occurred because some people are selfish in nature and they only want what good for them.

Such way of thinking must be altered, and fast. The Change of Governor Perception With proper education, people could recognize the corrupted government. The citizens should elect the clean politician to drive the country for great prosperity. Many of the current politicians are criminals in nature. If these criminal politicians command us and make laws and regulations, what type of law would be form? The politician itself is the main problem especially ethic aspect. Kernaghan (2004) supported that Ethics education/training for public servants, beginning with the most senior echelons and new employees.

The evaluation of ethical performance as a basis for appointing and promoting all members of the public service, but especially its leadership. Elaboration on the code of ethic under each principle. Some Thai academician suggest that every level of public servant should aware themselves not to do corrupt as well as abhor corruption as the cancer. (Yossomsak, 2007) Create stronger investigation organization and new legislation Actually, the bidding process should be the most fair method when government need to buy something but the process itself has very high degree to encourage government to do corruption because it can bring a lot of money and easy to get bribe. This process is difficult to change because it has many way to corrupt. Moreover, they can change the way more complicate in order to prevent the investigation. The only way to resolve is increased penalties in Law when governments do corruption. They <https://assignbuster.com/the-business-bidding-process-for-projects-and-or-works-for-the-thai-government/>

will scare of law, so the people will not brave enough to do. The organization who responsible to investigate the governor should more strictly when audit the private financial of each person. The exits investigation organization such as The National Anti-Corruption Commission (NACC) should change their way to invest.

Some author supported that the public procedure act should be establish. The Public Procurement Act 2003 (Act 663) was promulgated to regulate procurement processes and reduce corruption. (Westring, 1997) which establishes the five basic pillars of public procurement, mainly: (1) comprehensive, transparent legal and institutional framework; (2) clear and standardized procurement procedures and standard tender documents; (3) independent control system; (4) proficient procurement staff; and (5) anti-corruption measures. Seleim ; Bontis, 2009) support that both criminal and civil – are severe for violation of the law – hefty fines, suspension and debarment from federal procurement contracting, and prison terms for employees and corporate officers found guilty; and the reach is long. Stronger and More Neutral Media The media is more than just a messenger. The country needs brave editors who have to guts to take a stand. This might not be the best option because it might make the news reporter and editors lives in misery.

However, there must be some ways in which the real stories are being broadcast to educate the people nationwide. Moreover, media is the best channel to send message to people. So the anti-corruption television Program should present in prime time in order to let people aware of it.

Reducing Gaps between the Rich and the Poor By all mean, this does not <https://assignbuster.com/the-business-bidding-process-for-projects-and-or-works-for-the-thai-government/>

mean that the rich must be made poorer so they can match the wealth of the poor. However, the reverse should be done. Today, the urban middle class is the one that could play a decisive role since they have the knowledge.

Unfortunately, a lot of them are losing out and turn their back on justice due to corruption. However, in long term, reducing the gap between the middle class and the poor rural might be the key to success since it is harder to sway people to the wrong side. This is because with enough money, people are less likely to corrupt. The government should increase salary and other compensation for Government officials. In addition, governments have to increase salary for public servant and create a job for citizen in order to make them richer. It can be preventing their incentive to do corrupt.

Time Publisher (2009) supported that the way to reduce corruption is by adopting policies that favor high economic growth which in turn creates wealth that keeps people busy rather than soliciting for bribes. If you make it easy for people to do business, everyone including civil servants will be able to engage in meaningful economic activities that will make them tons of cash. (Time, 2009) Obuo quote that “ With the gap between the rich and poor getting wider and wider we can only win this battle when we begin by closing this gap”. (Obuo, 2005) Literature Review Corruption Corruption is a term with many meaning.

