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Public Sector (PS) Procurement:

Improving the Outcomes of Procurement

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ABSTRACT

The UK public sector spends approximately 12.5% of GDP buying goods and services.   Failures in procurement activity are not uncommon. The economic shock of 2008 and now the consequences of Covid-19 mean that preventing failure with better value for money matters more than ever.   Failures usually lead to Government inquiries and studies by appointed ex-civil servants or businessmen and women.   However, the 'lessons learned', recommendations and methods used to reach them are seldom subjected to academic scrutiny.   The lessons are consistent and while some recommendations have been implemented, many have not. There appears to be an assumption that the lessons re-shape strategy and that revised policy mandated from 'the centre' will then result in beneficial change.   One of the key theories in this study is that strategy must be generated simultaneously from top and bottom if it is to be effective, and the input from the bottom has been missing. Most academic studies into public sector procurement have focussed on a single subject in a reductionist manner. Whilst that may be helpful, only an analysis at the macro-level, throughout the structures of procurement is likely to highlight obstacles preventing beneficial change.   Critical realism offers an ontology and emerging methodological approach that can tackle such a broad subject at the macro level. This study adds to academic knowledge because by taking a 'bottom up' approach using a critical realist methodology, it illuminated obstacles to beneficial change. It finds that the vital role of 'commissioner of procurement' is neither defined nor properly being undertaken. This missing role prevents a vital feedback loop and so prevents beneficial change.   It also highlights that the increasingly devolved nature of procurement further diminishes the power of the 'top-down approach' and that there is a strong case for the professionalisation of the commissioning and procurement function.

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Last and by no means least, I must thank my family for indulging me as a mature student attempting to 'scratch an itch' that existed from 1987 when I finished my MSc but, because of work and life, was unable then to complete a PhD.

Without all of those persons this work would not have been possible.

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CHAPTER 1 – INTRODUCTION

1.1   **The problem**

According to the Office for National Statistics, Governmental Public Sector (PS) expenditure on public services amounts to nearly 43% of GDP.   Within that overall spend, the procurement of goods and services in 2018 was valued at £280 Bn (£300Bn if academies are included) and this is the figure that industry can bid for in terms of contracts let by central and devolved government departments and offices.   It is C12.5% of the national GDP; so is significant.

Given that level of financial significance it is unsurprising that there are pan EU regulations that are then passed into member countries legislation, and that there are structures to control, regulate, and make policy about how procurement should be carried out. It is, therefore, the case that procurement is being driven by a high-level strategy.   It is one of the central planks of this study that the high-level strategy should respond to practical experience from the bottom levels of Procurement Officers and evolve. Kim *et al* (2014) argue that for success, strategy should be generated from both ends of the spectrum with 'bottom up' autonomous action leading to lessons that can affect the overall 'top down' strategy. This theory is also fundamental to a Critical Realist approach and has not been tested in the realm of Public Sector Procurement. It is contended that UK Public Sector procurement strategy is not currently generated from both ends of the spectrum and that is one of the primary causes of repeated failures.

There has always been legitimate public and media interest in how public money is spent. That interest leads to periodic media criticism of the procurement activities of many Government Departments, Agencies and Non-Departmental Public Bodies (NDPB) within the United Kingdom (UK). This criticism is often countered by politicians offering well publicised and open inquiries into specific contracts which lead to 'lessons learned'. In turn these lead to policy initiatives

and statements by which it is hoped to deliver better value in future, reduce waste and in a political sense, relieve ministers of the criticisms.

There have been at least seven major reports since 2001, Sir Ian Byatt (2001), Demelza Birch (2001), Sir Cristopher Kelly (2003), Sir Peter Gershon (2004), Bill Roots (2009), Bernard (now Sir Bernard) Gray (2009) and the Council for Science and Technology (2012).   These, together with actions such as the replacement in 2011 of the Office of Government Commerce (OGC) by the Crown Commercial Service (CCS) (including a Procurement Reform Office, Government Procurement Service (GPS) and Major Projects Office (MPO)) under the direct control of the Cabinet Office Minister are just a small number of examples of this process.

Despite all of the effort, the criticism has not abated.   In recent years the difficulties encountered in the attempt to outsource Defence Procurement (Defence Equipment and Support (DE&S)), discussion about the aggregation of the pan-governmental fuel procurement activity under either DE&S or the CCS which came to nought, the failure of National Health service (NHS) major computer based medical records initiative, outsourced services for the Home Office, late delivery and cost overrun in Crossrail, the collapse of Carillion and the much publicised spiralling cost of HS2 (to name but a few) seem to indicate that there remains a problem.

Given so many initiatives to improve the outcomes of public sector procurement, how could a NHS project so large, important, and fully supported from the highest levels, fail at a cost variously estimated as £7 to £10 Bn?   In the case of the NHS computer system Alistair Maughan (2010) *(Paraphrased by the author)* offered 6 reasons for the failure:

> 1.   Motive – The project was politically driven from the central government rather than founded on pragmatism from the user community.

2. Buy-in – Because it was imposed from 'the centre' it was unclear what benefit each NHS Trust would gain and what independence they would lose.

3. Speed – The impetus was from the Government Minister. The project was larger than the skill or capacity of those involved, but pace was a driving factor so; 'no rest and reflect'.

4. Poor contracting process – Hyper-aggressive, shortened, and prescriptive, when relationship building and negotiation were warranted because of size and complexity.

5. Multi-sourcing – used to build in resilience but requiring market management and thought on a scale not applied. Therefore, it added complexity and required resources that were not available.

6. Accountability – In view of the pace and scope, a strong director was appointed and allowed to drive the programme. That is fine if all goes well, but who challenges, reviews, spots and then adjusts the project as a result of any early signs of failure?

1.2   Government Intent and related problems

According to the web based https://assets.publishing.service.gov.uk using public funds to gain best Value for Money (VfM), and whenever possible to stimulate synergistic growth in the economy, is the stated intention of government. Therefore, finding ways better to manage the process is a vital activity.   There have been many studies (reviewed fully in Chapter 3), and many strategic suggestions as to how the aim can be achieved. Most of the studies have limited focus on subjects such as the relationship between industry and the public sector, or on the regulations and procedures of procurement, activities such as maverick buying and a lack of innovation. Very few studies can be found that have attempted to look at procurement in a holistic manner and even less that have ever tried to look at the subject from the perspective of the personnel actually doing the work. Despite good intentions, quoting Murray (2009, P 433) when

reviewing progress in the case of UK local government in light of the studies by Byatt (2001), Birch (2001), Kelly (2003), Gershon (2004),

> *"current local Government procurement strategy has changed little in response to the recession or shift in strategic priorities".*

In contrast, work in Sweden suggests that the behaviour of individuals within the procurement organisations can have a marked impact. It suggested, from a small-scale research project, that imaginative individuals who are empowered to seek innovation can achieve best VfM, within current regulations. However, there is little theory or study in the UK about how individuals should be selected and prepared to undertake the procurement function, what authority they need, or how they can affect improvement to obtain better (best) VfM.   If the people are unable, un-prepared or prevented from seeking best VfM then more regulation and guidance will not help, and may simply lead to more risk aversion, as complexity increases.   Indeed, in hierarchical structures that are prevalent in the public sector, career progression is often perceived as requiring movement through a variety of jobs over time, to develop the individual and broaden his or her experience.   Each job then requires a 'very good' or better, annual appraisal if the individual is to progress. Therefore, there will be many who feel that applying the rules, using approved templates, and avoiding risk is the correct strategy for their own career prospects. This is even more pronounced if the individual knows that he or she will only need to spend a limited time and do one job in procurement, and that may be as little as two or three years.

As a result of this perceived need to move between jobs, and the short time that some people spend in procurement, there are calls for procurement to become a defined profession (Humphreys *et al* (2000), Mc Kevitt *et al* (2012)). Logic suggests that greater procurement expertise gained over time, and a promotion ladder that does not require good people to move out of the procurement world, would be beneficial.   Indeed, production by the Government Commercial Function and Crown Commercial Service of People Standards for the Profession,

Version 2.0 (2017), the Assessment and Development Centre brochures (2017) and the Government Commercial Operating Standards (2017) are attempts to assist those involved in central government procurement to become more professional.

However, there is not yet a defined professional career group within the Civil or Public Service. The lack of such a group may also explain why a function that is so central to every deliverable by the Public Sector has no protection from staff cuts caused by austerity. When the Public Sector is forced to make financial savings, these are often allocated across departments on an "equal pain" basis and since personnel costs are such a high proportion of overall budget, procurement must suffer its share of the pain.   There is a counter argument that as other areas shrink it is only by 'outsourcing' and seeking better value that savings can be achieved, Johnston and Girth (2012). This view is strongly shared by the author.

This subject alone is probably worthy of a thesis but, to have meaning it must be answered with knowledge of the whole structure in which PS procurement takes place. The depiction of and understanding of that structure appears to have been neglected. Elements of this thesis will therefore apply in any deliberation about the professionalisation of procurement, however, that is not the principal focus of this work.

The author of this thesis worked within the UK Ministry of Defence for many years and latterly in a role that included procurement. Following his military career, he became a civilian consultant working with industry attempting to win contracts from the MoD, GPS, Foreign and Commonwealth Office (FCO) and NHS. He has also worked in industry when bidding for contracts with the NATO Support Agency (NSPA) and the United Nations.   This experience from both sides of the procurement activity led to insights and gave rise to sympathies with both the procurers and the suppliers of goods and services. It fostered a realisation that both parties feel that they are using best practices but are critical of the other's approach. Both sides feel that the other does not appreciate its constraints, costs,

or time imperatives.   As public sector expenditure is still constrained following the 'financial crash of 2008', the numbers of staff engaged in public sector procurement activity have not been protected and yet, at the same time, more services and supplies are being provided under outsourcing arrangements which demand a different through life management approach to traditional purchasing. This trend produces additional pressures which may increase the frequency of failed outcomes unless addressed in a meaningful manner. (Johnston and Girth (2012))

This problem is certainly not unique to the UK and researchers, particularly in North America and Scandinavia, have noted failures and sought explanations that might lead to better outcomes in the future (Kelman (2006), Karjalainen and Kemppainen (2008), Tadelis (2012), Knutsson and Thomasson (2014)).   However, much of the research is 'young' or nascent, and there are still many areas where little effort has yet been applied.

Within the European Union (EU) Public Sector Procurement Directives govern how member states contract for goods and services. The latest in 2014 (Directive 2014/24/EU) is explicitly aimed at opening up the public sector market to fair competition, making room for Small and Medium Enterprises (SME), speeding up the process of contracting, so allowing more flexibility in types and forms of contract across Europe.   It is also clear that EU procurement is seen as an area for greater harmonization and that there is a political theme behind the trend of changes in the regulations over time, Loader (2015).

The UK passed the EU Public Sector Procurement Directive 2014 into law under Statutory Instruments 2015 No 102, The Public Contracts Regulations 2015 and this led to a flurry of new policy directives and revised frameworks and guidance notes that public sector procurement offices and personnel must implement. Many of these revisions called for the use of standardised terms and conditions, pre-qualification questions and assessment tools that on one hand ensure 'a level playing field' that is compliant with regulations, but can also be seen to add

complexity, and remove some elements of flexibility between procurers and suppliers. Quite what will follow the UK's withdrawal from the EU is yet to be seen however, if UK companies want access to EU Public Sector contracts and vice versa, some form of equity and continuity in public sector procurement regulation must continue. Indeed, it might be argued that using PS procurement regulations to establish a means of protecting an open and 'level playing field' might be a good first step on the road to defining a new relationship between the EU and the UK.

It can also be argued that reliance on standardised documentation is a logical response to declining numbers of personnel in contracting offices, since Invitations to Tender (ITT) can be assembled 'off the shelf'. It is also arguably a way of allowing staff who are not professional procurement officers, to carry out the role; and this saves money on training and salaries. Highly skilled procurement officers would be on higher pay bands even if the number of staff reduces as skill levels increase.

Another initial observation is that the driving force in public sector procurement reform always appears to be initiated from 'the Centre'. The UK Government is involved in revisions of the EU Regulations that then become UK Regulations, leading to CCS policy guidance down to Ministries and Department, and finally mandates to procurement teams. When things have gone wrong, senior people are selected to hold inquiries and make recommendations to ministers, or Parliamentary Select Committees hold open inquiries where those being held accountable for failings are questioned, so that lessons can be learnt. These lessons then form further policy and guidance issued from the 'centre' and filtered down to procurement teams. As mentioned earlier, Kim *et al* (2014) argue that for success, strategy should be generated from both ends of the spectrum. However, in public sector procurement, seldom is any inquiry started from the contracts office, or open to the possibility that there may be a systemic failure involving all parties that are involved and at all levels.

The proposition that strategy should be generated from both ends is also fundamental to a 'Critical Realist' (CR) ontology where the lower-level structures cannot exist without a higher structure, but that the higher structure must be modified by the lower. The mechanism that leads to benefit from this process is 'emergence' and therefore, one can suggest that if emergence is prevented, no improvement will take place. Focussing always on 'top down' behaviour in 'the Centre' may inhibit emergence. (Bhaskar (1975, 1979), Archer *et al* (1998), Elder-Vass (2005,2007, 2010))

1.3   **Aims and ambitions**

Since there is little evidence that this proposition has been tested, it is one of major contributions that this thesis attempts to make. Looking at the behaviours, causes of behaviour and reasoning that leads to the outcomes that we currently see in public sector procurement while gaining an insight into whether the 'bottom' level has any influence on the upper levels. If there is evidence that the lower level is having no, or little effect on the top-level strategy then in Critical Realist terms there can be no beneficial emergence. This is a similar endeavour identified in Supply Chain Management (SCM) where Schorsch *et al* (2016) stated that SCM has often overlooked the effect of human behaviour in a study of sub-optimal outcomes in SCM contracts using Agency Theory.

An implication of this endeavour is that the study cannot be reduced to looking a single problem or event, rather the study must be at a macro-level across a number of procurement teams in a number of different sectors with relational work to define the interactions from one level to another. It therefore requires an approach from a 'Critical Realist' ontology using mixed methods. It has been argued recently that there is an emerging methodological approach based on CR, or indeed that CR is both an ontology and a methodology. (Sayer, A. (1992, 2000), Maxwell, J, A. and Mittapalli, K., (2010), Mingers, J., (2014), Edwards, P. K., O'Mahoney, J. and Vincent, S., (2014)).

This thesis is, therefore, an attempt to review the whole subject of procurement in the UK Public Sector (PS) in relation to improving outcomes.   It is an attempt to see why the procurement initiatives so often appear to fail.   Initiatives are 'trumpeted' by ministers and then seemingly do not produce the intended outcomes leading to further criticism and yet more initiatives.   The study, if adjudged a success will contribute to academic knowledge by testing a theory that emergence is not taking place and is a major contributory factor in poor outcomes in public sector procurement. If it is also to test how a macro-level study can be achieved in this manner, it must achieve some specific objectives:

> To depict the structures within which procurement takes place, in order to identify factors that affect the outcomes of PS procurement and therefore, to show the boundaries at each level. These depictions must then be acceptable to the actors, agents, and personnel to whom they apply.

> To determine which factors could promote, and which tend to prevent beneficial change (emergence) that might improve those outcomes, and having identified those factors, to suggest and recommend how they can better be used.

> To gain the views of the personnel at the 'bottom' on how to improve PS procurement. In a way to give voice to the 'bottom up' approach that in turn may help to promote beneficial change in the upper levels.

Finally, attacking the subject at the macro level will also address several subjects which relate to the aims and about which new understanding should be gained from the fieldwork.   In turn, addressing those subjects should lead to some positive recommendations in the following areas:

> The development and improvement of government procurement strategy.

The preparedness and selection of personnel undertaking the procurement function.

The identification of areas where follow on studies would add further to the base of knowledge on this important subject.

1.4   Summary

The problem is simply that despite much effort, public sector procurement still faces major problems and failings are all too often reported.   The remedies put forward are almost always policy changes or 'strategic initiatives' from 'the Centre'.   Studies, if not by appointed personnel tend to be reductionist and focus only a single issue, and few if any studies have sought the views of those actually engaged in procurement activity at the 'grass roots' level. It is contended that unless the subject is depicted and studied in a holistic manner, the real causes of failings are unlikely to be revealed.   There is a great deal at stake and a great deal to be gained by improving the outcomes of public sector procurement. However, tackling such a major issue at the macro-level requires both care and focus if it is not to become too big to be addressed in a single thesis.

In Chapter 2, the macro research question is discussed and then focused so that it becomes manageable, but still retains the aim of studying the subject of public sector procurement in a holistic manner. Such an endeavour needs to focus on structures and the individuals who have agency within those structures.

2.0   CHAPTER 2 - RESEARCH QUESTION

2.1   **Macro Question**

The macro research question is: How can the outcomes of Public Sector (PS) procurement activity be improved?

Definitions

For the purposes of this research the following terms require definition:

Procurement activity takes place within the 'purchasing cycle'.   The purchasing cycle means the entire process of determining a requirement, approaching the decision to 'buy' or 'make' and, if buying is the decision, following the procedures that will lead to the letting of a contract for goods and, or services. This definition is broad and includes anything, goods, or services that the public sector requires. However, it includes only the 'optional appraisal', 'sourcing' and 'delivery' elements of the 'commissioning cycle'. (Murray (2009))

Improved, means obtaining the goods and services at best (better) value for money with fewer instances of cost overrun, late delivery or failure to conclude a contract, after expending public resources. This also means fewer instances where industry expends resources bidding for contracts which are dropped before award or are delayed and modified so that bidder resources are wasted, or it becomes impossible to recover costs and make a viable profit.

Value for Money (VfM) is a more difficult term to define. It is debatable and open to both subjective and objective interpretation. This is illustrated below, but for the purposes of this research the definition accepted, and used is:

Obtaining quality goods and services that meet the needs of public sector consumers, and public sector service users at acceptable price, ethically

sourced and with assured supply, using a continuous monitoring and improvement system.

The UK National Audit Office (NAO) 'toolkit' (available on-line, see bibliography) uses three criteria to assess the value for money of government spending which means the optimal use of resources to achieve the intended outcomes:

- Economy: minimizing the cost of resources used or required (inputs) – **spending less**;
- Efficiency: the relationship between the output from goods or services and the resources to produce them – **spending well**; and
- Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – **spending wisely**.

    To this the NAO has added a fourth 'E':

- Equity: the extent to which services are available to and reach all people that they are intended to – **spending fairly**.

Hunter and Kelly (2004) look at the case for using Value Management (VM) in the public sector and take their definition of VfM from the Scottish Local Government Act 2003, which imposes a duty on local government to ensure measurable continuous improvement in the performance of the organisation's functions and in securing best value through an appropriate balance between cost and quality and having regard to economy, efficiency, effectiveness, and equal opportunities.

Lonsdale (2005) takes a different approach. He looks at why public sector procurers are at a disadvantage in post contractual negotiations.   These, he sees as inevitable in complex contracts involving both goods and services because of 'uncertainty'.   He talks (P 224) of relational power between the customer and supplier.

"The more favourable the power relation to the two parties the greater the amount of surplus value they obtain".

He goes on to define value for money in these terms:

"If a customer is to acquire acceptable value for money (i.e. a substantial share of the surplus value) from these re-negotiations, it is critical that it maintains a favourable power position post-contractually".

He concludes, from case study review, that the public sector does not hold the upper hand in such situations.

This builds on the work of De Fraja and Hartley (1996) who identified that a narrow definition of Value for Money was leading to increased cost, with knowledge and information conferring power to the supplier side in defence procurement.   They acknowledge that the Government recognised the problem and promised to address it by applying defence industrial factors to procurement decisions. However, in their conclusions (pp 86) they said,

"None the less, 'defence industrial factors' remains a vague, unquantified, and unquantifiable term, which will be implemented on a case-by-case basis and not on the basis of general principles. Such criteria allow governments considerable discretion in interpreting best value for money".

Halachmi, A., (2000) in an introduction to a symposium situates Best Value and value for money in performance management systems, using techniques such as benchmarking and balanced scorecards to move it out of the historical comparison of simple spend and allow factors such a quality of service, meeting customer expectation and the like. This expansion of the factors that represent best value is also alluded to by Aldridge (2016). The application of benchmarking as a means of 'proving' Best Value is also supported by Bovaird (2000).

Two other terms need definition at the outset: 'Efficiency' and 'Effectiveness'.

'Efficiency'

In simple terms efficiency in the public sector has been viewed since Roots (2009) as delivering the same for less money.

'Effectiveness'

Effectiveness on the other hand has been taken to mean delivering more for the same money.

Logic then suggests that we must be more efficient in a time of austerity if we are to continue to deliver public services whilst reducing budgets. However, we cannot be more effective. If the budgets remained the same and we delivered more output for the same budget, we would be more effective. For this work, these two simple definitions will apply.

However, there is thought from the cabinet office Aldridge, *et al* (2016) that 'efficiency' is more overarching and can be split into two types: 'Technical' and 'Allocative'. In their terms, Technical Efficiency means doing what we do now, but better. Allocative Efficiency means finding wholly different ways of achieving the outcomes we want.

The distinction being made is useful on two levels. First 'Technical Efficiency' chimes with the post Root concept of delivering the same for less spend, but it also introduces the idea that money should not be the only measure of 'better'. Second, 'Allocative Efficiency' requires someone to take a strategic step back and look at all aspects of current service delivery and outputs, in order to see whether there are better and innovative ways of delivering the services. In a way, this resonates with another theme that has already been raised in the definition of 'procurement', the difference between procurement and commissioning. Aldridge, *et al* (2016) make the point on their blog that they feel the government

is very good at asking (and answering) questions about technical efficiency but can sometimes struggle with questions about allocative efficiency.

In terms of Murray's work (2009) this would mean that the Government (Public Sector) is good at the 'procurement cycle' but less good at the 'commissioning cycle'.

2.2   Focusing the Question

Chapter one suggests and the literature will be reviewed in Chapter three to see whether the prior studies of the public sector procurement activity have focused on policy, procedure and strategic plans with most recommendations being for procedural amendments and policies mandated from 'the Centre' or 'top down'. The literature, and the number of studies into public sector procurement; usually following criticism or failure, shows that there is a strong desire in the upper echelons of government to improve the outcomes. The key question that led to this study is whether the strategy that begets the procedures and policies is sound.   As noted in chapter 1, Kim *et al* (2014) argue that for success, strategy should be generated from both ends of the spectrum. Furthermore, the Critical Realist ontology suggests that the top level in any complex structure is needed for the lower levels to exist, but in turn the top level must adapt to the experiences and work of the lower levels. Only when there is a continuous cycle or flow of information and experience leading to beneficial change, or 'emergence', will progress be made.

However, there has been little research about the actual people in the lower level undertaking this key role. Therefore, the central contention driving this work is that the key to finding out how to gain improvement and obtain best (better) value for money lies with the personnel in the procurement offices. They are the points of contact between the procuring authority and the suppliers, and they produce the information and make decisions that ultimately determine the outcome of any transaction. If one assumes that they, as individuals and groups,

have no sinister intention to waste public money or discredit government, then it would follow that they want to deliver best value for money to satisfy the needs of customers and clients as they see it.   When they see failure, it would also follow that they would try to improve the outcomes. This accords with many ethical and philosophical positions of individualism that can be traced back to Aristotle. However, that public sector procurement is within and of a hierarchical organisation with formal structures, it accords with emergentist and interactivist theories. (Archer (1996) (2000) (2007), Archer and Elder-Vass (2012), Craib (1997), Elder-Vass (2005) (2007) (2015), Pratten (2017))   If such a theory is plausible and the individuals that make up the organisation would naturally seek to correct failures and seek better value for money, then it focusses the research question to:

> ***What impedes or prevents the personnel conducting public sector procurement from effecting change to improve the outcomes of the activity?***

To answer this question requires a study that involves those who undertake public sector procurement as participants in the research process. They are best placed to identify any problems that they face, and their experience will illuminate areas for change if they have not already identified potential solutions.   Of course, issues such as how people are prepared, selected, and trained to operate the public sector procurement process and how they operate the system now, are important. It may be that changing those factors also offers an avenue that would lead to improved outcomes; but until the research has been conducted it will remain unclear what factors or actions would have the greatest impact.

Non-governmental trends and themes that influence procurement

The study also needs to take account of and test the impact of trends and themes that are imposed from outside government, but clearly will have some influence on those engaged in procurement. Principal amongst these trends are:

Industry

Irrespective of public sector activity, commercial Industry is moving in a direction where dis-integrated supply chains offer a role for integrators to optimise delivery and performance. This direction is stated within commercial literature, Bitran *et al* (2007), Vanpoucke *et al* (2014), Jacobides and MacDuffie (2013), Thomas C (2013), to offer better value for money, profit, quality, and shareholder yield to the companies involved. The rate of such change has accelerated since the year 2000 and arguably, improved technology and communication will ensure the rate of change does not slow for the foreseeable future. This movement has implications for how bids will be assembled and how industry (supply side) will interact with the Public Sector.

Austerity and the impact of Covid-19

Despite post-2008 austerity, UK government procurement is still a significant customer and so, should be able to benefit from trends in commercial industry that offer better value for money (VfM). The Cabinet Office Minister the Rt Hon Francis Maude (2014) stated that UK government policy is explicit in emphasising the need to improve the procurement activity, gain better VfM and support local and national economies.

The EU

The European agenda to remove non-tariff trade barriers, open up the market and promote fair competition has led to new regulations with themes of flexibility in approaching suppliers, a greater range of contracting options, simplification of procedures and speeding up the processes by reducing 'red tape', recitals and preamble to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014. (Despite BREXIT, it is felt by the author that it is in the interests of both parties to retain access to public sector contract opportunities in the UK and the EU. Therefore, it is also felt that there will be a strong desire to align UK and EU public sector procurement regulation in the long term, as without common process, procedure and regulation, access must always be difficult and potentially restrictive)

Media and value for money

There are still openly reported instances where public procurement projects fail, are late or have significant cost overrun. This means that those engaged in the procurement process are not achieving what the policy makers or the public expect.   The response to this reported failure always appears to be another study or inquiry sponsored by the department or Minister affected, leading to more guidance, revised policy, or new legislation.

If the themes listed above are correct, then by extension, the UK Government is not getting best value for money and so is wasting a proportion of the public money that it spends. That also implies not fully achieving the goal of supporting the economy.

2.2.1   Analysis and Implications of the Focused Research Question

If the focused research question is, "*What impedes or prevents the personnel conducting public sector procurement from effecting change to improve the outcomes of the activity?*" then there are a number of implications. These implications must be acknowledged and addressed during the field research. Principal amongst these are:

The very question of what impedes or prevents beneficial change (or emergence) suggests that structural, institutional, organisational, or power related factors are in play and may have a negative impact on those undertaking the function.

The wording of the question assumes that the personnel working in public sector procurement are interested in improving the outcomes of the activity and obtaining best value for their clients.   In short, that motivational factors other than self-interest are in play.   It also suggests that if the contention is correct, then the personnel will highlight some factors as impediments or will at least be able to articulate issues that hinder them.

If 'emergence' is a force that would lead to positive change, then there are other mechanisms in play that prevent it and these must lie in interactions involving power, organisational, institutional and, or structural factors.

As the study is to be based on the views of personnel undertaking procurement, the implication must be that there is some communication problem or disconnect between the publicly stated aims of Ministers whose departments spend public money, and who speak of "value for money" or "best value", and those who actually conduct the procurement on their behalf.

2.2.2 Implications of the External Trends that Impact the PS Procurement Process

If companies and corporations are changing the way that they organise themselves and structure their approaches within the supply chain, then PS procurement teams should understand this and be able to analyse the implications in order to obtain optimum outcomes from engagement with the new structures. This requires knowledge, understanding and time to conduct the necessary analysis.

This also implies that there are other factors that may affect the ability of individuals and groups of procurers to make improvement:

How are they trained and prepared for role? Are they trained simply to apply rules and use pre-set guidance or are they trained to adapt and use the process to tailor each contract notice to circumstance?

Do they understand, are they encouraged to, and are they able to weigh factors other than price and quality when making award decisions? Indeed, are they free to make judgements of a non-monetary nature that would influence contract award?

Is it possible to engage in dialogue before, during and post-award of government contracts so that ideas and potential innovations can be discussed without breaching regulations and if so, are the procurement officers and teams equipped to engage in a meaningful way?

Do procurers understand, have the ability, time, and knowledge to 'package' contracts in order to extract savings through incentivisation? Are they able to use purchasing power to influence their supplier base?

The trends in EU and UK public sector procurement regulation imply that, at the 'top' (Central Government) there is a belief that regulation and adjustment of processes and procedures of procurement affect the delivery of best value for money, as opposed to the actions of those implementing them.   An assumption must then exist that the act of issuing guidance, publishing policy, and establishing financial or budgetary monitoring systems is sufficient to affect improvement. This raises a question of whether the guidance and policy actually reaches those conducting the activity, and if it does, is it effective? One problem may be that central government strategy and policy is not mandated to devolved government and that is where much of the money is actually spent. In fact, most of the routine spend other than that on health and education is in these devolved areas. The greatest portion of central government spend tends to be on major and long-term projects.

Finally, public criticism of specific failures in PS procurement is most often directed at Ministers who then attempt to explain, or to deflect that criticism; before establishing a study or inquiry "to ensure that it does not happen again". The deflection of criticism by political leaders often has impacts within government departments and so, one implication of the continued reporting of failure should be evidence of reaction amongst grass roots practitioners.

This analysis of the implications of the focused research question establishes the sort of evidence and questions that must be asked in the field research. In turn, that will determine the most appropriate research methodology to answer the question. It also suggests that the research methodology may have to develop as the questions are asked. This is in line with the work of Edwards *et al* (2014, Chapter 2, pp 22) in which they suggest:

> *"The Critical Realist researcher is potentially interested in many kinds of data, especially at the outset of research. Later, when some headway has been made, there will typically be more focus and comparatively greater interest in specific types of information. This is because it is not clear in the*

early stages of research what causal mechanisms there are, let alone how
they work".

2.3   **Summary**

Focussing the research question and looking at the implications leads to a review of related literature that must be both systematic and structured, initially following the techniques of trend analysis. It is those trends that should define the influences that affect personnel in procurement offices.   Their responses to those trends may be the key to understanding what impedes beneficial change.

Chapter three, therefore, starts with an explanation of both the scope and complexity that is implied when trying to review public sector procurement in a holistic manner, and the need to sub-divide the literature.   This is done under headings of trends in industry, trends in the public sector that may be EU and national agendas, or simply responses to industry, and finally a review of what the government has attempted to do in response to the continued difficulties it has faced.

3.0   CHAPTER 3 - RELATED RESEARCH (Literature Review)

3.1   **Opening thoughts**

The scope of this study and dynamic nature of many of the elements within it, means that the field of related literature is growing continually.   A Pro-Quest search using the key word Procurement drew 1,272,092 responses. Public sector procurement drew 348,659 whilst Critical Realism and public sector procurement yielded 1,836. Critical realist research on public sector procurement was more manageable at 1,011. However, a brief review of the titles and abstracts in the field proved that there are few studies of the problems of procurement at a macro level, looking at the overall development of strategy or the personnel involved in the activity.

It is also inevitable that on a subject such as public sector procurement, much of what is written is not 'academic' in origin. The main reports that have set strategy and policy were commissioned by the government. Most followed major failures or economic changes that required a review of the strategy of public procurement and were conducted by appointed personnel. Amongst the major contributors in this field were: Sir Ian Byatt (2001), Sir Peter Gershon (2004/5). A glance at the summaries of their online biographies, quoted here with dotted lines to indicate where sections of text are missed as they add nothing to the point:

"Sir Ian Charles Rayner Byatt (born 11 March 1935) is a British economist who was the Director General of the economic regulator of the water industry in England and Wales, ……. He then joined the newly created economic consulting firm Frontier Economics. From 2005–11 he was the Chairman of the Water Industry Commission for Scotland.
Prior to becoming the water regulator, Ian Byatt was Head of Public Sector Economic Unit (1972–78) and then Deputy Chief Economic Adviser (1978– 89) at Her Majesty's Treasury under Margaret Thatcher.   He was knighted in the 2000 Birthday Honours."

> *"Sir Peter Oliver Gershon, KBE, FREng (born 10 January 1947) is a British businessman and former civil servant, former Chairman of Tate & Lyle, and since January 2012, Chairman of the FTSE 20 company National Grid. He is chiefly known for conducting the Gershon Review in 2004/2005 which recommended savings across the UK's public services and for being an adviser to the Conservative Party during the run up to the 2010 General Election."*

An attempt to find any coherent academic analysis of the findings of their, or the later studies by Bill Roots, Sir Ian Gray or the recommendations made by the Council for Science and Technology (2012) to the Cabinet Office minister The Rt Hon Francis Maude MP or his response (2012), proves fruitless. It appears that much of what is written on public sector procurement in the UK emanates from government and goes largely unchallenged by academic analysis. It is as though public sector procurement is thought to be a practical subject, and therefore, not worthy of scrutiny at the macro level. Much of what is written in academic works is narrowly focussed on one aspect of procurement or a single issue such as Maverick Buying, managing the market or outsourcing services and with health provision, social care, education, and labour policy being very prominent. Another genre of writing on the subject is of course that which supports consultancy and training initiatives such as Vendor Category Management. However, academic research into the overall subject seems to be lacking and it is hoped that this study will start a process that leads to more questioning of the theoretical bases of the recommendations made by the appointed personnel carrying out studies, and why the findings are as they are. If it transpires that the studies are simply set up to deflect criticism following failures of major procurement projects then such findings warrant academic scrutiny. If they are genuine attempts to 'improve' matters then this study has its validity in the continued reports of failure.

An equal problem stems from situating procurement, or the acquisition of goods and services as a subject. Arguably, every element in any supply chain starts with

some procurement or acquisition; and so, procurement is not a stand-alone subject. Whether it is the buying of raw materials, contracting to move them from source to process plant or hiring labour and building a factory, every item in the chain has to be procured. Therefore, a question arises about how much of the supply chain literature must be included. Arguably, supply chain management is the catalyst for the developments in industry behaviour that were stressed in Chapter 2.

Clearly, that field alone is vast and a library search of material available on-line lists 222,323 titles under the supply chain heading, at the time of writing. However, some of it is vital to this study since developments in logistics and supply chain management should affect how procurers interface with suppliers, and vice versa.   Knowledge of these developments in the supply chain that serves the general (commercial or private sector) market should affect the procurement officers in the Public Sector (PS) and furthermore, a lack of up-to-date knowledge leaves one side in a position of greater power and control in later interactions. Although the PS is an incredibly significant customer in the UK and may be the most significant buyer in some categories of goods and services, in others it is a very small percentage of market value. Therefore, public sector procurement officers should keep up with literature and developments in the supply chain if they are to engage effectively with the market.

There is a debate in some academic literature, Humphreys *et al* (2000) about whether 'Procurement' should be a profession. While it was not the intention to focus on this issue at the outset, the research produced evidence that placed this subject absolutely central to any attempt to address shortcomings in the existing framework and structure of public sector procurement. It is hoped that the evidence will contribute to the debate about a profession of 'Procurement' within the Civil Service and throughout the public sector. Mc Kevitt *et al* (2012) proposed a typology of public procurement competency which is a useful guide to the creation a more professional procurement official, and offers pointers to

competencies, the presence or absence of which may have a bearing on this research.

Time is always limited and no matter how much effort is expended the review of literature will never be as exhaustive as might be hoped at the outset. This limitation is regrettable but at some stage the author must call a halt in order to conduct research. This chapter, therefore, summarises only the works that appear most significant to the author at this stage.

It was also difficult to determine which research methodology (or methodologies) would be needed to address the research objectives set out in Chapter 1. Candidate research methodologies are reviewed in chapter 4 rather than extending this chapter that is primarily about establishing what work has been undertaken on the subject to date.

3.2   **Classification of related research literature**

The scale of related literature was highlighted above and for the purposes of this work, it is structured under three broad headings: Trends in Industry, Trends in the Public Sector and UK Government activity and strategy that affects procurement. This structure was chosen because trends in industry drive the supplier side for most of the goods and services that cannot be made or delivered 'in house'. Trends in the public sector should bear a relationship to the trends in industry. The only time that would not be the case would be if the public sector made and delivered all of its services and outputs 'in house'. Finally, the strategy for public sector procurement and the trading relationships with the EU and other partners whether under bi-lateral or World Trade Organisation rules is a matter for Government. Therefore, Government policy and any shift in its delivery strategy should affect the behaviour of procurers at the 'coal face'.

Trends in Industry.   In the terms of this thesis, trends in industry are about how companies and corporations are developing strategy in the logistics and supply chain arena, both to supply goods and services between themselves and to bid for public sector contracts. It is stressed at the outset that industry is not reacting to the public sector in these developments, it is reacting to consumer demand, technology, communications, developments in infrastructure and means of conveyance and will change how it works as long as it makes a viable profit in the process.

The new strategies will offer opportunities and affect future business. This includes the move from 3PL to 4PL and how to manipulate supply chain relationships to drive value in favour of one party. For ease of understanding a 1PL system is a single manufacturer making products and carrying out some or all logistic processes in house. At 2PL, the Original Equipment Manufacturer buys some manufactured products or sub-assemblies from elsewhere but still carries out the logistics in house. A 3PL provider performs logistic processes on behalf of manufacturers and distributors whilst in a 4PL model the integrator manages logistics processes for all in the particular supply-chain such as manufacturers, distributors, and other logistic service providers.

Unlike the public sector, industry is able to innovate and develop new ways of interaction between suppliers and manufacturers and between service providers and service users, based on emerging economic and financial models. The rate of development in the way that the supply chain works is arguably more rapid now than ever. In the context of this research, the degree to which individuals who buy goods and services for the public sector are aware of these developments could be highly significant.

Trends in the Public sector. From an academic perspective, there is little written at the macro level about public sector procurement. There is

considerable research and writing about a narrow range of developments in public sector procurement, much of which focusses on the regulatory framework under which procurement takes place, and the potential to incentivise innovative behaviour, in order to gain advantage. How the public sector, as a body corporate, reacts to the research and how it adopts and mandates, or encourages change will affect how the individuals within the procurement office perform their duties. This, naturally leads to the question of how aware the public sector procurement officers are of this academic writing?

UK Government activity affecting procurement. The Cabinet Office now has central responsibility for initiatives to improve public sector procurement in Central Government and its departments. It provides the strategy and issues policy which is then developed by the different Departments of Government that produce specific guidelines and interpretations to those involved directly in the procurement function. There is an extensive body of documentation in this area and it is continually updated in response to EU and UK national legislation and parliamentary decisions. How much flexibility there is in the guidance and policy affects how personnel within the procurement function can perform.

Of equal importance is the fact that this central government policy is not always mandatory in the devolved areas of government such as Scotland, Wales, and Northern Ireland or in Unitary, Metropolitan, and local government.   In many instances, these devolved agencies have freedom to adopt or modify the policy emanating from the Government Commercial Service, Function or Crown Commercial Service. Of equal importance is of course that this devolved government approach also devolves budgetary authority. In turn, that means that some central government initiatives could be inappropriate or even damaging at the local devolved level.

In summary, there are several parts to the public sector. Procurement by Central Government, whilst undertaken in many Departments is subject to a degree of control from the Crown Commercial Service that can mandate procedures and issue policy. Equally the Government Commercial Service offers training to central government procurement officers and personnel. This training should ensure that there is some consistency of approach at the central government level. Devolved government on the other hand is not controlled in the same manner and may adopt Crown Commercial Service policy guidance or modify it to suit local conditions. The training and development packages that are available to civil servants in central government are not offered to devolved government procurement personnel.

3.3 Trends in Industry

3.3.1 Summary of the trends:

a.   Increasingly dis-integrated supply chains caused by and then affecting Original Equipment Manufacturers (OEM) and supply chain behaviour. (Bitran *et al* (2007), Jacobides and MacDuffie (2013))

b.   The rise of an integrator role so that an End to End (E2E) or 'one stop shop' solution for both goods and services can be offered to customers. Likewise, the rise of the 4PL as a business model. (Thomas (2013), Bitran *et al* (2007), Jacobides and MacDuffie (2013))

c.   Increasing willingness amongst suppliers (particularly small and medium enterprises) to collaborate in order to bid for contracts that were formerly the preserve only of the largest companies and corporations. (Vanpoucke *et al* (2014), Clagola and Sheedy (2012))

d.   A desire for open dialogue in order to understand customer requirements and therefore, tailor solutions to maximise customer

satisfaction and return on capital invested. (Graham and Hardaker (1998),
Clagola and Sheedy (2012))

e.   A possible 'cooling' of interest in public sector contracts because of
complexity, costs to bid and uncertainty over return on capital invested.
(Johnston and Girth (2012))

3.3.2   Implications

Each of the trends is discussed in section 3.3.3, however, if one is a Procurement
Officer (PO) in the public sector the implications of the trends need to be
understood, and potentially exploited if best value for money is to be obtained.

Effect of the dis-integrated supply chain

From simple logic, the dis-integrated supply chain should have no direct effect if
the purchase is of complete equipment or services provided by a company that is
integrating a response. However, it may mean that there are more sources for
small common use components that can be obtained at a lower price than those
supplied with the complete equipment. The Ministry of Defence (MoD) found that
in the spare parts list accompanying some vehicles there were individual nuts and
bolts which were given a NATO Stock Number and then were demanded from the
supplier at a price that was significantly higher than the same specification nuts
and bolts on the open market. To its credit the MoD corrected this and made a
significant saving.

Integrator role in industry

The rise of the integrator and willingness of companies to cooperate should mean
that even local Small and Medium Enterprises (SME) with the right assistance and
explanation of opportunities can bid for contracts against which, in the past, there
were few competitors. However, for the SME to have that opportunity, the public
sector must engage with the market and 'package' its requirement in such a way

that SME can easily understand the need and are allowed to make a profit. Whether the current procurement officers have the time, skill, or knowledge to engage in this manner is to be tested. Even assuming that they have, the uncertainty of any return for the effort of bidding against framework contracts and the use of reverse auctions to drive down cost to the public sector can also increase risk and act as a disincentive to the small and medium enterprise. If they must form virtual groupings so that they can bid, it takes time and effort. Having done that, there are costs in bidding which can be shared bur are still potentially significant, and to 'win' in the sense of being put onto framework contract that has no steady and determined call off can look like a pointless exercise. When that happens, competition is reduced and therefore, obtaining best value for money becomes more difficult.

Open dialogue

The desire for open dialogue should mean that market engagement is more 'normal'. However, the 'desire' might be stifled if the public sector feels that speaking to one company could cause competitors to complain that it is favouritism. That problem increases if every dialogue has to be open to all possible competitors because the openness can mean giving away good ideas and Unique Selling Points. The way in which the public sector engages with the market must, therefore, be carefully considered and it is questionable whether individual procurement officers will feel that they have the skill or authority to respond. Equally, if industry does not get the guidance and clear opportunities that it wants, the inclination to bid for public sector contracts can diminish and again that removes competition from the marketplace.

Complexity

There is also a view in some areas that public sector contracts are complex to bid for, need legal advice, which is expensive, carry risk in the sense that even getting accepted onto a framework does not mean being awarded substantial amounts of

work, and the use of reverse auctions increases risk. This makes it less likely that small and medium enterprises will compete, and so can reduce the competition that is often quoted as a means of securing better (best) value for money.

3.3.3   Discussion

The dis-integration and re-integration of the supply chain

Bitran *et al* (2007) argued that the supply chain is dis-integrating as companies outsource component manufacture rather than manufacturing entire complex assemblies in house.   Whilst acknowledging this trend; they also argue that eventually the dominant marketer of the finished assembly, known as the Original Equipment Manufacturer, will finally re-integrate the chain. The dynamics of the argument can be summarised thus:

> Labour costs and employee expectations in traditional manufacturing centres, coupled with demands from shareholders for improved returns lead to decisions to outsource sub-assembly and component manufacture. Eventually labour costs and expectations will rise at the new manufacturing and assembly sites, and that will make it economically prudent to return the manufacturing to the home base, under direct control.

> The development of positive feedback cycles in which higher quality components from specialist sources lead to cost benefit causes a review of core and non-core business, leading to a realisation that the end product is all that the customer sees, and the only thing that really matters. Therefore, the original equipment manufacturer does not have to own all component and sub-assembly manufacture. Modern communications and transport reliability allow manufacture of sub-assemblies and components almost anywhere and so enable outsourcing. Cost and quality lead to

better value for money, improved and sustained customer satisfaction and better shareholder yield.

Collaboration from Research and Development to production, ties companies together and protects against proliferation. In other words, there is an incentive to share the costs, risks, and benefits, by becoming stable long-term partners. If there is any chance that the research and development spawns a critical component that cannot be replicated (or for sound business reasons should not be available to the wider market) then again there would be pressure for the dominant original equipment manufacturer to re-integrate the chain.

This outsourcing and related mechanisms allow the original equipment manufacturer to concentrate on final product design and marketing; with buying and final assembly becoming the core 'in-house' activities.

The integrator role

Overall, they identify the need for an 'integrator' or 'third party coordinator' to manage this disintegrated supply chain. They argue against allowing one 'Maestro' to orchestrate all elements of the supply chain as this conveys too much power over the original equipment manufacturer and, therefore, suggest 'mini-maestros' covering, perhaps activity in one country or for one sub-assembly.   This is supported by Vanpoucke *et al* (2014) who argue the same case that sustainable competitive advantage is gained through a Supplier Integrated Capability (SIC).

This argument is logical but drives in one direction; that the mini maestro is a manager or management role that is expedient in the current climate but one that can be re-absorbed when it appears to be the right time.

This analysis is useful but in my opinion is limited. It is very firmly based on manufacturing rather than service provision and therefore raises questions and potential outcomes that are not covered in the article.   For example:

The integrator starts to add unforeseen value. The integrator knows what is being made for what purpose and realises that the customer wants more than simply to buy an item. It also knows what other capabilities and capacities the various components of the supply chain may have and, could therefore see innovative ways of using the 'team' that operates the chain.   It could therefore see new marketing opportunities and product options.   If it brings in additional revenue for any or all of the supply chain, then being re-absorbed by one dominant player could be very much more complex and difficult.   Indeed, the absorption by the original equipment manufacturer could be resisted by the component and sub-assembly manufacturers who could damage the original equipment manufacturer, if united.

If the dominant player is getting free business development from the integrator who also shares the cost of, and leads in, bidding for new work then surely the original equipment manufacturer would wish to sponsor the integrator; whilst not putting its own reputation on the line.

Someone has to pay for this new coordination or 'integrator' role.   The more complex and extended the supply chain becomes, then the higher the costs of the integrator.   Gaining agreement to share costs across the supply chain takes considerable negotiation and adds cost in itself. The more 'mini-maestros' that are needed, then again the cost increases.

Unless there is spare capacity and capital tied up in contingency stocks, modern efficient supply chains must be agile and rely upon speed of use of information to create action and reaction; be that manufacture, supply, or

movement. The more centres there are for coordination ('mini-maestros'), so the complexity of control increases and with that, an element of risk.

Practical examples of the rise of the integrator

Practical examples of major companies moving beyond the mini-maestro's role exist. SAIC voted in 2013 to recapitalise one part of the business, Leidos, as a 4PL 'integrator' of supply chain solutions at a macro level, to take on major public sector (and other) contracts.   In 2015, Leidos won the Logistic Commodities and Services (Transformation) (LCS(T)) contract from the UK Ministry of Defence and that involved integration at a high level.

Similarly, Supreme Group championed the integrator role for 18 months in 2012 and 13, with considerable success in defining the motivators that would draw major global companies into a loose consortium, in order to bid for major public sector opportunities. This latter company pulled back because of delays in the major contracts coming to market and because of the costs of maintaining the integrator role without any revenue from a major win. World Fuel Services has used an acquisitive model to integrate a global supply and procurement chain for fuels and lubricants with supporting infrastructure and services to tackle major opportunities in both private and public sector. Lockheed Martin took on the integrator role up to the submission of Pre-Qualification Questionnaire (PQQ) in a major UK Ministry of Defence supply chain contract in 2013. This list is by no means exhaustive but illustrates that the trend towards a macro integrator role is real. Thomas (2013) argues that the 3PL concept has failed and that the 4PL is a logical response.

This of course leads to the question of motivation.   For most companies, profit and market position, or share, are the most obvious reasons to allow or adopt the role of 'integrator'.

Why be an integrator?

Vanpoucke *et al* (2014) suggest that sustainable competitive advantage can be gained through collaboration between suppliers; or what they term Supplier Integrative Capability (SIC). In effect, the commercial advantages of a 4PL or alternative integrated model are axiomatic. The problem really lies in the 'Integrative Capability' between parties that might want to collaborate. The basic argument is that the market is dynamic and therefore all enterprises must constantly react, realign, and adjust their business processes if they are to survive and flourish. The relationships between companies, buyers and suppliers are dynamic and therefore according to Vanpoucke *et al* (Citing Teece (2007) and not referenced here) defined by certain practices of sensing, seizing, and transforming.

In short, 'sensing' is about gathering and analysing data about changes in demand, changes in costs of supply and opportunities to develop new products or capabilities and to collaborate. It should be happening constantly in any successful business, and it allows for the identification of opportunity to reduce costs, increase market share, add security, or exploit changes made by others. 'Seizing' is about using the data from 'sensing' in order to make crucial decisions about where to put effort, resources or more strategically to align the enterprise and change the long-term business plan. 'Transformation' is therefore, the implementation phase. Changing business processes, sharing research and development or product development costs, and the like.

Vanpoucke *et al* show that those companies that develop and grow this supplier integrative capability are more successful than those that are simply reactive to the market. They stress that communication, willingness to share and be open, build trust and loyalty among prospective partners, in a collaborative business sense, are key essentials. In other words, commercial advantage comes from developed supplier integrative capability, which is another explanation of why 'integrators' and 4PLs are developing in industry.

The author has formed several loose and informal consortia to enable end to end (E2E) supply chain solutions and bid for large contracts. When looking at why companies should join such a loose consortium, which may include companies that are traditional competitors, it is worth briefly summarising a real event in which the author was the integrator:

In the market for fuel distribution equipment, there were three companies that were asked to join one such consortium. They all considered the others to be competitors; and asked why they should become collaborators?

The potential business opportunity was bigger than any one of them could have bid for alone, but together they could meet the Statement of Requirement (SOR). The SOR was only issued to the potential suppliers that had already passed a Pre-Qualification Questionnaire (PQQ) stage and therefore, already covered much of the cost of bidding for the contract.

It was global and meant that equipment performance had to be tailored to different climatic and operational conditions. No single company had a technical solution for complete equipment that could match the need. However, all had components and sub-assemblies that could be re-mixed and re-integrated to create a range of new products, and therefore, could offer complete equipment at a range of prices, with different through-life cost profiles.

Having agreed to share information, and therefore see the possibilities, they had in fact created a new and virtual company that offered a new range of capabilities that could be marketed more widely. In this latter case, if the mini-maestro or integrator took the lead in marketing this new capability, then each company gets marketing at a reduced cost, and the costs of bidding for future contracts are shared. If the integrator's name is

on the bids, the original companies also have protection for their individual brand name.

In this way, the arguments of Bitran *et al,* and Vanpoucke *et al*, are merged. The supply chain integrator provides the supplier integrative capability to justify co-operation and collaboration that generates new capability.

Driving profit in the dis-integrated supply chain

Jacobides and MacDuffie (2013) provide an analysis of behaviour designed to secure profit and position in the dis-integrated supply chain. They propose 4 rules (paraphrased by the author) to drive value in a desired direction in the chain:

Rule 1 - Be the least replaceable player

As the OEM (final marketer of the product or service)
Have many suppliers who must compete with one another to secure your business

Keep secret the final product and its capabilities so that no supplier can see how vital or irreplaceable it is

As the supplier
Gain knowledge of the final product, invest in research and development to improve the end result but, safeguard ownership of the Intellectual Property Rights (IPR) over the component or sub-system so that the original equipment manufacturer has little or no option but to use you.

Rule 2 - Become the guardian of quality

Establish and maintain a reputation for delivering reliably consistent 'customer satisfying' products. In doing this, the reputation of the original equipment manufacturer becomes a most effective sales weapon.

Rule 3 - Follow the customer

Practically this means knowing what the potential customers of the future will demand and being able to position the offering to meet that aspiration.

Rule 4 - Manage the growth story

If the market is mature then the competition for growth is about capturing greater market share at someone else's expense.

If the market is growing, then collaboration and innovation to satisfy greater demand are possible strategies.

In a growing and emerging new market defensive strategy to protect market share is less of a driving force.

Securing value in the dis-integrated supply chain

This analysis is fascinating because the value rules could be turned and applied to someone procuring items from the supply chain; re-written as 'how to obtain value'. For example:

Greater understanding of the original equipment manufacturer and its 'upstream' supply chain unlocks opportunities to negotiate better value for money. This argument is supported in Agrawal *et al* (2014) concerning

'Sourcing Hubs', and Hesping and Schiele (2015), Kaufman *et al* (2014) on purchasing strategy.

Use the quality argument as a negotiating chip.   Bös and Kolmar (2000) in the abstract of their article suggest that:

"Surprisingly, the efficiency gains can be higher if the award is given to a seller with a lower reputation for quality instead of a seller with higher reputation".

They advocate allowing post-award and pre-contract re-negotiation between bidders and suggest, that if the lower quality bidder has the award, then it must engage the higher quality supplier in order to protect the contract that it has been awarded.

Be an intelligent customer and never contract for 'more of the same' unless 'the same' is truly giving you all that you need, now and into the future. In short always attempt to stretch the suppliers into innovation. This would mean being better at defining the requirement and allowing sufficient procurement lead time, Hawkins *et al* (2015). This is the same argument given earlier about 'packaging' requirements to lead to innovation and improved delivery, whether it is goods or services.

It again emphasises that in the increasingly complex marketplace, the public sector procurement officer needs skills that come from understanding commercial industry and engaging with it.

Be prepared to assess what market you represent and how important a player you are; and will become.   There was a feeling amongst many defence sector procurement bodies that they were such an important customer in the general marketplace, that they would always have many suppliers competing for their business.   However, declining defence

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budgets in the West and reduced strength in armed forces has meant that in many sectors of industry, they are no longer the predominant customers. Understanding and accepting that should affect procurement activity.

