

## **ACHIEVING CONTINUOUS IMPROVEMENT THROUGH SELF-ASSESSMENT**

Jason Waterman and Louise Knight

*Mr. Jason Waterman, FCIPS, CMC, is a Procurement Transformation Manager at the Office of Government Commerce, HM Treasury, UK. His specialism is as a client side procurement adviser on high risk projects and in implementing change flowing from capability reviews.*

*Dr. Louise Knight, PhD, MCIPS, is a Senior Lecturer in Management in the School of Engineering and Applied Sciences (Engineering & Systems Management Group), Aston University, UK. Her research interests include public procurement, supply networks and organizational learning and change.*

### **ABSTRACT**

In 2007 the UK Office of Government Commerce was mandated to carry out Procurement Capability Reviews (PCRs) across the 16 top spending UK Government Departments. Since then, this programme has evolved into a self assessment based approach which is markedly different from the original approach.

Will the move from a centre-led strategic review of procurement capability to a department-led model based on self assessment continue to strengthen and improve procurement capability across Central Civil Government?

OGC is currently working with UK Government Departments to carry out their PCRs using a self-assessment tool which incorporates qualitative and quantitative measures. Results are generated based on a capability maturity model. The results are assured independently.

OGC expectations are that tangible and measurable capability improvements will be realised when departments embed the self-assessment model and implement the findings as part of a continuous improvement regime.

This paper is a case study, using some relevant literature to reflect on past and possible future development of the PCR self assessment scheme.

## PROCUREMENT CAPABILITY REVIEWS

### **Background:**

In January 2007, HM Treasury published its vision for procurement in government, *Transforming Government Procurement*. This highlighted the central importance of procurement in delivering high-quality public services and best Value for Money (VFM). The Office of Government Commerce (OGC)<sup>1</sup> was tasked with delivering this strategy through close working with central government departments to increase the value for money which the government obtains from its third party spend. The Procurement Capability Review (PCR) programme was developed as a central element of the government's aim to ensure that procurement drives public service improvements (Waterman, 2008; Waterman & Walker, 2007).

Wave 1 of the PCR Programme saw reviews carried out in 16 of the highest spending central civil government departments in the UK between March 2007 and December 2008. This first round of PCRs established baseline capability in each department and involved an in depth assessment by an independent team of experts. Tranches of departmental reports with Red/Amber/Green (RAG) scores were published together with improvement plans. Departments have subsequently been subject to six month milestone assessments with a more detailed monthly 'stocktake' assessment at 12 months. The original intention of the programme was to follow up with a more detailed re-review at 24 months. However, the Civil Service Steering Board took a key decision in March 2009 that all future functional assessments in UK government will be made on a self assessment basis. This decision and its impact are discussed in more detail later in this paper.

Much has been achieved by UK government departments following the first wave of PCRs and departments are keen for their improvements to be recognised. Most are also enthusiastic about their procurement capability and capacity continuing to be assessed. One of the most significant outcomes of PCRs is that commercial issues, risks and opportunities are discussed more often at the 'top table', for example by the Board. The need for continuous improvement in commercial activity is now seen as essential, especially given the current economic climate. Savings from procurement have long been recognised as significant contributors to VFM and to reducing the cost of departments' operations; the OGC's PCR programme has helped to spread and promote this recognition more widely (Office of Government Commerce, 2008).

### **The Move to Self Assessment**

It had been OGC's intention to carry out a further review of procurement capability in a second 'wave' of PCRs. At the time there was already some resistance from departments to this, and in response OGC developed plans for a 'lighter touch 'Wave 2' PCR, taking less time, demanding less resources and reporting in only 4-6 weeks compared with the 2-3 months that had been typical for a full PCR in wave one of the programme.

At the same time, between January 2009 and March 2009, the subject of functional capability reviews was being discussed at the very top of the UK Civil Service. The majority of Permanent Secretaries, the heads of the major government departments, considered that there was a proliferation of functional capability reviews and that these were becoming highly intrusive, demanding too much time and resource, and ultimately having a detrimental effect on departments' performance and delivery of their public services.

The result of these very senior level deliberations was that the Civil Service Steering Board (CSSB), chaired by the Head of the Home Civil Service, agreed that from March 2009 onwards, there would be no formal requirement for functional reviews. This decision effectively removed the mandate for OGC, and others, to carry out functional reviews, including PCRs. This decision encompassed not just procurement reviews, but applied to all functional reviews of capability, including those in science, social research, knowledge management, communications and economics. At the same time, the government in the UK was introducing through its Operational Efficiency Programme (OEP) a system of benchmarking for "back office" functions, a term which includes Finance, Human Resources, Information Technology and often Procurement. This benchmarking initiative was also based on a self assessment approach.

