P04 / Public Procurement: Humdrum Bureaucratic Beast or Vital Instrument for Social Change

Topic : PUBLIC PROBLEM AND AGENDA SETTING

Chair : Barbara Allen (School of Government, Victoria University)

Second Chair : Saul Schwartz (Carleton University)

Third Chair : Elizabeth Schwartz (Memorial University of Newfoundland)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Public procurement is gaining increasing attention as an instrument for good governance and stability (Arrowsmith and Anderson, 2011; Hughes et al, 2018; Knight et al., 2007). It is used to increase economic efficiency, regulate service delivery relationships (PPPs), encourage sustainable environmental outcomes, expand open contracting to increase transparency, deliver social outcomes and create socially just supply chains.

The range of relevant issues is thus quite broad:

- Procurement agencies in different countries face different combinations of pressures. For example, in some countries, highly centralized austerity programs mandate reduced spending; in other countries, the emphasis is on encouraging innovative forms of cooperation among bidders to improve service delivery.
- Digitally-enabled marketplaces offer the opportunity for technology to break down barriers to better procurement, making government purchasing needs widely known and thus open to a wider array of potential bidders.
- Capability with respect to procurement is underdeveloped in how the public sector engages with the private and voluntary and community sectors.
- Theoretical treatment of these topics is multidisciplinary and ranges from agency theory and transactions cost theory, to regulatory theory, to social justice.

In sum, procurement policy and related activity has a significant impact on the public purse and on how effective governments can be at all levels.

The objective of this panel is to draw together scholars studying various aspects of public procurement, including procurement and trade, innovative methods of contracting, digitally enabled procurement, sustainability and procurement, participation by small and medium-sized enterprises, big data and procurement, and other related topics.

CALL FOR PAPERS

We invite researchers and graduate students to a multi-disciplinary panel about public procurement. We seek papers that address issues regarding the impacts and barriers to more effective procurement, and exciting developments associated with procurement policy. Empirical work and conceptual or theoretical work will be considered, including comparative studies.

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Session 1Understanding Public Procurement

Friday, June 28th 08:00 to 10:00 (MB 5.215)

Discussants

Elizabeth Schwartz (Memorial University of Newfoundland)

Mapping Out Public Procurement Research: A 2010-2018 Descriptive Review of Theoretical, Empirical and Methodological Themes in the Field

Pierre-André Hudon (Université Laval)

Cesar Garzon (Ecole nationale d'administration publique ENAP)

Philippe Dumas

PROBLEM

In the last few years, many scholars have surveyed the field of public procurement using various methods (e.g.: Koala & Steinfeld, 2018; Patrucco & al. 2017; Flynn & Davies 2014; Lange & al. 2014). Their research provided significant insights about how public procurement had been studied until now. However, these reviews were often limited by methodological choices made consciously by the authors – specifically, the choice to analyze articles from only one journal. The paper we propose is a descriptive review that seeks to map out the field of peer-reviewed research on public procurement across academic journals.

RESEARCH QUESTIONS

General research question:

-What is the current state of peer-reviewed research on public procurement?

Specific research questions:

-Which topics and themes are most/best represented in the academic literature?

-Who are the most important authors?

-What are the most important journals?

-Which disciplines and theoretical frameworks are most often used?

-Which empirical verification strategies are the most used?

-Which economics sectors and countries/regions are the most studied?

-How has the field evolved in recent decades?

-What are the theoretical and empirical “holes” in the current research?

METHOD

A first list of articles used was compiled by running multiple queries on ProQuest and ScienceDirect databases. For both these databases, only peer-reviewed articles published in English during the 2010-2018 period were retained. A second list containing all the articles from the Journal of Public Procurement (JPP) during the same period –whether or not they met the keywords criteria– was compiled.

Both lists were combined into a single list of relevant articles, which was then cleaned up.

The list of codes was initially drafted using the author's personal knowledge about the field and following Thai's (2001) overview of the field. The initial list was then sent to experts in the field for review.

Coding was done by two independent coders. When differences arose, they were settled through discussion.