Recommendations 8, 9, 10, 14, 15 and 20 from Byatt (2001), (i), (ii), (viii) from Kelly (2003), 9, 11, 18, 21, 26 from Root (2009) all evidence the fact that the logic of the reversal of the rules proposed by Jacobides and MacDuffie (2013), as elaborated above, is consistently considered, but the question is why has it not been acted upon? The recommendations of these studies are at appendix 1.

In addition, Rule 1 suggests that the original equipment manufacturer wants many potential suppliers and, therefore, should have a need for an integrator to manage the supply chain. At the same time, it suggests that an integrator could become uniquely placed to add value as suggested in the discussion of the work of Bitran *et al* (2007) (above) or else, to be seen as a threat to the original equipment manufacturer requiring very careful control if it is to retain its own position.

Thomas, C., (2013) in the conclusions of his single page article describes the move to an 'integrator' led (or 4PL led) supply chain as a result of outsourcing and the failure of the 3PL model.

> *"Some 3PLs have not fully stepped up to meet the exact needs of customers. Some have become too focussed on "managing" tasks, not processes and on serving the parent company's core business and have missed opportunities to present value. The 4PL enables firms to manage a critical part of their supply chain by providing visibility and integration across multiple enterprises".*

Partnering amongst suppliers

Clagola and Sheedy (2012) researched the trend towards partnering amongst US Defense sector construction and engineering firms, stating that the commissioning officers had found a reduction in post-award litigation and reduction in risk. They also stated that provided that industrial companies come together and communicate openly, to form contract teams, then they can save between 7 and 26% in total project costs, for an outlay of 0.15% in cost increase due to the negotiation that is required to make the partnership stable in the first place. They do, however, follow the line of Bitran *et al* (2007) in stating the need for a neutral negotiator to establish the terms of collaboration.

Graham and Hardaker (1998) look at the relationship between defence sector buyers and suppliers. Again, open relationships, knowledge of customer requirements and pre-negotiation or understandings based on a long-term relationship are stressed.

Conclusions about trends in industry

The major conclusions from a review of current trends in industry suggest that it is unlikely that a single major company will today build every component and install them into a complex product 'in house'.   Further, industry has reacted to the customer by offering services to support the major product once in use.   To do this, partnerships and consortia are expected to emerge, and industry is developing ways to establish the required working relationships. Long term, open, co-operative, and high trust appear to be the mantra of this trend, and that points to the need for independent negotiators and managers for the relationships.

Whilst 'globalisation' and 'offshoring' have been the major drivers of developments in UK industry for several decades, the emergence of the 4PL and 'integrator' could prove beneficial for the UK. The UK is arguably one of the best

at the provision of financial services and negotiating 3rd party business. The UK Ministry of Defence (amongst other organisations) has stated at industry events, that it wants a 'one stop shop' for selected goods and services, or an end-to-end supply chain solution to a particular issue. That being the case, integrated solutions should become a normal supplier side bidding tactic, to add value. This raises questions about awareness, knowledge, skill, and capability in the public sector such as: Is the public sector cognizant, empowered, and capable of taking advantage of integrated and innovative solutions? Are complex contracts requiring integrated solutions permitted under current rules, and if so, are public sector procurers capable of putting them to market; and then managing them?

There are also some trends that affect the relationship between public sector and industry that cannot be overcome by skill and awareness. Following the economic shock of 2008, there are areas of industry where vendor competition is weak. Additionally, the drive to eliminate the UK budget deficit has reduced the amount of money available to many Departments and Ministries. It has also reduced the numbers of civil and public servants in procurement posts. That, in turn makes them less attractive customers for industry, and in some specific sectors can cause industry to withdraw, or reduce competition, Johnston and Girth (2012). In the UK, this can be seen particularly in areas such as Defence, where there are large number of niche small and medium enterprises who rely on UK Defence contracts, and find access to alternative markets difficult, because of trading and security regulations.

3.4 Trends in the Public Sector

This section highlights challenges to public sector procurement that are emerging in the economic and social reality of the 21st century, together with some responses and the results, that are not always as intended.

3.4.1 Summary of the trends in the public sector

a.   While the importance of small and medium enterprises in all economies is understood and engaging them in public sector procurement is a stated aim, economic, technical, and procedural developments can militate against their engagement.   This is recognised but there is as yet, no common strategy to rectify the problem. (Karjalainen and Kemppainen (2008), Karjalainen (2011), Loader (2015))

b.   Legislation is being enacted in an attempt to 'mandate' solutions to the perceived problems within public sector procurement. However, despite the clear intent, perverse outcomes are not uncommon. Directive 2014/24/EU, The Public Contracts Regulations 2015. (Karjalainen *et al* (2009), Karjalainen and Raaij (2011))

c.   Whilst open dialogue, flexibility in contract form and engagement are encouraged in legislation, procedural and regulatory complexity coupled with resultant aversion to risk on the part of public sector procurers, prevent incentivisation and hamper innovation. (Jones G (1997), Das and Narasimhan (2000), Ramsey (2001), Looman *et al* (2002), Schoenherr and Mabert (2008), Vitasek and Ledyard (2009), Knutsson & Thomasson (2014))

d.   Outsourcing services has been a global trend in public sector procurement for at least 30 years. It is argued that special skills are required with 'services' and that the inclusion of 'in house', 'for profit' and 'not for profit' service providers add further to the need for skilled and trained personnel, who may be in short supply as pressure mounts for public sector savings. (Bryntse K (1996), Humphreys *et al* (2000), Johnston and Girth (2012), Lindberg *et al* (2015))

e.   Strategic purchasing and 'managing the market' are increasingly seen as necessary responses to changes in the supplier base; over which the public sector has little direct control and possibly diminishing influence. (Jones (1997), Johnston and Girth (2012))

f.   Public sector procurement can be seen as a means to stimulate the economy if correctly and strategically managed. However, such management can be impeded by the need to contribute to national budget deficit reduction, legislation, and political agendas across the EU. (*Of course, following the BREXIT vote, the UK may no longer face the EU harmonisation agenda. However, it is in the interests of UK companies to have access to EU member state public sector contracts and vice versa. While the negotiation has yet to be completed, it is a personal assumption that the EU Public Sector Procurement Regulations will be accepted as a bi-lateral agreement between the EU and UK and that advertising public sector contracts, above threshold, will continue in the Official Journal of the European Union (OJEU).* (Murray (2009), Roots (2009), Bovis (2012), Comba (2013))

g.   There is a genuine desire to demonstrate 'green' and 'sustainable' credentials when buying for the public sector, and it is affecting procurement behaviour. However, reduced procurement time scales and e-commerce can affect outcomes. (Walker and Brammer (2012), Costa *et al* (2013))

h.   The terms 'purchasing', 'procurement' and 'commissioning' still appear to cause confusion in practice as well as in academic literature. (Bernandes and Zsidisin (2008), Ramsay and Croom (2008), Murray (2009), web-based discussions and procurement blogs 2020)

3.4.2   Guiding principles and weaknesses - Small and Medium Enterprises (SME)

Karjalainen and Kemppainen (2008) summarise the principles for tendering and supplier selection underpinning European Union (EU) public procurement law as transparency, equal treatment, genuine competition, and non-discrimination. Therefore, they argue that size and nationality of a company should not hinder its participation in public procurement throughout the EU, nor inhibit Small and Medium Enterprises (SME) from taking part. SMEs are of course crucial to most

economies and almost always constitute the largest sector of employers. However, they acknowledge that there are practical problems that the EU Procurement Regulations could be used to overcome.   Their summary of the main problems includes a lack of embedded, legally trained personnel in most SME, and the cost of accessing legal advice. The complexity of public sector procurement documentation making legal advice essential, and delays in payment that can adversely affect a SME cash flow.   Finally, they draw attention to the increasing use of electronic communication and the fact that some SME do not have adequate access to keep pace with public sector procurement agencies.

Loader (2015) adds to the list of reported difficulties facing SME in the UK when bidding for public sector contracts. Using both quantitative and qualitative methods to analyse a large sample of data from SMEs a list emerged of barriers to participation including: difficulty and cost of finding opportunities, over prescription in tenders that set the qualification and participation bar too high, poor specification, over-long, costly and resource demanding tendering processes, a lack of professionalism in public sector purchasing departments making it hard to engage with procurers who are inherently risk averse.   This point was put to the co-researchers in this study and was agreed. However, the public sector procurement officers put much of the barrier down to a lack of a defined role, development and understanding amongst a group that they label the commissioners of procurement. This point is explained in great detail as a result of the field research.

Karjalainen (2011) also notes the trend towards the use of 'framework agreements' in the public sector as these offer measurable cost benefits. The empirical evidence produced in the 2011 study shows significant volume discounts and reduced process costs, from centralizing purchasing and using framework agreements. Framework agreements can, however, also have a negative effect on SME activity because, the cost of bidding to get onto the framework as an approved supplier is the same, but there is no guarantee of a steady offtake.   In some public sector framework agreements, there is no guarantee of any purchase

being made.   Inevitably, there would not be a framework agreement if there was no intention to purchase but, being just one approved supplier and perhaps being told that 'electronic reverse auctions' will also be used, can be off-putting.

3.4.3   Legislative response

To an extent the points relating to industry behaviour and the observations of Karjalainen and Kemppainen are addressed in the latest EU PS Procurement Regulations, (Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014) where the intent is made clear in the preliminary recitals which have particular relevance in this context:

> (*14) It should be clarified that the notion of 'economic operators' should be interpreted in a broad manner so as to include any persons and/or entities which offer the execution of works, the supply of products or the provision of services on the market, irrespective of the legal form under which they have chosen to operate.*

> *(15) It should be clarified that groups of economic operators, including where they have come together in the form of a temporary association, may participate in award procedures without it being necessary for them to take on a specific legal form.*

> *(33) Contracting authorities should be able to choose to provide jointly their public services by way of cooperation without being obliged to use any particular legal form.*

> *(42) There is a great need for contracting authorities to have additional flexibility to choose a procurement procedure, which provides for negotiations. A greater use of those procedures is also likely to increase cross-border trade …..*

The EU directive has been enacted into law under The Public Contracts Regulations 2015 (Statutory Instruments 2015 No.102 Public Procurement England and Wales, Public Procurement Northern Ireland) in which it states:

"Principles of procurement

18.

(1) Contracting authorities shall treat economic operators equally and without discrimination and shall act in a transparent and proportionate manner.

(2) The design of the procurement shall not be made with the intention of excluding it from the scope of this Part or of artificially narrowing competition.

(3) For that purpose, competition shall be considered to be artificially narrowed where the design of the procurement is made with the intention of unduly favouring or disadvantaging certain economic operators.

19.

(1) Economic operators that, under the law of the member State in which they are established, are entitled to provide the relevant service, shall not be rejected solely on the ground that, under the law of England and Wales or, as the case may be, Northern Ireland, they would be required to be either natural or legal persons.

(3) Groups of economic operators, including temporary associations, may participate in procurement procedures and shall not be required by contracting authorities to have a specific legal form in order to submit a tender or a request to participate.

Framework agreements

33.

(1) Contracting authorities may conclude framework agreements …

(2) In these regulations, "framework agreement" means an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

Payment of undisputed invoices within 30 days by contracting authorities, contractors, and subcontractors
113

(2) Contracting authorities shall ensure that every public contract which they award contains suitable provisions to require the following:
>   *(a) that any payment due from the contracting authority to the contractor under the contract is to be made no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed".*

The intent behind revised legislation

The extracts above from the recitals of the EU and body of UK legislation serve to illustrate that revisions of the regulations do address some of the issues that have previously been identified as weaknesses in the procurement process.   Reading the full text also points in the direction that the UK Government appears to want public sector procurement to travel.   In the opinion of this researcher, the pointers appear to be:

Procurement officials should have a greater degree of flexibility over the types and forms of contract that they can let. Framework agreements for 4 years are particularly favoured and there are many nuances in the legislation, designed to make them flexible.

Negotiation and dialogue are encouraged in complex contracts.

The use of electronic communication is encouraged to speed up processing.

The timescales between advertising a contract opportunity and letting the contract should be as short as possible.

Payment must be as quick as possible from contracting authority to supplier and provision must be included so that if a supplier of goods or services uses sub-contractors, payment must flow to the sub-contractors equally quickly.

Central purchasing and collaboration between contracting authorities is encouraged.

Consequences of revision

Whilst the signposts are clear, there are some inevitable consequences that may not be as the legislators would wish.

Greater flexibility, and more options over contract form, negotiation or dialogue require improved and appropriate skills amongst procurement officials and contracting staff. They also present industry with a greater need for legal advice, and that may deter some SME from taking part in competitions for anything other than the simplest contracts. (Loader (2015))

Avoiding giving an appearance of favouring one potential supplier, over others, can make dialogue difficult. It requires care and training if it is to be meaningful. The 'level playing field' is often taken to mean do not speak to a single potential supplier unless the information can be shared with all others. Suppliers analyse their own Unique Selling Point (USP) and use it as part of their justification of why they should be awarded the contract. If the USP is to be shared with all competitors because of public sector procurement procedures, how can they be confident that they can suggest innovative solutions without their best ideas being shared with and stolen by competitors before the bids are submitted?

The determination to ensure even handedness means sharing every question that is asked, and every answer that is given, following the issue of an Invitation to Tender. This makes it difficult for some suppliers while preparing their bids. It can be argued that it is up to each potential bidder to ask questions and, if they fail to ask, they should not have the advantage gained by the more enquiring. There is also a danger that simply asking certain questions can indicate the line being taken by a potential supplier to gain competitive advantage. If all questions are open, then competitors can benefit and so there is a reluctance on the part of the better bid managers to engage.

Stipulating the use of electronic means (e-commerce) in the contracting and bidding process can also add to cost and deter some potential bidders. The author has experience of preparing bids when even the version of software to be used to assemble documents was specified. On enquiring what latitude there was, the answer was "very little" as the contracting authority had only certain levels of IT support, and its systems were old. It was not an insurmountable problem, but it added to the workload of the bid team, ensuring that all documents were reformatted to match the procurer's system. Such additional complexity adds to the cost of bidding

and, again, may deter some good suppliers from taking part. For SME in particular, being made aware that only bids submitted to match specific IT systems and formats which they do not normally use or rely on, can lead to a no bid decision at a very early stage.

Views about Framework Agreements (FA)

Karjalainen *et al* (2009) and Karjalainen and Raaij (2011) also point out that in many organisations, both public and private, the 'framework agreement' is seen as a 'call off contract' leading to 'maverick buying' (MB). Framework Agreements (FA) are advocated to make it easier to offer choice, whilst aggregating demand, to secure volume discounts from approved suppliers. However, unless the ordering of goods and services is centrally controlled, MB can negate any benefits of FA, making it difficult to control overall spend and budget. This occurs when several independent members of the organisation, and not just the central purchasing department, have autonomy to order goods or services.

As a single example, 'dispersed autonomy' is common in the provision of community support equipment in the UK National Health Service (NHS). The term 'community support equipment' covers items such as 'riser recliner chairs', special beds, wheelchairs, crutches, walking frames, hoists, handrails, and the services needed to install them, so that patients can be discharged from hospital; or can remain at home.   It is therefore understandable that Social Services, community health teams, NHS Primary care trust discharge teams, palliative care providers, amongst others, all have the authority and autonomy to order goods and services at the point and time of need. Inevitably, those empowered to make purchases have a catalogue and will pick the 'best' product in their view. This means some buying the 'top of the range' which then becomes the norm.   Equally, not all equipment needs to be disposed after one use, but dispersal and the authority to buy new, at a time of need, militates against any consideration of a recycling and re-use plan that could save large sums in the procurement budget. The author was engaged in a NHS initiative to offer more choice to customers by outsourcing

the supply of community equipment and witnessed at first hand the negative budgetary impact that such 'dispersed autonomy' can have. Equally he suggested that curtailing some of that autonomy and making prescribers use recycled equipment in the first instance could, and indeed proved that it did save money well in excess of the costs of the cleaning reconditioning and safety certification that was needed.

Consultancy services

Another area on which there is considerable interest and literature is that of purchasing consultancy services and in this 'dispersed autonomy' appears to be the norm in the public sector. Schiele and McCue (2006) cite a study by Fearon and Bates arguing for more meaningful involvement of central purchasing departments in Canada (and by implication, professional procurers who add value) in all decisions to use consultancy services. Fearon and Bates found that the central purchasing department had only been involved in 5% of decisions to use consultancy services; and yet the public sector expends vast sums on such services every year. Schiele and McCue argue that whilst central purchasing teams are expected to be good at buying goods and letting service contracts with a clearly defined requirement, they are less able to 'understand' and add value to a particular department or team's need for consultancy. This may be due to the persons or team that need the consultancy service (client) being unable to articulate the full requirement which may emerge as the consultancy progresses. Alternatively, consultants are good at informing people why they have answers to tricky problems and therefore, are often hired on personal meeting or recommendation rather than as a result of formal tendering.

Schiele and McCue suggest a model where trust in the abilities and benevolent intentions of the central procurement department formed the main component in making a client willing to engage. Only through meaningful engagement can the procurement team get all the detail needed to hire the right consulting services under the right terms. There could be a lot of effort needed to make that

engagement and it can only be justified if the client believes in the 'benevolent intent' (honourable intent) of the procurement team to gain cost, or some tangible advantage, and pass that on.

3.4.4 Risk, incentivisation and innovation

Paraphrased by the author, Knutsson & Thomasson (2014) suggest that there are two strategies in use that are termed 'innovation' in the provision of goods:

> When the goods to be purchased are not pre-defined – innovation is simply a supplier offering something new

> When the goods to be purchased are pre-defined – innovation is looking at a new process of supply.

However, they note that public officials engaged in procurement are risk averse because of the complexity of regulation and opt for 'more of the same' or at least tacitly avoid true innovation. They conclude therefore, that in a risk averse atmosphere, innovation cannot occur unless the procurement authority breaks the mould.   Their research includes a case study of procurement in the Swedish public sector where the purchasing team first, re-defined the terms used to describe the goods and then the weighting that would be ascribed to bids. The Authority moved away from a traditional least cost single supplier model, to one where environmental considerations, support to local industry and security of quality and supply could all be weighed in the final decision. In effect they merged the two strategies and in the case study, succeeded in bringing innovation, quality, choice, and better value for money to the food supply to local government and schools in a small region of Sweden.   They acknowledge the small scale of the study but argue convincingly that the case study approach could and should be used to review larger scale procurement exercises. The reward that they propose for the effort is an approach to the market that allows innovation and makes it easier for small and medium enterprises to be competitive.

The proposition made above suggests that risk aversion is the main cause of settling for more of the same and rejecting innovation.   However, factors such as timescales to let contracts being shortened in the EU and UK legislation, staff numbers and resources, poor market awareness and a lack of guidance and authorisation from 'commissioners' may also play a part and are discussed further in this chapter.

Capability statements and 'packaging' of contracts

The work of Knutsson and Thomasson has a direct parallel to the purposes of this study; but it is limited to the purchase of goods.   Broadening the subject to include the acquisition of both goods and services, I believe that there is another strategy that must be considered.

A request by the purchaser for suppliers to look at a desired outcome (expressed by the purchaser as an output or capability statement) and offer both goods and services to meet the need, in a holistic manner. The proposed solution may require investment and innovation, the pay-back period for which may require a longer contract than is the prescribed norm in current legislation.

Government speakers have stated a desire to use this strategy several times at industry days, and it has been repeated to the author in discussion with senior procurement officers. The drivers that would make this attractive are themselves worthy of study and form a part of this work.   If achievable, they would lead to a fundamental shift in the procurement paradigm.   In summary, and based on a hypothetical contract, they can be described thus:

> *"The Authority requires the capability to feed 5,000 children, in 15 locations, a nutritious lunch (as their main meal of the day as we are in a deprived area) on all school days. Interested parties are asked to outline their approach to sourcing and supplying the food, composition of menus, provision, upgrading of facilities or delivery of the hot food at the point of*

consumption, provision of dining facilities, management of dining facilities, disposal of waste and cleanliness of all related facilities in compliance with current regulations"

Simply by making such a statement there are many potential contracts 'packaged' into one. The Authority is challenging suppliers and service providers to come together and deliver a capability, without stipulating anything other than regulatory compliance, good nutrition and the number of meals and locations.   In many cases today, this capability is met by one or more food suppliers delivering to school managed kitchens, or contract premises. Menus must be planned and passed by a separate body, or 'in house' chef/nutritionist. Either an 'in house' staff or contractor who will cook, serve, and clean.   There is a separate 'in house' team or contractor who provide and maintain facilities, and a separate contract for the disposal of waste.

To industry, there are different profit margins in each activity, and provided that facilities and capabilities can be used for purposes other than school meals, at other times, there is a chance to offer a proposal that reduces overall cost to the Authority and allows industry to generate revenue from other sources; to offset investment costs. It may also spur industry to upgrade infrastructure and relieve the Authority of that budgetary burden.   If true and open dialogue, and negotiation, takes place then the Authority can see real savings and industry can still make a workable profit.

However, to evaluate bids for such a capability-based contract requires a high level of understanding of the output, and of the evaluation and award criteria that would protect the public interest, and see the pupils well fed. It also takes time to arrange and often, timing a shift from 'status quo' to something fundamentally different, can seem risky and outside the scope and authority of the current contracting office.

It also requires the person who describes the package, specifies the detail, and faces industry to have skills, training and or experience to deal with the complexity of the package. This is another aspect of this thesis that must be tested in the fieldwork. The question is "Are those working in public sector procurement able to package contracts to obtain better value?"

Knowledge and skills

It is also true that personnel who have the knowledge of the supply chain, capability, and capacity to define contracts in this way would be specialists. Simply to write the specification of the contract (Statement of Requirement (SOR)) would be challenging. This raises again the question of professionalisation within the procurement function.

To date, the author has seen only one example where, following the industry day briefing, this strategy has been successfully maintained as the bidding process progressed.   Rather, as suggested by the Swedish writers, aversion to risk and possibly, an inability to state the desired outcome with clarity, may stifle innovation.

The current EU and UK procurement and contract legislation allows for dialogue and negotiated procedures that should enable a 'goods and services' holistic package to be realised, over a reasonable pay-back period. However, once again the question of the skills, autonomy and workload of the procurement officials would be crucial.

Perverse incentives and outcomes

Risk aversion is also heightened when evidence emerges of failure as a result of trying to innovate. Vitasek and Ledyard (2009) looked at why companies outsource elements of the supply chain and associated services.   They suggest that there is evidence that many attempts to use incentives actually backfire and

the result is an unintended outcomes or "perverse incentives".   They advocate the use of 'Performance Based Outsourcing' (PBO) and this again chimes with the work described earlier. However, it also raises the need to define accurately the desired outcome in such a way that performance can be measured.

As an example of a potential 'perverse outcome' an Invitation to Tender (ITT) was issued in 2013 that sought to buy in excess of fifty million pounds (GBP) worth of lubricants (products) across a wide range, annually. Traditionally the lubricants were in small and specialist categories and there were many relatively low value contracts with niche small and medium enterprise suppliers. The ITT was for a framework agreement with multiple suppliers, but a stated preference for a single main supplier. It also stated that electronic reverse auctions would be used. However, the products specified in the Statement of Requirement (SOR) included proprietary, trade named lubricants in the way that the small low value contracts had always been let. Original Equipment Manufacturers often have approved product lists and the use of alternatives is often claimed to invalidate warranties. This means that many products can only come from a single source, unless potential suppliers submit alternatives for exhaustive and expensive testing.   Such testing often costs over £100,000 and almost certainly would deter any small and medium enterprise from attempting such action.

Had this contract gone ahead as initially advertised, which thankfully it did not, potential bidders would all have some products over which they can control profit margins, and some over which they are at the mercy of a competitor. Each would face a dilemma: bid only to supply the products over which they have control, or bid over the full range, but at what start price? The electronic reverse auction clause suggests a need to inflate the base price from the outset, so that there is room to manoeuvre during the auction. This would mean that all prices are inflated prior to the submission of bids, and quite naturally, sales between competitors would be further inflated. As a result, not only would 'status quo' be assured in the supplier base, but all prices would be inflated. The result was certain to be 'more of the same' at a higher price.

Bundling and packaging

In many ways the example given above, both introduces the concept of 'bundling' in contracts, and highlights some of its difficulties. Schoenherr and Mabert (2008, 81) define 'bundling', (a.k.a., aggregating, lotting, and combining) as

> *"the aggregation of two or more items (products and/or services) by the buyer into a bundle that is put up for bid to potential suppliers as part of a single Request for Quotations (RFQ)"*.

Here, they are speaking of bundling in a B2B (Business to Business) context to gain economies of scale by increasing the volume on offer, lower administrative costs because there are fewer small contracts to let, increasing the influence of the buyer on the supplier side and therefore promoting supply base optimization. (Looman *et al* (2002), Ramsey (2001), Das and Narasimhan (2000))

Whilst the advantages to the buyer are potentially real, bundling also creates challenges which unless addressed and overcome, can lead to the bundle failing to attract interest or gain better value. Most of these stem from designing the bundles, as illustrated in the lubricants example given earlier.   Schoenherr and Mabert (2008) also highlight the added problem of bundling for electronic reverse auction. In an offline purchasing situation, or in a negotiated purchase, there is time to discuss the impact of the bundle on the market, and indeed, to modify the bundle in response to non-binding or indicative bids to supply elements of it. If electronic reverse auctions are to be used, the 'bundle' must be right at the start because, once bidding actually starts, it cannot be changed. They found, in their literature search that little specific guidance has been given, or process mapping has taken place to suggest how to optimize 'bundles'. They also alluded to the difficulty of convincing procurement personnel that the concept of bundling has benefit and the lack of resources in terms of time, market knowledge and expertise to design 'bundles'. (Schoenherr and Mabert, (2006))

Schoenherr and Mabert concentrate on Business-to-Business B2B contracting where, as explained, the 'bundle' is a tool to influence the market and gain commercial advantage. The main findings of their 2008 work concerned bundle composition and its impact on performance (where performance means getting significant interest from potential suppliers and obtaining better value from the outcome). Their findings (as understood by the author), in cases where the business-to-business referral for quotation is also employing reverse auctions were:

> Difficulty in Item specification does not directly impact bundle performance leading to the conclusion that, highly complex and difficult to specify items can successfully be auctioned.

> Difficulty in item specification can affect performance if the supply market is weak.

> When item specification is poor fewer suppliers are likely to bid on the business.   Therefore, if considering bundling in complex contracts the specification of items is more important.

> As bundle complexity increases so performance is seen to decrease. Therefore, homogeneity and similarity of category become increasingly important. Complexity also deters suppliers and has an adverse impact on the supplier base interest in the bundle.

> If the two main concerns are item specification and bundle complexity, then the bundle complexity has a more seriously adverse effect on supplier participation.

> Finally, and not surprising, was the finding that bundles perform better when the supplier base is broad.

Whilst this work on 'bundling' is significant it is not, in the author's opinion, taken far enough. Yes, the logic is clear that bundles of items increase volume, decrease the number of small contracts to be administered and can lead to reduced unit costs. However, it also seems that there is a strategic dimension to public sector contracting that requires thought beyond this simple logic. It would be more appropriate to refer to this more strategic dimension as 'Packaging' contracts for the market where 'bundles' together with supporting services, through-life maintenance and final close out are all covered in the 'package'.

To illustrate the line of thought, the decision would be whether items that are required can, or should, be integral to a support and maintenance package. Perhaps the items could be rented or leased within a package that includes the supplier retaining stock at agreed levels and only charging for actual use. The key to packaging is to understand the supplier market, where profit can be made by the suppliers of goods and services and therefore, packaging goods and services so that an acceptable working profit can be made, but so that other related costs and capital investments can be shared or reduced. This approach shares risk and can incentivise suppliers to form virtual consortia (the 4PL model) to approach the public sector. However, it requires considerable skill and knowledge.

Much of the literature points to such an approach in that, knowledge of the market, strength of the supplier base and clarity of specifying what is required are highlighted many times. However, to optimise outcomes, the procurer could, and should be working out how the successful bidder will perform and make profit before approaching the market. In other words, a good procurement officer or 'commissioner' would understand and accept that the supplier needs to make a profit and where that profit will come from. The procurement officer or 'commissioner' is so aware that he or she will check that the profit margin incentivises high quality delivery without incurring excessive cost to the public sector. This strategic thought process would then ensure that the 'package' can be specified and justified, however complex. It also suggests that more time is required before issuing a request for expressions of interest, and that open

dialogue and discussion should take place as the 'package' is allowed to develop and emerge. As will be seen later such an approach is spoken about and written about in UK Government and EU policy and legislation. The question is whether the approach is actually being adopted?

Jones G (1997) worked with the strategic groups attempting to implement the UK Government White Paper 'Setting New Standards' (1995) to improve PS procurement practices. His main theme is the use of incentives which is defined in his work (pp 244) as:

> *"Incentivisation is a process by which a provider is motivated to achieve extra value- added services over and above that which has been specified originally and assessable against criteria in the traditional contract. The process should be to the benefit of both parties"*

Such an approach is entirely congruent with that proposed by Knutsson and Thomasson (above) and which they appear to have seen work in Sweden, but so far has not achieved similar recognition in the UK. Jones goes on to favour negotiation over adversarial bidding. He emphasises that if incentivisation is to achieve best value for money then both parties (buyer and seller of goods and services) must have a full and accurate understanding of the baseline from the outset. He sees incentivisation as a trigger of change, away from traditional contracts to potential sellers being allowed to propose innovative incentivisation schemes. And he adds (pp 235):

> *"Buyers should seek to create the right culture for incentivisation by sharing their contractual strategy with suppliers"*

He does, however, identify constraints to incentivisation. Principal amongst these he identifies "breaking down of the existing culture, custom and practice" within public sector procurement as a major issue. In this study evidence will be sought to assess whether this 'breaking down' has occurred.

It appears then that there is a strand running through writing on public sector procurement that should lead to improvement and that is - permit and incentivise innovation.   There are several clues as to the mechanisms and obstacles that hamper reaching this goal, and much of the writing suggests that most come from a culture of risk aversion and over complexity in procedure and regulation. However, it is unclear how much evidence from the field there is to support these reasons amongst actual procurement officers. Risk aversion appears to be the accepted norm and in this study it will be questioned.

3.4.5 Outsourcing services

Whilst most of the writings so far have concentrated on purchasing goods, Bryntse K (1996) concentrated on outsourced services. In her work it is suggested that there are special skills and factors that affect the outsourcing and purchase of services, and that these are more pronounced in the public sector. First she says that services are special because:

They are largely intangible, not possible to transport and the judgement of success in delivery is often perceived.

Production and consumption is occurring at the same time, often involving the customer.

Specifying and measuring the output, and defining quality is difficult and includes problems with delayed effects.

Services are performed in multi-unit organizations, with dispersed locations making oversight difficult.

There is a high degree of personnel resources involved in service provision.

She reviews the regulatory environment in Germany, Sweden and the UK, and as local authorities tend to be larger in the UK, notes that the UK appears to have more regulation than the others.   She is therefore, saying that outsourced service contracts tend to be more complex, require detailed knowledge of the end users' environment and expectation and more oversight. She is also suggesting, therefore, that the Civil and Public Servants letting such contracts in the UK need special skills.   They need to understand the marketplace and how commercial companies will deliver the services. This also implies skill in performance management and the metrics of the Key Performance Indicator system, Lindberg *et al* (2015). Finally, she suggests that, because of the degree of regulation in the UK, political influences and end user perception must be understood by the teams letting such contracts, as well as understanding the myriad regulations so that compliance can be guaranteed.   In her conclusions (PP 199), Bryntse states that:

> *"A general pattern that seems to be evolving is a project approach for the sourcing and specification and a contract management team for managing the service delivery process. The service user is a constant part of the structure, and the purchasing specialists have a supportive and guiding role".*

This is a useful text as it seems to point at elements that should be present in the procurement structure if it is optimised.   However, the difficulty of 'managing the market' to obtain services in a competitive manner to obtain best value for money should not be underestimated. This is particularly so when procurement personnel numbers may be under pressure whilst the number of outsourced services rises and 'not for profit' providers are included alongside 'in house' and commercial providers. (Johnston and Girth (2012), Humphreys *et al* (2000))

3.4.6   Responding to the supplier base

Johnston and Girth (2012) research the theme of weak vendor competition in the market.   They also question whether interest in public sector contracts is

generally declining. The evidence from the USA seems to indicate a problem which is also present in the UK.   As causes of declining interest they suggest complexity of contracting, bureaucracy, cost of bidding and some forms of contract not offering a guaranteed return on capital invested. However, they also point out that more services than ever are being outsourced in the USA (in common with the UK), meaning that there are more opportunities than ever for service providers, but noting that interest and competition between potential suppliers is often weak.

They looked for evidence that public sector procurers respond to a weak supplier base and lack of competition by 'strategically managing' the market. They also define the costs of contracting and by doing so, suggest that there is a case for a cost-benefit analysis approach to deciding how many procurement staff are needed.   Such an approach would be helpful as in most cases, there does not appear to be a sound basis for deciding staffing levels in the UK Civil and Public Service when faced with budgetary pressure.   As procurement is central to most service delivery by government, whether central or devolved, one might expect staff numbers to be protected but, the opposite appears to be the case. It appears that when the public sector is faced with budgetary cuts, the principal is that every area must take an equal share of the pain, so cuts to procurement staff occur. This issue will be questioned in the field research to see whether procurement teams have been protected or have been reduced at a time of increasing workload.

The main research was conducted using semi-structured interviews with public sector procurement managers, following an inductive grounded theory approach. Emergent theory was that market management is an increasingly important phenomenon.

The behaviours that they observed (as summarised by the researcher) include:

Managing Markets by Stimulating—or "Chasing"—Competition.

Market research can lead to lists of potential suppliers that can be reviewed and checked for suitability before being 'invited' to bid for contracts.

Data bases of those who are 'qualified' to bid being used to send out details of opportunities. The UK Government uses commercial data base providers to provide access to contract opportunities and contract notices (DCO, DCI, Supply2gov and BiP) which are free to registered customers at the basic level.

Post-contract Markets: Managing Weak Vendors and Consolidation.

Retaining data on bidders who have recently submitted a compliant bid, even if not awarded the contract. These suppliers will already have an element of governance check and pre-qualification for other potential business. If the companies had feedback on why they failed to win the last bid, they might be stimulated to bid again and because they have already passed initial governance checks, they may find that subsequent bidding is less costly.

'Relational contracting' is particularly important in complex and service contracts since issues will arise throughout the life of the contract that require discussion and the development of solutions. Managed correctly, the relationships which are built up with both 'prime' and 'sub-contractors' can ensure that there are competitors available when the next contract is to be let.

Being willing to offer help to overcome failures of quality can benefit the service delivery and value for money, whilst engendering a 'loyalty' and the retention of a potential supplier.

However, there is always the danger in a competitive market, that If one company wins most of the public sector business at a given time, it may begin to dominate the market leading to market consolidation which reduces competition.

Awarding authorities may, therefore, attempt to 'rotate' awards to maintain the health of competition. Such a practice would go against the rules of fair competition and awards based on the quality of the bid but, such action may be inherent and unavoidable.

A theme noted by Johnston and Girth, that is of interest to the UK is that in their interviews, they found that some contracting officers report spending up to 50% of their time on market management activities. They then point out that cuts in public servant numbers are taking place at a time when outsourcing is increasing. When services are provided 'in house' contracting staff are usually letting contracts for goods, for transport to deliver or hire vehicles. When services are outsourced, the workload on contracting staff increases, as does the through life management of the contract. Indeed, the work of specifying the desired output of the contract can be daunting. In essence they are saying that in the USA, there are reducing numbers of public servants, trying to let contracts in a market which needs time and effort to manage, for contracts that are increasingly complex. In the conclusions that they reach are two quotes (pp 19) that seem to resonate with UK public sector procurement:

> *"one of the most important costs in this situation – and the most difficult to quantify – is the loss of irreplaceable Government in-house expertise and institutional history"*
> and:
> *"The market delivers a double contract whammy. They require more intense contract management; at the same time, they also drive contracting officials to manage the market to increase competition, thereby reducing resources available for oversight".*

As early as 1997 there was evidence in Europe of the same problem. Jones G (1997) sought evidence that public sector purchasing, and procurement activity was benefitting from initiatives to introduce incentives and negotiated contracts in the UK and Republic of Ireland. Despite a number of UK initiatives at that time,

Setting New Standards – HM Treasury (1995), Private Finance Initiative (PFI) and efforts from the European Union (EU) to open up the market and promote free competition by removing trade barriers, he found that there was little evidence of any increased pool of bidders for public contracts. He found that those taking purchasing or procurement decisions had not moved away from the traditional cost based, and risk averse modes of contracting. He stated that (PP 143):

> *"the UK and ROI membership of the European Communities has a disappointingly low rate of return in respect of enhancing the pool of bidders available for public sector purchasers. This low return rate would, it can be suggested, detract from suggestions that increased pool of bidders adds to the potential for lower public sector costs and reduction of risk".*

The EU has a core ideal to reduce any cross-border impediments to free trade and competition, but so far, has regulated and directed without improving on the situation found by Jones in 1997. The 2014 EU procurement directive, and its 2015 enactment to UK law both contain preliminary text and Articles emphasising this:

> Paragraph (1) in the preamble and recital to the EU Directive:
> *Whereas:*

> *(1)   The award of public contracts by or on behalf of Member States' authorities has to comply with the principles of the Treaty on the Functioning of the European Union (TFEU), and in particular the free movement of goods, freedom of establishment and the freedom to provide services, as well as the principles deriving therefrom, such as equal treatment, non-discrimination, mutual recognition, proportionality and transparency.*

3.4.7 Strategic and political procurement

Murray (2009) studied the procurement activity of Local Government. He argues that following the economic downturn and recession, public sector buying power could be used to stimulate the economy if a long-term view of the supply chain, and actors within it, is taken. He finds however, that the need to contribute to Government savings targets may work against any initiative and longer-term view. He cites Roots (2009) as underpinning a target saving of £2.8Billion through 'smarter' procurement. That, he concludes, makes councils more attuned to cost cutting than accelerating economic recovery by using their cash more effectively. The need for economy drives the behaviour of collaboration, seeking to increase buying power whilst reducing staff numbers to drive down the cost per unit, whilst exploiting the post 'downturn' assumed hunger and vulnerability of small and medium enterprises, that would make them want to win business at almost any price, simply to survive. He summarises Local Government procurement best practice (pp 431) as:

> *"cost reduction, through aggregated collaborative procurement making use of e-procurement to reduce transaction costs and paying within 30 days".*

Bovis (2012) demonstrates the link between the political, Euro 2020 Strategy, and Public Procurement Directive, noting that the interpretations and judgements of the European Court of Justice (ECJ) appear to be furthering the strategy, which in this context is growth and competitiveness. There is evidence that purchasing practices of member states are not yet harmonised and so, represent a non-tariff barrier or hindering factor to the functioning of a genuinely competitive internal market. The Green Paper on Procurement in the European Union: Exploring the Way Forward *(COM (96) 583 final)* speaks of a need for simplification of public procurement. His analysis of the judgements in the ECJ would suggest that it is promoting the integration agenda in Euro 2020, by clarifying and defining behaviours of Member States in public sector procurement activities, in a way that

can be incorporated into the next iteration of the Procurement Directives. It remains to be seen whether the ECJ judgements can assist in simplifying matters.

As an ideal, 'simplification' would certainly chime with other academics who cite regulatory complexity as one reason why innovation and incentivisation are not taking hold in public procurement. Over complexity and bureaucracy are also amongst the most common reasons given by companies for not bidding for public sector contracts.

Comba M E (2013) and Snider *et al* (2013) argue that public sector procurers have special powers when approaching the market. The extent of these powers is variable. In Comba *et al* it is legislation that confers the power directly on the procurer whilst Snider *et al* point out the Corporate Social Responsibility (CSR) impact of dealing with government where rules and tender conditions can be used to affect company behaviour.

Comba supports the work of Bovis stating that public sector procurement can only be studied at a national and EU level simultaneously as they are interlinked. National public procurement law is also inextricably linked to the ECJ case law. However, he states that Member States approach the subject from two distinct camps, with a third variant or middle course. In France, 'contrats publics' are distinct from private contracts and therefore have a specific legislative discipline. Spain adopted this system. In Britain, the public contract is seen to have the same basis as a private contract and therefore there is no specific legislative system for public procurement. In the middle course, Germany, Italy and the Netherlands, the PS contract is a private law tool, but also has special legislation to back it, as necessary. It is therefore the private model with exceptions and additional provisions. This diversity of background helps to explain why it is so difficult to simplify EU procurement. The French system is built on case law. Spain adopted the French system by statute and the British system is backed by case law. In the other countries special provision has been made to modify private contract law and practice to make it fit public procurement experience. If the trend in EU

regulation is towards simplification, then it is clear that national systems and historic practices will have to change.

The author attended a Government sponsored course on the EU Public Sector Procurement Regulations and in it, picked up the following changes in the way that business is conducted:

Mandated minimum timescales for the procurement process have been shortened. This could help industry in the sense that bid to contract time could be shortened. However, in a complex contract it could also mean that there is insufficient time for any company (often small and medium enterprises) other than those with a permanent bid centre and dedicated staff to respond.

Financial thresholds for procurement have been raised meaning that more minor contracts can be placed without the need for full application of the procurement process.

Framework contracts for 4 to 5 years in the public sector and up to 7 years in the Defence Sector are to be encouraged. This would reduce the frequency and cost of bidding but also increases the need for care in the way that opportunities are defined, taken to market and award is managed. It may therefore add complexity and make the capabilities and skills of the procurement officers ever more important.

There is a skew towards greater freedom of action and control in the procurer's hands. This could be beneficial if it gives freedom to adopt innovation and incentivisation. However, history does not tend to show evidence of freedom of action for procurement officers in a carefully controlled and regulated Civil or Public Service.

E-procurement will become the norm.

The range of sanctions that can be used against suppliers who do not deliver is extended. Whilst this may appear fine, it raises risk for small and medium enterprises in particular.

There are many more subtleties in the regulations but suffice to say that the legal acknowledgement of a need to simplify public sector procurement and reality may not be as well aligned as hoped.   Further, whilst the interests of the procurer may be seen to be better served, one wonders whether industry will find it easier or less desirable to engage in public sector procurement as a result.

As already illustrated, there has been discussion over the forms of contract used by the public sector. There are also questions about the legality and ethical justification for national policies favouring the use of 'own nation' companies, granting preferential status for small and medium enterprises, or using weighting schemes that offer additional merit to companies employing 'approved' or 'recommended' mixes of persons by gender, race, or physical ability level. Across the world policies vary greatly but, across Europe, the selection of bidders and principles governing the entire public sector tendering process have been defined as transparency, equal treatment, genuine competition, and non-discrimination.

That said, it is worthy of note that there are special provisions in both EU and UK law for certain groups, and there are many exceptions to the regulations. Paragraph 36 of the recitals to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 (Article 20 in main body) and Article 20 of the UK Public Contracts Regulations 2015 make special provision for 'sheltered workshops' and disabled or disadvantaged groups to be included in contracting processes that under open competition, they would not normally have a chance to participate. Both regulatory systems also allow for variation for defence and security, emergency, and non-profit provision, amongst others.

3.4.8 'Green' and 'Sustainable'

The change made in the procurement reported in Sweden by Knutsson & Thomasson (2014), included 'green' and 'sustainable' factors in the award weighting criteria used by the procurers in the study. There is support for moving towards more sustainable and environmentally friendly public sector procurement in the UK and the EU more widely. In 2007, the Department for Environment, Fisheries and Rural Affairs (DEFRA) produced a UK Government Sustainable Procurement Action Plan, DEFRA (2007) and a year earlier the European Commission (2006) produced a Handbook on Green Public Procurement.   Whilst there is undoubtedly a 'green' and 'sustainable' agenda in political dialogue, and there is media and shareholder pressure on suppliers, one must question whether the current public sector procurement behaviours and trends towards increased pace, e-commerce, and framework agreements actually facilitate 'green' and 'sustainable' contracting or hinder it.

Walker and Brammer (2012) looked at sustainable procurement and whether it was promoted by or hindered by the developments in e-procurement. In broad terms they found e-procurement and communication with the supplier base has mixed impact. While it may help with environmental, human resource and health and safety issues of sustainable procurement from large and wealthy suppliers, it may hinder buying from small local firms unless they are able to use, access and afford the same E-Systems as the procurement team. Costa *et al* (2013) examined e-procurement in Portugal where it was mandated from 2009 onwards in public procurement. They found that overall, it delivered better results over time and that despite difficulties in the early years caused by lack of access in some small companies and different platforms in different regions, implementation was seen as a positive step.

3.5   UK Government activity affecting procurement

3.5.1   Summary of the UK Government activity

The UK Government spends a significant proportion of GDP simply buying goods and services for its constituents. It also spreads both budgetary authority and procurement activity through a complex system of devolved assemblies, local government and unitary or metropolitan authorities. The most significant procurement projects are kept under central government control and these tend to be the ones that cause both management problems and public criticism when they fail.

The reaction by Government to any failure is usually to appoint a senior serving or Ex-Civil Servant, or someone from industry to hold an inquiry, or study, and make recommendations as to how to avoid failure in future. Sadly, whilst the themes that emerge from such inquiries and studies are consistent, the rate of implementation is variable and the effects appear to be less than hoped for, as failures still occur for the same reasons.

Some of the findings have been implemented but the degree to which they can be rolled out across procurement is variable because of devolution and the boundaries of central government authority and capability.

The appointing of the Cabinet Office Minister to have overall responsibility for public sector procurement and the advent of the Government Commercial Organisation, Government Commercial Function and the Crown Commercial Service show a desire to take control of procurement and to define a strategy and implement the findings of the studies and inquiries. However, devolution, and the apparent desire for ever more of it, may well nullify any improvement that 'taking control' implies.

Working with the Chartered Institute of Purchasing and Supply and Oxford based academic institutions, the central government pillar has made progress in defining roles and responsibilities for procurement officers and project managers to improve skill levels. Results are patchy and there does not appear to be any academic study of the impact and take up of these initiatives. This is an area worthy of further study.

There is a debate about 'procurement', 'commissioning' both as terms and as roles (Jones (1997), Karjalainen *et al* (2009), Murray (2009), Karjalainen and Raaij (2011), Johnston and Girth (2012)). This debate is blurred because there are many 'care commissioners' in the NHS and many reports and initiatives to give GPs budgetary and commissioning authority (see Paragraph 3.5.4). This blurring needs clarification and there are some academic works that have attempted to engage in this arena. There are also voices that suggest that the debate is sterile. This matter is discussed in the following paragraphs.

3.5.2 Studies, reviews, and inquiries

Since 2001 there have been at least 7 major reviews of PS procurement (Byatt (2001), Birch (2001), Kelly (2003), Gershon (2004), Roots (2009) and Gray (2009), The Council for Science and Technology (2012)) at least 4 Select Committee reports and numerous revisions of policy and procedure at EU and national level; to say nothing of governance and the creation of the Government Commercial Function (GCF) and Crown Commercial Service (CCS) directly under the Cabinet Office Minister. Most of these reports and initiatives assume that change must be mandated from 'the Centre' of government. Reviewing the level and grade of those persons consulted by the authors of the reviews indicated that they are all upper echelon decision or policy makers at Chief Executive and Director level, albeit taken from a broad cross section of government and industry. There is little to indicate that research involved detailed discussions with delivery team members in public sector procurement offices. Even in industry, studies that involve those in direct procurement roles are few. (Das and Narasimhan (2000))

Sir Ian Byatts study in 2001 into local government procurement made 39 recommendations which are reproduced at Appendix 1. Demelza Birch's study provided empirical evidence on contracting activity to support Byatt.   One of the key quotations from his report is:

> *Better procurement should be an integral part of best value within every authority, as the achievement of best value depends on good procurement. The procurement function should have a much higher profile and be more strongly staffed.*

Sir Christopher Kelly (2003) made 10 recommendations whilst at the Office of Government Commerce. These are also reproduced at Appendix 1. A key quote from his report is:

> *The focus for improvement needs to be not just on the professionalism of procurement project teams, but also on the leadership provided and the culture created by senior officials. Further attention needs to be paid to the way in which senior civil servants are recruited, trained, rewarded, and motivated, to reflect the importance of effective leadership of procurement projects to the reform and delivery agenda. There is a related imperative on departments to ensure they have the right number of appropriately skilled people available when they embark on important projects. Improving client capability is an important aspect of the drive to deepen the delivery culture across departments.*

The question of numbers of staff in the procurement function was covered in detail by Johnston and Girth (2012) (cited in Paragraph 3.4.6 above) and is to be tested in the field.

The 2004 report by Sir Peter Gershon was different in nature, in that it was the first study directly seeking 'savings' from 'efficiency'. It therefore did not make a list of detailed proposals, but rather, suggested ways of gaining efficiencies

through collaboration, aggregation of spend, centralisation of some functions, benchmarking between spending bodies and better control. It did, however, contain some incisive comments on procurement (quoting from the report pp 26 and 27):

Significant progress remains to be made across several key aspects of public sector procurement:

Strategic management of major supply markets is not well established and consequently, there is an underdeveloped understanding of factors such as the impact of new policies on the supply side, dynamics and characteristics of the supply markets, and the efficiency of these markets.

Departments with major procurement spends – either direct or indirect through their agencies and NDPBs – often lack strategic visibility of and influence over the totality of the spend, and do not provide functional leadership to procurement and commercial staff in agencies and NDPBs

Too much public procurement is undertaken without professional support which results in sub-optimal value for money and unnecessarily high prices being paid for goods, works and services.

There is little evidence that the procurement of professional services (for example consultancy, legal services, financial advisory services) is managed to ensure value for money. This is a rapidly growing area of spend – for example, data published by the Management Consultancies Association (whose members represent an estimated 60 per cent of the UK consultancy market) earlier this year indicates that fee income from the public sector in 2003 was almost twice that of the previous year.

In light of these considerations I recommend that all departments consider, and agree with OGC by December 2004, how to:

i. Improve the value for money of direct and indirect procurement activity across the core department, agencies, NDPBs ….. through enhanced scrutiny, monitoring and accountability arrangements.

ii. Enhance their procurement capacity by improving leadership and professional skills together with the strong, consistent application of best-practice tools and techniques across their expenditure.

iii. Improve the strategic management of key supply markets, including the provision of demand information and engagement with suppliers, by providing functional leadership across areas of spend in (i), through faster implementation of the recommendations of Sir Christopher Kelly's review, and by having an effective focus that enables wider government policy (for example, innovation and SMEs) to be advanced through public procurement.

iv. in relation to (ii) ensure all procurement in those public sector bodies that they fund is conducted either (a) via a process (for example a framework agreement, catalogue, or procurement card) that has been put in place by a procurement professional; or (b) has the direct support of procurement professionals.

v. Pursue improvements in the value for money of all procurement of external professional services, ensuring that costs are scored against administration budgets where it is appropriate to do so, putting in place strong controls on the engagement of external service providers, and ensuring public visibility of expenditure on these services (for example in departmental reports).

Bill Roots' review of 2009 made 26 recommendations which are also at Appendix 1 and his report was also one seeking to reduce the cost of public procurement. Rather than a personal quote, Bill Roots summarised the points made to him during his interviews with officials responsible for procurement. The key issues that he listed are:

There is a lack of procurement / commissioning skills within local authorities, particularly in shire districts

The landscape of support is fragmented, causing confusion to councils as to what is available and what is best for them

To be effective, strategy has to be developed on a sector by sector, area by area basis

These are still relatively early days for the development of national strategies on purchase of commodity goods and services – more can be done to promote aggregation within a devolved framework

These are still relatively early days for the RIEPs (Regional Improvement and Efficiency Parternships)

There is much expertise outside the RIEPs including leading-edge local authorities, formal and informal consortia, for example the lead shown by Hampshire on construction that can potentially be tapped into

There is much potential for constructive pro-active dialogue with the private sector, who often also find the system too fragmented

There is a clear need for the production and dissemination of clear, useful procurement spend and contract information.

The quotations from these major Government reports and studies are necessary to illustrate that there are themes running through them. The most consistent of these, and re-echoed in the report of Bernard Gray (2009) on Defence Procurement, are:

> *Market awareness is necessary to obtain value for money.*

> *Leadership and skill levels need to improve throughout public sector procurement.*

> *Aggregation and centralisation of purchasing can leverage better value for money from the market.*

> *Dialogue with industry and innovation are required.*

However, despite the effort, waste and failures are still reported. Matters are now more sharply focussed by the national budget deficit that led to austerity, and which has now deepened in the light of the Covid-19 pandemic. This has meant staff reductions and the increasing use of standard forms of contract and standard documentation; arguably with a greater fear of the adverse publicity that repeated failure would attract. Standard forms then appear to be at odds with the possibilities of dialogue and innovation.

In 2012 the Council for Science and Technology wrote to the Cabinet Office Minister, then the Rt Hon Francis Maude, under the title of 'Procurement as a driver of innovation'. They made ten recommendations which are summarised below along with the responses from the Minister and comments from the author.

> Recommendations 1 and 2. There needs to be a clear strategy statement of how public procurement should be conducted for the benefit of the economy and a single Cabinet Member with overall responsibility.

Response.   Francis Maude was that Minister in the Cabinet Office and he assured the Council for Science and Technology that a strategy statement was made.

Comment.   To the credit of the Government, the first two recommendations appear to have been fulfilled, at least in respect of central government procurement.

Recommendations 3 and 4. There should be a clear distinction between 'catalogue' and more complex procurement and there should be criteria for deciding what a particular procurement is, so that it can be managed accordingly.   Effort should be made to identify major opportunities for procurement in innovative sectors of the economy so that procurement aids and stimulates research and development.

Response.   The Department for Business Innovation and Skills and Cabinet Office were stated to be working across departments to implement the new, strategic approach to public procurement to support economic growth. Ensuring transparency via forward procurement pipelines was a key element of this new approach … 13 announced at £70Bn. Further pipelines to be announced. Focus to be placed on supply chains where the public sector, as a market shaper, has significant influence on investment and growth. This greater visibility of future opportunities was intended to allow businesses to plan and invest in technology and innovative solutions so that they are better placed to meet future needs. The Government committed to creating and operating an open-door policy placing a strong emphasis on engaging in strategic dialogue with the market, especially pre-procurement before going out to tender. Earlier and more open engagement with business and the wider supply chain, was intended to shorten procurement time scales and allow industry to respond with investment and innovation.