The CSSB decision was set out in a policy letter from the chair of the steering board to the Head of the Home Civil Service. This policy set out the framework for functional assessment and established a principle that self evaluation processes would identify areas for improvement, with action on these being led from within individual government departments. Any cases of significant concern are able to be referred to a 'head of profession', usually a senior professional established as being responsible for the relevant professional discipline across government. In the case of procurement, the Chief Executive of the OGC is the head of profession.

There has been little commentary on the move to self assessment for functional capability reviews. The specialist procurement journal Supply Management gave some coverage specifically on the move of PCRs to self assessment, interviewing the OGC Chief Executive in May 2009 (Bagshaw, 2009). In October 2009 the Confederation of British Industry (CBI)

expressed some concerns over the new self assessment approach, again focusing on PCRs. This too was reported by Supply Management (Kanter, 2009). In both of these articles, there is a note of concern over whether the move to self assessment would prove a robust approach. The CBI held the view at the time that moving entirely to self assessment was ‘not in the interest of improving procurement’. OGC recognized these concerns at the time, commenting that a pure self assessment process ‘is only any good if it is a rigorous process’. These concerns were therefore addressed in the design of the process by OGC, with a level of independent third party assurance, and the publication of the outcomes seen as key in providing an additional degree of rigour.

In choosing between external and self-assessment, the leaders of government departments have to balance effective delivery of their public service responsibilities with the ongoing need to ensure that their organisations are structured and resourced efficiently to provide the capability needed for them to achieve this. In addition to presenting a detailed case study of current practice, this paper draws on academic literature to consider:

How should the self-assessment of departmental procurement capability be designed and performed to provide a reliable and effective measure of capability and a sound basis for continuous improvement?

## **THE SELF ASSESSMENT PROCESS**

### **The Tool**

The second wave of the PCR programme has therefore required OGC to develop and implement a self-assessment tool, based on the original PCR Assessment Model. This tool was developed ‘in house’ by OGC civil servants using Microsoft Excel. The ‘Wave 2’ self-assessment PCRs are currently (as at March 2010) being carried out across the major spending departments to identify and benchmark commercial performance. As in the first wave of PCRs procurement is considered in its widest sense; from commodity purchasing to complex procurement.

An overview of the self assessment model is shown in Figure1 below. This shows the structure of the PCR Model on the left hand side, with its three overall areas of capability, and the nine key indicators. The design of the tool around the original PCR Model allows for a comparison between the self assessed scores in Wave 2 and the scores given in the first wave of reviews against the same nine indicators of capability. This consistency, keeping a clear line of sight back from the new self assessment model to the original underlying capability assessment model, is important in that it provides an element of continuity that seeks both to preserve the

investment in the first round of reviews, and to facilitate a basis for ongoing measurement of continuous improvement. Departments complete the process by evaluating themselves against sets of qualitative and quantitative questions, finally selecting a RAG score for themselves against each of the key indicators:

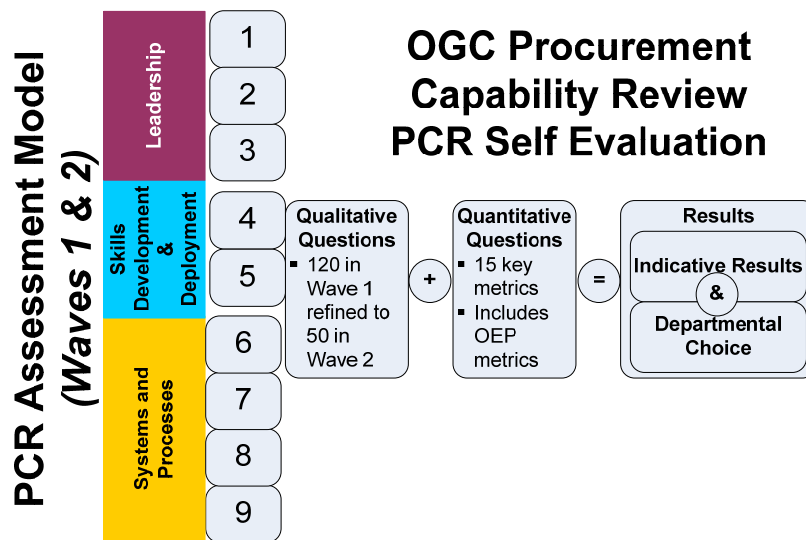


Figure 1: Overview of the PCR Self Assessment Model

The process is designed to be a ‘facilitated’ self evaluation, to the extent that it envisages the close involvement of an OGC expert (known as a Procurement Transformation Manager (PTM) at certain points, and a degree of independent external assurance prior to finalizing the results.

