

SYMPOSIUM INTRODUCTION

Jan Telgen and Khi V. Thai*

It is an established tradition for the International Public Procurement Conference to provide material for publication in the *Journal of Public Procurement*.¹ Similar to the review and publication practices used in the first two conferences, all papers submitted to the 3rd International Public Procurement Conference² were reviewed by a scientific committee via a rigorous review process, and eight papers were selected for publication in the *Journal of Public Procurement*.

As these papers were selected on the basis of their contribution to the knowledge of public procurement, not on a specific theme or a specific area of public procurement. They turn out to cover a variety of research issues in the field of public procurement. While these selected papers cannot be grouped under a major theme, they reflect a truly international perspective. Due to the publisher's policy to limit the number of pages per issue, this symposium is published in two consecutive issues of the journal.

EMERGENCE OF PUBLIC PROCUREMENT

When Public Procurement started to receive some attention both in government and in educational programs, roughly half a century ago, the main emphasis was on executing the purchasing process correctly. Education focused on teaching the legal rules and the steps

* Jan Telgen, Ph.D., holds the NEVI chair of Purchasing Management at the, Department of Management and Governance, University of Twente, The Netherlands. His research interests are in public procurement and the application of operations research techniques in purchasing. Khi V. Thai, Ph.D., is a Professor, School of Public Administration, Florida Atlantic University. His research interests are in public budgeting, governmental accounting, public procurement, and project management.

to be taken to correctly acquire the requested materials and services. The field of Public Procurement has developed quite dramatically from that stage. And while various countries and jurisdictions have all followed their own path they have all come a long way since then. And surprisingly the direction of development in all these different situations has been quite comparable.

This development has been documented in the volume “Public Procurement: International cases and commentary”, which we edited together with Louise Knight, Christine Harland, Guy Callender and Katy McKen (2007). In this book, we analyze fifteen completely independent cases of separate countries and derive the common themes in them.

The major result is a model of seven stages of development of the public procurement function:

1. In the first stage, *sourcing and delivering goods and services*, focused on getting what is required by users in the right quantity at the right time at the right place.
2. Ten, *compliance with legislation/regulation* becomes the main issue to prevent fraud and corruption.
3. In the third stage, *efficient use of public funds*, the focus shifts towards not spending more than required or getting the most for a fixed amount of money.
4. In the fourth stage (*accountability*) the public procurement function's main issue shifts towards being able to explain (to the legislature, the general public, the press, etc.) that it is doing its job well: required items are acquired at the best value for money, and there was no fraud in the process.
5. When we shift to *value for money* the scope is broader than before. It is not only costs (or costs vs. quality) that is important in public procurement, but also the value the items and services procured contribute to the organization.
6. In a sixth stage, having been perceived as a *policy tool to achieve broader government objectives*, the public procurement function is contributing to the goals of the public sector organization. As such it starts to have an external role as well. It is seen as a supporter of change/reform; it is aiding policy delivery. What policy that is, may vary across public bodies and

7. over time. Common issues are job creation and employment, strengthening the industry, SME / regional development, diversity, innovation, and sustainability.
8. The final stage, *delivery of broader government objectives* is the one where public procurement is in the lead for economic/social change, and has the full responsibility for delivering the policy objectives mentioned before.

As the focus of Public Procurement has long been (and in some cases still is) on the first two stages, the tools and techniques to be used, the approach to be taken and the skills required in the final three stages are completely different from those required earlier. That is the shift going on in Public Procurement. And that is the shift being exemplified by the papers in these two symposium volumes.

THE SELECTED PAPERS

Two of the papers address health care procurement. Covering health care procurement reflects a perception that a specific sector of government such as defense, and health care requires special knowledge and skills beyond core procurement knowledge and skills. This makes procurement a complicated and sophisticated function of government.

In one of these papers, "Public Procurement Policy: Implications for Theory and Practice," a conceptual framework for the study of public procurement policy is proposed. In their search for this conceptual framework, the paper's authors, Keith F. Snider and Rene G. Rendon, review policy-related writings by public procurement scholars and assess these works from the perspective of their contributions to generalized understandings of public procurement policy. Selected tools and concepts from the policy sciences are applied to propose a model to illuminate unique aspects of public procurement policy in ways that will facilitate its study. The authors also examine some recent actions, trends, and issues in the U.S. defense procurement sector in terms of the framework. Models such as the one proposed in this paper will contribute to enhanced approaches to procurement policy analysis by scholars, as well as to informed and sophisticated policy implementation by practitioners.

Jurong Zheng and Nigel Caldwell, in "An Asymmetric Learning in Complex Public-Private Projects," investigate how symmetrical

learning activity is, between the public client and the private contractor in the contracting and operation of complex, long-term infrastructure projects. Drawing on empirical material from two United Kingdom private finance initiative cases, the authors analyze differences in the absorptive capacity and learning capability between parties. They find that the private contractor appears to be better equipped to acquire, embed and renew their learning.