Comment.   Recommendation 3 about early publication of pipelines and major projects can be claimed to have been implemented. However, in the context of the fourth recommendation, the sentiment and reality, since this answer was given, would appear to be at odds. Identifying scientific sectors in a national economy that can have innovative possibilities developed, or 'pulled through' by targeted public procurement could be seen as going against pan EU level playing field.   Equally, exposing targets in the EU context could be seen as going against national interest.   It will be interesting to see what happens in this context when the UK leaves the EU. Particularly if the strategy is intended to secure better outcomes from major projects. It is also of note that recommendations 20, 21 and 22 of the Byatt report (2001) and recommendations (i) and (ii) of the study by Kelly (2003) stressed openness and passing information to the market.   That the theme is consistent is unsurprising but that it comes up time and again indicates that for some reason, the recommendations are not being implemented.

Recommendations 5 and 6.   The Government needs to put in place a strategy for developing the right mix of skills in its procurement services. Openness to private sector expertise from our most innovative companies is critical: whether through secondments, or more informal advisory relationships. The need for more advanced skills is most urgent in the case of larger scale and complex projects. In this area, the Government should assemble a "tiger team" bringing together procurement skills from outside government.

Response.   Recognition of the need for greater commercial awareness and the need for staff, particularly those involved in major projects to be better equipped and skilled for their job, and specifically commissioning. A commissioning academy to be established and a skills and competency framework to guide staff. Collaboration with the Chartered Institute of Purchasing and Supply (CIPS) to prepare training packages that can be

accessed on-line. An interchange programme with industry that should benefit both the procurer and supplier side.

Comment.   To the credit of all involved, personnel from outside the Civil Service with industry backgrounds and experience have been brought into public sector procurement teams. The CIPS on-line learning packages and the skills framework are in use.   However, the Commissioning Academy was outsourced and despite consistent approaches through the director of the company that was named by the Crown Commercial Service as taking on this responsibility, there is little to suggest that any improvement in commissioning skills and knowledge has taken place. Indeed, the comments made by some procurement officers show that they do not believe that there is a role of commissioning, see Section 3.5.3 below. It is also noteworthy that Byatt (2001) recommendations 4 to 6, and 25 to 27and Roots (2009) said much the same.

Recommendation 7.   The Government should become a lead customer, letting industry know what demands it might have for new innovative material and technology and being prepared to be the first buyer. The Small Business Research Initiative should be used to engender competition in situations where government's precise needs are hard to define, and any new initiatives should be linked where possible to existing Technology Strategy Board programmes.

Response.   The Cabinet Office Minister stated that the lead customer role was established as policy. The Department for Business Innovation and Skills was working with the Technology Support Boards to expand the Small Business Research Initiative and that industry is now being made aware of 'pipelines' through which demand will be made so that industry can invest and research with confidence that a lead customer is at the end of the pipeline. He also stated that

"the Government's Solutions Exchange allows suppliers to pitch their own innovative, cost saving, proposals direct to government."

Comment.   There is no doubt that there are now websites and service providers working with the government, both centrally and regionally, to give small and medium enterprises and researchers information about contract opportunities and areas where particular skills are required in larger work programmes.   The Solutions Exchange however, appears less well known and when the author approached departments during procurement exercises to offer solutions and innovation, it appeared that the procurement officers felt unable to accept any proposals that were not already in the documentation for the contract unless, the innovation was shared with competitors so that the level playing field was maintained. The lead buyer theme, developing market awareness and the small medium enterprise agenda were also mentioned consistently in the recommendations of Byatt (2001), Kelly (2003) and Roots (2009)

Recommendations 8 and 9.   Buyers need the skill to focus on output-based specifications and to reduce pre-qualification processes to the absolute minimum. Effort is needed to remove some of the myths about procurement regulations. Procurement should be recognised as a core part of effective and innovative service delivery. The Cabinet Office should create a core competence for senior decision makers of all kinds.

Response.   There was a pledge to train 1,000 procurement officers in the LEAN Sourcing approach. Lean Sourcing is about reducing Total Enterprise Cost. It is Strategic Sourcing used with Lean Principles. It requires organizations to create a process that can be mapped and communicated to all team members.   Develop project milestones, deadlines, and target dates to get the job done.   At the same time considering all aspects of enterprise cost (sourcing factors, supply chain, internal processes, logistics etc). There was a pledge to reduce the Pre-

Qualification Questionnaire burden across central government departments and to mandate a shortened standard questionnaire when necessary. He also said, "For larger procurements, we are going to use the "open procedure" more, thus eliminating the need for an early, separate, and potentially burdensome selection stage." He announced the formation of a Major Projects Leadership Academy to equip senior managers with the skills needed.

Comment.   The adoption of Lean Sourcing is a step forward but in itself it will not solve problems unless it is implemented and adopted across all public sector procurement. The elements that are codified under the Lean Sourcing banner should have been common sense and may be seen as such by practitioners. If that is the case, then the impact may be less than hoped for. The standard and shortened Pre-Qualification Questionnaire is still burdensome for small and medium enterprises but thankfully is only used when projects are above the EU threshold in value. The Major Projects Leadership Academy has existed since 2013 in conjunction the SaÏd Oxford Business School in London.   It brings central government specialists and industry together and has a well-defined programme. Details can be found at https://www.sbs.ox.ac.uk/.../major-projects-leadership-academy.   It has not eliminated failures of major government projects but since major projects have a long gestation period and there are not too many, it may be that those in the recently failed teams were appointed before the programme had time to filter through. However, the need for better skills across the public sector procurement world has been a consistent theme in every report on public sector procurement since 2001.   In particular, emphasis has been placed on 'commissioning' and the management of high value and complex projects in a strategic manner. Byatt (2001) recommendation 10 actually stated:

> *"10. Elected members should take a strategic role in securing*
> *quality outcomes. This should include scrutinising the procurement*

processes and monitoring the outcomes of procurements. There should be clear political responsibility for procurement with appropriate training".

Recommendation 10 of the Council for Science and Technology report said.

"There needs to be greater transparency of local procurement decisions for catalogue items. For more complex purchases, the Department for Communities and Local Government and the Department for Health need to ensure that local agencies have access to government's developing procurement networks if effective local procurement partnerships are to develop in practice."

Response.

"The localism agenda is clear that local authorities know what is right for their area. However, as the report suggests there are some common commodities that all authorities should utilise the power of collaboration. The sector is currently designing a system to ensure that the right people are buying the right goods at the right level. That means utilising national frameworks where appropriate."

Comment.   The "power of collaboration" appears to have become a mantra, and the concept of national frameworks let by the Crown Commercial Service has been achieved in some areas. However, many devolved authorities are not mandated to use them. It is also true that in some commodities, and in regions or local areas, aggregation and enforced collaboration can result in sub-optimal outcomes for some of those authorities involved. If the base price of a 'catalogue' item is low the profit margin per item is also likely to be low. Greater volume will perhaps

squeeze that margin but there is a limit to savings that can be had. The supplier side can and probably does make more profit from other parts of the supply chain. If the cost of transport per mile affects the overall price and it is averaged across a region under an aggregated contract, the customer nearest the factory gate will probably pay more per item under the aggregated deal whilst the customer furthest away will be happy as the average cost per item will go down.

From the author's perspective it appears that every study that has been referred to shares some common themes. More commercial awareness and skill is needed amongst the public sector procurement officer community.   Procedures need to be simpler and less onerous, especially for small and medium enterprises.   'Lead buyer' activity in a targeted manner can stimulate innovation and contribute to the overall economic recovery.   There is a difference between 'catalogue' (simple) procurement and more complex project work that requires different skill sets. On the commercial awareness and skill issue, it is worth just seeing how consistent the themes have been, and then asking whether there is any evidence of resolution:

Byatt (2001)

Better procurement should be an integral part of best value within every authority, as the achievement of best value depends on good procurement. The procurement function should have a much higher profile and be more strongly staffed.

Kelly (2003)

The focus for improvement needs to be not just on the professionalism of procurement project teams, but also on the leadership provided and the culture created by senior officials.

Gershon (2004)

Enhance their procurement capacity by improving leadership and professional skills together with the strong, consistent application of best-practice tools and techniques across their expenditure.

Roots (2009)

There is a lack of procurement / commissioning skills within local authorities, particularly in shire districts

Gray (2009)

Leadership and skill levels need to improve throughout public sector procurement.

Council for Science and Technology (2012)

The Government needs to put in place a strategy for developing the right mix of skills in its procurement services. Openness to private sector expertise from our most innovative companies is critical: whether through secondments, or more informal advisory relationships. The need for more advanced skills is most urgent in the case of larger scale and complex projects.

With this consistency of theme, the field research offers the chance to ask whether there has been any improvement and if not, to seek suggestions and opinions about how improvement can be made. It is a personal opinion that commercial awareness and managing the market require a role specification and skill set to be defined, with personnel recruited, trained, and updated in a way that does not exist at present. Equally, staff numbers in procurement must be protected so that those involved have the time to face the market and respond to innovation. Constantly reducing timescales to let contracts, coupled with standard terms and forms may help to mitigate reduced staff numbers and speed up compliant processing but, may actually impede innovation and provide a disincentive to increase market awareness and engagement. If fewer staff can

process contracts in a shorter time because all forms and procedures are standardised, they need not understand the local market. If they are interested in it, they are unlikely to have the time to engage and 'more of the same' continues to deliver a service of sorts.

3.5.3   **Taking control**

In England and Wales, and with some modification in Scotland and Northern Ireland, the Cabinet Officer Minister is now responsible for central government PS Procurement policy. Under the Minister is a Government Commercial Organisation (GCO) which fulfils a Government Commercial Function (GCF) through a Crown Commercial Service (CCS) that includes the functions of the former Office of Government Commerce ((OGC) Disbanded in 2011), the Government Procurement Service and Major Projects Office, as well as a policy branch.   It should be noted however, that this structure of control is not mandatory in the case of Devolved Parliament in Scotland or in the areas covered by the Assemblies in Wales or Northern Ireland or in local government or unitary and metropolitan authorities who have freedom to set their own policies within the overall legislative framework of the United Kingdom.

The Crown Commercial Service (CCS) is the main link between the legislative and political influences on procurement and the Ministries, Departments, Authorities, and offices which actually procure goods and services. As such the CCS issues policy, action, and guidance notes. It also commissions specialist organisations such as the Crown Solicitor and legal departments to draw up 'model' contracts and standard terms and conditions that are fully compliant with legislation. In addition, it has a contracting responsibility and is attempting to aggregate government spending in a number of areas, in order to obtain better value for money. It should be noted however that the CCS covers only Central Government and has less power to influence and mandate to devolved administration.

Indeed, whilst the CCS once offered training for central government procurement personnel the author contacted the training team and was told,

> *"We no longer provide training to other government departments, that task has been taken over by the Commercial College which is held on the Civil Service (CS) learning site. We did historically provide access to our Learning and Management Suite which held some procurement specific training including Chartered Institute of Purchasing and Supply (CIPS) diplomas, but we longer provide this service".*

On receipt of action, policy or guidance notes from the Crown Commercial Service, Ministries and Departments within the public sector then issue guidance on implementation to their own procurement officers and branches.   As a result, on open websites such as https://www.gov.uk/government/collections/procurement-policy-notes and https://www.gov.uk/government/publications/policy-and-standards-framework-the-legal-framework, there is a large body of policy and guidance, standardised Pre-Qualification Questionnaires (PQQ), standardised Terms and Conditions for Government contracts (Ts & Cs) and guidance on using negotiated procedures amongst many others. The procurement business is also dynamic and at the moment the Cabinet Office and Treasury are working on changes to, or modifications of the UK Public Contract Regulations 2015, which are currently aligned to the EU Public Sector Procurement Regulations 2014 and may need amendment as the UK leaves the EU. In addition, the Covid-19 pandemic led to a number Crown Commercial Service policy documents on public sector contract management during lockdown.

The themes are clear.

> *"We need to save money by improving the way we buy goods and services. We also want to use government's buying power to help support the economy"*
> Direct quotation from Cabinet Office Policy, June 2014.

In a policy note of less than 2 sides of A4 paper, the action list to support this statement includes:

Defining the role of the Crown Commercial Service to aggregate spend and obtain better value for money across all Government Departments and the wider public sector.

Opening up business to small and medium enterprises by making it easier for them to do business with the government.

Early publication of opportunities to allow industry to 'gear up'.

Working to obtain simpler and more flexible EU procurement rules.

Helping commissioners of public services to become more effective through training.   A Commissioning Academy was advertised as taking applications for courses starting in February 2015 for which applicants must pay £500 and will enter a development programme aimed at senior team leaders in the procurement field to equip them better to apply the new government initiatives. Sadly, it is not a development programme that also includes industry or the majority of Civil and Public servants who process the papers. (The Commissioning Academy was outsourced and attempts to evaluate its offerings in 2017, 2018 and 2020 have proved unsuccessful)

Using commercial intelligence more effectively.

Following on from this simple statement and action list are policy and guidance notes to assist implementation.   The latest Short Form Terms and Conditions for goods and services are 23 pages long; the standard Pre-Qualification Questionnaire Core Questions are 13 pages long and these are augmented and

tailored by commissioning authorities when going out to contract. The bureaucratic process is growing and may be fighting against any concept of making it easier for small and medium enterprises to do business. Conversations with many of them suggests that they no longer see engagement as worthwhile in the UK. Many see the volume of paperwork and effort needed to secure what is often just the status of one potential supplier in a framework as too much effort and risk for little reward.

The 'mystery shopper' system reports on complaints about procurement action. From July 2014 to date it is unsurprising that there have been many complaints recorded but, on examination, the following emerge as common themes where the procuring authority has been advised to change its future activity:

Rigid application of Pre-Qualification Questionnaire financial requirements to exclude companies from the bidding process.

Specification of goods and services in such a way that the incumbent suppliers position is likely to be successful

Procurement strategy favouring larger suppliers due to aggregation of requirements.

On the response to this final complaint, it is interesting to note that the commissioning authority had actively suggested that small suppliers form a consortium and, by inference, an integrated approach to bidding. This chimes perfectly with the concept of 'maestro', 4PL and the work of Johnston and Girth (2012). Such suggestions are easier for the commissioning authority to make than they are for small and medium enterprises to implement. The smaller companies do not normally have dedicated bid management teams. Therefore, the decision to bid or not is often down to the Director of the company. Has he or she got the time to discuss forming a consortium with other small companies and then processing a bid on behalf of the consortium, when larger established

suppliers are already in the market? The logic of the proposed process may be undeniable but the appetite to follow the logic may be less compelling.

3.5.4 Procurement and Commissioning – the purchasing and commissioning cycles

As a trend it appears that from about 2005 there was increasing interest in defining terms in the public sector and that academics were engaged in attempting to assist the process.   The terms 'purchasing', 'procurement' and 'commissioning' were seen by many as interchangeable but by others as distinct, and they were linked in debates about 'strategic procurement', sometimes also termed 'smart' procurement.   However, the literature suggests that many public sector procurers felt it difficult to become 'strategic' because they were seen only as 'buyers' by others who did not appreciate that there may be other roles beyond 'purchasing' or 'buying' and that 'procurement' is not just another term for the activity.   (Jones (1997), Karjalainen *et al* (2009), Karjalainen and Raaij (2011), Johnston and Girth (2012))

Trying to change procurement from 'transactional' to 'strategic', supporting longer term plans that include the growth and transition of a company from the here and now, to the focus of the next customer requirement and therefore, ensuring that materials and components, goods and services are all procured to support the transition, became the major emphasis. In truth the same should apply to the public sector since new products and service offerings allow it better to match the needs of communities and, therefore, the same 'strategic' shift should apply in both public and commercial sectors. Snell (2007) reported James Gregson as saying at the Ariba LIVE conference in London that,

> *"If procurement cannot align itself with what the organisation wants to achieve, it will not get the support for what it wants."*

'Organisation' could also mean local authority or government department and what it wants to achieve is a mix of politically declared intent (manifesto promise), delivery against measurable need and statutory obligation within a given budget. Procurement must align to these if it is to merit the resources it requires and gain the respect which it seeks.

In 2006 and 2007 there were five government and departmental papers all related to commissioning and since then the distinctions between purchasing, procurement and commissioning have been the subject of increasing academic literature some of which appears to add clarity, whilst some also blurs the terms.

However, herein lies the question. Who determines the elements with which procurement must align?

According to the Chartered Institute of Purchasing and Supply (CIPS) website, responding to a keyword search using 'Commissioning' provides the following:

> *"Commissioning is the process of assessing and identifying the needs and then developing the policy and service required to meet these needs effectively. This enables procurement to purchase services timely and efficiently whilst meeting the required quality standards cost effectively".*

The CIPS definition, therefore, suggests that the procurement function works to assessments and statements of need (how much to procure and under what conditions), policies (under what defined constraints and to what quality) and statements of the service required (how presented to the customer) that are set by a process of 'commissioning'.

That leads to the question of who is responsible for conducting that process? Bernandes and Zsidisin (2008) spoke of ways in which the strategic impact of procurement and the impact of procurement on the supply chain could be

improved. They stressed the relationship between procurer and supplier and of 'relational embeddedness'. The proposition is that the deeper and closer the relationship between the two, then the greater the potential for added value in terms of security, intelligence on customer need and expectation, and product and market information.

Ramsay and Croom (2008) took the general proposition that 'purchasing and supply' activities should be strategic but, looked at whether all such transactions need be. They looked at the terminology and the function in order to conclude that in many ways, even the most basic procurement can involve dialogue with suppliers that can drive out benefit and therefore every procurement activity can become 'strategic'.

Strategic thinking in order to make an organisation responsive to customer need and then making a transitional plan so that procurement aligns to the next or future need is to many, not the job of the person 'doing the buying', letting the contracts or following the Public Sector Procurement Regulations. Rather the literature shows that there is an interrelationship between the strategic thinkers and the 'buyers', but that is the area to which Murray (2009), contributed definition. He argued that the purchasing cycle sits within but is less than the extent of 'Procurement' as an activity. Equally Procurement sits within and is less than the 'Commissioning Cycle'.   To understand this logic, one must consider practical situations.   Determining the needs of a community, allocating budget to each area of need and prioritising each are not decisions that 'procurement officers' make or are empowered to make. In a democracy, these are decisions made by elected or appointed public servants and politicians. In other words, as Murray argues, these are the defined 'ends' of public expenditure on goods and services. On the other hand, procurement based on knowledge of the 'ends', provides the 'means' whilst the act of purchasing and subsequent monitoring of performance is a cycle (purchasing cycle) or process. If there are performance failures throughout the life of any service provision it will probably be those in the purchasing cycle who notice first, if it is contractual or quality failure, and

procurement officers who use the 'means', to affect rectification. If it is a systemic failure reported by the community being served, it will be the responsible elected or appointed person who finds out first and so the 'ends' must either be adjusted, or resources reallocated, and those decisions again are outside the remit of purchasing or procurement.

However, the terms still cause confusion. Smith (2013) on the 'Spendmatters website' concluded that the terms are 'very similar' and one of his respondents is quoted as saying, "Commissioning is a term invented by those who do not understand procurement. It's akin to Accountancy being called Book-keeping or Auditors being called Account Inspectors. If the definitive definition really is ensuring that the product/service procured really is fit for purpose then I am about to go into a deep depression as I thought that I have been a procurement professional all my working life when really I have only been a commissioner. I apologise profusely for this fraudulent behaviour and will start retraining immediately." His comment is perhaps easily understood in a commercial company with a small team of procurement staff who are close to the decision making and financial control centres of the organisation.   Likewise, in an environment when that which is procured is routine and standard ('catalogue'). However, he is ignoring the point that is being made by those who see the difference between procurement and commissioning. They argue that deciding on what is needed in a complex and dynamic environment, defining how the need should be met and securing the necessary resources to meet the need constitutes a dimension beyond 'procurement'.

In a public sector organisation, the budget is controlled by persons who may have no knowledge of procurement as a function.   They probably have no concept of what is available on what terms and conditions in the market. Priorities are often subject to change as new politicians are elected and, they then appoint persons who have only a short presence in the decision-making process and who may or may not have any prior knowledge or experience of commissioning, or procurement.

During this research attempting to find whether there is any difference and whether it appears to matter must be a subsidiary aim.

3.6   The individual and the 'body corporate'

Irrespective of how broadly a person is developed and how knowledgeable he or she is about industry behaviour and opportunities, Government policy and guidance may be driving behaviour and it may be that evidence from actual case studies can reveal whether more guidance and policy is needed (in the opinion of the author this appears to be a current British obsession) or whether more freedom of action 'within bounds' aufträgestaktik, (or mission command) would be more effective. This focus on behaviour has also aroused interest in Supply Chain Management. Schorsch *et al* (2016) highlight that sub-optimal performance in the supply-chain is frequently observed and put down to individual behavioural factors which have long been ignored by those who study supply-efficiency using mathematics, statistics, and positivist approaches.

Kelman (2014) suggests that performance monitoring of departments is highly developed in the UK. It may be that in addition to issuing policy and guidance, subjecting each department to 'league tables', benchmarking and comparison also adds apprehension to the actors and may inhibit getting the best out of individuals.

While there is a considerable body of literature on the subject of procurement and acquisition, most of it focuses on legislation and regulation, forms and types of contract and macro-economic issues. There are some clear themes and, during the field research associated with this thesis, it will be interesting to gather data on whether actions resulting from the 2009 reviews have resulted in real progress towards a better equipped and skilled procurement staff, with greater aggregation of spend, more dialogue with industry and innovation in the provision of goods and services.

McKevitt *et al* (2012) suggest that more staff are being recruited from industry to improve commercial competency, a positive move; but the "optic of compliance" hinders them. Kelman *et al* (2012) also note that collaboration between public sector service providers (police authorities) can be beneficial in improving both efficiency and effectiveness. So, to the credit of the governments since 2009, there is evidence that some of the themes from academia and from government sponsored studies are being acted upon.

Another area that has some useful recent work is the degree of alignment between purchasing strategy and purchasing structure. All procurement officers work within a structure as individuals within the body corporate. The study by Ateş *et al*, (2018) suggests that if the structure of purchasing is misaligned to the strategy it has a negative impact on cost and outcome.   By structure they refer to formalised and centralised models within the organisation as opposed to informal and decentralised models.   They suggest that purchasing proficiency can mediate against some of the worst effects if the overall alignment is wrong.   Further, they emphasise the value of category management and the role of senior strategic planners is adjusting and re-shaping the purchasing structure to react to industry and demand trends.   Once again this work tends to point to the need for more skilled and able personnel carrying out the procurement function.

However, this review of the literature also identifies that there is much less actual research about how the transaction of procurement and acquisition takes place, and how the staff attempt to let compliant contracts in a changing world. That is the real focus of this research and 'from bottom up' rather than 'top down'. It is this gap that this thesis seeks to address.

3.7   Summary of the literature review

There is a great wealth of academic work on supply chains and logistics which reveal major trends in industry. These need to be understood in the public sector

since they affect the way that industry wishes to provide goods and services and also, how industry will respond, or not to contract opportunities with the public sector.

Most studies that have focussed on the public sector are reductionist in nature, focussing on a single problem or activity in a broad subject area. There have been few studies attempting to look at public sector procurement at the macro-level. Even the Government sponsored studies fall into two camps with Byatt and Birch (2001) and Root (2009) focussing on local and devolved government whilst Kelly (2003), Gershon (2004/5), Gray (2009) and the Council for Science and Technology (2014) concentrated on central government departments or on central government strategy. This is seen as a weakness since the issue is important enough to warrant the effort.   Without a study at the macro-level that looks at the context, structures, and people involved in public sector procurement it seems improbable that the factors that prevent improvement or identify impediments to improvement will become visible. This is a major driver for this research.

The Public Sector reacts to legislation and strategies that are mandated in the EU (at least for the moment) and which are then enacted into UK legislation.   This inevitably leads to a 'top down' approach to issuing policy and guidance, but the trend towards greater devolution makes dissemination and implementation patchy.

When there are major failures of high-profile procurement projects, the government response is to appoint persons to conduct studies and inquiries which are again established from 'the Centre' and assume that central mandate is the solution, leading to more policy and guidance. There are voices Kim *et al* (2014) and the author, that would suggest that effective strategies are developed when the top responds to the experience from the bottom and then reacts in concert.

There is little evidence that the findings of the studies are subject to any academic scrutiny. Rather it appears that the top-down approach is considered as a 'master narrative' without any 'counter-narrative'.

There is little evidence of any studies that start in the procurement office with the views of those at the bottom who actually carry out the function. This means that there is a gap in the evidence and experience from which procurement strategy is being set.

There is also confusion over the roles of those engaged in the subject that come from the terms 'commissioning' and 'procurement' which, therefore, need attention and definition. The literature points at a function that is either misunderstood or not being fulfilled.

CHAPTER 4 – RESEARCH METHODOLOGY

4.1   Chosen Research Methodology

This research is underpinned by Critical Realism and requires a mixed methods approach.   It will use systems thinking, case study and whilst gathering data will use ideas and approaches from qualitative methodologies such action research, and grounded theory.

To depict public sector procurement the approach of soft systems methodology will be used to create conceptual maps of 'reality' as it appears to the researcher. These will be amended until validated by participants so that influences and important, even if not causal factors can be identified.

 A 'case study' approach will be used, involving individual interviews, focus groups and some questionnaires to gather data for analysis. The cases, in this context are organisations or structures that expend public funds to procure goods and services to serve either the internal market of the organisation or structure itself, or to deliver services for the benefit of a defined target population.   Analysis of the data will use principally established qualitative methods, however, to remove possible personal bias a novel method called 'three box analysis' was developed. Whilst systems thinking and Case Study are, therefore, the main methodologies, it is acknowledged that techniques and methods from Action Research, ethnography, grounded theory will also be involved. This approach is fully in line with the work of Easton (2010), Edwards *et al* (2014) which suggests Critical Realism as a research method involving mixed methods and in particular case study, action research, focus groups and interviews with the flexibility to react and change method dependent upon what is found at each stage of the field work.

4.2   Philosophical Positions

The philosophy of science is as lively today as it has ever been, with technology opening up new possibilities to gather ever more data; and many questioning the use to which the data is put. That is not however, the main reason for starting with philosophical positions. The philosophical position one takes can be argued as shaping one's approach to solving problems and, in turn that should locate the methodologies and methods that most suit the research requirement.

It is a personal view that there are three main philosophical stances: Objectivist (positivist and empiricist), Subjectivist (Interpretivist) and Critical Realist. One can argue about what is a paradigm or methodology, but that is not the purpose of my research. I am starting with the stated trilogy of philosophical stances.

4.2.1   Objectivist, Positivist, Empiricist *(Quantitative)*

If one accepts that what we see, touch can measure and analyse is real, then we are accepting an objectivist view of the world.   We then attempt to reduce the elements of the real world into specific questions or observed phenomena that we wish to explain.   There is a belief that by reduction we can isolate what we are trying to study, into a closed system, that allows us to look at the specific. This in turn allows us to follow the route of the natural sciences seeking empirical data which we can analyse. The results of the analysis then give positive results which we can replicate or use to guide us to the next experiment that builds greater understanding.   This paradigm is usually followed using 'quantitative methodology' with quantitative research methods.

Empiricists and quantitative researchers attempt to remove any bias or potential for human emotional misinterpretation, by providing data that can be analysed in an approved and tested manner.   Accurate measurement, replicability and repeatability are key to experimental data that provides observable evidence.   In short, empiricists and positivists strive for absolute validation and verification.

Such verified results lead, either to a firm platform for the next step in the quest for absolute knowledge or, to rules and laws which are then generalizable.   One definition that emerged in a general discussion with co-researchers was: 'Explaining phenomena by collecting numerical data to analyse using mathematically and scientifically based methods'.

Boyer and Swink (2008) sum up the empiricist view as knowledge gained through observation (collecting data), induction (using the data to form a hypothesis), deduction (deducting consequences of the hypothesis to state how predicted outcomes could be tested), testing the hypothesis in the field to observe the outcomes (which in turn lead to new data and empirical material), evaluation of the outcome and then a return to observation.   To an empiricist and 'positivist', only that which can be scientifically or logically verified is recognised (Oxford English Dictionary) as fact (knowledge) and this view has been the dominant force in classical sciences for many generations.

4.2.2   Subjectivist, Interpretivist *(Qualitative)*

An immanent critique of the objectivist, positivist, empiricist stance is that human beings interpret, feel and experience reality. Each person can do so in different ways and change over time, and as new phenomena amend the basis of their knowledge and understanding. Therefore, absolute certainty cannot be achieved, and research must therefore contain interpretation of results and is therefore, subjective. This argument is particularly strong in social sciences, humanities and in areas where the main concerns are behaviour, trends, tendencies which cannot be reduced to laboratory experiments.

One of the bases of qualitative research is starting with an observed or perceived outcome and then trying to define the cause or 'the causes-of-effect' Mahoney and Goertz (2006).   They argue further that statistical and empirical methods can often be categorized as noting 'the effects-of causes', where data are applied in experimental fashion, and the outcomes are then noted. Social science seeks to

understand the 'causes-of-effect' in wider society.   This approach also leads to acknowledgement of 'open systems', where reduction of the constituent parts of an observed event, or perceived phenomena, cannot easily be justified as a basis for analysis. In short, the number of possible causal mechanisms negate the reductionist approach to research and therefore, make the objectivist, positivist, empiricist approach difficult to sustain. In 'open systems' causal links, influences and fluxes of power or action abound and need to be analysed and interpreted to judge how they affect outcomes. Such judgements are often subjective, based on interpretations that the researcher brings 'as baggage'. This is one reason that throughout 'Qualitative Research', reflexivity is a key tenet.

Reflexivity is about taking time to analyse not just the data that are gathered, but to try (as honest endeavour) to remove personal bias or preconception from the analytical process. It also leads the researcher to think about finding ways of gathering related data so that the analysis of a single theory can be from several points which 'triangulate' or cause 'resonance' with others, to support conclusions.

Social scientists fall broadly into two categories, positivists who use many of the methods associated with quantitative research and interpretivists who argue that all knowledge is situated by people in a perceived reality. Therefore, interpretivists would argue that if we are researching any subject in which human actors are engaged, empiricism cannot deal effectively with the 'mess' and 'chaos', Fricke (2011), Kristiansen & Bloch-Poulsen (2011), (2014).   Furthermore, knowledge is a human need, of several sorts, according to Reason and Torbert (2001), gained by interpretation of both linguistic and physical activity, and must have a purpose if it is worth the effort.   The purpose of knowledge is also a worthy debate, but not the focus of this work.

It appears that, to many in the positivist tradition, knowledge is gained through research or inquiry and is a stepping-stone to further knowledge, leading ultimately to 'an understanding of the nature of all things'.   Ontologically this

suggests that reality exists, is 'out there' and can be observed and experimented upon to gain knowledge and understanding which explains it. Essentially this is a realist commitment to an objective world that exists independently of researchers, Edwards *et al* (2014).   Therefore, epistemologically the use of natural scientific methods of laboratory experiment or mathematical modelling bring rigor to validate knowledge as reality which is often taken as immutable and 'true'.

However, people exist in time, change with age, have emotions, feelings, bodily cycles, and moods which affect their perceptions of events and situations on a momentary basis.   People communicate and interpret, and their interpretations can, and often do differ. That people still seek 'an understanding of the nature of all things' means that empiricism and positivism will remain as the central planks of 'natural science'. Alone, however, they cannot account definitively for the actions of people. At best, using empirical, positivist and quantitative methods on people provides snapshots which are contextual and can only be imperfectly deciphered. They are not, therefore, 'generalizable' as rules or laws. Studying people is a qualitative process which produces 'insights' which if internalised, shared and then applied with others, can steer a process of change. If a start position is agreed by those in it, then change can be monitored and agreed to have taken place.   Direction, progress towards something and adjustment to remove deflection, can follow. It may then be realistic to report what happened, and how it affected the participants, in order that others can learn from the experience and try for themselves. If enough experiences are recorded and congruent then some generalizability can be claimed.

4.2.3   Critical Realism (CR)

The third philosophical position, that in many ways accommodates both quantitative and qualitative approaches, is Critical Realism (CR). (Bhaskar (1997), (1998), Archer *et al* (1998), Sayer (1992), Edwards *et al* (2014)). CR is argued to be a metatheory or general orientation to research practice, providing concepts

which help create more accurate explanations of (social) phenomena than those which currently exist.

A key tenet of CR is acceptance of the objectivist view that there is a 'real world' that exists outside the person, but also that the person or society is shaped by and then affects the real world. According to Edwards *et al* (2014, Chapter 1 pp 2-3),

> *"Critical Realism holds that an (objective) world exists independently of people's perceptions, language, or imagination.   It also recognizes that part of that world consists of subjective interpretations which influence the ways in which it is perceived and experienced".*

There is also, according to CR, an agency – structure dualism, Buch-Hansen (2005) interviewed one of its founding fathers, Roy Bhaskar, and reports that these statements were made by him (pp: 61, 62):

> *"The dualism between those who believed that social society could be studied naturalistically, mostly represented by the positivists, and those who believed that it couldn't be studied naturalistically, the hermeneuticists; the protagonists of structure versus the protagonists of agency; …………..- it was just split! What I then tried to do was to work through these different dualisms to transcend the splits. And probably the most important point, from the point of view of isolating a distinctive domain for the social sciences, was the resolution of the problem of structure and agency.*

> *….. there's one feature of the social world of extreme importance, and that is that we don't **create** it …… it is always given to us, and that is our legacy …. from the past. the sort of things that are given to us ……. the parliamentary system, the economic system, the meanings of words, ……………… all those things, some of which would clearly be called structures by some people, but many of which aren't; all those things are things*

*which, although we don't create, we nevertheless are responsible for reproducing **or** transforming in praxis, in our activity. So, this was the fundamental insight of my **transformational model of social activity** (TMSA). It was clear that there **was** a relationship, but you couldn't really describe this relationship as dialectical or anything like that; it's **sui generis.** And the role of agency is to reproduce or transform structures. Structures provide us with the means, the wherewithal, and the particular form in which we do this in social life".*

'Agents', or 'agency' can therefore be seen as terms that include people, procedures, normative behaviours, influences or 'triggers' that will cause either reproduction or transformation of a structure.

*"There **was** structure; there is **now** that agency; and there **will be** the structure that this agency produces". (Roy Bhaskar quoted by Buch-Hansen (2005)(pp: 62, 63))*

Public sector procurement takes place at a variety of levels in complex and overlaid structures. It is undertaken by agents and agencies that are both socially interacting and are subject to the agency of others from higher level structures. Of the three philosophical positions, or approaches, reviewed here, only Critical Realism (CR) attempts to embrace the breadth of factors that may be pertinent to research in this field.

CR also focuses on the way that power exists within structures and agencies. Bhaskar (1975) characterizes a 'power' as a capacity, ability, or potential to act, to do or to make a difference. Brown (2007) offers an example of a bicycle or aeroplane which possess the power to move or fly because of their design and ability to facilitate movement. However, CR stresses that 'power' need not be actualised. This means that the bicycle without its rider does not actualise its power.   Power can, therefore, exist without having any bearing on events and can be termed, 'unexercised', because a 'trigger' is missing to actualise it. Equally, a

'power' could be 'exercised', without being 'actualised' because of countervailing powers. The hill that prevents the bicycle's forward motion despite the best efforts of the rider (who is the trigger). In Critical Realism, power that is 'exercised' but not 'actualised' is referred to as a 'tendency'. This ability of 'power' to exist, but not be actualised clearly illustrates the need for analysis at various levels to understand what might be happening in structure and agency discussions; and it may illuminate why, in public sector procurement, many initiatives seem not to promote the positive changes that are hoped of them.

One could argue that each contract has the power to create opportunities for the public sector and for the suppliers.   Equally, the personnel publishing and letting the contract have the power to influence the process.   Whether the power can be actualised or whether countervailing powers negate the actualisation, so turning power into tendency, is a major concern of this research. The research question is posed to provide entry to this area of debate.   It is a question of finding what prevents agents from actualising the power to improve the outcomes of PS procurement.

One of the final points of critical realist research that resonates with any attempt to study public sector procurement is its ontology of stratification and emergence within structures, Brown (2007), Buch-Hansen (2014). As Price (2014, pp 56,57)) explains:

> *An important way that critical realism avoids actualism is by using the idea of stratification….. into (a) real mechanisms and structures and (b) actual events and things. Much of the explanation for any particular social event is in terms of social mechanisms and structures (e.g. class), as well as actual events and things. A second critical realist form of stratification, which takes as its starting point the first, is a multi-tiered stratification, revealed as science progresses, whereby one level of reality is based on top of another, in principle indefinitely.*

Critical realists add to their understanding of the second level of stratification by using the concept of emergence. This way of looking at stratification foregrounds process. Emergence involves not only stratification but also change. In this particular approach to stratification, higher order levels emerge from lower order levels. The higher order levels are unilaterally ontologically dependent on the lower order levels. Changes in higher order levels result in changes in lower order levels and vice versa. Nevertheless, the higher order levels are both taxonomically and causally irreducible, in terms of explanation of the phenomena, to the lower order levels. Bhaskar explains further that the critical realist conception of emergence results in two distinctive models of superstructure (and accordingly hierarchy). He states:

On the first, the higher order level provides the boundary conditions for the lower order or more basic level……. On the second, the lower order or more basic level provides the conditions of possibility or framework for the emergent or higher order level, as, for example, ecology specifies the conditions of possibility of human material practices. Therefore, we cannot understand why people do what they do independently of the social structures (higher order level) — which is what reductionists might attempt to do. This is why social structures need to be studied as sui generis real in relation to people.

Therefore, what we have in most open systems, at least where humans are concerned, is a multiplicity of mechanisms and emergence. In turn it follows that to understand a phenomenon in an open system we must have, at the very least, multidisciplinarity but preferably interdisciplinarity. Without stratification we could explain everything in terms of constant conjunctions of events (actualism).

It is generally stated by Critical Realism that there are two types of emergence, diachronic and synchronic. Diachronic emergence is the first appearance or early

development of a new phenomenon. Synchronic emergence is concerned with the relationship between the properties and powers of a 'whole' and its parts, at a particular point in time, Elder-Vass (2005)

Sayer (1992), (2000), has also been highly prominent in the development of CR and is cited by Easton (2010, pp 119,120) as the most significant contributor.   He created what he called the 8 key assumptions of CR, and these neatly summarise why it is an appropriate start point for this research:

1. "The world exists independently of our knowledge of it.

2. Our knowledge of the world is fallible and theory laden. Concepts of truth and falsity fail to provide a coherent view of the relationship between knowledge and its object. Nevertheless, knowledge is not immune to empirical check and its effectiveness in informing and explaining successful material practice is not mere accident.

3. Knowledge develops neither wholly continuously, as the steady accumulation of facts within a stable conceptual framework, nor discontinuously, through simultaneous and universal changes in concepts.

4. There is necessity in the world; objects—whether natural or social— necessarily have particular powers or ways of acting and particular susceptibilities.

5. The world is differentiated and stratified, consisting not only of events, but objects, including structures, which have powers and liabilities capable of generating events. These structures may be present even where, as in the social world and much of the natural world, they do not generate regular patterns of events.

6. Social phenomena such as actions, texts and institutions are concept dependent. We not only have to explain their production and material effects but to understand, read or interpret what they mean. Although they have to be interpreted by starting from the researcher's own frames of meaning, by and large they exist regardless of researchers' interpretation of them.

7. Science or the production of any kind of knowledge is a social practice. For better or worse (not just worse) the conditions and social relations of the production of knowledge influence its content. Knowledge is also largely—though not exclusively— linguistic, and the nature of language and the way we communicate are not incidental to what is known and communicated. Awareness of these relationships is vital in evaluating knowledge.

8. Social science must be critical of its object. In order to be able to explain and understand social phenomena we have to evaluate them critically"

In many ways, that there are many strata and that they have the potential for emergence, particularly synchronic emergence, explains most clearly the fit between the philosophical position and research in the public sector.

Critical realists acknowledge that quantitative methods from natural sciences have made huge strides in explaining phenomena and providing rules and laws that allow us to move our understanding forward. However, they also look deeper into our ontological stances and why we understand the phenomena that are explained, and how that leads us to research the resultant questions, O'Boyle, and McDonough (2015).   This position then allows broader use of both quantitative and qualitative methods of gathering data but then affects the analytical processes used.   However, neither the objectivist, positivist nor the subjectivist, interpretivist stance embraces this emergence and power within structure debate as clearly as Critical Realism.

In Chapter 2, Critical Realism, Research Techniques, and Research Designs, Edwards *et al* (2014) review a range options for the creation of a Critical Realist (CR) research project and the methodologies and methods that would be used. One of their key contentions (P 3) is that, to a CR researcher,

"a research method is essentially to connect the inner world of ideas to the outer world of observable events as seamlessly as possible".

They go on to state that:

"there are few reliable rules about how to achieve this aim, which can only be accomplished by thinking through the implications of understanding that emerges from the subject of the study, and then deciding what additional data would provide more insight; and then how to obtain it. This means that a CR researcher is usually, highly flexible and adaptive by comparison with other researchers, and will use an eclectic mix of methodologies and methods".

The requirement to find some data, reflect upon it (reflexivity) and then gather more data in an iterative process then links Critical Realism to several of the accepted qualitative methodologies and research methods.

However, to some, the fact that the research project will emerge from data gathered, and the methodologies and methods may change as the field of study is clarified, leads them to a point of criticism in that, it is neither quantitative, nor qualitative in the commonly understood sense. Some would argue that its broadness, and lack of focused reliance on a more conventional (approved) research methodology, means that it cannot be as rigorous as it should be. To counter this, there are numerous important points to be made:

When research is nascent and complex, and where the field to be studied is very broad, it is often easier to take a reductionist approach and narrowly 'bound' the research.   However, if one is looking at public sector procurement, and one believes that previous studies may have failed because they were looking at the wrong level of agents or agency within a multi layered structure, it is axiomatic that reductionism lowers the number of variables being admitted. It, therefore, loses focus on the overall structure and the context in which any of the variables that are left in the study take place. In so doing, it carries a high risk of 'missing the point'.

Reproduction or transformation are implicit in the agency – structure duality. Emergence is a result of the organization of the parts within a structure and is linked to causal power.   Elder-Vass (2005, p 317) explains:

> "*Emergence occurs when an entity possesses one or more 'emergent properties'. An 'emergent property' is one that is not possessed by any of the parts of the entity individually, nor when they are aggregated, without a structuring set of relations between them*".

To summarise this with his later arguments (Elder-Vass (2007)), emergent properties depend upon the existence of particular sets of relations between the parts of the entity possessing the property.   The higher-level entity cannot be eliminated by any reductionist strategy from causal accounts that depend upon the exercise of its powers which has influence upon, and in turn must be changed by the result.

Applying this argument to the purpose of this thesis, if the majority of studies into public sector procurement have only represented the view of the higher-level entity (top-down), they will have overlooked any possibility of identifying 'emergent' or transformational potential in the 'whole'. Once again, therefore, the methodology required to answer the research question must have breadth rather than reduction.

Following Sayer's key assumptions 4 to 6 listed above, Critical Realism requires that some sort of framework of understanding must be used to define a start point. That this start point is within the researchers own frames of meaning is not wrong, because it is only being used as a device or tool to begin gathering data. The data will modify the initial framework of understanding, using exactly the same analytical methods as other quantitative or qualitative researchers, applying the same rigor and with reflexivity, Edwards *et al* (2014).

In a criminal investigation there is a crime, or suspicion that a crime has been committed. The facts are assembled, what is known at the start is listed and analysed, then gaps in knowledge are identified. Decisions about how to gain the evidence and information can only be made as the investigation progresses. There is no difference in the case of public sector procurement. There is both factual and anecdotal evidence that procurement is not delivering best value for money, and that major projects continue to cause difficulty. The start point for this investigation would be to depict, map or describe the structures and agents involved, as best one can at the outset. Then to validate the depiction with those involved in the process, identify variables that exist but may not have been identified so far. As the depiction becomes clearer, then the causal links and mechanism of structure and agency can be identified and explored in order to reach conclusions and explanations. Therefore, using an investigative approach seems completely rational.

4.2.4 Using Critical Realism in research on Public Sector (PS) Procurement

Public Sector procurement takes place within many different contexts and has many 'structures' as defined by Bhaskar with Buch-Hansen (2005). It is populated by and influenced by many 'agents' and 'agencies'. It has been studied and reviewed from 'on high' many times, implying that the 'agents' and 'agencies' that are key to reproduction or transformation of the structure, were believed to be located at one level, which is above those actually doing the work. There is relatively little evidence seeking to link the activities, behaviours, and perceptions

of those engaged in the activity to the outcomes of the procurement process. In other words, the 'agents' and 'agencies' that can affect the outcomes of public sector procurement have been assumed at one level, but with a Critical Realist approach the other levels of 'agent' and 'agency' have a significance that must be explored. In that sense the research is nascent. That it is a complex area cannot be denied. The individuals are subject to Civil Service (CS) rules, norms, and practices, in a legislative framework that is complex, within a hierarchy that may press them to behave in ways that are not necessarily conducive to best practice, and in direct contact with suppliers who may have different ethical and motivational perspectives.

This research is, therefore, underpinned by Critical Realism as its philosophical standpoint. Three important challenges must then be acknowledged, at the outset. These challenges are laid out below and addressed in the next sections of this chapter.

While Critical Realism (CR) is well established as a philosophy, it is less well established as a research methodology. As Fletcher (2016, P 1) said in the introduction to her article,

> "*Despite CR's explanatory strength, some researchers have lamented the 'lack of methodological development' on the application of CR in empirical research……. Indeed, much of the literature on CR can be classified into one of two categories: (1) high-level philosophy of science and theory, or (2) reports on empirical research meant to explain social problems or inform policy, and which therefore stop short of providing a detailed description of their methods.*"

The fact that the majority of texts attempting to close the gap and demonstrate the application of Critical Realism in empirical and field research are dated between 2010 and 2017, means that for those committed to more established methodologies, Critical Realism may not yet have entered their 'peripheral vision'.

This presents a challenge in convincing readers that the methodology is valid and rigorous. On a personal level, I believe that the ontology suggests the mechanisms of structure, power, and emergence as key to many complex problems.   Therefore, investigating these in a systemic manner employing an array of more established techniques and tools is a methodology. It is perhaps not yet accepted as such and there may be little significant evidence to demonstrate the success of empirical research underpinned by Critical Research. However, this is changing as more researchers use the approach and publish their findings. For the present it means ensuring that there is a clear explanation of what is being attempted and leaving the reader to judge the efficacy of the methodology.

Critical Realism requires that at each stage of research, reflection and analysis of existing data may suggest a new avenue, requiring different techniques to progress. Such eclecticism in a broad field poses a real challenge that cannot be ignored; and that challenge is bounding the project so that focus can be given to answering the research question rather than trying to 'explain anything and everything' that might have a bearing on it, Eriksson (2006).

4.3   Boundaries

Easton (2010) makes a strong argument that case study is an appropriate methodology to address certain types of critical realist research, but also addresses boundary issues. To quote his text (in a shortened version decided by the researcher) (Paragraph 4.1, pp 123):

> *"Critical realist case method*
>
> *The first task in any research project is to decide on the phenomenon to be studied. A critical realist case approach is particularly well suited to relatively clearly bounded, but complex, phenomena such as organisations, interorganisational relationships or nets of connected organisations……The*

boundaries of the phenomena, for example organisation or net, must be
determined although it is not uncommon for those boundaries to be
changed during the course of the research".

Critical Realism considers structures and agencies, in a layered 'whole' that may be tangible or intangible, but that exert influence and so emergence.   The first task is therefore, to create a 'map' of the 'whole', showing the structures that apply now, and to identify the 'agents' or 'agencies' through, and by which, the procurement process is undertaken.   Such a map will form a start point to be validated, amended, and re-drawn as the research takes place, but once validated by its constituent 'agents' and 'agencies', it will define the boundaries of the subject.   It will also provide focus on structure, organization, and Institutional relations.   Theories of structure, organization and institution can then be used, amongst others, as lenses to examine the 'maps' and outcomes.

Having chosen Critical Realism, the approach calls for a study accepting stratification and focusing on individuals within each level.   The 'top down' has been tried many times and this work is a 'bottom up' study of procurement which draws on previous work but is based on the people ('agents' and 'agencies') who conduct the process, and who may be able to enact, or suggest, changes (emergence) that would improve outcomes across many projects within the 'whole'.   In conducing such a study, the higher levels, or strata will need to be engaged as they are the only route to accessing the procurement teams and officers, but it is not their views, that have already been heard, that is the focus here, rather, it is the previously underreported voices of those involved in the activity.

4.4   Critical Realism (CR) and Methodologies

Having committed to using CR as the underpinning philosophy, the first task will be to establish a start point.

The literature review at Chapter 3 showed the prevalence of studies into public sector procurement that are focused on government as the structure and assume that changes to process, policy or regulation will have 'agency' and therefore, cause beneficial change. The results of this approach have not achieved all that was hoped of them. It is a central thrust of this thesis that unless the subject of 'structure and agency' is studied from 'bottom up', involving the people who actually undertake procurement, there is a gap in understanding that will not be closed.

The centrally mandated approach assumes that high level intervention has increasing impact as it filters down to the level of the agent. It also assumes that the power to make change is hierarchical and so, like a conventional gearing diagram, a small turn at the highest level has increasing influence as it filters down through levels. A whisper of 'move' by the king is a screamed order to 'run' for the peasant.

However, an alternative hypothesis might be that the impact of high-level intervention varies as it filters down and, in the end, little change occurs at the level of the actor or agent delivering the output. The true power to influence the outcome of public sector procurement activity may not be strictly hierarchical so the rate of change, or gearing ratio, is variable. Equally, if any tooth is missing in such gearing then the ability of the structure will be impaired. Also, without a monitoring and feedback process that covers all public sector procurement and allows people at each level to see the impact of any strategy, it is unlikely that those setting strategy and policy will actually know if it is working and if not, why.

Gearing diagrams to explain these two possibilities were created by the author and are reproduced as Figures 1 and 2 in Chapter 5, having been used in the introductory phase of field work.

In attempting to test this hypothesis and 'improve the outcomes of public sector procurement' there are many paradigms and methodologies that could be

employed. There is a strong argument for a link between Systems thinking, Soft Systems Methodology (SSM) and Critical Realism, Yu-ze Wan (2012), Pickel (2011). Mingers (2014) suggests a direct fit between systems thinking and Critical Realism and laments the fact that writers in the two worlds do not appear to realise the degree of congruence that exists. The subject of causal mechanisms (power) in social systems is implicit in SSM, and this is debated in critical realism ontology by writers such as Elder-Vass (2007), (2010) and Hansson Wahlberg (2014). A 'systems' approach offers a route to 'map' the 'whole' of public sector procurement and therefore establish a solid start point for the study.

Easton (2010), Bray (2015), Edwards *et al* (2014) stress the methodological fit between Critical Realism and case study, whilst Buch-Hansen (2013) highlights the congruence of approach between Social Network Analysis (SNA) and CR. Using procurement groups as cases would allow stratified entities to be examined. It would offer the opportunity to look for those factors that should lead to emergence, and therefore, be the catalysts for change or alternatively, expose countervailing powers that prevent actualisation of the transformative power of agency within structure.

Likewise, there are a number of authors Burns (2011) (2014), Houston (2010) who see the congruence between Critical Realism (CR) and Action Research (AR). Flood (2010) concentrates on the relationship between systems thinking and action research; probably reinforcing the argument for the 'fit' between CR and several of these methodologies.

In the author's view CR sits firmly with and in harmony with systems thinking and if used as a methodology for research, requires a multi-disciplinary and eclectic approach. Action research, case study, network analysis and grounded theory are all embraced as likely methods and lenses, allowing the CR researcher to view the problem and gather data to analyse and offer theories that can be tested as possible solutions to problems.

Edwards *et al (*2014), provide specific chapters on research design, case studies and interviewing using CR. They also give a prominent description of the link between critical realism and action research, which appears clear in the quotation from Bhaskar (already cited), "*There **was** structure; there is **now** that agency; and there **will be** the structure that this agency produces".* Central to this quote is the notion that action is taking place that leads to change through a dynamic process. Understanding this in terms of 'structure' and 'agency', gathering data and then reflecting on it to decide what further data is needed and how to get at it, are methods common to both CR and AR.

Bray (2015, P 117) in reviewing Edwards *et al (2014)* both analyses and quotes from the book, one example is:

The second chapter by Ackroyd and Karlsson explores different research designs and techniques that characterise critical realist research. Refreshingly from my point of view, they assert that the case study is 'the basic design for realist research' (p. 23), ……. However, they also applaud the eclecticism of critical realist research, eventually identifying eight types of research design.

However, quantitative methods, gathering data on projects and on the individuals that ran them, on numbers engaged and the qualifications that they hold, may offer insights that add to the understanding of the 'whole' that is public sector procurement. There are also qualitative methodologies that have been discussed under the banner of Critical Realism and that offer possibilities to attack the problem; with ethnography, Barron (2013) and grounded theory Fletcher (2016) perhaps most prominent.

The one certainty is that, in public sector procurement complexity is axiomatic and, it is improbable that any one paradigm or methodology will solve any perceived problem. Indeed, structuring, or positioning the problem, so that it can be studied, may be the key to finding a solution.

In Chapter two, the focused research question had some defined implications on people and behaviour which tends to suggest working with Qualitative methods using critical realism in the analytical phase. However, the debate over the use of Quantitative methods in social sciences, the generalizability and impact of findings, and desire for replicable findings, Wearne (1998), Bridges *et al* (1998), Krivokapic-skoko and O'Neill (2011), Platt (2012), Byrne (2012), Venkatesh *et al* (2013) suggest that the work will use mixed methods Boyer and Swink (2008), Archibald *et al* (2015).

Publications such as Systems Practice and Action Research (Springer), or Systems Theory and Behavioural Science (Wiley), and that one of the claims of systems theory is 'transdisciplinarity' Jackson (2010), Midgley and Wilby (2015), Rajagopalan, and Midgley (2015), have also shaped the approach to this research.