The self assessment is typically presented to departments as a ‘pack’ complete with instructions and guidance. To provide an idea of the process in use, Box 1 below sets out a short, top level guide to completion:

*Seven steps to carrying out your self assessment*

*Step One* - Consider the types of evidence required to support your self assessment (using the examples provided in the worksheet as a guide) along with the approach you would like to take in gathering evidence and forming views on your responses to the questions being asked. We suggest that you consider holding a workshop(s) with key stakeholders in order to come up with shared views on scores and supporting evidence rather than rely on the views of an individual.

*Step Two* - Start using the tool by inputting your responses and evidence against each of the questions in the Qualitative Data worksheet. The

questions are structured against the nine assessment areas of the PCR Assessment Model as used in Wave 1 PCRs. Once you have completed each question and input supporting evidence you are ready to move to step three.

*Step Three* - Input your KPI data into the Quantitative data worksheet. Embedded within this worksheet is a document that provides guidance and definitions for each KPI.

*Step Four* - Go to the Analysis & Validation worksheet and for each of the nine elements of the PCR model:

- i) Check that your indicative results are logically consistent; i.e. that your RAG score and KPI data are mutually supportive;
- ii) Input your own indicative RAG score using the drop down menu. If there is a significant difference between the RAG scores you have assigned and those generated by the tool, we recommend that you revisit the data you have entered in the Qualitative Data worksheet as it may be that you have missed a question or entered data incorrectly. Once you are content with the data displayed you are ready to go the step five.

*Step Five* - View your department's draft results. Including, the comparison of RAG scores to the PCR Maturity Matrix and graphs using your Department's key performance indicators and comparisons to relevant benchmarks.

*Step Six* - You are now ready to pass the workbook to your assurance team, as agreed with your Procurement Transformation Manager (PTM). On completion of the assurance process you will be ready to move to the final step.

*Step Seven* - Your Director General, who is ultimately responsible for procurement in your department, signs-off your self assessment before passing it to your Procurement Transformation Manager for submission to the Head of the Procurement Profession, the Chief Executive of the OGC.

Box 1: Short Guide to PCR Self Assessment Completion

### **Implementing Self Assessment PCRs**

The design of the tool, and the process for using it, seeks as mentioned above to ensure that the outputs of self assessment are robust and credible. To do this the tool uses a mixture of qualitative standards, quantitative Key Performance Indicators (KPIs) and evidence from third party surveys, usually carried out using internet based technology. The outputs from the self assessment are then assured independently by an agreed third party and reported to OGC. Where necessary any issues can be escalated to the Head of Profession (OGC's Chief Executive), for example to mitigate any potential disagreement on the scores between OGC and the departments. Finally, a report based on the outputs of self assessment and including

commentaries from OGC and the department is published on the OGC website.

Notwithstanding some structural ‘machinery of government’ changes the community of departments involved remains diverse. The scale of the procurement challenge is arguably greater for departments whose operations are based on a democratic management model across a broad range of agencies or ‘arms length’ bodies within its family or network. Whereas it is potentially easier to manage performance and compliance with processes in a ‘command and control’ management structure, with strong central direction from the core department. OGC has recognised this and has built a ‘light’ version of the self assessment model for use in agencies and ‘arms length’ bodies; but the challenge remains as to how to further improve measurement and comparability across this diverse range of organisations.

Many self assessment processes allow the ‘user’ to select a score or a statement about their capability, and then provide for this to be processed against a numerical scale or set of assumptions, providing an output result. Indeed, this is a very popular model not only in business, but also in media more generally. There can be found numerous examples of this method in popular media such as magazines and self help publications. Many businesses and local authorities across the World also develop versions of this type of assessment in varying degrees of complexity. By contrast, the OGC’s PCR self assessment model calls for a level of facilitation of the assessment. Early experience in using the self assessment model with departments since November 2009 has shown that the ability to compare the departments’ self assessed scores with numerical KPI data and supporting evidence provides a strong focus for facilitation and for critical review of the results.

OGC works with the department to help them in gathering and validating the supporting evidence for their assessment scores. In doing this, there is opportunity for a degree of ongoing assurance during completion of the tool. Recent experience in working through this process is that self assessed scores can very effectively be challenged even during the completion process. This challenge, presented in a supportive way, can arise from the OGC expert’s existing knowledge of the department’s procurement operations and capability. More importantly, the self assessment model provides for a new and arguably more effective challenge arising from a simple comparison of the self assessed score with the corresponding numerical KPI data. For example, obvious questions arise if a department assesses itself as “Green” in the area of ‘Intelligent Client’ skills, yet the data show a very low level of spend subject to formal Supplier Relationship Management; similarly a “Green” rating against skills and resources might show a marked contrast with the KPI data on recruitment, retention rates

and the level of professionally qualified staff working in the procurement function.