In Europe, there have been efforts in providing a uniform and harmonized legal framework for conducting public procurement. In their article, "A Simple Model of Framework Agreements: Competition and Efficiency," Gian Luigi Albano and Marco Sparro focus on one of the new models introduced by Directive 2004/18/EC, namely the framework agreements (FA). They set up a two-stage model in which a central purchasing body first concludes an incomplete FA with at least three firms. Competition is then reopened by one among several contracting authorities. According to the authors, admitting a higher number of firms enhance efficiency, since more final users are likely be served. However, a higher number of admitted firms induce a less aggressive competition at the first stage, leading to higher prices (lower savings), or a trade off between savings and efficiency. In this paper, the authors provide numerical solutions to this trade-off.

In "Procurement Planning and Accountability of Local Government Procurement Systems in Developing Countries: Evidence from Uganda," Benon C. Basheka states that the contribution of planning in facilitating an efficient and effective performance of public sector organizations is generally undisputed in both developed and developing countries. Using survey research, the author examines the relationship between procurement planning and accountability of local government procurement systems in Uganda. The findings reveal a significant positive relationship between procurement planning and accountable local government procurement systems in Uganda. These results are compared to international research findings, and suggestions are offered for management, policy making, future research and efficient accountable local government operations.

Of various stages of the public procurement process, the award decision approaches play a central role in public procurement, since it determines what is considered by the contracting authority as the most economically advantageous tender. According to Tsong Ho

Chen, in "An Economic Approach to Public Procurement," many award decision approaches that are used in practice have serious shortcomings, which are caused by the use of relative scores. Then the author demonstrates the consequences of those shortcomings, using examples from real procurement procedures and case law. The examples are analyzed with methods from econometrics, social choice theory and game theory.

The technological innovation has played an important role in procurement initiatives: e-procurement. In "Does e-Procurement Save the State Money?" Marcos Singer, Garo Konstantinidis, Eduardo Roubik and Eduardo Beffermann propose a method to estimate savings in centralizing procurement tasks, and price differentials due to a larger number of contractors and suppliers bidding on contracts. They test their methods with ChileCompra, the Chilean e-procurement agency. During 2007, 885 Chilean State agencies used this system to purchase US\$4.5 billion in products and services. The preliminary results show price reductions of 2.65% and administrative cost savings of 0.28%-0.38% between 2006 and 2007.

The proposed frameworks assume that the common body of knowledge and skills are applicable to all procurement areas such as defense, health, social services, and construction. However, each sector requires specific procurement knowledge and skills. The remaining two papers are dealing with public health care procurement.

In "Bridging The Divide - Commercial Procurement and Supply Chain Management: Are There Lessons for Health Care Commissioning In England?" Barbara Ann Allen, Elizabeth Wade and Helen Dickinson examine health care commissioning in England. Current English health policy is focused on strengthening the demand-side of the health care system. Recent reforms are designed to significantly enhance the capability and status of the organizations responsible for commissioning health care services and, in so doing, to address some of the perceived problems of a historically provider/supplier-led health system. In this context, commissioning organizations are being encouraged to draw on concepts and processes derived from commercial procurement and supply chain management (SCM) as they develop their expertise. While the application of such principles in the health sector is not new, existing work in the UK has not often considered the role of health care

purchasers in the management of health service supply-chains. In this paper, the author describe the status of commissioning in the NHS, briefly review the procurement and SCM literature and begin to explore the links between them. Then they lay a foundation for further work which will test the extent to which lessons can be extracted in principle from the procurement literature and applied in practice by health care commissioners.

Finally, in another health care procurement paper, "The Purchase of Technology in Health Organisations: An Analysis of its Impact on Performance," Alessandro Ancarani, Carmela Di Mauro, and M. Daniela Giammanco examine an Italian health organization's purchasing process of medical equipment at the hospital ward level, and assess its impact on hospital ward performance. A model of the decision process that leads to purchase is developed. The results show that the acquisition of technology has a positive impact on the ward's relative efficiency, and that efficiency is further linked to the specific goals pursued by the head of ward and by the constraints faced.

ACKNOWLEDGEMENTS

The editors wish to thank the following reviewers for their careful review and constructive comments on the papers: Hanny Badenhorst-Weiss of the University of South Africa, Luitzen de Boer of the Norwegian University of Science and Technology, Clifford McCue of Florida Atlantic University, Attila Chikan of the Corvinus University of Budapest, Giancarlo Spagnolo of the University of Rome, Timo Kivisto of Timo Kivisto Consulting, Christine Harland of the University of Bath, Tara Hartley of the Office of Small and Medium Enterprises, Ananda Jeeva of the Central Queensland University, Eugene Schneller of the Arizona State University, John Ramsay of the University of Staffordshire, Martin Trybus of the University of Birmingham, and Stephan Wagner of the SIG Holding.

NOTES

1. The 1st International Public Procurement Conference was launched in 2004, in Fort Lauderdale, Florida, USA. The 2nd International Public Procurement Conference was held in 2006, in Rome, Italy. All papers accepted for presentations at these

conferences can be accessed online at www.ippa.ws free of charge.

2. The 3rd International Public Procurement Conference was held in Amsterdam, the Netherlands, August 28-30, 2008.

REFERENCES

Knight, L., Harland, C., Telgen, J., Thai, K. V. & Callender, G. (Eds.). (2007). *Public Procurement: International Cases and Commentary*. London and New: Routledge/ Taylor & Francis Group.