4.5   Systems and Systemic Thinking

Like Critical Realism, systems methodology and systemic thinkers do not favour reductionism.   In a social context, the whole is dynamic and not fixed, therefore taking out a small portion for study does not mean that the result can be reinserted into the whole, as it may now be out of context.

There is a belief that the world is basically systemic and that phenomena therefore emerge from the interrelated 'whole'. An emergent property of the 'whole' arises when a phenomenon cannot fully be explained by the properties of its constituent parts. *"'The whole is greater than the sum of its parts', is the popularised phrase that explains emergence. 'Synergy' is the sexy label for it"*, Flood (2010, pp 269). Furthermore, at a macro level there is an inter-relationship between any system and its environment, with feedback loops that will affect the function of the system. This illustrates the congruence between critical realism and systems thinking noted by Mingers (2014).

There is, however, a difference between 'systems thinking' and 'systemic thinking'. The origins of systems thinking were rooted in biology where the study of the creature itself and the creature in relation to its environment were key. There is an objectivity in systems thinking which has led to its adaptation in other areas. Perhaps a simple example might be a car which is a system that interacts with its environment. The gearbox is a sub-system with an input, power from the engine's crankshaft, and an output of revolutions and power to drive the wheels. The system, as a whole, can be seen and the sub-systems can thus be identified. Optimising the gear produces the desired outcome. You can see the cogs, count the teeth, and demonstrate ratios and so the car can be visualised as a 'hard system', one that can be seen and studied whenever there is a problem.

However, when the human being is inserted into the equation, it is no longer possible to touch and see interacting components. There is complexity, Wolf-Branigin (2013), messiness and chaos in human activity that must be inferred, 'guessed at' or 'felt', amongst many other terms. For this, an alternative approach must be adopted, and this is often called 'soft systems methodology', or SSM.

Ackoff (1999) provides a clear, and for me determinant, explanation of why 'systems thinking' should be applied to the study of public sector procurement. His 1999 article starts by telling the story of an old lady dying on the stairs of her apartment, and a debate about cause and prevention. The same argument might well be heard in the Cabinet Office after any major procurement failure:

"Look at that! Millions wasted on that thing, it doesn't work, was delivered late and is just scrap".

"Yes minister, the Department that requested it specified the requirement and then changed its mind, so it was partly a design problem, and partly a failure of leadership".

"Sorry, but I disagree. The requirement was straightforward, and the Department didn't want to change anything, but the budget cuts forced them to reconsider; so, it was budgetary pressure that forced change on them and, in any event the contractor was designing the solution. So, in my opinion, it was a contractor and budget problem".

"That's as maybe but the policies and guidelines should have obliged the Department to make provision for such contingencies before embarking on the project. So, we need revised policy and guidance".

and so on. ....

The point is that there are many ways to view the problem and all are interrelated. How to solve the problem is more complex and unless the inter-relationships are understood a meaningful solution will not appear.

Caws (2015, pp 516) makes the distinction between 'systems' and 'structures'.

> "*systems are sets of independently existing elements in (functional) relations with one another, whereas structures ………. are sets of relations, whose elements come into being and are defined by the very relations that determine them. Systemic relations are embodied; structural ones are intended*".

This quotation from Caws can be argued to have resonance with the work of Archer (1196), Elder-Vass (2005, 2007), Buch-Hansen (2005, 20014) when describing the interactions that lead to emergent properties.

The quotation highlights the necessity to 'map' the systems in which public sector procurement is situated in order to understand the structures that also exist, Jackson and Keys (1984). The 'structures' are created by the people in the 'systems' following Caws (2015). Here, there is an ontological difference between

Critical Realism and Systems thinking because, the former argues that structures are there and the people can change them, leading to new structures.

Rousseau (2015) provides a discussion of the potential power of a General Systems Theory * or GST* to unify the sciences and humanities and so carries the ideas of Caws. His discussion identifies 7 tenets that would guide and justify a GST.   Tenets 4 to 7 are most apposite in this work, and these are:

> T4. Moderate systemic realism. The concrete world is inherently systemic (but we can also project systemicity onto our experienced world).

> T5. Systemic universalism. Every concrete thing (i.e. everything that has causal powers) is always a real system or part of one.

> T6. Moderate axiological realism. Values are largely constructed via cultural processes, but natural systemic principles also influence them.

> T7. Moderate praxeological realism. We have the capacity and freedom for uncoerced choices and actions, but our choices and actions can also be conditioned by natural and cultural factors.

The inclusion of the 'living' in the tenets also suggests method and resonates with the work of Corning (2014) on living systems.

Yearworth and White (2014) are concerned with Problem Structuring Methods (PSM) but provide a useful review of the relationship of PSM to Soft Systems Methodology (SSM) which Yearworth and Edwards (2014, pp 50) describe as:

> *"an approach for implementing one of the basic research strategies available to systems researchers, whilst being viewed as a PSM in its entirety".*

It was their belief that engineers would adopt SSM as a part of their array for investigating problems. Their (2014, pp 52) definitional statements for the formulation of SSM are as follows:

1. Problems are constructs of an individual's mind and therefore do not exist independently of human thought. These constructs are defined by an individual's ''world view''; therefore, it is important to look at worldviews as a basis for understanding any individual's statement of a problem.

2. The problem field is invariably messy – many potentially related problems and sub-problems can interact in any given system.

3. World views mean that different but equally valid interpretations of the real world can exist among individuals.

4. As a corollary of the first axiom – solutions to problems are also intellectual constructs and no problem exists ''in isolation''.

5. Improvements and beneficial interventions in any system problem are most likely to come through sharing of ''perceptions, persuasion and debate''. Analysts/researchers/problem solvers should be ''interactive/therapeutic, not expert''.

6. Furthermore, analysts cannot be ''divorced from the problem'' and they cannot act as objective ''outsiders'' as in engineering hard-systems research.

All of the above leads to a commitment to the use of an inter-, or trans-disciplinary approach from systems and systemic thinking. Conceptual models of public sector procurement will be created which will then be developed, with those engaged in the activity. The models will then be refined and used to

identify critical interactions and influences. (Midgley *et al* (2013), Cezarino *et al* (2016))

Using systems thinking, public sector procurement falls into the 'complex-etc' open system which would fall into *systemic pluralist context* according to Jackson and Keys (1984), Jackson (1993). The task of creating the conceptual maps can therefore be considered a Problem Structuring Methodology (PSM) defined within SSM and its output is subjectivist and interpretivist in nature, Jackson (2006), Midgley *et al* (2013).

Having made an initial choice to use systems thinking and SSM to create the initial conceptual models of the 'whole', it is necessary then to consider how to capture the data that will highlight 'problems' 'causal linkages', 'powers, countervailing powers' and opportunities for 'emergence' that can promote transformation to improve outcomes. Whilst critical realist research calls for eclecticism and flexibility, it is not necessary at the outset to review in detail every possible methodology or method. Section 4.4 highlighted the fit between Critical Realism and systemic thinking (being used to create the models) and case study, Action Research (AR), ethnography and grounded theory. These methodologies are therefore, reviewed next.

4.6 **Case Study**

Defining 'the case'

The first challenge is to identify what is meant by 'case', so that it is clear what is to be studied. Pettica-Harris *et al* (2016) set out the difficulty of selecting cases and gaining access. They suggest four elements in their model: study formulation leading to identification of data requirements and therefore planning the methods of collection. This leads logically to identification of potential informants, who need to be contacted and then interacted with during data collection.

Seawright and Gerring (2008) offer advice on differentiating cases into seven case selection procedures: typical, diverse, extreme, deviant, influential, most similar, and most different cases.

Initial thinking was that case studies could be selected from both the 'failed' (using public media records to identify failure) and 'successful' (using public sector procurement sources) cases. These could then be investigated by working in and with the procurement agents to gain in-depth knowledge about the organisations, processes, procedures, and individual actors involved. Such an approach would resonate with action research. Equally there might be merit in carrying out Qualitative Comparative Analysis (QCA) (Rihoux, 2006) where, after coding salient factors within the cases, it might be possible to identify causal events of success and failure from MSDO/MDSO (most similar, different outcome/most different, similar outcome) cases. However, focusing on a small number of specific projects selected on an assumption of 'good case' versus 'bad case', is not only reductionist and an attempt to provide objects to study in a subjective arena, but any research findings would be 'lessons learned' rather than theoretical frameworks that could influence future action. It also relies upon the media reports of failure and government data of success being reliable as a means of selection. The writings of Midgely *et al* (2013), on problem structuring methods, Yearworth and White (2014) on and case selection in qualitative research, seemed to point to the 'case' being a team procuring goods and services, in a particular context which links back to soft systems methodology, and a mixed methods approach, Boyer and Swink (2008), Archibald *et al* (2015).

Implications

The focus, therefore, shifted onto the people in procurement offices who carry out a function on a daily basis, rather than a small number of people involved in a small number of projects. The single contract or transaction becomes less important and the 'case' becomes the individual or the team ('agents') within the 'structure'. This latter point reduces the utility of the Seawright and Gerring

(2008) selection procedure mentioned above. It also means that 'cases' may have different degrees of complexity although still focused on the one subject, public sector procurement. That raises a need to collect some quantitative data about each 'case'. Data such as numbers of personnel in each team or procurement office, their levels of qualification, grade, degree of autonomy and delegated authority, annual spend; to name but a few elements, should be noted in order to look at potential causal linkages within the system.

Researching with teams as 'the case' also allows consideration of a number of different methods.   One could adopt a neutral observer stance, become a participant observer, and concentrate on a particular activity or function or, one could work with the people, immersed in their daily work, and attempt to gain a deeper understanding of their 'world view' and assist them to generate the theories and actions that may generate the improved outcomes that this research is about. The latter aligns to Systemic Action Research or Participatory Systemic Inquiry, Burns (2011), (2012), (2014).

Researching with 'teams' will require interviewing and focus groups as techniques for data gathering. Amongst the more detailed studies of interviewing as a research method are Wengraf (2001) and Kvale (2007). They provide detailed analysis of the entire process and provide practical guidance on analysis of interview data and managing fidelity through transcription and record keeping. Seitz (2016) acknowledges that in the digital age, social media can provide a way of engaging in interviews at distance and possibly engaging with a wider audience. Stewart *et al* (2007) provide similar detail and guidance on focus groups or focussed groups as they are alternatively referred to. One of key elements in any focus group, is observing the participants as well as hearing and discussing with them. Philips (1996) provides guidance from her experience in the medical profession on the ways in which the researcher can make sense of observation as a research method.

Action research also offers methods and techniques that can be applied in interviewing and therefore, in a case study. However, it requires deep immersion and longitudinal study.   As a single researcher, it would be impossible to engage with enough teams (cases) and use action research to its full and logical conclusions within two years. To look across the full spectrum of public sector procurement means looking at several teams, at different levels, and that means confining the case studies to quantitative data backed up with qualitative data from interviews (both semi-structured and un-structured) and focus groups, using the initial 'maps' as a basis to be modified as the research progresses.   The principles of action research and particularly, Participative Action Research (PAR) can apply, but the breadth and scope of the research mans that PAR cannot be fully employed.

This concept of using mixed methods and selecting 'tools' that best fit the research as it evolves requires the researcher to study methodology and method in depth. The works of Meredith (1998), DeHoratius and Rabinovich (2011), Venkatesh *et al* (2013), Hibbert *et al* (2014) and Khan (2014) proved particularly helpful in this respect.   These works provide both detailed descriptions of methodologies and suggestions as to the 'best fit' when deciding which methodologies to use in certain situations, and then what methods of data collection can be applied. The background references quoted in these works also indicate that there has been a critical debate about the applicability of methodology and method to 'real world' situations, and from that has emerged a solid justification for the application of the approaches.

Signs to look for after defining 'the case'

Focussing then on procurement teams as 'cases' it is justifiable to consider, in advance, some of possible signs and signals that might emerge from interviews and focus groups.   That is not to pre-suppose outcomes, merely to consider linkages that might be present. These possible signs can be mapped and are also

potential 'triggers' that might explain disruption, delay or sub-optimal outcomes in any particular procurement project, Williams *et al* (2003).

In management science, De Horatius and Rabinovich (2011) suggest that "field research often illuminates the actual behaviour of operations managers as opposed to normative theory that defines how managers should behave". In my view the production of regulation, guidance and approved standard methods, terms and conditions is redolent of attempting to improve the effectiveness of public sector procurement by 'normative' methods, whilst little field research has focused on the behaviour of individuals.

Much of what emerged in the literature search implies behaviours by those undertaking Public Sector (PS) procurement, but the behaviours, capabilities and actions of the individuals were not the central purpose of the research. It is implied that public sector civil servants and procurement officers are not 'market wise', do not engage with industry, are insular, risk averse, procedurally driven, undertrained, and overstretched. There are many articles in the literature review that imply these points: Bryntse (1996), Jones (1997), Graham and Hardaker (1998), Hunter and Kelly (2004), Kelman (2006), Schiele and McCue (2006), Schoenherr and Mabert (2008), Karjalainen and Kemppainnen (2008), (2011), Murray (2009), Maughan (2010), Tadelis (2012), Snider *et al* (2013), Vanpoucke *et al* (2014), Knutsson and Thomasson (2014) and Loader (2015). The same findings are implied by the recommendations made by Byatt (2001), Kelly (2003) and Roots (2009). Taking those implications, one can post some theoretical propositions that might help during the early part of the research:

> A lack of training and preparation for role would contribute to a lack of flexibly and an inability to evaluate innovative proposals and opportunities. It would also tend to make staff more reliant upon standard terms, processes, and procedures in which they feel 'safe'.

A lack of autonomy to pursue opportunities within a hierarchical structure in which promotion and appraisal have 'expected patterns' can be both 'safe' and can impose an element of rigid conformity. That often means that people know the limit of their authority and will not exceed it. The tendency is then to refer upwards and that leads to delay, and again, the timetable for letting contracts means that some individuals may simply ignore opportunities simply to get a contract in place, on time.

A poor understanding of developments in industry and the supply chain would lead to an inability to influence the supplier network to obtain better value for money. The balance of power would always rest on the supplier side.

A hierarchical structure may have explicit norms and encourage normative behaviour that does not favour innovation.

Regulatory systems that are perceived as being rigid and, where challenge is a ponderous procedure may mean that there is insufficient time to make any challenge within allowable contracting limits. This alone may deter anyone from suggesting innovation to improve the overall procurement system.

If procurement is not acknowledged as a profession with a worthwhile career structure it becomes simply, a stepping-stone to promotion elsewhere. In such a case those in procurement may 'enjoy' the experience, or simply 'endure' it; but they are unlikely to want a stake in developing it.

Each of these possibilities constitutes an element of theory that needs to be tested. Some of the data can be obtained by using surveys and some from interviews.   However, it appears that the key may be how the individuals in the procurement offices *feel* about their role and how they *perceive'* the 'system'

within which they work. There is a strong element of 'power' versus 'autonomy' within the Civil Service, and 'public accountability' is a term that can be restrictive. There is then a question of 'so what? Even if the individuals are untrained, feel unable to accept innovation and do not understand the opportunities that industry can provide, if the task is simply to let a contract that complies with the rules, does it really matter? The use of standard contracts, standard legal documents, and standard terms and conditions drawn up by experts, means that 'any good clerk could put the Invitation to Tender (ITT) together'. The only element that needs higher expertise is evaluating the resultant bids or answering technical questions from bidders. Experts can be co-opted to do that. Indeed, if the selection criterion is simply set as lowest price at acceptable quality; then 'any good clerk can read the price, check for a quality certificate and make the decision'.

The literature search found little in-depth material on the conduct of procurement in academic writings, so the research subject seemed to be 'nascent' that would lead to theorising and, therefore, was well suited to a case study approach, Eisenhardt (1989). Whether such theorising would be generalizable seemed less important since it would be confined to the UK Public Sector, where the number of case studies would be relatively small, and the area of application is limited. However, there are grounds for suggesting that a case study in, say, one regional or local government body might yield findings that are transferable to other UK Government Ministries or Departments. Readings of both the critique and defence of case studies Stuart et al (2002), Payne and Williams (2005), Flyvbjerg (2006), Petty *et al* (2012), Taylor (2013), Tsang (2014), Rentdorf (2015), were particularly helpful.   A very brief summary of the pro-case study arguments would be, specificity, depth of study and an ability to create rich description, whilst opponents would suggest the danger of selection bias, the small number of cases in the sample and the difficulty in applying rigor to case studies.

4.7   Action Research

Action Research (AR) is a qualitative approach, arguably underpinned by a critical realist philosophy. Its place in the broader approaches to qualitative research is described well by Brydon-Miller *et al* (2003).   Central to their work is knowledge generation, focussing on social, political, interactionist research with a heavy emphasis on social justice and the betterment of the human condition. Torbert is quoted as stating that "the purpose of knowledge is effective action in the world" and Peter Reason and Hilary Bradbury (2001), (2003, pp 156) define action research as:

> *"a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes, grounded in a participatory worldview. It seeks to reconnect action and reflection, theory and practice, in participation with others, in the pursuit of practical solutions to issues of pressing concern to people. More generally it grows out of a concern for the flourishing of individual persons and their communities".*

Fundamental to such an endeavour is a trust that people manage their situation, experience, and environment with a level of competence that fits their circumstance, and each contributes to the functioning of that situation.   Each person can be assumed to have a unique understanding of any problems, in the identification and description of problems and, in the quest for solutions; in which they also have direct interest. Therefore, finding solutions to problems becomes emancipatory leading to an improvement in an individual's experience and future, and indirectly to the betterment of society.   If many are involved and agree the nature of the problem, the direction of change required and the resolution then action research can catalyse broad social change.

Its methods require participation or immersion within an organisation or group by a researcher **working with** and learning from people as co-researchers, rather than **researching on** a subject. Stenhouse (1975) suggested that change for the

improvement of education depends on the capacity of the teacher to adopt a research stance towards their teaching; and that 'a teacher can only become a researcher in the classroom with the support of the pupils'.

It requires methods of data collection just as rigorous as those of empirical and quantitative disciplines, however, the nature of the data, analysis, output, and presentation of results is unlikely, ever, to be the same. Indeed, there is a debate about how action research can be presented when 'academia' has expectations of what research looks like, and how a doctoral thesis should be structured. Fisher and Phelps (2006) argue for a more open and conversational style when reporting the results of action research.

Creating change through action research

For empirical science, the goal is the determination of facts and description of verifiable events that can be replicated. Attempts have been made to apply that ethic in social science with observers using a variety of methods to observe, reflect, analyse, seek patterns, and then intervene to cause and observe effect. One experiment demonstrated that changing the light levels on a shop floor increased productivity: but only in the short term. The question then is how to make changes that endure?

Argyris (1997), Crossan and Argyris (2003), argue that there are two models relating to change in a behavioural sense: model 1 in which there is a discrepancy between the theory of action that people espouse, and the one that they actually use, and model 2 which seeks a closer union between espoused and used theory, often by creating change and evolving a new theory out of experience (experiential knowledge or 'emergence' in critical realism). The discrepancy in Model 1 is cognitive impairment that leads to defensive reasoning, avoiding embarrassment or risk. Such defensive reasoning then seeks ways to reinforce the status quo and therefore impedes any change (countervailing power in critical realism). Model 2 admits risk and potential embarrassment since it has to accept

that the defensive pre-constructs that we have, may be wrong (accepting this this is permitting emergence in critical realism). McNiff (2012) makes a similar point in what she refers to as Mode 1 conceptual abstract knowledge and Mode 2 being experiential knowledge. Model or Mode 2 becomes productive reasoning where we seek the truth about what we do and what we claim. It also introduces a concept of self-reflection or reflexivity if we are to learn.

Argyris also describes Organizational Learning (OL). Enabling OL is described as the result of group and inter-group actions, tempered by rules, policies, procedures, and corporate memory. Producing organizational learning requires individuals to act so that others see the results which then affect the corporate memory. Model 1 is safe, although imperfect. It does not challenge the status quo, but rather internally validates it, and in so doing, blocks change. Model 2 is often feared as it admits risk, potential embarrassment and implies change. Clearly to embed change requires individuals to act and requires more of Mode or Model 2 and less defensive reasoning.

Elliott (2010) cited Somekh (2006) as arguing that "Action research is now widely regarded as a social science methodology". Elliott suggested that using the term 'methodology' misrepresents the social processes of action research. He suggests that 'methodology' implies creating conditions to gain access to controlled and impartial data, a positivist approach. Gardener is cited by Elliott as observing that 'Methodology is inherently prejudiced against prejudice, and so serves to distance the construction of knowledge from the domain of praxis'. Whereas action research is truly about building an understanding of social capital "that can empower Action Researchers to systematically structure their understandings of the practical situations that they face, as a basis for action".

McNiff (2012), (2015) refers to 'value and virtue' in practice-based research. She talks of making choices about the values we hold and those we try to live by. (Model (or Mode) 1 and 2) If the choices are made as a process of 'productive reasoning' then values must be reviewed and may shift over time. Values are

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seen as guiding principles which are translated into practice by virtues. If we reflect and make reasoned choices over time about the values we live by, then we transform the way we live and the ethics by which we live. This element of transformational change she also observed in the classroom situation in Ireland and South Africa. Thinking about how they facilitated learning, seeking dialogue, co-operation and reaction allowed them to gain knowledge as they worked.   She described this as the 'ontological transformation' -teacher in isolation becomes teacher in a social relationship with others, and 'epistemological transformation' because our values influence what we do and who we are. If increasing knowledge can move our values, then developing knowledge can transform us as individuals.

Change is therefore central to action research, whether at the individual level or at the macro sociological level. Action research therefore seems congruent with critical realism and appropriate for use with soft systems methodology. The question would then be: how to apply it?

Reason and Torbert (2001) covered most of the epistemological and ontological arguments listed above. They also introduced the concept of an 'action turn' creating a framework of research that complements the linguistic turn in social science.   They emphasise the need for practical application rather than conceptual theorizing. Participation with others in the research experience is critical. Shared experience should lead to shared understanding, both linguistically and tacitly, and this in turn to normative outcomes that reflect benefit.   To achieve this, they suggest three persons of action research which are reviewed and interpreted by the author below.

First person, where ontological understanding of self and self within society allows a researcher to identify personal values and beliefs that might limit understanding, whilst identifying where new knowledge is needed, whatever that might mean for their existing values. Marshall (1999) speaks of 'Living life as Inquiry' and being prepared always to question what we believe, what we want,

how we are approaching our needs and so how we affect, are affected by, and interact with others.

Second person, where groups and communities form and interact on a face-to-face level.   Working with and understanding groups can be difficult. In the positivist view groups are observed, analysed from outside and then some action is suggested or mandated to see what follows; so that results can be recorded. In action research the researcher becomes part of the group, is accepted within the group and shares both explicit and implicit, linguistic, and action-based understanding of the group. No external mandate, theory or 'solution' is tried or tested; rather, the group becomes co-researchers with the person carrying out the research. This aspect of research is common to Grounded Theory (GT) or GT Methodology (GTM).   Only by this deep immersion in a shared problem or situation can research lead to a shared solution in which each person has personal involvement, feels commitment, and identifies personal benefit to justify the effort. Only with that outcome can change be embedded and enduring. Wicks and Reason (2009) trace this process within groups and stress the need to find 'communicative space' at the very beginning of research. They draw on Habermas's distinction between system (that affects the group in its context) and 'lifeworld' that affects self.   If a relationship is to be established and to flourish, there is a need for time and freedom from stress (the system) at the outset so that the actors can become colleagues and co-researchers; in other words, share 'lifeworlds'.   There are always power dynamics when an 'outsider' joins a group. Any 'new start' in an organisation knows this and knows that colleagues will soon start informing and 'pigeon holing' him or her into the group structures. It can be more difficult for an outside researcher since a true 'new start' is 'one of us', will be socialised and become an 'old hand'. The researcher is only there for a while so must maximise every opportunity to build trust and understanding in order to gain knowledge and that requires 'communicative space'.

 Third person research covers networks which have influence on each other but are not interacting at a face-to-face level. Reason and Torbert (2001) argue that

for research in social science to have real validity, there must be a synthesis of the results of all three 'persons' in action, arguing for a holistic approach and understanding of the actions and interactions that shape reality and explain behaviour. This again is a summary that aligns with critical realism.

Using action research in the context of public sector procurement is possible. The 'First person' would be the researcher's background, identification of pre-conceptions and values in order to account for, and so remove (in so far as a human researcher ever can) the distorting effect that they might have on any data gathered in the field. The 'Second person' would be the, individuals within organisations, groups that are the procurement teams ('cases' in the terms of this research). The 'Third person' would apply to the relationship between procurer and supplier, higher and lower levels within the structure of government, and the power and influences of the Civil Service and the individual.

Burns (2014) builds further by exploring the systems in which the groups interact and the dynamics of interaction. This is more than just acknowledging 'third person' influence on a 'second person' research project. Rather it looks at the need or desire to create sustainable change in complex and interacting, dynamic systems in what is termed Systemic Action Research (SAR). He and Cunnliffe (2011) speak of understanding in a subjective or inter-subjective manner which have resonance rather than objective proof. If a finding or action in one area resonates with persons in another, it can influence them and by resonating, can 'validate' findings. There has long been a discussion about the 'quality' of output from qualitative research as compared to empirical research. Somekh and Saunders (2007) make a solid defence of the quality, applicability, and validity of AR.

This review of action research leads to the conclusion that there are many aspects of it that resonate with critical realism and, the aims of research into public sector procurement. However, creating and validating the conceptual models using systems thinking, and then gathering data from 'case study' seems to cover the

same points. Furthermore, to conduct the research using action research in full as the main methodology would take longer, and necessarily restrict the number of groups that could be engaged by a single researcher. For this reason, this research is not AR, but it will draw on the methods and analytical skills that it demands.

4.8   Grounded Theory

Grounded theory will be used to help set the 'three box' research and analysis method developed for this project.

Grounded theory (GT) and GT Methodology (GTM) are ascribed to the original work of Glaser and Strauss in the 1960s. GT and GTM are essentially about gathering data and allowing, or facilitating with participant researchers, the theories to emerge from the data on which they are therefore grounded. Quoting Kenny and Fourie (2014, pp 2),

> *"Glaser and Strauss reiterated that the ambition of GT is not verification of a preconceived theory, or capacious description, rather it is unambiguously defined by its exclusive endeavour to discover an underlying theory arising from the systematic analysis of data".*

The purpose of grounded theory is to build a theoretical explanation of phenomena where little is already known about the topic (Loonam 2014). GT is, therefore, well suited to nascent research.

It is a process that is perhaps iterative, and emergent, to the researcher. This, in turn, develops a theory that can be tested and modified as new data emerges, Khan (2014). This methodology is widely used in qualitative research and has a strong following in psychology, Ruppel and Mey (2015). They argue that narrative plays an important part in gaining understanding from which theory may emerge; and that many grounded theory researchers have neglected narrative over time.

This brings in the possibility that a theory may emerge from engagement with those involved in procurement and, therefore, whilst not starting from the perspective of a grounded theory practitioner the emergence of theory should be welcomed and may affect the findings of this research.

According to Loonam (2014) grounded theory methodology has some unique characteristics and techniques (paraphrased by the author) as:

1.   *Grounding the study* – building theory from ground upon collected data, rather than starting with a preconceived theory.

2.   *Theoretical sampling* – Allowing the analytical implications of one set of data to drive the focus of the next data gathering action.

3.   *Constant comparison* – Analysing every new piece of data against all that exists so that significance can be assessed, and theory is modified accordingly.

4.   *Data collection and analysis* – techniques should be multi-method to use the most appropriate for the task and ensure that data are put to best use.

5.   *Data Ordering* – Structuring data into groups: phenomena, concepts, categories, properties, and dimensions so that they can be codified for analysis.

6.   *Iterative conceptualisation* – Using codified data and its analysis to move the theory along its path.

7.   *Theoretical saturation* – arriving at the stage where new data is not changing the picture. Where there appears to be enough existing data to explain and effort to gain more is not achieving any new insight.

8.   *Emergent theory* - GTM inquiry can build both substantive and formal theories. Substantive theories are generated in a specific area of inquiry whereas, formal theories tend to focus on conceptual entities such as organisational knowledge or organisational learning.

Ȧge (2011) reviews where grounded theory and methodology sit in the philosophy of research and why there is still debate about it. Glaser is quoted by Ȧge as claiming that the methodology occupies a pragmatic position that goes beyond other philosophical schools of thought. He illustrates the difficulty of classifying it by saying that it has been subjected to criticism from both *subjectivists* and *objectivists*.

The fact that Glaser and Strauss later diverged on the use and development of grounded theory methodology is well known, with the former focussing on the emergence of concepts and the latter focussing on the systematic development of tools to "create" and "construct" a theory from the stories told by the participants, Strauss and Corbin (1990), Corbin and Strauss (2008). Creating systematic tools to 'create' and 'construct' can be viewed as positivist, but if the tools are needed to cope with data then they may simply reflect context or complexity and do not need to be positivist.

This apparent ambiguity is then used to suggest that grounded theory methodology is pragmatic, accepting of multi-method selection and outside the debate over positivism and relativism.

Given the potential factors that bear on the procurement function, it is not felt that a grounded theory approach offers significant advantage over soft systems methodology and case study. The field is too broad and the interactions at each level offer a degree of complexity that better matches a 'systems approach' with case study. That said, the 8 methodological techniques (tools) from Loonam (2014) can be seen as a useful guide in many research projects and were helpful in

this project and the development of a 'three box' methodology to help overcome any personal bias and allow the data from field work to allow theories to emerge about where the problems of public sector procurement might emanate.

4.9   Quantitative Methods

Platt (2012) looks at the encouragement of social scientists to use quantitative methods in research and concludes that despite a great deal of effort, most do not use wholly quantitative approaches, with good reason. In this project, it has already been stated that some quantitative data is needed to establish details of the 'cases' under examination. A questionnaire will therefore be needed for this purpose and guidance on the creation of such is taken from Miller and Salkind (2002), Holyk (2008), Lavrakas (2008).

Procurement is essentially a function carried out by people working with a series of complex supply chains, in diverse environments, where the individuals are subject to, moral, political, socio-economic, and ethical issues. The social content of procurement is high. Central procurement teams must interact with customers who want the goods and services as well as the suppliers.   The prime actors who conclude the daily transactions that secure goods and services are in the procurement offices, not in the high-level policy offices. Therefore, how they *'feel'* about their role, how they *'perceive'* the system within which they work, and issues such as autonomy, delegation of authority, ability to act with flexibility and emancipation seem important.

An empirical, objectivist experiment could, undoubtedly be conducted, and might well yield useful results that could be rolled out in other procurement centres; thus, being generalizable. However, in my opinion, it will not yield the root causes of problems in the current system and, unless those are understood, making enduring change that improves the outcomes of public sector procurement is unlikely. Enduring change means that continuous improvement becomes an embedded doctrine, driven by those undertaking the procurement

function rather than mandated from above. (Argyris (1997) Somekh (2007), Burns (2014))

This does not mean however that quantitative methods should not be used to capture or analyse data in this particular case. Certain aspects of *'feeling'* and *'perception'* can be gathered using questionnaire and survey data. Likert scaling, Garwood (2006), Brill (2008), Joshi et al (2015) has been used since the 1930s and more modern techniques such as 'Fuzzy Likert', Li (2013), Item Response Theory (IRT) Reise *et al* (2005), Sharkness (2014) and 'Q Sort' methodologies are also available for gathering and analysing data. Havlikova (2016) compares Likert and 'Q Sort' data and those findings suggest that the Likert scale approach probably fits better with any research into attitudes and feelings amongst those involved in public sector procurement than 'Q Sort'.

Li (2013) follows one of the critiques of the Likert scale in that it assumes equal weight between response points and equal value on each answer. In doing so it loses some of the subtleties and variances in respondents and ignores each respondents' capacity to make such choices against a limited scale. 'Fuzzy sets theory' allows weighting to be added to statements in conditional classes so that measurement becomes continuous, and so could be applied to the analysis of 'Likert-like' data. Using a simulated case-study the article makes a case for incorporating fuzzy theory in social science research. In the case of research into public sector procurement applicability of the technique is dependent on the factors included in the questionnaire or survey.

Item Response Theory looks particularly at 'latent traits' where a researcher is trying to measure that which cannot be observed and so must infer the answer from some response to a test that can be observed. The nature of the data to be collected on public sector procurement does not appear to justify using Item Response Theory as a superior tool over more conventional Likert scaling.

There will, therefore, be an element of data collection within this project and analysis that fits into the quantitative paradigm.

4.10   Other Qualitative Methodologies

Petty *et al* (2012), Kahn (2014), explain and set out 5 methodologies within qualitative research: Grounded Theory, Case Study, Phenomenology, Ethnography and Narrative research. Having reviewed Case study, and grounded theory, and accepting that a critical realist approach calls for the use of whatever methodology best fits the research, it is worth conducting a brief review of the potential utility of ethnography, phenomenology, and narrative research.

4.10.1 Ethnography

The etymology of the word ethnography is from the Greek language and consists of 'ethnos', folk, people, society, or nation and 'graphos', to write down. From an ontological perspective an ethnographer must be immersed in a society and must share means of interpreting the language and symbolism of the society under study if he or she is to make sense of that society. There must be a shared culture, or cultural value, in order to carry out research. Ethnography is therefore the systematic study of people in a culture or society in order to understand and explain cultural phenomena. Its main (but not only) tools are, observation, dialogue, and interview; and analysis comes from the creation of 'rich description' from which thematic, narrative and documentary analysis can follow. The researcher must be rigorously reflexive in order to capture the culture being studied without bias, but with care the method reveals great insights into the interactions of actors in a society and can reveal motivators, trends and direction which point to, and can lead to, positive change.

An editorial in the *Journal of Management Studies,* 48 (1), (2011), suggests increasing use of qualitative methods in social research, and notes that there is a divergence of approach between Europe and America, with the former tending to

more of the 'rich description', thematic and conversation analysis whilst in America, published articles tend towards 'grounded theory' and 'factor analytic', where large amounts of data are coded for analysis. European research is seen as 'interpretivist' whilst the American can be seen as 'positivist', objectifying data for generalisation.

Watson (2011, Abstract) argues that:

> *"Ethnography is not a research method. It is a way of writing about and analysing social life which has roots in both the sciences and the humanities".*

He goes on to say that:

> *"A powerful rationale for 'good' ethnographic work is offered by Pragmatist Realist principles of truth, reality, and relevance-to-practice. Research based on these principles investigates the realities of 'how things work' in organizations".*

Van Maanen (2011), supports this, but the two have different views on whether ethnographic research should be 'mainstream'. He argues that if it becomes a mainstream methodology it will be forced to adopt rules and conventions that may stifle the production of 'rich' or 'thick description' Geertz (1973) which is one of the keys of ethnography.

Gains (2011), reports the use of ethnography as a way to understand the meanings, rules and conventions that influence elite persons such as ministerial level politicians. It is argued that ethnography can be a 'method' or an 'interpretive methodology'. A 'constructivist modern empiricism' is suggested, utilizing ethnographic methods alongside others to understand the processes of, and impact of public policymaking. Concepts such as 'shadowing' and 'participant

observation' to understand the complex interactions and conventions of a social group are highlighted as being as important as the spoken or written word.

All of the above writers see the depth of immersion and the time spent as of great significance, with researchers typically spending a year on field work. Pink and Morgan (2013) put forward a case that short-term 'focussed' ethnographies with in-depth field work, which is typically data intensive and employing data capture devices such as video and continuous audio-visual observation lasting just weeks or months, can be justified. The use of audio-visual data capture allows intense analysis post field work. It also brings in ethical issues that are addressed more generally later. In the end Pink and Morgan suggest three types of intensity are needed by the short-term ethnographer: the research encounters themselves; the ethnographic-theoretical dialogue; and the post-fieldwork analysis. They do, however, concede that short term ethnography is not necessarily the best answer.

Whilst ethnographic methods of data collection are seen as useful to the study they offer no advantage over case study and systems thinking.

4.10.2 Phenomenology

Khan (2014) describes Phenomenology as understanding the essence of the experience and suggests that a study is conducted where a number of individuals have shared the same experience. He goes on to suggest that the main methods for conducting phenomenological study are interview and observation; but also states that documents art and symbols play a part.

O'Leary (2007, pp 193 - 195) provides a core definition of phenomenology as:

> *"The study of 'phenomena' as they present themselves in individuals' direct awareness. Perception, rather than socio-historic context or even the supposed 'reality' of an object, is the focus of investigation".*

Reading further into the work of Fitchen (1974), Moustakas (1994), O'Leary (2007), Petty *et al* (2012), Gill (2014), Kahn (2014) and Honer and Hitzler (2015) led me to believe that like Ethnography, it offers nothing more to this study than case study, systems thinking and grounded theory.

4.10.3 Narrative research (NR)

There are very few aspects of Qualitative research that do not at some stage collect narrative data of some sort; and which must be analysed. I do not see narrative analysis as my main methodology, but I will certainly conduct interviews and listen to narratives that need careful analysis. The techniques of good narrative research will, therefore, be needed even if the methodology is not central.

Quoting Wolgemuth (2014, pp 586),

> *"Chase (2011) broadly describes narrative research as inquiring into the experiences of those who narrate their lives".*

We develop our 'life story' which we can relate to others as a story, or narrative which we can present in speech and illustrate with a variety media.   To some, the terms story and narrative are interchangeable, whereas to others, a story is less structured and less formal than a narrative, Squire *et al* (2014). My personal stance is that, however someone 'tells it', the information given is potential data that can be analysed. Therefore, I accept story and narrative as interchangeable.

The book by Squire *et al* (2014) covers narrative research with analysis of its strengths, weaknesses, uses and methods. Apart from the story versus narrative issue, covered above, they highlight four major issues (paraphrased by the author) that those using narrative research need to be aware of:

Coherence: Stories and narratives do not always flow in a linear manner, they report the terms foreshadowing, back-shadowing, sideshadowing, as influences that affect the narrator's story and therefore influence it. Being aware of these influences allows interaction to explore and enrich the analysis.

Co-construction, performance and performivity: Any dialogue between humans is suggested to be a performance. How we appear, how we emphasize, how we speak and what we say all intertwine as they would on stage to convey meaning to the audience. However, an on-stage performance comes from a script and does not necessarily convey the 'self' of the actor. The actor continually constructs and deconstructs 'self' as the story is told, and this is 'performivity'. Therefore, the researcher listening to the narrative or story is interacting with the narrator and is co-constructing the narrative; truth that must be weighed in any narrative research. Allen, (2006).

Reflexivity: We cannot read, hear, or interpret narrative without using the frameworks and constructs that we carry in our own life. This was one of the driving thoughts that led to phenomenology. Unless we are aware of this and identify and reduce our pre-conception and self-knowledge, we are unlikely to unlock the meaning in the narrative that we hear or read from others, Fitchen (1974), Marshall (1999), Allen (2006), Elliott (2010), Honer and Hitzler (2015).

Master and Counter-narrative: The contention is that master narratives underline everything that we say and do. They frame us, and often are so internalized as to be 'common sense'. Nonetheless they are there, our daily conversations are contained within them and our normative behavior is framed by them, so that they are the 'dominant narrative'. Both because we are normative, and because master narratives are dominant, we seldom challenge them in any determined way. When we do, this is

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called counter-narrative. It is often a small challenge, but it can be detected. One of the challenges in narrative research and interview as a means of inquiry is to detect the master narrative and look for the counter-narratives that would give clues as to areas of disaffection or to problems that are not yet explicitly formed.

Squire *et al* (2014) suggest that narrative research has greatest application in: finding out about little-known phenomena and exploring narrative 'voice', understanding lives and stories in relation to cognition, social, cultural, and political contexts.

Finally, in line with Polkinghorne (2007), they are clear that there are no fixed rules for conducting narrative research. Much of what emerges depends on the research question, the researchers view on the narrative, as data, and whether other data sources, such as video, pictures, written accounts, art, and the like are being used. Polkinghorne also suggests that the argument and discussion of the data must 'flow' and lead the reader to internalize and accept the findings, based on the evidence presented.

Jennifer Wolgemuth (2014) concentrates on 'resistance' and suggests that the researcher look for evidence of power, dominant systems, or structures and those inside them, and seeking elements in narrative that give clues to the struggles and tensions being revealed. This suggestion chimes with narrative and master narrative in Squire's work.   She also notes from Foucault (as do also Forrester (1980) and Berard (2001)) two kinds of resistance; overt and a way of 'pushing back' against a dominant society or structure and one which 'obliges' people to 'dissolve themselves'. Villadsen (2016, P 3) states that:

> *"Foucault viewed civil society as permeated with disciplinary micro-power, as a site of reciprocal surveillance where everyone was in virtual conflict with each other".*

This quotation sums up the point quite neatly. Individuals may not wish to be 'dominated' or 'shepherded' into norms within society, but all are aware of being observed by others to one degree or another and all, therefore, accept some limitations on their freedom to "tell it as it is" in their view.   The narrative that they give must therefore be examined in context. If they offer a counter-narrative is it pushing back, or is it because they feel obliged to accept the situation and say things in a particular way?

4.11   Ethics

Maggie Sumner (2006, pp 97) put forward this definition of ethics:

"A field of moral philosophy dealing with the standards by which behaviour should be regulated".

She goes on in the definition to point out that:

"In terms of the ethical issues faced by social researchers, most learned societies and relevant professional bodies publish codes of ethics which provide rules, standards or guidance on what is and is not acceptable practice".

Whether it should be necessary to issue such codes and rules is debatable, but in a general sense she answers this point by highlighting that most researchers are funded or commissioned by someone or some entity that has an agenda. Most of the data that the researcher needs, is 'owned' by someone, or some entity, as Intellectual Property or private opinion, and most researchers have their own career and future to pursue.   This means that there are temptations to produce evidence that pleases sponsors or meets goals that are not the honest endeavor to seek out new knowledge that will benefit society. Meeting this challenge is the justification for the codes of practice that regulate research.

Rendtorf (2015) goes back to the Aristotelian, Nichomachean Ethics and the casuistic approach of the middle ages which are founded on an individual's

assumed desire to achieve that which makes them feel rewarded and fulfilled, by adding positively to society. Researchers in academia are engaged in a process which should be aimed at adding to human knowledge for the benefit of all. With that in mind, my opinion is that research ethics are about:

Honesty of purpose.

Integrity of process; with records and evidence that is collected without harm to anyone, to society or the environment.

Rigor of method that explains how data is analysed to support any findings.

Consideration for consequence and mitigation of negative consequence, if exposing a negative can have a positive effect for the future.

Care for the rights of those who offer data, are interviewed, observed, or used to assist in uncovering answers to the research question being posed.

Steinar Kvale (2007, Box 3.1, pp 2-10) listed ethical issues at 7 stages of research which support and elaborate these thoughts:

Ethical issues at seven research stages

Thematizing. The purpose of an interview study should, beyond the scientific value of the knowledge sought, also be considered with regard to improvement of the human situation investigated. Covered under 'honesty of purpose'.

Designing. Ethical issues of design involve obtaining the subjects' informed consent to participate in the study, securing confidentiality, and

considering the possible consequences of the study for the subjects. Covered under 'care for the rights of those who ....'

Interview situation. The consequences of the interview interaction for the subjects need to be taken into account, such as stress during the interview and changes in self-understanding. Covered under 'consideration for consequences'.

Transcription. The confidentiality of the interviewees needs to be protected and there is also the question of whether a transcribed text is loyal to the interviewee's oral statements. Covered under 'Rigor' and 'care for the rights ......'

Analysis. Ethical issues in analysis involve the question of how penetratingly the interviews can be analyzed and of whether the subjects should have a say in how their statements are interpreted. Covered under 'Integrity', 'Rigor' and 'care for the rights ......'

Verification. It is the researcher's ethical responsibility to report knowledge that is as secured and verified as possible. This involves the issue of how critically an interviewee may be questioned. Covered under 'Integrity of process' and 'Rigor'.

Reporting. There is again the issue of confidentiality when reporting private interviews in public, and of consequences of the published report for the interviewees and for the groups they belong to. Covered under 'care for the rights ....', 'consideration for the consequences', 'integrity of process' and 'honesty of purpose'.

Public sector procurement officers are today faced with many challenges that did not exist before the 1980s. The trend towards privatizing public services has led to a redefinition of fairness and, as service contracts tend to grow in scope;

involving both goods and services, so the ethical challenges facing procurers also grows, Lawther (2004). High value contracts being competed for by large commercial enterprises can be a recipe for 'cozy' relationships and political interest. In turn this can lead to procurers becoming highly sensitized, and then becoming unwilling to engage in any dialogue or discussion that is not open to all. This in turn leads to a sort of 'risk aversion' that almost precludes many of the espoused aims of the EU and UK Public Sector Procurement Regulations that call for flexibility, innovation and dialogue between procurers and suppliers.

Risk aversion can also come from simple personal expediency. In a strict hierarchical structure, such as the Civil Service or Ministry of Defence, an individual's career progression depends on delivering against a fairly rigid set of criteria. A key element of 'the system' is the annual appraisal report by line management which is the primary tool for selecting those who can attend courses and selection centres, that give access to more rapid promotion streams. Since all levels of management are subject to the same system it becomes axiomatic that, unless individuals are exceptional leaders with great confidence, they want a conforming and performing workforce. They also, therefore, focus on meeting targets and can be forgiven for avoiding risky innovation, unless it is expressly sanctioned from above. Obtaining sanction from above, takes time and the willingness of 'those above' to listen and take a risk themselves, can also affect behavior.

Since the trend towards privatisation and outsourcing has accelerated it has also changed the workplace for procurers who must factor in greater degrees of post-award quality monitoring. This additional workload has occurred at a time when Civil Service and procurement personnel numbers have been under increasing pressure, as the Government of the UK tries to balance the budget after the financial crash of 2008 and now the effects of the Covid-19 pandemic on the economy. It is a problem also reported in the USA, Johnston and Girth (2012).

I am therefore entering a world where individuals may be risk averse, concerned about the implications of engaging with me, worried about where I will report to, and may actually be too busy to give me the time or consideration that will enhance my research. I can only counter these problems by being open, explaining what I am trying to achieve and why and by assuring those who I interact with that:

Responses to me are confidential.

No names or identifiers will be attached to transcripts or records.

I will make transcripts of interviews available to respondents to approve, redact or amend before I use the data in any published work, and I will only use the data with the consent of the contributor.

I alone will have a key to each response so that I can establish authenticity and follow up the work, if necessary.

I will need to provide and set up a 'safe and comfortable space' in which to conduct interviews and, where the interviewees are confident that they are not being watched or heard by anyone else.

Self-reflection also highlights two points against which I must guard. First, I am 65, held high rank in the Armed Forces and worked with Civil Servants of similar rank and status. Avoiding giving an impression of 'power' and 'perceived authority' is vital. It could cloud any interview or signal that I cannot be trusted because I am working for the 'authority'. Equally being 65 could distract interviewees and respondents who question why, at this age, I am interested and engaged in such a study. I can only mitigate these considerations by being honest about my past and my motivation.

It is also the case that different methods of data collection pose different challenges to those that apply to the interview. Halse and Honey (2005) tackled the ethics of researching anorexics.   The first problem that they noted was defining a research population.   Statistical data showed that about 0.5% of the female population suffer from anorexia, but most sufferers don't see it as an illness, rather a 'label used by those who don't understand'. This means that saying that anorexics are a research population leads to a difficulty of labelling. Are they deviant (from the normal population) because they choose self-starvation, or are they suffering an illness, a mental illness or are they victims of societal pressure?   The approach to such issues defines elements of any interaction with the research population.   My interaction with procurers has similar problems since, Civil Servants in one department or council are not necessarily under the same pressures, restrictions, or scrutiny as others. It will be necessary for each of my 'cases' (procurement teams) to be described and analysed with sensitivity if I am to avoid sweeping and false generalization.

In her short article, Gilman (2008) tackled informed consent and survey ethics. Her two key tenets are that no harm is done to any survey respondent, and no survey respondent is unduly pressured or made to feel obliged to participate. Central to all research ethics policy is that research participants must voluntarily give their informed consent.   The term informed means that participants must understand the purpose of the research, what is expected of them and how long their involvement is expected to take. Adults can give this consent directly but there are special considerations for minors and vulnerable individuals for whom a responsible adult or carer must give consent. My research is not expected to involve anyone who cannot reasonably give consent and from whom I will elicit a signature on a consent form.

Gilman goes on to express respondents' rights to participate or withdraw as they see fit with the researchers having an obligation to minimize the possibility of risk to respondents. Risk may come from disclosure of sensitive or damaging information, from physical factors in some environments or simply from distress

that adversely affects the respondent for a time. This in turn places on the researcher an absolute need to consider the impact of the research on individuals and then to ensure that all possible means are used to minimize or eradicate risk. If the researcher cannot entirely avoid risk, then it is incumbent upon him or her to explain the risk as a part of the informed consent process. Having explained it is then for the respondent to decide if they wish to continue. Finally, she touches upon social responsibility to report the findings accurately and undertake analysis that emerges from and is supported by evidence and not pre-conception or bias. This is because academic research should add to the pool of available knowledge.

Rendtorf (2015, pp 37) sees the ethical issues that emerge from case studies as a way of teaching ethics to undergraduate researchers. Amongst the early statements in his article is a section that supports my own need to adopt a multi-method approach when he says:

> *"With hermeneutics and pragmatics as the ontological foundation, a case study can, on a secondary level, use many epistemological and ontological approaches. This can be discourse analysis, social constructivism, systems theory, institutional theory, narrative method, qualitative interviews, hermeneutics, psychoanalysis, and others. On a second view, the case study can then function as a pedagogical example and illustration of different theoretical and scientific points in the ethics and philosophy of management".*

He sees decision making, leadership and profit in business as a source of issues, such as social responsibility and sustainability, that give rise to ethical issues that can be highlighted in case studies and used to inform undergraduates about ethics. His work highlights the need to identify ethical imperatives that affect conduct in public sector procurement. The 'guidance' from the central government Crown Commercial Service down through the hierarchy of the civil service may be based on sound ethical principles, however, how it is interpreted and used is another issue. If personnel simply 'apply the letter of the law', or

rigidly follow guidelines without understanding what they are doing, are they acting ethically?   Ethics is often assumed to be a personal matter, but in an organisation such the Civil Service there is a structural and organizational dimension to expected ethical behavior.   The importance of structural and institutional influence on the organizational ethics was covered in a literature review by McLeod *et al* (2016). They noted the growing number of articles in academic journals that purport to address organizational ethics but, found that whilst some progress has been made there is no clear definition at this level, nor any clear agreement of what organizational ethical behavior looks like. They suggest three reasons for this which are paraphrased by the author as:

> Business ethics is difficult to define and measure because the perception of ethics varies extensively.

> There is a taboo generally associated with answering honestly to tough ethical questions*.*

> Ethics are generally considered at the individual level and have only relatively recently been elevated for use at the organizational level.

The challenge that this presents is that organizational ethical behaviour may be interpreted differently in each area, department or authority engaged. The interpretation made at the organizational level will then impinge on the individuals. This again emphasises the need for contextual narrative in each 'case study' that is cited, and for logical, pragmatic, interpretation of likely impact on the performance of those engaged in the procurement function.

My application for Ethics Committee approval of the field research was approved on 15 February 2016 and a copy is attached at Appendix 2.

CHAPTER 5 – RESEARCH, DATA AND ANALYSIS

5.1   **Theories to be Tested**

The main theories to be tested in this research are:

Central government driven studies and inquiries into PS procurement have failed to deliver the desired improvements because they assume that problems can be solved by mandate. There are insufficient feedback loops or strands of communication between the higher and lower levels of structure to monitor effect and the top-down approach takes little notice of, or is not prepared to learn from, those who do the job. Effective strategies are those generated from the top down and bottom up simultaneously.

This point is made strongly in Critical Realism (CR) that there is an 'agency-structure dualism' where those who might effect transformation (agents) exist in a structure which is stratified and complex.   Therefore, the approach that has been used over many years by government simply fails to reveal how to effect beneficial change because it looks at the wrong level of agents or agency, within a multi layered structure.   Reductionism, looking at single events or phenomena in the broad arena of public sector procurement equally misses the point. The events themselves are important but, only when they are viewed in a wider context can they be understood. As Elder-Vass (2007) suggests, reproduction or transformation are implicit in the agency – structure duality. Emergence is a result of the organization of the parts within a structure and is linked to causal power.   If the strategy that is leading public sector procurement is only top down, it is likely to fail as it will inhibit emergence.

To embrace the breadth of the subject as perceived at the outset by the researcher, a multi- disciplinary approach underpinned by CR is being adopted. The question of the validity of CR in research is still under broad

academic debate, Sayer, (1992, 2000), Maxwell and Mittapalli, (2010), Mingers, (2014), Edwards *et al*, (2014). This research must therefore look for evidence of a desire for transformation and beneficial change from the lower levels and, a recognition or feeling from those in that level that they believe such change is possible. Equally there must be a transformation throughout the levels of any structure if emergence and beneficial change are to take place. If there is evidence in the study that factors within the structures or its attendant processes are preventing this transformative effect, but equally that the desire to enact such change exists, then we are talking of 'unexercised or unactualized power' or looking for 'countervailing power' that prevents the transformational power from taking effect, Brown (2007). If we find such evidence and can map it into the levels or strata within a structure, showing its existence and pointing to the factors preventing it from being exercised, or actualised, then the case for CR in research is somewhat strengthened.

Finally, there must be a proposition that conducting research from the 'bottom up' will provide evidence that the more often used 'top down' approach to PS procurement has failed for avoidable reasons. If that is the case it is legitimate to ask, what are those reasons and how can they be avoided in future? The answer to this question is the focussed research question of this work, explained in Chapter 2, "What impedes or prevents the personnel conducting public sector procurement from effecting change to improve the outcomes of the activity? If that question can be answered, there must be some outcome of the research that points to further work and there must be some suggestions that help to answer the macro research question: How can the outcomes of Public Sector (PS) procurement activity be improved?

At a lower level, there were several themes and issues highlighted during analysis of the research question and literature review. Whilst not the major points of the

research it is useful to highlight them here and see what, if anything, this research can add to knowledge or opinion about them. The issues are:

1. Professionalisation of the procurement function.

2. The difference between 'Procurement' and 'Commissioning' and the respective roles of procurer and commissioner.

3. The capability of the procurement officers to 'bundle' or 'package' contracts and the willingness and ability of the market to respond.