Numerous definitions for the term “ corruption” have been proposed and cited in the academic research and policy-relevant literature on corruption. The basic definition, corruption by author state that in developing countries

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is quite diversified; it may be fair to say, “ where there is funding there is corruption. (Kernaghan, 2003) has suggest that corruption can be examined at two level of analysis as “ misuse of public authority in favor of special interests to gain personal benefits or benefits for an organizations” He also denote that concept of corruptions relate to notably patronage and conflict of interest.

Patronage refers to the bestowing of government jobs, contracts and other benefits on individuals or organizations in return for financial or other contributions to a political party. On the other hand, conflict of interest can divide into self-dealing, accepting benefits, influence peddling etc. At the broadest level, corruption is the misuse of office for unofficial ends.

(Tiihonen, 2003) According to the Oxford English Dictionary (1986), corruption is “ Perversion or destruction of integrity in discharge of public duties by bribery or favour. Quite commonly corruption is understood to be bribery, and accepting a bribe, and other unjustified influence, by giving and receiving benefits. Alternative definitions of corruption include “ the degree misuse of public power for private benefit” (Martinez-Vazquez, Granado, ; Boex, 2007) According to Mensah et al. (2003), corruption has been defined to encompass all forms of irregular, unethical, immoral and/or illegal practices and transactions, dealing and activities in the process of handling commercial or public transactions or in the performance of official duties.

Svensson (2005) indicates that corruption can be a response to either beneficial or harmful rules. According to Hellman et al. (2000), corruption may exist in several forms, mainly: administrative corruption (bribes to bureaucrats to alter the implementation of rules and regulations), legal
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methods of affecting policy (such as lobbying), public procurement kickbacks (payments made to secure procurement contracts), and state capture (the “purchase” of laws and policies by corporations).

Jain (2001, p. 74) seeks to define three fundamental kinds of corruption within democratic societies, they are listed as the grand corruption of the political elite using power to influence public policies, bureaucratic corruption which is the corruption of appointed public officers when dealing with superiors or public, and legislative corruption, by which the behaviour of legislators can be influenced.

In governance terms, corruption threatens democratic public institutions by permitting the influence of improper interests on the public resources and power and by undermining the confidence of citizens in the legitimate activities of state. (OECD, 1999) For many years the issue of corruption has, to some extent, been downplayed by government, international organizations, and policy experts. Public officials may demand bribes to do what they are supposed to do anyway such as speed or grease money or accept bribes to do what they are not supposed to do such as overlook the underreporting of tax liabilities. Bardhan, 1997) The World Bank's (1997, p. 8) frequently quoted definition of corruption as “the abuse of public office for private gain” continues to be hugely influential despite repeated critiques of its obvious limitations in the academic literature and even amongst other international institutions. Whereas The Asian Development Bank (1998, p. 8), argued that in the Bank's definition it should narrow focus on the public sector and replace by “the abuse of public or private office for private gain.

The World Bank (2004) defines more for a “corrupt practice” as “...the o?
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ering, giving, receiving , or soliciting, directly or indirectly, of any thing of value to influence the action of a public official in the procurement process or in contract execution”. Most mainstream international work on corruption has continued to focus on the public sector as the principal source and/or location of corrupt activities.

Corruption in the public sector is even more divisive than in the private sector because it lowers the esteem the public has for its public services and ultimately its government as well as effect on the strength of our democracies. (Gillanders, 1998) Accordingly, Transparency International (2005) reported that there are two types of corruption in public procurement practice, namely; petty corruption and grand corruption. Petty corruption is concerned with smaller contracts, notably those involving goods, services and minor projects for local government authorities (Mawenya, 2008).

Similarly, grand corruption is concerned with larger contracts which are normally executed primarily by central governments, through own or donor funding (Transparency International, 2005). Even though corruption is usually banned by laws/regulations, much of what is called corruption is on the boundaries of or outside the remit of law. Corruption exists within politically/economically powerful parties generated by greed, but also within smaller players involved in their own survival. Tanaka, 2001) An interesting discussion relates to whether corruption is “ sand or oil”. (Gray ; Kaufman, 1998) suggest that in the short term corruption may speed up the bureaucratic process, therefore functioning as “ oil” in the system, while in the longer term corruption functions as “ sand”, since it raises unnecessary transaction costs and leads to inefficient economic outcomes. Corruption as <https://assignbuster.com/the-business-bidding-process-for-projects-and-or-works-for-the-thai-government/>

a cultural, political and economic phenomenon has attracted attention from industry, academia and government.

