EFFECTS OF CORRUPTION IN THE TANZANIA CONSTRUCTION INDUSTRY: A CASE OF NATIONAL HOUSING CORPORATION

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF PROJECT MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA

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CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for the acceptance by the Open University of Tanzania a dissertation entitled; "Effect of Corruption in Construction Industry a study Case of National Housing Corporation" in partial fulfillment of the requirements for the of Master of Project Management of Open University of Tanzania.

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Date

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DECLARATION

I, Anthony Zacharia, do hereby declare that this research paper is my original work and it has not been presented anywhere or will not be presented to any other institution for any award.

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Signature

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Date

DEDICATION

This research work is dedicated to my wife Sophia Alto Komba for her encouragement and molar support throughout the period I undertook this work.

ACKNOWLEDGEMENT

ABSTRACT

This study aims at assessing the effect of corruption in the Tanzania construction industry with the particular focus on the National Housing Corporation. This is a case study design which employed 80 randomly selected from experts in construction industry. The study used a simple random sampling to obtain the required number of respondents. Questionnaires were used to collect data and SPSS software was used in quantitative analysis of data. Descriptive statistics were processed to obtain the frequencies, charts, tables, graphs and percentages. The findings revealed that in all stages of construction in the NHC corruption is rampant. The kind of corruption that takes place includes specifications in tenders, the bidding process, and the architects and engineers selection process, the delivery stage and even at the evaluation stage. The main causes of corruption are lack of transparency, bureaucratic procedures, lack of legal framework, immoral attitudes of some employees, provision for discretion, lack of transparent and accountability and flaws in the budgeting process. The study recommends that there should be clear compliance with Legislative provisions and public policies, avoidance of conflicts of interest, provision for seminars and training to curb corruption, periodic reviews of income levels and properties of employees, consistent and transparency in procurement of goods and services, fairness and impartiality, and punitive strong measures against all elements guilty of corruption. Actions along these lines will greatly reduce and eliminate the vice of corruption in the constructions industry within and beyond National Housing Corporation.

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ABBREVIATIONS AND ACRONYMS

BoQ	Bills of Quantities
DF	Directorate of Finance
DfID	Department of International Development
DHR	Directorate of Human Resources
DI	Directorate of Innovations
DPD	Directorate of Property Development
DPM	Directorate of Property Management
IT	Information Technology
MPM	Masters in Project Management
NHC	National Housing Corporations
OECD	Organization of Economic Cooperation and Development
PCCB	Prevention and Combating of Corruption Bureau
PMU	Procurement Management Unit
PPA	Public Procurement Act
Qs	Quantities Surveyor
RoB	Registrar of Buildings
TANROADS	Tanzania Roads Agency
UNDP	United Nations Development Programme
WEDC	Water Engineering Development Centre

CHAPTER ONE

BACKGROUND TO THE STUDY

1.1 Introduction

This chapter presents the background of the study and statement of the problem. The root cause of the problem has been explained including how corruption has affected the construction industry in Tanzania. The objectives and relevance of the study have been clearly stated.

1.2 Background to the Study

The world has experience that the construction industry is the most corrupt sector due to its complexity. The industry creates an environment that forces it to receive a negative international reputation for asset misappropriation and bribery (TI, 2011). An increase in the level of corruption has in recent years adversely affected the global market of construction and has increased international concern about the problem (Sohail and Cavill, 2006).

In developing countries, trust in the construction industry has been fraught due to high levels of corruption (CIOB, 2013). The construction industry has continuously been vulnerable to corruption thus necessitates an indepth analysis of the tools and modes of corruption practices which involve illegal, dishonest, and immoral thinking, practices and actions for selfish advantage and to public disgrace (Alemika, 2012). Corruption in the construction industry is mostly manifested in the initial phase of construction such as planning, award of contracts, project operation and post project maintenance for private gain (Rodriguez et al 2005). Corruption in the construction industry as in other sector can be categorized as collusive in which

one part of an authority willingly agrees to receive a bribe such as to act in favour of an establishment or person who does not deserve (Davis, 2004).

The construction industry has not broken its association with corruption practices which practices result from a combination of competitive tendering processes, tight margins, and lack of transparency, close relationship between project owners and sub-contractors and contractors, unregulated works and inadequate training of experts including engineers (DFID, 2002). Corruption has been seen as a structural problem of policies and regulations, or cultural practices and individual immoral standing (Mazigo, 2014). Corruption always limits efficient and effective access to service especially by the poor. Corruption increases costs of construction, reduces the quality of works and services, delays the completion and raises expenditures of construction projects (OECD, 2007).

Corruption in construction is an outcome of weakness in the country's legal, economic, cultural, political institutions and the systems. According to Adebayo (2008), corruption in construction increases because contractors want to maximize their profits by compromising the quality of works. With corruption, payments for contract involve huge amounts and he overall burden of the hiked costs falls on the poorly paid civil servants, the tax collection system and the tax payers.

Most African governments have weak laws and regulations that embrace and nurture corruption practices in the construction industry and sector of economic and social services. Thus, delaying achievement of planned development and goals (Mbaku, 2008). Even so, the Tanzanian government has committed itself to fighting

corruption in all sectors including the construction industry. Each president from the founder of the nation, Mwl Julius Nyerere, the second, third, fourth and the current fifth president Dr. Joseph Pombe Magufuli have committed themselves to stamping out all practices and tendencies to corruption. However, all such fights have been challenged through lack of accountability and commitment on the part of functionaries in government and public corporations including the National Housing Corporation (NHC) (Msanya, 2015). Corruption practices in Tanzania are common among stakeholders in public service and the construction industry (TACECA, 2008). This calls for the need to study the practices and effects of corruption with the view to recommending practical and measurable mechanism to curb and stamp out the vice and national shame.

1.3 Statement of Research Problem

Construction industry provides and upholds the built environment of Tanzania servicing as the foundation for the nation's social and economic growth and a reflection of national esteem and prosperity (Malongo, 2011). Acting to derail these efforts through the construction industry, corruption has been on the increase holding back the capital development efforts and discrediting architects, quantity surveyors, and engineers and resulting in increased national debt, national poverty, people's inequality, hindrance to the efficient provision of public services, and overall low economic growth (FIDIC, 2004). Where, corruption has been suspected, detected and reported, the nation's legal and law enforcement systems including the police have put to risk the reporters of the vice and legal system has been lax with delayed actions, alleging ''investigation is not complete'' and at the end of it all, no action is taken and corruption grows and spreads o the innocents (Bowen et al, 2012).

The National Housing Corporation (NHC) as management, staff and clients or tenants have also been witnessed corruption practices in all operations including allocation of houses to tenants, the sale of newly constructed houses and business facilities and indeed construction (Ostermann and Staudinger, 2008). Despite the circumstantial and environmental evidence of existence of corruption practices in the NHC construction industry, the effects of the sorry practice remain unestablished within the NHC. This study is motivated to unearth the practices and effects of corruption at NHC specifically in money laundering and counterfeiting, industrial espionage, and piracy of products.

1.4 General Research Objective

The general objective of the study is to assess the effects of corruption on the growth of the construction industry in Tanzania with particular reference and lessons from National Housing Corporation.

1.4.1 Specific Research Objectives

The study is guided by the following specific objectives;

i. To identify the causes and effects of corruption in the construction industry in Tanzania

ii. To examine socio-economic effects of corruption at the NHC

iii. To identify the challenges facing the NHC in fighting against corruption within and outside the corporation

1.5 General Research Question

Broadly, the study is designed to find the answer to the question: what is the socio-economic effect of corruption in the construction industry, specifically at the NHC.

1.5.1 Specific Research Questions

The study aimed to answer the following specific questions:

i.   What are the causes and effects of corruption in civil work construction?

ii. What are the socio-economic effects of corruption on the NHC and its stakeholders?

iii. What challenges does the NHC have in fighting corruption especially in civil works?

1.6   Significance of the Study

The results from the study will be beneficial to the corporation as they will enable project supervisors responsible for planning, monitoring and supervising projects to realize that corruption is rampant and will consequently increase costs of civil works for NHC projects.

This study will enable the researcher to qualify for the award of the Masters Degree in Project Management (MPM) offered by the Open University of Tanzania and provide a good base for further research related to corruption in other civil works and so provide advice to government to take more stern measures in curbing and stamping out corruption. The study will automatically contribute to existing knowledge related to immoral practices in public service with the hope that stern measures will be instituted to clean the nation from corruption and all other mischief.

1.7 Limitations of the Study

The researcher faced the following limitations during the study;

Poor accessibility of data: Due to the confidentiality, lack of transparency and

bureaucratic practices in the government and public establishment, it was not easy to get data as some respondents were hesitant to give out some of the information. This situation did not hinder the researcher to find alternative methods to get the information needed and so to accomplish the objectives of the research.

Non-responses: Some of the respondents did not respond questionnaires given. This forced the researcher to serve questionnaires on other respondents who were willing to give the needed data and information.

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter defines the concepts used in the study and reviews the theoretical literature on corruption. The analysis is expected to provide the deeper understanding of the effects and impacts of corruption as well as ways to minimize and eliminate the pertinent risks. The critical examination of the relevant theories will help to discern the gap in impact assessment of corruption on the country's construction sectors with an exemplar focus on the NHC. As stated by Kamuzora and Adam, (2008); Saunders et al, (2009) and Kothari, (2009), literature review assists in providing knowledge on what others have done so that the researcher at hand is better prepared to address unattended to issues relating with deeper insights and more concrete actions and recommendations to clear the nation and the NHC of corrupt practices.

2.2   Conceptualization of Corruption

Corruption is defined as dishonest or wicked behaviour of individuals (Oxford Dictionary, 2012). Alemika (2012) defines corruption as the process of misusing office and power for personal gains or benefits. Corruption is the behaviour of deviating from the rules and regulations that direct the implementation of certain activities for personal gain. A general definition of corruption provides that it involves a breach of rules and regulations of public goods for personal advantage or benefits. Globally, corruption is seen as rampant, omnipresent and a major factor that lead to inequality, low economic growth and an obstacle to justice and widen the gap between the haves and have nots, the rich and the poor.

Such definitions of corruption have resulted in moves by international organizations to categorize corruption as the only largest barrier to economic and social development and prosperity. It is estimated that corruption has affected the economy of the world amounting to US$ 1.6 Trillion each year (Sohail and Cavil, 2006). According to Sohail & Cavil (2006) the construction industry is faced with corruption as indicated by such characteristics as having big numbers of contractors and construction stakeholders, many levels of approval for construction projects, complex structures to manage contracts and projects and complex technical and logistical requirements.

2.3 Causes and Cost of Corruption

The success of any construction firm and projects depends and on enforcement of its anti-corruption policies. Since, risk minimization plays a vital role in construction works, a project managers' knowledge of causes and effects of corruption will serve as a cornerstone for the successful achievement of project goals and objectives. Corruption in the construction industry covers all stages from proposed designs to construction of new buildings, maintenance and repair of existing buildings, as well as management of estates. There is a direct relationship between corruption and the civil works construction. Corruption in the construction industry can be seen in all forms and found at all levels from local to international firms engaging in offering bribes for contracts and involving diversion of funds from low to high ranking officials.

The report of Transparency Global Corruption Report of 2014, explains the effects of corruption in the construction industry. Among others, the noted effects are such

as blown up expenses in tendering, uncertainty of securing tenders, hiked costs of projects, preparedness to pay fines, deterioration of company brand image and risks of company reputation.

Other authors have noted the effects of corruption in terms of a combination of deregulations of the sector. The significant cost of corruption is very bad in the construction industry. Corruption in civil works leads to low quality of construction projects which in turn endanger people's lives. It is therefore important to develop a solid plan that can effectively curb corruption in the sector. In fact there is a big difference in corruption acts between developed and developing countries of Africa, Asia and the Middle East.

2.3.1 Forms of Corruption

There are two kinds of corruption in the construction industry. There is contractor related corruption and consultants or clients related corruption. Corruption such as involves interventions of administration and management in decision making, unprocedural offering of tenders, and the release of confidential information of tenders to outsiders are all incidences characteristics of corruption persons in governments and public establishments and corporations such as NHC.

2.4 Theoretical Analysis

The theoretical review of the proposed study focused on the ethical characteristics of NHC employees as the key witnesses of corruption the construction industry under the corporation. Ethics defines whether a person's actions are wrong or right in a defined context. The act of corruption involves one's ethical standing. An employee

guided by good ethical principles will not agree to be involved in corrupt activities unlike those with bad ethics (Baillie, &Garrett, 2001).

2.5 Supporting Theories

The following are some of the theories that guided this case study. They include Agency, Consequentialism and modernization theories.