5.2   **Personal Challenges**

The researcher in this case had several years as a military officer working with Civil Servants procuring fuels, energy, related equipment, and supply chain services worldwide for the UK armed forces and some NATO and commonwealth allies. On leaving the armed forces he worked in industry bidding for contracts in the Ministry of Defence (MoD), Department of Health and Social Care (DHSC), devolved government and devolved authorities including National Health Service (NHS) and fire and rescue services. Whilst in the military he thought that the Civil Servants with whom he worked did a fine job and industry did not seem able or ready to respond with any innovation. Once in industry he felt frustration that bids he worked on which offered innovation and provided cases for better VfM, were put forward to give his bid a Unique Selling Point (USP) but about which the civil and public servants with whom he communicated did not seem willing, interested, or empowered to discuss. He realised that it is not possible to be right on both sides of the debate and so the germ of the subject for this thesis was set.

However, that raises the challenge of conducting the research without simply bringing personal bias or preconception to the table. It means finding ways to conduct research by focus group and individual interview that do not simply provide a vehicle that allows the researcher to lead the conversation in ways and

towards subjects that simply support personal preconceptions. More importantly, it raises the need to be capable of justifying and defending any findings as though in open court.   There were several pillars which were constructed from the outset to deal with these issues and support the validity of this work.

First, any depictions or models that were created by the researcher when attempting to frame the research involved people at various levels in PS procurement. Therefore, any such depictions had to be submitted to relevant people who were engaged as co-researchers. After an explanation of what the researcher was trying to depict, the depictions and models were left with these people who were asked to review and amend or discuss in an iterative process that eventually arrived at depictions that we could all agree and share. Only after this process were the depictions considered valid in this research.

Second, the researcher developed a 'three boxes' methodology which is shown later in this chapter and which also served as an analytical tool. Before engaging with anyone, the researcher had written down nineteen headings that he felt would need investigating. He then placed a box alongside each heading and wrote short statements of what he felt or thought he knew about each or posed questions that he felt needed answers, under a heading of 'what I know or need to ask'. When he engaged with focus groups or individuals, and with their knowledge and consent, he recorded the conversations or made open notes which the people were then allowed to validate. The outcomes of this work were entered in to the second of the three boxes under the heading of 'what I heard'. The third box is then the outcome of comparing the two and goes under the heading of 'what I now think I know'. This process was also open to the co-researchers and at the start of subsequent sessions was discussed with them in order to elicit comment and ensure that all agreed that the researcher's comments were a true reflection of what had been discussed and that any conclusions were reasonable and supportable. In

many ways the 'three box' approach is congruent with grounded theory methodology as described by Loonam, (2014).

In addition, at the end of the research, each group was sent a summary of findings and asked to review, comment, or amend as they saw fit. It was a pledge made to the co-researchers from the start that their comments and views would always take precedence and, as will be seen from the 'three boxes' analysis later in the chapter, many of the initial 'what I thought I knew' box comments were modified and in some instances found simply to be insupportable in the light of 'what I heard'.

It is acknowledged that no system can be totally impartial and that every researcher presenting anything other than pure empirical data will interpret his or her findings. That said, every effort was made to ensure that what was heard and what was said by co-researchers has been presented as they intended and not as the researcher wished.

5.3   **Sample Size**

A major challenge was to establish the amount and extent of research that could be conducted by a single, self-funding researcher on a part time basis.

Having a means of testing and validating anything in the higher levels of the PS procurement structure would be necessary but it was not the intended principal focus of this study. In order to deal with the higher levels, the researcher had contact with the MoD, and the Minister for Defence Procurement was kind enough to spend time discussing the proposed work and making some observations that helped. Contacts already existed in the Crown Commercial Service at Director level and with some senior civil servants in central government. These were used to review comment on, amend and or validate any top-level depictions or data.

The main purpose of the research, and its contribution to closing a gap in knowledge of the subject, was to conduct a 'bottom up' study with those dealing with procurement as a daily task and employment. It was hoped to engage with at least four local authorities (one each of Conservative, Labour and Liberal Democrat and one authority using shared services across constituency boundaries), one Police Authority, one Fire and Rescue Service, at least one NHS trust and NHS Logistics together with lower levels in Defence Equipment and Support and one other Central government Department. In addition, it was planned to contact the Chartered Institute of Purchasing and Supply (CIPS) who, in the field of training for local government procurement officers is considered by many to be the lead body.

The idea of researching in four local authorities and across the parties was not based on any assumption that there should be a significant difference in procurement activity, but it was thought that covering the spectrum would be of interest. Likewise, a shared service procurement model has been trumpeted by the Local Government Association (LGA) for some years,

> *"Councils have embraced efficiency and innovation in a way that is not seen anywhere else in the public sector and these fantastic new figures show they, once again, remain at the forefront of cost-effective service delivery. Councils sharing ideas and working collaboratively has contributed to more than £1 billion in efficiency savings that have helped local government to try and protect vital local services amid ongoing funding pressures."* (Lord Porter, LGA Chairman 2015-2019)

Also, accessed 20 March 2020 at https://www.local.gov.uk/our-support/efficiency-and-income-generation/shared-services, "Local government continues to lead the way in the public sector with collaborative service delivery and implementation through shared service arrangements, saving the taxpayer over £1.34bn in cumulative efficiency savings from 626 partnerships." It was therefore, felt that if

research could be carried out at procurement officer level in a shared service environment this might also be of interest.

The choice of initial points of contact were made based of geography as the researcher had other commitments and was paying for all aspects of his work. Therefore, the initial contact list included five councils in the North of England between the Wash and the Tees, two police authorities, one fire and rescue service, one NHS ambulance trust, one primary care trust in the North of England, and NHS logistics.

In addition, the researcher had already undertaken work with two other councils in the South of England, one NHS Primary Care Trust (PCT) also in the South of England, the social services of another council, the MoD, Defence Science and Technology Laboratories (DSTL) and with the Department for Health and Social Care (DHSC) in London. When any reference is made to any of this prior work it is highlighted as 'Personal Opinion' or 'Personal Experience' since it was not possible to reassemble the teams that had been involved in earlier work to corroborate and support or refute the 'experience' or 'opinion'. Efforts were made to gain re-entry to the organisations to validate previous findings for this research project however, internal reorganisations and staff movement meant that despite getting polite e-mails, warm words, and expressions of interest in the research, it was not possible to make any significant progress on this tack.

This prior experience is declared both for clarity and to illustrate the need for the 'three boxes' approach. Use of this material from previous experience is therefore kept to the minimum necessary to explain why certain themes or tacks were explored.

Initial contacts were made on-line, by post and by telephone. In most cases interest was generated, and some face to face, telephone conference and Skype discussions followed. From the very start it was necessary to illustrate the

problem and the approach that was planned. No standard introductory brief was developed since on contact some requested a face-to-face meeting and briefing with or without 'PowerPoint' presentation, some asked for full details with explanations of methodology and others were content with routine e-mail Question and Answer (Q&A) sessions prior to commencement of research. However, a standard introduction to the focus groups and ethics briefing was produced so that at the start of any work in the field the participants received the same brief about the conduct of the research, data security, anonymity, and the use to which any information would be put. The Ethics Committee, in what is now the Faculty of Business Law and Politics at the University of Hull, approved the research and the approval letter is at Appendix 2. CIPS asked for the fullest introductory letter which is shown in abridged form at Appendix 3. It is abridged because much of the letter was an introduction of myself and my background, the depiction of the problem (see figures 1 and 2 below) and explanation of the research question with definition of terms.   A copy of the initial brief and can be found at Appendix 4.

After much effort and despite having promises of contacts and appointments that were later cancelled due to pressure of work, access to and research with procurement officer teams in four councils with two political parties at their head and one of which was a 'shared services' authority, one fire and rescue service and CIPS was achieved. This is not a vast sample but in hindsight was probably as much as a single researcher could deal with. It is therefore an early recommendation of this work that, the methods used and data that emerged suggest that the approach is both sound and rewarding. To be most effective, a team of researchers is needed in order to widen the net and ensure that findings can be more extensively analysed and made available. However, and acknowledging that the sample is not as broad as the researcher would have liked, the remainder of this chapter concentrates on what was discussed and finally agreed between those who took part.

5.4   **Depicting the Problem**

Using a 'gearing' diagram, an attempt was made to show how the top-down approach can be visualised in a hierarchy and an alternative hypothesis that in the view of the researcher may be more accurate.   These are illustrated at Figures 1 and 2 and were included by the author in an essay on action research, Addy (2016) (Self citation only to explain using a diagram that is already registered on TurnitIn but is the author's original work).
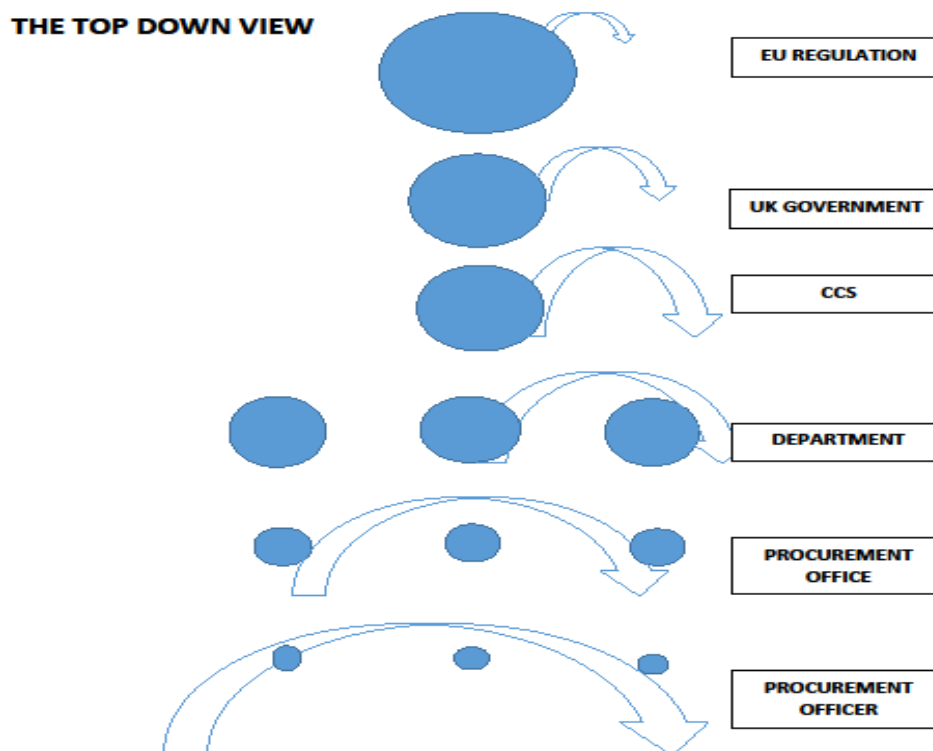
Figure 1

Figure 1 uses the blue solid shapes to indicate perceived power or influence over the subject of procurement.   Their size relative to the next level has the gearing effect alluded to above. Starting with the collective view of the EU lawmakers and European Council that because the member states have already discussed and

agreed regulations, is then enacted nationally, and filtered down through various levels to the procurement officers. The outline arrows show the perception, therefore, of the desired impact on each level in the structure, culminating in the procurement officer reacting most to any adjustment at the top.

An alternative is illustrated at Figure 2 and debatably, may be closer to the truth. In Figure 2 the power elements are resized. It is the procurement officers that face the market and publish the Request For (expressions of) Interest (RFI) (sometimes also used for Requests for Information by both purchasers and suppliers) or Invitations to Tender (ITT) and they adjudge first whether a bid is compliant or not. If it is non-compliant, they can reject it and, therefore, have a great deal of power by their position and they should always be working within the regulations. Procurement officers have the power to implement or to use the regulations in ways that they interpret and adjudge to be correct. They inevitably have more power than simply sitting at the bottom of the structure doing as they are instructed.

It also shows the arrows changing length. The Crown Commercial Service (CCS) is the body responsible to the Cabinet Office for regulating central government procurement. Therefore, it reacts significantly when a new regulation is published and enacted into national law. Once received, departments must react, but a change is only one element of what a busy department must deal with and so, however important to the CCS, it is probably less so to the department. The head of the Department's procurement office may have a personal interest in showing compliance and justifying his or her office's performance. Therefore, he or she may react significantly to any change mandated by the department. However, at the desk of the procurement officer who is already engaged in several contract procedures and has a busy workload, the 'tweak from above' may not have the impact that superiors hoped for.   In the research evidence will be sought about the way in which regulation and information filter down the hierarchy and how it affects the procurement officers at the lower levels in the structure.

AN ALTERNATIVE HYPOTHESIS

EU REGULATION

UK GOVERNMENT

CCS

DEPARTMENT

PROCUREMENT OFFICE

PROCUREMENT OFFICER
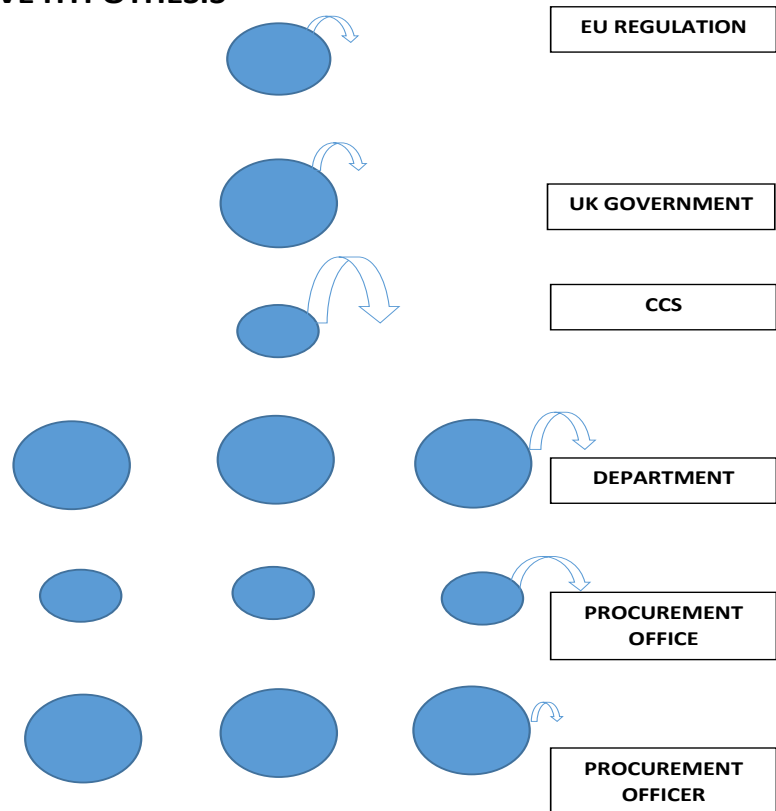
Figure 2

Figures 1 and 2 were used in early briefings of potential co-researchers and were largely accepted as worthwhile illustrations. They also explain why this study concentrates on the procurement officer level rather than the regulatory or higher levels in the structure. To construct the diagrams however required a structure to be shown and that used in Figures 1 and 2 is not complete for public sector procurement in the UK. It illustrates only 'central government' procurement and does not show the relationship to devolved government or unitary authorities. The more complete picture is illustrated below, at Figure 3.

PROCUREMENT RELATIONSHIP TO THE UK GOVERNMENT

EU and National Government agreement

National Cabinet

| Cabinet Office Minister | Ministry of Housing Communities and Local Government | Secretary of state for Wales | Secretary of State for Scotland | Secretary of State for Northern Ireland (NI) |

CCS

| Central Government procurement | Devolved Procurement in England | Welsh Assembly — Devolved procurement in Wales | Scottish Parliament — Devolved procurement in Scotland | NI Assembly — Devolved procurement in Northern Ireland |

This box is not exhaustive in content but illustrates some of the central government ministries that spend large sums on goods and services

DfT – Network Rail, Crossrail, Highways England, as major infrastructure buyers

MoJ – PUSofS for Prisons and Probation – 121 Prisons and 5 Young Offenders Institutions

MoD – Min Def Procurement - Defence Equipment and Support (DE&S) £11.8 Bn in 2019

Min Police, Fire Criminal Justice and Victims supports MoJ and Home Office and funds the police and Fire Services including equipment

Dept of Health and Social Care (DHSC) Includes hospital funding and NHS Logistics as a major procurement centre.

Dept for Education sets policy and then under Section 251 devolves spend through the ASB and EA Block Grant totalling £91 Bn for 2019/20

England – LGA (1)

26 county councils

192 district councils

56 unitary authorities

London – 33 boroughs as unitary authorities plus GLA

36 Metropolitan Districts

Wales – WLGA (3)

22 Welsh councils are unitary authorities

Scotland – COSLA (2)

32 directly elected Councils

Northern Ireland – NILGA (4)

11 Councils

In England County and District Councils have shared responsibility for services. 2 Tier local govt. Unitary and metropolitan authorities have complete responsibility. 1 Tier local govt.

(1) Local Government Association (2) Convention of Scottish Local Authorities (3) Welsh Local Government Association (4) Northern Ireland Local Government Association

Figure 3 (Original drawing created by the researcher from data checked March 2020.)

Figure 3 is better, but it is not possible in any such organisation diagram of public sector procurement to be 100% accurate or complete. However, figure 3 illustrates the multiplicity of offices that exist throughout central and local

government that have authority to spend public money on goods and services.   It should also be remembered that in the central government ministries when mention is made, for example, of the Minister of Police, Fire, Criminal Justice and Victims being responsible for funding Police and Fire and Rescue Services (F&RS) each of those has a procurement function and a total budget of £15 Bn, of which £14 Bn (Police) and approximately £1 Bn (F&RS). There are 45 territorial police forces and 3 special forces in the UK and there are 45 Fire and Rescue Authorities (FRAs) in 8 Regions.   There are 223 NHS hospital trusts, 31 Ambulance Trusts and NHS Supply Chain (Logistics) which manages over 4.5 million orders per year to 15,000 locations. The NHS budget is expected to be approximately £134 Bn in 2019/20. There are also 121 prisons and 5 Young Offender's Institutions and every school headteacher now controls a budget that includes elements of procurement. The education budget is second only to the NHS at £91 Bn 2018/19. The fact that they are not controlled centrally by any one body or person is unsurprising given both the breadth of the inventory of items and services that must be procured and geographic spread. The picture is further complicated by the desire and aspiration in many parts for ever greater devolution with local people delivering local services.

In respect of Scotland, Wales and Northern Ireland with their own Parliaments, Assemblies and Governments they have powers devolved from Westminster which are not always the same, but which have budgets and procurement functions delivering goods and services to their people. As with England it is worthwhile getting some idea of the scale of public sector procurement in these devolved areas.

The Scottish Parliament and Government are responsible within national boundaries for the economy, education, health, justice, rural affairs, housing, environment, equal opportunities, consumer advocacy and advice, transport, and taxation. The power to set a Scottish rate of income tax has been added and the Scottish First Minister has stated that she expects more powers to be devolved from Westminster during this UK Parliament. The Scottish Government consists of

one First Minister, eleven Cabinet Secretaries and sixteen other Ministers with a Civil Service that has one Permanent Secretary, six Directors General and more than thirty Directorates.

The Welsh Assembly and Government has devolved powers within national boundaries over: education, health, local government, transport, planning, economic development, social services, culture, Welsh language, environment, agriculture, and rural affairs. The Welsh Assembly and Government consists of one First Minister, thirteen Ministers, one Permanent Secretary with four Directors General and twenty-seven directorates.

Issues on which the Northern Ireland Assembly has full legislative powers include health and social services, education, employment and skills, agriculture, social security, pensions and child support, housing, economic development, local government, environmental issues, including planning, transport, culture and sport, the Northern Ireland Civil Service, equal opportunities, justice, and policing. The Northern Executive Committee runs the devolved government on behalf of the Northern Ireland Assembly. In turn there are nine government departments.

5.5   BREXIT

Having introduced a structure within which public sector procurement takes place, it is axiomatic that for 2020 at least, the top of the diagram at Figure 3 includes the EU and acknowledges Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement which are then enacted in the UK as The Public Contracts Regulations 2015. Therefore, with negotiations taking place at the time of writing this thesis, it is necessary to state how the BREXIT dimension will be addressed.

It is accepted that following the UK vote confirming exit from the EU, the influence of the EU regulations may diminish, however, it is in the UK's national interest to continue free trade with the EU. The EU Regulations were accepted and enacted

into UK National law because they establish access to markets across the EU. It seems likely therefore, that the EU and UK will accept some form of bi-lateral agreement and continue using the EU regulation as a basis for UK national law. That will mean continuing to advertise public sector contracts that are of sufficient value to qualify in the Official Journal of the European Union (OJEU), and will also mean continuing to use common procedures, as part of any future free trade deal. Therefore, the link between EU and UK PS procurement law and regulation is assumed to remain throughout the writing of this thesis.

5.6 Conceptual Maps of PS Procurement at Various Levels within the Structure

To follow the chosen methodology, it was first necessary to create a conceptual map of the macro-structures in which public sector procurement takes place. The initial conceptual map had six component layers or strata:

5.6.1 The EU regulatory system.

5.6.2 The National Policy and Procurement Dimension.

5.6.3 Departmental Level.

5.6.4 The Industry Dimension.

5.6.5 Civil and Public Service Dimension.

5.6.6 Individual Level.

Critical Realism stresses the influences and totality of the whole, therefore, this is not an attempt to conduct a detailed in-depth study into each level. Indeed, if one did that, it would be reductionist and miss the potential strength of the work. Rather, the maps seek to portray the interactions and influences that each level

exerts on the individuals that populate it in order to identify potentially causal links that would determine or influence their behaviour whilst fulfilling the procurement function.   In turn, any links identified became the themes for discussion if they were not in the list created by the researcher under the 'three boxes' headings.   All six maps needed validation and that process, and its outcomes are given below.

5.6.1 The EU Regulatory System

For the highest level of EU and UK Government influence, the Crown Commercial Service (CCS) was engaged in telephone conferences, e-mails and by ordinary voice call. Face to face meetings were not considered necessary and the workload at the CCS was highlighted as a reason for using these alternative means of discussion.   At the strategic level there is no other body that can be invoked in the UK.   Within the CCS there are several different procurement category teams and a Director of Policy. The main discussion was with the Director of policy and included two one-hour pre-booked telephone conferences.   The researcher's first attempts at mind maps covering the EU and National Policy dimensions are shown below as Figures 4 and 5.

THE EU DIMENSION

Harmonisation of process and procedure across member states

Open market

Level playing field

Allow monitoring of commercial behaviour within member states

Aide to greater 'integration'?

A way to spread wealth across member states?

Bureaucratic control of member states?

EU Political Agenda

EU PS Procurement Regulation

Regulates advertising of opportunity

Mandates time scales for process

Approves procedures and regulation for their use

Accepts strategic and security dimension

EU Defence and Security Procurement Regulations

Feeds into national law in member states and so is negotiated and reviewed periodically in Brussels but between reviews can be inflexible

Establishes appeals procedure and arbitration regulations

Figure 4

5.6.2 The national Policy and Procurement Dimension
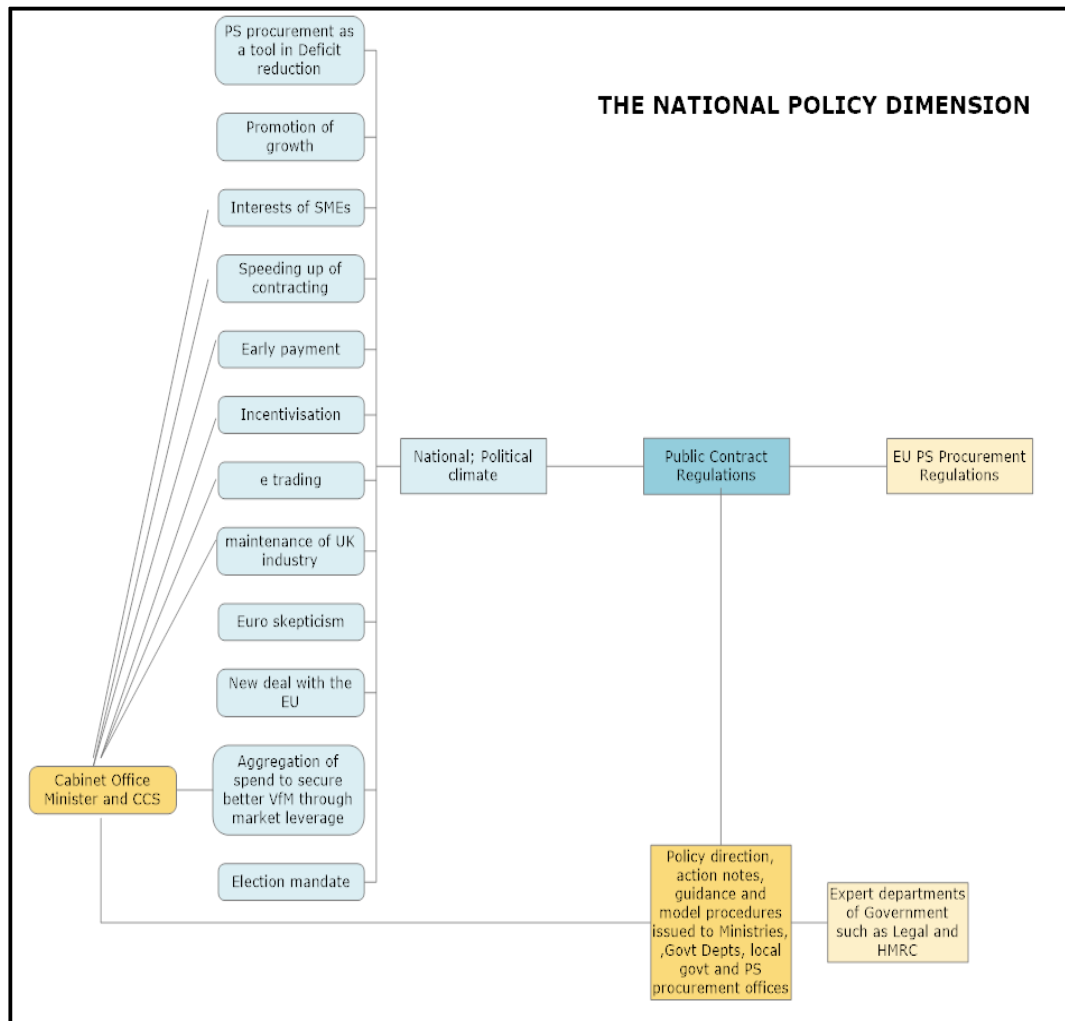
Figure 5

Whilst there was little significant comment on the EU Dimension at Figure 4, Figure 5 became the focus of detailed discussions which required a significant change in the map. That revised map is shown at Figure 6 and as the changes were quite radical, the map was retitled as the National Procurement Dimension.

Figure 5 was created on an assumption that the political climate contains many strategic issues, not all of which directly affect the thinking or policy created in the Crown Commercial Service (CCS). Therefore, whilst the CCS has some awareness of the issues, it is not necessary for all of them to be disseminated within CCS guidance and policy notes to Government Ministries and Departments that are spending public money on goods and services.   There was also a belief that the

CCS like its predecessor the Office of Government Commerce (OGC) had more executive power than was truly the case.

The extensive dialogue with the CCS as a body that issues procurement policy, changed the emphasis creating major headings of 'Policy and Political Drivers', 'Policy and Industrial Strategy', 'Policy and Social Value' and 'Cybersecurity'. All of these are strategic issues discussed in Cabinet and about which the Cabinet Office Minister, in whose remit the CCS falls, interprets so that he issues detailed guidance that, therefore, 'directs' the effort of the CCS to issue procurement policy. Furthermore, it clarified both the position and role of the Crown Commercial Service (CCS) in relation to those engaged in procurement and it made clear that much of its output is mandatory for Central Government, but not mandated for devolved government. This alone is significant since (Refer to Figure 3 and supporting text) it means that there are at least 950 authorities which have procurement personnel or teams that do not have to follow CCS guidance and in total, they expend more public money on routine procurement (as opposed to strategic national project expenditure) than Central Government.

NATIONAL PROCUREMENT DIMENSION

PS procurement role in deficit reduction

Speeding up of procurement process

Post BREXIT relationship to EU regulations — Policy and Political 'Drivers'

Manifesto promises

Taxation

Promotion of growth

Early payment

Interests of SME

Aggregation of spend — Policy and Industrial Strategy

Maintenance of UK national industrial capability

Innovation, R&D and 'pull through' of technological development

e-trading — Cyber-security

Simplifying and speeding up procurement

Sustainability and 'green' issues

Modern Slavery

Social element of contract .. Social Value embedded in procurement activity — Policy and Social Value

Equality

Transparency and open government

Apprenticeships and age related employment issues

Expert departments such as legal, HMRC and Treasury that input to and influence

Government Cabinet Office Minister

Public Contract Regulations

Enact EU PS Procurement Regulations in the UK — Mandatory for all PS Procurement

CCS

Policy direction, action notes, guidance and model procedures issued to Ministries, Departments, Devolved Government and PS Procurement Bodies — Not compulsory for devolved government

Central Government Framework Contracts — Not compulsory for devolved government

Figure 6

After the discussions with the Crown Commercial Service, the redrawn map was sent back to London so that the Policy Director could check and agree that the map now more accurately reflected reality.

5.6.3   Departmental Level

Below the National level, there are Departments of Ministries, devolved National Assemblies and then local government. In this context, a National Assembly or local government with autonomous authority over aspects of budget to provide goods and services to the public is treated as a Department for the purposes of mapping.   Figure 7 shows the initial attempt to create a Departmental level map.
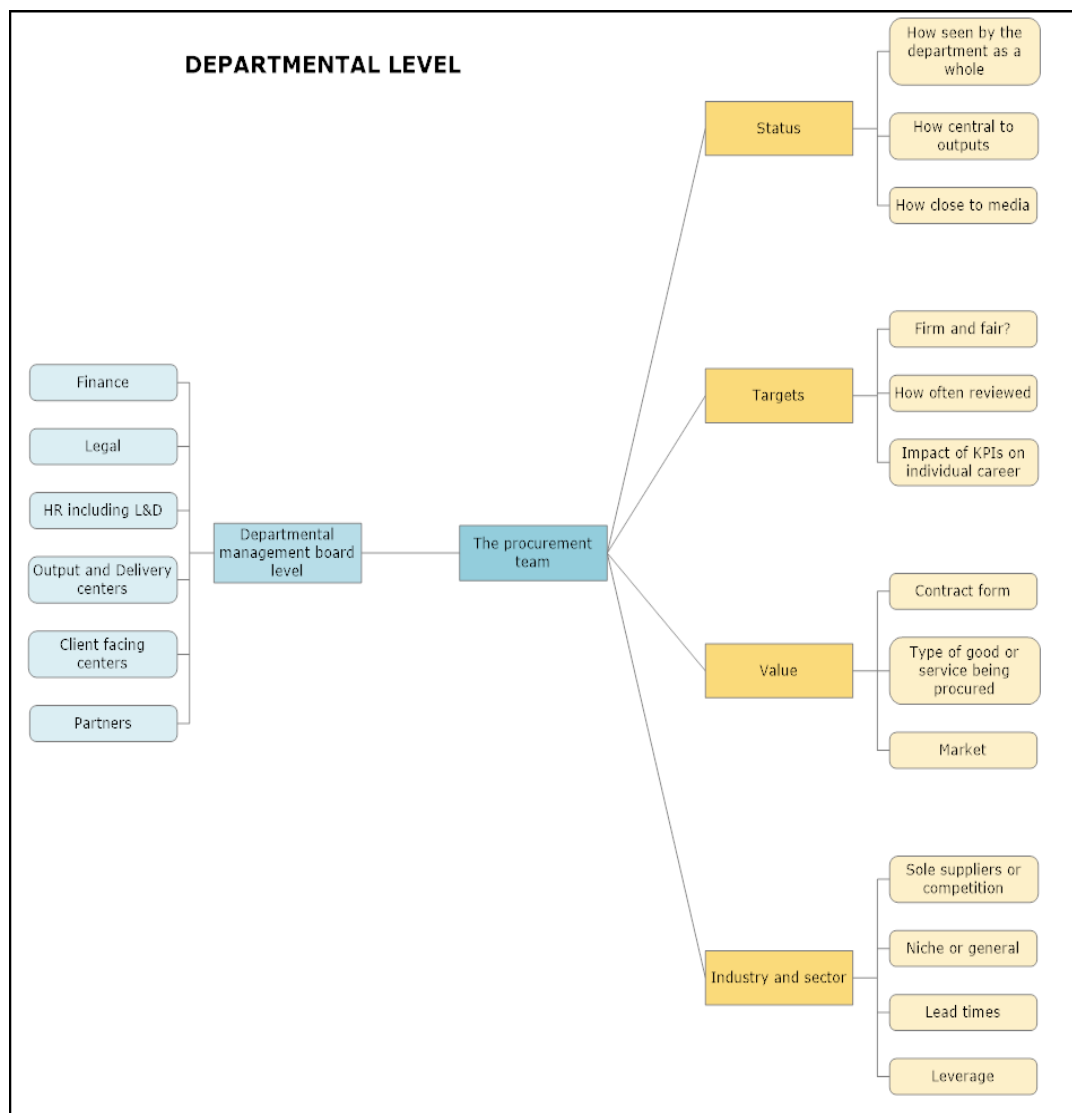
Figure 7

In this map, the procurement team is placed in the center and to the left are the factors weighed by the departmental management board in creating priorities and allocating resources to the procurement team.   To the right are the objectives and factors that affect the procurement team's ability to deliver against departmental expectation.

The Departmental map was drawn from 'Personal Experience' and was discussed with 4 local government management board level groups and was submitted to the Local Government Association (LGA) to seek their views although, at the time of writing and with Covid-19 affecting work, no reply has been received from the LGA.   The discussions first had to clear terms and explain what is encompassed by each of the factors on the left of the chart as these are the strategic considerations that drive the departmental management board to set priorities and policies as they do.

Finance and legal input to the management board level were uncontentious. Human Resources including Learning & Development was an acknowledgement that several councils and unitary authorities are now mandating Chartered Institute of Purchasing and Supply (CIPS) qualifications for their procurement staff. Indeed, in one council it was enthusiastically embraced as a way potentially to reduce cost, seek innovation in service delivery and raise the status of the procurement teams.   Whether all such benefits could accrue was too early to comment on as the policy of mandating CIPS qualification was less than a year old and none of the staff had progressed through the program by that stage. Output and delivery centers refer to the many points of service delivery to the public and to the points where goods and services are handed over to the internal customers who then deliver services to the public. Here councilors or management board level individuals are constantly reviewing the number and location of output points on cost, footfall, and efficiency grounds, but any change to the locations will have an impact on the contracts let by the procurement team, even if it is only an amendment to delivery location. Client facing centers are the

information and contact centers which most departments and councils create to inform the public where to go to obtain items or services and what they are entitled to.

Finally, 'partners' as a heading includes first, the idea of collaboration between public sector authorities for shared services and for aggregation of spend. Second, it includes the concept of contracts where industry takes on the entire delivery for and on behalf of the authority under some outsourcing arrangement.

To the right of the diagram, 'Status' was felt to be important as it often determines how willing other parts of the authority are to engage with the procurement team, how easy it is for the procurement team to influence decisions made by those who control resources and determine policy and then how much 'respect' the team will have if procurement draws either praise or criticism from the media. This last point matters perhaps most to the management board members and councilors and is a part of the complex relationships of power in the structure. Targets are expressed as Key Performance Indicators (KPI) which can then be measured and reported. They are inevitable and agreed by most to be useful if they are fair (backed by the resources to allow delivery) reviewed periodically to ensure that they remain relevant, and not used simply to apportion blame.

In truth the subject of KPIs in public sector service delivery is worthy of a separate study since many seem to be based around 95% of patients seen within 4 hours, or 95% of demands satisfied within a specified time. It appears to this researcher that these targets are misguided and, to an extent, create a problem that damages public confidence in service delivery rather than reassuring the customer. Each says 5%, one in twenty, of demands or patients will not receive the service they require. According to statistics published by NHS England the average attendance at Accident & Emergency departments is about 45,000 per day and therefore, even if hospitals meet the target, there will still be 2,250 reported failures each day and that is a lot of potential adverse comment. It

might be better to say that the target is 100% satisfaction, but we acknowledge we can never achieve that as each patient's needs will be different and there are only so many staff, cubicles, and vital assets such as scanners. Therefore, we will baseline the failures this year and put effort into reducing failure by 10% each year from now on. Worded this way effort goes into improvement rather than gathering numbers either to give the Chief Executive a bonus or consistently to berate staff for failures that are often outside their remit, resources, or ability to rectify.

The 'Value' box in the diagram was that which the researcher felt the procurement team has perhaps most control over and potential impact on. It encompasses how goods and services are to be acquired and how the market can react. However, it caused considerable discussion since many on the procurement teams think that the management board level directors who control the money, set the policy, determine the priorities and quantities of goods and services to be provided, should be more involved as 'commissioners'. A recommendation to that effect was made by Byatt (2001), but apparently not acted upon (see Chapter 3.5.1).

The 'industry and sector' box was also challenged on similar grounds as it was felt by the Procurement Officers (PO) within the teams that the 'commissioners' should have more market involvement and understanding. The procurement officers believe that such involvement would lead to greater clarity of specification when they ask the procurement teams to publish invitations to tender, requests for information or expressions of interest in a proposed procurement.   No one suggested that the boxes are not relevant, but they needed to be reflected differently, as at Figure 8, to emphasize that whilst directors at board level are 'strategic', it also means that they are, or in the opinion of those consulted should be 'commissioners' of procurement and should have market engagement and specification setting as part of their primary remit.

These initial discussions of the 'commissioner' role and its strategic significance started to create a theme that was to be followed throughout the research. In Chapter 3.3.3 looking at the work of Jacobides and MacDuffie (2010) there were four suggestions for gaining better value and advantage. Being an intelligent customer, stretching suppliers to innovate, being better at defining requirements and allowing sufficient lead time for industry to react. The procurement teams were saying that, in their view, there is a 'commissioner' role that is not theirs and is located at a level above them. If that is so, then the potential advantages identified from the trends in industry are being missed.   Of perhaps greater importance would be that the trends in legislation emanating from the EU and UK Government may be detrimental to achieving better value.   At Paragraph 3.4.3 the legislative response to perceived problems in procurement was addressed. One of the key themes was speeding up the process between advertising an opportunity and contract award.   If timescales are reduced, then the fourth suggestion above is unlikely to succeed.   Likewise, the legislative response encourages dialogue, market engagement and flexible approaches. The procurement officers are agreeing that these things will help but are locating the responsibility for these actions in a 'commissioner' of procurement. This theme, as already stated, became central to much later discussion, and the logic and recommendations that came out are telling.

DEPARTMENTAL LEVEL

Finance

Legal

HR Including L&D

Output and delivery centres

Client facing centres

Partners

Departmental Management Board level

Procurement Team

Commissioner Role

Specification

Status
- How seen in Department
- How central to outputs
- How close to media

Targets
- Firm and fair?
- Reviewed?
- KPIs and blame

Value
- Contract Form
- Type of good or service
- Market

Industry and Sector
- Desire to use local & SME
- Sole source or competition
- Niche or general
- Lead times
- Leverage

Figure 8

The mind maps down to departmental level, which includes councils and devolved authorities, are based on the structures in which activity takes place. It is industry that responds to the Invitation to Tender and Requests for Expressions of Interest issued by procurement officer from within the structure and so the 'Industry Dimension' (Figure 9) is the 4th level of mapping.

5.6.4 The Industry Dimension
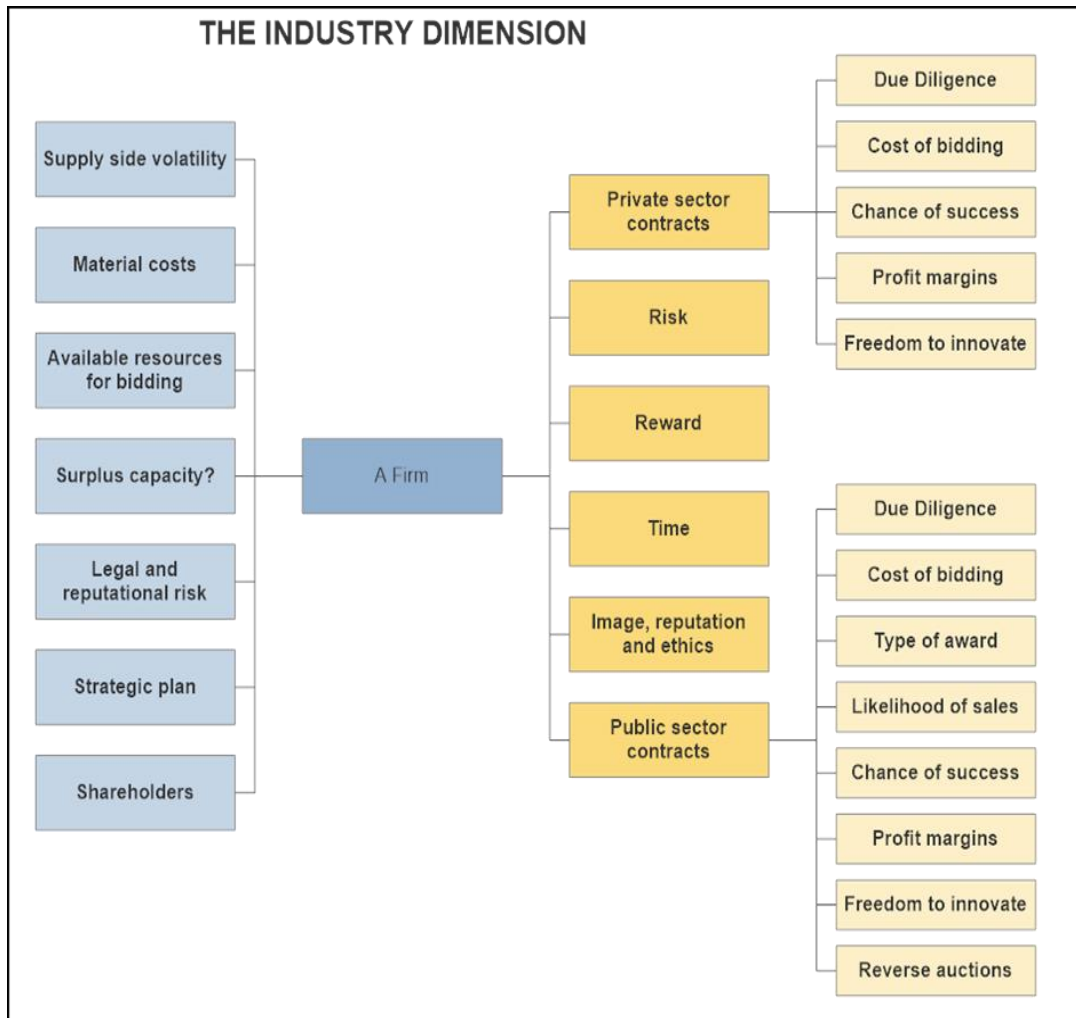
Figure 9

This map was based on 'personal experience' and was then validated in discussion with both small and medium enterprises and firms that bid for public sector contracts and with procurement officers who regularly encounter industry representatives during bidding and post contract award discussions. The map starts by considering on the left, the factors that will determine a firm's willingness and ability to bid for any contract whether in the Public or Private Sector. Many companies or firms would like to grow their business and expand, however, others may have stable output to long term clients and therefore a safe, if limited, foreseeable future.

As a result, a firm needs to know first that if it grows its business, it can rely on a steady and stable supply of the materials that it needs. It must consider whether

increasing demand for materials will push up price or by increasing volume, decrease input costs and allow improved margins. If margins improve, can these be used to lower the bid cost in future bids and so improve the chance of success in winning the new work. Of course, there is a cost to making any bid. Apart from the hours of work for one or more staff to prepare and submit a compliant costed bid, costs may also include consultant advisers or in a 4PL (as defined in Chapter 3.2, Trends in Industry), time to negotiate with potential partners. Equally, there must be existing surplus capacity in the firm if bidding for new work or else, a costed and affordable plan must be made to increase capacity with new machinery, increased labour force or even bigger premises. Such expansion plans then need to be amortized through the life of the contract. Therefore, a pay-back period is identified and that must show that there is a real chance of increasing the wealth of the firm. There must be consideration of legal and ethical issues in bidding as these could impact on the reputation of the firm, making it easier or harder to carry on traditional business once known to be bidding for new work. This issue of ethics, the law and reputation, is increasing in importance when any firm weighs the factors and decides whether to bid or step away from work. Finally, the company may have a strategic plan that is agreed by shareholders and that, plus shareholder pressure for return on capital invested may also affect the decision to bid for new work. If the firm decides that it should bid for new contracts, it then faces the six boxes to the right.

There are clear differences between bidding for contracts in the private and public sectors. Company to company negotiations are not constrained by EU and UK public contract regulations. This does not mean there are no rules, but there is more scope for open discussion and negotiation in a B2B (Business to Business) relationship, without the necessity to undertake every stage in an open format where there is great concern about 'being seen not to engage more with one potential bidder than any other'. There are also differing expectations of the cost to bid, the likely profit margins and chances of success. Equally, there are favoured forms of public sector contract and the 'framework' is one which can be good for the public sector buyer but 'off putting' to industry, because it can be

just as expensive and time consuming to get onto a framework as a supplier, and then find that there is no regular call for output, if at all. The electronic reverse auction is also favoured in some public contracts, and again it can be disadvantageous to some small and medium enterprises (SME). Bundling can also have a negative effect since many SME lack the size to bid for large regional aggregated volumes of business. Government is encouraging small suppliers to group together and form consortia, but that is another complication and cost to the firms involved. Therefore, the map shows that even deciding to bid for work has its problems, then the decision must be taken to bid in the private or the public sector, or both.

Finally, the firm must be convinced that the risk in making a bid, costs and time needed simply to submit a bid with no guarantee of success but with potential rewards, make the venture worthwhile. Even if all of that adds up to a 'bid decision' there must be a strong conviction that post award of the contract, the customer's behaviour and future decisions, coupled with the nature of the work is unlikely to attract adverse comment, or damage the firm's reputation and existing customer base.

There is, therefore, a strong link throughout the structure from legislation at EU and National level through departments to industry. The policies, regulations decisions taken in the public sector about implementation and even the types of contract being favoured at any one time will impact the likelihood that firms will bid for the contracts. This also gives rise to the need for more strategic engagement at the 'Commissioner' level as emerged in the discussions over Figure 8 and following on from the validation of Figure 6. It is also consistent with findings of Jones (1997), Byatt (2001) Karjalainen and Kemppainen (2008), Schoenherr and Mabert (2008), Vitasek and Ledyard (2009), Karjalainen (2011), Johnston and Girth (2012), Knutsson & Thomasson (2014), Loader (2015)

5.6.5 The Civil and Public Service Dimension

The remaining two levels of map concern factors that weigh mainly on individuals rather the structure in which they work.   However, the structure and individual within it can never be totally separate.   It was felt that the codes of individual conduct of Civil Servants (CS) and other public servants in devolved authorities, engendered through induction training and based on well-defined job and person specifications would have an impact on how Procurement Officers (PO) would perform their duties and behave in their roles.   However, each person is unique and comes to any job with a plethora of personal feelings, motivations, aspirations, and background circumstances that can drive or inhibit choice and lead to job satisfaction, mere tolerance, or triggers for change. Two maps were therefore drawn, and these were given to each person in the focus groups and each interviewee that took part throughout the research. In addition, and for those who felt willing and able to do so, they were asked to rank factors and provide scores in a 'Likert-like' manner, to identify which factors were considered most important and least important in their personal decisions or behaviour. Equally each person was asked to review the lists of factors, delete any that they felt did not apply, add what they thought were missing and amend any heading they thought misleading.   The intention, since these last two maps were about the individual, was to obtain as much input from the co-researchers as possible. After the process of discussion and amendment the final maps are shown below at Figure 10 for the 'Civil and Public Servant dimension' and Figure 11 for the 'Individual Dimension'

THE CIVIL AND PUBLIC SERVICE DIMENSION

Selection

Recruitment

Training

Career Stream

Civil and Public Service Role, Ethos and Culture

Ministerial and Government Input

Perceived and actual 'Legislation'

Budget pressures

Procurement

Uniform performance
- Maintaining the line
- Compliance with legislation

Departmental Guidance
- Flexibility
- Courage
- Authority

Delegation of Authority
- Compliance with legislation
- Freedom to innovate
- Avoidance of risk

Training for Role
- Academy/CIPS
- On The Job
- Staff College

Hierarchy and Structure
- Personal Aspiration
- Career Management
- Referral and decisions
- Time

Figure 10

Figure 10 places Procurement in the centre as a role within the Civil and Service devolved public service and then to the left, places factors that may impinge on the person in role. On the right are the factors that are expected of the individual or that the individual engages in simply to fulfil their role.

The Civil Service (CS) Code (2010, updated 2015) "sets out the standards of behaviour expected of all civil servants to uphold the Civil Service's core values, which are integrity, honesty, objectivity and impartiality.   It also gives details of

civil servants' rights and responsibilities in relation to the code." It should be noted that in the strictest sense, "the Civil Service does not include government ministers (who are politically appointed), members of the British Armed Forces, the police, officers of local government or NDPBs of the Houses of Parliament, employees of the National Health Service (NHS), or staff of the Royal Household." So those in procurement roles in Central Government are subject to the Civil Service Code in all respects, whereas many workers in devolved government are not.

Outside the Civil Service, local authorities are required to set out a code of conduct for all elected councillors, 'The ethical framework', which sets out rules governing their behaviour and satisfies the requirements of the Localism Act 2011. All elected, co-opted, and independent members of local authorities, including parish councils, are required to abide by their, formally adopted, code. It is based on seven general principles: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. Under the Local Government Act 1972 (as later amended) sections VII and VIII, there are various powers relating to the appointment of unelected officers and conferring on them duties or allowing the council in which they work to impose responsibilities and conduct due scrutiny. Of course, all council employees are also subject to the provisions of all other general employment legislation and have the same statutory rights and responsibilities of any employee whether inside or outside the Public Sector.

However, all public servants share, and from experience can quote the four key values and have a shared stance on ethical conduct, wherever they serve. This is built and reinforced because of selection, recruitment, training, and career streaming. In this last factor, those taking special responsibilities for spending public money or deciding on the delivery of care services (as just two examples) will have background checks and additional training in their career stream. This then is a key to ensuring that individuals in procurement are or should be prepared for role, and some common characteristics should be evident in the performance of their duties. This is to be checked during the focus group work.

The second thing that directly impacts on individuals is Ministerial and Government input. In the central government pillar, the Crown Commercial Service (CCS) interprets Cabinet policy and produces procurement policy and guidance notes which are disseminated throughout the structure, including devolved government. The fact that such CCS output is not mandatory in devolved government does not prevent it from having impact. The degree of that impact will be explored in the field research. This gives rise to the next factor, which is the difference between perceived and actual legislation. At the outset of this research and mapping exercise, the relationship between Cabinet Office, CCS, and the various places in which public sector procurement takes place were not completely clear to the researcher. Nor were the elements of conduct that are mandated and to whom they apply. The field research needs to understand how clear these factors are to the people fulfilling the roles. If there is variance between perceived and actual, then uniform performance to a measured and set standard will not happen.

The final factor on the left is budget pressure. Despite the huge spend announced in the budget 2020 which was in part due to the Corvid-19 pandemic, the UK has been in 'austerity' since 2010. That affects how much is available to procurement officers to obtain and deliver the goods and services for which they are responsible. In turn, it should mean becoming more 'efficient' even if it cannot make them more 'effective'.   Once again the use of the map exposes factors that need to be explored in the field.

Moving to the right of Figure 10 the top factor is 'uniform performance' which is an aspiration for several reasons. Media often speak of 'post code lotteries' in the delivery of services which if true, means that the political party in power may lose ground in areas deemed as less advantaged. It is also an aspiration because it allows budget compliance in that, if a service is delivered at the same cost and quality across the nation, that good or service is predictable. Third, if it is

performed consistently in compliance with the law then it reduces the risk of litigation and the resultant increased cost.

Departmental guidance is the factor that sets one Department or authority apart from others. It allows the Minister in charge of a central government department to 'stamp his or her personality' on the task. It also allows regional and cultural variation to be accepted and understood at the point of delivery in a diverse society such as the UK. However, if variation is to be accepted it requires flexibility, the courage to act in a way that may not be replicated in 'the next door' department or authority and it cannot happen unless the people acting as the agents of change have the authority within the law. Some of these factors can be tested in the sense that if one authority has a different approach or priority in respect of local population needs, the Departmental guidance can be checked and witnessed. Other aspects require the people undertaking the role to express their feelings and perceptions about what they do.

Delegation of authority to individual procurement personnel should lead to a feeling of freedom to innovate and clarity about who can take a risk when trying something new. It is an important factor, and if people feel that their training in civil and public service inhibits them, or if the hierarchy and structure requires constant upward referral, it may start to explain why public procurement teams find it hard to accept innovation or change. Seeking permission by referral may also use up time that may not be available against contract and bid management timelines, which have been reduced in the EU and UK Regulations and Laws of (2014 and 2015 respectively). In other words, the intention in legislation, in response to a criticism from industry, is to speed up the process of public procurement. The internal rules and culture may mean that shortened timelines actually prevent procurement officers from being able to meet deadlines if they have to refer upwards and ask questions. That may simply mean that the questions are not asked, and innovation is thus stifled. Again, this is covered in the literature at Paragraph 3.3.3 and was discussed above at Paragraph 5.6.3.

Training, of course, affects all aspects of job performance and the views of the grass roots procurement personnel will be crucial to understanding where there might be gaps, or needs. It also returns to the question of 'professionalisation' of the procurement role.

Within hierarchy and structure, referral and authority have already been mentioned, but factors also impinge on individuals in relation to career management, career streams and the willingness to advance or move through stages of a career. Whilst moving on is, to an extent determined by personal aspiration and expectation, some may skew their behaviour to serve what they perceive as the best career option rather than the best procurement option. Hierarchy and structure can, therefore, have a profound effect and the research needs to investigate this area.

