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TACIT KNOWLEDGE SHARING FOR GOOD GOVERNANCE OF E-GOVERNMENT PROCUREMENT

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Abstract

The study aims to study the explicit and tacit knowledge of good governance electronic government procurement with the e-Auction approach. The qualitative in-depth interview was conducted with government officers who have experiences in e-procurement. The research found that e-procurement process, both administrative and operation level of government officers, vendors or suppliers, and politicians played major roles in creating good governance in e-government procurement.

Keywords

Tacit knowledge, governance, e-government procurement

Introduction

Organizations develop websites and systems via internet to increase channels to contact customers or other users in order to find data and to create transaction via internet. Therefore, bringing in information technology system is accepted as beneficial and valuable guideline to support strategies and to achieve goals that organizations have set. Electronic Procurement (E-Procurement) is an example that organizations bring in, expecting that it can decrease traditional procurement expenses, reduce time period in procurement process, cut other expenses, and increase competitive advantage.

In 1999, Thai government tried to push and promote the use of information technology in the government procurement. It was expected that the government procurement would be transparent and able to procure at reasonable price. That project was called E-Government Procurement (e-GP). It was one of the E-Government projects, which the government would change the government procurement process by having the Comptroller General's Department as the coordinate agency and expanding the scope of the government procurement to be E-Auction. In 2002, the government approved that every governmental agency with more than 2 million baht procurement had to perform E-Procurement [22]. However, most government agencies did not have knowledge, not well-prepared, nor improve their process to be

suitable for using E-Procurement in the initial phase.

It was essential that the government sector could not achieve its goals in using E-Procurement especially for transparent procurement and good governance. This caused the government to reconsider the regulations about E-Procurement in 2006 and 2010 respectively.

Generally, one important strategy of the country that the government has stipulated, is to let all stakeholders share their perspectives to the government management and policies. Besides, there is no systematically academic study of the concepts and framework in developing good governance in E-Procurement.

Knowledge management is a process that helps the organizations to find, retrieve, transfer and disseminate information for policy formulation and better work procedure. Also, correction and improvement of working behavior, business management, and creation of better experts in any working systems [12,15]. Sources of organization knowledge can be categorized as explicit knowledge. This type of knowledge can be easily shared and transferred to users. For example, working document, minute of meeting, rules, and regulations. Therefore, this type of knowledge creation is not difficult to create.

On the other hand, the other type of knowledge is tacit knowledge. This is the knowledge or experience that is accumulated in person, beliefs, and attitudes. It is essential to have knowledge transfer within the organizations. Knowledge transfer helps for improving work process, or behaviors, or creating innovation. Finally, it will achieve the goals, and will be useful to government agencies. Thai government wants to bring in e-procurement system to create good governance in government procurement to be better transparent and less corruption.

Therefore, this study will be benefit to the government and government agencies that need to use E-Procurement. This study will find out the issues to be concerned in managing transparent government procurement and spending money efficiently.

This research is aimed at studying the difference aspects of tacit knowledge which is important in creating good governance for government electronic procurement.

Literature Review

Procurement consists of the processes that are complex, resource and time consuming. It starts from identifying what is needed, determining the qualification of products and/or services, tendering interested people for bid or auction, determining about the deal, announcing the nominated person, delivering products and services, examining those products and services, and paying for them.

The procurement can be either the direct procurement, which purchases raw materials to produce or purchase finished goods, or the indirect procurement, which is the procurement of any other things than raw materials to produce or purchase finished. The indirect procurement is in the form of maintenance, repair, and operation (MRO). The volume and value of the indirect procurement are less than the direct procurement [3].

Information technology and communication have changed the management in organizations especially electronic Business. Information technology plays key roles in the organization by reducing the processes and increasing the efficient management is Electronic procurement (E-Procurement). Electronic procurement is the information system using for Business to Business purchase. The initial purposes of electronic procurement are collecting the sources of sellers or service providers or E-Sourcing. The next progress of electronic procurement is the cooperation between sellers and buyers in inventory control and production plan or E-Collaboration [5]. Electronic procurement supporting systems consist of E-Sourcing, E-tendering, E-reverse Auction, and E-Informing [21]. Electronic Procurement is brought into the government sector to increase the efficiency and effectiveness in government procurement, which is often questioned about its transparency and corruption. In Thailand, the government forces all government agencies to perform electronic procurement through electronic intermediaries via the internet channels.

Therefore, electronic procurement in this research is defined as the government electronic procurement that using E-Auction. This system is convenient as a reverse auction through the internet services of E-Marketplace service providers. These service providers will manage and suggest the vendors about the procurement.

