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Putting Public Values in Public Procurement Agenda

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Synonyms

[Collaborative public procurement governance](#); [Procurement process](#); [Public procurement](#); [Public values](#)

Definition

Collaborative public procurement governance is an innovation in the procurement system which puts public values at its core. With public value as the focus, certain values such as public environmental values, social values and sustainable development values which refer to “green procurement”, “social procurement” and “sustainable procurement” are promoted among the public procurement processes.

Introduction

The essential function of any state is to provide public services to its citizens in order to realize, preserve, and enhance public values; these include social welfare, social justice, and citizens’ happiness. A successful state that which succeeds in providing good public services, while a failed state is one that has failed to provide such services. However, every state needs an optimal budget for public service spending. The “optimal budget” means that the state is able to disburse its budget efficiently, effectively, and accountably; in other words, a big budget does not guarantee enhancing a good output or good public services. In some countries, greater public budget spending has encouraged the smaller budget due to corruption. In this sense, the greater public budget needs better management of public spending, and the management needs the best public procurement. However, most public procurement practices are only concerned with value for money rather than for public values. In other words, public procurement should go beyond the efficiency and effectiveness value to the public value, to promoting equality on the basis of ethnicity from Malaysia and the USA, for example. It rests on a fuller and rounder vision of humanity than do either traditional public administration or new public management (Stoker 2006).

Procurement Governance Environment

How do we measure the quality of government for public value? There are four approaches for measuring it: procedural, capacity, output, and bureaucratic autonomy (Bryson et al. 2006; Fukuyama 2016; Stoker 2006). The procurement process can be a government process based on the rule-bound institution that is mechanically tasked with carrying out the functions set by the principal capacity (procedural approach) to carry them out, to ensure the quality of output in order to achieve the highest quality of public service (Fukuyama, 2016). However, the government's capacity for implementing the procurement process is not only affected by one government institution, but also by the collaboration of many government, community, and private sector institutions. In fact, since a government's budget is distributed to many institutions, the procurement institution should have the capacity to enhance the collaboration among the others. In this sense, the leading institution in procurement could be the pivotal point to address.

From a scientific point of view, a procurement research focused in one organization is inadequate in expounding the empirical situation, therefore requires to focus more on a network of organizations. Secondly, the principal-agent theory can be the dominant approach in the procurement research but it is not sufficient to explain profoundly the issues related to the procurement process such as corruption. Hence, the role of a community organization in this process is challenging to address and explore. Many of the best practices of a good procurement process show the important role of community institutions in this process. There should not be a great separation between the client and contractor; both should see each other as partners looking to sustain a relationship over the long run and should not be narrowly focused on any contract (Stoker 2006) and look beyond choosing the "best supplier," and instead examine how to manage suppliers within a portfolio of market relationships (Caldwell et al. 2005).

Procurement Process

As a first step of public services, public procurement is a system and not just an organization or even cross-organizations or network procurement. Procurement governance should be collaborative as a process of establishing or forging agreement, steering, or building leadership and legitimacy, facilitating or building trust, and operating and monitoring cross-sectoral organization arrangements to address public policy problems that cannot easily be addressed by a single organization in the public sector alone (Ansell and Gash 2008; Bryson et al. 2009). Thus, the capacity of the cross-sectoral partnerships to establish, steer, facilitate, operate, and monitor the procurement process to provide public goods and services is undeniably necessary. The main point of forging cross-sectoral procurement arrangement is to build trust and share common intentions among partners. Each government agency has to agree on the procurement norms, missions and visions. The procurement function principle is accomplished by the independent body without political intervention, and is based on fairness, competition, efficiency, and effectiveness; a conflicting vision and goal among implementing agencies and auditing agencies will lead to failure of procurement.

Steering or building leadership is an important function of procurement agencies. How do they guide one or more government agencies, private organizations, and the public to an acceptable procurement process? Steering needs institutional leadership power, and in some countries, the procurement agency has great power to execute and steer other government organizations. Veto power is an example of power for a procurement agency that refers to the authority of the procurement agency to supervise the procurement process. In so doing, the procurement agencies have

- A vision and mission;
- A procurement plan;
- Procurement process standards;
- Procurement monitoring;

- Procurement auditing; and
- Public participation.

Procurement vision, mission, and plan (PVMP) is guiding the “what-who-where-when-why and how” (5 W and 1 H) to the use of a public budget. What are the public values beyond efficiency, effectiveness, fairness, competition, and accountability that have to be achieved through public procurement? PVMP should inherently look for the public values. The number of hospitals, for example, that have to be built not only to accommodate the number of patients who can be treated, but also the life expectancy that could be achieved within the context of their involvement in networks and partnerships – that is, their relationships with others formed within the context of mutual respect and shared learning between the provider and the citizen as users – are all taken into account (Stoker 2006). The delivered goods and services to citizens aim to satisfy the citizen's needs and at the same time a way of shaping public values. In a traditional public procurement system, the relationships between government and the private sector as providers is considered to be a short-term contractual relationship perspective. However, in collaborative public procurement, such a relationship is based on long-term relations or on the trust, learning, and social process of each for the public interest.

