

Chapter 17

Issues in Electronic Procurement Project Implementation in Local Government

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ABSTRACT

Implementing an e-procurement system is a challenge for local government; however, lessons learned through the identification of these challenging issues allow local government ICT project managers to checklist these issues and ensure a successful e-procurement system rollout in their respective organization. For this study, qualitative research design and analyses were used to identify and rank the emergent issues. Through pattern-coding analyses of the interview transcriptions, twelve key issues emerged to be found as the common barriers of successful e-procurement rollout. In this regard, the author's research is significant given that the return of investment is crucial to a local government's administrative functions as well as for effective and efficient service delivery.

INTRODUCTION

In keeping up with globalization, the Malaysian government has allocated substantial amount for Information and Communication Technology (ICT) in the country's annual budget. Recognizing the potential of ICT in enhancing public service delivery, the current policy initiatives advocated by a developing nation like Malaysia, must increase the need for competitive advantage in a restrictive economic environment through

administrative modifications (Abdullah, 2004). Furthermore, driven by the need to acquire, manage and distribute information, the last decade have seen a massive growth in ICT investments by both public and private institutions. Besides enhancing Malaysia's competitiveness, the public delivery system must be improved simply because the citizens demand it. Consequently, the public sector delivery system has the entire nation and the population as its clientele. Therefore, the civil servants, particularly at the local government level

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must be able to deliver every facet of service to the people in their respective constitutions (Karim, 1999, 2003).

To realize an electronically driven government, an in-depth understanding of the specific issues relating to e-procurement implementation is essential for the establishment of appropriate principals and effective approaches. In fact, in the implementation of the e-government and e-procurement initiatives, many issues and challenges to both initiatives are inter-related. These include issues and challenges pertaining to information security, establishment of a comprehensive, widespread and affordable telecommunications infrastructure as well as adequate education and training which encompass not only government employees but the masses as well (Karim, 1999, 2003; Karim & Khalid, 2003; Croom & Brandon-Jones, 2007). Each individual issue is important in its own context because of the multiple impacts which inordinately affect the organization and implementation of ICTs within it. Subsequently, effective management of ICT and e-procurement across the board can only take place when a more comprehensive understanding of the myriad of issues is achieved (Ward, 1995; Beaumaster, 2002).

For this paper, the local governments of the state of Selangor were the focus of this study. Of the 14 states in Malaysia, Selangor is the only one that has achieved the status of a developed state as of August 29, 2005. Being the leader in economic development, Selangor plays a major role in making Malaysia's Vision 2020 a reality. Henceforth, the paper will showcase the emergent issues on e-procurement implementation in the local governments of Selangor, Malaysia.

E-PROCUREMENT IN MALAYSIA

Prior to 2000, e-procurement was one of the pilot projects under the e-government flagships of the Multimedia Super Corridor (MSC). The MSC is Malaysia's multimedia utopia encompassing both

a physical area and a paradigm shift for creating value in the Information Age (Karim & Khalid, 2003). Most e-initiatives were started at the federal level, therefore, once the initiatives are up and running, the state and local governments will then be directed to implement the same systems used at the federal level. The Malaysian scene for e-procurement (EP) is very slow to pick up. At the federal government level, e-procurement started in 2000 with the registration of suppliers and central contract (APEC, 2006), then direct purchase in 2002. Subsequently, the module of quotation and tender went live in 2003 (APEC, 2006). Nevertheless, it is important to note that in Malaysia, the e-procurement system is better known as *e-Perolehan* which is managed by the Treasury Department, Ministry of Finance, Malaysia (Karim & Khalid, 2003). *E-Perolehan* streamlines the federal government's procurement activities so as to improve the quality of service it provides by allowing suppliers to present their products on the Internet. "The suppliers' product catalogue is then converted into the form of an electronic catalogue" which can be viewed anywhere, anytime (ePerolehan, 2009). Hence, the problem whether e-procurement would have a successful run at the local government level as it had been at the federal and state levels was the gap researched in this paper.

IMPORTANCE OF E-PROCUREMENT

The development of the Internet offers increasing opportunity for electronic commerce which has attracted much attention from businesses, not only to get connection with others and make a profit from their product/service, but also to reduce the costs of internal and external operational procedures such as purchasing or procurement (Croom & Johnston, 2003; Croom & Brandon-Jones, 2007). Procurement is a very critical task because it is a matter not only for making a profit, but also for staying in business in a highly competitive

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