5.6.6   The Individual Dimension

The final level of depiction is the individual and this was the area where co-researchers were given a copy and time to consider add, remove, or amend as he or she saw fit. In the various organisations visited there were twenty officers who were given the map. Five of these returned the map with scoring marked.   Only two people made any additions or deletions. Appraisal review was not considered significant by one person and the same person added 'political influence' to the output factors. The second person added 'external influence' to the 'influencers and motivators'.   'Appraisal review' was retained as no one else felt it should be deleted, however, 'political influence' and 'external influence' were added since they emerged as significant factors in wider discussions.   Equally, the chart below includes the ranking scores from the individuals showing the relative importance that this small sample attached to each of the factors.

Two of the five who ranked factors to the left of the map also ranked the 'tender evaluation criteria' even though not asked, and both agreed that 'compliance' and 'price' were the most important factors in contract award with 'quality' and

sustainability' next. The sample is too small to be statistically significant, but it was significant that the two persons were from different category teams in different authorities. One person was the senior Health and Social Care procurement officer in a team of two, and the other was the senior Infrastructure procurement team leader in a team of four. It was also clear that 'innovation' and 'environmental impact' were not considered to be as important.   These themes will be pursued in focus groups and interviews.
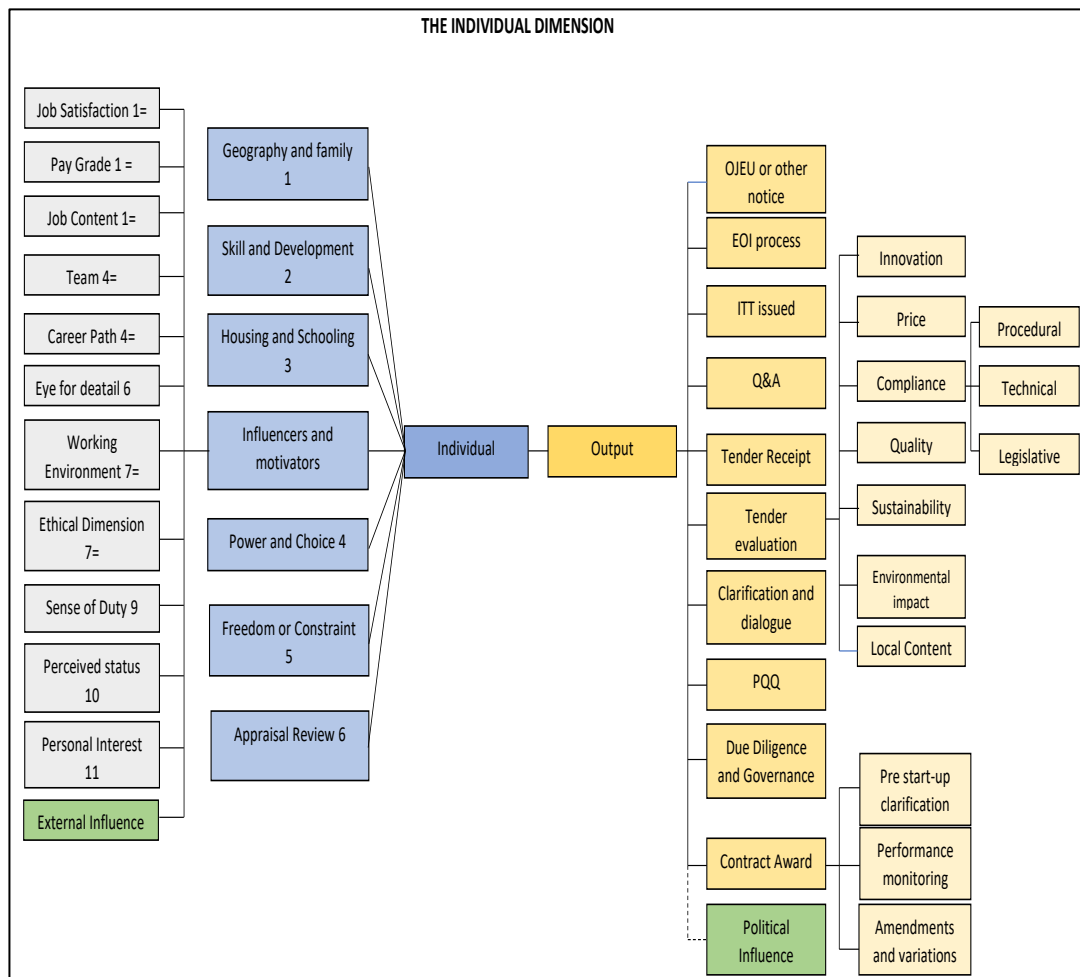
Figure 11

On the left of the map at Figure 11, are the personal needs, attributes, influencers, and motivators that might apply to any group of individuals at work with some additional things that might apply particularly to people in procurement.   These all link into one box in the second row. Of those listed at the top and ranked as of equal top priority by those who did so, one is empirical in the sense that it is pay attached to the role. The other two are arguably

perceptions or subjective feelings. The job content in procurement can vary from category to category and in many cases from day to day. In Health and Social care for example the procurer may be called upon to deal with an emergency therapy session from a 'call off' contract or find and contract a speech therapist following a school referral. The calls are different and because they affect people, will always be 'urgent'. On the other hand, there will be less urgency and longer involvement if one is procuring the construction of a new school, or repairs to the highways. Job satisfaction is what most people seek and of course it is a complex thing to define or promote. We must work to earn money in order to provide a home and food in order to live. If we can also derive satisfaction from the work and make ourselves feel content, then it is a bonus. It appeared from the ranking that most people involved in procurement can see that what they are buying, establishing under contract, or providing as a service has value to the public and therefore merit. Achieving the goal of a successful transaction that meets the need is therefore a success that matters, and it appears to make procurement a satisfying and rewarding job. If people are the best adverts for a job, promoting procurement as a positive role should not be too challenging.

The next fields ranked in importance are 'team' and 'career path'. It was interesting that team working was 'highly important' even though many procurement offices are small, and many teams are of two individuals. When discussing the diagram, the fact that the job is in small teams and yet has the value and merit alluded to earlier, probably explains why team is highly valued and the ability to share an important job at close quarters with the same person on a daily basis means that internal relationships must at least be cordial, if not friendly. That is also a factor that would tend to lead to job satisfaction. When discussing career path however, there was a surprising result. There is no 'career group' or defined promotion ladder within a group called 'Procurement Specialist' (or similar) and yet the role is rated highly by the group. For further investigation then was the proposition that procurement is a good 'tick in the box' for ambitious individuals looking for promotion in a broader employment group.

From personal experience within the Ministry of Defence there is always competition amongst military officers for promotion beyond the rank of Major. Most officer postings are for about two years in any particular role. Most officers of any of the Armed Services aspire to command. There are only a limited number of posts in command of a ship, regiment, battalion, or RAF squadron and after command at each level, personnel must go into planning or staff posts until they are senior enough again to command a capital ship, brigade, or air station. Officers know that the 'quality' of the jobs they do in between commands, coupled with their annual appraisal reports are the things that determine their chance of promotion. For many a posting onto an Integrated Project Team (IPT) in a procurement role at Defence Equipment and Support is highly valued. That it is only for two or three years means that it can become the stepping-stone to a bright future. If Civil and Public Servants view procurement in the same manner it would also explain some of the rankings giving to Figure 11.

The 'eye for detail' box was placed in the map as preparing tender documents, proof reading specifications, publishing contract opportunities, receiving tender documents and checking for compliance before evaluating bids all require 'an eye for detail'. That it is ranked above several other categories within this group suggests that procurement attracts a certain type of individual who has that characteristic. Once again, that should be tested in the focus groups and interviews.

The 'working environment' and ethical dimension were considered important to all persons involved in this study. The task is mainly office based but for those dealing with highways or construction and Health and Social Care in particular, out of office time and variable places of work are regular parts of the job and, therefore, may enhance and maintain interest. That the ethical dimension is prized is not a surprise as it is in the ethos and values embedded in the training and selection for the Civil and public service at Figure 10 and reinforces the link between the maps.

Only one respondent listed 'sense of duty' and 'personal interest' as high motivators and that person was in Health and Social Care with a high sense of vocational commitment and long experience to draw on.

Most of the groups in all areas and authorities felt that the 'perceived status' of procurement is low within their department or organisation. Therefore, it is not a motivator that drew them into the subject. Many whilst discussing this map said that their role is not understood within their organisation and moreover, they are often seen as obstacles preventing others from simply getting on with the job as they see fit. This problem was recorded in the findings of Byatt (2001), Kelly (2003), Roots (2009) and was alluded to by Gershon (2004/5) and the Council for Science and Technology (2014), Chapter 3 paragraph 3.5.2.

That public sector procurement is highly regulated for reasons exposed earlier may be the cause, however, the general feeling is that 'commissioners' don't understand their own role and the opportunities that good procurement officers can open for them. The result is that the procurement office is working in a form of isolation from those who can form and influence the opinions of the whole organisation. Byatt (2001) placed emphasis on elected members in local authorities taking the strategic lead.   Those discussing the maps in this area suggested that this was not happening and as a result the same people did not appreciate what the procurement officer was trying to achieve and so, may be more likely to denigrate as obstructive, rather than praise as constructive, the procurement officer role. This was an area identified for investigation as the research progressed.

The final motivator was the added box for 'external influence'. The justification given and then supported by others was that a far sighted 'commissioner' met some individuals at a project meeting for infrastructure. The commissioner listened to the project team and realised that the skills that they were using could be beneficial to his own area of commissioning services because they focused on procurement strategy and project management plans, including supply chain

management. After discussion, the commissioner made a proposal to establish a team and allow its leader to draw in others and recruit in a new manner. The result was a motivation based on freedom to operate, freedom to develop skills and grow a team but it was 'external influences' that both created the opportunity and wrote the job specification. In some ways this is redolent of the study conducted by Knutsson & Thomasson (2014). (Chapter 3.4.3)

Moving to the right there are six boxes other than 'influencers and motivators' that affect the individual most directly. They have been listed from top to bottom in the order ranked by the five who chose to do this. The titles are for the most part self-explanatory and would obviously influence the individual to be at a location with or without a family and seeking work. The lower three are however worthy of fuller explanation at this stage.

'Power and Choice' together with 'freedom or constraint' are included since people in the public sector, like anyone, sometimes feel powerless in the post that they occupy. There are many reasons for this but exploring them is not the focus of this study. The feeling of powerlessness is however often the catalyst for change and if the person feels that they have a choice, that choice is often then exercised. In the literature on critical realism, Brown (2007) speaks of power being exercised and actualised if the person has the capacity to do something and then a trigger causes that power or capacity to be exercised without the impediment of a countervailing power. Therefore, these two boxes explore why people chose to be in procurement as individuals. However, once a person has actualised their power to change post or career, what do they feel in the new job? The change could be satisfying and "all that could be expected" or it could fail to make any difference to feelings of powerlessness.   Equally the person may have felt the need to change job, may have had the power and the 'trigger' but then failed to actualise the power because of constraints. For example, family requirements for a steady income, no desire on part of the family to move to a new location or perhaps carer responsibilities in one location that preclude any upheaval. The list of factors could be immense however, the researcher wanted

to be able to engage the co-researchers and discover what had moved them into, held them in or was about to trigger any decision to leave procurement.

Individuals in the Civil or public service receive an annual appraisal review. The review can make recommendations about future promotion and suitability to accept greater responsibility, and with good reviewers can be a positive means of moving ahead. Therefore, the 'appraisal review' box was used to explore whether personnel had been advised to go into procurement or selected. Or alternatively, they had simply been told they could move on to greater things and had therefore looked at vacancy notices in their authority or department that offered the chance of promotion, irrespective of which section. On the one hand it would suggest that senior managers were looking at the needs of the procurement section and on the other, it would tend to suggest that the 'stepping-stone' effect was more important and, therefore, the individual's action was just self-interest.

To the right of the individual are listed the outputs of the procurement officer's role. The list covers all of the stages from publication of a notice that a contract will be let for goods or services to contract award. The order of the boxes may change in some circumstances and depending on the complexity of the contract, and in some departments, there may be differences in terminology. For example, in NATO and UN contracts Invitation to Tender (ITT) is seldom used, rather Requests for expressions of Interest (or information) (RFI) seem preferred. Equally there are grounds for holding the PQQ (Pre-Qualification Questionnaire) early in the process to eliminate bids that are unlikely ever to become compliant. All co-researchers agreed that enough detail was present to cover the main elements of their output.

One individual however, raised the issue of 'political influence' on the output. In discussions about the map, others joined in on this theme which developed into one with a degree of partisanship. In the more left leaning and uniformed authorities, the matter of local content in tender evaluation was more highly emphasised and therefore one that was followed up in the field.

To the extreme right of the map, an attempt was made to list the tender evaluation criteria, and this has been mentioned above with compliance and price being the highest priorities in contract award followed by quality and sustainability.

5.7   Analysis of the Mapping Activity

The mind mapping and discussions leading to accepted depictions of the place of the individual within the structures led to large number of areas that required further investigation which was undertaken in follow up interviews and focus group meetings. A summary of the points is made below and some of those actually fell outside the initial nineteen headings in the 'three boxes' analysis. Therefore, those headings were added to the analysis as serials twenty onwards. As a result, there was no comment in the 'what I know or need to ask' box. The 'what I heard' is the result of the questions that emerged, and this again is a strength of Critical Realism as a research method, Edwards *et al* (2014).   It also illuminated that:

5.7.1   **Location of staff**. The majority of those involved in public sector procurement are not in central government, and therefore not under the central control or mandate of the Crown Commercial Service or covered under the Civil Service Code. (Figures 3 and 6 and supporting text.) A lack of formalised structure, or misalignment between structure and strategy was cited as a cause of increased cost and inefficiency by Ateş *et al*, (2018).

5.7.2   **Devolved spend.**   Since the majority of the routine spend (that is excepting major projects such as HS2, Crossrail etc) on public procurement also occurs outside central government, tweaks to legislation or guidance from 'the Centre' to those involved in purchasing goods and services with public money, are unlikely to be a universal solution to any perceived failings. Indeed, the devolvement of spend and autonomy of individuals,

or departments, could be combining to create 'perverse outcomes' and 'maverick' buying. (Vitasek and Ledyard, (2009), Karjalainen and van Raaij (2011))

5.7.3   **Professional procurers.**   A consequence of there being no profession of 'Procurement Specialist' is that any adverse effects of devolvement are not mitigated by 'proficiency', Ateş *et al*, (2018). It is acknowledged that the Chartered Institute of Purchasing and Supply (CIPS) 'operational' level course uses the term 'procurement specialist' however, there is no such trade or proficiency group in the Civil Service or the wider realms of devolved administration and authority. It is also a fact that most procurement officers are outside the Civil Service (CS) and that means that they are non-mobile grades. In the central government departments, there are both mobile and non-mobile grades of civil servant within professional groups. Mobile grades are for people whose career path is managed centrally and they can be posted from one location to another, rather than simply deciding that they want to move. To create a profession of 'Procurement Specialist' and then give personnel a managed career structure would mean affecting devolvement and probably require personnel to become mobile grades in the Civil Service whether they are in central or devolved government. Other models might be created but, in this exercise of mapping and discussing the factors affecting the individual, geography and family, housing and schooling and career development are linked and, not inexplicably, linked as the top factors in the work decision. To create a profession would, therefore, require a long transition period. During the introductory period, many of the brightest and best would elect to be non-mobile because of housing costs and the so called 'north-south divide'.   Management of the introduction of any such career structure would need great sensitivity and care if talent is not to be lost.

5.7.4   **Political influence.**   Procurement officers state that political influence (Chapter 3, Paragraph 3.4.7, Figure 11 and supporting text) is

manifested at the lowest level in the structure of procurement. Therefore, if the devolved assembly, department, or authority is led by a party or partisan individual at odds with Central Government guidance, logic suggests that it is less likely that any 'top down' initiative will have impact, and more likely that 'perverse' outcomes, as seen from the top will occur. This fact strengthens the case for public procurement being centrally controlled and independent of devolved government and authorities, on one hand, but creating such independence for the procurement function across such a wide spectrum of goods and services, in so many locations, would be a huge challenge.

5.7.5   **Flow of information.**   It does not appear that the 'Policy and Social Value' boxes of Figure 6 are reflected to the same degree in the perceptions of the procurement officers in Figures 10 and 11.   The extent of devolution and lack of a central monitoring or career structure may be the reason, but it tends to support the alternative hypothesis illustrated at Figure 2 but with the reasoning based on this sample being outside the Civil Service mandate. It also suggests that there may some 'disconnect' between the intentions of Government, through the Cabinet Office and Crown Commercial Service and activities on the ground.

5.7.6   **Commissioners of procurement.**   The revised 'Departmental Dimension' map at Figure 8 highlights the question of 'Commissioner' and 'Procurer' responsibility. The fact that it was modified by procurement personnel, highlights that there is a serious issue that needs to be addressed, and not just by academics adding definitions or suggesting job descriptions. It implies a change in behaviour and culture on the part of senior councillors or appointees. Most will need to be trained or educated to engage with industry, review the services or goods over which they hold budget and accountability, and then develop strategies for efficient and effective procurement. They need to work with the procurement officers as they develop the strategies and then monitor implementation and

adjust as experience is gathered. This is the essence of recommendations 10 and 14 of Byatt (2001) which appear not to have been implemented and it is the core of the work of Murray (2009) chapter 3 paragraph 3.5.4). The alternative would be perhaps, to increase procurement staff numbers so that they have the time and personnel to undertake this duty. However, they would also need authority and perhaps control of some delegated budget. That might be seen by the elected and appointed senior members of local and devolved authorities as eroding their power and authority but, is a debate that is certainly worth having.

5.7.7   **Market management.** Johnston and Girth (2012) and Hefetz *et al* (2014, 2015) speak of the public sector having to manage the market and being faced increasingly with 'make or buy' or 'make and buy' choices when approaching contract choice and approaching industry. This subject was discussed in Chapter 3, paragraph 3.4.6. The industry dimension map at Figure 9 illustrates the choices and factors that a firm must weight before even deciding that it is worthwhile bidding for public contracts. It also suggests that some of the latest strategies suggested from the centre may be less attractive than may be hoped. In turn that would suggest that market engagement and flexibility will be increasingly important. It then reinforces the need for the role of the Commissioner or that function that procurement personnel stress.

5.8   **Topics and Questions that Emerged from Discussion about the Maps**

In addition to the main and supplementary theories for testing in this research and listed at the start of this chapter, the following themes and questions emerged from this mapping exercise. These were investigated further in focus groups and interviews.

The degree to which procurement officers feel that there is, or are, problems with the current procurement system and their willingness or desire to 'improve' things.

Given the devolved nature of procurement and the fact that the Civil Service Code and Crown Commercial Service policy and guidance is not mandatory in authorities with the greatest aggregated (non-project) spending power, is there a shared ethos, ethical stance and set of values?

Whether central policy and guidance is used at all and if so does it have any great impact in devolved authorities.

The attitude of procurement officers to risk.

Whether structures give rise to countervailing powers that would stop emergence from taking place and prevent the positive power for change from being actualised.

The application of contract award criteria and willingness, or ability of procurement officers to assist bidders through the process.

The way in which procurement is seen and valued within the authority. Whether this matters to the procurement staff and if so, what changes they would like to see?

The value placed on procurement as a career as opposed to it being simply a stepping-stone in a wider career context.

What benefits and problems would there be with introducing a profession of 'procurement specialist' (or similar title)?

What training is available and what does it cover?

How are the procurement officers trained and prepared for their role?

5.9 **Availability and Content of Training**

Whilst the question of how individuals are trained is one to ask in focus groups and interviews, it was felt that information about the availability and content of training should gathered first. In effect, gathering this information allows an evaluation of the opportunities for training and take up to be made as the research progressed. The main sources of information were web searches with input from the Crown Commercial Service (CCS) and Chartered Institute of Purchasing and Supply (CIPS).

It was established that CIPS works with the CCS and would like to be accepted as the 'lead body' in this area. It is not intended to discuss lead body status in this thesis, rather it is of note that there is a link between the CCS and CIPS for the purposes of delivering some training in purchasing and supply activities.

The first point of note is that CCS provides training, but only to central government Civil Servants and departments. In an exchange of e-mails and telephone calls it was stated that "we do not provide any training outside central government". Second, when asked about the 'Commissioning Academy' the reply was that it had been outsourced. The academy was established and was intended to prepare those Civil Servants and officials who would manage complex and large procurement.

CIPS training is modular, web based and has five competency levels. It employs self-assessment techniques to allow individuals to assess where to start and then offers themes under four pillars for the individual to work through.

At the lower end of spectrum is the 'tactical' level which is appropriate to Administrative and Purchasing Assistants, those involved in inventory and stock control and Assistant Buyers and Contracts Officers. Next is 'operational' and is applicable to buyers, procurement officers and supply chain analysts. The third, or 'managerial' level, covers Senior and Chief Buyers, Category Manager,

Contracting officers and managers along with Logistics Manager and Supply Chain Executives. The fourth or 'professional' level is intended for strategic planners and high-level supply chain and operations managers.   At the highest level are 'advance professionals' who are at Director level and lead large scale supply chain, logistics or procurement organisations.

The flexibility afforded by self-assessment and web based and e-learning makes the CIPS offering particularly attractive to devolved authorities and dispersed departments and several local councils and unitary authorities now mandate that their procurement staff work through the programme. Some now demand that 'new starts' enrol, and their future promotion is dependent upon attaining progressively higher levels of qualification.

The Crown Commercial Service (CCS) together with the CIPS and the Competition and Markets Authority created courses to help raise awareness of the new EU Procurement Directives, CCS arranged more than 200 face to face training sessions covering the main changes within the directives. The 'Powerpoint' presentations and slide sets for this material are free and online at https://www.gov.uk/guidance/transposing-eu-procurement-directives. In addition, there is an e-learning module which will help procurement professionals root out anti-competitive conduct.

There is also "The Commercial Skills and Competency Framework for Developing and Practitioner Levels" which was produced by the Crown Commercial Service as part of the Government Commercial Function and is intended to define the skills and competencies that any civil servant in the procurement function should demonstrate at any level.   This Framework is available at https://www.gov.uk/commercial-and-procurement-training however, the website now carries the message that it is withdrawn, last updated in March 2020, and will not be further updated.

There is a considerable amount of training material available and it can be accessed flexibly without the disruption caused by having to send civil and public servants on residential courses. The questions that arise are, therefore, how relevant is the material to those undertaking public sector procurement at desk level, and are there training needs that are not addressed in the current material?

The first question was addressed during the focus groups and interviews and the responses are in the three boxes tables immediately following this section of the chapter. The second question depends largely on whether the distinction between Commissioning and Procurement is considered important. In the eyes of the procurement officers, as will be seen in the three boxes, the distinction is highly significant and, indeed, it featured in the recommendations of the reports of most of those appointed by the government between 2001 and 2016.

Themes 5, 6 and 7 of the CIPS Global Standard in the Process and Performance pillars contain much on working with suppliers and market engagement, and at the Professional and Advance Professional levels contain material about strategic thinking and value for money. However, the material appears to be based on decisions within the supply chain concerning establishing value for the organisation, control, and the avoidance of risk in the 3PL and 4PL (see chapter 3.2) world in line with the writings of Graham and Hardaker (1998), Bitran *et al* (2007), Vitasek and Ledyard (2009), Packowski and Francas (2013), Vanpoucke *et al* (2014).   There is undoubtedly an element of commissioning in some of the material as defined in the Procurement and Commissioning Cycles, Murray (2009), and many of the headings and terms support themes developed in the works of Jones (1997), Karjalainen *et al* (2009), Karjalainen and Raaij (2011), Johnston and Girth (2012).

However, none of the material is focused on the role being defined by the procurement officers in Figure 8 above. There is nothing that prepares an appointed official or councillor in local government for the need to create a specification of the items, goods or services that need to be procured. There does

not appear to be any material that prepares such people to understand industry and its capabilities and address issues such as 'bundling' or 'packaging' of mixtures of goods and services so that industry is encouraged to innovate. There appears therefore, to be a gap in the training and educational material. Several procurement officers now undertaking CIPS qualifications stated that there had been a commissioning module or theme in the Global Standard in the past, but that it is no longer listed.

There is material that addresses the role and influence of the procurement officer to the wider organisation and influence over the supply chain. However, the supply chain is, or should be delivering something that was specified and can be demonstrated to be the optimised requirement for the organisation at best value for money and delivered at least risk. It appears therefore, that the procurement officers are identifying a role that compliments their own by writing specifications that are optimised, offer a chance of best value and has already taken account of risk and potential reward. The role that they identify also includes market engagement so that the person setting the specification is aware that the market can meet the need and has already considered a route to encourage innovation. Procurement officers can then go to the market and attempt to fulfil the need. If they encounter any obstacles, they can go back to source and get direction on changes that are needed to move ahead. At present, the comments are that procurement officers have to try and specify what is needed, discuss how it might be achieved with a person who does not understand the regulations that restrict public sector and market transactions, and do not consider the risk inherent in the result. The procurement officer is expected to solve the issues which many see as outside their remit because they do not control the requirements or resources.

5.10   **THREE BOXES OF RESEARCH OCT 2016 TO MAR 2020 (When finally validated)**

FOCUS GROUPS AND INTERVIEWS

The information in the 'three boxes' was obtained in ten focus group sessions each lasting for one to two hours, which were transcribed verbatim.   In addition, there were four individual interviews over a period of six hours two of which were noted and two recorded, and there were telephone interviews and conferences lasting a further four hours.

The questions that had emerged during the mapping process were explored in these sessions and the following answers or comments were made. Even though this study is based on a small sample in devolved government, albeit that the author has wider experience in central government procurement, it shows that allowing the procurement officers to voice their views is a valuable and insightful activity which should be taken on in a wider study with more resources.

PUBLIC SECTOR PROCUREMENT

Subject	What I know or need to ask	What I heard	What I think I know now
1. Entry to procurement	During a long working life, it seemed that the majority of civil/public servants that I encountered did not volunteer for a career in procurement. Rather they are civil/public servants placed in procurement or arriving in procurement, looking for promotion or advancement in pay. Is this still the case? People are not selected to engage in procurement based on aptitude.	Most people simply arrived in procurement either because they wanted a change, or they saw a career/pay advance if they applied for an internal transfer to a procurement office at the time. This is now changing. In the past two years, new recruits are being hired as trainee procurement	Contact with groups confirmed that most are indeed not there by positive choice, rather by seeking promotion or advancement. However, some had a vocational interest. Having arrived in procurement and seeing what can be achieved or what failure means, they become more 'embedded' and involved. Most wish they had more recognition for the work they do, but the idea of a profession had

		officers and are expected to take CIPS examinations for promotion. There is no aptitude testing, but interview and selection follows civil and public sector norms. Most of those currently engaged in procurement do not see it as their long- term work stream, merely where they are now.	mixed reviews. There is a strong feeling that local conditions mean locals understand most and that knowledge of the local marketplace in specialist streams will produce best results.
	Is procurement seen as a profession? My past experience suggests that this is not the case.	Most would not want to be tied to a profession of procurement if it had a structure and was 'general'. Most of my respondents and co-researchers stated that you have to be local, understand local problems and 'politics' (small 'p') including markets. They also said that you must specialise to understand the area of your work, if you are to get value for money.	The idea of a mobile structure or Civil/Public servant career path was not given any real support. In mobile grades in the Civil Service people can be 'posted' and this is not enthusiastically embraced as a way forward. The cost implications for housing and upheaval for families were cited as reasons. However, with careful thought and within current procedures, some of the issues can be overcome.
2. Training and fitness for role	Are people in procurement posts offered anything more than 'on the job training' (OJT)? If not, it would mean that an organisation that is not getting best value for money is	Despite management stating that personnel must undertake Chartered Institute of Purchasing and Supply, (CIPS) training, this is so new that very few were doing so. For some new recruits it is	There is an emerging recognition at all levels that 'procurement' needs a more professional approach if value is to be gained. It is not yet universally accepted

unlikely to improve other than by good luck.	compulsory. In some cases, more experienced practitioners are undertaking the Managerial and Professional levels of training in the CIPS Global Standard for Procurement and Supply, CIPS (2015) updated V3.1 (2018) but largely to enhance their understanding and potential employability.	and nor is there yet a defined 'route'. Public sector procurers are also realising that the commercial sector may be in the lead in terms of a professional career in procurement and contact with CIPS material has made at least two of those interviewed, think of a career outside the PS as it is better paid.
	Training is available through CIPS and the Crown Commercial Service Academy. Is it used and is it relevant?	A few people lamented the fact as they see it, that the CIPS course material is focussed on the commercial sector and lacks any depth of understanding about the Public Sector. Equally many commented that they had seen in the past a module on 'commissioning', it does not seem to be in the latest course material.	A number believe that having post nominal letters will enhance status, but fear that the lack of PS focus in these qualifications might undo the good that otherwise is hoped for.
	The vast majority had no formal procurement training when they started and relied upon 'on the job training' (OJT) and experience.	'OJT' is still felt to be sufficient to enable personnel to do the job. CIPS training whilst being the main offering at present, is not

		Several had come to procurement from project management backgrounds and felt that, for major procurement projects at least, project management was at least as important as CIPS or Crown Commercial Service Commissioning academy training.	accepted as the universal standard. Project Management (PM) skills are also considered highly relevant, particularly in the infrastructure procurement area.
		Some had been attracted into procurement because of far-sighted team leaders or directors who had felt the need to build a team for major projects and to innovate. The people in this category were often established project managers with some chartered professional status, even though not directly in PS procurement.	A far-sighted Director or leader can choose to establish specialist teams and therefore can recruit accordingly. Not a widespread practice and one that demands time and vision. However, if there is an enlarging pool of practitioners with CIPS and project management skills, word of mouth within the public sector could see more selection and specialisation. This could be a precursor to the professionalisation of the function.
		No one felt that they were unable to do their job because of a lack of formal training or qualification.	
		No one actually suggested that more training would help them, other than in the use of complex	It appears that there persists a feeling that procurement is still another 'administrative' function

		dialogue procedures where few had any direct experience although they were aware that such procedures exist.	that can be 'picked up'. I can find no data to suggest that anyone has conducted a long-term study with comparative data of the performance of teams of qualified personnel compared to teams of 'ordinary' public or civil servants who are simply 'doing procurement' at the moment. Such a study would be powerful in the debate about professionalisation of the function.
3. Structural issues	The public sector is structured, hierarchical and personnel are not encouraged to work outside of their delegated and defined role and position.	Some felt that they should simply do their allotted job to the best of their ability and go home, but others felt that they should try to take a lead and add value. Many felt that their section was not desperately busy and could see that others were 'maxed out'. However, the structure of category procurement meant that cross-boundary working is rare. I heard that there is a willingness to share the workload on non-specialist or simple procurement, but that there	A mixed bag of responses, as one should expect. In general, whilst some simply do a job to get paid, others realise that it is public money and should be spent for the public good, so they want to improve things. The structure can impede them, and variation of workload linked to 'stove pipes' could be a factor in overall performance. There was a willingness amongst peers from different category teams to help each other, but there was a

		was no established way of doing this.	feeling that it would not be allowed.
	Anything which is novel is referred upwards, leading to slow response and an inability to change or innovate.	Some felt that they had the ear of the hierarchy and upwards briefing is allowed. However, many felt that they were not necessarily heard. Innovation was a subject that inspired some colourful and vibrant discussion. First, there was a feeling that innovation at a strategic level is not the job of procurement officer, rather it is the job of those who control the resources and budgets and have the duty to deliver on behalf of the organisation to its customers. The feeling is that often the procurement teams can see opportunities, but their commissioners lack the knowledge and understanding to follow up or act upon the information. I asked if anyone had used any of the negotiated, competitive dialogue or more complex forms of contract. Very few had, although	'Referring up' and delays caused briefing and re-briefing are real, and probably unavoidable. It appears that the discussion of Commissioners and Procurement Officers (Procurement professionals) is a key issue in this. The Commissioners have the responsibility to Ministers, Councils or heads of PS organisations for the delivery of goods and services and they control the budgets. They have delegated authority and the procurement officer serving their area of business needs guidance. It appears that procurement officers spend a lot of time trying to tell those above them what can be achieved and what cannot be attempted within the rules and regulations. This uses up procurement officers time and therefore, if the 'commissioners' are not looking at innovation and

		most were aware that such things exist.	market engagement, even if the procurement officers are at the managerial level in CIPS where market engagement is stressed, they have neither the mandate nor time fully to pursue any such initiatives.
		In uniformed services, the fact that the procurers do not wear the 'frontline uniform' was felt to be an impediment to being listened to. I also heard that in uniformed environments, it is quite normal to be told by the operational customer what they want, not necessarily what they need. Value discussions can be secondary because 'frontline operational staff' have seen exactly what they want and so that is what they need!	The fact that this was mentioned in the uniformed sector is neither surprising, nor unexpected. The frontline soldier knows if his equipment is good or bad, the firefighter knows what he needs as do all other uniformed service personnel. In the mind of the frontline person, anyone who does not wear a uniform for that role is unqualified to say what is needed. However, if the frontline needs to commission support services or procure an item for a specific job then it is even more essential that they can state the requirement rather than a personal wish list. Unless the requirement is clear, there is

			unlikely to be any competition or opportunity to seek best value. This was reinforced several times as an issue.
	The structure is built to apply procedures and processes rather than to engage and 'think'; in order to obtain best value and to improve.	There were several instances mentioned where individuals challenged the status quo and were willing to look at making change. However, there was also a feeling that those in authority, 'commissioners' are not used to accepting suggestions or understanding the difference that suggestions from the procurement officers might make.	That is perhaps down to a lack of 'commissioning training' or may be because in devolved government, those persons may be appointed and their term in office may well be limited. Once again it highlights the lack of clarity in differentiating the role of 'commissioner' and Procurement Officer (PO)
4. Hierarchical power issues	Most civil/public servants feel subject to hierarchical power that impedes their individual freedom to innovate, or to seek change.	Power issues are implicit, but I heard no one suggest that they were unable or impeded because of it. There was evidence of a reluctance to be the first try something new, and even team leaders said that they often wait until they hear of another authority that has tried something new, been challenged and, therefore, established some case law. However, this is not because of the hierarchical nature of the	Even in highly structured and hierarchical organisations, people appear to be less aware of or impeded by hierarchical power than had been my belief.

	public sector. Nor did it really sound like risk aversion, rather it seemed to be about a natural reluctance on the part of most citizens 'to be the first to show their head above the parapet'.	
The reporting and appraisal system can reward success but, is more often viewed as a means of ensuring conformity.	In most of the focus groups there were some who simply wanted to do the job inside the rules and then go home. They reported that it was what they are paid to do and therefore doing that well is all that is needed, and they should rightly be rewarded and paid. Their view of success seemed to support the proposition. However, there were others who saw going the extra mile and taking a calculated risk outside the job description was acceptable. Some even suggested it was how and why they had secured advancement.	There appears to be no direct link between the performance and appraisal system and levels of conformity or otherwise. As in general life there are leaders and followers, innovators and conformists and the Public and Civil Service rules do not have any significant impact on that.
Team targets are felt most by team leaders who need 'the good report' if they are to progress. Therefore, those on the shop floor have little	There was no real mention of this in any focus group. The category teams seemed to know what was expected of them under current	When speaking to senior procurement officers and heads of function the targets were certainly clear. It seems however, that they

	input to, or direct buy in to team targets and they must simply comply to win approval of line management.	targets. At the time of this research 'austerity' was the Government mantra and every individual was aware that they still had to deliver against the public need but deliver at lower cost. In other words, all had 'efficiency targets' which they felt they could buy in to.	communicate the targets throughout the organisation, and it means that all accept them. There was no reporting that persons wanted to input their own view on the targets. The fact that a soldier obeys an order rather than wanting to help create the order is similar to this. The late Professor Richard Holmes (known to the author) said "if there is a clear moral imperative then leadership and command are simplified".
	Most team targets in procurement are set in monetary terms. This hinders both effectiveness and efficiency since the required outputs are outside the procurers' control; as is the demand from the customer group.	Every team was aware of 'austerity' and had been given overall targets for budget reduction or 'spend capping'. All reported that neither demand from the customer side, nor the cost of provision has reduced. Equally all reported that restrictions on staff numbers in procurement and the overall workload meant that they are going through 'challenging' times.	The teams are more 'efficient' as they are delivering the same with less cash. They cannot be more effective in the standard definitions because they do not have the same resource and so cannot deliver more with the same. How far efficiency can go is debateable and if austerity in PS procurement continues there must come a time when service delivery will have to be cut. If that happens, having spoken at length

		However, most reported some satisfaction at their ability to cope.	and in an open manner with those fulfilling the PO role, many may seek to move out of the role and certainly some were looking at the commercial purchasing and supply chain as alternative employment. That would not be good for the PS as experience and talent would be lost from an area that is critical to overall delivery to the public.
5. Values as individual	Most individuals want to do the best job that they can within the rules.	Agreed and evidenced in all interviews and focus groups.	Even those who simply wanted to do the job and go home, expressing no desire to influence or change anything, stated that they wanted to do the job to the best of their ability inside the rules. Pride in one's work can be simply that.
	Most individuals do not feel a compulsion to improve the procurement process since it is not theirs to set; it is mandated.	Agreed, but the fact that they do not feel compulsion does not mean that they are disinterested. Many stated that they see shortcomings in the system and would welcome improvement. Simply they have little time to do more than their current role and workload and feel that such change is up to others.	There is a latent energy in the workforce that appears to need some catalyst to ignite. With current workloads and staffing levels against a backdrop of 'austerity' it is difficult to see where that spark will come from.

	Most individuals would like to have a say in making the system better; but are not empowered to do so.	Some individuals are clearly content to do the job as best they can and that is all. Others stated a view that the system can be improved and hoped that they could contribute, but they did not necessarily know how and hope that this research might help to give them a voice.	My initial view that no one has really asked the staff on the frontline of procurement, 'the shop floor' appears to be correct. However, it should be a two-way street. It appears that current structures and workload, coupled with the discussions of the role of commissioner and procurer may be an impediment to what Bhaskar (1997, 1998), Elder Vass (2005) refer to as emergence.
	In a hierarchical structure, there is a blame culture when things go wrong. This can mean avoiding risk and keeping one's head below the parapet rather than taking and owning responsibility.	Few members of any focus group appeared to have been in the position of having things go horribly wrong. Most actually stated that they would put their hands up if it happened, take the blame, and get on with sorting it out. Most actually took personal responsibility for their area and felt comfortable doing that. Few see there being a blame culture, but many felt that their role was seen as impeding or slowing down the	The original thought that risk aversion was due to hierarchy and fear of consequence cannot be sustained from the evidence of this small study. There is clearly a 'code of conduct' that includes taking responsibility and accepting the consequences of one's actions. However, there is a clear feeling amongst procurement officers that their role is not understood and whilst there is not a blame culture, there is an image

		achievement of other people's goals.	problem where procurement personnel are not seen as adding value, rather they are seen as impeding progress.
6. Values as team	Civil/public servants tend to work as individuals and team cohesion is limited.	Towards the end of the sessions several people suggested that the three procurement category teams should get together more often so that they can share experience and share ideas. Equally mention was made of previous regional or area forums that seem to have lapsed. There was a feeling that working closer together would be good. Of course, time is needed for this activity.	Within teams there was a sense of belonging but between teams or interdepartmental, there was no sense of cooperation. Indeed, the persons on the focus groups were inter-category and they found they were learning from each other. The focus group had given them a rare chance to meet and discuss across boundaries. One frequent comment was that personnel saw a wide disparity in workload between groups and some felt that they could help colleagues. However, there was an acknowledgement that some category knowledge may be needed. One suggestion was that perhaps procurement could be re-categorised or sub-divided into simple (transactional), specialised (requiring and individual with specific expertise) and complex requiring team action. Persons

			felt that they could give some time to help overstretched colleagues in other category teams if they could take on some 'simple' procurement.
	Good team managers can make a big difference to performance and to generating an enthusiastic and happy working space.	Good working environment and good support throughout devolved government. The example of the infrastructure team that was formed and recruited expressly to innovate illustrates the role of the good team manager and leader. Equally, in a shared services environment where the authorities sharing procurement had different political colours, the role of the team managers was highlighted.	Whilst there is no profession of procurement as a career stream, there are some very capable individuals who are making it work. There is, however, an element of luck that may not be widespread. It may just have been that the cases chosen in this study were atypical, and that cannot be proved or disproved.
	A well led team has fewer failures in procurement, meets the commissioner's wishes and generally delivers more customer satisfaction. Therefore, well led teams should exhibit greater job satisfaction.	In one instance it did not appear that that there were any major issues to discuss or failures to report. There was a general sense of ease and efficiency, suggesting a well led team with a light 'hands-off' approach. In other authorities there were reports of political interference, of changing priorities	Any team operates in an environment and that is created for them. The higher authorities can affect that environment and often without any thought for the people at the level of procurement officer. When the environment is good then the teams tend to flourish but when

		from the 'commissioners' that the procurement team managers could not ignore, and this was reflected in the comments from the procurement officers.	there is no consistency, the job is affected. In critical realist terms this is redolent of strata and the contention that the lower levels are created by and cannot exist without the higher level. But, for benefit to flow, the higher level must be modified over time by the performance of the lower level. If that does not take place, then emergence is impaired and beneficial development is stopped.
7. Values as a public servant	Public servants should be customer focused and adhere to the seven points of public service.	Within authorities where category management exists, In the social and health services area the seven points of public service were very evident. Customer focus was expressed as both a good and a bad point in the infrastructure team because project life is extended and what may be in the customer interest today can change over the life of a project. In the services and goods area there was less focus on customers because of the multiplicity of routine procurement activities	In some uniformed services where the procurement team is small and buys across all categories, customer focus is absolute since the customer is the frontline, firefighter, police officer, ambulance crew etc. These persons often state directly what they need and there is a close relationship between them and the procurement officer. In other areas customer focus is variable according to what types of goods and services the procurer is dealing with. Whilst this appears

		which are uniform in nature. Buying bolts is not about the customer who uses them, it is about having the right ones to fit the hole when the customer needs them.	self-evident it would have implications for any attempt to build a universal public and civil service professional career path in procurement.
	Some feel that serving the 'system' is satisfying customer need since that is what the 'system' does. Therefore, some lose focus on the results of their efforts and consider getting the process and procedure right, is all that really counts.	Views and responses on this were again variable according to what was being provided and procured. For those buying for internal customers who are then enabled to deliver to the public, the initial thought that customer focus might be lost if serving the system may be true. However, that is really about defining the customer. It was clear that in health and social services, infrastructure and in uniformed organisations, customer focus was not lost.	There were few members of any focus group who felt that simply ensuring the job was done within the rules and within budget targets was all that mattered. There were some but they are a minority. The majority of those who spoke during this research are trying to serve customers and deliver good quality goods and services.
8. Attitude to risk	Risk is 'frowned upon' as it exposes the hierarchical structure.	According to most groups, risk is accepted but within limits. They are prepared to push boundaries and try novel approaches to contracting and their bosses are supportive. The risk mitigation and limitation came from within	Procurement officers are much more alert and open to innovation than was first thought. They are also reporting that their higher management is also supportive of innovation but that there are limits. The limits will vary from

		themselves. There was no uniform approach to assessing risk but there was a general comment that not being the first to try something truly novel could be sensible. All procurement team leaders said that they are aware of the volume of litigation being raised by bidders who failed to be awarded contracts and that this gives a framework of case law that can be used to judge risk.	organisation to organisation, but awareness of case law is seen as one of the considerations in accepting novel approaches to contracting.
	EU Regulation enshrined in UK law is about creating a fair, open and level playing field for all bidders. Applying the letter of the law and the attendant rules and procedures removes risk.	In some conversations this was evident. Comment was made that avoiding litigation was important, and that unless there was some case law for a particular stance, it was better to pull back.	Clearly, there are areas where doubt can be seen and where variations of approach can arise. The regulations do provide a shield and if they are applied rigorously no one can complain that they were treated unfairly. However, rigid application does inhibit open dialogue and can lead to litigation. If rules are quoted as the reason for rejecting someone's bid then lawyers are paid to challenge the interpretation of the rules and show that disadvantage occurred.
	The new risk on the block is challenge, by unsuccessful bidders, that leads to court action, appeals and delay in contract award and execution. This therefore reinforces the rigid adherence to process and procedure. It also	As above. One team had adapted a novel framework from the Justice Department and were about to use it when they realised that there was no case law and that there was a potential legal challenge; they pulled back. Teams also reported	

	precludes constructive dialogue between procurers and suppliers unless a formal dialogue procedure is advertised. This procedure is rare and used only on high value complex contracts where the end state is uncertain, and no specification can be given at the time of issuing an Invitation To tender (ITT) or Referral for Expressions of Interest (RFI).	that having dialogue outside of industry days that were advertised and open to all was not normal because of the risk of being perceived to favour one party over others. No one had actually used the competitive or consultative dialogue procedures. I suggested looking at the Scottish Govt guidance as it is the best I have seen.	Equally if a supplier wants to offer innovation, there is no obvious means that it can explain its approach to the buyer without its unique selling point being exposed to competitors. In other words, the regulations should ensure a level playing field, but the field may be of mediocre quality. Complex dialogue and consultative procedures exist but are not often used and many respondents felt that they appear difficult to manage.
9. Risk aversion	For the reasons given above, risk aversion is rife in the Public Sector. Individuals fear taking risk because of hierarchy and career issues. Team leaders fear risk for the same reasons.	Co-researchers confirm that risk aversion is there. However, the lack of case law is considered more significant than any hierarchical or structural considerations. Some might not want to take risk, but others are happy to consider it. Team leaders exhibited no difference from the procurement officers.	There is no uniform approach to risk. If innovation requires novel approaches and these are not in the rules, it is very much up to individuals to decide whether to engage. If case law and not being the first to try something new are the determinants in this equation then the current system will indeed impede innovation and change. This is not because the people cannot see benefit or do not want to make changes for the

	Politically appointed councillors and leads are accountable to the electorate and to the departmental structure.	This study did not engage directly with Councillors or political appointees. However, the theme of politics affecting procurement was explored and found to be a prominent concern stemming from Councillors need to deliver on manifesto promises. The general feeling was therefore, that political appointees who control budgets might be less flexible or willing to engage than is needed to obtain value for money.	better, it is because the system that is created to ensure even handedness, fairness and a level playing field is not responsive to novelty which is not covered in the current rule book. Trying to make rules that allow dialogue and discussion and writing words that encourage market engagement is fine, but if talking to one innovator can only happen in front of all competitors, then it will not happen. A routine buyer and supplier dialogue before any contracts are even required might help but there are two problems. First who has the time to undertake this? Second, if one supplier is of particular interest because of value for money and innovation, and is seen to be in discussion or consultation more than another, is this favouritism? A well-paid lawyer would certainly argue that it was if his client failed to secure any business after a tendering process. This is a subject that needs to be
	People in the procurement arena, whether at low level or departmental lead, are not trained to manage procurement risk.	The respondents agreed that there is little formal discussion of risk. Personnel felt that they had not had any formal training in identifying or managing risk beyond the application of rules and regulations, and an awareness of case law.	

			addressed but just how, is difficult.
10. Willingness to innovate	Industry can innovate but that increases workload and requires greater levels of understanding in the procurement teams than they currently have.	There was little mention of any knowledge of new industry initiatives. Discussion suggests that such market knowledge should come from the commissioning groups. Infrastructure procurement officers tended to say that they were more involved with the contractors and more aware of opportunity. That is not surprising since contracts tend to be bigger and work is over an extended period. Equally, many of those in the infrastructure teams disclosed some background in or knowledge of industry.	Who should be engaged in the market and understand what the market can offer over time was a constant theme in focus group's meetings? In some groups there was an expressed desire to engage but time, workload, and perception of the split of responsibilities seems to inhibit them. Those engaged in infrastructure seem to be more attuned to industry and to opportunity than others.
	Innovative proposals are consigned to annexes of a compliant bid. Most civil and public servants in procurement are more interested in establishing whether a bid is compliant than they are in reading innovation proposals.	Caused some mirth amongst the focus groups when mentioned. At the coal face people stated that they sometimes prompt bidders to correct obvious defects in a bid pack rather than rejecting the bid outright. Equally they said that they tried to give everyone their	Procurement officers are aware that they can reject simply on pedantic compliance. However, most stated a willingness to help suppliers correct obvious defects. My suspicion would be that when there is a shortage of potential bidders for any contract there

		best chance. However, this thought clearly resonated.	would be greater willingness to help bidders get through the compliance hurdle. On the other hand, when there are a lot of competitors, rejection on simple compliance grounds would be more prevalent.
	Compliant bids are mainly judged on price and innovative proposals are often left unread.	A lot of dialogue that suggests non-monetary factors are weighed by the procurement team, but they can only recommend to the commissioner and budget holder. In some conversations, it was obvious that the category of procurement conferred different amounts of 'power' to make decisions on contract award. Simple goods and services decisions would usually follow procurement officer recommendations with little challenge. Likewise, health and social, service recommendations and decisions often rest with the procurer who is often a health or social care professional. However, the larger the procurement and	Herein lies another piece of evidence for the debate about 'commissioner' and 'procurement officer'. The initial feeling from the researcher's experience, was that price was usually the main driver in contract award. Here the procurement officers stated clearly that they try to weigh both monetary and non -monetary factors before making a recommendation. However, it is not them that make the final decision. Whilst the procurer has influence and that may vary according to the category, value, or complexity of the procurement, in the end every decision has to be approved by a commissioner in some way.

		more complex the contract the less influence the procurement officer is likely to have.	
11. Attitude to procedures	Procedures are to be followed and there is little flexibility. Being seen to apply the same rules and procedures to everyone is a cornerstone of the procurement regulatory system.	Agreed by most. Generally, felt to be a good guiding principle.	There was unanimity about both the need for and benefit of procedures and rules. Having them open to potential bidders and being seen to follow them was considered the best defence against litigation.
12. Acceptance of Crown Commercial Service (CCS) policy and guidance	There is a lot of guidance and policy which is filtered down from the CCS on a regular basis. The guidance is accepted and not questioned. CCS guidance and policy is important to all PS procurement and so there must be a system by	Most acknowledge getting lots of guidance notes and policy papers. If it arrives and applies to what is going on, it is read and noted. If not, it is put to one side and forgotten. Even if it arrives when a procurement or project is running, it will not usually be taken at face value. 'Google' allows procurers to check what is happening in industry and that is taken to be more significant. The researcher was aware from conversations with the CCS that its	CCS policy notes and procedures apply to central government departments but are not usually mandatory to devolved authorities. Therefore, it appears that if something arrives when it is relevant to current activity it will be read. If it has no immediate application it will be filed and probably forgotten. That there is no simple system that allows a procurement officer to access the latest guidance or policy from the CCS must be a weakness in any attempt to harmonise procedures throughout the public service. Google is used in devolved government because it is easy to

	which those undertaking procurement can access the latest policies and guidance notes.	papers are not binding on devolved authorities. However, the initial feeling was that there must be some form of general utility across all areas of public sector procurement. Two things emerged that were surprising. First there is no 'library', electronic look-up system or index that allows procurement officers quickly and easily to access any documents that may apply to a specific procurement activity when they need it. Second, there was a feeling that 'Google' allows access to the most up to date information about procurement across industry and has the benefit of including the latest case law decisions. CCS guidance is therefore unlikely to be relied upon even it was easily accessible.	access, up to date with industry and contains details of recent court judgements, so case law. Earlier discussions on risk suggest that knowing that some other authority has already had to defend an action, or decision, in the courts is often taken as a key to allowing innovation.

It would be interesting but outside this thesis to see what percentage of Central Government procurers also rely on 'Google', or at least use Google to check and update CCS guidance. That would raise the question of whether CCS guidance is worthwhile. Policy yes, other guidance perhaps not. |
| 13. Market research/testing | Knowledge of the market and potential suppliers should be a high priority. It has been stressed in most government reports into procurement from 2001 to date. | Industry open days and meet the team days are organised by the commissioners or the organisation at a higher level than the procurement officer. There is no regular and informal market | The Cabinet Office and Crown Commercial Service (CCS) stress market engagement as do most academic works on procurement. CIPS has modules on negotiation and the CCS competency |

		engagement by procurement officers. Indeed, several people stated that they draw back from such regular informal discussions because it may be seen to favour one potential supplier over others. Any such suggestion might then lead to litigation if that supplier wins a contract. Concern over potential litigation was reported as growing.	framework enshrines it. The EU Regulations also emphasise dialogue and negotiation. This study, however limited in numbers of organisations that the researcher could engage with as an individual, suggests that there is little low-level market engagement actually taking place for a variety of reasons. Not least, the procurement officers believe that it is a role for commissioners and the lack of a defined role and training for commissioners probably means that they are unaware of the importance of this activity or how to approach it without bias and potential litigation.
	Procurement teams are the contracting authority's face to the market and therefore, when not letting contracts, market engagement should be a routine activity.	This is a function that the majority of procurement officers in devolved authorities expect to be undertaken by commissioners. Commissioners have the remit for final delivery against a democratic or given mandate, and they also control the budget or priorities of the organisation.	
14. Market management	For good reasons, supplier markets change and often require some form of management if small and medium enterprises (SME) (in particular) are to be kept interested in public sector contracts.	Some help is sometimes given to SME who do not have the resource or understanding to stay in the competition. However, the principles of fairness and equity cannot be breached.	SME are viewed as important to the overall procurement equation but 'local' is seen as good (or in one authority essential) by procurement officers. However, it is acknowledged that many SME lack the resources to use legal

	Taking due consideration of the potential supplier market is a major factor when drafting invitations to tender and advertising opportunities.	Again, a step that is expected of the commissioners when setting specifications, rather than a responsibility for the procurement team.	advice and some are not on software systems or platforms that allow them to bid. Procurement officers acknowledge that they need help but again fear of being seen to favour one bidder over another makes such help difficult to give. Equally, time for such activity is limited due to workload and staff numbers. Procurement officers also believe that this is a job for Commissioners and comments made in previous sections apply.
15. Relationship with clients/commissioners of procurement	Procurement staff should be in constant dialogue with their internal clients, for who they buy, and those who commission the procurement of goods and services for the public. Research must ask if this is the case.	Procurement staff wish that commissioners would engage more freely and discuss requirements in a timely manner. Most complain that they are consulted late and that often the path that the commissioner wishes to follow is outside the rules and regulations. Procurement officers also say that tact and diplomacy are required in order to lead the commissioner to the right decision.	The complaint from the procurement teams is that they are not involved early in any strategy or plan to procure goods or services. In their view, commissioners seldom know what they really need, rather than want, and are unable to describe it in a format that can be used as a specification of good or service to take to market.