Procurement Governance Structure

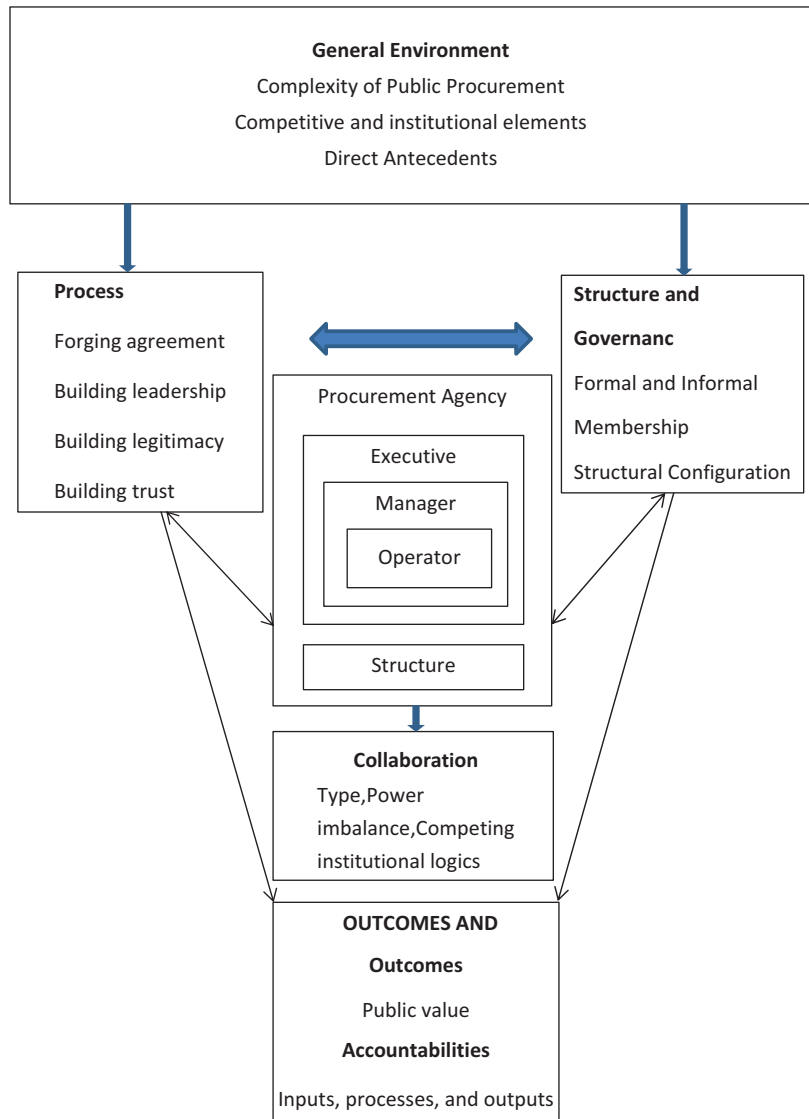
This plan is transferred from an annual budget plan. In the diverse or decentralized procurement agencies, the procurement plan is fragmented and divided into various plans; otherwise, the centralized procurement system has a unified procurement plan. Hence, the procurement plan, as discussed before, needs one authority to be established. How does the procurement system in the diverse procurement system or decentralized procurement system work? It is important to note that although many government agencies have independent procurement authority, there is a need to consolidate the procurement

process among many agencies. If this step fails, it fails to obtain public goods. The question that have to be answered are “Does public service advances valued social and economic outcomes?” and “Does public service deliver public value?” A judgment can only be made within the context of debate and deliberation (Stoker 2006).

However, a fragmented procurement process will lead to poor-quality public services; otherwise, the structure and process of public procurement is organized in cross-sectoral procurement as the best way to spend government budgeting for public services, or the best way to obtain more benefits. Hence, this paper suggests that a collaborative public procurement should be realized and appreciated beyond the centralized or decentralized nature of public procurement system. In other words, a better cross-sectoral procurement is directly related to better public service, and it then has an impact on better public values. Using “information communication technology,” e.g., the e-procurement system under an e-procurement plan, is one way to coordinate and consolidate the procurement plan. Are there networks of deliberation and delivery in pursuit of public value in the public e-procurement process?

Steering and facilitating is the most difficult task for many agencies involved in public procurement. How do so many agencies work on one vision and mission? In this process, strong leadership is pivotal for steering the complex public procurement process that goes beyond traditional values, but for public values? Why do we need public procurement? The head of the government or the person in-charged with the public procurement system must arrange public procurement in a practical way. In doing so, policies, protocols, and public procurement systems should be put in place as they is where public service and public goods will be carried out. The role of the head of public procurement has expanded to ensure that the practices and norms applied to deliver public service are appropriate in order to promote public justice. The advancement of public justice implies embracing new ways of governance that are adapted from the current practices in public procurement. The collaborative governance on procurement show that the agencies

Putting Public Values in Public Procurement Agenda, Fig. 1 A framework for understanding cross-sector collaborations (Adapted from Bryson et al. (2006))



involved and the procurement process have been integrated into one single procurement network bound by a common vision and goals as well as committed to providing better public services and goods.