KEYWORDS USED FOR QUERIES

"defence procurement", "defense procurement", "education procurement", "government contracts", "government procurement", "government purchasing", "government purchases", "government purchase", "health procurement", "infrastructure procurement", "municipal procurement", "procurement theory", "public procurement", "public purchasing", "public purchases", "public purchase", "electronic procurement", "e-procurement", "public contracts", "government contractors", "public contractors"

ANALYSIS

We explored, charted, and analyzed several components of public procurement research, such as topics, theoretical frameworks, empirical data used, as well as geographic and sectoral focus. Also, by cross-referencing each individual article in the database to its impact score using Google Scholar's citation count, we described which journals, authors and topics have the most influence on public procurement research. Finally, by cross-referencing our data with the year variable, we also identify emerging trends and novel research themes

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Citizen Contracting - Does Radical Decentralisation Improve Procurement Outcomes?

Abby Semple (University of London/PPA)

The legal framework for public procurement is often invoked as either an enabler or barrier to policy implementation. While many jurisdictions endorse green and socially responsible procurement, the impact of such policies remains modest. Likewise, attempts to encourage technological innovation via procurement, or to pursue other industrial policies such as support of SMEs, have met with limited success. At the political level, procurement law is frequently identified as a bureaucratic barrier which undermines policy implementation, not least support of domestic industry. This paper examines the evidence regarding fully decentralised or citizen-level contracting as a means of improving procurement outcomes, including those linked to broader policy agendas. Examples considered include voucher schemes for healthcare, childcare, and energy-saving renovations, as well as digital services for which individual users choose their service provider, with the bill being paid by the state. While some models retain the state as contracting authority but introduce elements of citizen choice, others empower citizens to enter into contracts for publicly-funded services themselves. The paper asks how such schemes fit within existing legal frameworks, including the EU Directives and WTO Government Procurement Agreement. It examines the impact of citizen contracting on the complexity, transparency and cost of procurement processes, and proposes criteria to evaluate the impact of this approach on the range of policy objectives attached to procurement.

The Politics of Public Procurement: A Critical Analysis of Emerging Strategies in Europe

Andreas Öjehag (Karlstad University)

While a wide range of practices associated with the umbrella concept of New Public Management (NPM)

have been thoroughly analysed by political scientists over the last decades, the central feature of public procurement is remarkably understudied with respect to concepts such as power and politics. Instead, the research conducted on public procurement can be said to be dominated by questions concerning aspects of law, economics and various technical challenges in building, construction and innovation. To be sure, this research is important, however, it often fails to adress what is an increasingly common part of public procurement strategies throughout the European Union (EU) and beyond - namely the explicit attempts to realise political ambitions of for instance social inclusion and sustainability in a wide sense.

For this reason, in this paper public procurement is not considered to be a neutral tool that can be readily used to realise non-political values or interests. Indeed, the starting point here is rather the opposite - that there are no such neutral undertakings in government. Instead, public procurement is understood here as a governmental technology, an instrument of governing designed to fulfil and realise particular goals and ambitions, not least to facilitate and promote market solutions for the realisation of politics.

Drawing on the framework for critical policy analysis developed by Carol Bacchi (eg. 2009) and so called governmentality studies, in this paper I present an analysis of public procurement strategies that have started to emerge at different scales and in various political systems. Following strategies from the supranational scale represented by the EU and its European Commission, via the newly deployed national public procurement strategy of Sweden, down to local settings in municipalities and agencies in the same country I illustrate how by rendering political issues technical, these policies help propel processes of depoliticisation. Moreover, I also draw attention to how the way that these policies represent the problems that are to be adressed through the means of public procurement rests on fundamental assumptions of what the world must be like for this kind of solution to be feasible in the first place. My argument in relation to such assumptions is simple - they are imbued with politics and ideology.

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Session 2Politics and Governance of Procurement

Friday, June 28th 10:30 to 12:30 (MB 5.215)

Discussants

Barbara Allen (School of Government, Victoria University)