When taken together with the requirement for the overall outcome of the self assessment to be assured by an independent third party, it is arguable that the way in which self assessment is being implemented by government departments and the OGC in the second wave of PCRs is more robust than a 'pure' self evaluation approach. Perhaps it could even be argued that this approach strikes a good balance between the rigour of an independent and more intrusive assessment, and the efficiency and speed of the self assessment approach?

### **INSIGHTS FROM THE ACADEMIC LITERATURE**

Given the move to self-assessment and the high likelihood of further significant change to this initiative, we conducted a brief review of the academic literature to identify relevant evidence, constructs, tools, etc to inform a critical appraisal of the current system and to help identify options and priorities for its future development.

We searched the ISI Social Science Citations Index and Google Scholar using various permutations of self-assessment, self-evaluation, capability and quality in the article title. Despite there being many journals on the evaluation, there were remarkably few hits. Articles cover a wide range of evaluation settings and regimes, including local authorities in the UK and the Best Value regime, international network of agricultural research centres, TQM in manufacturing settings and evaluation of public policy programmes. Considerable caution is needed in considering the implications of this prior research for the OGC PCR assessment framework, but there are valuable insights that can be gleaned from the literature as discussed next.

#### **The Design of the Assessment Tool**

Building on two models of organizational performance, Boyne (2002) developed a set of 15 dimensions of organizational performance in local government (see Table 1, column 1) clustered into 5 domains. He mapped performance indicators used in four performance review phases between 1993/4 and 2001/2, showing increasing coverage of the dimensions as schemes became more sophisticated, going beyond the assessment of outputs and efficiency.

In developing the KPIs which form the quantitative part of its PCR self assessment tool, OGC has drawn on the performance indicators used by the Public Audit Agencies Forum, which includes those provided by the Audit Commission.



Translating these dimensions to the context of the procurement service within a central government department is not straightforward, but might be done as shown in Table 1 column 2. Mapping these dimensions against the OGC self assessment framework and the KPIs used in the tool, we can identify that there are many areas of overlap, albeit that the central government environment is different to that in local government. This is illustrated in Table 1 below.

Performance Dimensions (Boyne, 2002)	Government Procurement Context	OGC Self Assessment Model KPIs
Outputs Quantity Quality	Effective supply of goods and services to meet demand  Achievement of Value for Money (VFM)  Delivery of major projects to specification and to budget	Customer satisfaction with procurement (3.1)  Ratio of VFM related savings to cost of the procurement function (9.3)  % of top 10 service contracts compliant with specification and budget (5.2)
Efficiency cost per unit of output	Operating within allocated spend and resource budgets  Meeting Public Spending targets  Providing 'more for less' in line with the OEP and 'Smarter Government'	Cost of the Procurement Function related to running costs and 3 <sup>rd</sup> party spend (9.1, 9.2)  % of non pay spend channeled through collaborative arrangements (7.5)
Service Outcomes Formal effectiveness Impact Equity Cost per unit of	Meeting public service delivery targets  Enabling the delivery and implementation of government policy  Contract Management and Supplier	% of strategic projects supported by the function (2.1)  % of high risk strategic programmes where delivery confidence is Amber

service outcome	Relationship Management to assure effectiveness and compliance	<p>or above (8.6)</p> <p>Spend and contracts placed with SMEs and supported organisations (2.3, 2.4)</p> <p>Performance against Sustainable Operations on the Government Estate (2.5)</p> <p>% of spend subject to SRM (5.1)</p> <p>Average weighted savings achieved in 5 top projects (8.7)</p>
<p>Responsiveness</p> <p>Consumer Satisfaction</p> <p>Citizen Satisfaction</p> <p>Staff Satisfaction</p> <p>Cost per unit of responsiveness</p>	<p>Stakeholder management, and seeking feedback on performance</p> <p>Establishing clear service requirements and monitoring supplier performance</p> <p>Outcome based contracting for major public service delivery projects</p>	<p>Stakeholder and Supplier confidence – measures customers and suppliers’ satisfaction with procurement (3.1, 3.2)</p> <p>% turnover of procurement professionals (4.4)</p>
<p>Democratic Outcomes</p> <p>Probity</p> <p>Participation</p> <p>Accountability</p> <p>Cost per unit of democratic outcomes</p>	<p>Compliance with legal and regulatory framework for procurement</p> <p>Accountability via Departmental Board and Permanent Secretary to Ministers</p>	<p>% of spend managed by procurement professionals (6.1)</p> <p>% qualifying spend outside available e-catalogues (6.2)</p>