2.5.1 Agency Theory

This theory emerged in 1970 and was developed by Stephen Ross and Barry Mitnick. However the theory by Michael Jensen and William Meckling (1976) is mostly cited in the construction industry. The agency theory is also known as "the Principal-agent relationship" which arises when one or more principles of a business employ another individual as a representative in carrying out a task. The agent is trusted by the principle and so qualifies for delegated authority to make decisions on behalf of the principal.

2.5.2 Consequentialism Theory

The developers of the modern consequential theory were John Stuart Mill and Jeremy Bentham, (www.iep.utm.edu/conseque). The study was also guided by the Consequentialism theory. Ethics is the foundation of consequentialism. The theory asserts that the consequences produced by an action determine whether the action and product are right or wrong (Baillie, & Garrett, 2001). In other words, the outcomes of actions are usually viewed basis of the extent to which they have produced or served for fundamental goods. The familiar form of consequentialism is

in utilitarianism of products in turn suggests that individuals have acted their best to produce the best goods for the majority of beneficiaries.

2.5.3 Modernization Theory

This theory supports processes of national change from traditional underdeveloped to modern developing society. The theory was developed by a German sociologist, Max Weber and was first put in practice in the 1950s. According to the theory the change to modern society has its evidence in political practices punctuated by economic changes alongside bribery and corruption. This theory's relevance to the study lies on the fact that changes from traditional to modern society tend to affect employees in the construction industry and have to adapt to the new systems and practices. Employees in emerging societies desire to see improvement as reflected in their new life styles and achievements such as having modern houses and amenities including cars and happy families.

The consequentialism theory guided this study on the ground that employees play a fundamental role in any war against corruption. This theory is relevant to the study as NHC is responsible for appointing project supervisors to act as agents of the corporation in projects done by external contractors. The project supervisor is expected to act in the management's interest i.e. giving the correct reports on project status. They are expected not to collude with the contractors in fulfill the latter's interests which is profit maximization and in so doing compromise quality of works. Due to the lack of ethical principles, some employees of the corporation do engage corruption as the means of getting big and fast money to meet their greedy ambitions to the risk of the corporation credibility before itself, stakeholders and the general

public. The consequentialism theory is directly related to the study as employees are expected to consider the consequences of their involvement in corruption or collusion with corrupt contractors. In construction projects corruption hamper the growth of the industry resulting in shrinkage of employment, discredit of the corporation due to poorly constructed and risky infrastructure and poor accountability in public expenditure in the industry.

2.6 Empirical Analysis

Several studies on corruption relating to construction projects have been undertaken but their big numbers were conducted under doubtful arrangements relating to procurement procedures governing infrastructure including e.g. roads projects, water projects and Airports projects etc. Fewer studies have been conducted to detect whether or not there have been corrupt practices for building of NHC houses for sale or lease. This study aims to investigate whether or not there have been and are corrupt actions in the tendering and construction of NHC houses for lease or for sale.

2.6.1 Lessons from Abroad

A review has been made of a report conducted by (WEDC) at Southborough University on several projects funded by DfID in a number of countries like South Asia, Central and Eastern Europe and Latin America. The report indicates that in the construction industry corruption is a big problem and a major contributor to increases in construction costs, project completion delays, changes in schedules and disruptions of planned goals. The cost of corruption is difficult to detect. The company management is often hidden about other construction costs involved (Strombom, 2001).

According to a report by Price Water House Coopers (2003); corruption practices are discovered by accident from contradictions in reports. In hiding corruption practices, people involved in construction often tend to ignore queried issue and continue with work as if nothing has happening. There is a need to break this culture of corruption by stamping out bribery and focus on the adherence of laws, rules and regulations relating to the construction industry nationally and for specific corporations such as the NHC.

2.6.2 Lessons from Africa

A study by Kasimu (2010) was conducted in Nigeria. It aimed to study the impact of corruption on sustainable development with a focus on the construction industry. The findings revealed that many construction stakeholders are involved in corruption such that construction projects cost lots of money in Nigeria. Adebayo (2008) studied corruption in Nigeria and argues that corruption in the construction industry is a result of poor and weak legal, economic, cultural and political institutions. The need to maximize profits by contractors and poor salaried employees are among the flaws in the system helps to nurture corruption.

A study by UNDP (1997) found that the level of poverty among the majority of Nigerians contributes to increases in corruption in all sectors of the economy. Other causes of corruption are political interference with contract award procedures and too much love for money by politicians and their accomplices, (Arowolo, 2008). It was also revealed that most government employees are corrupted and get more money through construction projects in collaboration with professionals in the construction industry.

2.6.3 Local Situation

Mazigo (2014) conducted a research on corruption involved in procurement of public works in Manyara region. The study focused at assessing the causes of corruption in Construction Public Procurement in Tanzania, a case study of Manyara region. The study aimed to identify the main causes of corruption and to suggest measures to eradicate corruption in the construction public procurement. The study used questionnaires, interviews and documentary reviews to collect data. There were 140 respondents selected from different fields including construction professionals such as engineers, quantity surveyors, architects, consultants, and contractors.

The study selected participants by using simple random sampling technique. The qualitative and quantitative data was analyzed using SPSS software. The study indicated that at early stages of procurement, corruption takes place including at specification of the tenders, the bidding process, the selection stage, the delivery stage and the evaluation stage. The key factors that promote corruption are lack of transparency or openness, inappropriate procedures and lack of strong legal procedures and regulations. Other factors include behavior and unethical stance of some unfaithful procurements officials, element of discretion, lack of accountability and poor budgeting guidelines for works.

In order to eliminate corruption, the study recommends that staff should disassociate from conflicts of interest, ensure clear and transparent procedures, consistency and transparency of procurement process, fairness and impartiality. There should also be external, independent monitoring system to ensure that there are no flaws in all construction projects and pertaining procedures.

2.7   Conceptual Framework

A conceptual framework is a pictorial presentation of the concepts and variables that are related to a study (Kothari, 2004). Figure 2.1 is the conceptual framework for this study.

Causes of Corruption
➢   Knowledge and skills
➢   Roles and Responsibilities
➢   Motivation and incentives
➢   Training and seminars
➢   Ethics
➢   Incomes level
➢   Transparency and Accountability
➢   Political interference
➢   Management weakness
➢   Investigative structures

The Construction process
• Preparation stage and specification of procurement
• The bidding process
• Selection and execution stage
• Delivery and Evaluation

➢   Corruption in Construction Projects

Figure 2.1: Conceptual Framework
Source: Researchers own construct

The conceptual framework presents the relationship between independent, intervening and dependent variables. Dependent variable is the one that being measured or tested during an observation. In this study the dependent variable is the corruption in construction projects.

Intervening variables is the variable that helps to explain the relationship between dependent and independent variables. It explains how or why the independent variables affect the dependent variables. In this study the intervening variables are ethics, incomes level, transparency and accountability, political interference,

management weakness etc. Independent variable is the variable that does not depend on other variable. It the one that the researcher has control over and can manipulate. In this study the independent variables are preparation of stage and specification of procurement, the bidding process, delivery and evaluation and selection and execution stage.

According to the conceptual framework corruption can occur at any stage of construction process such as preparation of stage and specification of procurement, the bidding process, delivery and evaluation and selection and execution stage. But there must be causative factors to the occurrence of corruption such as ethics, incomes levels, transparency and accountability, political interference, management weakness etc. These factors which contribute in the occurrence of corruption are known as intervening variables.

Transparency in the processes and procedures of awarding contract can eliminate corruption practices. Corruption practices are promoted when procedures and processes of awarding contract are not open and transparent. Therefore, transparency is among the factors that cause corruption in the construction industry. An incomes level of staff is the key in fighting against corruption. Corruption practices are promoted and nurtured where staff earns unsatisfactory incomes. The fight of corruption in the construction industry which involves a lot of money, the government and management must ensure staff earns satisfactory income.

Political or management interference is among the cause of corruption in the construction industry. During evaluation and selection of bidders, you will find some

politicians or top managers giving directives to the committee to select and award the contract to bidders they have conflict of interest. Some of the bidders are incompetent and unqualified, thus fails to execute the work according to the specified time and budget resulting in projects completion delay, increased costs of construction and bad corporation image to the public. Therefore, the occurrence of dependent variable in this study is the result of relationship between independent variables and the intervening variables as explained above.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

This chapter presents the research design and pertaining methodologies for conducting the study Cooper and Schindler (2013) have defined that research methodology provides relevant ways and techniques that are useful for scientific problem solving. According to Hennink *et al,* (2011), research methodology refers to the ways data is collected, organized and analyzed for a study. In this chapter, the important segments of research methodology are defined and explained in relation to the study.

3.2 Study Design

A research design refers to the strategy of presenting various research components logically and clearly. It is a means of effectively addressing and presenting the research problem (Kothari, 2004). A case study design was adopted for the conduct of the study at NHC with the aim of assessing effects of corruption in construction projects under the corporation. The case study is chosen because it allows the collection of current and detailed data on all related study variables at once. Data collection is relatively cheap, easy and quick for a case study.

3.3 Case Study

This is a case study conducted at the National Housing Corporation (NHC). The researcher aimed to collect relevant data by using a survey design. With more than 450 employees and 25 regional offices all over the country, National Housing Corporation as a construction institution faces the challenge of corruption among its

employees. This is due to the fact that, NHC conducts massive country wide building projects ranging from Tsh.3 billion to Tsh. 600 billions. Such huge amounts of money for the execution of projects are bound to attract foul play and corruption from unethical employees.

Employees from various departments i.e planning, tendering, evaluation, procurement, finance etc are vulnerable to corruption as many firms compete to win construction contracts. Some firms are not competent to undertake construction but they compete through corrupt means to win contracts through the back door, persuading employees to provide them with necessary information for tendering and to enable them to win the contracts. Examples of information are tendering price levels, BOQ price rates, other bidder's quotations, and overall Project contract financial ceiling.

The findings from this study will help the NHC management in future planning and execution of projects such as to minimize construction costs and risks of corruption and so maximize revenue from sale of houses at affordable prices.

3.4 Population for the Study

Population is the number of individuals that share the same traits to be included in a study (Oswala, 2001). The population for this study included Quantity surveyors & Architects, Engineers/Consultants, Contractors/Bidders who are not employees of NHC, Suppliers of various building materials and other potential stakeholders of NHC i.e PCCB, Banks, ERB, TANROADS etc who in one way or another play vital roles in the construction industry.

Table 3.1: Proposed Population for Each Unit of Inquiry

S/No	Unit of Inquiry	Population
1	Quantity surveyors & Architects	10
2	Engineers/Consultants	10
3	Contractors / Bidders	20
4	Procurement Management Unit	10
5	Suppliers of various building materials to NHC	20
6	Other potential stakeholders	10
	Total	**80**

Source: Researcher's design (2017)

3.5 Sampling and Sample Size

A number of professional officers and potential stakeholders of NHC responsible in the construction field i.e financing, planning, evaluation, rewarding and supervisions were used as part of the sample frame. Both probability and non-probability sampling techniques were used to select respondents from different relating sectors as outlined in section 3.4. As indicated on the Table 3.1 the population for the study comprised 80 individuals from different stakeholders of construction. The researcher used judgmental approach in selecting the study participants, Krejcie and Morgan (1970) sample size table was used to determine the sample size in all units of inquiry basing on the proportionality of the population.

3.6   Methods of Data Collection

Data was collected by using questionnaires. Open ended and closed ended questions were set. A section of questionnaire elicits respondents' biographical data, section B

has questions to assess employee's knowledge of corruption and their knowledge, roles and responsibilities in fighting corruption. The five points Likert scale type questions from strongly agree (5) and strongly disagree (1) and three simple points scale type questions with 'Yes', 'No' and 'I don't know' were used to assess NHC employee's knowledge of corruption and roles and responsibilities in fighting the vice. Open-ended questions were used to capture information on responsiveness of project supervisors regarding corruption at NHC.

Data for this study was grouped under three categories of variables namely: Biographic variables, knowledge variables and responsiveness variables. Biographic variables included data for age, gender, job position, training on corruption and years of experience as project supervisors. The knowledge variable included data on anticorruption policies, importance and purpose and roles and responsibilities of project supervisors in combating corruption. Finally, responsiveness variables intended to know the skills, competencies, accountability, motivation and support in combating corruption.

3.7   Data collection Process

The pilot survey was conducted on 3 project supervisors in Katavi to estimate the time required to complete the questionnaire and to test the clarity and appropriateness of the questionnaire. The 3 project supervisors included in the main study and their responses formed part of the study results. The findings of the pilot survey were used to review and improve the questionnaire for better results. Hard copies of self-administered questionnaires were distributed to study respondents who were asked to complete it in working five days. A reminder was sent after day three

and day five of questionnaire distribution to all respondents to improve response rate. The researcher was responsible for following up and collection of all questionnaires within seven days after their distribution.