Because the rapid changes of information technology and internet, organizations recognize the capacities of the information technology that help the organizations to manage more efficiently especially cost reduction, and increase competitive advantages. Distinguished benefits are the values from using information technology to manage or develop knowledge. In other words, it is a valuable asset for organizations. Knowledge

occurs from gathering data and information, to create knowledge. Past research found that effective knowledge management can help the organizations to accumulate basic knowledge, improve employee's and organization's work process, help in decision making, and create competitive advantages [6,7,14]. Knowledge management is a process that helps the organizations to find, retrieve, transfer and disseminate information for policy formulation and better work procedure. Also, correction and improvement of working behavior, business management, and creation of better experts in any working systems [8,10,12,15].

Nonaka [15] classified knowledge in organizations as the knowledge that had been recorded formally, as documents, as several forms of media, or the explicit knowledge. This type of knowledge can be easily shared and disseminated to users. For example, work process documents, minute of meeting, rules, and regulations. Therefore, this type of knowledge creation is not difficult. On the other hand, the other type of knowledge is tacit knowledge. This is the knowledge, thoughts, beliefs, and experiences that are embedded in person. Sometimes, it is difficult to get this type of knowledge.

Tacit knowledge has its specific characteristics. There will be benefits for organizations when it is transferred to others. Since tacit knowledge is embedded deeply in person, it is difficult to be transferred systematically. This type of knowledge is categorized into 2 dimensions. The first dimension is technical dimension. It involved with technical knowledge and expertise. The other one is the cognitive dimension, which may occur according to beliefs, thoughts, values, talents, and experiences embedded in each person [16]. Tacit knowledge causes person to behave differently. That's why the organizations tried to have this type of knowledge transfer. Therefore, knowledge management to transfer tacit knowledge can start from the process of knowledge creation. It is about gathering data and information from different sources that play major roles in valuable knowledge creation by talking, communicating, transferring of that person. It needs the process to identify initial knowledge [17]. This knowledge creation will be benefit for organization development, value creation, and innovation that is benefit to the organizations [1].

Good governance had been first mentioned by the World Bank in 1989. Then, the organization that was interested to drive this concept was UNDP (United Nation Development Program). UNDP aimed at driving sustainable human development in developing countries including social, economic, and government management aspects. Good governance refers to the process and structure that cause good management (UNDP 2009).

Government sector uses good governance in order to have good political management. Good governance in public sector management is defined as public sector management which focused on virtue, peace, and maximum benefits to the country, people, and society thoroughly and fairly. For example, transparent principles, participatory principles, responsibility, rule of law, effectiveness and efficiency, equity, and accountability. In the digital era, the government brings in information technology, collects the internet channels to service people, and communicates with people and other organizations. The information technology helps in developing good governance to E-Governance. The definition of E-Governance is the usage of information technology to communicate by creating democracy, supporting economy, and maximizing fair and efficient services [4,9,19]. Management with E-Governance may focus on the targets such as purpose – centric, customer centric, process oriented or structure supported.

This research is in the context of E-government procurement by using the e-auction approach. The scope of definition for good governance is the characteristics about transactions and/or services between Government to Business (G2B), which involved with good government administration. Therefore, the definition of good governance in this research involved with the transparency in E-government procurement by using the e-auction approach, effectiveness, accountability, and thorough fairness.

Effective KM consists of studying relevant details about the systems that need to be managed such as organizational culture, personnel, and technology in order to transfer the knowledge within the organization to efficient operation [13]. Further, the attitudes of executives, especially about creating good governance are also important [2,18, Thonsen, 2004]. Process and procedure of the systems that have been identified are also essential to create good governance [11,20]. The study of ADB (2004) found that the challenges for government procurement are its weakness in public management and leadership of the executives to push the procurement. Further, political intervention also has an impact on good governance creation in government procurement. The study of UNTAD confirmed that developing countries face with the problems of corruptions and good governance of the government which result from procurement. There are several regulations for E-government procurement in Thailand for government agencies to follow. The auction process has to be done through the list of E-Marketplace service providers that were identified by The Comptroller Generals Department, Ministry of Finance.

Therefore, knowledge about E-government procurement in this research comes from

international research, Thai government documents, and the interviews with respondents who have experiences in government procurement. The respondents give the information under the conceptual framework as in Figure I for the in-depth interviews. The results from in-depth interviews will be presented in the next section.

Methodology

This qualitative research is conducted by in-depth Interview. The questions of the research are semi structure, which are opened questions with probing during further interview. The samples are the users and non-users of E-revenue. The samples sizes are 10 respondents from the convenient sampling method. The information from the interview was categorized as explicit and tacit knowledge. The results were concluded by considering the details and issues that the respondents had mentioned, including the frequencies of mentioned topics.