Success and Failure in Canadian Defence Procurement: The Jet Fighters Cases

Philippe Dumas

Defence procurement is an enduring issue of Canadian politics as attested by some audit reports and bad press coverages during the last decades. In brief, several Major Crown Projects of National Defence have experienced different problems during the process (i.e. lack of information, transparency and coordination between implicated departments) and have debatable results. One of them is the attempts to replace the ageing CF-18 fighter jets since 2010. It remains a policy failure despite some multiple project definitions (New Generation Fighter Capability, CF-18 Replacement Project, Future Fighter Jet Capability Project) or answers of the governments (Seven-step action plan, Interim Fighter Capability Project) to go ahead and buy new fighter jets. However, how can we explain that the CF-18 procurement process (1977-1988) had comparable dynamics and problems, but it is now considered as one of the main success in Canadian defence procurement? This paper highlights the changes at political and organizational context that create new pressures and undermine the relations between the politic and the public administration agents during the procurement process. In other words, the contextual changes and the decision-makers' choices underlying are essential to explain the difference between the results of the two cases. This conjunctural explanation is a counterpart of the main factors, acontextual, that proposed scholars in the literature. One variant of the process tracing method (Beach & Pedersen 2012) will be employed to reconstitute and analyse the procurement processes of each case before making a transhistorical comparison between them. The data collected to carry out the analysis are government documents, access to information requests, archives, newspaper articles and interview records. In conclusion, the question of what constitute a success or political failure in public procurement with the lenses of McConnell concepts (2010; 2016) will be discussed. In sum, this paper addressed the political pressures and issues that affect the effectivity of public procurement.

Health system procurement as market intermediary: The innovation impacts of public procurement offices

Fiona Miller (University of Toronto)

Pascale Lehoux (Dept. of Health Management, Evaluation and Policy, University of Montreal)

Public procurement offices have an important role in innovation, extending beyond situations where "innovation" is explicitly in focus. This arises from the critical place procurement offices occupy in product and service markets – intermediating between supply and demand. Such an intermediary role assumes particular significance in sectors such as healthcare, where pooled procurement efforts and group procurement organizations act for publicly financed health systems as dominant buyers, especially for clinical technologies (Meehan et al, 2017).

Yet despite its importance, this role remains poorly understood. First, though interest in the innovation

impacts of public procurement has grown (Edler & Georghiou, 2007), research and policy efforts have focused on specialized “public procurement of innovation” (PPI) initiatives, where firm R&D is catalyzed through pre-commercial solicitation of new-to-the-world technology or the formal procurement of new-to-setting adaptations (Rolfstam 2009), largely ignoring the significance of routine procurement activity with its often-unintended yet systemic and substantive innovation impacts (Uyarra & Flanagan, 2010). A second reason arises from disinterest in the activity of procurement offices themselves (Edler & Yeow, 2016); that is, the organizations and professionals who exercise the procurement function. In one respect, this neglect seems sensible. Procurement offices administer rules that are forged elsewhere – by legislatures, in public policy and through courts. Vendors are expected to solicit interest in their products. Clinicians are expected to specify need (Montgomery & Schneller, 2007). The role of procurement offices, then, is to administer the rules at the intersection of these active parties (Drahos, 2007). Yet, as this article will argue, the routine activities of procurement offices matter to the operation of health product markets and the valuation of the technologies that are exchanged within them. They matter, therefore, to innovation.

In making this argument, we turn to recent work on market intermediaries, drawing on the pragmatist turn in the sociology of economics and its offshoot, “valuation studies” (Doganova et al, 2018). Focusing on valuation as an activity rather than a thing, valuation studies calls attention to the practical situations in which “judgement of value is required” (Muniesa, 2011). Judgments of value in practical situations do not just negotiate things with pre-existing value, but help to shape those values (Bessy & Chauvin, 2013). Moreover, such situations do not simply involve entry into pre-existing markets, but help to structure them (Hutter & Stark, 2015).

Drawing on multi-site fieldwork across 4 provinces in Canada (healthcare delivery is under provincial jurisdiction) (Henne, 2017), involving document review, ethnographic observation and qualitative key informant interviews with 25 procurement professionals, we explore how procurement offices shape values and markets through the routine pooled purchasing situations that they help to convene, considering both the extent and the limits of their product valuation and market shaping capacity. We conclude that public procurement offices – and not just public procurement policy or regulatory expectations – are necessarily instruments of social change (UK, 2006). Indeed, we argue that the relevant policy question is not whether but how this capacity can be used to support progressive social change and sustainable development (McCrudden, 2004).

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Public Private Partnerships and Trade Agreements: Are we opening already open subnational markets?

Elizabeth Schwartz (Memorial University of Newfoundland)

Saul Schwartz (Carleton University)

Barbara Allen (School of Government, Victoria University)

International trade agreements are treaties concluded between governments that are intended to increase competition by reducing discrimination against firms from other jurisdictions, and increasing transparency about how contracts are awarded. Until recently, trade agreements were about tariffs. Tariffs act as a tax on foreign imports, raising their price to domestic buyers. However, in the last decade or so, “new generation” trade agreements have addressed both direct and indirect barriers to trade. Indirect barriers to trade include non-tariff barriers in local government procurement. To the extent that municipalities constrain competition for contracts related to their purchase of goods and services, free trade is restricted. The Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU includes provisions that, for the first time, explicitly seek to increase non-discrimination and transparency in local government procurement.