3.8   Data Analysis

The data was summarized in SPSS and presented using frequency tables and charts i.e Bar graph and pie charts. Responses from the questionnaires were categorized and coded by main themes for ease of analysis. The coded responses presented using correlation tables.

3.9   Ethical Issues

The researcher adhered to the ethical issues in the process of doing research. Due permission was sought from the university to collect field data. Also the study ensured that the information given by respondents was kept confidential and only used for purposes of research only. The researcher also got rid of plagiarism and reproductions of someone's work by endeavouring to write the full text in his own words.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This Chapter presents the study findings of the research. The first part presents the demographic profiles of the respondents while the second part presents the results in response to the objectives of the study.

4.2 Demographic Profiles of Respondents

The study presents the respondents' profiles by sex, education level, marital status, income size and experience.

4.2.1 Sex

The results indicate that male respondents accounted for 90% while females accounted 10%. Although, the female respondents were overshadowed by males, the opinions of both genders were considered with equal weight.

Table 4.1: Distribution of Respondents based on Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	46	90.2	90.2	90.2
	Female	5	9.8	9.8	100.0
	Total	51	100.0	100.0	

Source: Study findings, 2017

4.2.2 Education Level of the Respondents

The study findings indicate that respondents with first degree were (72.5%), Masters holders (24%) and 2% were holders of Certificate/Diploma while the rest of the respondents, 2% were of Primary/Secondary level education. These findings indicate

that the majority of the respondents were educated and able to work prudently and sensibly respond to the research tools.

Table 4.2: Distribution of Respondents by Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary/Secondary	1	2.0	2.0	2.0
	Certificate/Diploma	1	2.0	2.0	3.9
	Degree	37	72.5	72.5	76.5
	Masters and above	12	23.5	23.5	100.0
	Total	51	100.0	100.0	

Source: Study findings, 2017

4.2.3 Work Experience

Based on the work experience of the respondents, the findings indicate that 35.3% had experience of less than 5 years, 37.3% had experience of between 5 to 10 years, and 27.5% had experience of more than 10 years. This study finding indicates that the majority of the respondents had experiences with the construction industry as shown in Table 4.3.

Table 4.3: Distribution of the Respondents by Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5yrs	18	35.3	35.3	35.3
	5yrs to 10yrs	19	37.3	37.3	72.5
	More than 10yrs	14	27.5	27.5	100.0
	Total	51	100.0	100.0	

Source: Study findings, 2017

4.2.4 Level of Income

The incomes levels of respondents were also analyzed. The levels of income included were for the respondents from various professions i.e engineers, architects, procurement officials, accountants etc. Normally, the level of income has great impact on corruption as one with low income may be tempted to receive bribes and vice versa. The study findings revealed that 28.5% of the respondents were getting less than Tsh. 1,000,000 per month, while 42.2% of were getting between Tsh 1,000,000 and Tsh. 3,000,000 per month and 29.4% were getting income above Tshs 3,000,000 per month. Figure 4.4 summarizes the findings relating to respondents' monthly income levels.

Table 4.4: Distribution of the Income Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Tsh. 1000,000	14	28.5	28.5	28.5
	Tsh.1000,000 – Tsh. 3000,000	21	42.1	42.1	70.6
	More than Tsh. 3000,000	16	29.4	29.4	100.0
	Total	51	100.0	100.0	

Source: Study findings, 2017

4.3 Corruption Acts at various Stages of Construction

The first specific objective of this study aimed to assess employee's knowledge on causes of corruption at different stages of construction.

4.3.1 Stages in Construction and Level of Corruption at Each Stage

The following are the construction stages and the level of corruption practices at each stage.

Stage 1: Preparation and specification phase: The first stage in the construction process is the preparation and specification phase. The type of corruption which is likely to occur during this stage includes management interference in the processes and procedures of selection and awarding of contract. Some of top managers in the corporation interfere and issue directives to the committee to select and award bidders to whom they have conflict of interest.

Political or administrative interference in contract awarding is one of the causes of corruption in construction. Some politicians with their conflict of interest in some of projects interferes the processes and procedures of awarding contract. This may result to the selection of incompetent bidders, who fails to execute the works at a specified time and costs. Thus result to the increasing project costs, project completion delays etc. The government and the corporations must ensure there is no interference in decision making from the politicians or top administrative.

 Leaking of tender information is one of another that promotes and nurture corruption in the construction industry. Tender information is leaked by unethical staff to bidders in exchange for payments in the expense of the corporation. Some of the bidders are incompetent and don't have the capacity to execute the works, but through the use of bribes get the works and fails to deliver as per specifies time period and costs. Therefore, it damages the image of the corporation to the public.

The study findings revealed that 21.7% of the respondents strongly agreed with corrupt practices at the different levels of construction 28.3% agreed, 26.1% were

indifferent, 10.9% disagreed and 13.0% had strongly disagreed. Table 4.5 and Figure 4.5 summarize the study findings.

Table 4.5: Corruption at Preparation and Specification Stage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	10	19.6	21.7	21.7
	Agree	13	25.5	28.3	50.0
	Indifference	12	23.5	26.1	76.1
	Disagree	5	9.8	10.9	87.0
	Strongly disagree	6	11.8	13.0	100.0
	Total	46	90.2	100.0	
Missing	9	5	9.8		
Total		51	100.0		

Source: Study findings, 2017

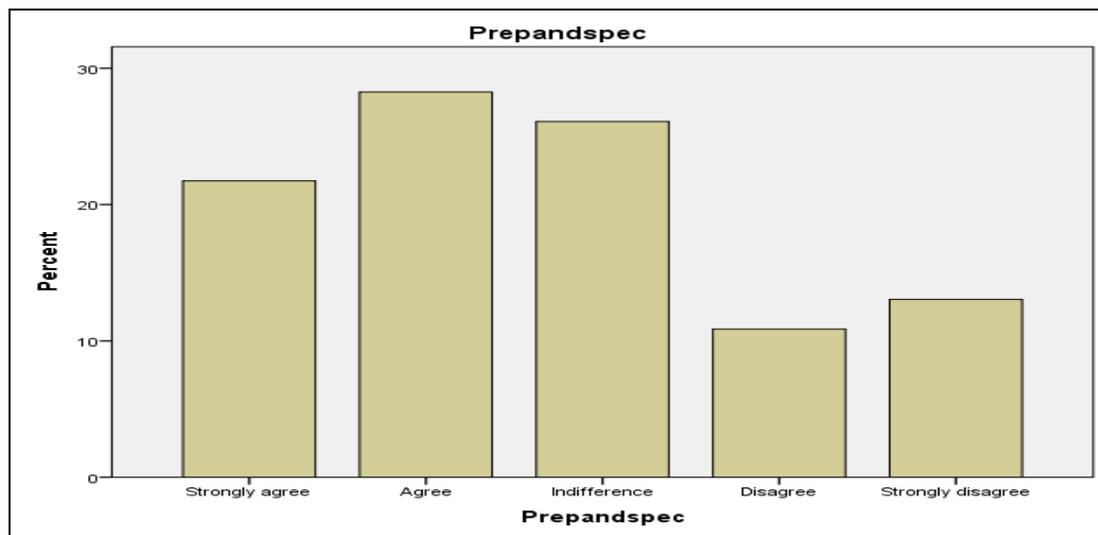**Figure 4.1 Corruptions at Preparation and Specification Stage**
Source: Study findings, 2017

Further analysis was done to determine how corruption practices in construction results from leaking tender information, tailoring of contracts, management and political interferences. The study findings revealed that 65.6% of the respondents agreed, 9.8% had disagreed and 9.8% were indifferent on corruption practices

resulting from leaking tender information. For corruption practices resulting from tailoring of contract the study findings showed that 47% agreed, 9.8% disagree and 23.5 were indifference. Finally, corruption practices from management interference findings showed that 58.8% agreed, 7.9% disagreed and 15.7% were indifference. The management of the NHC should make sure there is no leaking of tender information, tailoring of contracts as well as no managerial interference in decision making and contract awarding. Procedures for evaluation, selection and awarding of contract must be adhered as stipulated by Public Procurement Act in order to eliminate selection of corrupt and unqualified bidders.

Stage II: The Bidding Stage: At this stage, collusion among officials and bidders may occur in terms of disclosing tender information to favor the bidder. At this stage some officials may request for money from bidders and bidders go further to bribe the member of the evaluation team in order to get favors. The study findings revealed that, 40.9 % of the respondents strongly agreed with this practice, 22.7% agreed, 18.2% were indifferent, 11.4% of the respondents disagreed and 6.8% appear to strongly disagree with this corruption practice.

Table 4.6: Corruption at Bidding Stage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	35.3	40.9	40.9
	Agree	10	19.6	22.7	63.6
	Indifference	8	15.7	18.2	81.8
	Disagree	5	9.8	11.4	93.2
	Strongly disagree	3	5.9	6.8	100.0
	Total	44	86.3	100.0	
Missing	9	7	13.7		
Total		51	100.0		

Source: Study findings, 2017

Stage III: Evaluation and selection stage: This is the stage where evaluation and selection of tenders is done. Corruption at this stage includes, bidders/suppliers offering bribes to tender evaluation and selection committee members so that they influence the results in favor of the bribing bidders to win the contract and hence unfair contract awarding is made to an unqualified company. The study findings showed that 28.3% of the respondents strongly agreed with this observation, 26.1% agreed, 15.2% were indifferent, 17.4% disagreed and 13.0% strongly disagreed with this type of corruption practice.

Table 4.7: Corruption at Contract Awarding Stage

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	13	25.5	28.3	28.3
	Agree	12	23.5	26.1	54.3
	Indifference	7	13.7	15.2	69.6
	Disagree	8	15.7	17.4	87.0
	Strongly disagree	6	11.8	13.0	100.0
	Total	46	90.2	100.0	
Missing	9	5	9.8		
Total		51	100.0		

Source: Study findings, 2017

Stage IV: Awarding and Implementation Stage: This is the stage after evaluation of tenders and selection. At this stage corruption may occur in the form of conflict of interest among officials involved. This is very common in practice. Collusion between bidders and the supervisors/officials involves substandard materials and a contractor/bidder failure to comply with the contract requirements. Conflict of interest means a clash between public interest and the private pecuniary or any other interest of the individual concerned PCCB act No.11 of 2007.

The study findings revealed that 38.6% of the respondents strongly agreed with this form of corruption, 29.5% agreed, 20.5% were indifferent on this, 6.8% disagreed and 4.5% strongly disagreed on this. During interviews, respondents informed that the use of substandard materials and failure to comply with contract requirements were possible when the contractor/supplier and the supervisor decided to collude.

Table 4.8: Corruption on Conflict of Interest

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	17	33.3	38.6	38.6
	Agree	13	25.5	29.5	68.2
	Indifference	9	17.6	20.5	88.6
	Disagree	3	5.9	6.8	95.5
	Strongly disagree	2	3.9	4.5	100.0
	Total	44	86.3	100.0	
Missing	9	7	13.7		
Total		51	100.0		

Source: Study findings, 2017

4.4 Causes of Corruption in Construction Industry

The study wished to determine the main causes of corruption in the industry at various stages. Among others, the following were the identified factors;

4.4.1 Lack of Transparency

The study findings revealed that 56.3% of the respondents strongly agreed that there is no transparency in the processing and awarding of contracts, 33.3% agreed, 6.3% of the respondents were indifferent and 4.2% strongly disagreed. Majority of respondents indicated that procedures and processes of awarding contract were not transparent and open. Thus management of the NHC must make sure procedures and processes of awarding contract to bidders are transparent and an open.
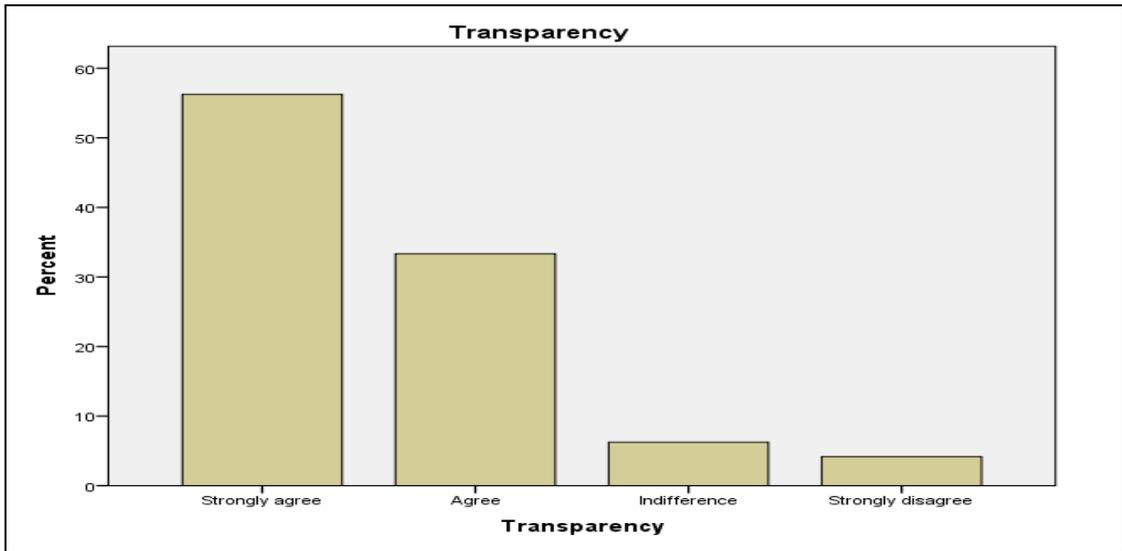
Figure 4.2: Lack of Transparency
Source: Study findings, 2017

4.4.2 Lack of Discretion

In this aspect, the study findings revealed that 31.8% of the respondents strongly agreed with lack of discretion, 50.0% agreed, 13.6% were indifferent and 4.5% of the respondents disagreed that lack of discretion (choosing incompetents) was the cause of corruption.

