Chapter 5

New Organisational Culture for New Public E-Procurement: From Competition to Purchasing Groups

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ABSTRACT

Effective e-government involves rethinking organizations and processes, and changing behavior so that public services are delivered more efficiently to the people who need to use them. But the nature of the public sector is not a simple one. Lots of variables have to be considered: the number of entities involved in public sector procurement, the complexity of relationships among them, historical events that impacted on the public sector and different tensions between central and local parts of the public sector. In general, the most striking feature is the sheer complexity of the public sector. In the author’s opinion, it required a reconceptualisation of market exchange, evolving the procurement scenario from competition to collaboration. Nowadays public (e) procurement is still an under-researched area which has not spread out yet. Therefore, the aim of the chapter is to conduct a reflection to identify the features of purchasing and supply in the public sector and its further developments toward forms of collaboration and group purchasing.

INTRODUCTION

There are some fundamental differences between countries in their public sector services which impact on purchasing and supply to support these services. Major reforms have been undertaken in some jurisdictions directly related to changing ideas on the appropriate degree of autonomy of states or regions within a national or federal system. In some cases there are vigorous, current efforts to devolve power to regional level, in others, the states hold power which has only been ceded to a limited extent to federal levels. This has been reflected by the applications of public procurement as these are strictly connected to public sector processes. The extent and quality of engagement

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of politicians and policy makers with strategic procurement personnel varies significantly in each country. In fact, public procurement has to manage multiple stakeholder objectives which may be contradictory and variable over time. Pressure to act tends to be resisted until the point when it is shown to be the new dominant paradigm, then the system will react in the opposite direction.

Modernization of procurement practices and processes presents Government with a clear opportunity to leverage significantly improved value for money from its total spend on goods and services. It will be necessary to build on this momentum moving forward the following goals:

- **Resourcing the Strategy:** The organizational and budgetary resources needed to support a modernization of public sector procurement arrangements must be clearly acknowledged as an invest-to-save proposition;
- **The E-Tenders Website:** A clear priority should be given to enhancing the functionality of the existing e-tenders website to support online submission of tenders and the deployment of electronic catalogues and framework agreements.
- **Supporting SME Adjustment:** Government needs to develop specific programmes to support adjustment by SMEs to modernization of public sector procurement arrangements.
- **Alternative Co-Operations:** In a climate of budgetary constraints, careful consideration should be given to the potential of alternative partnerships to accelerate implementation of the strategy, including potential cooperation with private sector partners.

In our consideration, to achieve this goals it must be respected an important requirement: the change in culture, process and methods, toward new forms of public sector procurement practices suggest the need to reconceptualise market exchange as a process of social construction, in which actors in self-organizing systems negotiate rules, norms and institutional frameworks, rather than taking the “rules of the market” as given, evolving the setting from competition to collaboration.

**Literature Review**

The public sector is a very complicated one, and the public sector supply is even more intricate. The framework suggested by Harland et al. (2000) provides a way of making sense of the extreme complexity of descriptive cases of purchasing and supply in public sectors).

Their conceptual model has as its centre the government action to be taken. Decisions to be taken here include the location of where the action should be taken (in central government, in a government department, within an individual government organization, by a team within a public sector organization or by an individual within public sector), the type of action to be taken (policy, strategy, managerial or operational), and the level of authority required for the action. The appropriate government action is decided through consideration of relevant factors relating to the supply market (e.g., product and service characteristics, risk, value), the customer market (e.g., criticality, specificity), prevailing constraints (e.g., capacity, capability), available mechanisms (e.g., purchase cards, electronic shopping malls) and the environment (e.g., political, economic, social and technological environmental factors).

More specifically, Johnson et al. (2003) found that there were significant differences in the roles and responsibilities of purchasing between public and private sector organizations, as indicated through measures such as organizational structure, supply chain responsibilities and reporting line, team working and involvement in major corporate activities. Quayle (1998) and Knight et al. (2003) found that purchase recognition
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