	Commissioners of procurement understand what they want and have an awareness of the rules and procedures of procurement. They can therefore, direct the approach to market.	Commissioners do not understand procurement procedures and rules and seldom know how to specify what they really need, or how to take the requirement to market. Procurement staff have to advise, cajole, suggest, and finally tease out a solution to the requirement.	Some of this seems to indicate a feeling that 'purchasing', or 'buying' is just a simple administrative task and therefore adds no value. Every person goes shopping so what is the fuss?
	Throughout the research I need to test these statements.	Checks were made with CIPS to see whether they offered any training to commissioners of procurement and these proved negative. Equally checks were made with an organisation that appeared in some literature, namely the CCS Commissioning Academy. However, it was outsourced in late 2016 and at the time of contact between the researcher and the outsourced provider, a deliverable package for the commissioners of PS procurement was still under development and some way off.	As procurement officers see it, some commissioners think that since they are the ones asking for more detail and stating that this or that cannot be done, they are just impediments to reaching the outcome the commissioner wants. Equally procurement officers see many commissioners as simply settling for more of the same rather than questioning what is needed and how it should be delivered. This resonates completely with the blog posted by Aldridge *et al* (2016) in that Technical Efficiency may exist but Allocative Efficiency is sadly lacking.

16. Relationship with customers/consumers of goods and services	It is suggested that procurers should be aware of the end user and seek to ensure that what is purchased meets the requirement.	In Health and Social care (H&SC), the end user is often known to the service provider and there is a personal accountability in evidence. In infrastructure there is some resonance since the person who will eventually occupy or use the infrastructure is involved in the project at various stages. However, in the routine procurement of well specified repeat purchases the end user is far less likely to be involved.	The degree of contact and understanding of the end user is category and time dependent. Every procurement officer has an interest in making sure that what they procure is fit for purpose and meets a need. However, since they do not define the service or the product (Commissioner role) and in some cases are well removed from the end user, there is no single answer to whether this happens or not.
	There is a follow up and feedback loop to ensure that the need is met.	For those procuring in uniformed services and authorities, contact with front line users is more obvious and frequent. Feedback from the front line is real and any failing will be highlighted immediately.	Those in uniformed services have front line users as their main clients and it is those users who satisfy the public need. Therefore, the relationship between customer and procurer is remarkably close and feedback is routine.
		In non-uniformed services feedback and contact with users is very much category dependent. Health and social care being very keen on feedback. Infrastructure	For health and social care and Infrastructure teams, feedback in devolved authorities is from the public and the intimacy of that feedback is category dependent.

		teams are actively involved due to post construction snagging and guarantee periods.	For general stores, goods, and services the customer again tends to be internal and the procurement enables the user to deliver to the public or to sustain the organisation. Feedback can be routine and swift but for the majority of purchases, little feedback is expected by procurers.
17. Specification and invitation to tender	Commissioners of procurement make clear specifications of the goods or services to be advertised. They also understand how to make a clear specification of the requirement. Procurement staff can check and ensure that what is advertised is clear. This implies a knowledge of the goods and services that they are buying. However, in some specialist areas such knowledge is	Main comment is: "that commissioners seldom know what they really need and are not good at specifying it". Common comment that procurement category teams across the board spend a lot of time helping commissioners to specify what they want and investigating options to meet the need. From all perspectives the procurement staff are pushing to achieve clarity and take an Invitation to Tender (ITT) to market. Their involvement is routine. However, they cannot be experts in everything and so	Throughout the research this has been one of the most consistent comments. It does not matter whether procurement personnel are dealing with routine and simple procurement or complex items, they need those ultimately responsible for satisfying a need to specify what is required to enable mission completion. Procurement officers are unanimous that they do not routinely get the required detail in a form that can be used or, with any guidance on strategy. Therefore, a consistent comment is that up to 50% of a procurement officer's time can be

	unlikely unless the procurement officers are specially chosen.	cannot check beyond making sure that the ITT is clear. The onus to ensure that the specification and content of the ITT are correct must rest with the commissioner. This is a weak link since the procurement officers report across the entire sample that commissioners are not doing this.	spent clarifying, questioning, and trying to assist commissioners.
18. Collaboration	Collaborative procurement allows access to greater markets and aggregation of spend makes contracts more attractive to bidders. Therefore, collaborative procurement is a central pillar of the government's procurement strategy and agenda.	Collaboration sounds good to politicians but, is not always best and not always easy to achieve. Boundaries, budgets, political colour across boundaries, local interest versus aggregated spend and local quality of service, all play a part. People are aware of it and do try, but it is almost preached as a mantra and should not be.	The argument about market leverage and quantity allowing for discounts is well understood. However, there are many commodities where profit margins for the seller are so tight that it is the supply chain price that determines end user cost rather than the commodity being purchased. When this happens, a local contract can be cheaper than a share in a wider framework. Since budgets are devolved to individual authorities, rather than being held centrally, this makes some aggregation a false economy. It was reported often that collaborative purchasing is a mantra and if a potential

			procurement has 'collaborative with X' written on it, it will be endorsed by budget holders. Without that wording, it becomes time consuming and difficult to get approval.
19. Professionalism	If procurement were a profession in its own right, it would attract people who had a career interest in doing it better.	No real support for this idea in the group. Most feel that they are doing a good job now and that complications of career stream managed from afar, would not really help.	On the positive side, all co-researchers said that having some formal qualification should give them improved status and might make it easier to persuade commissioners that their advice can be trusted. Several said that if an external consultant says "this is the answer" then it is accepted. If the procurement officer says the same thing it is questioned. Therefore, the idea of qualification and professional status holds some value.
	If procurement were a career stream that went across the entire public sector, it would create a career path that was seen as attractive to the brightest talent.	Strong feeling that category specific knowledge and knowledge of the local community of clients/commissioners and customers is vital.	On the negative side many said that they need local market knowledge and awareness of their target customer groups to do their job to best advantage. Therefore, any idea that procurement should be a distinct career group of mobile grades of public or civil
		Strong feeling that unless procurers are part of the local authority and insiders, they will never be trusted. Only with trust and understanding can the difficulties of specification and route to market be overcome.	

		No one seemed to feel that a profession of procurement officer would help the public sector or them.	servants would be difficult to implement. Equally people felt that if the career meant being moved around the country then family circumstances, housing costs, education, healthcare, and the like would all need to be addressed. The professionalisation of procurement was not rejected and was, in several interviews looked at favourably. The only reluctance seemed to be about the practicalities of setting up the career stream and making it work for the procurement officer.
20. Contract options		'Bundling' and novel 'packaging' should be the role of the commissioner. Many procurement officers report that they make suggestions, but many 'commissioners' are either too busy to listen or fail to understand. Procurement officers say that for many commissioners, 'if it works now, let's have more of the same' is good enough.	Unless either commissioners learn more about options, or procurement officers are given greater autonomy and their numbers are increased, much potential for innovation and benefit will continue to be missed.

21. Shared services model		In this study the shared services were between two local authorities of different political hues. On the plus side, the procurement teams understood the benefits that were hoped for when the shared services model was introduced. However, the teams found it difficult sometimes to adapt the thinking that had existed when the services were delivered in isolation to the shared model. The team members naturally felt that what they had done before was somehow better than their now partners team had done. There was also a feeling that priorities and resource use was inconsistent and more aligned to political dogma than actual need.	As explained, the shared services model has several potential benefits. First, demand aggregation with greater volumes and therefore market leverage over price. Second, less staff overall and so a direct saving on wages. Third, eradication of some criticism on the grounds of the 'post code lottery'. Fourth, spreading expertise and allowing more specialisation within category management teams. What I heard was a mixed report. Some seemed to hanker for separation because of the politics of the two authorities and this made me wonder whether there are examples of shared services between authorities of the same political persuasion. If so, would the emphasis have been the same?
22. Political influence		Following on from serial 21, in one authority I was told that if the potential contractor is based within our constituency and	It was a surprise to discover that procurement officers feel this pressure whilst going about their normal duties. There are

		administrative boundary then they get into consideration for award of business. If they are based outside our boundaries they might as well not bother bidding. How literal that was I cannot judge, but it was clearly a perceived 'direction' from senior level commissioners. Procurement teams also stated that there were 'flavours of the month'. Senior commissioners in one organisation had become fixated with 'collaboration' to such an extent that if a procurement officer showed that they were collaborating with someone else on a procurement then it was signed off and funded. On the other hand, if 'collaboration' was not mentioned in the brief, it was unlikely to get approved without a lot of argument. There were differences in the degree of political influence amongst category teams, with health and social care and infrastructure being more prone to 'politics' than those purchasing	differences between the category teams which are understandable. If the first example is literal, then the authority concerned could be missing out on better service delivered at a lower cost simply because the contractor is not 'home grown' and that can be seen as either good for the local economy or bad for the council taxpayer. Equally, it is impossible not to have commissioners who read, watch television, or listen to radio and then decide that there is a clear political direction that, in their mind, is applicable to their business area. Having picked up this message, some will always become dogmatic and insist that the theme is local and SME, or collaboration and that theme is used. Therefore, the result is not surprising, but the extent to which this sample of procurement personnel feel and acknowledge it, is. Equally, in Chapter 2, Section 2.2.2, P 31, it was suggested that

		general consumables and spares and simple services.	deflection of media criticism from procurement failings might have an impact on those at the grass roots. This may be the case in that commissioners may be following a line without understanding it, and if that line is "from the top" they avoid any chance of personal criticism. Those at the top also have the possibility to deflect criticism if it is found that their guidance was not followed.

5.11   Analysis and Themes from Mapping

In the previous section several themes were noted as having emerged from the mapping exercise.   The main responses to these are summarised below. Evidence from the 'three boxes' is referenced with brackets and the serial number from the table above.

5.11.1 The Desire for Change

One of the fundamental questions that needed to be investigated in this research was whether the grass roots level in public sector procurement felt that there was a need for change and wanted to be involved in bringing it about. That tendency is the foundation of the theory of beneficial emergence in critical realist ontology.

In the 'three boxes analysis' (5) provides evidence that many procurement personnel feel that there is, or are, problems with the current public sector procurement system and would like to 'improve' things. The most common response to the question "if you had a blank piece of paper and could design a system what would you change?" related to the commissioner and procurer relationship.   In common with the findings of academic studies and work such as Humphreys *et al* (2000), Johnston and Girth (2012), Yeow and Edler (2012), Loader (2016) most category teams face increasing complexity, high workloads, lower staff numbers and targets to meet with less overall money but increasing demand (6, 10, 17). This picture then means that time spent having to guide and mentor superiors (17) who are in the minds of the procurement officers, the 'commissioners', is difficult to find or to justify.   Spending this time also means that there is less time for any 'market engagement' or research that might lead to better value for money.

It seems perverse that in this discussion, again, mention is made of increasing complexity, high workloads, and lower staff numbers. Since procurement is the start point of nearly every transaction that satisfies an election pledge or statutory obligation in the public sector, one might think that staff numbers at least would be protected, and with rising complexity and work loads due to outsourcing, should rise. From personal experience, when cuts are announced to the public sector or a department's budget, the first cry is 'equal pain'. Every part of the Department is expected to take an equal share, say 5%, of whatever the total cut is set to be. If the procurement officers are correct about the lack of 'commissioner' understanding of what they do, then there is no one fighting to protect procurement staff numbers and the 'equal pain' share of cuts from a procurement office can only come from staff cuts, because the teams are spending money on contracts for others and have no budget to offer savings from. Perhaps worse, savings may be available from innovative procurement. However, with no 'commissioners' understanding that or protecting staff there is ever less time for market engagement, management or innovation. It is, therefore, unsurprising that procurement staff see addressing the 'commissioner' role as their first entry in the wish list.

From 'personal experience' when bidding for Defence Equipment and Support contracts, the military officer appointed to make the military specification and Statement of Requirement (SOR) in some technical contracts, had no direct knowledge of the items covered by the contract. Rather the officer was diligently collecting input from users and recording them. Inevitably the users were asking for a 'Rolls Royce' and the funding would only cover a basic family saloon, but the officer concerned could not see this and had no way of disputing what his 'user community' were stating to be the need. His lack of knowledge meant that referral and difficulty in communication was inevitable. Often, the civil service procurement officers in the Integrated Project Teams (IPT) could not influence beyond processing the clarification questions that bidders raised. This experience

was repeated during a bid for a Department of Health and Social Care contract in Southern England and seems, therefore, to back up the devolved authority procurement officer experience.

Turning back to Critical Realism (CR) and the suggestion that emergence is a process that takes place when the top and bottom layers in the structure change as a result of each other, there is a clear problem being identified by those at the grass roots. Part of the analysis of the research question suggested that emergence is a power that could be exercised and actualised, or that there may be countervailing powers which prevented that. It appears that the lack of knowledge and understanding in the senior managers at Board level (who the procurement officers identify as the commissioner level, see Figure 8) in devolved authorities and central government departments may be one such countervailing power. The procurement officers are placed below those persons in the hierarchy and therefore, whilst they may try to exercise the power of positive change, they will not be able to actualise that power without support. If that happens at Department level in the maps, there can be no filtering up though the procurement structures to the government levels. Then it is impossible for the top strata to evolve and change as suggested by Brown (2007), Bhaskar quoted by Buch-Hansen (2005). This is a crucial factor in understanding how tweaks from the top do not always result in desired outcomes, as also noted by Aadland (2010).

5.11.2 Structural Issues

It would be fair then to conclude that structures built around individuals do give rise to countervailing powers that are preventing emergence and preventing the positive power for change from being actualised. The strata are 'disconnected' and therefore, it is unsurprising that beneficial change and emergence is not taking place.

The problem identified is one of knowledge amongst a specific group of people within the structure.   However, at present there is no definition of that group called 'commissioners' or indeed any agreed role description. There have been attempts by academics as described in Chapter 3, Paragraph 3.5.4 to define the difference between commissioning and procurement, Jones (1997), Karjalainen *et al* (2009), Murray (2009), Karjalainen and Raaij (2011), Johnston and Girth (2012) who, for sound logical reasons believe that there is an important distinction. However, there are voices from some senior procurement officers who do not believe that there is a significant distinction, Smith (2013). Unless and until this dilemma is clarified it will be difficult to remove the obstacle that appears to be hindering emergence.   Simple logic suggests that the problem goes beyond arguing about titles or who is a procurer or commissioner, the evidence points to a key function that is not being completed, in the view of procurement officers (2, 3, 6, 13, 14, 15, 17, 20).

There are several reasons why this may be the case:

> First, the Councillors and Council Officers in the positions shown in Figure 8, in local and devolved authorities are elected or appointed. They have terms of office and are driven by politics or are appointed by a council that has a majority for one political party and colour. Those in central government are Civil Servants who should be less affected, if not unaffected by the colour of the ruling party, but the officers have career paths and, as evidence from this study suggests, may in common with their local and devolved authority counterparts only see procurement activity and commissioning as a short term 'stepping-stone' to promotion. Therefore, the chance of them having prior experience in the function that procurement officers identified, is slight.

Second, if those appointed into positions that would class as 'commissioners' have no prior experience, the logical response would be to provide training. However, as there is no defined role, it is difficult to carry out a Training Needs Analysis (TNA) and without that, it is hard to design training packages to meet the need, to offer On the Job Training (OJT), or to justify any outlay from often limited training budgets. Procurement officers believe that those already in the positions within the structure are unaware of or prefer not to address the problem. Equally, according to the evidence of this study, those persons are not fulfilling the function. They, therefore, have no knowledge to pass on to their successors. The analysis under the heading Availability and Content of Training, Chapter 5, paragraph 5.9, suggests that there is a gap in the provision of training in the market that would match the procurement officer's 'definition' of commissioning.

Third, according to Smith (2013) Procurement Officers (PO) can do both functions. However, the evidence here suggests that there are too few of them and their workload is already high, (6, 10, 17) and increasing as the trend towards outsourcing is ever more pronounced, see chapter 3, paragraph 3.4.6. It also points to the fact that outsourcing service provision causes more complexity in writing specifications, managing performance, and responding to changes that are imposed from outside the public sector by either government or industry. The function that the procurement officers engaged in this study describe also includes control of resources which they do not have. The procurement officer's function is to obtain goods and services against a defined need and usually within a defined budget and it is not their function to provide those definitions. In other words, the majority of procurement officers may not think as Mr Smith, or have the same conception of role, capability, or capacity to carry out the commissioning function.

Finally, to prevent the three problems identified above, there would need to be radical change in the way that those who carry out the function of 'commissioning', as identified by procurement officers in this study, are prepared for role, managed, and appointed. If the view expressed by Smith (2013) is correct, and procurement officers can fulfil both roles then more of them are needed and there would clearly be a progression for procurement personnel from the procurement office to the Boardroom. If that truly were the case, a profession with a promotion structure would appear almost to be essential.

The discussion above also provides a partial answer to the way in which procurement is seen and valued within the authority. Whether this matters to the procurement officers and if so, what changes they would like to see? If the link between boardroom and procurement office is not currently seen as mutually beneficial and supportive, boardroom opinion will be mixed. There is evidence at (1, 2, 3, 5 and 15) that suggests that procurement personnel would like to feel more valued and that the overall organisation sees procurement as 'buying' and as an administrative function. It was also commonly stated that procurement officers are seen by their senior management as somehow an impediment that hinders them from achieving their aims. The fact that they see senior management as 'the commissioner' level and clearly do not feel that 'commissioners' understand their role or limitations, means that the two are at best, not working as one and feeding off one another or at worst, not working together and possibly in a hostile and unproductive environment. If that relationship is sub optimal it appears that one group may blame the other for any particular 'state of affairs' or failing. Since the 'commissioners' are at Board or senior levels, they hold greater power to influence how the organisation sees its procurement office. Logic therefore suggests that procurement officers do not feel

valued and that it matters, because it is a symptom of a more important issue.

5.11.3 Professionalisation

The suggestion that is emerging is that procurement officers should have a promotion path that includes moving into commissioner roles. To have a formal link in this way, coupled with the trend to insisting that procurement personnel undertake formal training, currently CIPS training, suggests a profession of procurement following the model suggested by Murray (2009) encompassing both the 'procurement' and the 'commissioning cycle' at Chapter 3, paragraph 3.5.4.

Listed amongst the questions that emerged from the mapping exercise was, "What benefits and problems would there be with introducing a profession of 'procurement specialist' (or similar title)?" The evidence (1, 2, 9, 13, 14, 15, 17 and 19) points to the additional content needed to overcome the missing function in public sector procurement and (1, 2, 19) discuss some of the views about the professionalisation option.

5.11.3.1 Benefits of Professionalisation

On the benefit side closing the gap and providing 'commissioners' who are trained and experienced, with the time and commercial knowledge to approach the market and seek innovation, may well lead to better value for money in public sector procurement and it would unite the procurement officer community to the boardroom.

It would certainly mean that collaboration could be made more effective since knowledge and analysis of best value for money options would replace a certain amount of dogma with unintended outcomes (18, 21, 22). It would also create a cadre of people with a

shared vocabulary and background in the many hundreds of procurement offices and centres throughout the public sector.

Another positive from professionalisation would be uniformity of approach and status. Someone who is simply thought of as a buyer carrying out an administrative task is seldom likely to influence a senior strategic manager who may have already decided on his or her desired outcome.   However, that same senior strategic manager will undoubtedly listen to the Chartered Accountants for the organisation or the appointed Legal Counsel.   The professional standing of the individuals matters a great deal in these cases and, with nearly 13% of the nation's GDP being spent in public sector procurement, the ability to influence and be heard must be important.

Likewise, if the personnel are trained and educated in the latest tools and techniques within industry and the supply chain so that they understand the market whilst at the same time understanding the regulations, law and limitations of procurement, the number of failed projects may be reduced. This suggestion starts with an understanding and acceptance of where industry will make profit and how much. It should never be forgotten that without a strategy for making profit no company will bid for contracts. This knowledge embedded in the public sector when approaching suppliers allows specifications to be written from a position of strength. Furthermore, training and educating professionals to write clear specifications should reduce costly variations that appear to be common in public sector contracts. (Personal experience)

Uniformity also carries advantages. It allows companies of all sizes to understand how to deal with the procurement staff throughout the public sector.   It could lead to the acceptance of a single

software system throughout public sector procurement rather than a variety that many small and medium enterprises cannot access or are not prepared to buy licences for or have the staff trained to use. Furthermore, uniformity may lead to a reduction in litigation that is often mentioned in this study as a risk. (8, 9).

5.11.3.2   **Problems of Professionalisation**

The majority of procurement officers in the sample felt that CIPS qualifications increase their standing and suggest that it may improve their influence and image within their organisation. Others, however, question the current CIPS content and believe that project management, negotiation and business management skills are just as important. This leads to a need to define what is required and how best to deliver it.

The majority also feel that local and category knowledge is important to their ability to deliver on behalf of their organisation and consumers.

The costs of housing, quality of life and family (Figure 11 and supporting text) are stressed. This would suggest that many would not be interested in a mobile structure where they can be posted from one procurement post to another by some central organisation. Without such a structure selection and promotion of the brightest to the most challenging positions may be problematic.

Posting (and inter location transfer) systems exist for mobile grades in the defined Civil Service (CS), and there are allowances to compensate for moving away from primary residence, and cost of living allowances. There is also the option to refuse promotion in order to remain in one area and be non-mobile. Therefore, it is

possible to create a career managed public sector procurement specialist if civil service rules are used.   However, the majority of procurement personnel are not in the defined Civil Service at present and making them civil servants would mean adjusting the amount of devolution that is allowed by Westminster. The current climate in the UK seems to favour more, rather than less devolution. Having central government Civil Servants controlling public procurement in devolved authorities may not prove easy or acceptable. Furthermore, having career civil servants in local authorities and devolved government may mean that the relationship between the elected and appointed local or devolved government officials and the Civil Service procurement staff could be more difficult and based on suspicion and misunderstanding.   If that were the case, then there would probably be waste as local officials try to find ways around the centrally controlled procurement function.

Creating a totally independent procurement specialism under an Independent, Non-Departmental Public Body (NDPB) might be a solution but that would have to be accepted across government and at all levels.   It may also be that it can never be seen as truly independent since every NDPB still answers to and is accountable to a Minister or Committee within central government.

Related to the concept of professionalisation is the value placed on procurement as a career as opposed to it being simply a stepping-stone in a wider career context. The evidence (1) from the 'three boxes' was clearly that most procurement officers arrived in procurement rather than choosing it as a career. The motives were usually promotion and financial whilst, in the devolved authority context, being able to stay in the same location with the children in the same school and so on. Many co-researchers felt that procurement was not their long-term career.

At the same time, however (1, 2), they wanted procurement to be more highly valued by the organisation and felt that qualifications and post-nominal letters would help to raise the profile of the work. They also felt that the current training from CIPS does not have enough focus on the public sector and therefore might be seen by some as a stepping-stone to a career outside the public sector. If that were the case, then options for career development may be curtailed by senior managers at 'commissioner' level who did not want to lose the newly qualified professionals. In short, procurement is not felt to be valued enough, or understood at the right levels at present.

Qualification might improve matters and that strengthens the case for a profession. If it also includes commissioning, and unites the procurement office to the boardroom, then its value would undoubtedly rise.   In industry, average pay for senior procurement staff (strategic 'buyers', contract managers and senior project managers, supply chain executives and senior executives as described by CIPS as being the target of its higher levels of qualification) are, according to glassdoor.co.uk at 2020 rates, between £35.000 and £65,000.   These compare very favourably with the overall national average salary of £29,009 which is both full and part time salaries averaged out. The average for full-time workers in the UK is £35,423, while it is £12,083 for part-time staff.

If there were a profession and it went from procurement office to boardroom and reflected similar pay rates to those illustrated above, it may well be seen as a long-term career choice.

5.11.4 **Summary on Professionalisation**

The value of public sector procurement and the findings of this study, albeit on a small sample and therefore perhaps only pointing in a direction, suggest that professionalisation should be an aim. It appears that a

significant obstacle to 'emergence' and a disconnect in the flow of transformational power through the strata of public sector procurement structure exists because the 'commissioning' function is not being carried out correctly.   Whether Smith (2013) is right and procurement officers can fulfil the function cannot compensate for the fact, from the evidence, that there are not enough people trained and educated in the roles within the system to handle the workload. To unite the boardroom and the procurement office by having a defined 'commissioner' role and personnel professionally trained would appear beneficial. However, the logical extension of such a move is a career path that starts with joining as a junior procurement officer and leads for the most able to become Board members. That also implies following both an experience and Continuous Professional Development (CPD) route. To create and manage that requires there to be a professional body with an approved system. Whether that can be under the Chartered Institute of Purchasing and Supply or whether it needs independence, requires further study. However, there is a definable gap in the current training, centred on 'Commissioning'.

5.11.5 Links within the Strata of public sector Procurement between Crown Commercial Service (CCS), Civil Service (CS) and Devolved Authority

The work to validate the mapping exercise addressed the links within the strata of public sector procurement between the CCS, CS, and devolved authority. Two specific propositions or questions emerged:

> Given the devolved nature of procurement and the fact that the Civil Service (CS) Code and Crown Commercial Service (CCS) policy and guidance is not mandatory in devolved authorities, who together have the greater routine, or non-project spending power, is there a shared ethos, ethical stance and set of values between all procurement officers?

Whether CCS policy and guidance is used and has any great impact in devolved authorities?

In response to the first question, the evidence (5, 6, and 7) suggests that there is a shared 'ethic' throughout public service and the public sector procurement structure, irrespective of minor differences in policy between authorities or because of devolution.

The responses to the second question are, however, more interesting (12). At each group in devolved authorities, the question asked first was whether the procurement officers are aware of and receive CCS policy notes and guidance? The second question was do they follow the policy and guidance, and can they easily refer to such policy and guidance in routine work?

There was awareness of the CCS output at all levels and in all authorities. Procurement officers said that the amount of attention they pay to CCS guidance and policy is often to do with timing. If the policy and guidance arrive when they are about to undertake some action, and the content seems relevant, it will be read and probably followed. However, if it is not relevant to the activity it will be filed and probably forgotten.   Asked whether they could look up the latest CCS documents the answer was no. As a researcher, being able to access material from across the world via a library system is vital and there was an expectation on my part that CCS documents would be catalogued and available. That was a mistaken assumption. Procurement officers stated that there was no way that they could find CCS documents easily and when they did, most refer to other documents using hyperlinks and to amendments which cannot be read as stand-alone documents because they link back to source documents again by hyperlink. The result is that it is never simple or easy to use them.

As a separate and personal exercise, an attempt was made to access the Procurement Policy Notes (PPN) by the author. Finding a PPN on a specific

topic was 'difficult' whilst finding what has been issued in years was easy. That meant opening a year at random and having to read what each PPN was about. The titles of the PPN are not always obvious so it could take many attempts to find anything of relevance, even if one had the time. The exception was matters related to the current Covid-19 outbreak.   It was equally surprising that in the latter case PPN 02/20 Main body, states that it is applicable in devolved authorities as it instructs public sector procurers to continue to pay suppliers, so stems from emergency relief. However, PPN 02/20 Guidance notes on Payments to Suppliers for Contingent Workers impacted by COVID-19 states "Before reviewing this document, please read: Procurement Policy Note 01/20 – Responding to COVID-19 and Procurement Policy Note 02/20 – Supplier relief due to COVID-19 and then "The contents of this guidance note apply to all Central Government Departments, their Executive Agencies and Non-Departmental Public Bodies. Other public sector contracting authorities are encouraged to apply the approach set out in this guidance note." The conclusion made is that the system could and probably should be very much simplified if it is to be widely used.

Instead, the procurement personnel in this study stated universally that they use 'Google' when they want information or guidance on any matter relating to a contract or commercial matter. They cited the fact that it is up to date, easy to access and often includes notes on the latest case law or judgements. That in turn is seen as a means of reducing risk, particularly if trying an innovative approach. (8, 9, 10). While outside this study, it would be interesting to find out how many central government procurement officers also prefer to use Google.

5.11.6 **Risk** (8, 9, 10)

It was a possibility in the mind of the researcher that risk aversion and an unwillingness to engage in innovative practices were linked and that combined, they may explain some of the failings in public sector

procurement.   It was also felt in the early stages of the research that the centrally issued Procurement Policy Notes (PPN) coupled with national and EU legislation, regulation and procedure may inhibit the potential creativity of individual procurement officers. These factors taken together could therefore prevent the experience and power of the lower strata from being actualised and having any influence on the upper strata.   They would then be an impediment to emergence. This was tested in focus groups by allowing free discussion about risk and then allowing the conversation to cover whatever the group moved on to.

The first point that came from the floor is that risk is multi-facetted and no uniform consensus of what 'risk' is could be found. An expectation had existed that one risk was doing something that would adversely affect annual appraisal and therefore future career and promotion. A second idea was that 'taking a risk' over a novel form of contract or a contract award suggests the possession of the power to choose, or to act, when in fact that power and choice exists only in higher levels.   Another initial thought was that regulations and legislation, coupled with training might have given people the idea that there is only one 'right way' and anything else would be unacceptable. Any one of these would also contribute to an "unwillingness to engage in innovative practices".

The evidence (8, 9, 10) was, therefore, surprising. Most procurement officers are willing and able to think outside the current norms and consider innovation. Most are unconcerned about annual appraisals and willing to accept responsibility for their actions, right or wrong. The Crown Commercial Service procurement policy notes are not mandatory for the group in this study and the legislation is not felt to inhibit them. The risk that they universally acknowledge and seek to avoid is that industry, companies, will choose to use the legal process to challenge any failure of process or procedure or, if they submitted a bid and did not win any work, to challenge the decision. That led to the comments about looking to see

whether there was any case law on which to base decisions and statement that the procurement officers in this sample would rather work on something where someone else had already tested an idea in law or fought to defend an action before they try.

It also explains why (11) procedures are considered helpful and necessary. There is a trend towards standard forms of contract, pre-qualification questionnaires, tender evaluation 'systems' and standard feedback practices which are, of course, amended in the light of legal challenge. Therefore, adopting these and following the procedures ensures that procurement officers stay within the regulations and are taking minimum risk. It is not, however, because they are afraid to take risk as individuals. It is a practical avoidance of litigation which would be time consuming, costly, and stressful.

One must then ask whether risk aversion is a reason for the failure of public sector procurement to achieve better value for money? The answer to that question is probably no. It would be difficult to offer any logic that could link, quality, price, sustainability, or performance of the final contract to any risk aversion or avoidance by the procurement officers during the contracting process from Invitation to Tender to contract award. However, it is possible to suggest that risk aversion contributes to acceptance of 'more of the same' which procurement officers say is often the desired outcome of 'commissioners'. More of the same is safe and continues to deliver something that has worked in the past, however, more of the same is the enemy of change and innovation. Since the procurement officers feel that there is a role and function that is not theirs and is not being carried out, and more of the same is a risk free and logical response for 'commissioners' who have no training in that role, risk aversion and avoidance is not an impediment to change and 'emergence', rather it is a significant symptom supporting the diagnosis.

5.11.7 **Political Influence** (21, 22)

One of the surprises that emerged from the focus groups is the influence that procurement officers feel from the politics of their authority. Whether it is simply that senior managers and 'commissioners' have picked up a mantra and require it to be highlighted in any work to procure goods and services, or whether it is a perception that 'only local firms should be awarded contracts', there is always the chance that the influence, however subtle, will lead to sub-optimal outcomes. It would be almost impossible to remove this influence unless procurement officers and a profession of procurement, including commissioning, was independent and managed by a Non-Departmental Public Body (NDPB). So once again there is some support for the concept of a profession.

However, if the devolved authority or electorate can choose the colour of its management, clearly that management must have the power to manage the authority under its mandate and manifesto. Both those in power and their electorate may baulk at losing control of the procurement of goods and services.

As a counter argument, one could say that the quality and value for money of the goods and services provided should be uniform across society. After all, if a person needs a walking aid, streets need cleaning and highways need maintenance, then common standards of service or output are also expected and are in no way influenced by the colour of the governing party's politics. It would also be a step in ending the 'post-code lottery', and 'North-South divide' that is so often the subject of adverse comment in the UK. This position would meet the 'Four Es' of the National Audit Office definition of value for money as given at the start of Chapter 2. They are economy, efficiency and effectiveness "To this the NAO has added a fourth 'E':

- Equity: the extent to which services are available to and reach all people that they are intended to – **spending fairly**.

This study cannot do such a debate justice, but it is not unfair to suggest that if the commissioning were performed to a uniform standard irrespective of who is in power in any authority or region, public sector procurement and its customers could benefit.

5.11.8 Contract Award

Figure 11 and supporting text point to procurement officers who are prepared to consider all aspects of a bid and assist bidders to be compliant and, therefore, have a fair chance of success. Indeed, the avoidance of the risk of litigation would suggest that they would do all that time and the rules and regulations allow in order that every potential supplier feels that his or her bid has been accorded equal weight.

However, when it comes to the actual award, compliance and price are considered most important, with quality and sustainability next. Asked about 'bundling' and viewing bids that contained innovation, procurement officers again said that this is a role for the 'commissioner'. The implication is that compliant bids are ranked by price with any other factors coming after that. It also implies that if a supplier offers goods and services, supply and maintain, or supply under lease, maintain and dispose or other such mixtures, unless it had been specified as an option by the commissioner, the value added may well be missed because the bid is against the Invitation to Tender and if compliant, price is the first criteria. Offering extras in a bid submission may offer real and provable better value to the public sector, but if it also adds to cost of the narrow terms of the invitation to tender, it could mean the bidder missing out on the work. Therefore, if companies know that compliance and price are the main factors, they will not see any incentive to offer anything more. This problem was highlighted in Chapter 3,

paragraph 3.5.2 in the responses to the Council for Science and Technology (CST) by the Cabinet Office Minister when he stated that "the Government's Solutions Exchange allows suppliers to pitch their own innovative, cost saving, proposals direct to government." Personal experience was that until I read the response to the CST, I had never heard of the Government's Solutions Exchange and, on two occasions when I tried to engage with procurers to offer innovation with a business case that showed how savings could be had, it was impossible for the procurers to understand or accept the offers. One reason was that the budgets that covered a 'goods and services contract' fell under different sections of the organisation and the procurer of goods had no time within the rules to coordinate a response that would have required agreement by more than one procurement team. This issue is covered more fully at Paragraph 5.14 under the 'bundling' and 'packaging' heading.

Such behaviour does not prevent a procurement officer from trying to improve the system but unless there is a defined feed-back loop that allows the procurement officer to speak up the chain of command, it is hard to see how the message can be delivered. Again, if that message does not get through, any power for change will remain un-actualised.

5.12   **Analysis and Conclusions Concerning Methodology and Ontology**

At the start of this chapter the main theories to be tested were listed. First was the limitation of 'top down' studies and the use of Critical Realism.

Edwards *et al* (2014, pp 3) state that

> *"for Critical Realism-guided researchers, the role of a research method is*
> *essentially to connect the inner world of ideas to the outer world of*
> *observable events as seamlessly as possible. …….. In the end, there is only*
> *the suggestion that the researcher should think through the implications of*

his or her developing understanding of the area under consideration and to
think about what further information might provide more insight. Indeed,
the approach of the critical realist researcher to research methods is usually
highly flexible and adaptive by comparison with other researchers. …………
They are not, (Research methods) as they are for others, ends in themselves.
If one technique does not work or is not available to find out what is wanted,
then something else will be used to make do."

The research underpinning this thesis follows that line. Answering the research question at the macro level must still be the overall goal, simply because so much public money is expended in so many places, supposedly for the good of the taxpayer and general-public. Whether one likes it or not, failure and waste are too often reported and efforts to correct the failings have not yet been successful.

If one simply started trying to answer at the macro level the task would be too vast. However, most other approaches to studying public sector procurement focus on a single event or phenomena, something that a particular researcher thought might be worth looking at, and the broader array of external and internal influences, contributory factors and effects of structure must be reduced so that focus can be given to one phenomena.   The strength of the approach in this study is that it started by retaining the macro question and sought to identify and map those very influences, factors and structures that give context and meaning. Both understanding and new questions emerged from a process of mapping, validating the maps at as many levels as possible and then considering in a systematic manner what links there are.

However good an exercise that could be, it is deprived of true meaning unless the individuals in the structure are placed and given the power to seek change over time. Only a critical realist ontology truly links individuals in structures at various levels and provides a theory of how the totality operates. It is only by understanding the agency-structure relationship and accepting that if the structures are linked from top to bottom with feedback loops, that 'emergence' can take

place. In this context 'Agents', or 'agency' are terms that include people, procedures, normative behaviours, influences or 'triggers' that will cause either reproduction or transformation of a structure. Unless the people working within structures are deliberately trying to destroy them and their own livelihood, that transformative effort should be positive at best and neutral at worst, and this is the basis of 'emergence'.

> There **was** structure; there is **now** that agency; and there **will be** the structure that this agency produces. (Roy Bhaskar quoted by Buch-Hansen (2005))

That ontological position generated the focused research question of:

What impedes or prevents the personnel conducting public sector procurement from effecting change to improve the outcomes of the activity?

In short, what is preventing emergence?

A research gap exists in that there are very few studies in public sector procurement that are not driven from 'on high' and led by appointees or civil servants. They appear to form a 'master narrative' that has no 'counter narrative' from academia, Squire *et al* (2014).   This fact was also a spur to this endeavour. If one accepts that 'emergence' should be a positive power for transformation and is in the interests of all levels or strata within the macro-structure, then only by testing both 'top' and 'bottom'; and looking for the links and feedback loops can the real issues causing problems to be made visible.   There have been many studies from above but the lack of input from below means that all previous findings about public sector procurement, whilst potentially valuable and valid, are unbalanced. This study suggests that it is the unbalanced nature of previous work that failed to reflect the views of those in the lower strata, or to engage them in the battle to improve public sector procurement, that has contributed to many official reports and inquiries leading to little actual change.   The general finding is that there is a

disconnect between the strata in the overall structure that is preventing the overall 'system' from improving. Whilst that disconnect remains, it will not matter how many new legislative, regulatory, or procedural tweaks are made from the top, they simply will not have the desired impact at the base. Therefore, identifying the major obstacles, in critical realist terms, 'the countervailing powers' that prevent the power of emergence from being actualised, became the main issue.

For the critical realist approach to be supported one had to look for evidence of a desire for transformation and beneficial change from the lower levels and it was found.   For the potential benefit of 'emergence' one needed to be sure that the lower levels believe that such change is possible. There is no immediate need for them to state how it should take place. Simply by showing the desire to make beneficial change and the belief that it can be achieved, they give support to the ontological basis of this study. The co-researchers in this study believe change can be made but that it requires effort from those who they feel are, or should be, 'commissioners' and so, can only state that as an aspiration at this stage.

Equally there must be a transformation throughout all of the levels from the smallest devolved procurement office to Cabinet Office, if emergence and beneficial change are to take place. The evidence in this study suggests that there are identifiable points at which countervailing powers are preventing this transformative effect, leaving the power to change 'unexercised or unactualized', Brown (2007).

It is a personal opinion that others must judge, but it appears that the major theories that were summarised at the start of Chapter 5 have been tested.

> Top-down studies, by themselves, will not deliver improvements or reduce
> the incidence of failure, or exposure to criticism. There are strata and levels
> within a complex structure in which the power to make change is not simply
> at the top, indeed, Chapter 5 Figure 2 seems closer to truth than the 'Top-

Down View' shown at Figure 1. The lower level is critical to success and has seldom been consulted.

Using Critical Realism as the ontology to underpin the study is crucial as it provides the links between a myriad of factors throughout the structure and avoids reductionism and focus on a single phenomenon that may be taken out of context. If Critical Realism is to be accepted then the study had to show that the desire for change is real and that there are reasons or factors, 'countervailing powers' that are preventing emergence. The study has identified a disconnect between the procurement office and higher levels that centres on the role of 'commissioners' at board level who control resources and are responsible for delivery against standards and needs that only they can control. Unless they are closely allied to and understand the role of the procurement officer, then an essential feedback loop does not exist and working in isolation becomes inevitable.

Equally, conducting a study from the 'bottom up' has illuminated an issue that was known but that lacked gravitas because the implications of the lack of good 'commissioners' only become truly apparent when viewed from below. If only viewed from above, then offering training and education is the solution. When viewed from below the demand is different. It is working co-operatively with commissioners who understand procurement regulations, understand the market, can be relied upon to specify goods and services in a way that allows them to be presented to suppliers, accepting the chance of innovation and therefore routes to better value.

Critical Realism requires a flexible approach with a mixture of methods that allows the study to develop as it progresses, rather than starting with a single stated methodology on which to become fixated. The use of the 'three boxes' illustrates the need to develop means to capture and analyse information whilst accepting that in many cases it leads only to more questions. It appears then that this study, however small in scale, illustrates

that critical realism is a research stance and begets methodology. Edwards *et al* (2014) state: "In this view, successful research depends on intellectual creativity not on following methodological rules."   This does not mean simply 'suck it and see' rather, as it is contended this study shows, there is a systematic approach that can be taken that uses established methodologies to develop lines of inquiry that then need other tools.   The underlying ontology of critical realism then allows sense to be made out the many lines of inquiry.

5.13   Analysis and Conclusions concerning Professionalisation

Listed below the main theories to be tested at the start of this chapter were some items that emerged from the mapping exercise as central to the aim of improving the outcomes of public sector procurement. This section could be subtitled, and perhaps should be seen as an attempt to resolve the 'commissioner', 'procurement officer' issue with the chance to remove a countervailing power that is preventing emergence. It also provides the answer to the first of the two other related themes identified at the start of Chapter 5, and partially answers the second, to remind the reader the themes were:

The difference between 'Procurement' and 'Commissioning' and the respective roles of procurer and commissioner.

The capability of the procurement officers to 'batch' or 'package' contracts, and the willingness and ability of the market to respond.

5.13.1 Summary of the statements of the procurement officers.

Most 'arrive' in procurement rather than making it a career choice.

Most are not selected based on aptitude or pre-qualification.

They do not see It, therefore, as valued as much as some other career streams in the public sector and there is merit in using it as a stepping-stone to other things.

They feel that they are not viewed as adding value, by those above them, rather they are seen as producing obstacles to those above, getting what they want.

Numbers have been reduced and the workload has increased during austerity and in response outsourcing and EU legislation that has reduced timescales for letting contracts.

They spend a considerable amount of their working lives briefing, guiding, and sometimes educating those above them about procurement rules and regulations, and that means that they have not got the time to engage with the market or keep up to date with developments in the commercial sector.

Most of them see market engagement as important work which is emphasised in the Crown Commercial Service training for central government, and in the Chartered Institute of Purchasing and Supply (CIPS) Global Standard.

CIPS Training is now mandatory in some authorities and most see it as a means of improving their status and making them more credible in the eyes of their superiors. Some, however, emphasise that project management and negotiating skills can be just as important. For some it has also illuminated the opportunities outside the public sector and also the fact that procurement careers are well paid in the commercial sector.

Most stress that local knowledge and knowledge of their end users is important, however, this sample were in devolved authorities and 'personal experience' indicates that Civil Service mobile grades focus more on the role

and believe it is transferrable. Most of this sample would not welcome procurement officers being compelled to move for very understandable reasons.

All of that said:

The procurement officers in this study feel that their job is satisfying and demanding and most have a similar ethical stance of doing their best for their target customer groups within the rules and at best price.

Most see that there are problems and have a will to solve them if they can.

5.13.2 **Defining the 'commissioner' role:**

The criticism that they share is that there is a role of 'commissioning' that is not theirs and is not being addressed. There are some senior procurement personnel who say that this role is covered by them and is not separate, but this sample state that they have neither the time, training, authority, or experience to undertake this role. Some academic literature also supports the existence of a distinction between 'procurement' and 'commissioning' that needs to be acknowledged and which should lead to change, Jones (1997), Bernandes and Zsidisin (2008), Ramsay and Croom (2008), Karjalainen *et al* (2009), Murray (2009), Karjalainen and Raaij (2011), Johnston and Girth (2012).

Procurement officers do not usually have autonomous budgets (other than minor delegated authority, in health and social care in particular), they do not set or approve the standards of service that are acceptable, internally to the authority or in the local community, they do not control policy and decisions about the response to cutbacks or when the reallocation of resources are made. They believe that someone must give them defined standards and specifications, a defined budget and they are not responsible

for that definition. These matters are decided by elected or appointed officials in central government, at Council Cabinet, chamber, or board room level and not by them.

From personal experience, one small and medium enterprise worked for many months on a bid for a government contract. It cost over £100,000 preparing a technical solution to a Statement of Requirement (SOR) within an Invitation to Tender (ITT), having already pre-qualified. Throughout that period, the company asked, what is the available budget? The appointed civil servant procurement officer could not answer. Each time the matter was referred upwards and there was no firm decision. When, finally, a budget was announced it was totally inappropriate to the SOR. The company, along with all others, withdrew from the bidding process. This only illustrates the point being made by procurement officers that there is a related role that they cannot control, they were given the statement of requirement and told what to send out in the invitation to tender. The fact that it was inappropriate to the available funding is not their responsibility. It also illustrates why market engagement and industry knowledge need to be embedded in the public sector procurement structure and it is not with the procurement officers. Had the 'commissioner' function been correctly addressed, he or she would have known the budget and the rough costs of items and services in the statement of requirement. If the budget were insufficient, he or she could have revised it before release or refused to release without amendment by someone in an appropriate position. That would have saved several companies a lot of money entering into a process, in good faith, that was fundamentally flawed. It would have saved many hundred hours of work in the procurement office and not damaged the credibility of the government department as a buyer in the market. The company with which I was working became reluctant even to consider public sector contracts following this experience. It had lost £100K out of its profits without even getting to the point of submitting a bid.

Procurement officers feel that commercial companies will resort to litigation if they believe that they have been unfairly treated by anything that they do. Therefore, if they are seen to visit one company and not others it could be interpreted as favouritism. All companies have complex decisions to make about bidding for public sector contracts, see paragraph 5.6.4, Figure 9 and supporting text. These involve a not inconsiderable cost, both financially and in terms of people and time, and may also warrant taking external and legal advice. Therefore, many procurement officers feel that they are not at the right level to decide on the viability of regular and informal market engagement. However, they understand that unless the links exist, the 'public sector procurement structure' will not know what is possible, what it might cost or what new initiatives might be embraced to improve value for money.

Companies are also wary of more formal dialogue since often, the level playing field and exposure of clarification questions and answers to every bidder that passed pre-qualification and received the Invitation to Tender can reveal their unique selling point, or innovative idea to competitors. Therefore, many companies are reluctant to do anything more than the Statement of Requirement asks and ensure that their bid is compliant. Many of these companies know that they could offer a better package but how can they make the offer? Procurement officers are neither at the right level or empowered to engage.

The people who can make such decisions and are at the right level, are what they are identifying as 'commissioners'. Procurement officers would like these people to engage with the market, understand the budget and priorities of the overall organisation, write, set, or create the standards to be met in delivery and then tell them what to take to market and in what manner. They know that dialogue processes are available for complex contracts. Commissioners who understand the commercial market and the customer needs can look at options for 'bundling' or 'packaging' goods with

service and 'through life management' as options and should make business-case related choices, before telling procurement officers what to take to market and how.

The fact that procurement personnel report having to lead those in authority who control budgets to a point where there is something that can be put to market, shows that resources are being squandered simply because the higher-level people do not understand the role or the supplier side.   That procurement staff admit that they cannot engage with market because of the risk of litigation and a lack of time, workload, and the lack of understanding also means that their best advice is better than nothing. However, it would be more up to date and potentially advantageous if time and effort were devoted to the commissioner role, leaving procurement officers to take the opportunity to market.

5.13.3 Implications

The implication is that a role is missing in the chain and flow of information from bottom to top in the overall structure and that this prevents strategy from developing and transformation by beneficial emergence taking place. This can be illustrated thus:

FOR EMERGENCE TO WORK

UK GOVERNMENT

CCS

Continuous improvement loop where each level reacts to and changes because of feedback from above and below

DEPARTMENT OR AUTHORITY
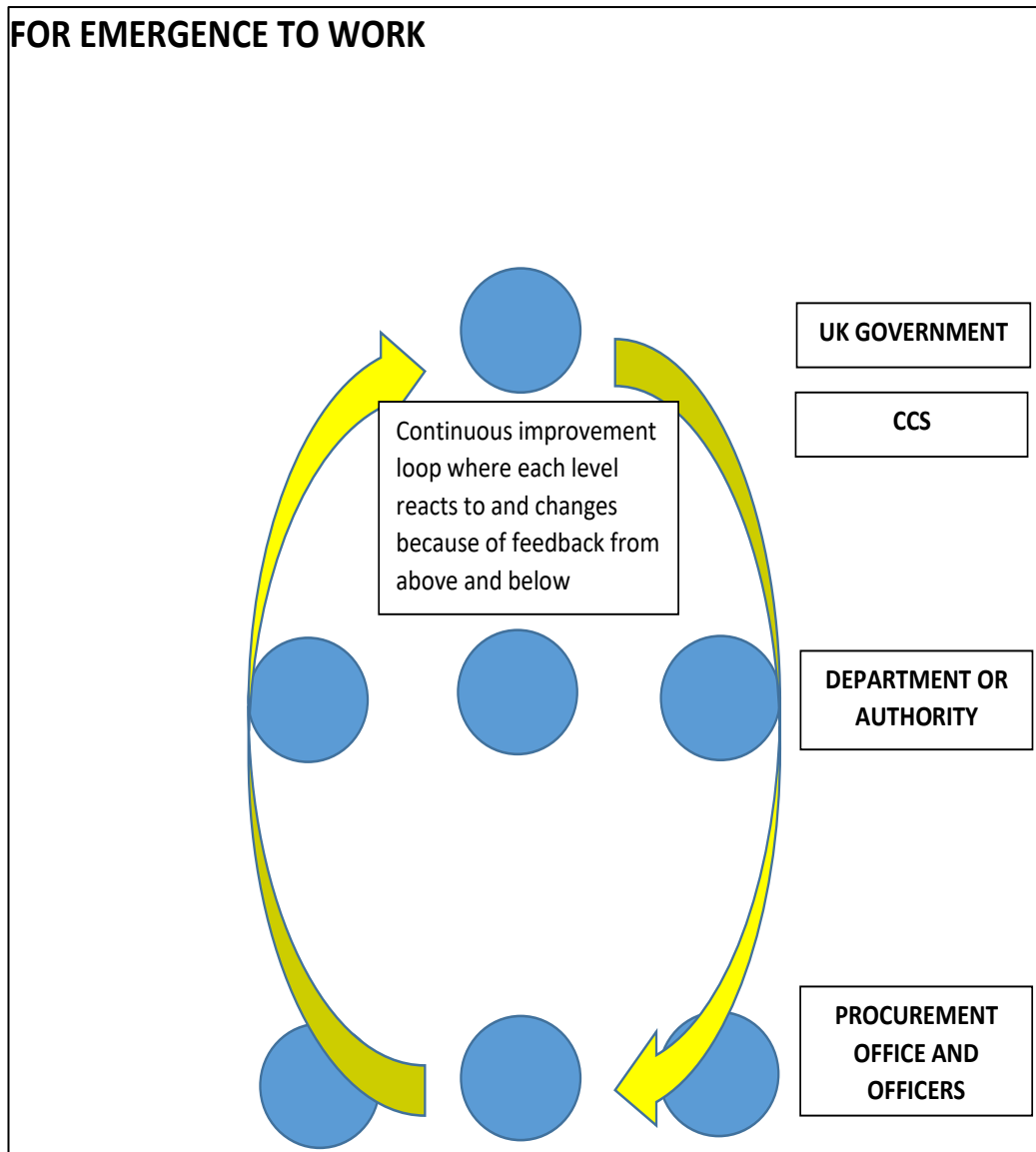
PROCUREMENT OFFICE AND OFFICERS

Figure 12

Figure 12 simply illustrates the theory that energy or transformative power flows in both directions through an organisation if emergence is to take place. In effect, it establishes a continuous improvement loop.

If this 'commissioning role', or function is missing at Departmental or Authority level in many areas of the public sector then there are several implications other than potentially not delivering better, or 'best' value for money or yielding the most efficient or effective outcomes. Principal amongst these are:

It is unlikely that procurement officers and those at 'commissioning level' will extol each other's value or achieve all that they could if they were an integrated team. This may explain why so many feel that their role in procurement is viewed negatively.

When the procurement personnel see opportunities which the 'commissioners' do not understand or embrace, innovation could be stifled. This is not just because the commissioner does not understand, it is also because the procurer has not the time or acknowledged authority to engage with the commissioner for long enough to make the options clear.

That 'commissioners' do not understand, or acknowledge this weakness makes it unlikely that they would pass new ideas upwards and so 'emergence' becomes impossible as the power to change being generated at the bottom will never be actualised in the overall structure.