Corruption has been associated with slower productivity growth (Soon, 2006), lower level of foreign direct investment , smaller stock market capitalization and undervaluing assets obtained through acquisitions or mergers (Gleason, Malgwi, Mathur, ; Owhoso, 2005). Other studies have shown that corruption is pervasive in developing countries because of weak institutional infrastructures and the lack of effective monitoring mechanisms. Developing countries are more seem to corruption than developed countries (Budima, 2006).

Camerer (1997) supported that corruption will harmful in developing countries because these countries tend to have fewer resources, and need to use these scarce resources in the most effective manner. (Camerer, 1997) A recent phenomenon is that developing countries increasingly open their markets to the world and developed countries increasingly depend on the global market for supplies and demands. Low labor costs, government encouragement and market potentials in developing countries are frequently cited as the determinative factors for moving business into developing countries. La Londe, 2004) Whereas, some people argue that In the past, only developing countries were perceived to be plagued by corruption. However, more recently, developed countries have also come under the spotlight, and it has become apparent that corruption is also entrenched in industrialized, democratic societies. (Pillay S. , 2004) The continued automatic association of corruption with economic mismanagement and poor economic performance is also problematic.

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There has been a failure to engage with any of the ample literatures developed elsewhere which have analyze the success of economic development in countries with enduring and substantial state/private corruption. It has always been our contention that the most interesting debates about corruption are those which explore the complex relations between private and public sectors in specific contexts, that embed analyses within an appropriate understanding of local political cultures and historical contexts and which do not treat corruption as a national level “ black box. (Cloke, 2011) Consistent with the report by Westring (1997), it is safe to mention that, the implications of corruption related practices in the procurement systems have manifold negative consequences, most of which are manifested in economic, financial and social dimensions. Mawenya (2007) estimated that corruption in Sub-Saharan Africa is almost up to 70 per cent of public procurement contracts. In such cases, bribes and fraudulent transactions inflate project costs by about 20-30 per cent. Mawenya, 2007) These suggest that any improvement in reduction of corruption in the public procurement system will have a direct and substantial impact on the overall economic situation of the country and result in budgetary savings and efficiency in public expenditures. Ethic is the most important issue to cause corruption. On the one hand, ethical considerations are significant to the competent functioning of individual businesses and entire economies. On the other hand, corruption is an abuse of public office for private gain and it is often symptomatic of wider governance problems hurting economic development. (Zekos, 2004)

Conclusion

Like many developed and developing countries, the battle with corruption especially corruption in bidding process is an ongoing war within Thailand. It will take years before corruption can be greatly diminished. Immediate actions must be taken to take down this ferocious beast and strive for the spontaneous development of this great nation. It is clear that combating corrupt practices in procurement systems in public sectors of the economy is impossible without comprehensive approach to this complicated problem. Though, corruption cannot be completely eliminated from procurement processes, it can be managed in a larger extent.

This issue relevant to leadership director both government sector and private sector (Manager). People who concern in the anti corruption process should focus priority on the leader position. Bibliography Asian Development Bank (ADB) (1998), Anticorruption: Our Framework, Policies and Strategies, ADB, Manila. Bangkok Post Learning Baykaraeva. (2010). " Fighting Corruption through Collective Action in Today's Competitive. Retrieved from World Bank: <http://info.worldbank.org/etools/antic/docs/Case%20Studies/Anti-Corruption%20Winners/Students/Essay-Sogdiana%20Baykaraeva.pdf> Budima, G. (2006).

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