Figure 4.3: Lack of Discretion
Source: Study findings, 2017
4.4.3 Weaknesses in Legal and Regulatory Provisions

Most of the respondents opined that the industry has no stable system of regulating and controlling corruption. The study findings showed that 24.4% of the respondents strongly agreed with lack of strong regulations to curb corruption in construction, 31.1% of the respondents appear to agree, 31.1% of the respondents were indifferent, 8.9% disagreed and 4.4% strongly disagreed. More than 55.5% of respondents indicated that NHC regulations in curbing corruption practices are weak. The management must make sure that regulations are strong enough to eliminate all corruption practices. There should also be timely review of the regulations and where necessary updating be done.
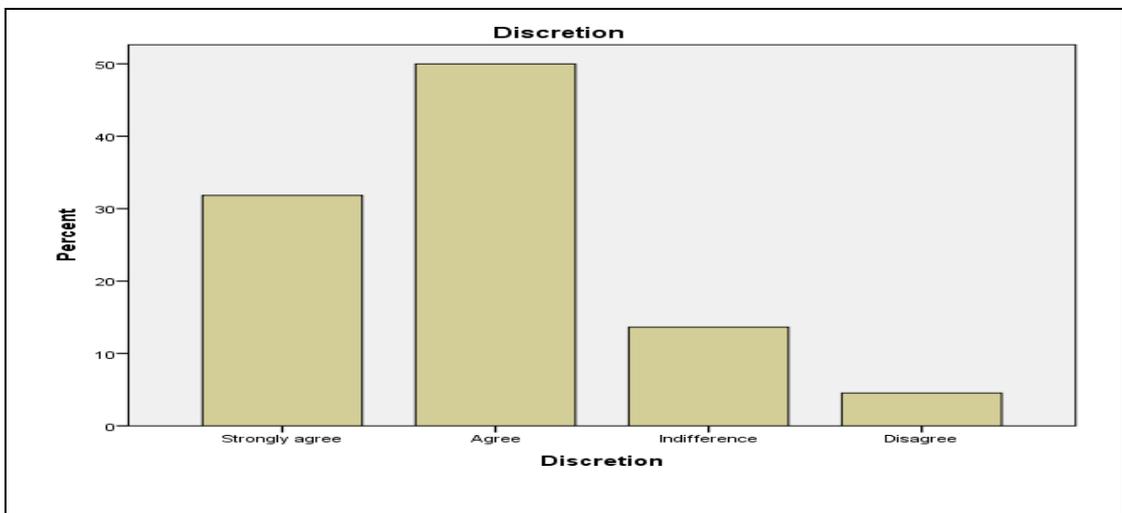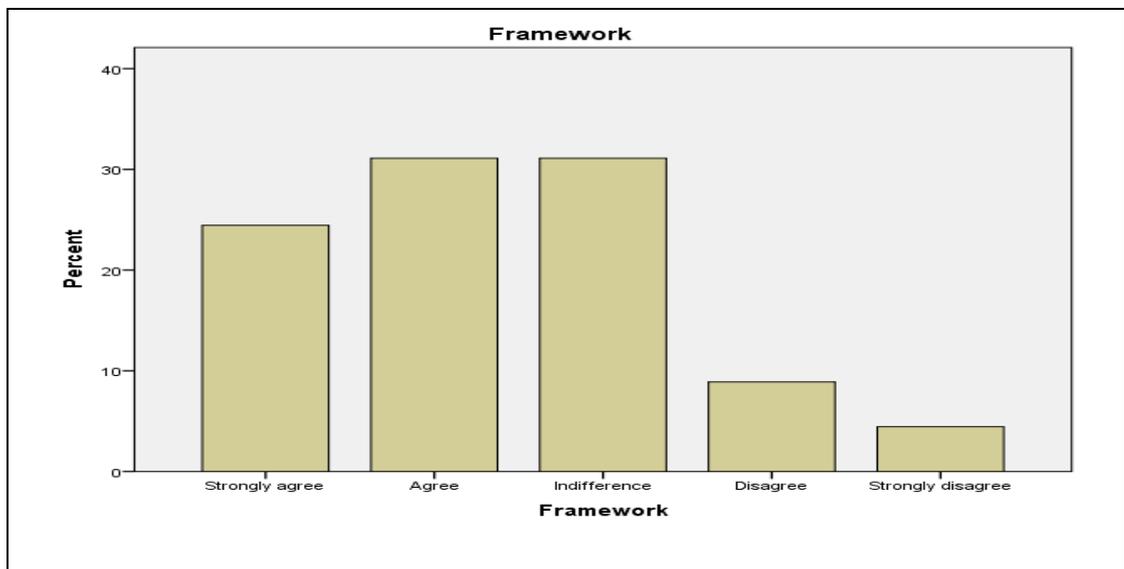

Figure 4.4: Weaknesses of Legal and Regulatory Provisions
Source: Study findings, 2017

4.4.4 Lack of Incentives and Motivation to Staff

Regarding incentives to staff motivation, the findings indicated that 32.6% of the respondents strongly agreed that there is no satisfactory incentives to package staff, 34.9% of the respondents agreed, 20.9% were indifferent of this, 9.3% disagreed and 2.3% of the respondents strongly disagreed. More than 67% of respondents indicated

that incentives and motivations to staff were unsatisfactory. Thus management of the NHC must make sure staff package and incentive are satisfactory in order to eliminate corruption practices.
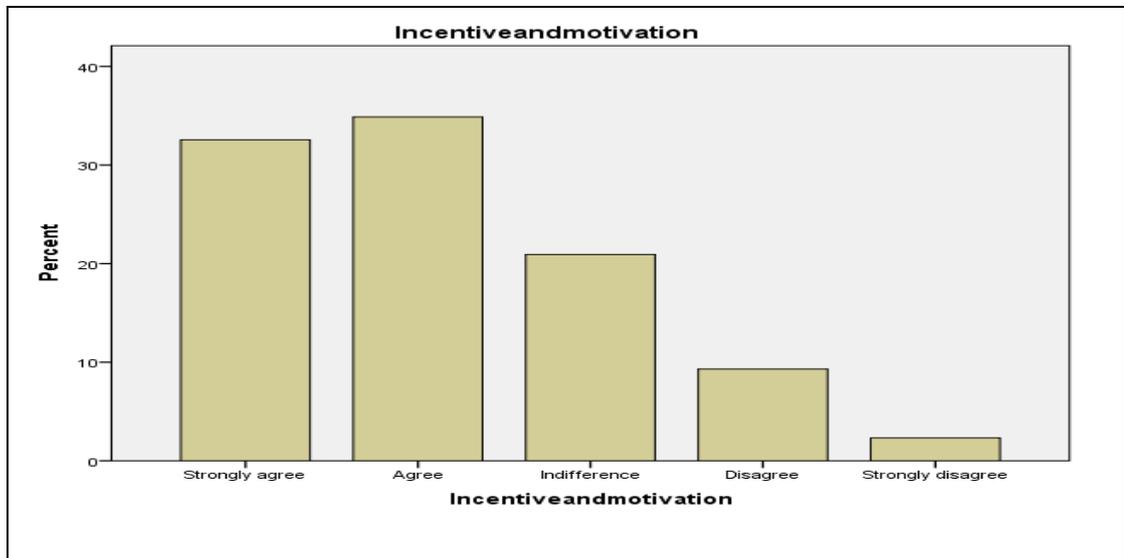
Figure 4.5: Lack of Incentives and Motivation to Staff

Source: Study findings, 2017

4.4.5 Management Failure to Recognize Staff

The respondents also argued that management fails to recognize work/effort of staff causes corruption practice in constructions. The study findings showed that 27.9% of respondents strongly agreed with this failure, 32.6% agreed, 23.3% were indifferent, 4.7% disagreed and 11.6% of respondents strongly disagreed.   Majority of respondents informed that management of the NHC fails to recognize the effort/work of ethical behavior staff. Thus management of NHC should set a mechanism of recognizing the effort/work of its staff. This is the key in fighting against corruption in the construction and other activities.
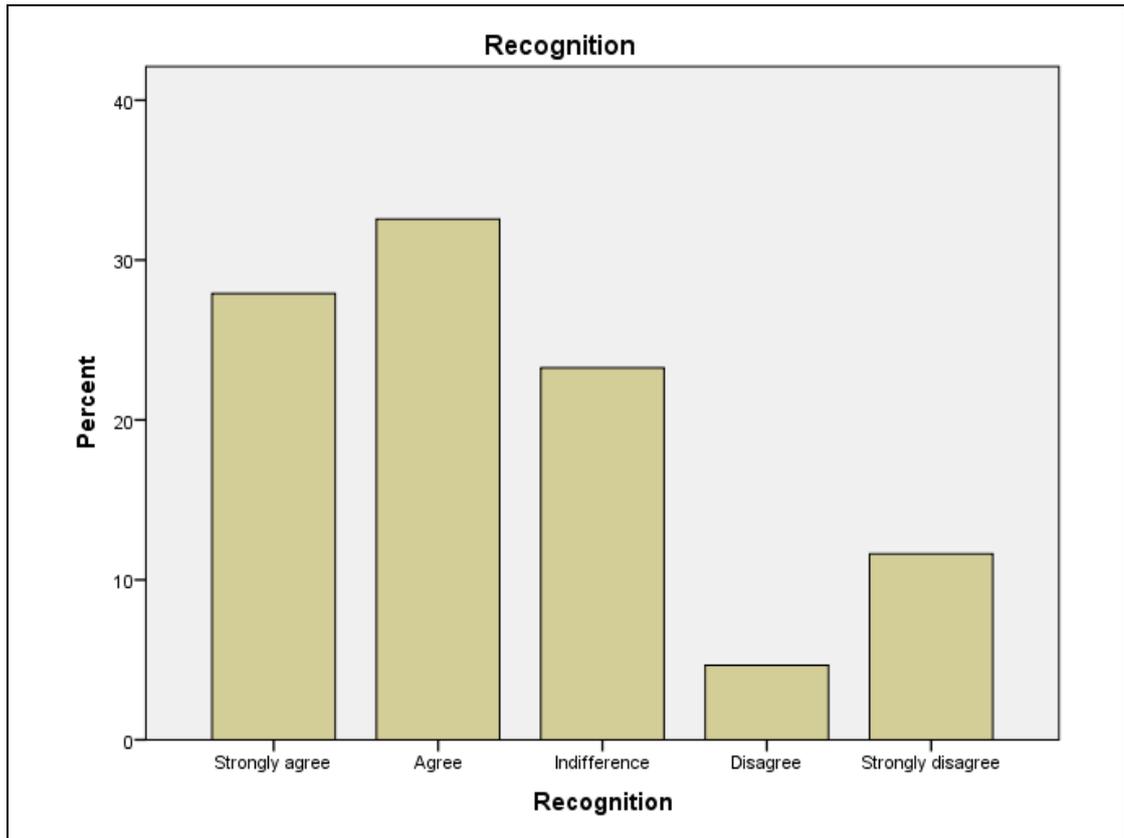
Figure 4.6: Recognition Summary Findings