Table 1: Analysis of organizational performance dimensions and their application to self-assessment performance indicators

Interestingly, the OGC model concentrates its performance indicators more on the first three dimensions, with an especially strong focus on service outcomes. However, in comparing dimensions designed to examine organizational capability across the professional spectrum, it is not surprising to find that, translated to the procurement profession in government, the scope of the evaluation appears more limited. Nevertheless, future improvements in the model could use this evidence to consider whether there might be potential for building in more measures around the dimensions for Responsiveness and Democratic outcomes.

Boyne's 2002 article concludes that performance indicators will never be perfect, with no one set of indicators satisfying the considerable range of stakeholders involved. It also argues that performance indicators cannot tell us the whole story about performance. In both of these conclusions there is a strong read across to the current situation in central government and the move to self assessment. To seek perfection in either the measures or the process would be counter productive and gives the measurement and reporting of performance too much weight in the balance between this aspect of accountability and the pressing need to deliver effective public services. The self assessment model designed by the OGC provides a balance between quantitative performance indicators and qualitative assessments backed up by evidence, facilitation, and independent assurance.

#### **Self-Assessment or External Assessors?**

The main argument in favour of using independent and external resources, or in other words 'outsiders', to evaluate a service is that they will be more objective, but there are of course two particular drawbacks – the cost of running an evaluation programme, and the possible lack of a sense of ownership of the results. Usher (1995) argued that the traditional approach to evaluation which by “underestimating human potential for self-direction and self-control is likely to promote defensiveness and conflict, which in turn will reinforce the perceived necessity of adversarialism in program evaluation”. Self-evaluation has been gaining wider acceptance for a number of reasons (Usher, 1995: 62): first, the development of approaches “that employ multiple methods and perspective that seek to be constructively critical rather than simplistically judgemental”; second, the growing capability within public agencies to conduct such reviews; third, the growing acceptance that self-evaluation is empowering and consonant with quality management practices. Effective evaluation would consider how outcomes come about and not just the impact of a policy programme, so helping to improve practice not merely to measure results. The move within UK government to self evaluation seems to lend further support to the argument that the “shared interests of policy makers, program staff, and evaluator interests... can be maximized by promoting a strategy of self-evaluation” (Usher 1995: 59).

Cooksy and Campbell review various definitions and indicators of evaluation quality (2005: 34-35), a summary of which are listed in box 2 below. They argue that the criteria must be tailored to the situation. For the OGC case, we can identify that self-evaluation is likely to enhance the quality of the evaluation in terms of its utility, credibility and legitimacy in the eyes of the departments being evaluated. Propriety, accuracy and validity could be compromised but in this round OGC have dealt with this by providing some central support for the evaluation, by building in check mechanisms to the Excel-based tool and by reviewing some of the supporting evidence provided by departments. Clearly, this central support needs to be delivered in a facilitating rather than auditing mode if it is to be consistent with the spirit of self-evaluation.

Utility, feasibility, propriety and accuracy Transparency Balance, relevance, credibility, validity, legitimacy, cultural competence, systematic Meaningful engagement of all stakeholders
---

Box 2: Dimensions of evaluation quality (Source: Cooksy and Campbell, 2005)

Central support is also important to ensure sufficient compliance with the centrally designed methodology to allow meaningful comparison of different departments' performance and to assess departments' development over time.

### **Self-Evaluation Capability and Capacity**

Boyne et al (2004) and Usher (1995) both discuss organizational capability and capacity to undertake self-evaluation. Capability can cover knowledge, skills and motivation, while capacity covers capability and resources (including the support of key external stakeholders). Self-evaluation can only be implemented effectively when there is a basic capability. In government in the UK the OGC's PCR programme, launched in 2007, was the first cross government attempt to capture and measure procurement capability. The findings from the first Wave of PCRs included the issue that there was no commonly used and established system of performance measurement in place, with most departments experiencing difficulty in measuring their procurement performance effectively. With the move in 2009 to self assessment, the Smarter Government White Paper provides a continuing driver. The continuation through the Cabinet Office of overall departmental capability reviews provides additional experience, although these reviews have not moved to a self assessment basis, and there has to date been no suggestion of this. A review by the Sunningdale Institute (Barwise, MacLeod, Richards, Thomas, & Tranfield, 2007), found that departmental capability reviews had been successful in establishing a catalyst for change in the Civil Service, It also highlighted the risk that

momentum could be lost without commitment and support for continuous improvement.