Therefore, this study suggests that the point at which countervailing power is preventing improvement to the public sector procurement structure is at the 'Commissioner' level. The study has identified that role and suggested what procurement officers feel that a 'commissioner' should do.
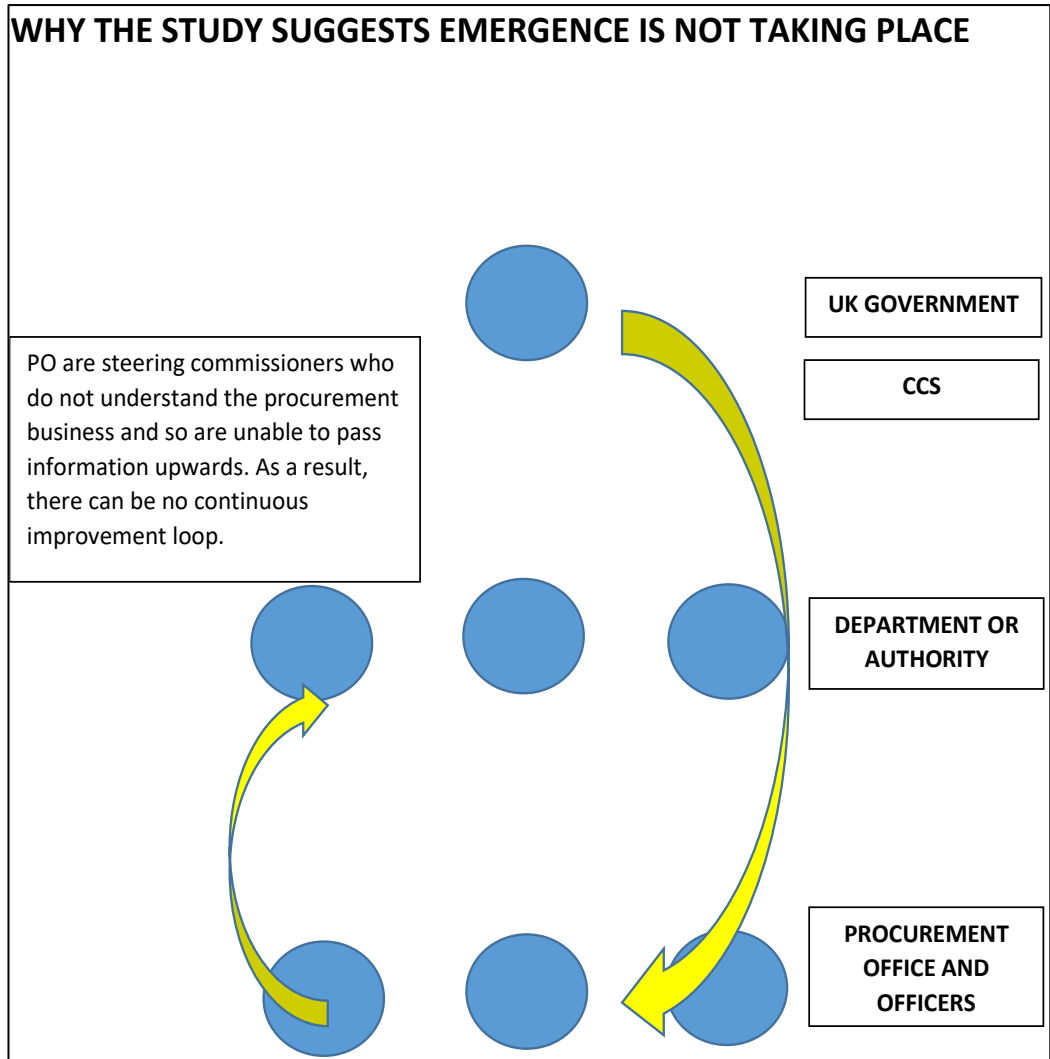
Figure 13

5.13.4 Training and education

This leads to a question of whether training or education are available for commissioners? The study suggests that many of the components of the commissioner role are alluded to at the CIPS professional and advanced professional levels. However, other elements are clearly missing. Elements such as writing specifications and standards, considering business cases for complex options of 'bundling' or 'packaging', project management does not explicitly appear until very senior levels with the Major Project Academy in London. Equally, much of the material does not have a public sector focus. The move to a commissioning academy in the Civil Service was a positive

step but that it was then outsourced and has not become available throughout the public sector is regrettable.

It is also possible to argue that the commissioner role is not one that can be met by vocational training online. Rather it requires a mixture of graduate level business management education linked to experience and vocational training. If that is the role and level then it needs to be updated over time and so a Continuous Professional Development (CPD) regime needs to be in place. That in turn may suggest a professional body to monitor and manage this aspect of the function.

Such pedagogic debate about how best to deliver the necessary training and education will require much follow-on work, a formalised role specification and training or educational needs analysis. But, removing the disconnect between the bottom level of the structure and the higher levels would unite the structure. If Critical Realism is correct, as strongly contended by the author, it should allow emergence to flow from bottom to top, allow the top to change in response and improve the entire system in which the bottom would then respond, and so a continuous improvement loop is established. At the moment this study suggests that no such loop exists and so, it cannot have a positive effect.

5.14   Analysis and Conclusions on 'bundling', 'packaging' and the market

The final supplementary issue identified at the start of Chapter 5 was:

"The capability of the procurement officers to 'bundle' or 'package' contracts and the willingness and ability of the market to respond".

This issue is covered in academic literature at Paragraph 3.3.3 where the emerging trends in industry offer possibilities that public sector procurement officers should exploit. To do so it states that they need to be aware of the trends in industry and

have the ability and be empowered to engage and discuss options. All of the evidence from this study suggests that whilst procurement officers have some knowledge, it is not complete and should be held at a 'commissioner level. They do not feel that they have the time, power, or authority fully to engage.

5.14.1 Terminology

The two terms 'bundling', and 'packaging' need clarification. In contracting the commonly accepted meaning of bundling is the practice of consolidating two or more smaller contracts into a single contract where the aggregate value or the size or nature of performance calls for a single award. Whereas in the marketing world, the commonly accepted meaning of packaging is the technique of offering two or more complementary goods or services together as a package deal.

The contracting meaning is a precursor to collaborative procurement whilst the marketing version is more akin to strategic or innovative presentation to the suppliers so that they can offer more than simply the same but on a larger scale at a lower price. The former would chime with the current comment from procurement staff that collaboration appears to be a dogma (Chapter 5, 5.10 serials 20 and 22) whilst the latter appears to be what they are asking for. Packaging would mean looking to suppliers to offer goods and supporting services, or through life management. In many cases single companies do not have the capability to offer a response to 'packaged' Invitations to Tender but need to form consortia, which government suggests. In effect it requires the 4PL model or response, and it is the trend in the commercial sector. However, to decide on what is in the package and understand whether a particular region or market can respond before launching such contract notices to the suppliers, requires skill and understanding of the market. It also means understanding where, if successful, a company can make a profit with an integrator of the supply chain to be paid from any profits made.

5.14.2 Implications

This complexity is, in the opinion of the procurers, one of the distinctions between the 'commissioner' and themselves. Commissioners should be looking at the options for 'packaging' and should be commercially astute and aware enough to make the business case that optimises 'packages' that the procurement officers will then take to market. Tate *et al* (2010) looked at the increasing use of packaging in contracts for marketing services and, using Agency Theory looked at the supply manager being more directly involved with the marketing team as the principal user and the supplier side. They used this triadic approach from Agency Theory and concluded that only with all working together are outcomes improved. In public sector procurement it requires the commissioner to act as the customer in order to visualise and define the outcome that is optimum within the budget available. If the commissioner can do this, and understand how industry might deliver against the requirement, then the procurement officer can work in partnership to face the suppliers with the right material.

This distinction and the need for commissioners with particular skill and understanding of both the regulations that the procurement officers must work within and the commercial market, coupled with experience and strategic thought is why 'packaging' is a subject that needs to be factored into any education and training given. It also adds weight to the argument for professionalisation of the function.

5.15   Brief Summary of Chapter 5

The sample was small and, therefore, it is hoped that a balance has been struck between drawing conclusions without asserting answers and making sense of what was heard from the bottom level in the public sector procurement process. That so few studies have started at the lowest level in the structure is a weakness in the academic literature on procurement. That it is possible to conduct such studies

and, under the ontological and methodological structure of Critical Realism is, in the opinion of this researcher, proven to be worthwhile.

The theory that 'top-down studies' do not achieve the desired effect appears to be borne out. Much of the emphasis in the EU Regulations and the UK enactments seek greater market engagement, innovation, dialogue, initiatives to give more flexibility in contracts and enable 'bundling' and 'packaging'. However, the people at the bottom who deal with procurement do not believe that it is their job, and it appears that no one else owns the action.

In turn that indicates a dis-connect in the agency-structure relationship at a specific point which the procurement officers see as the 'commissioner' who is, in their view, a senior manager at board level.

Without involving personnel at the lowest level of the structure, it would be doubtful that the dis-connect would have been identified. Seeing this in the framework of Critical Realism provides a logic to why 'emergence' is not taking place. In turn that offers a plausible explanation of why public sector procurement is not improving in the ways that those in the highest strata would like.

There is a strong case for the professionalisation of the procurement function and that could unite the procurement office and the boardroom.

Chapter 6 attempts to assemble the various threads of this analysis and draw reasoned conclusions, making some recommendations about research projects that flow directly from this work and identifying some gaps that will need to be addressed.

CHAPTER 6 – CONCLUSIONS, FOLLOW ON STUDIES AND RECOMMENDATIONS

6.1   **Caveat**

Within the body of Chapter 5 (pp 172 – 175 and PP 286) the author acknowledged several times that a much larger sample with more data would be needed to complete this work as it deserves. A single researcher working part time is limited in the amount of access, he or she can gain and the time and resource to pursue the subject as fully as it deserves. Therefore, it is not the intention in any of the conclusions to claim more than is justifiable.

6.2   **Conclusions**

It is concluded that:

A critical realist approach to this study involving mixed methods, using systems thinking, allied to case study, and based on Critical Realism is illuminating, practical and rewarding in the sense that it allows a macro approach to be maintained and, only that allows the key issues and impediments to beneficial change to become apparent. (Chapter 5, paragraph 5.12, pp 270 - 275)

There is a desire for change at the grass roots level amongst procurement officers, but they cannot alone affect that change. (Chapter 5, paragraph 5.11.1, pp 252 - 254)

The critical realist approach applied to a 'bottom up' study of public sector procurement has illuminated an area where there is a significant gap in capability, because there is a definable role of 'commissioner' that is not, in the experience of the procurement officers, being undertaken. (Chapter 5, paragraphs 5.11.2, pp 254 – 258 and 5.13.2, pp 277 - 280)

That gap is also critical to the passage of information upwards in the structures of the public sector. The failure to pass information from top to bottom with a feedback loop from bottom to top prevents 'emergence' and therefore prevents beneficial change. Chapter 5, paragraph 5.13.3, figures 12 and 13 with supporting text, pp 280 - 283)

Procurement officers lack the time, numbers, authority, and expertise to undertake the 'commissioner' role at present. In any event, for sound reasons they see that role resting at board or council level rather than within the procurement office. (Chapter 5, paragraph 5.11.2, pp 254 - 258)

The 'commissioner' role as defined by the procurement officers should set strategy and lead in market engagement, setting specifications, standards, policy and in seeking innovation. Commissioners need to be commercially aware and able to construct business cases that invite innovation and ensure value for money. In that way they can then give clear guidance to the procurement officers on what should go out to the market and in what format. (Chapter 5, paragraph 5.6, pp 188 - 193 and 5.13.2, pp 277 - 280)

Commissioners will require skills that are not, and education that is not available in any current coherent package. To devise such a package requires the role to be accepted and defined completely so that a training needs analysis can be undertaken. (Chapter 5, paragraphs 5.7, pp 209 - 212, 5.9, pp 214 - 217 and 5.13.4. pp 283 - 284)

The commissioner role also needs to lead in 'bundling' and 'packaging' opportunities for presentation to the market. (Chapter 5, paragraph 5.14, pp 284 - 286)

Strategies such as 'bundling', electronic reverse auctions and framework agreements may not have the desired effect and can be argued to adversely affect small and medium enterprises as well as damaging the interests of smaller

authorities, who may benefit from acting locally and alone. (Chapter 5, paragraphs 5.7.4, pp 210 - 211 and 5.10 'three boxes' serial 20, pp 248)

There is a strong case for a career path in procurement within the public sector. That should start with junior procurement officer and for the brightest and best, culminate in being a senior commissioner and major procurement project leader. The top level requires a mixture of experience, education and vocational training that will involve Continuous Professional Development and affiliation to an accredited body. The Chartered Institute of Purchasing and Supply is one such, but other avenues should be explored. Such a career path would link procurement to the board room and also raise the profile of the profession. This has been consistently highlighted in Government Studies from Byatt (2001) to date. (Chapter 5, paragraphs 5.11.3, pp 258 - 262 and 5.13, pp 275 - 284)

There may be a case for having procurement and commissioning personnel managed by a Non-Departmental Public Body and posted to procurement and commissioning jobs. This may obviate some of the conflict between a centrally controlled profession and the devolved and fragmented nature of public sector procurement. The move toward greater devolution has a direct impact on any plan to create a profession of procurement in the public sector. (Chapter 5, paragraph 5.11.3.2, pp 260 – 262 and 5.11.7, pp 268 - 269)

Political influence on procurement activity in devolved authorities can lead to sub-optimal outcomes. (Chapter 5, paragraphs 5.10 serials 21 and 22, pp 249 – 251 and 5.11.7, pp 268 - 269)

Crown Commercial Service Procurement Policy Notes and guidance are not easily accessible, not easily used and most procurement officers in devolved authorities prefer to rely on 'Google'. (Chapter 5, paragraph 5.10 serial 12, pp 239 - 240 and 5.11.5, pp 263 - 265)

Risk aversion is not as endemic as suspected.   There is no generally accepted definition of risk in the procurement officer cadre. Litigation avoidance plus the lack of 'commissioners' with the knowledge and understanding probably have more to do with a failure to innovate than risk aversion. It appears from the evidence of this study, that there has been a long-held theory that risk aversion is a major influence in public sector procurement. This theory pervades both the academic and politically appointed researchers narrative on the subject. It appears that the time may have arrived for some in depth and specific research into risk aversion, as this 'bottom up' study, identifies on one hand that risk is an influence, but on the other not in what appears to be the commonly believed way. (Chapter 5, paragraph 5.10 serials 8, 9, 10, pp 233 – 239 and paragraph 5.11.6, pp 265 - 267)

Whilst procurement officers try to weigh non-monetary factors in recommendations for contract award, they do not have the final say and the evidence still suggests that the cheapest bid will often prevail. (Chapter 5, paragraph 5.11.8, 269 - 270)

EU and UK legislation has been amended to shorten timescales between advertising an opportunity and awarding a contract. However, unless there is time for procurement officers and commissioners to discuss inter departmental co-operation and budgetary implications, the shortened timescales may hinder innovation and preclude procurers from discussing options. (Chapter 3, Paragraph 3.4.3, pp 57 -64 and Chapter 5, pp 268 -269, 284, 287)

6.3   Follow on studies

6.3.1   Larger sample using the same ontology and approach

This study has addressed a major problem in the public sector and one where the prize from improvement would be highly significant. However, to address the subject fully requires more time and effort than a lone researcher. That the 'bottom up' study has illuminated a disconnect that inhibits a feedback loop and in Critical

Realist terms prevents emergence is significant. The extent to which that is happening throughout such a vast array of procurement organisations has not been established by this study as the sample was too narrow. All of the cases in this study were in devolved authority. Only the author's personal experience and the assistance of the Government Commercial Organisation (GCO) and Crown Commercial Service with some helpful comments from the Minister for Defence Procurement, represent the central government procurement activity.

Using Critical Realism drives research in some novel ways. Using systems thinking, mixed methods, and 'three boxes' appears to be a good fit for studying such vast subjects at the macro-level. It gives support, in the mind of this researcher, to the suggestion by Edwards *et al* (2014) amongst others that Critical Realism is a research methodology as well as a philosophical position.   If a larger sample were to be identified and a larger study undertaken, it would seem appropriate to have a team of researchers for the central government area, a second team in devolved authorities and a central project leader to pull the two strands together. The experience of this study indicates that the field research would take four or five focus groups in each case under consideration (Cases as defined in Chapter 4, section 4.1) over a three to four month' period. There is no reason to doubt, therefore, that a meaningful sample could be studied by a team within the three years normally allowed for a full time PhD student.

6.3.2   Commissioner preparation for role

Whether or not it is decided to 'professionalise' the procurement role, there is a gap in the knowledge and preparation of those who are in positions to commission procurement activity and who control substantial amounts of public money for the purpose. The procurement officers have revealed that these people are not prepared for their role and a great deal of their time and effort is needed to make up for this. How much better public sector procurement would be if 'commissioners' were educated and trained on appointment can only be guessed at, until they are prepared no evidence can be gathered. However, before they can

be trained or educated for the task, a formal and agreed role specification must be created and agreed so that an education or training needs analysis will follow. Only after that can a package of education or training course be devised to meet the need.

Therefore, there are a number of follow-on studies and projects that stem from the need to address the commissioner role.

6.3.3   Professionalisation of procurement

If the case made here is to be accepted as a justification for professionalisation of the procurement function throughout the public sector, then a major study would be needed. Not only would it need to add the 'commissioner' role to that of the procurement officer and then produce a career structure, but it would also need to recommend how to manage the professionals within that structure. That would give rise to questions of whether they are all Civil Servants? Whether they are managed within departments or by a Non-Departmental Public Body? How can devolved authorities work if their procurement office and some members of Council Cabinet or at board level are appointed from outside? There are many more issues and until the study is concluded and a plan, or map of the creation and management of the profession is written down in detail, it cannot be circulated to see whether it is acceptable to all of the many agencies and authorities that would be affected by it.

The need for Continuous Professional Development in such a profession is axiomatic, but who, or which body would the professionals belong to and submit their records to in order to retain their professional status? The Chartered Institute of Purchasing and Supply may be a logical candidate but, if the personnel were in the Civil Service and to manage them, a Non-Departmental Public Body were appointed then other options may emerge, including through the Civil Service Staff College system or in partnership with an academic institution.

Once, and only after the career group structure has been accepted, can a plan be made and implemented to transfer procurement personnel to it. Part of that plan would include an overall look at training and educational needs throughout the group and that would logically require the promotion structure to be published and accepted.

6.3.4 Packaging of contracts

As stated at Chapter 5, paragraph 5.14, the procurement officers see 'packaging' as a commissioner role and it is one that they do not believe is being given due weight or attention at present. It will need to be factored into the preparation of commissioners. However, it would be a worthwhile project to examine how many contract awards are made for 'packaged contracts', contract 'bundles' or just traditional single items of goods or services as this would add to the evidence of need. If it is found that very few contracts are actually 'packaged' it suggests that there is either a lack of understanding in the public sector of how to gain advantage from such offerings, or it would suggest that opportunities are being missed since commercial industry has moved decidedly into goods and services and into through life, and whole life management.

6.3.5 Other minor study possibilities

6.3.5.1 That Crown Commercial Service Procurement Policy Notes are not indexed or accessible through some form of library 'look up' system was cited as a weakness in the system and one of the reasons why procurers in devolved authority tend to rely on Google for advice and information. It would be of interest to know whether the same is true in central government. It would also then give rise to questions such as, how to make the policy and guidance more accessible? Also, is the effort to produce in-house Procurement Policy Notes justified when advice and information is in the public domain?

6.3.5.2 Chapter 5, section 5.10 serial 2 suggests that a study could be set up comparing the outcomes of procurement by teams with CIPS qualified procurement staff against those who are 'just in procurement' for the moment and received simply on the job training. In the narrative at serial 2 it says that the evidence could influence the debate about professionalisation. However, that debate is principal, and a long-term comparison of performance of this nature almost becomes a Key Performance Indicator after the professionalisation takes place. If the case for professionalisation cannot be made without this data, it is doubtful that it would suddenly be made with it. Therefore, it is listed as a minor study.

6.3.5.3 Chapter 5, paragraph 5.10 serials 8, 9, 10, pp 233 – 239 and paragraph 5.11.6, pp 265 – 267 questions the conventional wisdom on risk aversion by public sector procurement officers.   The true nature of why personnel appear to be risk averse, and how to empower them and change their attitude to risk could hold the key to more acceptance of innovation and more dialogue and co-operation with industry.

6.3.5.4 Chapter 3, paragraph 3.5.1 pp 85 suggests a study into the impact of training on the performance of the procurement function in the longer term. No such study can be found to have been conducted in the UK and yet, much effort appears to have been made to use training as a solution to perceived problems. Investigating the outcome would either prove that the investment is worthwhile and free up time and resources or, suggest that another approach is needed.

6.4   **Recommendations**

It is recommended that:

Action be taken by Government as a matter of urgency to define the 'commissioner' role, carry out a training and education needs analysis of

that role and invests in the necessary education and skills to rectify what appears to be a probable cause of failure in public sector procurement.

The study alluded to at paragraph 6.3.3 into the professionalisation of public sector procurement is taken forward as soon as possible, and possibly in tandem with the work on the 'commissioner' role.

An academic project team be funded by Government and tasked with conducting a wider study of public sector procurement, using the ontology and methodology of this study.

6.5   **Post Research Feedback**

One of the pledges made to the higher management in organisations that allowed this research to take place was that a feedback letter would be written summarising the findings and making any suggestions that might help in that particular organisation.   'The carrot' to allow the research can be summed up as a free consultancy by an outside academic.   One of the promises made to co-researchers was that any such messages to the higher management would only be released with their written consent. (Chapter 4, Paragraph 4.11, pp 160 – 167)

This approach meant that dialogue had to be maintained after the field research and analysis had been completed. In this particular case my work was part time and interrupted by work which involved legal complexities, family circumstances, and time. It was, therefore, over a year after the field research that the summaries for each organisation were prepared and put into a format that could be sent to co-researchers.   The first summaries were of the material we had discussed and the findings that were to be included in this thesis. Each group was asked to review the findings and agree or amend, as necessary.   The process took several weeks as some people had moved, changed teams, or wished to get together with co-researchers to review the material.   After this process, the findings were amended as necessary and re-presented for final agreement.

Agreed versions were then summarised by the researcher in a format that could be presented to senior management as suggestions and recommendations in each organisation.   Once again, the draft letter to senior managers was sent to the co-researchers who were asked, and given the right of veto, to approve or amend the letters. If approved the letters were then sent to a senior point of contact, usually a councillor or appointee responsible for the majority of procurement spend, in one case the leader of the council and in one other, a councillor who had formed a small group of cabinet members who shared procurement spend across the council. This last act of providing feedback to senior managers neither invited nor requested any feedback, it was simply the fulfilment of a promise made to gain access for the research but, some was received.

As stated before, the sample in this research was small.   Therefore, any reported changes in circumstance in this follow-on dialogue should not be considered as anything more than pointers.

First, overall pressure on staff was reported as increasing.   Sourcing and BREXIT considerations, continued pressure on staff numbers and a difficulty in replacing lost talent were cited. Indeed, in one area, a particular co-researcher who had, in the opinion of the author contributed a great deal from a position of knowledge and experience had left to join a commercial company. This is a risk that was mentioned in the study as good public sector procurers equipped with qualifications and the awareness they get from taking them, might be tempted to leave the public sector for better pay and greater recognition of their value. (Paragraph 5.11.3.2, p 262). However, this should not be seen as a reason for stopping the process of qualification, or as 'a risk too far'.   If there were a defined career path in the public sector that went from junior procurement officer to board level, there would be little reason to leave procurement. Equally, the public sector has pension schemes that are not, on the whole, bettered in the commercial world. Therefore, with a full career and good pension on offer, it may be that the brightest

commercial procurement specialists are tempted into the public sector rather than the other way around.

The senior procurement appointee in one instance commented on the difficulties highlighted in the shared services model (Paragraph 5.10, Serials 21 and 22, Pp 249 - 251) and hinted that the authorities that had shared services may be amending the model. The reasoning was that in pure 'catalogue' or simple procurement of common consumable items, aggregation of spend might be working, but in more complex areas separating the authorities might actually be the better option. The appointee also stated that the overall feelings of the procurement personnel, being under pressure, misunderstood by 'commissioners', but generally believing their role is both worthwhile and worthy of greater recognition, were of no surprise.

6.6   **Summary**

In the aims and ambitions stated in Chapter 1, Section 1.2, there was a statement that this study should depict the structures within which procurement takes place, in order to identify factors that affect the outcomes of public sector procurement. It was to determine which factors could promote or prevent change (emergence) and gain the views of the personnel at the 'bottom' on how to improve public sector procurement.

Four other stated intentions were listed, and these were to test and examine:

The viability of the mixed methods approach using Critical Realism to underpin the work.

Whether there is any interaction between levels in the public sector procurement structure that could lead to 'emergence' or whether there are obstacles preventing beneficial change.

Whether there are identifiable obstacles to emergence so that they can be addressed in some manner.

What follow on studies might add further to our knowledge of public sector procurement.

The critical realist mixed methods approach appears sound and as a personal opinion, without it, some of the findings of this thesis were impossible. There are clearly interactions between the strata in public sector procurement and there is a major obstacle to emergence. There is a function missing which is almost like a cog missing in the gear wheels that were depicted in Figures 1 and 2 of Chapter 5. Without that cog the wheels do not turn smoothly. Finally, several follow-on studies, both major and minor have been identified that will add to knowledge about public sector procurement.

It is, therefore, contended that this work has merit and has met its aims and ambitions. It has also exposed the weakness of the approaches taken over a long period of time where 'top-down studies' are assumed capable of solving the problems of public sector procurement.   Rather it reinforces the need for strategy to be developed from the top and bottom of the organisation simultaneously and with constant feedback.   It strongly supports the need for more training and skill in the procurement population, but specifically, to fill a void at the level of 'commissioner'. In doing this it supports the recommendations of Byatt (2001), Kelly (2003), Gershon (2004), Roots (2009), Gray (2009) and CST (2012). However, it shows that whilst much progress has been made with the Chartered Institute of Purchasing and Supply, and the Major Project Academy to roll out skills training, implementation has been patchy and there is a gap over commissioning that is, from this limited sample, probably the most significant weakness in the attempts 'to improve the outcomes of public sector procurement'.

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RECOMMENDATIONS OF THE REPORT BY SIR IAN BYATT 2001

The procurement function within an authority

ALIGNING PROCUREMENT AND BEST VALUE

1. Procurement expertise should be integrated into best value reviews and represented in every local authority on the body which oversees best value.

2. Best value reviews should incorporate a wide-ranging approach to a local authority's key strategic objectives and be aligned to outcomes rather than the existing patterns of service provision.

3. Local authorities should adopt policies which ensure the effective involvement of staff in service reviews and in the procurement process.

DEVELOPING A CORPORATE PROCUREMENT FUNCTION

4. Local authorities should set out their procurement strategy in a document which includes principles and information on current and planned activities. This should be regularly reviewed and updated.

5. Local authorities should develop a corporate procurement function to collect management information, oversee devolved buying, co-ordinate training and act as an internal source of expertise.

6. Smaller local authorities without the resources to set up a corporate procurement function should work with others to share resources. The Local Government Association (LGA) should work with the private sector to build up centres of excellence available to such authorities.

REVIEWING CURRENT PRACTICE

7. Local authorities should review their procurement structures and processes as part of the best value review programme.

8. Local authorities should, at an early stage, map their procurement activities using techniques such as a low/high risk and low/high value matrices. They should identify the areas where procurement resources can have most impact and the appropriate skills and techniques for each type of procurement.

9. Using the analysis set out in recommendation 8, local authorities should seek to aggregate demand and reduce costs by setting up central contracts for commonly used items and by requiring consolidated invoices.

ENGAGING MEMBERS

10. Elected members should take a strategic role in securing quality outcomes. This should include scrutinising the procurement processes and monitoring the outcomes of procurements. There should be clear political responsibility for procurement with appropriate training.

IMPROVING REGULATIONS

11. Local authorities should review their standing orders to ensure they promote efficient and effective procurement whilst maintaining safeguards of probity and good governance. Standing orders should be used positively used to encourage good practice. Changes to standing orders should be accompanied by an effective education programme.

12. The Audit Commission should guide and train auditors and inspectors to support a strategic approach to procurement. This should emphasise a risk-based approach and aim to equip auditors and inspectors to deliver effective scrutiny in a mixed economy of service provision. The Audit Commission should continue to review its experiences of significant and large procurement exercises and disseminate the lessons learnt from them.

13. To help local authorities, the Audit Commission should clarify the roles of inspectors and auditors in relation to procurement and seek to co-ordinate their activities locally.

BUILDING CAPABILITY

14. Each local authority should identify all those engaged in procurement within the organisation and identify the skills needed in each post across the authority. It should set out a strategy to meet these needs, including recruitment of suitable staff, training, and ways of retaining trained staff.

15. The Improvement & Development Agency (IDeA) and the Local Government Employers Organisation (EO) should lead on developing a suite of training programmes. This should particularly be developed in partnership with the Chartered Institute of Purchasing and Supply (CIPS) and the Society of Purchasing Officers in Local Government (SOPO). This should build on the work done by the Office of Government Commerce (OGC).

16. Pump-priming funding should be provided to support the development of training programmes and to subsidise costs of local government staff who use the courses. This could be provided through the IDeA or EO as part of the annual settlement or through the funding referred to in recommendation 18.

USING E-PROCUREMENT

17. Local authorities should increase their use of simple forms of e-procurement such as purchasing cards and BACS payments. They should adopt a modular approach to the implementation of e-procurement solutions.

FUNDING IMPROVEMENT

18. Government should consolidate its funding for improvements in local government's capacity into a single fund, designed to provide both revenue and capital support on a pump-priming basis for key priorities. Such a fund could usefully absorb the resources currently made available in support of PFI projects so as to allow a wider range of partnership options related to outcomes to be pursued.

19. Government funding for e-solutions (such as Local Government Online) should be used to support the development of a variety of different e-procurement models in local government. Projects should be designed to encourage joint working between local authorities.

GATHERING AND SHARING INFORMATION

20. Local authorities should identify the information they need about the markets for local authority goods, works and services. The LGA, together with the IDeA and the 4Ps, should lead in devising better systems of information exchange on these markets, in consultation with the private sector.

21. Each local authority should produce a prospectus for suppliers. This could usefully be adapted from the procurement strategy document described in recommendation 4. It should include the significant items which the council expects to buy in the future, with an indication as to how and when it will procure them.

DISCUSSING AND RESOLVING MARKET ISSUES

22. A joint national forum, convened by DTLR, the LGA and the CBI, should broker a dialogue between local authorities and suppliers. Matters affecting the wider local authority market should be raised and resolved in this forum. This should be underpinned by an open dialogue, conducted through a variety of media such as workshops, web enabled discussion groups, training and development opportunities and case studies.

BUYING CONSORTIA

23. Buying consortia should publish annual accounts and performance information which is sufficient to allow local authorities to make informed decisions.

24. Buying consortia should review their services and their structures in the light of the need to retain and win new business in a competitive environment. They should pay particular attention to meeting the needs of smaller councils.

DESIGNING AND PLANNING A PROJECT

25. A project plan should be drawn up at the beginning of each procurement exercise, setting out all the strands of work, how they will be undertaken and the times for their completion.

26. The LGA and DTLR should explore how a Gateway project review process can be developed to support local authorities who are involved in major, complex, or high-risk projects. It should include a strategy for providing high quality project review teams with an understanding and experience of the commercial sector. It should take advantage of the work done by OGC.

27. Local authorities should, in conjunction with suppliers, rationalise their procurement processes, e.g., by using common documents and pre-qualification processes or by using websites to exchange information.

MANAGING RISK

28. Each local authority should develop a corporate strategy for managing risk which recognises the trade-offs between risk and reward. That strategy should be applied to individual procurement decisions.

29. The Audit Commission should continue to develop good practice on risk assessment for auditors and inspectors which supports a balanced view of the risks and benefits of various procurement techniques.

ASSESSING BIDS

30. Local authorities, with the support of the IDeA and other organisations, should develop evaluation criteria which incorporate quality and whole life costs. The criteria chosen should not detract from the need for clear and prioritised objectives. They should be agreed in advance and should be published, transparent and auditable.

CONTRACT MANAGEMENT

31. The project plan for all major procurements should include a requirement for client managers to be recruited or receive training and development prior to contract award. It should specify the skills needed by the client managers. Wherever possible, client managers should be party to the negotiation of the contract. The skills needed by client managers should be discussed with potential service providers.

32. Suppliers should provide managers who are experienced or trained to understand the local authority environment.

33. Suppliers should be prepared to adopt an open book approach to the contract in complex contracting environments where change is likely. The DTLR-led R&D programme 'Supporting Strategic Service Delivery Partnerships in Local Government' should look at the definition of open book and its use.

34. Suppliers should help local authorities by publishing data to support performance measurement (though where they have legitimate commercial concerns about confidentiality, these should be respected and assured). This issue should be considered by the joint national forum.

APPLYING AND IMPROVING LEGISLATION

35. Government should give a clear lead on how intelligent procurement might be achieved within the European public procurement rules.

36. Changes are required to the European public procurement rules to simplify them and make them more flexible. Changes should support the setting up of framework arrangements and greater use of discussion and negotiation.

37. Central government should use the opportunity presented by the recent review of legislation on partnership working to relax restrictions which prevent effective joint delivery of goods, works and services.

38. Local authorities and contractors should understand and make best use of statutory and non-statutory arrangements to protect the legitimate interests of staff during transfers, including TUPE regulations, the Cabinet Office Statement of Practice on Staff Transfers in the PS, and the provisions to allow admission to the local government pension scheme.

39. Central government and the LGA should set up arrangements to monitor the effects of TUPE and local government pension scheme regulations which particularly look at what happens on subsequent retender of contracts.

RCOMMENDATIONS FROM THE REPORT BY SIR CHRISTOPHER KELLY (2003)

(i) All departments should be required to think innovatively about how best they can provide clear information on their future needs commensurate with industry lead times, engage early with key suppliers throughout the supply chain and take suppliers' needs into account in their business planning.

(ii) Departments should systematically pool market intelligence and share strategic information about future programmes and current projects, with a view to better

understanding the totality of the public sector's likely demands on industry and the nature of the market necessary to meet those demands.

(iii) In addition to improving performance on individual procurements, both individual departments and the PS as a whole should take a much more systematic and strategic approach to the major markets in which they operate.

(iv) All relevant departments should be tasked with giving a stronger lead on procurement issues to the agencies, NDPBs and other wider PS organisations they sponsor, including on the market creation and management issues at (i) to (iii).

(v) All departments should continue to give high priority to the existing drive to improve client capability.

(vi) All departments should continue to give high priority to making procurement timetables more predictable and to reducing delays in the bidding process.

(vii) All departments should give priority to reducing red tape in procurement and improving the attractiveness of the Government marketplace to all suppliers, including taking actions in line with the Government's response to the May 2003 Better Regulation Task Force and Small Business Council report 'Government: Supporter and Customer?'

(viii) The OGC should explore three or four of the more obvious case studies of market creation - stimulating a competitive supply response to novel service requirements where a healthily competitive supply market does not already exist - with the departments or other PS bodies involved.

(ix) The OGC should draw up guidelines on the factors that can be taken into account in reaching decisions which reduce the risk of adverse consequences arising from over-dependency, for example where a supplier may be so over-stretched by existing demand as to raise doubts about its financial capacity to

deliver, or where a supplier's share of the Government business is such that it may be deterring other potential bidders.

(x) The OGC should research the wider applicability of Achieving Excellence principles on the make-up and management of the supply chain and draw on this and other experience to articulate and embed best practice guidance in supply chain management.

RECOMMENDATIONS OF THE ROOTS REVIEW (2009)

1.   That a national champion for Procurement be appointed to undertake the role as set out in Annex C for at least two years when the nature of continuing need can be reassessed.

2.   That the Procurement Champion focus efforts on key spend areas, recognising existing arrangements – where these are effective – and liaising closely with relevant Government departments.

3.   That the LGA through the Improvement Board and Procurement Champion promote the importance of the procurement function to local members and local authority Chief Executives.

4.   Working with key players across the public and private sector the RIEPs should act as the conduit for 'best deals'. This could involve the RIEPs themselves providing procurement services or the use "pools of excellence" within local government or the wider public sector – with local authorities deciding for themselves which deals to buy into.

5.   Each RIEPs' future annual budget and work-plan should be supported by a clear statement of the achievements being sought – expressed in measurable terms.

6.   It would strengthen the role of RIEPs if each RIEP Regional Director reported on the efficiency achievements of their region on an annual basis to constituent councils.

7.   The Department and HM Treasury should aim to promote continuity in support arrangements for RIEPs in the next Spending Review.

8.   Regional and sub regional solutions should become more widely available, driven by RIEPs, taking account of the availability of relevant expertise within local government but also including Government Departments, professional associations and 4ps etc.

9.   The work programme should include key items of guidance for councils, including skills support, and the dissemination of online advice on such issues as EU procurement rules, model contracts, Small and Medium Enterprises (SMEs), Social Enterprise and VCS engagement plans, innovative solutions, national market intelligence, and good practice, as noted under recommendations 8, 16 and 18.

10.   As with RIEPs, the IDeA has an important national role to play in underpinning councils' actions for greater efficiency through procurement. It should work with the LGA, Procurement Champion, CXTG, and the Department to firm up and implement a strong, effective role in CSR07.

11.   The Procurement Champion, in association with OGC, should co-ordinate and influence buying organisations and RIEPs to develop the delivery of national and regional solutions supporting the overall collaborative strategies. Key to this will be ensuring consistent communication via RIEPs and local authority members of opportunities to councils from the landscape as a whole, including benefits from a collaborative approach.

12.   OGC promote collation and dissemination of good practice and information on its pan-government collaboration actions, working with the Procurement Champion and RIEPs.

13.   RIEPs should review their current planned work programmes and ensure that the right balance of attention and resources is given to efficiency issues, including procurement.

14.   That the Department works with the LGA and CXTG to agree a suitable package of resources for the Procurement Champion.

15.   Each RIEP sets up a database of contracts let in its area consistent with a template set nationally, integrating with work already being undertaken across the public sector.

16.   That this issue be taken forward by the Procurement Champion as set out above. 6.19 there should be a concerted effort by the Procurement Champion and RIEPs to develop a robust evidence base on the potential scope for procurement efficiency by sector and by area.

17.   That this issue be taken forward by the Procurement Champion as set out above.

18.   That the Procurement Champion press relevant professional organisations, OGC, RIEPs and councils as appropriate to undertake actions to improve standards of engagement with suppliers, including SMEs, Social Enterprises and VCS providers.

19.   That the Procurement Champion together with the OGC and others as appropriate takes the lead in promoting and disseminating a streamlined, clear approach to implementation of European legislation.

20.   That the Procurement Champion presses RIEPs, councils, professional

organisations and others as appropriate to promote a 'horses for courses' approach to procurement and commissioning processes and practice. An integral part of this approach should be addressing ways to stimulate markets and removing barriers to entry for smaller suppliers.

21. That the Procurement Champion, RIEPs and/or sub regional partnerships search out and implement actions that promote both efficiency and the SME agenda, including actions already underway to enhance engagement between local authorities and different types of suppliers.

22. Building on the good practice encouraged by the National Procurement Strategy, best practice would suggest that each local authority should formally review its procurement arrangements and practices at least annually.

23. Where individual authorities consistently act alone and forestall partnership working in procurement, and this demonstrates poor Value for Money, this should be taken into account by the Audit Commission in assessing the Authority's Use of Resources score.

24. That the national local authority procurement champion be the focal point for encouraging local government to work closely in seeking its procurement needs with the wider public sector.

25. That RIEPs, in collaboration with the LGA Improvement Board, highlight to councils on at least an annual basis, the size of savings that are lost by not undertaking greater collaborative work and/ or through greater competition in the market.

26. That the private sector be encouraged to offer solutions to known issues rather than await a tendering process.

UNIVERSITY OF **Hull**

Mr Stuart Addy
15 Highwood
DRIFFIELD
Yorkshire
Y0255YX

Ref: HUBSREC 2015/41

15 February 2016

Dear Stuart

Re: Public Sector Procurement - **improving the outcomes of procurement action**

Thank you for your research ethics application.

I am pleased to inform you that on behalf of the Bus iness School Research Ethics Committee at the University of Hull, Dr Ashish Dwivedi has approved your application on 15 February 2016.

I wish you every success with your research.

Yours sincerely,

Hilary Carpenter
Secretary,
Research Ethics Committee

RESEARCH INTO PUBLIC SECTOR PROCUREMENT

S N Addy (Stuart)

Researcher for PhD (Management)

The letter to the Chartered Institute of Purchasing and Supply started with an introduction of myself and then depictions of the problem including Figures 1 and 2 (pages 166 and 168 of the Thesis) as well as the definition of terms and research questions from Chapter 3, (paraphrased from pages 93 to 97). It also included a brief introduction to Critical Realism as philosophical position. Therefore, this material is not repeated here. The remainder of the text below is as it was sent to the CIPS.

CHOSEN METHODOLOGY

The start point is to create a conceptual 'map' of the structures, organizations, entities, and agencies in which, and through which, the procurement process is situated and undertaken. Systemic thinking and SSM is used to draw a 'straw man' 'conceptual map' which becomes a vehicle to stimulate discussion. The 'straw man' has six component layers: EU regulation, the National regulatory system, Departmental, Civil Service, Individual and industrial. It is not intended or necessary to conduct a detailed study into each layer, rather, the map is used to define the interactions and influences that each level exerts in order, to identify any causal links that would determine or influence the individuals who undertake the procurement function.

To make such a map credible it must be agreed by research participants. For the EU and National levels, the Crown Commercial Service (CCS) is appropriate.
I accept that following the UK vote to leave the EU, that area may diminish in effect however, it is in the UK's national interest to continue free trade with the EU. The EU Public Sector Procurement Regulations (2014) are enacted in UK National law and establish access to markets across the EU. It is my opinion therefore that the UK will

accept some form of bi-lateral agreement to continue using the EU regulation as a basis for its own national law, and will therefore continue to advertise public sector contracts in the Official Journal of the European Union (OJEU) as part of any future free trade deal.

At the departmental level the Cabinet Office, NHS and MoD are advocated.
At the individual level, CCS procurement teams, NHS logistics, East Riding of Yorkshire Council, North Lincolnshire Council, Hull City Council, West Yorkshire Constabulary (as it procures centrally for all Yorkshire regional police authorities) and Humberside Fire and Rescue Service have been approached. Data on the size, structure, spend, contracting activity, qualifications of participants and place of procurement in the broader management organization, will be gathered using questionnaires and quantitative methods.

Six companies that regularly bid for public sector contracts in the MoD, NHS, National Infrastructure and construction, transport and logistics sectors have been identified to validate the industry perspective level.

The organisations assisting in the validation of the conceptual maps then become case studies. Those actually procuring and bidding for public sector contracts will be engaged in focus groups and individual interviews (semi-structured, skype, and free narrative) to gather data and collect the thoughts of the lower level 'agents' and 'agencies' on what can, or should be done to allow emergence, and so transformation of structure.
The tenets for conducting Systemic and Participatory AR will be used to conduct the focus groups as will techniques borrowed from ethnography and narrative research. However, the start position for this research is clear: Systems and systemic thinking (SSM) to create a conceptual map, followed by Case Study.

AREAS OF LIKELY DISCUSSION

Whilst no pre-judgement is made about where the research may ultimately go, some questions can be identified from the research question itself. These questions are referred to as 'enablers' since, in a systematic way, it is not felt that any of the major potential issues can be addressed unless these questions are at least posed. Whilst not a definitive list, key initial enablers are:

Is the public sector aware of, and able to exploit the rapid developments in industry?

Is it the processes and procedures that account for apparent ills of the procurement system, or is it the actions of those implementing them?

This latter question leads to a number of sub-questions which are why CIPS involvement is desirable:

Are those engaged in the procurement process trained and if so, by who and against what Training Needs Analysis (TNA)?

Are they trained to apply process, procedure, rules and use pre-set guidance, or are they trained to adapt and use the process to tailor each contract notice to circumstance?

Do they understand, and are they able to weigh factors other than price and quality when making award decisions? Indeed, are they free to make judgements of a non-monetary nature that would influence contract award?

Are they aware of what industry can offer and how industry could innovate?

Is a 'negotiated' 'consultative' procurement procedure actually used?

Is it possible to engage in dialogue before, during and post-award of government contracts so that ideas and potential innovations can be discussed, without breaching regulations? If so, are the procurement officers and teams equipped to engage in a meaningful way?

Do procurers engage in 'market management', and if so how?

Do procurers understand how to, have the ability, time, and knowledge to 'package' contracts in order to extract savings through incentivisation?

POINTS FOR INITIAL BRIEF TO PARTICIPANTS IN RESEARCH INTO PUBLIC SECTOR PROCUREMENT

1.   Good ……. I am Stuart Addy – I am a PhD researcher at Hull University Business School one of the faculties of the University of Hull.   I am self-funding my studies on a part time basis as I have a son researching for his PhD at Imperial College London; so, the bank of mum and dad must still function for another three years.   For the purposes of this study, I am not under any obligation to any organisation, public sector, commercial or political and no one is funding my work. I hope once the PhD is finished to become a part time lecturer so that I can share my findings with others through the university of Hull.

I am ex-military. My last job military job, at the end of 2004, was director of operations in the DFG spending about £1Bn annually on fuels, lubricants, gases, and related delivery and dispense services and equipment for all Armed Forces worldwide. We had many contracts ranging from small to multi million pound, we had cost plus contracts, simple best acceptable price, some single source niche contracts, framework agreements and latterly some attempts to aggregate and enter negotiated holistic contracting. Most were three' year duration contracts, so we had a busy annual re-let cycle.

I have now been in the commercial world for 12 years bidding for public sector contracts in Defence, NHS, Local Government, FCO, Treasury (assisting in Government/industry consultation on aggregating spend) and with NATO and the UN. So, both poacher and gamekeeper.

I am aware therefore, of pressures and frustrations on both sides. I am also aware that most studies of procurement are 'top down', either because a new savings target is required by central Government, or because of a significant failure such as the NHS computer system. Such failures usually mean an inquiry and lead to new

rules to stop such failure happening again; but there always appears to be another instance of difficulty or reported failure around the corner.

2.   I therefore chose to research Public Sector Procurement and how we might improve the outcomes of the activity.

By improve I mean obtaining better (best) value for money with fewer instances of cost overrun, late delivery or putting in effort and then having to start again or drop the ITT because of changes.

By Value for money, I mean obtaining quality goods and services that meet the needs of public sector consumers, and public sector service users at acceptable price, ethically sourced and with assured supply using a continuous monitoring and improvement system.

3.   Reason: I believe that 'Top Down' studies are not going to yield improved outcomes and that only by listening to those who actually do the work, and understanding what they believe will improve things or prevents them from obtaining better value for money can we move forward.

Hence my research being in focus groups of procurers. It is your story, your views, and opinions that I believe will yield improvements, rather than more rules, regulations, model terms and conditions and guidance. These latter are useful, and I am interested in your opinions on whether they help or hinder, whether there is too much or too little; but it is your view on how we can improve that really matters.

4.   Method of study:

I wish to use the focus group as a means of having a discussion that will lead me to understand the reality of how you work, what are the challenges, what are the problems, the good points, enablers and impediments, as seen by the team. In turn

this should allow us to develop a picture of how the working environment and experience could be improved so that you can deliver goods and services at better (best) value for money.

From time to time, it may be necessary to reduce the size of the group in order to focus on one commodity category or area. Equally some of you may want to have a personal say or may add something in the focus group that I would like to follow up. In this case we may have break out groups and even one to one interviews as necessary. The main research will however be in the focus group.

The main commitment is to have meetings at about 4 to 6' week intervals as necessary, starting as soon as possible and finishing by July 2017 at latest. The main focus group sessions will be between 60 and 90 minutes. I will record the discussions and transcribe them so that I have a permanent record. You will have a chance to read the notes of the meetings should you wish. If we have an individual interview you will also have the chance to redact or amend anything that you do not, on later reflection, want me to retain.

If you agree to allow me to research with your teams, I will ask that participants are given two themes to think about before the first focus. At the first meeting I will repeat the information that I have given here and then ask participants if they are happy to continue and give their informed consent. If that is OK, then we will have the first discussion. After that however, I hope that the theme or themes of the next meeting will emerge as we discuss the last. I also ask you to complete a questionnaire about the organization so that I have the data on size of team, value of spend, types of contract used, collaboration and training amongst other issues. If you are prepared to help me by completing that, I will send it via the e-mail.

5.   Ethics:

- I can only ask for your assistance with my research and you are under no compunction to participate. Your participation is entirely voluntary, and I am grateful that the Council feels my efforts worthy of it allowing you to help, if you wish.

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- Any record of meetings, interviews or notes produced will be coded and names and addresses kept separately from them. This means that only I as the researcher can identify who actually said what.

- No information that you provide will be made public in any form that could reveal your identity to an outside party i.e., that it will remain fully anonymous.

- Aggregated results will be used for research purposes and may be reported in scientific and academic journals (including online publications).

- Individual results **will not** be released to any person except following a personal request and the individual's written consent.

- You are free to withdraw your consent at any time during the study, in which event your participation in the research study will immediately cease and I will not use any information that you have already provided.

- The withdrawal of one individual would not compel others to follow suit or remove consent from the remaining participants.

6.   Informed Consent: If you agree to participate, I will pass around a form on which I ask you to write your name in blocks and sign. The form summarizes what I have just said. Your signature therefore would give your 'informed consent' to continue; meaning that you understand what I am researching, the safeguards that I provide to you, and any information you supply and that you are willing to continue.

7.   **QUESTIONS:** Do you have any questions at this point?

8.   Hopefully, I have answered your questions so can I ask if you are willing to participate? *If so, pass around the consent form.*

9.   Start themes for meeting 1:

- What do you think are the good points and bad points about working in procurement?
- What problems do you encounter and what do you think can, or should be done to improve things?

ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviation	Meaning	Glossary
1PL	First Party Logistics	A single manufacturer making products and carrying out logistic processes in house
2PL	Second Party Logistics	The Original Equipment Manufacturer buys some manufactured products or sub-assemblies from elsewhere but still carries out the logistics in house
3PL	Third Party Logistics	A 3PL provider performs logistic processes on behalf of manufacturers and distributors
4PL	Fourth Party Logistics	in a 4PL model the integrator manages logistics processes for all in the particular supply-chain such as manufacturers, distributors, and other logistic service providers.
AR	Action Research	
B2B	Business to Business	Transaction term used when trading is between companies in a supply chain, such as a component manufacturer and an Original Equipment Manufacturer
B2C	Business to Consumer	Transaction usually at the end of the supply chain by delivery of the goods or services
CCS	Crown Commercial Service	Body that oversees central government procurement policy and lets central framework

		agreements, or complex procurement options under the Cabinet Office Minister
CIPS	Chartered Institute of Purchasing and Supply	A leading professional body in the provision of procurement training and accreditation.
CN	Contract Notice	The text of an advertisement that is issued to the public market to let potential bidders know that a contract is available
CR	Critical Realism and Critical Realist	Philosophical position proposed by, amongst others Roy Bhaskar. Used to underpin this thesis and as a methodological approach to research
CS	Civil Service/Servant(s)	
CSLA	Convention of Scottish Local Authorities	A study and lobby group on behalf of devolved authorities in Scotland
E2E	End to End	Form of contract where the complete supply chain from source, to delivery of final service or disposal of used equipment on completion of task is embraced
FA	Framework Agreement	A form of contract where there can be many approved suppliers who can be called upon to supply goods and services throughout the duration of the contract
FCO	Foreign and Commonwealth Office	

GCF	Government Commercial Function	The Government Commercial Function is a cross-government network procuring or supporting the procurement of goods and services for the government. The GCF encompasses the GCO and the CCS
GCO	Government Commercial Organisation	The Government Commercial Organisation (GCO) is the employer of senior commercial professionals, at Grade 7 and above, within the Government Commercial Function (GCF)
GPS	Government Procurement Service	Now largely subsumed in the Crown Commercial Service but a body that let government contracts
ITT	Invitation to Tender	A letter or notice issued to companies that have passed the Pre-Qualification stage after the issue of contract notice or advertisement. It enables them to submit a tender or bid for the work
LGA	Local Government Association	A study and lobby group on behalf of devolved authorities in England
NILGA	Northern Ireland Local Government Association	A study and lobby group on behalf of devolved authorities in Northern Ireland
NDPB	Non-Departmental Public Body	A body or agency created by the government to manage a subject area or function outside the control of any single department of

		state. NDPBs are to give a degree of independent input
NSPA	NATO Support Agency	A NATO body that faces the market and lets contracts for goods and services
OEM	Original Equipment Manufacturer	Term referring to the supplier of completed equipment such as cars or aircraft. The OEM has the name but may not manufacture every component in final product that a consumer buys
OJEU	Official Journal of the European Union	Used to publish contract throughout the EU and including the UK at present for major contracts above the pre-set financial threshold. It serves as a Contract Notice (CN) for high value contracts
PPN	Procurement Policy Notice	Issued by the Crown Commercial Service when a change in policy or reaction to the economic circumstances warrant. PPN apply to all central government procurement offices. They are not normally mandatory in devolved authorities but can be made so.
PQQ	Pre-Qualification Questionnaire	A number of questions that a company must complete with respect to financial status, company form and organisation, history and conduct of directors,

		and policies on issues such as Health and Safety, Diversity, Equality, the environment, and more are added as time goes by. It enables the contracting body to show due diligence before asking companies to submit a bid (ITT)
PO	Procurement Officers	Those persons carrying out a procurement function. In this thesis PO applies to those in the Civil Service and central government and those in devolved authorities
PS	Public Sector	
PSM	Problem Structuring Methods	
RFI	Request for expressions of interest (Sometimes also used as Request for Information)	In the main text, an RFI is issued to companies with a notice that there is a contract about to be let. It is a way of testing how much interest and therefore, competition there may be
RFQ	Request for Quotation	A request to approved and potential bidders for a quotation of price for the delivery of specified goods and services
SCM	Supply Chain Management	
SIC	Supplier Integrated Capability	A theory from Vanpoucke *et al,* (2014), that the relationship between suppliers of components with a complex supply chain can be

		used to improve profitability, quality, and resilience
SME	Small and Medium Enterprise(s)	Under the EU definition these are businesses with fewer than 250 employees and a turnover below €43 Million
SNA	Social Network Analysis	
SOR	Statement of Requirement	That part of an Invitation to Tender (ITT), or 'bid pack' (as it is sometimes called) that is given to potential bidders that specifies exactly what is to be supplied
SSM	Soft Systems Methodology	
Ts & Cs	Terms and Conditions	That part of an Invitation to Tender (ITT), or 'bid pack' (as it is sometimes called) that specifies the terms of the contract and the conditions applicable to the successful bidder once awarded the contract. It also specifies the manner of bid submission and the required documentation and format for the bid to be compliant
USP	Unique Selling Point	Some attribute of a company's bid that it believes gives it an advantage over its competitors
VfM	Value for Money	
WLGA	Welsh Local Government Association	A study and lobby group on behalf of devolved authorities in Wales