Source: Study findings, 2017

4.4.6 Attitude of Staff

The attitude of some staff is one of the main causes of corruption in construction. Corruption practice will be high in places with many unethical staff and vice versa. The study findings showed that 48.9 % of respondents strongly agreed that unethical staff promote corruption, 34.0% agreed, 12.8% were indifferent and 4.3% of the respondents strongly disagreed. The study indicates that more 80% of respondents agreed that unethical staff behavior promote corruption practices. Thus management of the NHC must promote moral and ethical behavior to its staff in order to eliminate the corruption in the construction and other activities.
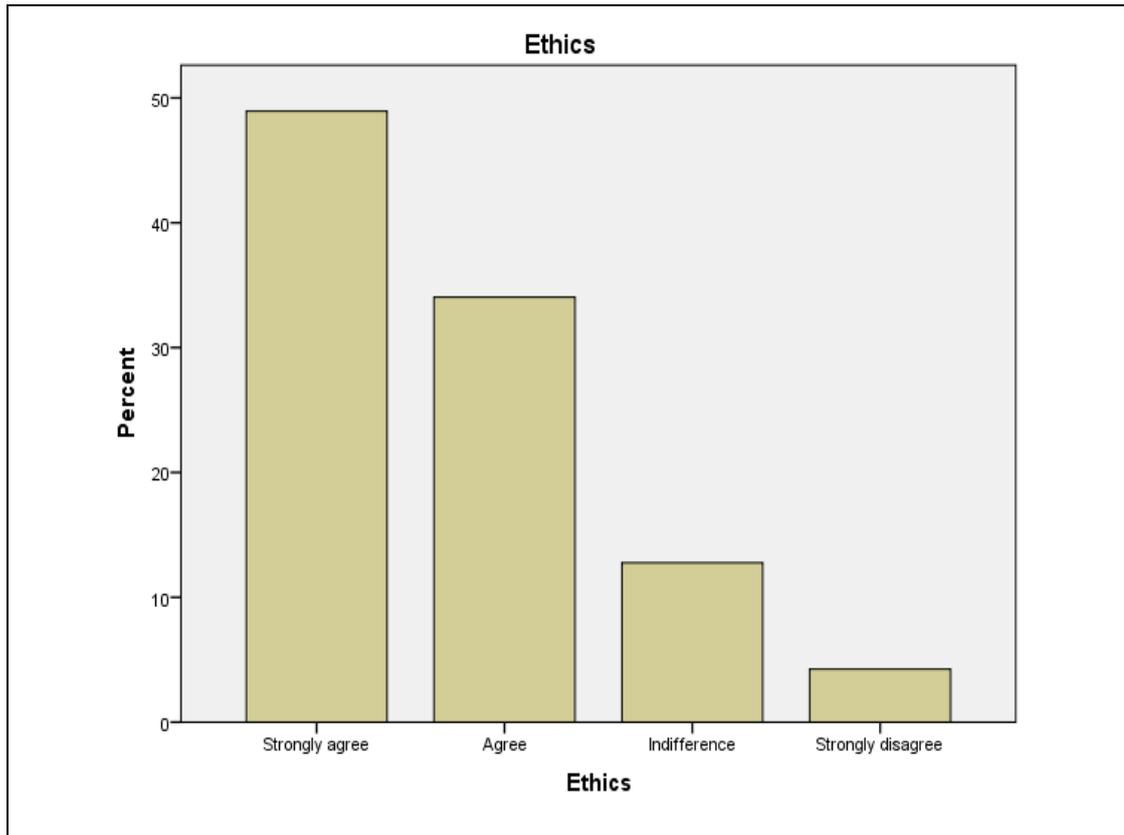
Figure 4.7: Attitude of Staff

Source: Study findings, 2017

4.4.7 Ineffective Management

The respondents also informed that ineffective supervision creates room for corruption. The study findings showed that 9.1% of respondents strongly agreed with this, 47.7% of respondents agreed, 29.5% of respondents were indifferent, 9.1% of respondents disagreed and 4.5% of the respondents strongly disagreed that weak management is the one of the main cause of corruption. The study indicates more that 56% of respondents agreed that ineffective supervision promotes corruption. Thus management of the NHC must make sure there is tight and close supervision in its projects and other activities in order to eliminate the vice.
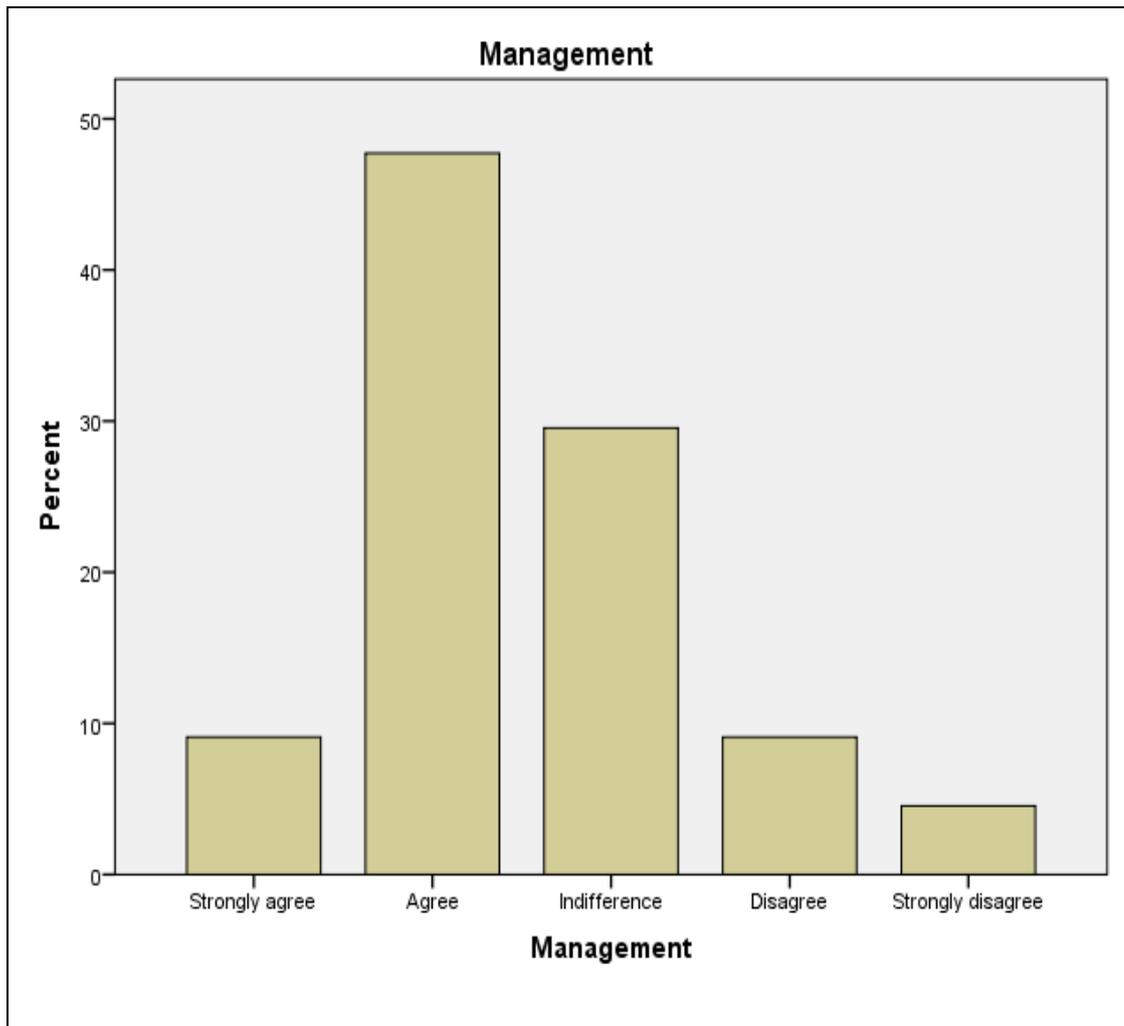
Figure 4.8: Management Summary Findings

Source: Study findings, 2017

4.4.8 Organizational Budget Size

The Organizational budget is very important for the effectiveness of construction activities. The budget of the organization includes personal emoluments among other things. The study findings found that 17.4 % of the respondents strongly agreed with low budget, 28.3% agreed, 28.3% of respondents were indifferent, 15.2% disagreed and 10.9% of the respondents were noted to strongly disagree with low budget size for staff emoluments.
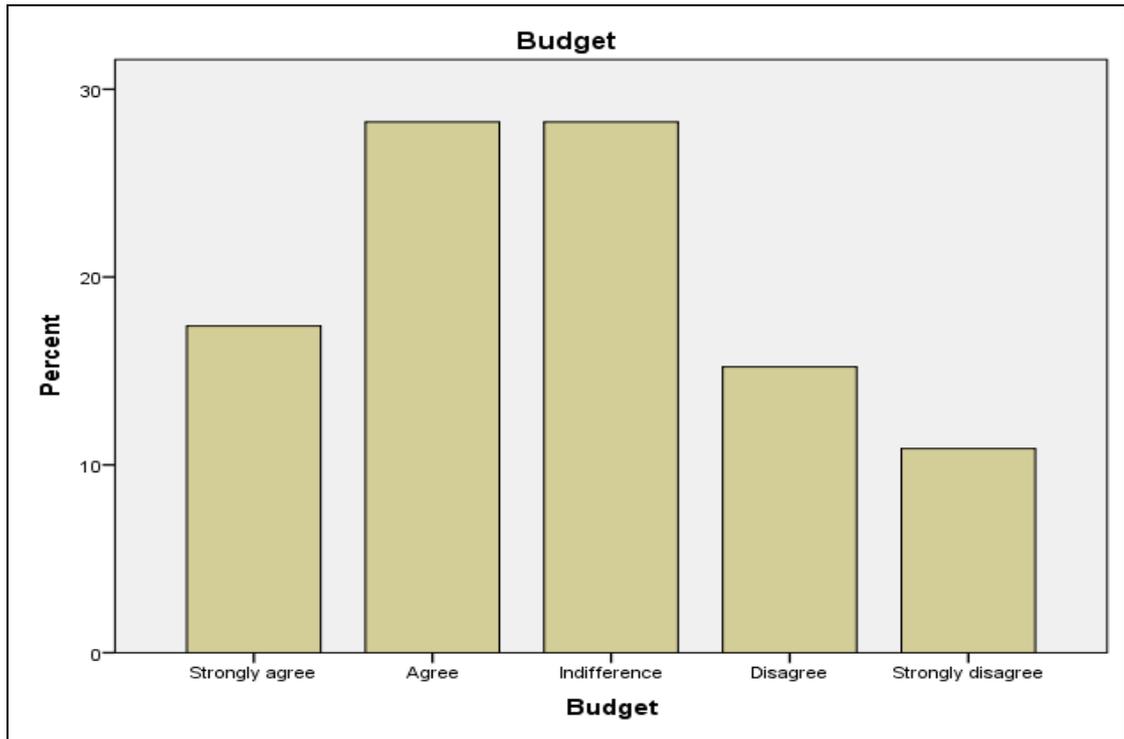
Figure 4.9: Organizational Budget Size

Source: Study findings, 2017

4.4.9 Income Level

The income level of employees is significant in the fight against corruption in construction and other activities. The unsatisfactory income level of employees reflects the higher the corruption practices and vice versa is true. Incomes of employees include salaries and wages among other things. The study findings revealed that 51.2% strongly agreed that wages are low, 25.6% agreed, 14.0% of respondents were indifferent, 4.7% disagreed and 4.7% of the respondents strongly disagreed on this. The study suggests there should be timely review of incomes and other related benefits of staff in order to eliminate corruption in the construction and other activities done by the NHC. Staff is not lured to corruption practices when earning satisfactory incomes levels and other related benefits.
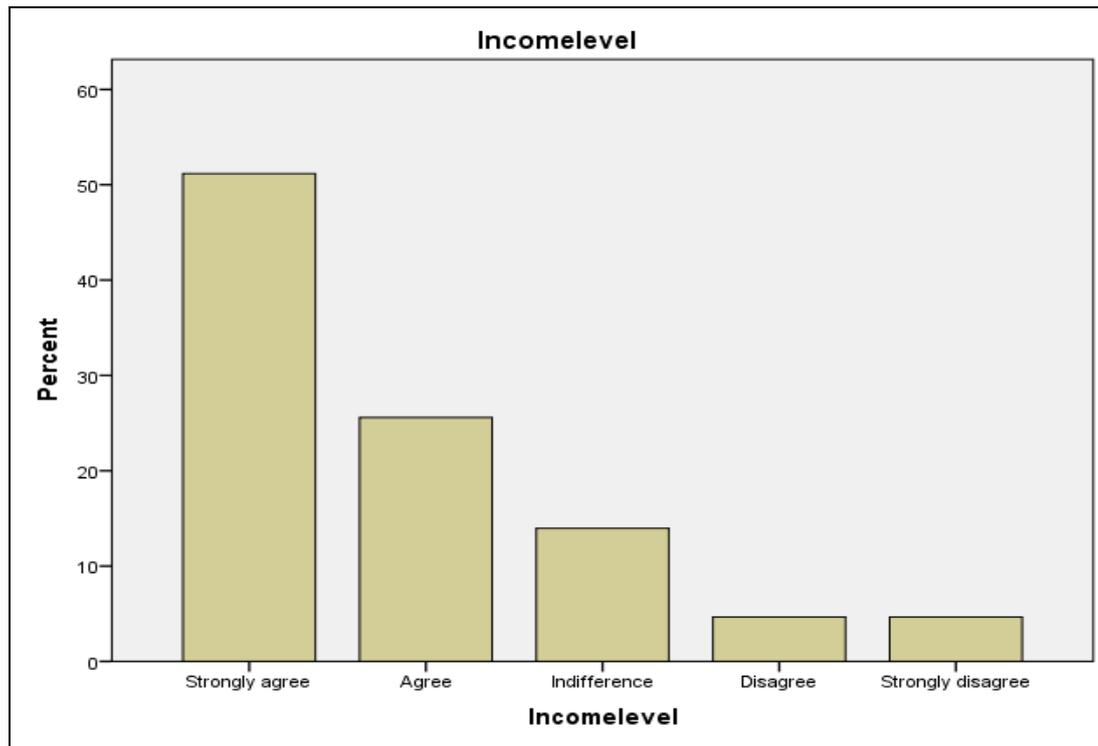
Figure 4.10: Income Level