Interview results

The interviewees stated their experiences about the roles of executives and involved personnel in creating good governance that, generally government agencies have the policies to focus on transparency. There were public relation boards in front of the supplies section stating that “focus on transparency and fairness”. The transparent E-procurement started from the executives who aware of good governance. The following statements mentioned the roles of executives in order to push the good governance such as:

“For leadership of the relevant executives, the executives should have transparent policies. They should especially not lock the specification of the products or services.”

“The executives should have visions. They should not have personal benefits according to the e-Auction procurement”

Not only executives in the organizations, but also other staffs and procurement officers play roles in maintaining the benefits of the units or not cooperating with vendors or bidders. A supply analyst addressed the very interesting statement as follows:

“Government officers must consider the maximum benefits. They must not cooperate with the vendors to exploit the benefits from government procurement.”

The process of procurement

A supply analyst with professional level stated about the success of E-government procurement that “the process” is very important. In the initial

phase of implementing e-procurement, this respondent felt that it was unclear. The Regulation of the Office of the Prime Minister, B.E. 2549 was a guideline for implementation. Memorandum or other document can also provide some levels of knowledge. However, from his/her own experiences, there should be more procedures especially, product feature specification, the priority setting, and the needs to purchase products or receive services.

Another interviewee mentioned that sometimes the specification of procurement has influences on good governance creation. This is because finally they will end up with the special method of procurement without having auction according to the statements as follows:

“The procedure of procurement is an important factor. Sometimes, different specification of procurement causes different results.”

It is vital that in the initial phase, the E-Marketplace service providers were not ready. Currently, the Comptroller General’s Department provide the publications on the website to let the government agencies to be self service. This approach can enhance the efficiency of the E-procurement process implementing the e-Auction approach.

Outsiders: politicians, bidders

There were different points of views in this issue. One respondent viewed that the political sector did not have much influence. While another interviewee stated that political sector or politicians who involved with his agency have important roles according to the following statements:

“Changing government has significant impacts on procurement. The policies have to be changed. The procurement process has to be developed. Some politicians have business benefits. So, they tried to participate in the auction, to select the important project, and to find benefits for themselves and people who relevant to them”.

An interesting point is that the procurement committees should consist of the people who are not stakeholders. This is an issue that the interviewees mentioned. Although the website of the Comptroller General’s Department provides the name list of the bidders or other contractors with high performances and does not have any procurement problems, the government e-auction cannot reduce the mutual benefits among the bidders. One interviewee said that

“Viewing at the monitor of the computer during the procurement can help you notice a signal of collusion. If the price does not move even the time is not out and there are several bidders, it may be a signal of collusion.”

One interviewee added that giving rewards or benefits to government officers or politicians are normal in the Thai government culture.

Law enforcement and accountability

Typically, Office of the Auditor General of Thailand (OAG) can examine the government procurement all the time. It may be a random inspection in some projects. The interviewee told his/ her experiences that currently, electronic information can be systematically collected and be used to examine the background. The government has inflicted a penalty for corrupted people. The respondent thought that this penalty should be enforced and the lawbreakers should be seriously punished.

Technology and personnel

Most interviewees said that currently there is not much problem that has an impact on good governance creation. This is because of the accountability of the procurement and the E-Auction is performed by the E-Marketplace service providers. Personnel readiness for procurement is also not a problem because there are frequent personnel training in supplies.

Conclusion

The results from the interviews found that the explicit knowledge that helps to create good governance in E-procurement by using E-auction is the Regulation of the Office of the Prime Minister about supplies with electronic approach, B.E. 2549. The guidelines for problem solving about the announcement of E-government procurement that have been published on the website and the disclosed Results of the Fraud Investigation about E-government procurement are also important in creating good governance.

Tacit knowledge consists of the process of E-government procurement about 1.) product/service feature specification; 2) the priority setting for the needs to purchase products/ receive services; 3) the identification of the approach/guideline either the special method of procurement, E-auction, or other methods; 4) the selection of well-known E-Marketplace service providers, who can suggest about E-auction; 5) the identification of the procurement and examining committees who are not stakeholders; 6) the announcement of the results of E-procurement thoroughly.

The government officers also play key roles. The executives should have transparent policy and examine the specification of the products/services that may cause few numbers of participants in the auction. The executives enforce the law and punish the lawbreakers seriously. The executives should not have personal benefits from Electronic Procurement. Government officers should consider the maximum benefits from government procurement. The government officers should not cooperate with vendors or service providers to find their personal benefits from government procurement. This interview confirmed the good governance among the bidders.

The E-auction bidders should not bribe the officers or the executives of government agencies. They should not have mutual benefits or collusion among bidders. They should not have mutual benefits with the officers or the executives of government agencies. Similarly, the politicians should not involve in setting the priority of the projects that will have procurement. The politicians should not intervene the procurement process in order to receive benefits from projects. Besides, they should not have their involved mutual benefit representatives to participate in the auctions in several projects.

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