Co-production in public services is a good example of public procurement in which community, as a target of the procured goods and services, is involved in procurement planning, implementing, and evaluation. However, achieving public justice through collaborative governance in procurement may be ideal, but it is hardly a panacea. Within these integrated agencies

lie dynamic interests and power imbalances that affect the processes, structure, and governance of the network on public procurement (Fig. 1). On the other hand, the collaboration between these agencies in the pursuit of public justice may be challenging, but the benefits definitely outweigh the costs. Hence, the head of public procurement system must be equipped with the indispensable skills to hold the network together and succeed. But how can a leader possibly succeed in navigating the groups of agencies/organizations towards public procurement that ensure the promotion of public values and justice? Is it even possible?

The guiding principle behind monitoring public procurement systems is “value for money. Establishing the monitoring of public procurement mechanisms is crucial for all government agencies, as it comprises the organized scrutiny of public procurement systems directed towards a logical way of measuring how the system works and if such a system functions according to the targets and purposes when it was established. Current thrusts are focused on effective, efficient, and transparent procurement systems towards better public service. Will collaborative governance in monitoring procurement systems work? Inter-organizational partnerships are necessary but not sufficient for providing the best possible services as the latter are born out of the interaction of public service systems that are beyond the governance of networks among public service organizations (Osborne et al. 2015). Hence, the complexity of monitoring public procurement systems has urged international organizations to come up with mechanisms and tools for monitoring. Nowadays, the tools and mechanisms for monitoring are evolving, where others use ICT (information communication technology) because it promotes transparency and collaboration in government. The essence of monitoring public procurement systems is guaranteeing that there are no violations of the procurement rules. However, is monitoring a public procurement system enough to promote better public services and goods?

To further ensure the value of the peoples’ money, a public procurement system is not only monitored, but is also subjected to audit. Procurement auditing standards strengthen and evaluate the effectiveness of an agency’s internal control mechanisms and ensure compliance with existing laws and regulations. Sustaining an effective system of internal controls prevents fraud and the misappropriation of funds. The significance and quality of an auditing system relies on the reputation of the auditor; hence, there is a need for agencies to come up with alternative mechanisms for enhancing the credibility of the audit. The sustainability of an appropriate and dependable audit procurement system reflects the quality of governance, and it takes exceptional leadership

with strong political determination and commitment to the greater good of the public to implement such a structure. Despite the virtue of providing better services for the public, the road is not yet paved. Collaborative governance, together with strong public participation, reinforces the goals of auditing procurement systems.

Access to relevant information boosts the oversight capacity of the citizens into the affairs of the government institutions, particularly in the procurement processes. With their functions as “watchdogs,” citizens – through Civil Society Organizations (CSOs) – can possibly detect, prevent, and reduce corruption by being involved in every stage of the process. Part of being involved is the assurance that the procurement is responsive to the needs of the people themselves and that they can therefore make suggestions for improvement, or objections in the process if necessary. In this way, transparency and legitimacy of the entire process is enhanced. The increasing demand for transparency and the access to official and relevant information that augments the integrity of procurement has resulted in the publication of the desired data in platforms that restrict the use of such information. Hence, citizen participation is limited in most countries around the world, the substantial data that proves the worth of public participation in public procurement transactions of governments notwithstanding.

This is where public service and public value as measurements of public service effectiveness become very interesting and very important. Public value shifts the focus of reforming public services away from internal efficiency alone and instead places it within the context of adding value to the lives of citizens and service users – while also acknowledging that such “value” is negotiated within the democratic polity (Stoker 2009).

The most important objective of goods and services procurement is achieving public values. The outcome of hospital building procurement is to improve the life expectancy of the community in its service area. Consequently, the successful measurement of public procurement can be defined clearly and declared in the procurement process. Auditors should assess the outcome

projection of the delivered goods and services that go beyond the conventional auditing system. Accountability in a public procurement system is not only for meeting financial standards, but also for achieving public values. The auditors should look at the outcome of goods and services or third-order value, such as new collaborations; more co-evolution and less destructive conflict among partners; results on the ground, such as the adaptation of services, resources, cities, and regions; new institutions; new norms and social heuristics for addressing public problems; and new modes of discourse (Bryson et al. 2006).

Conclusions

Public procurement is at the heart of the public services that should go beyond the technical matters; it guides the field in public administration for public preferences, promoting the common good, and preventing public value failure. However, it also creates dilemmas – between efficiency, effectiveness, and output on the one hand, and justice, social welfare, and happiness on the other. Collaborative public procurement is an essential approach

to advance public values in the delivery of public goods and services. Value – laden concepts such as “green procurement”, “social procurement” and “sustainable procurement” practically reflects effective governance and good public service delivery through collaborative public procurement.

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