We posit that CETA’s new government procurement provisions are unlikely to affect procurement processes or outcomes at the municipal level in Canada. We provide evidence that the largest contracts in urban areas – those that exceed the monetary thresholds specified in CETA – generally take the form of Public Private Partnerships. The consortia that bid on and win contracts for large urban infrastructure projects already include European firms. The prominent and varied roles that European firms play in these consortia demonstrate that further opening of local procurement markets was unnecessary. We conclude with some suggestions about why EU negotiators may have prioritized the inclusion of local government procurement in CETA, despite an absence of evidence that it was necessary.

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Session 3Public Procurement as a Policy Tool

Friday, June 28th 14:00 to 16:00 (MB 5.215)

Discussants

Saul Schwartz (Carleton University)

Shaping Information Technology Markets Through Government Procurement: The Role of Private Actors

Nora von Ingersleben-Seip (University of Amsterdam)

Government procurement accounts for US$9.5 trillion of spending every year, and for up to 20% of GDP in some countries, making it an often-contested issue in the world economy. While government procurement is a highly politicized issue everywhere, the European Union has more actively than others used it for industrial policy purposes and to foster its particular vision of the structure and characteristics of information technology markets in Europe and beyond. A key tool for achieving these goals has been to promote the use of open source software (OSS) and open standards in public administrations.

The proposed paper aims to assess to what extent private interests are able to influence the EU's procurement policies, and in particular why different sets of interests appear to have succeeded in influencing the content of the three versions of the European Interoperability Framework (EIF, for software used in the public sector) published between 2004 and 2017. I will seek to assess two main hypotheses: First, that the goals of EU officials, chosen to achieve pre-established policy objectives, overlapped with the goals of certain lobbyists, which might explain the far-reaching OSS and open standards preferences in the first version of the EIF. Second, that specific groups of lobbyists were able to influence the content of the EIFs due to superior political strategies, resulting in the weakening of open source and open standards preferences in the second and third versions of the EIF.

Using process tracing, I will draw upon three different data sources to test the two hypotheses: 1) Interviews with officials from the European Commission, industry representatives and open source activists; 2) the minutes from relevant Commission meetings; 3) the multiple draft versions of the EIF. The annotated drafts of the second version should be particularly valuable for determining at whose request changes to the open source and open standards provisions in the EIF were made.

By examining the drivers of the different levels of support for open source software and open standards in the different versions of the EIF, the paper contributes to a better understanding of how private actors influence the public procurement process. Examining the impact of private actors on public procurement is important because the extent of private actors' influence determines, at least in part, how successful procurement can be at fostering good governance and stability. The lessons learned from the EIF therefore matter for public officials involved in procurement, particularly those officials focusing on the procurement of software and standards-based technological solutions.

Public procurement of innovation: The case of Galicia

Elvira Uyarra (university of manchester)

Kieron Flanagan

Public procurement has been identified by scholars as a key, yet under-exploited, industrial policy tool, capable of stimulating innovative activities, shaping the transformation of production systems and fostering industrial renewal (Edler and Georghiou, 2007; Hommen and Rolfstam, 2009; Uyarra and Flanagan, 2010; Georghiou et al., 2014; Edquist and Zabala-Iturriagagoitia, 2012; Uyarra et al., 2014). Innovation scholars have discussed the market-shaping influence of government procurement and its role in the emergence of key sectors such as IT and semiconductors and general purpose technologies such as the internet. This interest has led Governments in OECD countries as well as in emerging economies to incorporate public procurement into their industrial and innovation policy toolbox.

This literature is largely reliant on case studies of innovations procured by the public sector (Edquist et al., 2015; Uyarra and Gee, 2013, Edler and Yeow, 2016), patent data (Raiteri, 2018), and surveys of public and private sector organisations (Aschhoff and Sofka, 2009; Guerzoni and Raiteri, 2012, Georghiou et al, 2014; Uyarra et al, 2014). It is clear that the expression of public demand will affect innovation, but evidence of the effective use of public procurement of innovation as a policy instrument is surprisingly scarce, and emblematic cases are not typical of the bulk of public procurement (Uyarra and Flanagan, 2010). Meanwhile insufficient attention has been paid to the actual implementation of these PPI policies, including the governance, capabilities and practices of public authorities and the roles of agency and institutional.