Boyne et al (2004) conducted an empirical evaluation of the widely-cited Wildavsky model, using data from local government and Best Value. They re-framed Wildavsky’s argument into hypotheses, and tested these with quantitative data. Their analysis was also informed by qualitative interview data. In Table 2 below we look at their findings and show some possible relevance and implications for the ongoing use of self assessment of procurement capability in UK central government:

Boyne et al’s (2004) study		Relevance to/Implications for Procurement Self Assessment and the OGC PCR Model
Hypothesis	Finding	
1 There is a positive relationship between leader support and the extent of self-evaluation	Supported “organizations in which chief executives were actively involved in preparing the workforce for the review program were more likely to undertake self-evaluation” (p469)	Underlines the importance of self assessment having traction with Permanent Secretaries  Reinforces the need for promotion and oversight by the Head of Profession
2 There is a positive relationship between the allocation of financial resources and the extent of self evaluation	Not supported. Service managers resourced the review by releasing funds from other functions in the department. This works in the first review, but is not sustainable in the long-run (detrimental to core service)	Experience supports the hypothesis. Departments are sensitive to the cost of evaluation and in the current fiscal environment the process is vulnerable to spending cuts.
3 a) There is a positive relationship between the amount of performance information and the extent	“no significant positive relationship between performance information and evaluation” (p470)  Relationship not curvilinear.  Interviews showed great dissatisfaction with the quality of the information,	PCR outcomes support the hypothesis. Departments with poor MI data have shown lower scores, and find self evaluation difficult to complete.  In improving the process in future, care

of self evaluation 3 b) The relationship between the performance information and the extent of self evaluation is curvilinear <sup>2</sup>	suggesting the focus should be on the usefulness of the information, rather than volume of information	should be taken to avoid an over complex range of measures and KPIs. This has already been an issue in designing the OGC model and aligning it with an increasing number of other initiatives using similar but slightly differing KPIs.
4 There is a positive relationship between employee involvement in evaluation activities and the extent of self evaluation	Supported “organizations that included employees in pre-evaluation activities were more likely to undertake extensive self-evaluation”	Supported. Involvement and engagement of procurement staff is vital for success. Perhaps has implications for facilitation, without which there is potential for the staff to be less well engaged with the process.
5 There is a positive relationship between the amount of performance data published for external scrutiny and the extent of self evaluation	No relationship was found between the quantity of published data and self-evaluation. Based on interview data, authors propose that review outcomes must be publicised, not just published.	PCR experience supports this hypothesis strongly. External publication of the results adds weight to the process and provides additional robustness.  Argues that any future self assessment should continue to be published. Argues in favour of a central facilitator to ensure that the results are also publicised.
6 There	Supported.	Supports the view

<p>is a negative relationship between the number of organizational elements attempting evaluation at any one time and the extent of self evaluation</p>	<p>Reviewing a large number of services has a detrimental impact on the extent of self-evaluation.</p>	<p>from Permanent Secretaries that a proliferation of functional reviews hampers effective delivery performance by departments.</p> <p>Potentially points towards a need to conflate and combine assessments to simplify the activity across government.</p>
---	--	--

Table 2: Relating research on the Best Value regime to PCR experience

According to Boyne et al (2004), there are conflicting theories about the value of experience in evaluation. Attkisson and Hargreaves (1979 cited in Boyne et al, 2004) predict that organizational capacity to engage in evaluation grows with each stage/round (with learning), whereas Wildavsky (1972 cited in Boyne et al 2004) predicts it diminishes, as resistance grows. The very high level attempt in Table 2 above to read across from Wildavsky to the central government environment today shows a high degree of support for the original hypotheses. However, given that departments are still in the early stages of implementing self assessment it is too early to establish whether their capacity will be affected by its continuation into future ‘rounds’ of evaluation. One could argue that the move to self evaluation was itself inspired by resistance to assessment and functional reviews; on that basis we could expect to see a reduction in support for the process over time, together with further proposals for ceasing evaluation activity, or replacing it with alternative approaches. Alternatively departments could regard the first two rounds of capability assessments through OGC’s PCR programme as an investment in a sound and more manageable basis for continuous improvement in the future.

**A Basis for Continuous Improvement**

Bono and Colbert’s research (2005) based on 152 MBA students enrolled on a leadership and personal development course showed a complex pattern of associations between self-evaluations, ratings, satisfaction and commitment to development goals. They identify two outcomes of multi-source feedback (from self and others): satisfaction with feedback and motivation to improve, and that “reactions to feedback – both affective and behavioural – are influenced by feedback received from others (level of

feedback) and by discrepancies between self and others' perceptions (self-other agreement)." (p.172).