Source: Study findings, 2017

4.4.10 Biased Promotion of Staff

The respondents were also asked to state if there is biased promotion of staff and this can hamper the fight against corruption. The study findings showed that 25.6% of the respondents strongly agreed, 23.3% agreed, 25.6% respondents were indifferent, 18.6% of respondents disagreed and 7.0% of respondents strongly disagreed. Majority of the respondents 48% informed that biased promotion of staff promote corruption. The study suggests there should be open and transparent conditions and procedures for promotion of staff to promote efficiency, hard working spirit, and productivity. This is the key in eliminating staff complaints and being lured in corruption practices.
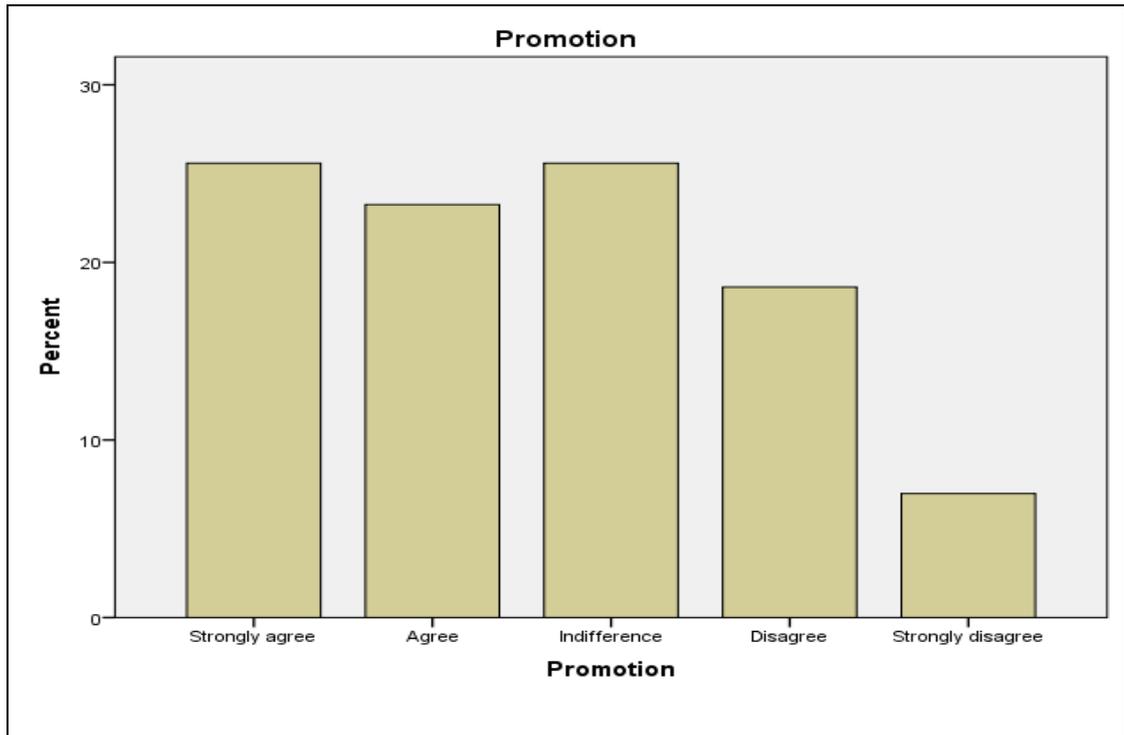
Figure 4.11: Biased Promotion of Staff

Source: Study findings, 2017

4.4.11 Weaknesses in Investigative Structures

The respondents were asked to state if weaknesses in investigative structures can be the obstacle on the fight against corruption. The study findings showed that 15.6% of the respondents strongly agreed there is weakness in investigative structures, 26.7% agreed, 40.0% respondents were indifferent, 11.1% disagreed and 6.7% of respondents strongly disagreed. The study suggests the investigative structures should be strong enough to detect and report all threats of corruption. The management of the NHC must ensure the internal audit unit works independently without interference, and supported with all necessary requirements such as having enough skilled staff, advanced working tools, conducing working environment etc, in order to eliminate the corruption within the corporation.
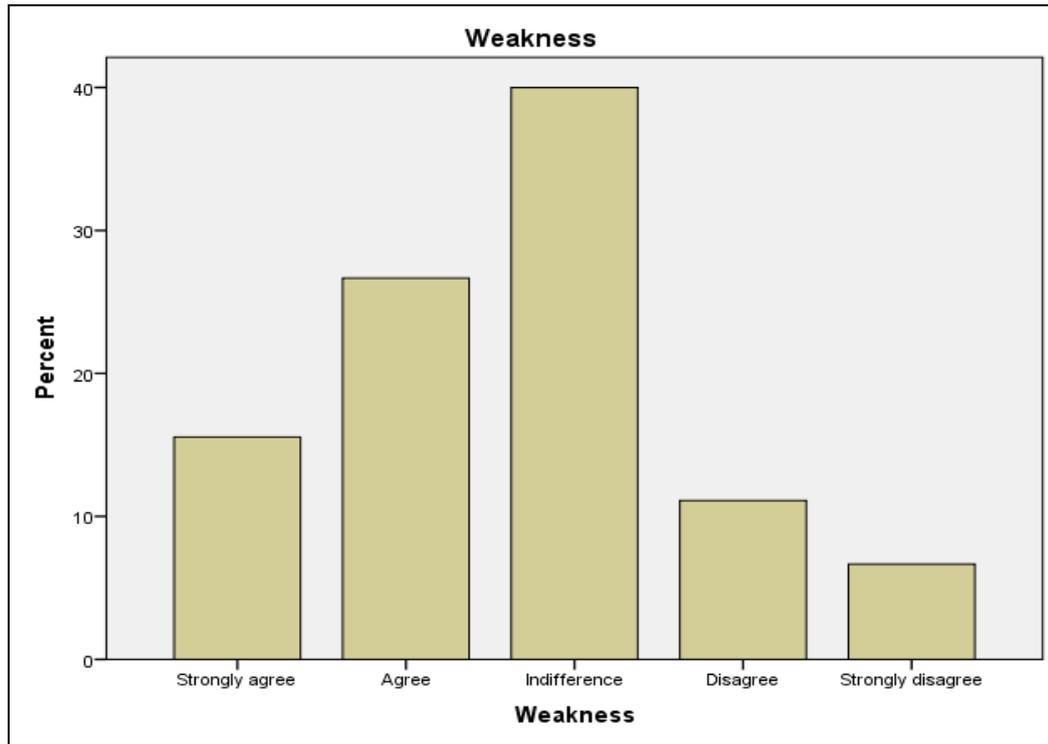
Figure 4.12: Weaknesses in Investigative Structures

Source: Study findings, 2017

4.4.12 Lack of Fairness in Contracts Awarding

The respondents were also asked to indicate if lack of fairness in contracts awarding can be the cause of corruption practices. The study findings showed that 32.6% of the respondents strongly agreed with lack of fairness in contract awarding, 28.3% agreed, 28.3% were indifferent, 4.3% of the respondents disagreed and 6.5% of respondents strongly disagreed. The study suggests there should be fairness in contract awarding in order to eliminate corruption in construction. The selected bidders must be responsiveness, qualified and complying in all criteria. The management of the NHC must ensure there is also transparent and open procedures and processes in evaluation and selection of bidders.
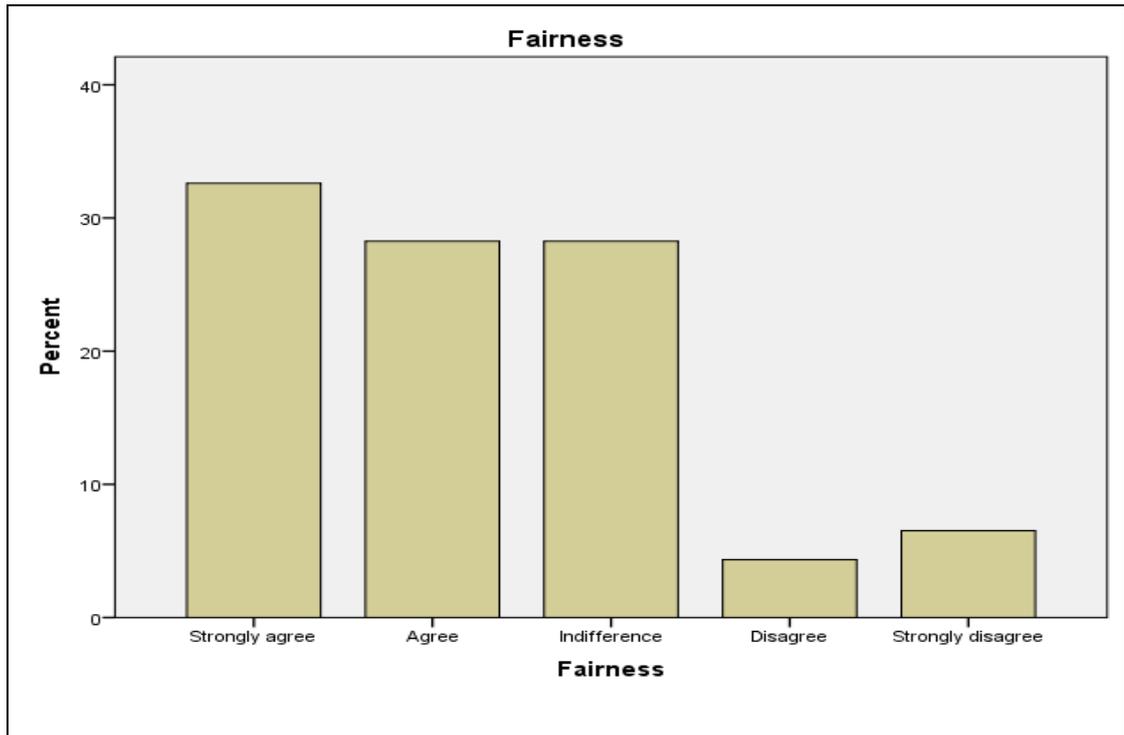
Figure 4.13: Lack of Fairness in Contracts Awarding

Source: Study findings, 2017

4.4.13 Non Participation (Monopoly)

The analysis also revealed that there is a decentralized system of management which resulted in increases in corruption practices. Most of the organization decisions are made by a group of individuals on behalf of the whole organization. The study findings showed that 23.3% of the respondents strongly agreed with non participation, 27.9% agreed, 27.9% of the respondents were indifferent, 14.0% disagreed and 7.0% of respondents strongly disagreed. The study indicates monopoly in decision making promotes and nurtures corruption practices as majority of respondents agreed. The management of the NHC must ensure there is no monopoly in decision making during evaluation, selection and awarding of contract in order to eliminate corruption in the construction and other activities.