This paper examines the case of Galicia (Spain) as a region that has successfully used public procurement of innovation as an instrument of economic development (accounting for 40% of national PPI projects in Spain in the period 2007-2013). We draw from in-depth interviews and secondary documentary analysis to understand why implementation of this complex procedural instrument was successful in this case.

Procurement policy and SMEs - What does the evidence show?

Barbara Allen (School of Government, Victoria University)

Elizabeth Schwartz (Memorial University of Newfoundland)

Saul Schwartz (Carleton University)

Governments use procurement for a host of purposes, and interest around instituting policies to support SMEs has grown substantially in Australia and New Zealand in 2017/2018 (NZ, Office of Minister for Economic Development 2018).

Small businesses constitute a large percentage of the wider business sector but often struggle to obtain government contracts. There has long been concern around the balance between large and small providers in governments' plans to provide goods and services. There are significant constraints on small businesses derived from for example, payment practices of governments such as the delays involved between work provided and work paid for, the costs involved in bid preparation and the short-term nature of contracts that prevents long-term planning.

The ways in which governments go about supporting their SME sectors vary; and depending on the trade agreement arrangements and regulatory contexts, procurement policies may directly support SMEs through requirements on large businesses to sub-contract locally or may involve demand-side programmes to stimulate innovation.

To understand whether strategic procurement for SMEs works, we need to look at the available evidence as to whether SME-friendly procurement policies have any impact and what might be the results in terms of meeting government objectives.

The research question is: does strategic public procurement with SMEs work?

This is an evidence-based review focused on the relationship between procurement policy and the role of small and medium sized enterprises in government provision of services. We undertake a systematic review of the literature, focusing on empirical articles. This paper is as a result of a grant from the Australia-New Zealand School of Government Evidence Base project. The review is particularly interested in work emanating from Australia and New Zealand but also reviews work from further afield.

Early results indicate that while there is both re-engagement with study into public procurement and SMEs(Flynn 2016, 2018), and belief in that SMEs provide advantages due to their tendency to innovate(Saastamoinen et al, 2018), there is little empirical evidence to prove (or indeed disprove) that there are benefits from engaging a procurement policy focused on SMEs.

This paper fits within the panel's broader objectives and looks at an area of procurement getting substantial attention by governments who are attempting to leverage procurement spend and meet wider objectives.

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Public procurement policy, changes and political opportunity: the case of Brazil

Ciro Fernandes (National School of Public Administration)

The paper will address the trajectory of the framework of laws and regulations on public procurement within the federal public administration of Brazil, throughout its recent history. The comprehension of the context and the perceptions of political actors about the problems and solutions concerning the public procurement policy in critical moments of decision will be the analytical focus, in order to discuss current perspectives of institutional strengthening in this area. So, historical episodes of change, when rules and procedures have undergone a substantial change will be analysed in a longitudinal comparative way: (i) the centralization of procurement during a period of economic crisis and modernizing authoritarian rule, in two decisive moments (1931 and 1940); (ii) the simplification of the bidding rules, seeking the assimilation of commercial practices from private sector, during an administrative reform also conducted by modernizing authoritarian government, in 1967; (iii) the publication of a general bidding law with the systematization of rules and extension of its application to limit the autonomy of state agencies and companies, at a time of fiscal crisis of the state and loss of control over decentralized public administration; (iv) the approval by the legislature of a new bidding law in 1993, containing strict and detailed rules aimed at combating collusion, in a context of political redemocratization and public attention to corruption issues; (v) the creation, in 2000, of a bidding modality with innovative characteristics - the reverse auction - based on the increase of suppliers' participation in the price dispute, during a government mobilization episode for the reduction of expenses and fiscal adjustment; (vi) the creation of differentiated rules and procedures for the acceleration of contracts for engineering works in 2011, aiming to comply with the schedules of international sports events hosted in Brazil (FIFA 2014 and 2016 Olympic Games). The context and circumstances of the decision-making process of change shows the influence of the political context on the agenda formation and the use by political actors of decision opportunities for innovation. Also, shows the persistence of political and institutional obstacles and resistances. The analysis will highlight the advances and limitations observed in the trajectory, confronting them with the desirable requirements of institutional construction of the procurement function in the public administration. The conclusions of the article will highlight the need to advance the bureaucratic structuring of this function, while deepening its relationship with the supplier market, the incorporation of new technologies and the public transparency.