Whilst the research setting is a long way removed from this case study, their article does present a number of constructs and invite a number of questions which are pertinent here. Motivation to improve is not merely a function of ratings achieved. It also relates to whether others' evaluation matches or differs from one's own evaluation. In this OGC PCR case, does the evaluation generated through applying the self assessment tool match the views of the senior managers and stakeholders concerned? Furthermore, does the output have credibility with senior officials across departments? These key questions can more easily be addressed if there is someone monitoring the process of self evaluation and considering the outcomes across the government community. Such a central advisory or managing organisation is also able to make the comparisons in both inputs and processes necessary to address any inconsistencies and to make improvements to the processes and tools in the future.

Bono and Colbert also suggests that providing individual coaching or counseling could be a way of increasing motivation following feedback. Related to this case, their argument indicates that facilitation should also be available post-evaluation. The OGC has thus far taken an approach which continues to offer varying degrees of 'transformational' support for departments in following up the results of its PCR assessments. The evidence here supports the provision of some form of flexible facilitation and support in order to improve and assure the quality of self evaluation in the future.

If Boyne et al's (2002) accounts of difficulties local authority service managers encountered are anything to go by, then we can expect procurement leaders initially to face considerable difficulties in developing robust improvement plans. The availability and reliability of data were key problems. This was certainly borne out by the results of the first Wave of PCRs, where some departments experienced difficulty in drawing up and establishing improvement plans, and the quality and availability of Management Information data was a "cross government" issue experienced across all of the 16 participating departments (Office of Government Commerce, 2008; Waterman, 2008). From their experience with Wave 1 PCRs departments have developed improvement plans to address the original review findings; in self assessment there is no absolute requirement for these plans, nor is there any guidance for procurement leaders on how to address the self evaluation outcomes. Again, some form of facilitation and centrally provided guidance seems to offer much in the way of ensuring consistency and quality in the future use of self assessment by departments to measure and report on their capability and performance.



## 2011 AND BEYOND

The self assessment tool is being continually developed by OGC. During 2010 the OGC's Capability Improvement team is intending to work with smaller departments and agencies, and potentially wider public sector organisations in the UK (for example local government) to help them assess and measure both capability and performance using the toolset developed to support the PCR self assessment process. At present the OGC is also considering the potential options for promoting the use of these tools more widely.

Significant change to high level policy on capability reviews seems likely to follow to the forthcoming general election; the future of procurement capability reviews and the self-assessment approach are highly uncertain. It does, however, seem likely that an interest in the performance of UK government procurement will continue; we might also surmise that the financial environment will continue to be difficult, at least in the short term, and that therefore it is unlikely that funding will be available for resource intensive assessment processes. However, a pressured fiscal and budgeting environment is likely to result in even tougher demands on procurement, with a corresponding need for improvements in capability.

On balance, there is a likelihood that there will be a continuing need for a self assessment process to evaluate and measure procurement capability in UK government. Combining the practical experience gained from the second wave of PCRs with the insights from the literature we conclude that the current approach is conceptually sound both in its design and its implementation, and there is much scope for continued improvement (see Table 3 and Box 3):

Feature of effective self assessment	provided by
reliable and effective measure	centrally designed process suited to full range of main spending departments stable measures allowing comparison between results in different waves evaluation made by local personnel in accordance with central guidance and with input (advice and, on occasions, challenge) from expert facilitators qualitative and quantitative measures, based on evidence from a wide range of sources (including 3 <sup>rd</sup> parties such as service users)

	<p>increasing experience and expertise in evaluation though management information quality and availability varies widely across departments, it is improving</p>
basis for continuous improvement	<p>requirement to participate in the process</p> <p>local ownership of the evaluation outcomes</p> <p>benchmarking against other departments</p> <p>explicit link between evaluation process, development process and public reporting</p> <p>increasing experience and expertise in implementing development plans based on evaluation outcomes</p>

Table 3: Elements of effective procurement capability review using self-assessment

- Resource intensity in times of profound fiscal uncertainty and constraint – resource for conducting the reviews, and for undertaking the necessary development between reviews
- Updating the design of the reviews (e.g. changing KPIs to reflect changing priorities and practices) while maintaining line of sight to past results
- Designing one system that can be usefully applied across the highly diverse departments
- Upward scope and performance ‘creep’: with reported capability and performance moving ever upwards, what happens if high profile failures appear to contradict the self assessment?
- Maintaining and effectively exploiting the central expertise and knowledge base that arises from, and is needed to support, the programme
- Effective facilitation of continuous improvement, not just the evaluation phase
- Multiple, competing priorities