Figure 4.14: Non Participation (Monopoly)

Source: Study findings, 2017

4.4.14 Lack of Training and Seminars

The respondents were also asked to indicate if attending training and seminars on the effects of corruption would have positive effects in fighting against corruption practice. The study findings showed that 30.4% of the respondents strongly agreed there is lack of training and seminars, 47.8% agreed, 15.2% of the respondents were indifferent, 4.3% disagreed and 2.2% of respondents strongly disagreed. The study indicates that 78% of respondents agreed that training and seminars on corruption would have positive effect in eliminating corruption. Thus the management of the NHC must ensure staff regularly attends seminars and training on the effects of corruption in order to eliminate the vice. There should also be a mechanism of recognizing, awarding and hiding identity of staff who reports any corruption practices.
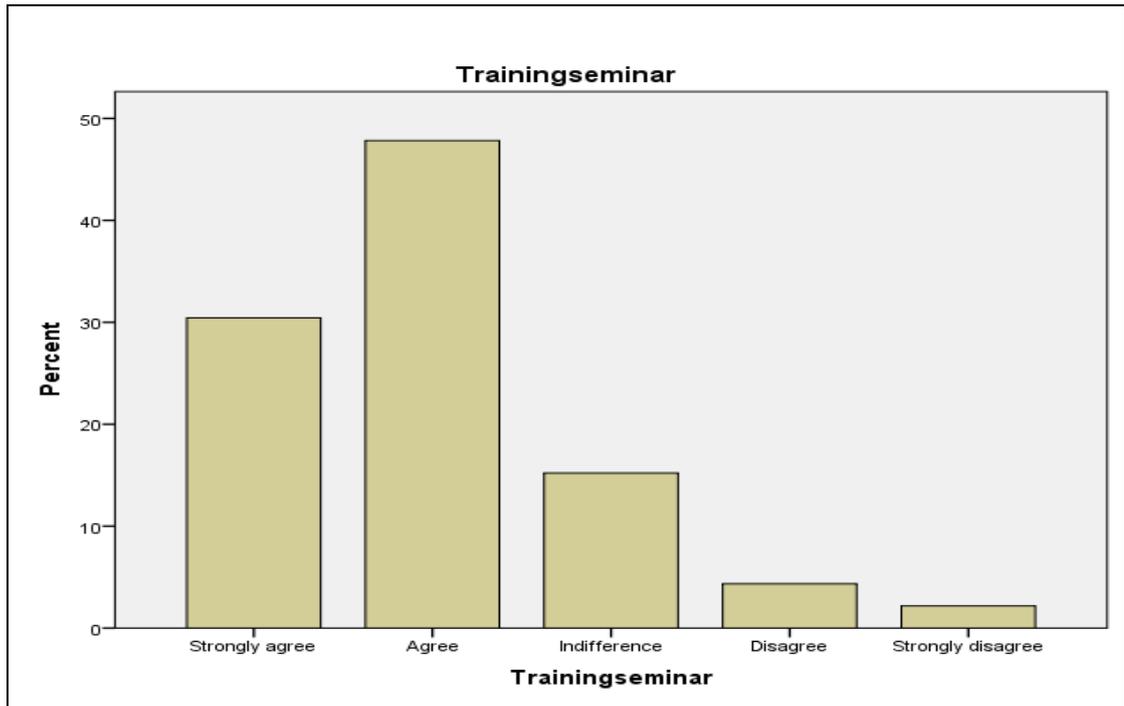
Figure 4.15: Lack of Training and Seminars

Source: Study findings, 2017

4.4.15 Corporation Effort to Fighting Corruption

The respondents were asked to indicate if the corporation's effort to fighting against corruption practice was effective and satisfactory. The study findings showed that 15.7% of the respondents said YES, 76.5% of respondents said NO the effort was not effective and satisfactory and 7.8% responded I DON'T KNOW on this. This finding summarizes that more effort is needed in fighting corruption practice in the construction field. The study indicates the corporation effort in fighting corruption is ineffective and unsatisfactory. Thus the management of the NHC must ensure there is effective and satisfactory effort in fighting corruption in the construction and other activities such as tenant house allocation, sales of houses, and engagement of various suppliers etc in order to clear the image of the corporation to the public.
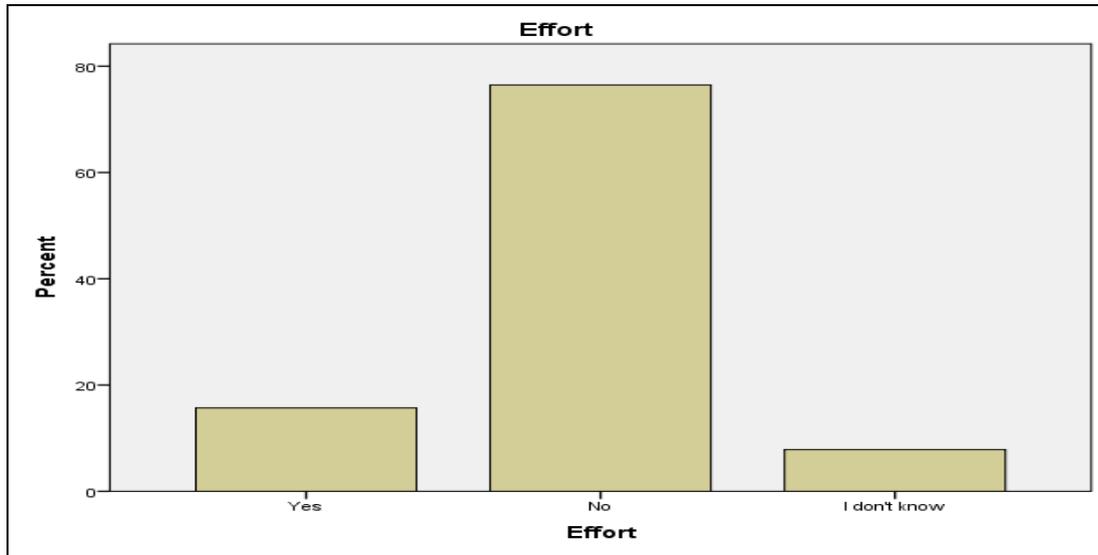
Figure 4.16: Corporation Effort to Fighting Corruption

Source: Study findings, 2017

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1   Introduction

This chapter discusses the research findings basing on the objectives of the study. The study focused on assessing the effect of corruption in the construction sector in Tanzania. NHC was the case study. In order to achieve the general objective of the researcher's interest, three specific research objectives were developed. The discussion follows the specific research objectives to identify the causes and effects of corruption in the construction field, specifically at the NHC, to examine the socio-economic effects of corruption within NHC and to identify the challenges that NHC faces in the fight against corruption

5.2 General Discussion

The major objective of the study was to assess the effects of corruption in the construction sector in Tanzania taking NHC, a public institution, as the case of the study. The discussion of the findings is categorized into two parts; Discussion of types of corruption in each stage of the construction process and discussion of the key factors that promote or cause corruption in the construction industry. The study findings from this study have revealed the followings;

The analysis of study has shown that there are 4 preliminary stages prior to the execution of construction project at the NHC. The first stage is preparation process where the respondents mentioned corruptions in the form of political interference and top management officials helping to prepare the processes in favor of their interested clients. The respondents also indicated that the tendering information is

leaked to outsiders by corrupt officials or staff. This situation is likely to favor firms that get access to such information. Another type of corruption at this stage is the altering of the information in the proposed contracts of tenderers. This done when the original specifications are altered to match those of intended firm/bidder with the promise of receiving benefits in the form of corruption from the contractors.

The study also revealed that during the second stage of bidding for contracts, three types of corruption are likely to occur. One is through hiding the tender document information. Officials of the NHC can hide information purposely to attract contractors/bidders looking for it and lured into corrupt arrangements to get the information. Similarly, officials who have prepared the documents are likely to ask for payment from contractors/bidders. This is because the officials are the only ones with the knowledge of all the necessary information required for the tender document requirements. The respondents also informed that some bidders/contractors are involved in corruption at this stage through bribing the evaluation team with the aim to getting favors.

During the third stage of evaluation and selection of bidders, the findings showed elements of corruption as well. Corruption practice at this stage includes, bidders/suppliers offering bribes to member of the tender evaluation committee so that they can get the contract, that is a unfair contract offering to unqualified bidders. The analysis found that evaluation and selection stage offers room for corruption. Many events that can imply corruption, include the awarding of construction contract to a firm that has failed, awarding a contract to a firm with no experience that has had poor performance track record, or when the firm is considered the sole

source (single sourcing), passing it off as the result of detailed negotiation.

The final stage is the Awarding and implementation stage where the successful firm/bidder is awarded the contract for execution. At this stage corruption occurs in the form of conflict of interest among officials which is very common in practice. This involves collusion between NHC officials and the project supervisors, using substandard materials, and a contractor/firm with failure to comply with the contract requirements. During interviews, the respondents informed that the use of substandard materials and the failure to comply with the contract requirements was possible when the contractor/supplier and the project supervisor decided to collude.

The Public Procurement Act, 2011 has stated provided the structure of procurement functions. This includes that an entity of tender committee, the heads of entities, the assessment panelists and the procurement unit. These structures have varied activities to perform in the procurement cycle for works and services. Also, the Prevention and Combating of Corruption Act No.11 of 2007 specifies the importance of good governance in eradicating corruption in working places. Although, the structures do exist at the NHC the study findings revealed that there is no adherence to these and competitive procurement methods are not observed. This results in increase in corruption practices among individuals in the corporation including top officials.

The respondents also agreed that the main causes of corruption in the construction industry include; lack of transparency, discretion, and weaknesses of the legal and regulatory framework. Others include management failure to recognize corrupt staff,

unethical attitudes of some staff, weak management, poor incomes levels, biased promotion of staff, weaknesses of investigative structures and lack of training and seminars.

The respondents agreed that the lack of transparency is the main factor promoting corruption in the construction industry. Transparency means project operations or decisions are performed in an open manner, and communication and accountability observed. In most cases project operations or decisions are not made in a transparent manner resulting in secretly arrangements for corruption. The above findings matched the findings from OECD (2007) report which insisted on promoting transparency, integrity, accountability and control in public procurement as a means for curbing corruption. Another factor is Legal and regulatory framework to fight corruption which respondents agreed that it was not strong enough. The respondents agreed that there is a need to strengthen the legal and regulatory frameworks so that they can go coherent with other efforts of decreasing corruption in the construction industry.

The respondents also agreed about the lack of incentives and motivations to staff as one of the causes of corruption in some places. Staff incentives and motivation include increased personal emoluments, promotions etc. In this way staff are motivated seeing their efforts are appreciated and acknowledge by the management. When staff efforts are not acknowledged by the management the tendency opens doors for staff to ask for bribes. Most respondents agreed also bout weaknesses of management in supervising the construction process which is key to inviting corruption. Some employees use management weakness to solicit bribes. The above

study findings are matched with the findings from Sereide (2002), who insisted on discretion powers and monopoly vested with some officials among the courses of corruption in procurement.

The study findings also revealed that the attitudes of staff play a vital role in promoting or fighting corruption. Some corporation's staff are driven by self-indulgence and greedy need for wealth accumulation. Such unethical behavior of some staff makes it easy for them to solicit bribes resulting in destroying the corporation image to the public. It is strongly recommended to putt severe punishment for staff that will be caught asking for bribes. They should be either ousted from work, jailed or both punishments (ousted and jailed) to act as deterrence. The respondents also agreed that the level of staff incomes play a key role in enhancing curbing corruption in the construction industry. When incomes levels are uneven among staff in the working places, it results in corruption practice. Some staff are hard-working, self-esteemed, faithful and ethical but they are discouraged when they receive very low pay despite supervising high price projects costing lots of money. Therefore, incomes must be evenly distributed among staff so as lure them to participate in the war against corruption in the construction industry.

The respondents also agreed that training and seminars have an effect on corruption. The lack of opportunities for staff training lures staff to engage in corruption. Most respondents 41.2% highlighted they have not attended any seminar, training or workshop on corruption and when asked if they would like to attend when given chances all respondents with 100% affirmative. Therefore, staff should frequently be enabled to attend seminars and training on corruption for knowledge and awareness

on the magnitude and effect of the problem. Investigative structure should also be strengthened to fight corruption. Staff often uses the weakness of the investigative structure to solicit bribes in the construction projects. Management must make sure that all investigative structures like internal auditing unit are strong and are given enough power to do their work without limit to make it easy for them to curb corruption.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the summary, conclusion and recommendations based on the study findings and discussions. The study dealt with the following objectives; to identify the causes and effects of corruption in construction and specifically at the NHC, to examine socio-economic effect of corruption for the NHC and to identify the challenges that NHC faces in fighting against corruption.

6.2 Summary

The study findings showed that in each stage of the construction process at the NHC, there is a gap for people to involve themselves in corruption. Project procedures include the preparation and specification stage, bidding stage, evaluation and selection stage and contact awarding and implementation stage. Likely corruption is involved at designing specifications or terms of reference to favor certain companies, most often under the influence of politicians or managements, disclosure of confidential information in favor of corrupts bidders denying qualified bidders with important information. The respondents agreed that some unethical employees had too much power to decide which company is to be invited to bid, they may be evaluated and awarded the contract even when they do not qualify. The issue of collusion among construction companies and NHC staff involves fixing the tender price and project budget.

The study findings also showed that the main causes of corruption in the construction industry include the lack of transparency, unethical behaviors of some

employees, discretion powers vested with some employees to veto decisions, weaknesses of legal and regulatory procedures, and weakness of management. Others causes include the level of staff incomes, weaknesses in investigative structures, lack of staff training and seminar on corruption, lack of staff incentives and motivation for employees and biased promotion of employees. The respondents agreed that if the above issues are addressed, the level of corruption in the organizations can be minimized or stamped out.

The study also revealed that the NHC loses a lot of money in terms of revenue due to unrealistic project construction costs resulting from the escalation of costs by unfaithful employees in collaboration with some project contractors or suppliers to accommodate the bribes. These costs includes labor costs, cost of materials, hiring of machines all of which result in higher construction costs. As a result the NHC is economically not progressing towards its goals because of the huge burden of repaying bank loans. The NHC is repaying its loans from internal sources of finance and not from the projects that the loans were taken. This has resulted in slow growth rate of the corporation which is financially and economically not healthy for a public corporation like the NHC.

The study findings showed that in order to reduce the level of corruption in the construction industry, various measures should be employed. These include improving the procurement procedures and standards, avoiding conflicts of interest, improving the level of accountability, improving transparency in decision making and execution of projects, improving the level of staff income, improving investigative structures and increasing seminars and training for employees on the

effects of corruption.

6.3 Conclusion

The study findings have confirmed that the Public Procurement Act, 2011 and the Prevention and Combating of Corruption Act No.11 of 2007, when full if observed will offer solutions in fighting corruption practices in the construction industry. Nevertheless, success in combating corruption will not be that much easy as there will be challenges. In pursuing efforts to reduce/eliminate corruption in the construction industry, all units involved must establish required structures and engage ethical professionals to manage the NHC. The researcher concludes that there is a room for corruption in all the mentioned preliminary stages of construction process at the NHC. The findings showed that since most respondents know and agreed that there was corruption practice in the whole construction of the process at the NHC, the corporation should put more efforts in making sure that rules and standards are observed.

The researcher also concludes that the lack of transparency, discretion, weaknesses of the legal and regulatory procedures, low level of staff incomes, weak management, lack of staff incentives and motivations, lack of staff training and seminars on corruption, weaknesses in investigative structures, biased promotion system for employees are all the main causes of corruption at the NHC. Although there are other causes which have been identified by other authors, the nature and kind of corruption may differ and be affected by geographical locations of NHC organs.

The researcher also concluded that the NHC needs to observe the PCCB Act, No. 11 of 2007 that promotes good governance in public sectors. The Act is sensitive and emphasizes on corruption free public corporation. This is especially important for sectors involved in contraction negations.

6.4 Recommendations

Transparency, fairness and accountability in tendering process are central features of a sound procurement system. All procurement and tendering processes must be transparent and fair. This will help in narrowing the room for unethical employees to solicit bribes. All the decisions must be made in an open manner and appropriately documented in compliance with the Public Procurement Act (PPA) of 2011. The act states that transparency is vital from the initial identification of need for project to the final disposal.

Staff incomes levels should be reviewed regularly to meet current living costs. When asked about incomes levels the respondents mentioned referred to it as the main cause of corruption in the construction industry. NHC management should reconsider the incomes levels of all its employees especially those directly involved in planning, selection and supervising construction projects. When the income of such staff is unsatisfactory they will ask for bribes which in return results in compromising the scope and value of the construction project, and thus high selling costs and low profits from the market for constructed houses for rent and/or sale.

Also training and seminars on corruption for employees must be frequently provided. Management must make sure that all employees attend the seminar and

training on the causes, effect and economic impacts of corruption in the construction industry. This will help in providing knowledge and awareness on the vice under discussion. When asked if training and seminars will help to minimize corruption practices, the respondents agreed that seminars and training are of great importance and they should be frequently provided.

Political and management interference play a big role in promotion on curbing corruption in construction. When politicians or management directly engaged in deciding who should be chosen or not, for contracts it increases difficulties in the war against corruption. When respondents were asked about this, some said "Bad leadership influences wrong doing" and others said "Leaders do not effectively supervise because they benefit from corruption. When leaders demand bribes, those working under them will do the same". Therefore, politicians or management must learn to ethically not involve in decision making on contracts and instead they should only make sure that procedures are followed and rules well adhered to.

People included in the tendering process should declare conflict of interest before joining the meetings. This is to avoid conflict of interest in the tendering process. Some of the issues for such declaration include previous employment, and other employment of financial interests. This concurs with Mazigo (2014) who stated that conflicts of interest can harm and disrupt the whole tendering process for contracts involving works and services.

The respondents attributed that the pervasiveness of corruption in the construction industry is due to weak enforcement of anti-corruption laws and public procurement

regulations and the fact that no action is taken when corruption is discovered. This calls for strict enforcement of anti-corruption laws and public procurement regulations as well as severe punishment for those found guilty of breaking the law or breaching procurement regulations.

Failure to punish those found guilty of corruption pose a great risk for other employees to do the same because, they also know that no measures will be taken against them. Therefore, management must ensure that for all employees found guilty of involvement in corruption strong punishment are taken against them for example, expelled from work, heavy fines or jail for a maximum period of time so that others can be deterred to do the same. This will help in minimizing corruption in the construction industry.

6.5 Areas for Future Studies

This researcher believes that the above study findings will serve as a benchmark for further similar studies on corruption in the construction industry. Because finding a solution for the eradication of corruption in the construction industry is very important, it will help in reducing project cost, duration of project completion, ensure the quality of the project and reduce risks and reduce project loss and increase project profits. The following areas are suggested for further studies based on the study findings. Further studies are recommended in the following areas; causes and consequences of corruption in the construction of public buildings. The effectiveness of transparency, accountability and fairness on fighting corruption in the construction industry.

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APPENDICES

APPENDIX I: QUESTIONNAIRES TO EMPLOYEES (NHC STAFF)

The purpose of this study is to assess the Effects of corruption in the construction projects in Tanzania particularly at the National Housing Corporation .This study is being conducted as part of the requirements for the award of Masters Degree of the Open University of Tanzania. Your response is very important. Please answer all the questions. The information extracted in this questionnaire will be treated with the utmost confidentiality and used solely for academic purposes and not otherwise.

Thank you in advance for your time and reasonableness!

Please tick or cycle () the most correct answer(s) to your case or fill the empty space(s) as appropriate.

Part One: Personal Information

1. What is your Age? (in Years)

 (a) Below 30

 (b) Between 31 and 35

 (c) Between 36 and 45

(d) Above 45

2. What is your gender?

(a) Male

(b) Female

3. What is your Level of education?

(a) Primary/Secondary education

(b) Certificate/Diploma level

(c) Degree level

(d) Masters and above

4. What is your Income level per month?

(a) Less than Tsh. 1,000,000

(b)Between Tsh. 1000,000 to Tsh. 3000,000

(c) Above Tsh. 3000,000

5. What is your current marital status?

(a) Single

(b) Married

(c) Divorced

(d) Widow(er)

6. What is your current position in the society………………..……………

7. For how long have you been in this organization?

(a) Less than 5 years

(b) 5 to 10 years

(c) More than 10 years

Part Two: Specific Questions

8**.** Have you ever attended a seminar, workshop or training on corruption?

(a) Yes

(b) No

9. If No to the question above would you like to attend when given a chance?

(a) Yes

(b) No

10. Do you think attending seminars, workshops or training will help you to increase your knowledge and ability to fight corruption in your working place?

(a) Yes

(b) No

11. Do you understand your roles and responsibilities in fighting corruption?

(a) Yes

(b) No

12. If Yes to the question above please explain

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13. Will you report to authorities when someone approaches you aiming to bribe you?

(a) Yes

(b) No

14. If No to the question above please indicate WHY?

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15. What are your views on the kinds of corruption at each stage of construction projects at the NHC? Please tick on the relevant number in the table below, whereby;

1- Strongly agree, 2- Agree, 3- Indifference 4- Disagree 5- Strongly Disagree

Do you agree with the following as the sources of corruption?

	1	2	3	4	5
Preparation and specification Political or administrative interference Management interference Tailoring of contracts Leaking tender information					
Unfair Bidding process Hiding tender document information Procurement officials asking for money from contractors/bidders Contractors/bidders bribe evaluation team member					
Unfair award of contracts Lack of proper tender or contract award process Collusion between contractor and project supervisor Project supervisors colluding with contractors Project supervisors colluding with suppliers					
Noncompliance with the contracts evaluation stage Company/bidders offering bribes to evaluation committee and finance department conflict of interest Use of substandard materials					

16. What are the main causes of corruption in the construction industry? Please tick

on the relevant number in table below, whereby;

1- Strongly agree, 2- Agree, 3- Indifferent 4- Disagree 5- Strongly Disagree

	1	2	3	4	5
Lack of transparency in tendering procedures Lack of Discretion (Choosing incompetents) Weaknesses of legal and regulatory framework Lack of incentives and motivation to staff Management failure to recognize effort/work of staff					
Attitudes of some staff (Unethical acts) Weak Management Organizational budgeting size Unsatisfactory income levels (Salaries, wages) Biased promotion of staff					
Weaknesses in investigative structures Lack of fairness in contract awarding Non Participation (monopoly) Lack of training and seminars on the effects of corruption					

17. Do you think existing efforts to fight against corruption are enough?

a. Yes

b. No

c. I don't know

18. If **Yes** to the question above please indicate the efforts done by the NHC to

reduce corruption.

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19. If **No** to the question above please explain what should be done.

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20. From your opinion, what measures should be taken in order to eliminate corruption in building construction industry in Tanzania

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Thank you for your cooperation

APPENDIX II: QUESTIONNAIRES FOR NHC STAKEHOLDERS

The purpose of this study is to assess the Effects of corruption in construction projects in Tanzania particularly at National Housing Corporation .This study is being conducted as part of the requirements for the award of Master degree of Open University of Tanzania. Your response is very important. Please answer all the questions, the information extracted in this questionnaire will be treated with the utmost confidentiality and be used solely for academic purposes only and not otherwise.

Thank you in advance for your time and reasonableness!

Please tick or cycle () the most correct answer(s) to your case or fill the empty space(s) as appropriate.

Part One: Personal Information

1. What is your Age? (in Years)

 (a) Below 30

 (b) Between 31 and 35

 (c) Between 36 and 45

(d) Above 45

2. What is your gender?

(a) Male

(b) Female

3. What is your Level of education?

(a) Primary/Secondary education

(b) Certificate/Diploma level

(c) Degree level

(d) Masters and above

4. What is your current income level per month?

(a) Less than Tsh. 1,000,000

(b) Between Tsh. 1000,000 to Tsh. 3000,000

(c) Above Tsh. 3000,000

5. What is your marital status?

(a) Single

(b) Married

(c) Divorced

(d) Widow (er)

6. For how long have you been in your current organization?

(a) Less than 5 years

(b) 5 to 10 years

(c) More than 10 years

Part Two: Specific Questions

7**.** Have you ever attended any seminar, workshop or training on corruption?

(a) Yes

(b) No

8. If No to the question above would you like to attend when given a chance?

(a) Yes

(b) No

9. Do you think attending seminar, workshop or training will help you increase knowledge and ability to fight corruption in your working place?

(a) Yes

(b) No

10. Do you understand your roles and responsibilities in fighting corruption?

(a) Yes

(b) No

11. If Yes to the question above please explain

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12. Will you report to authorities when someone approaches aiming to bribe you?

(a) Yes

(b) No

13. If No to the question above please mention WHY?

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14. What is your opinion on the kind of corruption in each stage in the construction process? Please tick on the relevant number on the table below, whereby;

1- Strongly agree, 2- Agree, 3- Indifference 4- Disagree 5- Strongly Disagree

	1	2	3	4	5
Preparation and specification Political or administrative interference Management interference Tailoring of contract Leaking tender information					
Unfair Bidding process Hiding the tender document information Procurement officials asking money from contractors/bidders Contractors/bidders bribe evaluation team					
Unfair award of contract Lack of proper tender or contract award process Collusion between contractor and project supervisor Project supervisors colluding with contractors Project supervisors colluding with suppliers					
Noncompliance with the contracts evaluation stage Company/bidders offering bribes to evaluation committee and finance department conflict of interest Use of substandard materials					

15. What are the main causes of corruption in the construction industry? Please tick on the relevant number in table below, whereby;

1- Strongly agree, 2- Agree, 3- Indifferent 4- Disagree 5- Strongly Disagree

	1	2	3	4	5
Lack of transparency in tendering procedures Lack of Discretion (Choosing incompetents) Weaknesses of legal and regulatory framework Lack of incentives and motivation to staff Management failure to recognize effort/work of staff					
Attitudes of some staff (Unethical acts) Weak Management Organizational budgeting size Unsatisfactory income levels (Salaries, wages) Biased promotion of staff					
Weaknesses in investigative structures Lack of fairness in contract awarding Non Participation (monopoly) Lack of training and seminars on the effects of corruption					

16. From your opinion what measures should be taken to eliminate corruption in building construction industry in Tanzania

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Thank you for your cooperation