Box 3: Challenges for longer-term development of PCR scheme

Although it is early in the process to draw firm conclusions over the future implications either from the PCR assessments being carried out by the OGC, or from this paper, there are some indicators from experience thus far. There is a steadily building trend for public sector authorities to be required to evidence their performance leading to a need to apply systematic and sustainable methods and processes for performance measurement. Additionally the modernization of government and the fast pace of change has been noted as a driver for public sector organisations to focus performance measurement effort on the procurement function (Rendon, 2008). Notwithstanding the scope for further improvement in the self assessment process (identified above in Table 3) the use of self assessment is, on balance, a promising approach. There are some high level potential implications that can be drawn for practice:

- The need for systems and processes to measure performance and improvement is likely to apply to procurement in any country where there is a requirement to evidence achievement or compliance
- Self assessment is a valid tool by which to measure performance and capability, although an element of central oversight increases the effectiveness and credibility of the assessments
- A balance must be struck between local engagement with the process, including the discretion to make decisions (e.g. on scores), and a credible and effective degree of central control and oversight

In terms of implications for research, this paper demonstrates the relevance of public administration research conducted in settings other than procurement. The study could be extended empirically into an evaluation of self-evaluation and performance management, or to detailed analysis of the performance data from departments, the former potentially contributing to public management research, and the latter to purchasing research.

It is, and for the present will remain, open to question as to whether UK government, post general election, will be minded to provide for this type of central facilitation and oversight of self evaluation processes, for procurement and indeed for other specialized functions. Similarly, the enthusiasm, capacity and capability of departments to engage in the process will be likely to change with political and 'machinery of government' structural changes. Notwithstanding these uncertainties, the analysis shows that however self assessment is taken forward it will require a subtle balance between local engagement and decision making, and a degree of central facilitation and control.

---

## NOTES

1 The Office of Government Commerce was established in 2000 as an office of Her Majesty's Treasury.

2 i.e. Initially, the availability of more data will enable better quality reviews, but there comes a point when more data leads to poorer quality, due to information overload

## REFERENCES

- Attkisson, S., & Overton, T. 1979. "A Conceptual Model for Program Evaluation in Health Organization." In H. C. Schulberg, & F. Baker (Eds.), *Program Evaluation in the Health Fields*: 53-72. New York: Human Services Press.
- Bagshaw, S. 2009. "The art of self-assessment." *Supply Management*.
- Barwise, P., MacLeod, D., Richards, S., Thomas, H., & Tranfield, D. 2007. Take off or tail off? An evaluation of the Capability Reviews programme. Ascot, UK: Sunningdale Institute.
- Bono, J. E., & Colbert, A. E. 2005. "Understanding responses to multi-source feedback: The role of core self-evaluations." *Personnel Psychology*, 58(1): 171-203.
- Boyne, G., Gould-Williams, J., Law, J., & Walker, R. 2002. "Plans, performance information and accountability: The case of best value." *Public Administration*, 80(4): 691-710.
- Boyne, G. A. 2002. "Concepts and indicators of local authority performance: An evaluation of the statutory frameworks in England and Wales." *Public Money & Management*, 22(2): 17-24.
- Boyne, G. A., Gould-Williams, J. S., Law, J., & Walker, R. M. 2004. "Toward the self-evaluating organization? An empirical test of the Wildavsky model." *Public Administration Review*, 64(4): 463-473.
- Cooksy, L. J., & Caracelli, V. J. 2005. "Quality, context, and use - Issues in achieving the goals of metaevaluation." *American Journal of Evaluation*, 26(1): 31-42.
- Kanter, J. 2009. "CBI 'not keen' on Whitehall self-assessment." *Supply Management*.
- Office of Government Commerce. 2008. Procurement Capability Review Programme Tranche 2 Overview Report. London: Office of Government Commerce (HM Treasury).
- Rendon, R G 2008 "Procurement Process Maturity: Key to Performance Measurement" *Journal of Public Procurement Volume 8, Number 2*
- Usher, C. L. 1995. "Improving Evaluability through Self-Evaluation." *Evaluation Practice*, 16(1): 59-68.
- Waterman, J. 2008. *Procurement Capability - In search of solutions?* Paper presented at the International Public Procurement Conference, Amsterdam.

- Waterman, J., & Walker, H. 2007. *Building Procurement Capability in UK Government Departments*. Paper presented at the International Research Study on Public Procurement (3rd IRSPP workshop).
- Wildavsky, A. 1972. "The Self-Evaluating Organization." *Public Administration Review*, 32(5): 509-520.